

Agile Performance Management in Romanian NGOs:

Catalyst for a transformative shift towards a more vibrant third sector or a forced adaptation of a for-profit construct?



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CHAPTER 1.

Introduction

We live in a world of numbers and big data. We often hear everyone talking about results, goals, targets, vision, or objectives in reference to any part of their lives, professional or personal. In our fast changing environment any smartwatch can, at any point, provide us with hundreds of metrics or data points, so much data that a large majority remains disregarded. Even if we don't disregard it, it is often impossible to know what to do with all the information. If this is the case in one aspect of a person's life, surely the expectation is that organizations, as more sophisticated and complex organisms, would need a matching, thus more complex measurement system. However, in this environment oriented towards analytics and data driven, most Romanian nongovernmental organizations (NGOs) consider they are exempt from performance management. In some cases, this is simply because their mission is greater than just profit or financial metrics. This trend of using the mission as an excuse for lack of proper management can be seen in the international literature as well, as supported by multiple authors, such as Treinta et. al., 2021, p. 34; Berman, 2006, p. xi; Spencer et. al., 2016, p. 401; Beamon and Balcik, 2008, p. 8, Borgonovi, 1996 *apud*. Gazzola and Amelio, 2022, p. 56; with Maier et. al. (2016, p. 78) seeing performance as a purely for-profit practice and arguing that borrowing business-like practices, understood as creating its own "frame of reference, that is the fulfillment of its mission and the securing of financial and human resources [...] may cause mission drift". Surely, the mission focus of NGOs is not the only reason, and the literature identifies other reasons that can determine the lack of performance focus, such as lack of available resources that are needed for performance management (Treinta et. al., 2021, p. 24; Poister, 2003, p. 9; Abdel-Kader and Billy, 2011, p. 20), which will be further discussed in dedicated chapters.

Another aspect that demonstrates the lack of performance management usage in Romanian NGOs is the scarcity of studies in the field, with Kareithi and Lund (2012, p. 39) not being able to identify any studies in the field of performance corresponding to Romanian NGOs between 1996 and 2008 and Neamtu (2007, p. 97) suggesting that performance management in Romanian NGOs is not a practice just yet. These findings are supported by few other studies, detailed in the sub-chapter: Case studies of performance management practices in NGOs.

While NGOs shy away from performance management or any other more organized way of working that resembles the business world, the reality of the NGO sector paints a not so happy picture. One of the few studies on Romanian NGO sector, while outdated due to data being collected in 2016, but also singular at the moment, shows that, although the number of NGOs increases every year, only 48,2% of the organizations are active (FDSC, 2017¹, p. 25),

¹ FDSC's 2017 study will be updated, with the publication scheduled in 2024. The newest data is not yet available to the public, therefore, the information included in this analysis pertains to their last available study published in 2017.

while the dissolution rate is pretty much stable in the last years –between 8% to 10% every year, as claimed by Fundatia pentru Dezvoltarea Societatii Civile (FDSC, 2017, p. 26). The data presented clearly showcases there is room for improvement regarding the way Romanian NGOs are managed. One solution that can prove nothing but beneficial for NGOs improvement could be employing tailored practices from the private sector to support NGOs become more goal-oriented, therefore able to understand the gaps between where they currently are compared to where they want to be.

Thus, a question emerges: can organizations exist and thrive in our data oriented world without even a simple results-monitoring tool, let alone a performance management system? This debate is not exactly new and there has always been this battle between those who agree with the fact that “not everything that can be counted counts and not everything that counts can be counted”, which is attributed to Einstein (Toye, 2015, n. p.) or those who rally behind philosophy that “what gets measured gets managed”, attributed to Peter Drucker (Prusak, 2010, n. p.) or W. Edwards Deming and his famous quote: “In God we trust, all others must bring data” (Ratcliffe (ed.), 2018, n. p.). And we might wonder now who wins. Is it the first or the second team? I cannot consider that a battle of arguments trying to prove each side correct or wrong can be in any way positive or growth inducing. But this debate makes me ask myself the following question: how is this even useful? How will one team winning shape our future perceptions?

Let’s take the first example, which is usually the preferred option of a lot of NGOs I interacted with over the years. The narrative in this case revolves around the hardships of measuring impact, especially when impact goes beyond tangible aspects. I came across this post on social media a while ago and it seems to be the epitome of the first team’s argument, written by a Romanian NGO: “You know, some people like exact numbers. How many people have shoes, how many we feed, how many medical prescriptions we purchased, how many old people were comforted in the interaction with us? We don’t like these numbers. Because what we want to account for has no unit of measure. How many smiles were born in the universe today because of Dragoste Desculta? How many mothers kept their children close instead of giving them away to centers? How many people raised prayers of thanks because of our interventions? How many old people had their last years of crowned with joys? We will never know. But day by day we are here close to them. We live here, we like the joy of simple things and a life lived for Heaven!” (Dragoste Desculta², 2022 *apud*. Miertoiu, 2023, forthcoming).

While I find this very touching and a compelling argument on why performance management and a focus on numbers can only create a mission drift and will take away from the importance of the valuable intangible outcomes their work creates, I cannot help but wonder if this is it; if based on this perspective we can simply decide that performance management is not compatible with NGOs. Maybe; however, we cannot discard the fact that high profile international NGOs, which, based on their reach could also be considered the most successful NGOs, deploy performance management practices.

² Dragoste Desculta is a Romanian NGO working with underprivileged people from the area of Negresti, Vaslui. They have a wide range of projects and offer support to people from all age groups. Website: <https://dragostedesculta.ro/despre-noi/>

The team in favor of the second perspective from above would also probably join in at this point to remind us that, unfortunately, there is only so much we can do with enthusiasm and unproven success, therefore if NGOs want to gather more support and increase their reach further, they should start providing evidence to the community on their capabilities. Similarly, most financing institutions will require results and numbers for any projects they need financing for. At least in this context, NGOs cannot be completely exempt from performance, because any finance institution would be looking to give grants or sponsorships to organizations that seem capable to properly manage the funds and the projects.

On the basis of the same argument, another question emerges: can there be a happy medium to satisfy both sides? Is there a tool that can help NGO practitioners to see past their apprehension for performance management and perceive the related practices through other lenses, other than a boring corporate process designed to help companies reach the bottom line, always used as a synonym for profit, and transform them into businesses, while also not causing mission drift and take into account the value oriented side of NGOs? This misconception that performance equals financial success and the only reason to manage performance is to prove the company's profitability is also not a new one, and, although it was counteracted by the emergence of Balance Scorecard three decades ago, it can still be heard quite often, but it is my desire to see it vanished from the mindset of Romanian NGOs.

This book, while not claiming to be able to put to rest the battle described above once and for all, it aims at understanding the actual state of organizational performance management practices and goal-setting practices deployed by Romanian non-profits, as well as understand the main challenges NGOs face when measuring and improving performance, in order to design and pilot a performance management framework that fits in the given context and addresses the main limitations, therefore aiming to provide that happy medium mentioned above. This tool, although still containing the measurement component, should be able to provide more flexibility to NGO managers, including having them and other NGO members deciding on the measurements that are important for them and would have the team define success for their specific context without following a set of pre-defined measures.

Employing qualitative research methods, the researcher is trying to relate directly with NGO representatives to gain an in-depth understanding on their perception on performance management, as well as have a better grasp on what matters to them and what would be the conditions under which they would be willing to embrace performance management tools or practices.

The **main research question** of the paper is: *Is agile organizational performance management a practice that can be successfully employed by Romanian NGOs in order to improve their organizational development and become more effective?*

The research question will be answered by employing a multi-staged and multimethod research design. The first phase of the study consists of two complementary qualitative research methods – two focus groups in the geographical areas of interest – Bucharest and Cluj-Napoca, chosen because they represent the biggest NGO hubs in Romania, and a series of one on one

semi-structured interviews, which will have the purpose of providing more in-depth information than the focus groups or test the findings from the focus groups. This first stage of the study will have the following additional research questions:

- *What is the stage of performance management systems and goal-setting methodologies usage within the Romanian NGOs?;*
- *What are the main challenges encountered in implementing a performance management system within Romanian NGOs?; and*
- *Which are the main characteristics that a performance management system should have in order to meet the particularities of NGOs?.*

Once the findings from the first phase are available, they will be used to help the researcher in designing a suitable performance management framework, starting from the guiding principles of the Objectives and Key Results (OKRs). The tool will be piloted in different organizations that participated in the first part of the research and are willing to test the methodology in their organizations or in their departments.

The second phase of the study will consist of an intervention and aims at answering the following research questions:

- *Is the OKR framework suitable for Romanian NGOs?;*
- *What are the main benefits and challenges of implementing the OKR system observed in the testing phase?;*
- *How did the OKR framework help the organization achieve its goals/main results or how did it hinder this process?; and*
- *What should be changed or improved in the OKRs-based approach?.*

For a better positioning of the subject, the book will debut with a chapter describing the NGO sector in Romania using the few available studies on the topic. This presentation will support a better understanding of the challenges they face with respect to performance management and will act as boundaries that need to be remembered when designing the framework.

The following three chapters will present in an exhaustive manner the available literature in the field of performance management, presenting any meaningful debate or misalignments encountered, with a focus on the evolution of the discipline and, by extension, the emergence of notable performance management frameworks. Furthermore, the current trends influencing the field and the current state of performance management will be presented in an attempt to build a complete picture of the field and better explain the popularity of the proposed root framework: The Objectives and Key Results, or in short OKR.

The OKR was chosen as a starting point for the tailored methodology for two main reasons. Firstly, because it is the up and comer performance management system, gaining a lot of popularity starting 2014 and attracting a lot of attention due to it being deployed by many of the more in vogue companies and some large NGOs. And secondly, because some of the OKRs' guiding principles presented in detail in the paper match some of the requirements of NGOs, such as simplicity, flexibility, and focus on a higher purpose or ambitions. All the perspectives around the guiding principles will be examined for showcasing any different

takes on the framework that can be relevant in the customization phase. Additional details about OKRs, such as the implementation cycle, limitations and governance will be tackled as well, to provide us with a clear picture on the framework's usage and management.

The final chapter of the literature review will merge the topic of NGOs and performance management and analyze the available literature on the topic, by presenting the current trends, proposed methodologies by the literature, as well as some case studies of NGOs utilizing OKRs. Considering there is a gap identified in the literature on the topic of performance management in NGOs, even more so specifically dedicated to Romanian NGOs, and the fact that most of the available case studies can only be found in the grey literature, the researcher completes the exploration of the studies with her own experience.

The next part of the book will provide a comprehensive description of the research methodology presented above, both from the data collection and data analysis angles, followed by the Results and discussion chapter, which aims at presenting the findings from all main data collection tools, as well as making logical connection between findings from the complementary tools. The discussions in the chapter will revolve around the main topics of the focus group and interview guide, such as a recount of how NGO professionals see the sector, their view on strategy planning and performance management usage, completed with descriptions of their own practices, and more specific subjects such as the main challenges they faced in working with performance components or what would be the main characteristics of an ideal system in their environment.

By looking at the data we learn that the findings from the literature are supported by professionals in the field as well, and that performance is not a priority, partially due to a lack of basic resources and lack of knowledge on the topic.

Finally, by analyzing in details the interventions in four organizations we learn both what went wrong in each one of the cases, but also gain insight on what could be done better in order to continue the work of transforming the way Romanian NGOs work and support the development of better and less rudimentary management practices, which would be explored in the last part of the paper, where all all conclusions are presented together with the researcher's recommendations for future work, which are rooted in the findings of focus groups and interviews discussions, but also on the first-hand experience provided by the intervention.

CHAPTER 2.

A snapshot of the Romanian NGO sector

Before pondering on the current state of Romanian NGO sector, let us examine first why is the book focuses specifically on NGOs.

First off, it is more than obvious that non-governmental entities are crucial in today's society and studies show that "if NGOs would form a country, it would have the fifth biggest world economy" (Roseti, 2017, p. 1). Specifically in Romania, the Government can be perceived as more lenient in some instances, while almost completely overlooking some of the society's pain points. This is where non-profits can position themselves as panacea and where their importance transpires. Beside the fact that they are ubiquitous in today's society, and thus a relevant topic, the NGO sector is notably misunderstood, especially in Romanian's society.

Focusing the research on the degree performance management is utilized by the third sector can shed some light into the ins and outs of non-profit management, as well as support further developments, considering that "elements of performance management [...and] elements of good governance" are seen by Matei and Apostu (2013, p. 143) as steps towards modernization.

While this study's main purpose is not to conduct a thorough analysis of the third sector in Romania, it is fit however to understand its roots and its current development level, as well as some of the biggest challenges the sector faces, in order to be able to consider the development of performance management practices employed by Romanian NGOs in full context.

The benefits of further understanding the sector are twofold. On one hand, since the research study aims at customizing a performance management framework for the sector specifically, understanding the characteristics and particularities of Romanian NGOs will dictate the way in which such a system should be customized. On the other hand, NGO limitations identified in this chapter will serve as basic factors for tailoring the most appropriate performance management system that Romanian NGOs can deploy, without wasting too many resources. As argued below in this chapter, this means that the PM framework will have to be easy to use and engaging, without being seen as a burden by the management, employees, or volunteers, but at the same time available even to non-governmental entities that do not have financial resources to invest in such a system. Trying to juggle between limited help from the team, many stakeholders' expectations and highly challenging projects, the employees of NGOs are already stretched too thin between their multitude of tasks, and as such, the proposed performance management framework should not require much time for either understanding, implementation or usage phase.

2.1. Defining the NGO sector

Despite its importance, the sector's understanding is still highly volatile, not only in Romania, but on the international scene.

Since the non-governmental sector is very vast in nature or purpose, with fuzzy boundaries, and since an array of more than 40 different terms (Rahman, 2003 *apud.* Dan, 2020, p. 103), such as for example non-profit, charity, civil society or non-political, are used as partial synonyms (Lewis, 2019, p. 1; Badila, 2002, pp. 11–12), the difficulty in assessing the non-governmental entities starts right from the definition. Authors that have embarked in a journey to find the most suitable definition for this type of organizations, have stated that “precise definitions vary as to what constitutes an NGO, and the challenge of analyzing the phenomenon of NGOs remains surprisingly difficult. One reason for this is that NGOs are a diverse group of organizations that defy generalization, ranging from small informal groups to large formal agencies. NGOs play different roles and take different shapes within and across different societies” (Lewis, 2019, p. 2).

The term “non-governmental organizations” was first coined by the United Nations in 1945 and defined as “any international organization not established by intergovernmental agreement shall be considered as a non-governmental organization for the purposes of these arrangement” (United Nations, 1945, p. 556). Since then, of course, the term has started to be used for all organizations that have the above specifications, regardless of whether they are international players, national, regional or even local actors.

However, some authors have claimed that the “existing third sector organizational definitions had only limited usefulness because they were not holistic. They were either legal (focusing on the type of formal registration and status of organizations in different country contexts), economic (in terms of the source of the organization's resources) or functional (based on the type of activities it undertakes)” (Salamon and Anheier, 1992 *apud.* Lewis, 2019, p. 3). The definition proposed by Salamon and Anheier (1992) is based on five characteristics they have identified: “it was formal, that is, the organization is institutionalized in that it has regular meetings, office bearers and some organizational permanence; it was private in that it is institutionally separate from government, though it may receive some support from government; it was nonprofit distributing, and if a financial surplus is generated it does not accrue to owners or directors (often termed the “non-distribution constraint”); it was self-governing and therefore able to control and manage its own affairs; and finally it was voluntary, and even if it does not use volunteer staff as such, there is at least some degree of voluntary participation in the conduct or management of the organization, such as in the form of a voluntary board of directors” (Lewis, 2019, p. 3, see also Dan, 2020, p. 103). In 1996 the two authors added two more characteristics on the list, thus bringing the total to seven, namely non-religious and non-political (Salamon and Anheier, 1996 *apud.* Abiddin, Ibrahim and Abdul Aziz, 2022, p. 1).

An extremely popular and highly cited definition of NGOs is the one provided by Vakil, who sees the non-governmental entities as “self-governing, private, not-for-profit organizations that are geared to improving the quality of life for disadvantaged people” (Vakil, 1997, p. 2060).

In Romania, Vlasceanu (1996, p. 112) references the ambiguity of the sector mentioned above and sees the sector as being positioned in an “ambiguous space”, somewhere in between the public and private sectors.

Once defined, NGOs should also be categorized, especially considering that there are a multitude of different NGOs, which a definition can hardly encompass. Regarding typology, the World Bank explained, there are two broad types of NGOs – operational (those that develop projects) and advocacy NGOs (those that promote certain causes), however, being in one group does not automatically exclude the other (Malena, 1995, p. 14).

Others, such as Lewis, see NGOs as having three main components: implementer, catalyst, and partner, where implementer is the organization “concerned with the mobilization of resources to provide goods and services to people who need them” (Lewis, 2019, p. 1), which can be seen as another term for World Bank’s operational NGOs, catalyst is defined as “defined as an NGO’s ability to inspire, facilitate or contribute to improved thinking and action to promote social transformation” (Lewis, 2019, p. 2) and can be considered similar to the advocacy NGOs defined by World Bank and partner “reflects the growing trend for NGOs to work with government, donors and the private sector on joint activities, such as providing specific inputs within a broader multiagency program or project or undertaking socially responsible business initiatives” (Lewis, 2019, p. 2).

Opportunity Associates Romania in their guide for best practices for non-governmental organizations defined the main functions of NGOs to be the following:

- “Mediating the relationship between citizens and authorities;
- Facilitating the social and political integration of citizens (organizations represent a civic participation framework);
- Providing goods and services to the community;
- The role of defending and representing the interests of some groups within society;
- Pioneering and innovative role in highly diverse areas at the local and international level” (Opportunity Associates Romania, 2016, p. 5). The first four roles mentioned above are the same as the ones identified by Badila et. al. (2002, p. 12), with the last one being added by Opportunity Associates Romania.

Considering the aim of the paper is not to detail the literature on the non-governmental organizations’ definition, nor computing the most comprehensive definition, the above literature review is considered sufficient to support further defining the phenomenon as: non-governmental organizations or NGOs is every private entity that has one of the functions mentioned above and does not operate for obtaining profit, as well as is not part of the governmental structure. Moreover, the term non-profit organization will be used as a synonym for non-governmental organization.

Since the non-profit sector in Romania is highly heterogeneous there is no formal classification. However, it does contain different types of organizations besides the typical nongovernmental organizations defined above, such as: agricultural companies, mutual aid homes for pensioners and social workers (CARP), mutual insurance companies, homeowners’

associations, unions (IES – Institutul de Economie Sociala, n.d., Entities of social economy in Romania; Cace et al., 2011, p. 47). Other atypical non-profits in Romania are represented by private universities (Tudorica, 2016, para. 1) and organizations created by the government which hardly fit as another type of organization, such as Intercommunity development associations (Law 51/2006).

For the purpose of this study, we will consider typical non-governmental organizations only, such as the associations and foundations that have causes related to the five functions defined by the Opportunity Associates Romania. The main reasons for not including the atypical NGOs lies in their particularities, such as beneficiaries, funding or the way they relate to economic activities. For example, some are organized more similar to a business, such as the private universities, where their beneficiaries can be regarded as clients since they are paying for the services. Furthermore, some of the other NGO types from above have a very narrow scope or limited number of beneficiaries. In particular, agricultural companies, unions or homeowners' associations, are interested in the prosperity or well-being of the members from one main perspective, hence their only beneficiaries are the members. In terms of funding, we can look at the organizations created by the government as an example – they are either funded by the Government or are created with the sole purpose of facilitating the accessing of funds from the European Union. In any case we cannot include them in the same category as non-governmental organizations.

From the perspective of the performance management implementation, the above-mentioned types were not included in the study because the differences identified could influence the data. For instance, in the case of non-governmental organizations that have economic activities, they run in a business-like model, hence their management, or more specifically performance management practices might be more advanced compared to the case of typical non-profits. Considering the case of agricultural companies, unions or homeowners' associations, they usually come together to solve certain issues or make decisions for the benefit of the members, but are not organized as an actual organization, and most often than not, they do not have a lot of recurring processes or the need for planning and executing a particular strategy.

Another particularity of NGOs is reflected by their financing solutions, which differ from the traditional ones of a business, with the main types of funding being:

- Membership dues;
- Private donations;
- Grants/ Government funds; and
- Sales of goods/ services (Opportunity Associates Romania, 2016, p. 3).

Shifting the paradigm from the general definition of NGOs to a more specific outlook in the Romanian context, Johnson and Young notes that “Romanian non-profits are fundamentally private. Profits must be distributed back to the work of the organisation, and non-profits may set up for-profit subsidiaries to help finance their work, subject to the same tax as commercial enterprises” (Johnson and Young, 1997, p. 309).

2.2. Emergent NGO sector in Romania

In order to understand the Romanian NGO sector today it is important to first understand how the sector emerged and what its history is, hence, the next pages will be dedicated to understanding how the NGO sector was formed, its main enablers, as well as the challenges it faces.

In the Romanian case, “literature indicates that Romanian civil society emerged during the early 20th century when cultural and sport associations started to develop alongside the Catholic Church, which has been historically involved in helping disadvantaged groups through its monastic orders and church associations” (Association for Community Relations-ACR, 2003 *apud.* GHK, 2010, p. 1). However, there is a consensus in the ‘90s literature that the third sector as we know it has emerged only after the collapse of the communist era, since before “the communist regime fully dominated groups and organizations to the extent that they surrendered their identity to the state apparatus. Hence, Romanian organizations under communism were, at best, a means of mass coercion, to multiply state power and to serve as so-called “transmission belts” of state policies” (Stoiciu et al, 2001 *apud.* Tatar, 2006, p. 34).

The development of the sector after the Romanian revolution from ’89 is closely related to the involvement of international organization (O’Brien, 2009, p. 143), with some authors considering the that the phenomenon was “well-targeted, professionalized, in most cases, of some organizations, most of them Americans” (Necsulescu, 2011, p. 527). However, not only the American organizations get credit for building the Romanian NGO sector, and the same author notes that “and if the father is American, then the mother is European and is called the European Commission. The European Commission also sends consultants in the early 1990s, to analyze the possibility of setting up organizations” (Necsulescu, 2011, p. 530). While the United States and European Union are considered the biggest contributors, other publications mention Britain and Germany as other catalysts in establishing NGOs in Central and Eastern Europe (Mendelson and Glenn, 2002 p. 1). Additionally, Matei and Apostu (2013, p. 143) argue that “the history of the development of the NGO sector is closely linked to the history of the relationship with the government sector”, especially in light of the democratization process, which has proven to be a challenge in itself (O’Brien, 2009, p. 143), a theme which seems to be ongoing until present times.

While the beginning of ‘90s is a critical time in the development of NGOs in Romania, there are also several critiques worth mentioning, among them the most important being:

1. The lack of rules and regulations to ensure the quality of services provided (Butterfield and Korazim-Korosky, 2007, Pentru Voi Fundatia: Interdisciplinary Community Development Using Social Enterprise in Romania section, para. The Emergence of the NGO Sector in Romania; Chipea et. al., 2010, p. 93);
2. “A rather confrontational pattern of relations between civil society and government [...] in the early 1990s” (Tatar, 2006, p. 37, see also Matei and Apostu, 2013, p. 143), which can still be seen today, although there is an improvement reported due to NGOs’ response to the COVID-19 crisis (USAID, 2023, p. 188);

3. “By the mid-90s, relatively few international relief organizations remained in Romania and few Romanians had the capacity to provide needed services” (Dickens and Grozn, 2004 *apud*. Butterfield and Korazim-Korosky, 2007, Pentru Voi Fundatia: Interdisciplinary Community Development Using Social Enterprise in Romania section, para. The Emergence of the NGO Sector in Romania, see also Matei and Apostu, 2013, p. 143);
4. “Relatively low administrative capacity of NGOs” (Tatar, 2006, p. 37; Chipea et. al., 2010, p. 93);
5. Some of the new organizations are viewed as “not serious initiatives but passing enthusiasms” (Carothers, 1996, p. 66);
6. “It was impossible to determine organizations of substance from those existing in name only” (Johnson and Young, 1997, p. 310); and
7. Lack of resources, with the sector being underfunded, which led to struggles or even NGOs stopping their activity (Badila et. al., 2002, p. 34).

Badila et. al. (2002, p. 32) offers an explanation for the above criticism, by exploring the environment in which Romanian NGOs emerged and evolved, which is seen as a: “complex and challenging context of a country in transition, with weak traditions at the level of individual common culture in terms of self-confidence, capacity for self-determination and responsibility at the level of the community”. Authors describe the society as being overcome with “apathy, suspicion and individualism” (Badila et. al., 2002, p.32), as well as challenged from an economical perspective.

Although the literature seems to agree on most points presented above, there are some inconsistencies as well. For example, Johnson and Young (1997, p. 304) go as far as seeing the non-governmental sector in Romania “growing and vibrant [...] featuring approximately 5,000 organisations registered with the Ministry of Justice”, while Bibu and Lisetchi (2011, p. 23) note on the fact that “the voluntary sector re-emerged in Romania showing impressive dynamics”.

2.3. Evolution of NGO sector in Romania

While we will be able to observe that some of the above-mentioned critiques from 30 years ago are still valid today, the Romanian NGO sector is now more stable (O’Brien, 2009, p. 150), extensive, diverse and prolific than ever, not only in numbers alone, but also coverage and activity domains. Chipea et. al. (2010, p. 93) even argues that “NGOs became examples of good practice for government organization”.

However, O’Brien (2009, p. 150) considers that there are three types of NGOs in Romania currently:

1. Professionals – “Western-funded groups that are ‘managerially well trained, versatile, and politically neutral’”;
2. Enthusiasts – “underfunded local groups, with a domestic focus and higher degree of political engagement”; and

3. Profiteers – “groups that were founded to take ‘advantage of tax loopholes benefiting nonprofit organizations to disguise profit-making import-export businesses as NGOs’”. This last group specifically can have damaging effects on the relationship between NGOs and community or government.

This differentiation, that emphasizes even more on the heterogeneity of the sector, is important for the future study, especially the first two categories, since the identified discrepancy between larger organizations, usually part of an international NGO and with better access to more resources, both financial and non-financial, which enables them to run multiple projects or support more beneficiaries, and smaller NGOs, which are, in general, national and lacking resources, therefore having a lesser impact in the community, could be instrumental in recognizing if the NGOs’ size or available resources influences the usage of performance management practices in any way. Badila et. al. (2002, p. 36) even notes that “organizations managed by people that benefited from external training and support are much more developed in this [referring here to working practices used]”.

One of biggest issue faced today when trying to assess the Romanian NGO sector is still data availability and transparency in reporting, as well as a decrease in the overall interest for the third sector in Romania. During the emergence period there were several publications trying to profile the emergent sector of Romanian NGOs as well as provide insights into its development stage, but once the novelty started to wear off so did the interest in researching the sector. Regarding data availability, Necsulescu (2011, p. 551) was reporting that in the ‘90s “either associations or foundations, non-governmental organizations in general, whether they provide services to their beneficiaries or monitor parliamentary activity, always appeal to transparency of the rules, demand free access to information, claim the lack of computerized information, of statistics, themselves failing to provide such. The oldest NGOs, with a history and resounding measurable projects, cannot grant access to their archives because they do not have such a thing, most of the time the archives being full drawers of meaningless mixed papers, waiting for better times or doomed to total degradation.”

Despite the fact that nowadays the situation might not be as dark, gathering data about the bare minimum information, such as the accurate number of non-governmental entities could provide itself to be a challenge. The Ministry of Justice reports, while timely, the latest being updated just 16 days ago, cannot prove to be accurate information. The most comprehensive study on the field was done by Fundatia pentru Dezvoltarea Societatii Civile (FDSC) back in 2017, showing the dynamic and the relevancy of the NGO sector between 2010–2016. However, even this report claims that, although taking their data from the NGO National Registry available on the official web page of the Ministry of Justice, “the processing of the data required the operation of a series of reclassifications, in the case of entries in the category “unspecified” or obviously erroneous (e.g. associations included in the category “Foundations”), as well as the elimination of situations of multiple entries” (FDSC, 2017, p. 6).

Based on the data available, in 2017 there were **88,650** NGOs registered in Romania, including associations, foundations, federations and unions, but only **42,707** were active, with a gradual increase being noticed from early 2000s to 2017 (FDSC, 2017, p. 25).

However, as mentioned above, the total number was processed by FDSC and several criteria lead to eliminating certain organizations from the list. In March 2022, according to the data published by the Ministry of Justice, there is a notable increase in the number of non-governmental entities, a **total unprocessed number of 129,081** of associations, foundations, unions and federations being registered. Out of these, however, a total of **1,155** are dissolved, **1,636** are in liquidation and **4,100** are radiated. Unfortunately, there is no indication on how many are actually active from the total number, but considering the claims of the Sustainability Index report and the precedent showed by FDSC we can conclude that approximately only half are active (USAID, 2021, p. 184).

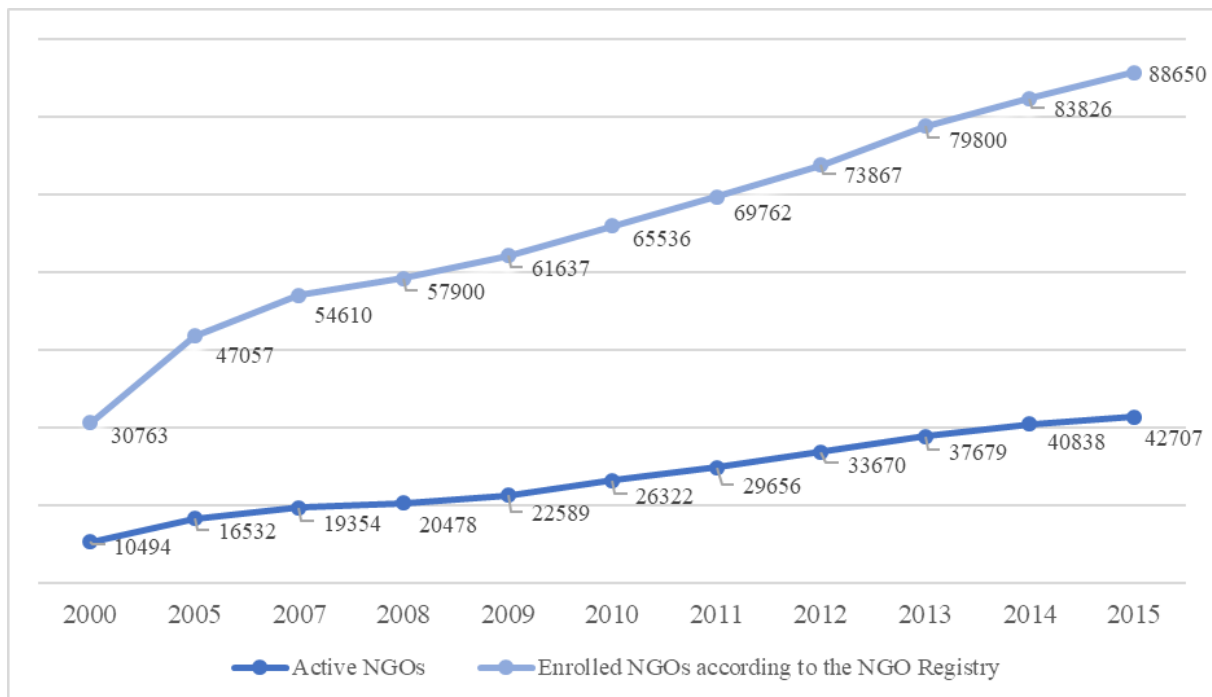


Figure 1. Evolution of the NGO sector between 2000–2015

Source: Adapted from FDSC, 2017, p. 26, translated by the author

Given the lack of other studies, we are going to paint a picture of the NGO sector, using the data and findings of the FDSC study from 2017. Although the numbers might have changed, the limited recent publications still draw the same conclusions, such as:

- NGOs are predominantly active in urban areas (75%), although a high percentage of population live in the rural area (FDSC, 2017, p. 24);
- 21% of the NGOs are focused on social or charity work, but there is a notable increase in the number of non-profits in areas such as development/tourism, agriculture, culture and education (FDSC, 2017, p. 121);

2. A snapshot of the Romanian NGO sector

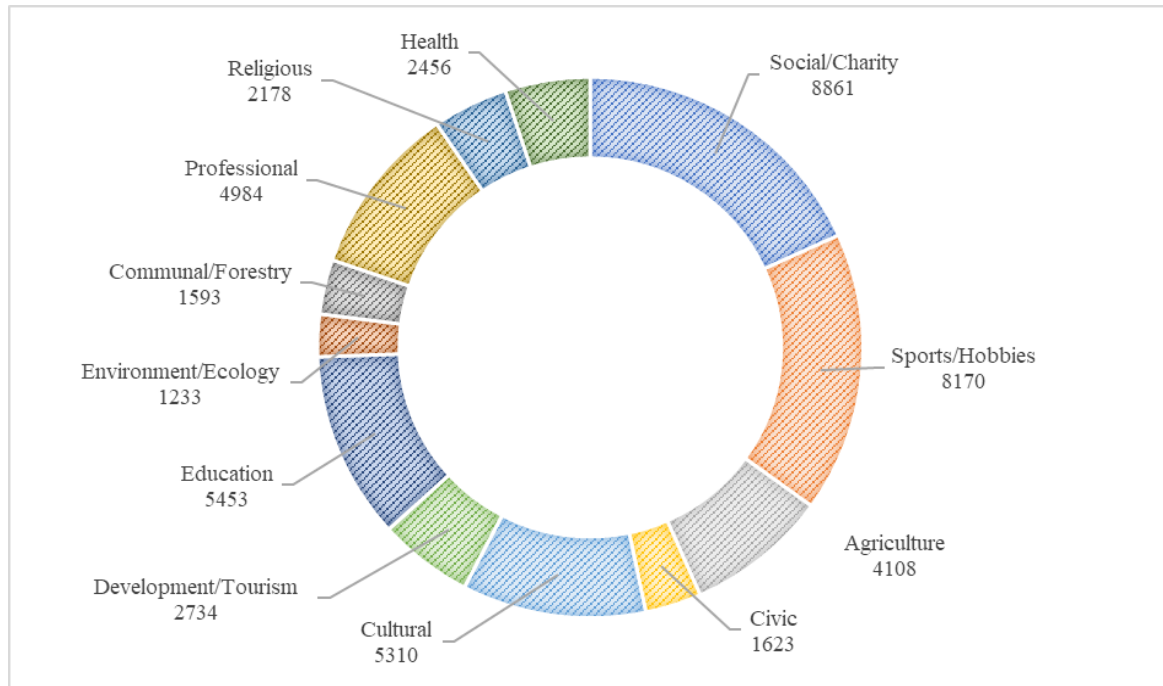


Figure 2. NGO distribution based on activity domains in 2015

Source: Adapted from FDSC, 2017, p. 27 apud. Fondul ONG in Romania, available at: <https://fondong.fdesc.ro/romania-2017-sectorul-negovernmental-profil-tendinte-provocari>, translated by the author

Note: One organization may appear to be performing activities in one or more fields.

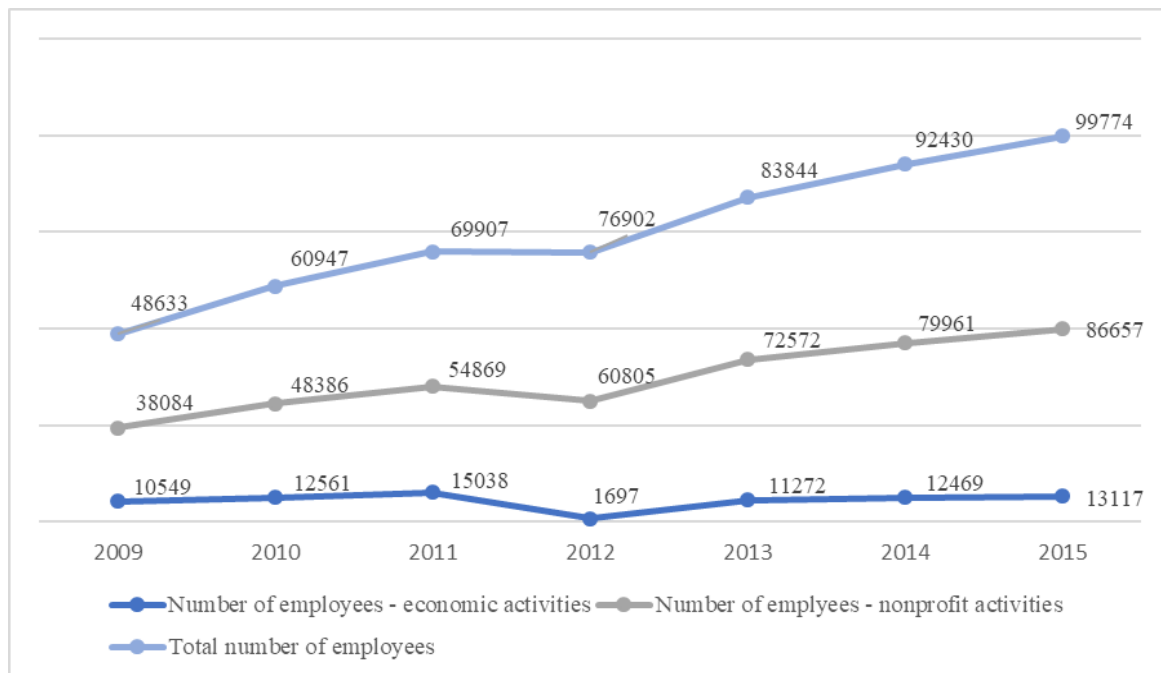


Figure 3. NGO Sector as employer

Source: Adapted from FDSC, 2017, p. 40, translated by the author

- The non-governmental sector in Romania is an important employer (FDSC, 2017, p. 40), generating a large number of jobs for various projects. For example, “in 2015, the number of jobs created by the non-governmental sector was comparable or higher than the number of jobs created by sectors such as: financial brokery and insurance, production and supply

electricity and heat, gas, hot water, real estate transactions” (FDSC, 2017, p. 40). Even so, the availability of human resources still seems to be one of the biggest challenges for Romanian NGOs, especially since most of them lack a “personnel policy, respectively a set of well-defined procedures for attracting competent personnel or improving the skills of existing personnel” (Badila et. al., 2002, p.36)

- The overall trust in NGOs has seen an increase starting 2011, bringing Romania closer to the European Union average. Given the low level of trust Romanian citizens had in the non-governmental sector, the positive trend is encouraging and can be translated in a development of the sector in the following years. However, only 8% of the respondents to the study have a high degree of confidence in the NGOs, a percentage of 43% mentioned they only have a certain degree of confidence (FDSC, 2017, p. 50). The issue of trust in the NGO sector is also discussed by CSO Sustainability Index for Central and Eastern Europe and Eurasia, which reports a minor improvement of 0.2 between 2019–2021, but suggest that improvement is also seen in better fundraising and support overall. Their reported numbers, however, look slightly different as “22% of respondents had great or a great extent of trust in CSO” (USAID, 2023, p. 189).

At this time (May 2023) we can only speculate, but the trust level could have increased given the great mobilization NGOs showed in response to the war in Ukraine and their ongoing support for the refugees.

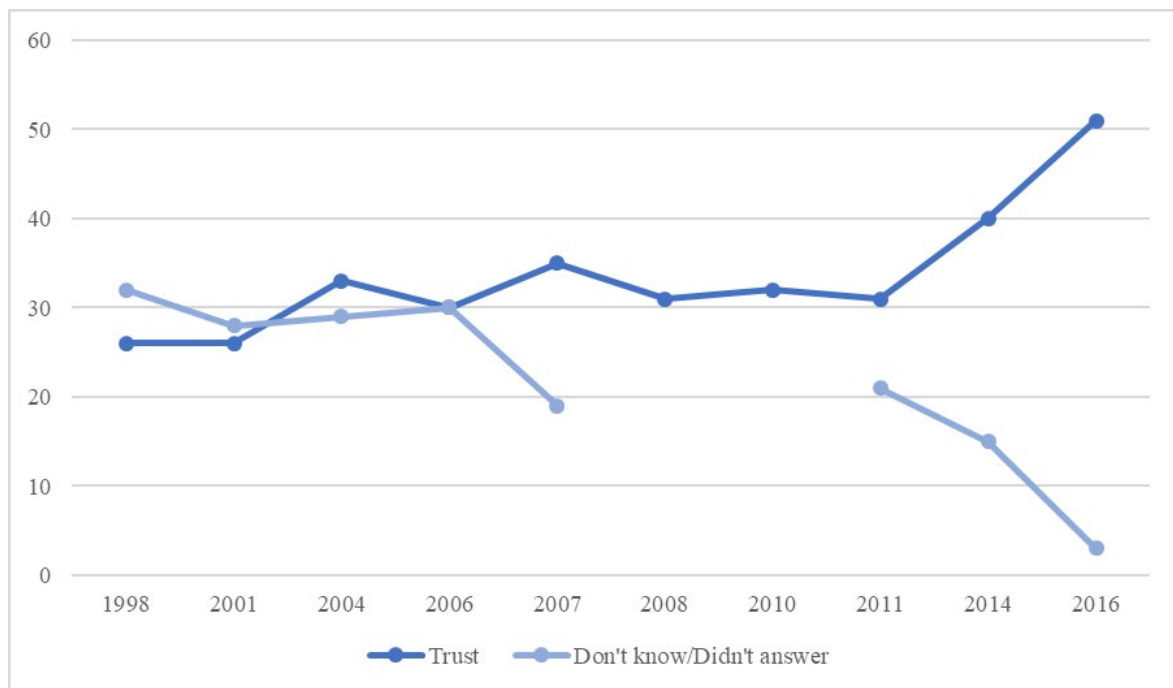


Figure 4. Trust in NGOs

Source: Adapted from FDSC, 2017, p. 49

While the public image of NGOs and the citizens trust level do not influence the usage of performance management, we could argue that performance management practices, especially performance measurement and reporting, can help NGOs in being more

transparent with their stakeholders, hence more trustworthy, which can help them attract more resources and support, as already seen in 2021. Publishing their specific objectives and measurable accomplishments for each objective will help the audience to understand that the organization has a plan and it is also tracking their success in executing that plan. Therefore, donors will have more confidence in the way their donations are spent and volunteers will be able to see their contribution to the greater scope.

Beside information on the trust of the population, the CSO Sustainability Index for Central and Eastern Europe and Eurasia provides other relevant data to this paper. The Index “addresses both advances and setbacks in seven key components or “dimensions” of the sustainability of the civil society sector: legal environment, organizational capacity, financial viability, advocacy, service provision, infrastructure, and public image” (USAID, 2016 CSO Sustainability Index for Central and Eastern Europe and Eurasia, p. i) and draws some similar conclusions to FDSC’s study. The Index is published yearly, but for the purpose of the paper we have only analyzed the fluctuations starting 2016 until the latest available data from 2021.

The overall score has slightly worsened between 2016 and 2018, from 3.5 (USAID, 2017, p. 188) to 3.7 (USAID, 2019, p. 178), but remained at the same level of 3.7 between 2018–2020 (USAID, 2020, p. 176; USAID, 2021, p. 183). Data shows that from 2020 to 2021 there is a small improvement, bringing the index level back to 3.6 (USAID, 2023, p. 181).

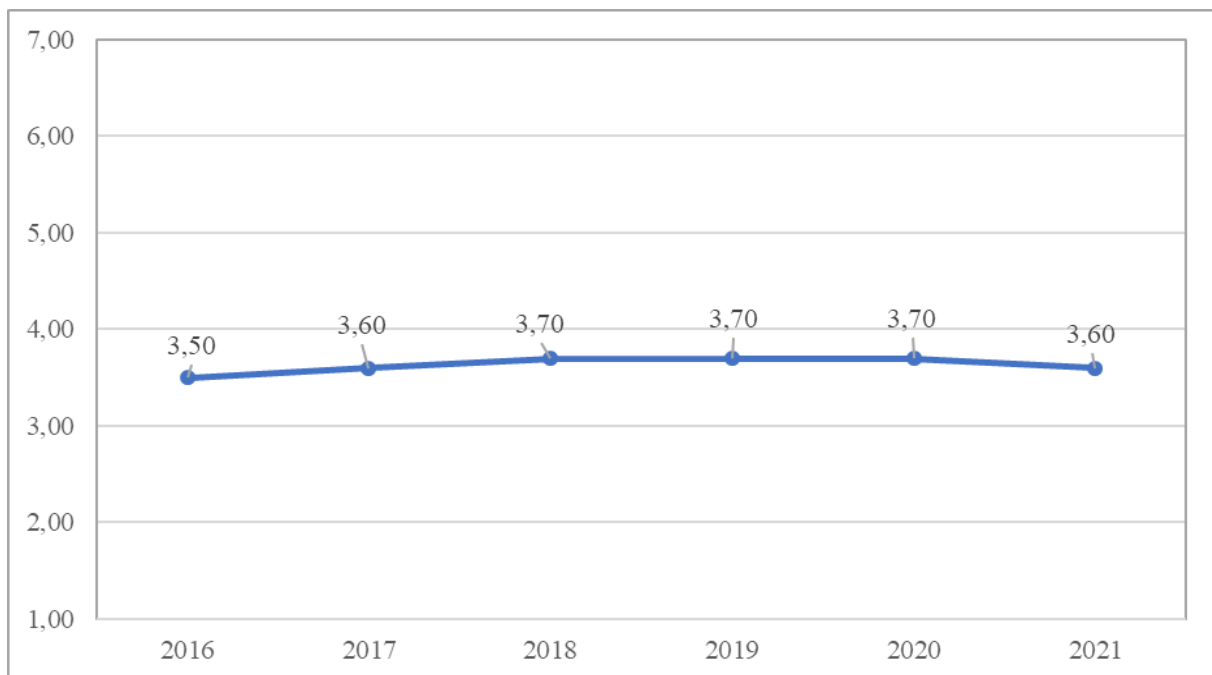


Figure 5. Overall CSO sustainability between 2017 and 2020*

Source: Author’s compilation, based on USAID, 2017, p. 188; USAID, 2018, p. 170; USAID, 2019, p. 178; USAID, 2020, p. 176; USAID, 2021, p. 183; USAID, 2023, p. 181

* Where 5.0–7.0 represents Sustainability impeded, 3.0–5.0 represents Sustainability evolving and 1.0–3.0 represents Sustainability enhanced

The lack of considerable improvement in the sustainability index in Romanian NGOs can be explained through both political changes and instability in Romania starting with 2017, as well

as through the outbreak of the COVID-19 pandemic. Despite this, the research of 2022 Global Philanthropy Environment Index shows that Romania has a good environment “largely due to the ease of operating and the political environment” (USAID, 2023, p. 185).

Despite the current stable trend, it is important to mention that civil society played a critical role in both above-mentioned cases, which did help the sector improve the citizens’ trust, as well as their financial or infrastructural resources through better visibility of their impact and their efforts in the community (USAID, 2021, p. 183).

Only three of the seven areas considered in the CSO Sustainability have a direct reflection upon the utilization of performance management practices in Romanian NGOs, namely the legal environment, organizational capacity and financial viability, however we can argue that the other four can slightly impact the utilization of a performance management system. Considering public image was already discussed above, it will not be mentioned again.

Legal environment

Although not alarming, it is worth mentioning that the panel notes a degradation of the legal frame for the civil society organizations, deteriorating from 3.6 in 2016 to 3.7 in 2017 and stabilizing at 3.8 from 2018 onwards (USAID, 2023, p. 182). Considering that starting from 2017 Romania has been in a rather unstable political context particularly due to the laws proposed, it is understandable that NGOs were affected as well by the changes. Without being notable or followed through, there are small steps being taken in improving the legal frame of NGOs, such as simplification of the process of registering a Civic Society Organization, however these are not easy to put in practice and the lack of a clear process on the implementation is a major gap. O’Brien (2009, p. 153) notes that although NGOs “have been more successful in establishing links with local authorities by providing support and expertise that are lacking, but the picture is complicated” and non-profits’ activity is “constrained by a lack of appropriate legislation, experience of ‘association exercise’ and trust in civil society associations, and that the administration misunderstood the role of NGOs in the decision-making process”. This is correlated with the feeling interviewed NGOs had, namely that their “involvement is tolerated rather than genuinely welcomed” (O’Brien, 2009, p. 153).

Overall, the report notes that “CSOs’ capacity to navigate throughout an already complicated legal system diminished in 2020 while the pandemic resulted in greater demand for sophisticated legal advice” (USAID, 2021, p. 185). In 2017 FDSC was also noting that newer fiscal policies from 2017/2018 tend to decrease the funds they care receive and increase the reporting need or the penalties in case the reporting is not done properly. Furthermore, coherent legal and fiscal treatment are needed for stimulating donations, sponsorships and contributions. While the sponsorship scheme is regulated by tax legislation providing certain facilities, it should be noted that in the case of private donations, Romania is one of the few European countries where individual donors do not have any tax incentives. Moreover, the fiscal facilities, as they exist, are not correlated with mechanisms to ensure transparency in the usage of funds, hence hindering the citizens trust in NGOs which creates a ripple effect and influence the financial viability (FDSC, 2018, p. 82).

From the performance management perspective, Romanian NGOs are legally required to have “written missions and goals” (USAID, 2023, p. 183) as well as to report some performance related indicators to different government bodies, such as assets, debt, stocks, expenditures, revenues, profit and loss (ANAF, 2023, n. p.). Therefore, having a coherent system in which those numbers are being measured and tracked, as well as having a history and existing structure of working with numbers will make the entire process of gathering data, analyzing and reporting to the concerned party much simpler and more efficient.

Organizational capacity

Organizational capacity is one of the key areas for this paper’s theme because it analyzes some areas strongly related to strategy and performance management.

Despite being small, the dimension has seen some development, reaching 3.5 in 2021 from 3.6 in the previous year (USAID, 2023, p. 183), partially due to grants being awarded for this purpose specifically, but this doesn’t signify that organizational capacity doesn’t pose several challenges for NGOs, with the most notable ones being:

- Various internal management structures, with unclear roles or lack of involvement for board members (Chipea et. al., 2010, p. 93);
- Lack of long-term stability, especially financial, which hinders the efforts of executing a comprehensive strategy, despite the fact that legally they need to have a mission and goals (Chipea et. al., 2010, p. 93), notably due to the fact that short-term survival becomes more important than the mission (Badila, 2002, p. 37);
- Difficulty in keeping permanent staff, together with the reduced levels of volunteering from the Romanian society, partially due to the communist heritage of “compulsory volunteering” (Ilie and Colibasanu, 2007, p. 234); and
- Limited access to high-quality equipment, although the limitations imposed by the pandemic did force CSOs to improve their online communication and social media presence (USAID, 2021, p. 185).

The Index’s detailing also argues that “large and medium-sized organizations engage in strategic planning and strive to implement their activities accordingly” (USAID, 2023, p. 183).

From the author’s accounts, based on the interaction with NGO representatives, the discrepancy between the for-profit sector, as well as large NGOs, and the majority of smaller local NGOs is very evident. While the first category seems to go in the direction of innovation, efficiency and possibly even trying to scale up their activity, the latter seem more archaic, barely surviving and constantly struggling to achieve results.

Organizational capacity is arguably the most influenced dimension by performance management and also the one that influences the most the utilization of such practices. On one hand, the unclear structure and roles definition, lack of long-term stability and difficulty in keeping permanent staff can greatly discourage the utilization of performance management, because it will lack a strong foundation. Without having a well-defined strategy, we can never talk about an integrated performance management system, but most probably NGOs will start

measuring a lot of indicators without a comprehensive foundation and they might end up spending too much time and effort to chase the numbers rather than utilize measurements for improvement purposes in their key areas, which are normally determined by long-term objectives. Furthermore, the lack of clear role boundaries and responsibilities, as well as the volatile staff, will make it harder for employees or volunteers to take ownership and responsibility for certain objectives or indicators or even to get involved in the implementation phase.

On the other hand, the lack of a better coordination and proper management will never help NGOs improve in the areas related to organizational capacity they are currently lacking. A performance management system, even a very rudimental one, will strengthen the efforts to create a master plan or a long-term plan, even if this will not resemble with a long-term strategy of a business, and will help with a better role definition, even informal, at least through assigning owners to specific objectives. This, in turn, will give employees a sense of purpose, accountability and belonging and will shift the focus from day-to-day tasks to the way value is created and objectives are completed due to tasks' achievement.

Additional studies relevant for organizational capacity focus on management style and employees' motivation in Romanian NGOs. Regarding the first aspect it is noted that leaders should be selected "democratically" (Scott, 2004, p. 185) and under no circumstance authoritarian management should be employed (Pacesila, 2014, p. 14), but rely on delegation (Chipea et. al., 2010, p. 97). The discussion regarding motivation is rather more nuanced, since Romanian NGO don't have the financial power to motivate with salaries, thus they have to focus on intrinsic motivation in order to, in turn, affect performance (Pacesila, 2014, p. 7 and p. 14). Research shows that intrinsic motivation is built on "strong commitment to the organization" (Pacesila, 2014, p. 8), "tasks accomplishment, inclusion in a team or recognition of work results" (Pacesila, 2014, p. 14), being consulted (Chipea et. al., 2010, p. 97), their initiatives being considered and implemented (Chipea et. al., 2010, p. 97), having development opportunities and know-how transfer (Chipea et. al., 2010, p. 97), flexible timeframe (Chipea et. al., 2010, p. 97) or promotion opportunities (Chipea et. al., 2010, p. 97). Craiovan's (2015, pp. 234–236) study, however, shows that there are certain issues regarding workforce in Romanian NGOs that should be addressed, such as burnout, anxiety and perceived overall low quality of life, for which the author suggests "the need to reorganize their schedule, divide the work tasks more efficiently between the employees, or give verbal rewards and feedback to the managers" (Craiovan, 2015, p. 237).

The managerial style and motivation are relevant themes to the topic of performance management and will have a high weight when choosing an appropriate performance management system.

Financial viability

Regarding the financial related aspects a moderate improvement of 0.2 points can be noted between 2020 and 2021 (USAID, 2023, p. 184), "due to positive developments in local philanthropy and the availability of foreign support" (USAID, 2023, p. 184), but individual donations continue to be significant.

In 2021 the Index signaled out agility as a key aspect in the way NGOs were able to respond to the COVID-19 related crisis and gather funds for their initiatives: “The 2020 pandemic allowed certain agile CSOs that operated as catalysts for COVID-19-related response activities to diversify their funding base” (USAID, 2021, p. 187).

FDSC study shows that in 2015 (p. 35) the vast majority (65%) of the organizations had an income lower than 40,000 lei, “which shows that the sector is still in a having low or very low financial situation, which limits its capacity to action”, although the overall medium and total income of the NGOs is ascending.

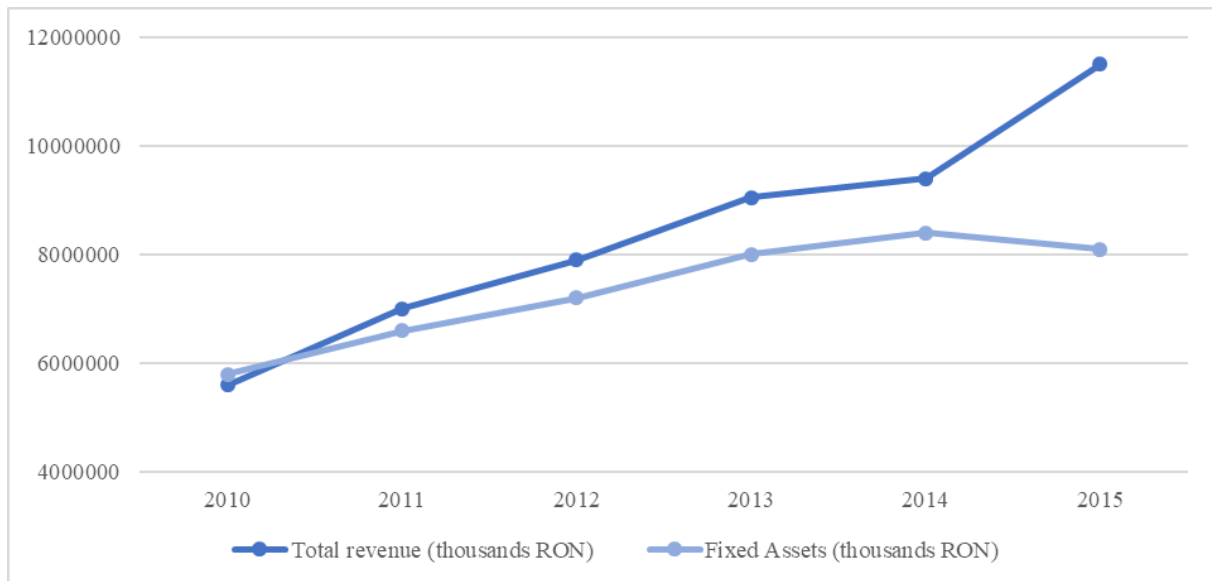


Figure 6. NGOs income between 2010–2015

Source: Adapted from FDSC, 2017, p.3

Since the income of an NGO in Romania is considerably lower than the income of most for-profit companies, and out of that income a very small amount can be dedicated to operating costs, it plays a great role in the usage of a performance management system. While financial indicators are required to be monitored and publicly reported (USAID, 2023, p. 185), the lack of financial resources makes it harder for organizations to focus on anything else, but the income generating activities. In this endeavor, they tend focus on the short-term benefits and forget the need for a good structure and efficiency and effectiveness, which can bring multiple long-term benefits. All things considered, the apprehension to utilize performance management can be easily explained by the fact that it usually requires time and money, resources most NGOs do not have available, hence it is perceived as a luxury, and by the fact that organizations do not see an explicit connection between performance management and the delivery of the core products or services.

Advocacy, Service Provision and Sectoral infrastructure

The **advocacy** area remained unchanged from 2020 to 2021, with the few minor changes being dominated by the COVID-19 crisis in 2020 and 2 major programs regarding finances in 2021.

Service provision has seen a small (0.1) improvement, due to “the diversity and geographic coverage of services” (USAID, 2023, p. 187). The level of digitalization and online work supported NGOs in their endeavor to increase their service provision level. In order to ensure optimal services “CSOs continued to adapt the content and delivery on their services to meet the needs of the changing environment” (USAID, 2023, p. 188), an attitude that can be replicated in other fields and that is fully aligned with newer performance management paradigm.

Furthermore, measuring performance and closing the gaps can help organizations increase their capacity for both service provision and advocacy, or at least help them become more efficient in relation to utilizing their resources for service provision/ advocacy endeavors.

Although the slight 0.1 point improvement (USAID, 2023, p. 188) might not seem very important, **sectoral infrastructure** is by far the best performing dimension, in 2021 being at 2.9. This is attributed to a greater cooperation within the sector (USAID, 2023, p. 188), as well as to a better collaboration and trust between companies and CSOs (USAID, 2023, p. 189).

Overall, we can note that as a response to the pandemic, in 2020 more non-governmental entities were forced to increase the usage of Information and Communication Technologies, as well as to create different partnerships in response to the crisis. Several NGOs are also offering support for CSOs in this regard, as well as on sustainable organizational development, which helps us understand the small improvement in the score on this dimension (USAID, 2021, pp. 191–192). In 2021 there were more training opportunities to support CSOs and increased amount of funds for organizational development (USAID, 2023, p. 188).

Traditionally, infrastructure was perceived to play a role, although not a major one, in organizations’ refusal to utilize performance management. Despite the fact that this dimension is improving, NGOs are still lagging behind for-profit companies from the perspective of infrastructure. Most NGOs do not possess state of the art hardware and software or specialized personnel, especially due to their limited financial resources. Most often than not, performance management is perceived in conjunction with a software solution, which explains the apprehension of nongovernmental entities to utilize such practices. However, this is only partially true. Software solutions can be a must for large or multinational companies, that gather a multitude of data and cannot collect it manually, but a simple Excel document can do the trick in a small organization, with limited data to be gathered and analyzed.

While the CSO Sustainability Index Report paints a rather clear picture of the third sector in Romania, one of the challenges overlooked by it, but emphasized upon by the existing literature is the workforce related issue, which has a great influence on strategy execution and performance management, the main purpose of this study. Usually, NGOs have a low ratio between employees and the number of beneficiaries, and they lack specialized help. Moreover, their employees are young, provided the low wages, which by itself encourages high human capital fluctuations. This adds great pressure on the management of the organization, the way responsibilities are carried out and the overall organizational culture. At the same time, certain types of NGOs work with a high ratio of volunteers or entirely on volunteering basis. For example, in the charitable social sector has a massive presence of volunteers, with 91% of organizations

working with volunteers, while 19% of organizations work exclusively with volunteers (FDSC, 2017, p. 122).

The situation seems to not have changed too much since 2007, when Ilie and Colibasanu (2007, p. 232) claimed that “the human resource available to non-profit organizations in Romania is not always of the highest quality. The organizational basis of an NGO is often limited to maximum of four permanent employees. Most of the time, the staff lacks the necessary managerial qualities and communicational skills. This is not surprising given that 26% of NGOs are based exclusively on volunteering in their permanent activities, 35% are frequently dependent on volunteering and only 18% use volunteers from time to time. This is the natural consequence of the fact that non-profit organizations do not have the capacity to retain quality staff due to their limited financial possibilities. Qualified, high-quality staff migrates towards the business sector, where the career and financial security are higher”.

This tendency of relying on volunteers is also proven by the fact that in Romania in 2010 “the value of volunteer work was equivalent with less than 1% of Romanian’s gross domestic product” (FDSC, 2010, p. 4).

Considering the compelling sources and reports mentioned above we can conclude that, while Romanian third sector has seen a great development in the years following the fall of communism, it is still continuously battling some of the initial challenges in terms of resources fluctuation, low civil trust, ineffective cooperation with the government, an unsuitable legal framework and a high number of stakeholders, all while trying to cover as many needs as possible and accurately anticipate the social demand or inability to focus on long-term due to several changes in the external environment. It is only natural that all these challenges, “which form a blur puzzle” (Zbucnea et. al., 2019, p. 10) have put internal governance, strategy planning or execution at the bottom of NGOs’ priorities. As a way of coping with these challenges, Maier et. al. (2016, pp. 64–86) suggest that NGOs should adopt the business-like mindset and this point will be further analyzed in the future chapters of the paper.

CHAPTER 3.

The evolution of performance management discipline and performance management systems

In the interest of exploring practices that non-profits can adapt from the business sector in order to improve their overall organizational management capabilities, performance management practices will be analyzed. For better contextualization, this chapter evaluates the field of performance, its evolution and the current trends.

3.1. Defining performance management³

While in today's society discussions about performance management (PM) seem to be business as usual for most entities, regardless of the sector and field, the roots of the discipline are mostly vague and unclear, and its heritage goes way back in human history. Considering that the first measurement activities can be traced back to 35,000 BC through the Lebombo bone, a baboon fibula "marked with 29 clearly defined notched. [...] it may have been used as a lunar phase counter, in which case African women may have been the first mathematicians, because keeping track of menstrual cycles requires a lunar calendar" (Darling, 2004, p. 184), we can clearly agree that humans were always interested measuring and understanding different phenomenon surrounding them through numbers. Some of the miracles of the world, such as the pyramids, could not have been built without the usage numbers and some of the sciences humans relate on in our era, such as architecture or physics, were developed based on numbers. One could even argue that measurements affect or are present in our everyday life; we measure height, distance, weight or monetary values, and in the words of Niels Bohr, "nothing exists until it is measured" (Johnston, 2004, p. 3), which could very well become the quote at the heart of performance management.

The history of a more modern approach in performance measurement can be seen in parallel with the development of organizations "over the past 500 years" (Kuske and Zander, 2005, p. 227), since the measurement system had to evolve from its rudimentary form to a framework able to provide "stakeholders with a picture of their organization" (Kuske and Zander, 2005, p. 227).

Cappelli and Tavis (2016, p. 3) also attest to the organic development of performance management as a discipline by noting that "historical and economic context has played a large role in the evolution of performance management over the decades".

³ Between pages 32 and 35, part of this paper was published in 'The Objectives and Key Results framework. A theoretical perspective', Miertoiu (2021, pp. 188-189), written during the doctoral studies.

Although the evolution from counting into statistics, from setting quotas for workers into systems that allow predictions and decision-making is clear, a timeline of how the philosophical ideas that stand at the basis of organizational performance management systems (PMS) came into existence and the succession of the performance management systems developed based on these ideas is not clearly defined by a certain time frame. Even now, most frameworks are still deployed by different organizations, despite the changes in management style and workforce profile that took place overtime. This makes sense, given the fact that in the world of organizations there is no homogeneity, and each entity's nature is different from the others.

Arguably there are several traits of an organization that might lead to favoring a certain philosophical current in performance management and a certain performance management system above the others, even if it might not be representing the newest paradigm, but this is not a given in all cases. Similar organizations might use different performance management frameworks simply based on preference or knowledge. Moreover, some systems did not catch the public eye in the beginning and became well-known and highly used years after they were theorized.

Performance management is at the center of substantial research nowadays, yet due to the high complexity, the lack of homogeneity of organizations and its dependency on the changes of the business environment, as well as the fact that performance management lies at the intersection of various organizational disciplines and concepts, such as strategy planning, project management, process management, financial and employee management and technology, there are a myriad of opinions on the subject, some preferring an exhaustive approach on the phenomenon, while others narrow it down to only one or few of its components or even classify it based on different industries. Going through the extensive literature review on the topic of performance and the examples provided can be a cumbersome task and often the divergent opinions and lack of applicability of multiple research papers will rather leave the reader more confused and without being able to understand how to apply the performance management ideas in their organizations. It is worth noting that multiple studies in newer literature focus on a theoretical review, rather than practical advice for implementation of performance management.

Without embarking on a wild goose chase and attempt at coming up with a full-fledged definition of the convoluted performance management discipline, we will however outline the consensus in terms of definition and roles, with the purpose of gaining high-level understanding on this multi-faceted subject. This will enable us to identify the current trends in performance management and propose a performance management approach tailored for Romanian non-governmental entities, which is mindful of their main challenges, as discussed in the previous chapter.

Although most definitions present performance management in a different light and might emphasize on a slightly different aspect, a short literature review is enough to understand that they are all a variation of the same theme. According to Hale and Whitlam (2000, p. 2), "performance management is a term which is widely used in organizations, and in particular by human resource professionals; it is a term, however, which will have different definitions and meanings to different people and organizations. A generic definition might be that it is about

applying processes, techniques and systems which maintain and improve individuals' performance whilst simultaneously aiming to improve the performance of the organization".

The term "performance" refers to "an organization's ability to achieve its goals and objectives measurably, reliably, and sustainably through intentional actions" (Hunter and Nielsen, 2013, p. 10). As a consequence, performance management "is the set of self-correcting processes, grounded in real-time data measuring, monitoring, and analysis, that an organization uses to learn from its work and to make tactical (front line, quotidian) and strategic adjustments to achieve its goals and objectives" (Hunter and Nielsen, 2013, p. 10). Similarly, U. S. Department of Health and Human Services (2011, p. 3) explains that "performance management is a process for setting goals and regularly checking progress toward achieving those goals. It includes activities that ensure organizational goals are consistently met in an effective and efficient manner. The overall goal of performance management is to ensure that an organization and its subsystems (processes, departments, teams, etc.), are optimally working together to achieve the results desired by the organization".

In the view of Aguinis (2009, p. 2), performance management is seen as "a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization".

Similarly, Ratnayake (2009, p. 154) considered that performance management was "historically developed as a means of monitoring and maintaining organizational control" and "besides its core component of measuring individual units' performance, it consists of setting one or more organizational targets on one or more performance dimensions, evaluating the performance against these targets and using this evaluation to prioritize efforts" (Andersen and Nielsen, 2020, p. 415).⁴

Although, in the business world and in the literature, it is frequently wrongfully used as a synonym for employee appraisals or the employee performance management, hence defining performance management as a discipline by only using one of its subprocesses, performance management can be used at every organizational level, with the individual level as an integrated part. Understanding and measuring performance only at individual level, without being integrated with the overall performance of the organization as a cohesive system can only lead to a skewed optics on the level of performance or a tunnel behavior, where the employee will focus primarily on their own targets and metrics, disregarding the effect their actions might have for other colleagues or other parts of the organization.

Moreover, such view will discourage employees to see themselves as part of the team or organization and it will be detrimental to their understanding on how their performance creates value for higher organizational levels. Such approach is usually triggered by Human Resources Department which oversees employee performance management and does not take into account the higher organizational levels, such as teams, departments, divisions, corporate. Other reasons consist of the lack of a Strategy or Performance office in charge of the overall

⁴ Parts from pages 34 and 35 were published in 'Performance Management in Romanian NGOs – a problem or a solution?', Miercioiu (2023, forthcoming), written during the doctoral studies.

performance management system, case in which the leadership team assigns the entire endeavor under HR supervision, a team that does not possess the necessary skills and knowledge, or simply lacks clarity regarding the separation of roles between Strategy or Performance office and HR Department. Regardless of the case, the definition of performance management as employee performance management is due to the lack of a unitary approach in understanding the topic, but also due to a lack of clear governance for the processes associated with performance management.

Several systems go as far as to take into consideration the performance of suppliers or other stakeholders of the organization, on top of internal performance.

Most of the above-mentioned definitions hint correctly to the need of linking the performance measuring efforts with the strategy, considered the ultimate guideline. There is a consensus among scholars that strategy should be the backbone of performance management and that performance management should support the achievement of the strategy. Dressler (2004, p. 45) considers performance management as the counterpart of strategic control in organization management and Cokins (2009, preface, para. Linking strategy to operations with the ability to respond) goes as far as saying that “its main purpose is strategy execution rather than strategy formulation”. In a more unique fashion, Stiglitz et al. (2009, p. 7) consider a rather cyclic relationship between strategy and performance management: “what we measure shapes what we collectively strive to pursue – and what we pursue determines what we measure”.

However, Snow and Hambrick (1980, p. 531) argue that “that task of measuring strategy is to attach absolute values to what is, in fact, a relative phenomenon”, which can become a tedious process. Besides organization strategy, the organization structure and environment must be taken into account when choosing the appropriate performance management system (Govindarajan, 1998 as cited in Smith, 1997, p. 207).

While, performance management is the overarching discipline, it is divided in two sub-processes **performance measurement** and **performance improvement**.

Nouara and DeCosterl (2013, p. 1) define performance measurement as “a key mechanism regarding performance management considering it offers and incorporates the entire related information significant whilst undertaking decisions”, while U. S. Department of Health and Human Services (2011, p. 2) considers that “performance measurement is a process by which an organization monitors important aspects of its programs, systems, and care processes. Data is collected to reflect how its processes are working, and that information is used to drive an organization’s decisions over time. Typically, performance is measured and compared to organizational goals and objectives. Results of performance measurement provide information on how an organization’s current programs are working and how its resources can be allocated to optimize the programs’ efficiencies and effectiveness”.

In a narrower sense, performance measurement is described as “the process of quantifying the efficiency and effectiveness of action” (Neely et al., 1995, p. 80), but this definition seems more a description of what is being measure rather than a definition of a framework.

Clearly the general agreement in the literature is that performance measurement is the center of performance management and consists of few subprocesses of its own, such as setting

the performance indicators or what is being measured, collecting data and comparing this data with the desired result.

A different paradigm, however, views performance improvement as the focal point of performance management, “performance management is all about improvement” (Cokins, 2009, chapter 2, para. What is performance management?) in the detriment of performance measurement. Other researchers, argue that “performance measurement [...] is considered as a tool for continuous improvements” (Javadi, 2013, p. 18). Performance improvement, as the name clearly states, is the subprocess of performance management that focuses on bridging the gap between the desired state and the current state in those areas where entities fall short, through improvement initiatives or corrective actions. Considering the link between performance and strategy it is important to note that initiatives should “impact strategic change” (Goshu and Kitaw, 2017 *apud*. Bunnens, 2019, p. 13).

We will refrain from making any assumptions in regards to which part is more instrumental for performance management, since it’s hardly possible to improve without knowing the weak points, but it would also be pointless to measure for the sake of measuring, without taking any further actions to bridge the identified gaps. The result of concluding the endeavor of managing performance at data gathering will just showcase inefficient management, which surely will cause the entire performance management exercise to fall out of favor with the management team.

There are of course several critiques raised on the topic of performance management systems starting with the famous quote that became known as Goodhart’s Law: “When a measure becomes a target, it ceases to be a good measure” (Strathern, 1997, p. 308), in other words inflexible and unadaptable measurements can actually become detrimental to the organizational growth and improvement. This is supported by the McKinsey researchers who argue that “performance management is a source of dissatisfaction at many organizations” (Chowdhury, Hioe and Schaninger, 2018, p. 1). Moreover, authors consider that traditional performance management “restricts creativity, generates mountains of paperwork, and serves no real purpose” (Cappelli and Tavis, 2016, p. 2) or sees it as leading to “a lack of collaboration and innovation” (Cappelli and Tavis, 2016, p. 2). Other studies argue that “performance management show that performance information is often not used and that the average effects of performance management systems are small and uncertain” (Andersen and Nielsen, 2020, p. 415).

3.2. Emergent performance management practices

Below we will recount the main development phases of performance management, related theories and systems, emphasizing only on those that are the most popular or had a great impact when coined.

While exponentially rudimental performance management, focused on individual performance, can be traced back to Wei Dynasty in third-century China who had a sort of performance evaluations for the imperial court (McGregor, 2013, para. 11), in a business context, measuring originated in conjunction with the use of clay tokens in Mesopotamia, where banking was first developed around 5000–2500 BC (Semenova, 2011, p. 194). Performance

appraisals or measuring the performance of employees can be tracked to Han Dynasty (206 BC-220 AD) (Rath, 2018, p. 877) and emperors of the Wei Dynasty (221–265AD) who rated the performance of the official family members (Banner and Cooke, 1984 *apud*. Rath, 2018, p. 877).

The heritage of modern performance management systems is rooted in financial measures and continued its financial emphasis until the end of the 20th century. Luca Pacioli is a recognized scholar in the field of accounting and the early stages of performance management. Kuske and Zander (2005, p. 227) note that in his book ‘Summa de arithmetica, geometrica, proportioni et proportionalita’ (‘Everything on arithmetic, geometry, proportions and proportionality’) published in 1494, “Pacioli described the specific entries required to recognize a profit or loss. Basic financial measures provided a means to evaluate the performance of the individual enterprise”. In his time, Venetians continued the Mesopotamian breakthrough by evaluating their sailing expeditions financial performance, especially the difference between investment and the revenue made from selling the goods (Yeo, 1946, pp. 232–235).

American railroads, in 1830s and 1840s were reporting mostly financial indicators, but, as argued by Pezet (2009, p. 19), operational data was present as well and they frequently reported on the number of miles of railroad. Manufacturing army equipment is another example of industry monitoring operational data, such as scrap or inventory (Kuske and Zander, 2005, p. 228).

Further developments in the area of performance measurement were pushed forward by the church, the army and the public service. For example, “in the mid-1500s, Ignatius Layola established a system for formal rating of the members of the Society of Jesus (the Jesuits)” (Singh, 2010, p. 64).

Another example of reporting in the 19th century appeared within the sales agent’s profession, as sales agents who were located in different areas were reporting their quarterly figures. Moreover, managers were reporting to the owners, but as Yates (1989, pp.77–78 *apud*. Pezet, 2009, p. 19) notes, these were not very well-organized, and most of the times were documented in the form of letters.

A notable change at the time was the need for standardized reporting, by using tables most of the times, due to their “readability and the ability to compare activity from one month to the next” (Pezet, 2009, p. 19), which is a practice endorsed by Taylor in “Scientific Management” as well. Taylor serves as one of the firsts to mention the need of gathering non-financial data (Kuske and Zander, 2005, p. 229) and through his writings manages to elevate performance management into a more formal system, which lead most Western armies to start performance appraisals (Singh, 2010, p. 64). Taylor’s **Management by exception** could be considered the beginning of modern performance management practices, despite its limited usage in practice. Management by exception is defined by the literature as an administrative approach or managerial method that clarifies both the interest of performance management at the time – the highest deviations from the plan, and the relationship between managers and employees, namely managers were to interfere only when the deviations from standards or plans were noticed, in order to correct the variance (Madani, 2017, p. 103).

In the early 20th century, performance measurement started to develop as part of the administrative science, and it entered its first development phase. The trend during this phase

was very similar to the end of the 19th century in what concerns reporting and performance measurement, with a notable focus on financial data as an indication of overall success, but “the form of business reports evolved significantly to fulfil the greater demands placed on them as firms grew and as the philosophy of systematic management gained in popularity” (Yates, 1989, pp. 77–78 *apud.* Pezet, 2009, p. 19). While in the beginning of the 20th century reports relied on the use of narratives in written reports, overtime figures are starting to be incorporated in these written reports. With an increased demand for statistics from boards, reports after First World War incorporated figures “relating to sales, production and personnel” (Pezet, 2009, p. 5).

Although no further proof was needed to conclude that performance management is a subject that emerged based on practice and not the other way around, in the first part of the 20th century, most examples of performance measurement were developed in an organic manner based on what particular companies did in practice, rather than from the theory or concepts. This organic development also meant that the lines between the evolution of different systems for the purpose of performance management are blurry and most of the frameworks used today find their roots in practices that began in the 20th century. For example, the development of both Dashboard and Balanced Scorecard started from the need to report and have their genesis in reporting certain figures or metrics, but they evolved differently over time and are now used for different purposes and to cover different needs. But first, let’s take a look at the how important examples helped pioneer and develop the performance management concept in the early 20th century.

At the time, Donaldson Brown, a DuPont employee patented a model to “analyze the various components of return of investment” the main metric used by DuPont (Kuske and Zander, 2005, p. 229), this being known now as the DuPont Analysis.

Further developments in performance management were made by Saint-Gobain in late 1930s, when the financial statements were accompanied by explanation and context. According to the Memorandum of 19 June 1934 from Saint-Gobain Archives, starting with 1934, Saint-Gobain also included more than financial indicators in their statistics, reporting on:

- “Sales results – current and comparisons with those of previous years – for each and all of the main products [...];
- Remuneration and expenses of the agency included in the turnover and in the means of action: mileage, business trips, advertising, etc.;
- The main clients ranked by volume of sales and notably clients won or lost over recent years, with the reasons for their loss; [...]
- Delays or quality defects that gave rise to customer complaints, actions taken;
- Sales with critically weak profit margins and the local competitive environment; and
- The share of St Gobain sales in relation to total sales in the agent’s zone – Potential sales in light of rival products” (Memorandum of 19 June 1934, Saint-Gobain Archives, CSG 000420/18 *apud.* Pezet, 2009, p. 7)

In 1936, Robers Satet was advocating in his book for the adoption of “statistics of which a judicious selection is necessary to reach the goal that has been set out.” (Satet, 1936, p.85 *apud.* Pezet 2009, p. 5)

Although, until mid-20th century measuring performance was slow to change, and it was mostly based on minimal, accounting, short-term, lagging indicators that lacked alignment with the strategy, starting with the '50s there are several groundbreaking theories and systems surfacing in relation to performance measurement and might be safe to say, performance management altogether. They were partially related to the idea of objectives and goals, rather than just indicators or measurements.

3.3. Notable performance management systems

For an easier representation, the below table showcases the most notable performance management frameworks, based on their popularity and usage, incorporating a short description which aims at providing more context related to the development stages, considering that the frameworks are presented in chronological order.

Table 1. Short description of the most notable performance management frameworks (except for Balanced Scorecard)

No.	Framework/ Introduction year	Description*	References
1	Dashboard, 1950	As the name suggests, the executive dashboard can be compared to the dashboard of a car or airplane from its beginnings, and it relies on displaying data and results in a visual manner to facilitate decision making. Therefore, we could say that the dashboard is a collection of graphs or charts that can facilitate the process of data analysis and interpretation. Today Dashboards are not used as strategic tools, but mostly as an operations-focused tool complementary to the Balanced Scorecard.	– Saint-Gobain Archives, CSG Hist 00005/1 apud. Pezet, 2009, p. 10; – Koch, 2018, p. 122;
2	Management by Objectives (MBO), 1954	Popularized by Peter Drucker, the origin of the concept behind the MBO framework is uncertain. The idea of using objectives as the backbone of management flourished since 1922. Management by Objectives revolves around starting with the goal or objective first to increase chances of achieving the desired goal, especially since Drucker noted that “managers often lose sight of their objectives because of something he called the activity trap” (The Economist, 2009, para. 1), as well as employee involvement in setting their objectives as a way to increase satisfaction and engagement. The framework became highly popular in the '60s and '70s, but fell out of fame in the '90s on the ground that most of the times managers don't know their objectives, as mentioned by Drucker himself. Other critiques were the tendency of individuals to “game the system” and its limitations in enhancing communication.	– The Economist, 2009, para. 1; – Greenwood, 1981, p. 225; – Brim, 2004, pp.1–2; – Levinson, 2003, para. 1; – Tosi, Rizzo, Carroll, 1970, p. 72; – Slusher and Sims, 1975 apud. LaFollette and Fleming, 1977, p. 2; – Gibson and Tesone, 2001, p. 125; – Pugh, Hickson, 2016, p. 162; – Cardona and Rey, 2008, pp. 38–40;

No.	Framework/ Introduction year	Description*	References
3	Hoshin Kanri, 1960	The Japanese term can be translated as “policy management” and serves as the precursor of Balanced Scorecard. The framework can be defined as “a top-level management system for mobilizing a companywide effort for realizing strategy” (Witcher, 2003, p. 83), integrates statistical control and MBO principles and it has four primary activities, naming focus, alignment, integration, and review (FAIR), which is arguably similar to PDCA – plan, do, check, act.	– Witcher and Chau, 2007, p. 520; – Witcher, 2003, pp. 83–85;
4	Economic Value Added (EVA), 1980	Introduced by a consulting firm, Stern Stewart and Company, the framework enjoyed a widespread acceptance. It is defined as “a holistic approach to financial management that attempts to tie together capital budgeting, financial planning, goal setting, performance measurement, shareholder communication and incentive compensation” (Bontis and Dragonetti, 1999 apud. Scarbrough and Elias, 2002, p. 16). EVA is ultimately a financial index rather than a framework in its own right, and its calculation formula is comprised of 5 main components: cash flow from operations, operating accruals, after-tax interest expense, capital charge, and accounting adjustments.	– Bontis and Dragonetti, 1999 apud. Scarbrough and Elias, 2002, p. 16; – Ittner, 2001, p. 363; – Subedi and Farazmand, 2020, p. 617;
5	Performance Prism, 2001	Established by Andrew Neely, Chris Adams and Mike Kennerley Performance Prism has its roots in the British management school of thought. It is a stakeholder centric performance management framework that addresses the reciprocal needs and wants of the organization and its stakeholders, by focusing on five facets: stakeholder satisfaction, strategies, processes, capabilities and stakeholder contribution, as exemplified in Table 2.	– Marr and Neely, 2001, p. 4; – Neely et al., 2002, p.31

Source: Author’s compilation

* Visual representations of most frameworks are included in the Appendix section

Although we can see some diversification in terms of measurements and the way performance management is theorized, the practice of the performance management during mid-20th century was still focused on cost control primarily and achieving the financial objectives of an organization, reflected by return of investment or profitability. The evident shortcomings of this approach, such as not giving managers the possibility to understand all the pain points of the organization and take the best decisions, together with its lack of alignment with the strategy, made scholars try to reinvent the performance management practices in the 1990, and multiple researchers started to suggest two corrective courses of action, such as the introduction of non-financial measurements or “the use of integrated performance measurement systems” (Krishnan, 2008, p. 3).

Such approaches seem to have become the norm today, with most organizations using a performance management integrated with other frameworks used within the entity, which reflect a unified approach across all organizational levels, and employ a mixture between financial and non-financial indications, regardless of whether the company is a for-profit or a non-profit. During this timeframe a multitude of performance management systems were developed, as the below table showcases.

Table 2. Emerging performance management systems in the '90s

No.	Performance Management Systems	References
1	Strategic Measurement Analysis and Reporting Technique (SMART)	Lynch and Cross 1991; McNair et al. 1990
2	Performance measurement Questionnaire (PMQ)	Dixon et al. 1990
3	Results and Determinants Matrix (R&DM)	Fitzgerald et al. 1991; Fitzgerald and Moon 1996
4	The Balanced Scorecard (BSC)	Kaplan and Norton 1992, 1996, 2000
5	Comparative Business Scorecard (CBS)	Kanji 1998; Kanji and Moura e Sà 2002
6	Cambridge Performance Measurement Process (CPMP)	Neely et al. 1996, 2000; Bourne et al. 1998, 2000
7	Consistent Performance Measurement Systems (CPMS)	Flapper et al. 1996
8	Integrated Performance Measurement Systems (IPMS)	Bititci et al. 1997, 1998a, b
9	Dynamic Performance Measurement System (DPMS)	Bititci et al. 2000
10	Integrated Performance Measurement Framework (IPMF)	Medori 1998a, b; Medori and Steeple 2000.

Source: Adapted from Pun and White, 2005, p. 53

Out of the multitude of frameworks that were introduced during a 40 year timespan starting with the '90s, each with its own take on performance, as well different benefits and challenges, there is however a clear winner in the view of organizations and professionals, namely the **Balanced Scorecard**. It is noteworthy that the recognition is only based on the popularity of Balanced Scorecard (BSC), which, despite having a different approach and bringing in the forefront nonfinancial indicators, cannot be crowned as the best performance management framework. In reality none of the frameworks can, because each one is either entirely different from the ones before or it builds on previous concepts, thus comparing between them would be incredibly subjective.

Furthermore, some of the methodologies are strongly influenced by the organizations' environment and culture, while others, such as EVA, are less directly impacted by external factors.

Another drawback of comparing them in order to understand which one is the best framework, consists of the highly uneven application. Some frameworks had a wider application, such as MBO and BSC, and consequently were tested in different environments, while some only gained a limited attention.

However, because of the immense interest Balanced Scorecard has gathered during the past 30 years, and due to the fact that it still is the most used performance management system, meaning it is the number one competitor of OKRs, the next part of the chapter will be dedicated to a more detailed description of BSC.

A big turning point in the evolution of performance management, and its associated systems, was when General Motors started to use in the '70s a set of non-financial indicators (Kuske and Zander, 2005, p. 230). Building on the idea of measuring both financial and non-financial indicators, **Balanced Scorecard** was introduced in the 1992 by Kaplan and Norton, and is perceived as the most influential PMS, since it is still the most used performance management system today. Balanced Scorecard brings forth the sought after “balance” that MBOs was missing, by creating four major perspectives: Financial, Customer, Internal Processes, Innovation and Learning (Kaplan and Norton, 1992, p. 76).

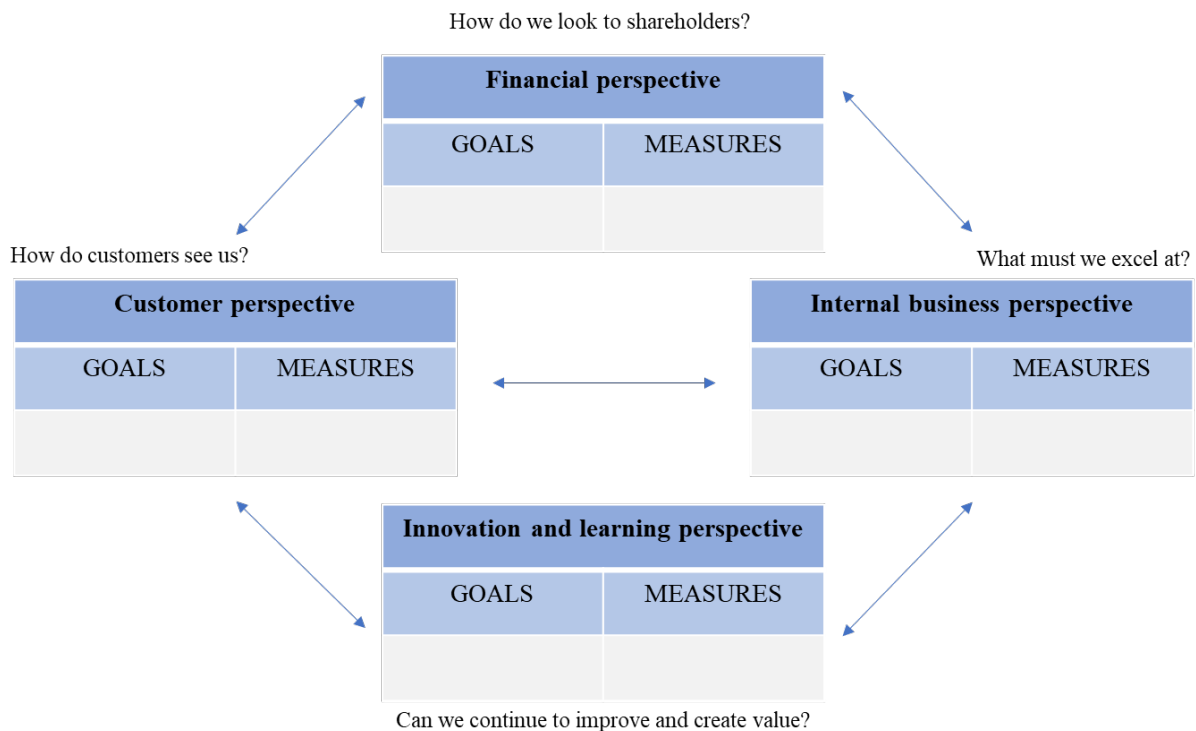


Figure 7. Balanced Scorecard perspectives

Source: Adapted from Kaplan and Norton, 1992, p. 72

The assumption that stood at the core of Balanced Scorecard creation was the need for a more complex yet comprehensive tool for measuring performance, which relies on more than financial indicators, that will support managers in their endeavor to lead the organization. As Kaplan and Norton put it, in order for organizations to survive in a competitive market they need to understand all the areas that will help them improve and foster innovation (Kaplan and Norton, 1992, p. 71).

One other benefit Balanced Scorecard brings to the table is a limited number of key measures, given that “companies rarely suffer from having too few measures. More commonly,

they keep adding new measures whenever an employee or a consultant makes a worthwhile suggestion” (Kaplan and Norton, 1992, p. 72). The framework goes hand in hand with the usage of Key Performance Indicators or KPIs. It is important to mention here that not only the frameworks and systems associated with measurements, but also the measurements themselves evolved in time. Starting from simple calculations, some practitioners differentiate nowadays between more than four different types of measurements, such as metrics, performance indicators, key results area (Armstrong, 2006, p. 50), key risk indicators (Immaneni et al., 2004, p. 42), but the list varies greatly in the literature. Badawy et al. (2016, p. 47) and Parmenter (2015, pp. 4–7) only mentioned Key result indicators (KRIs), Result indicators (RIs), Performance indicators (PIs) and Key Performance Indicators (KPIs). Although the theory behind the terms is fuzzy and the lines are blurry, as they are used interchangeably and the definitions associated with the terms are ambiguous at best, or nonexistent in the worst, we have to understand at least the term that is mostly associated with the Balanced Scorecard, namely the KPI.

Again, the definitions can vary, but the literature seems to agree on few points – KPIs should be measurable and quantifiable, “focused on those sides of organizational performance that are critical for the success of the organization” (Badawy et al., 2016, p. 47), limited in number to ensure focus on the most important measurements and with a high applicability in every filed or part of an organization (Lindberg et. al, 2015, pp. 1785–1786; Parmenter, 2015, pp. 7–14; Djordjevic et. al, 2022, pp. 1–6).

Balanced Scorecard also considered the importance of strategy and the overall achievement of the strategy, by suggesting that the objectives and the metrics should be in line with the strategic directions, aiming to “translate a company’s strategy into specific measurable objectives”. (Kaplan and Norton, 1992, p. 77).

ECI’s Balanced Business Scorecard

Financial perspective		Customer perspective	
GOALS	MEASURES	GOALS	MEASURES
Survive	Cash flow	New products	Percent of sales from new products
Succeed	Quarterly sales growth and operating income by division	Responsive supply	Percent of sales from proprietary products
Prosper	Increased market share and ROE	Preferred supplier	On-time delivery (defined by customer)
			Share of key accounts’ purchases
			Ranking by key accounts
		Customer partnership	Number of cooperative engineering efforts

Internal business perspective		Innovation and learning perspective	
GOALS	MEASURES	GOALS	MEASURES
Technology capability	Manufacturing geometry vs. competition	Technology leadership	Time to develop next generation
Manufacturing excellence	Cycle time	Manufacturing learning	Process time to maturity
	Unit cost	Product focus	Percent of products that equal 80% sales
	Yield	Time to market	New product introduction vs. competition
Design productivity	Silicon efficiency		
	Engineering efficiency		
New product introduction	Actual introduction schedule vs. plan		

Figure 8. Snapshot from Electronic Circuits Inc. (ECI)’s Balanced Scorecard

Source: Adapted from Kaplan and Norton, 1992, p. 76

Given the easy usage of the BSC and its benefits in managing companies, such as driving growth and pinpoint to improvement areas, the framework is now used by a large number of organizations from all the sectors. A study from 2005 by Brain and Company “shows that 57% firms of the world are using Balanced Scorecard as performance management system including the 64% organizations of North America and 75% of world largest firms. Here it is important to note that BSC is also “widely used in the non-profit organizations and Government organizations too” (Brain and Company, 2005 apud. Abdullah et al., 2013, p. 138).

We can argue that Balanced Scorecard either started or at least is part of the second development stage of performance management, one in which the concept gains a lot of support and organizations start chasing the numbers, while trying to cut corners regarding the implementations. Since integrated performance management solutions are perceived as time consuming, especially in the implementation phase, organizations started to look at implementing off-the-shelves solutions for organizations that are unique. Of course, the clear boundaries of each stage of evolution are very hard to define, as a lot of systems, new or old, are used in practice at the same time by different organizations and as the date of the emergence of each system is not always the same as its popularity days. For instance, Dashboards are still used today, although mostly at the operational level and most of the time as a complementary solution to a more strategic Balanced Scorecard. This leads us to another critique received by the Balanced Scorecard over time – the need for several complementary instruments in order to facilitate the usage of an integrated approach and have an exhaustive understanding for decision making purposes. Besides Scorecard and Dashboard, in practice organizations generally must create a Strategy Map to communicate value creation and ensure a visual representation of the relationship between strategic objectives (Kaplan and McMillan, 2021, p. 4), a KPI library where each KPI and metric are documented for a better understanding and deployment and a Portfolio of Initiatives, to ensure that corrective actions are being monitored.

While most literature written before 2010 refers to the approach implemented before the ‘90s as “traditional performance management”, performance management has been reshaped one more time after 2013 with the spotlight falling on more flexible and agile tool, the Objectives and Key Results (OKRs). Thus, at this point, the frameworks that were introduced in the 1990s started to be included in the “traditional performance management” as well.

The irony here is that the OKR system, with its roots in Management by Objectives, was firstly introduced in 1968 by Andrew Grove at Intel (Niven and Lamorte, 2016, p. 4) and later implemented at Google in 1999, but it did not create too much splash in the performance management field, arguably because it was too much ahead of its time. Currently, a lot of entities are still finding some of the changes OKRs advocate for challenging, especially from a cultural standpoint.

Although it took more than 40 years for the system to become popular, it is now the “hot topic” of performance management and considered to be the “future” by most consulting houses and organizations looking to implement it. Here we can consider three emerging questions: Why now, since it has been around for so long? How can it work if it is just an evolved version of Management by Objectives, which we already saw that after a short period of glory failed

from grace in such a way that even its inventor tried to distance himself from it? and, of course, Is there a real need for another framework, since Balanced Scorecard was answering to most organizational needs?

In order to answer these questions, we need to understand what happened to organizations in the last years and the pressure they were subjected to due to the transformations that took place in the environment.

3.4. Current trends influencing performance management

While Bititci et al. (2012, p. 2) attributes the evolution of performance management mostly to external pressure added by sustainability, globalization, and rapid technological innovations, we cannot disregard the shift in workforce and what motivates employees if we want to have a comprehensive understanding on the current development level of performance management and what triggered change. Both internal and external pressures have pushed firmly towards a series of changes in the way performance is managed, both from the perspective of the framework being used and the process of setting such framework.

3.4.1. Globalization

A widely spread discussion point starting in the '50s, **globalization**, has affected the current performance management trends, especially from a cultural point of view, but has also generated different approaches such as quality control. Bititci et al. (2012, p. 25) notes that “as the level of globalisation deepens, organisations and individuals are likely to be networking across multiple and diverse national and organisational cultures [...] The challenge here is: How would performance measurement and management practices need to change to be effective in multicultural collaborations and networks?”. Furthermore, globalization has also fueled the evolution of “operating models and working practices in order to adapt to, and possibly innovate, new ways of working” (Bititci et al., 2012, p. 33).

3.4.2. Fast changing environment

In the past years, organizations have been working in a constantly **changing environment**, which required them to adapt and respond to the changes as fast as possible. Clearly organizations needed to have a proactive approach, one in which measuring past metrics was no longer enough. Krishnan (2008, p. 6) argues that “environmental uncertainty plays a central role in formulating strategy, and it provides a competitive edge. This means the organization requires a well-designed performance measurement system that measure changes in environmental uncertainty which provides necessary information to formulate a strategy. The performance measurement system that incorporates different dimension of measures is important to be on par with environmental changes. This is because the performance measurement system is the organization’s navigation tool that provides direction of business operation”.

The need for an innovative and forward-thinking mindset, meant that simply crushing the numbers of the competition did not equal with a successful company anymore. Fast changing environments leave entities with two courses of action, which can be complementary as they do not cancel each other out: **resilience and agility**.

Organizational resilience is defined as the “the ability organization [has] to absorb and adapt in a changing environment to enable it to deliver its objectives and to survive and prosper. More resilient organizations can anticipate and respond to threats and opportunities, arising from sudden or gradual changes in their internal and external context” (ISO 22316, 2017).

Besides ensuring that strategic objectives and initiatives for strengthening the adaptive capacity of the organization are undertaken and that stakeholders are considered in the process (Denyer and Sutliff, 2021, pp. 2–3), resilience has several key attributes that directly impact a performance management system:

- Prepared – reconciling short- and long-term view, mostly related to risk management (Deloitte, 2021, p. 3), especially since threats are becoming more complex and volatile (Denyer and Sutliff, 2021, p. 9). Since “businesses no longer have clear annual cycles. Projects are short-term and tend to change along the way, so employees’ goals and tasks can’t be plotted out a year in advance with much accuracy” (Cappelli and Tavis, 2016, p. 13), companies are shifting to agile practices and shorter-term objectives.
- Adaptable – flexibility of employees is recognized as an important trait, hence the need for organizations to design a performance management that encourages such flexibility instead of hindering it (Deloitte, 2021, p. 3).
- Collaborative – removing silos has served to “sped decision-making, mitigated risk, and led to more innovation” (Deloitte, 2021, p. 3), thus influencing the way the organization functions, as well as the decision making and objective setting process.
- Trustworthy – trust between leaders and employees, created through transparency and communication, will eliminate skepticism, and will further enhance collaboration and engagement (Deloitte, 2021, p. 3).

On the other hand, agility represents the ability to adapt rapidly to the changes in the environment and see the aforementioned changes as opportunities, rather than threats for the stability of the organization. Agile organizations emphasize on velocity as they allow “quick and efficient reconfigurations of strategy, structure, processes, people, and technology toward value-creating and -protecting opportunities” (Darino et al., 2019, para. 3). Organizations working in an agile environment are more apprehensive in using the prescriptive strategy approach, thus favoring the alternative of an emergent approach. As part of the emergent approach strategy is “developed by an experimental process of trial and errors” (Jamil, Shah and Shah, 2015, p. 93), learning from practice is at the central narrative of the emergent approach and adapting the strategy to the environment is considered to be the winning course of action.

An agile organization is recognized by the following five hallmarks, which can be noted that also impact the way performance management is being deployed:

- a North Star – representing the direction and priorities, while the teams set their own objectives linked with the direction;

- “a network of empowered teams” – flat organization structure with “empowered and autonomous teams”;
- “rapid decision and learning cycles”;
- “a dynamic people model that ignites passion”; and
- “next-generation-enabling technology” (Darino et al., 2019, para. 4).

3.4.3. Industry 4.0

Linked with the need for technology, another trend influencing performance management is **Industry 4.0** a term that emerged in 2011 and is defined as “applying of flexible automation, cyber-physical systems, (industrial) Internet of Things, sensors, collaborative and cognitive robotics, cloud computing, big data, computer modelling and simulations, additive manufacturing (3D printing)” (Ejsmont et al, 2020, p. 1). While data and relevant technologies are at the center of Industry 4.0, the scope of utilizing such tools is “to create a learning, agile company capable of continuously adapting to changing conditions thanks to the use of the relevant technologies, organisational learning and decision-making processes that take advantage of high data quality that is available more rapidly” (Schuh et al (Eds.), 2017, p. 12).

The following figure showcases the path of development of Industry 4.0, as well as its relationship with digitalization.

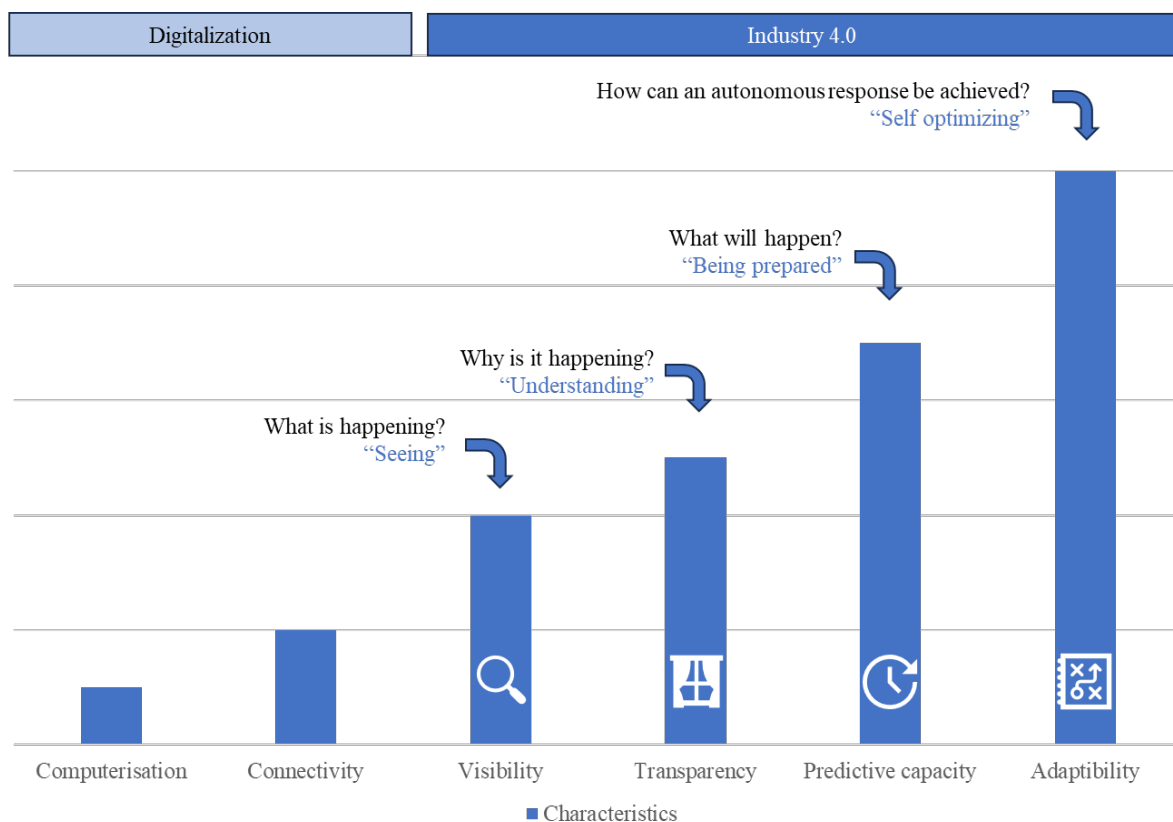


Figure 9. Path of development of Industry 4.0

Source: Adapted from Schuh et al (Eds.), 2017, p. 16

Deploying the aforementioned path can help organizations become more data focused, by having easier access to information, by increasing transparency, thus enabling communication, and by increasing the predictive capacity, hence being better prepared for future changes. Recent studies also state that increase utilization of technology and the digitalization of performance management can simplify the associated processes, especially data tracking related, increase employee engagement with reporting and evaluation, and goal management, as well as increase overall performance by providing opportunities for virtual upskill and cross-skill (Ghosh, 2021, para. 1).

3.4.4. Sustainability

Discussion around the concept of **sustainability** and its implementation by all key players in the society dramatically increased in recent years. Naturally most organizations had to align to this trend, and thus the concept of “corporate sustainability” was introduced.

Corporate sustainability refers to “the ability of a company, through its governance practices and market presence, to positively influence ecosystems (improving natural resources, reducing pollution levels, etc.), society (supporting local populations, creating employment etc.) and economic development (distributing wealth through dividends, paying fair salaries, respecting supplier payment obligations etc.)” (Krechovská and Procházková, 2014, p. 1145). Starting 2015 most entities have strived to align themselves to the 17 United Nations Sustainable Development Goals, which generally requires to integrate sustainability in the business planning and strategic management, as well as in the execution part, through quantifiable metrics that demonstrate the effects of initiatives in the sustainability field (Krechovská and Procházková, 2014, p. 1146).

Moreover, organizations “adapted their scorecards to reflect their interest in pursuing triple bottom line strategies encompassing economic, environmental and societal performance” (Kaplan and McMillan, 2021, p. 5). The authors also suggest integrating objectives in the Strategy Map and KPIs in the Balanced Scorecard measuring the triple bottom line, which in turn will ensure that managers become accountable for the level of achievement of such objectives and KPIs. Another notable reflection consists of redefining the Balanced Scorecard traditional perspectives, for example instead of “Customer” to consider the ecosystem.

Regarding the intrinsic pressure on the development of performance management literature records **management style evolution** and **employees’ expectations**.

3.4.5. Management style evolution

Management style has evolved together with organizations and has been equally influenced by the trends mentioned above, just as performance management practices have. Research in the field of management and leadership is highly prolific and general consensus is hardly achieved regarding the best managerial approach. However, for the purpose of this paper we shall refrain from going into the myriad of existing managerial types and we shall also refrain

from speculating which is the best managerial type. Our focus however will be to understand where managerial styles and performance management are converging.

A study on the relationship between managers' style and performance has concluded that "management style has a significant effect ($p < 0.01$) on employees' and managers' performance" (Vahedi and Asadi, 2013, p. 2982) and have issued the following recommendations for the way managers are expected to behave:

- "try to identify their strength points as well as their employees and develop them;
- execute all their decision in a transparent and clear way;
- try to have a positive view of the future and motivate their employees; and
- try to review the conditions and proportion of their tasks with their employees and assess their appropriateness" (Vahedi and Asadi, 2013, p. 2982).

Lawler coins the term "high involvement management", which zeros in on the involvement of employees in decision making outside the "narrow confines of the job", both related to their environment and the entire organization (Wood et al., 2011 p. 420). Wood et al. argues that such approach "encourages greater pro-activity, flexibility and collaboration from workers. It is manifested in the use of practices that offer opportunities for organizational involvement either directly – through idea-capturing schemes, teamwork and flexible job descriptions – or indirectly, through information dissemination or specific training for involvement" (Wood et al., 2011, p. 421). Likewise, Bright and Cortes (2019, p. 586) considers that involvement-oriented management practices is a characteristic of organic organizations and is distinguished by its placement of the employees as "active player in both the planning and controlling activity" who is being asked for input, while "management's role becomes one of a consultant, facilitator, enabler, philosopher, teacher, coach, and resource provider as employees take on active roles in planning and controlling and in assuming responsibility for the execution of both activities."

With respect to control in high-involvement organizations, Bright and Cortes (2019, p. 586) note that "is diffused through many groups and is commonly focused on task accomplishment and overcoming obstacles, with a de-emphasis on fixing blame with a particular individual for performance failures".

On the other hand, Bright and Cortes (2019, p. 586) appraise that traditional management is a trait of mechanistic organizations and among its most exponential attributes we can consider its view of the employee as a passive actor, where "the hierarchy plays an active role". Furthermore, in this context, control is "firmly held by the hierarchy, and the activities of individuals are carefully controlled. Performance failures, therefore, tend to become focused on the individual who fails to perform" (Bright and Cortes, 2019, p. 586) and mechanistic entities have a tendency of centralizing planning endeavors under extensive planning departments.

This inclination is hardly helpful when put into the barely lenient context of the prior mentioned uncertain environment and fast technological changes. In their attempt to become more agile, organizations nowadays often seek to operate more organically, thus reduce their dependency on a controlling hierarchy and "rely more on professional employees and groups of employees to control their own actions as they execute organizational plans" (Bright and Cortes, 2019, p. 586).

3.4.6. Employees' expectations

Similarly, workforce nowadays expects more flexibility and accountability and most millennials are looking to create an impact through their jobs. In a research study developed by Price Waterhouse Cooper on millennial workforce, Deborah Henretta, Group President, Asia & Global Specialty Channel, Procter & Gamble mentioned that “the workplace and workforce are going to change pretty dramatically as we look forward. The entire concept of work is going to become more flexible” (PWC, 2011, p. 6). In the same study it is mentioned that “Millennials tend to be uncomfortable with rigid corporate structures and turned off by information silos. They expect rapid progression, a varied and interesting career and constant feedback. In other words, millennials want a management style and corporate culture that is markedly different from anything that has gone before – one that meets their needs” (PWC, 2011, p. 3), which, once more, underlines the need for a much more flexible and participatory goal setting and management style altogether.⁵

Besides the employees, companies now have a more complex network of stakeholders, all with a different agenda and different expectations. Kaplan and McMillan (2021, p. 3) have noticed that although “traditionally, firms have acted as independent agents [...] today, companies that want to meet both shareholder and societal expectations must work collaboratively with multiple and diverse players to implement “win-win” strategies that benefit all system participants.”

Through a comparative analysis we can notice that all the trends seem to be intertwined and the influences they have in performance management can be grouped under few common themes, such as adaptable and dynamic environment, flexibility, the demand to consider all stakeholders and their needs, collaboration, transparency, empowerment of lower organizational levels and utilizing technology for most performance management related processes.

⁵ This paragraph was published in Miertoiu (2021, p. 89).

CHAPTER 4.

Current performance management practices and the OKR framework

The trends explored in the previous chapter have started to leave a mark in the way performance management is being deployed now. Since the beginning of 2010, authors have started to hint that we are one more time at a turning point regarding performance management practices and that change is once again needed. However, we already discussed that performance management is not the type of discipline where approaches are homogenous and surely, we cannot talk about changes to which all organizations align. Considering the points from the previous chapter we could go as far as declaring that performance management is permanently in a state of change. There is at least one organization at any given moment that is reinventing their *modus operandi*.

Nevertheless, there are certain traits that most entities agree need to change in order to make sure performance management is not just a big waste of time or at least they agree a change in general is needed. A survey deployed by Deloitte shows that “58% of the executives questioned believe that their current performance management approach drives neither employee engagement nor high performance” (Buckingham and Goodall, 2015, n. p.). Similarly, another study claims the same opinion is being shared by the employees as well, since only “30% of workers felt that their company’s performance management system helps them improve their performance and less than 40% said that their systems provide clear performance goals, generate honest feedback, or use technology effectively” (Pulakos, 2009, p. 3).

The older approaches that were coined in the ‘90s required a high amount of data and over time comparison of this data in order to make accurate decision making, as well as, as we have discussed previously, a number of different instruments that were co-dependent for creating the entire performance management system architecture. However, this type of system can no longer work properly in such a competitive and fast-transforming world of organizations, in which they are required to stay on their toes. Therefore, a new approach that focuses on transparency and accountability, as well as, on a very easy to implement framework, without the inherent flaw in the reliance of chasing some numbers but concerned with achieving results (Schrage et. al., 2019, para. The digital future(s) of performance management *apud*. Miercioiu, 2021, p. 190) was required.

Of course, we can claim that Balanced Scorecard or all the ‘90s frameworks did not hinder all this, but they did not drive it either, so, another, more flexible and agile system started to gain more success, since about “70% of multinational companies” (Cappelli and Tavis, 2016, p. 3)⁶

⁶ This paragraph was published in Miercioiu (2021, p. 191).

shifted towards a more agile performance management model. After Google's and some other well-known companies, such as LinkedIn, Netflix, Spotify, have credited their success partially to OKRs, although first coined in the early '70s, it has now become the up-and-comer of performance management since 2013.

4.1. Current state of performance management

During the last decade, technological advancements and a “always on the move” world, has impacted the way performance management works in an organization. This couldn't be truer in the Covid-19 era, when we all had to readjust our life to play based on different rules. Organizations, especially the ones lacking agility and adaptability, had a lot to suffer in the early stages of the pandemic, when they had to adjust their working practices. Even organizations that didn't suffer major changes due to the pandemic made changes in the performance management field due to Covid-19, as a recent study shows that 84% of their respondents agreed that their organizations adjusted their performance management practices due to Covid-19 (HR Research Institute, 2021, p. 3) and 79% respondents of a survey deployed by Deloitte responded they are currently evaluating their performance management systems (Garr, 2014, para. 5).

Mosley (2021, para. 2), goes further and states that “if traditional sit-down performance management was broken in 2013, it was demolished in 2020. How could a review in December 2020, based on a 12-month-old job description, possibly do justice to the challenges employees overcame?”. Kanyangale and Chikandiwa (2022, pp. 142–143) advocate for a continuous performance management process with shorter review cycles that will engage and motivate employees working remotely, flexibility to adjust measures, teamwork as opposed to individual, real time feedback and bottom-up feedback.

Based on the recent changes, research and consulting companies in the field have already made their bets on how performance management will work from now on. Furthermore, while a lot of organizations are still using performance management frameworks that no longer work for them, just because it's comfortable or they simply forgot that performance management role is to help their organizations improve or grow, not just to measure past results, there are some entities pioneering new performance management techniques.

Below we will briefly analyze the current practices of performance management, which will then be used in a parallel comparison with the pillars of OKRs.

In 2021, Gartner has made six predictions regarding the future of performance management, as follows, which focus on contextualizing the numerical results, linking reviews and rewards with ongoing feedback, as well as project success or even individual development (Baker, 2021, n. p.). However, Deloitte research shows that “a critical feature of the new “coaching and development” model of performance management is separating feedback provided to employees from compensation decisions” (Garr, 2014, para. Decoupling compensation from evaluations). Researchers propose to hold the employees accountable for their work, but focus more on giving the tools, skills and knowledge to succeed, rather than employ the “carrot and stick” approach.

Moreover, Gartner claims that technology will play a huge role in data gathering and feedback generation (Baker, 2021, n. p.), supported by HR Research Institute, who claim that “three-quarters of organizations use technology to support performance management” (HR Research Institute, 2021, p. 5). This trend will lead managers to focus their conversation on support and future development, rather than on the past performance data. HR Research Institute’s research also supports this last point, with 69% of their respondents stating that employees’ growth is an important objective of performance management, while 68% of responders see the objective of performance management as the overall improvement of the organization (HR Research Institute, 2021, p. 4).

Another trend, researchers agree that organizations will center their attention on team performance and dynamic, instead of individuals (Baker, 2021; Darino and Johnson, 2020, p. 2). To build on these practices, Forbes also showcases how organizations are shifting from their past focused appraisals to future oriented discussions and stretched objectives (Zenger, 2017, para. 1). In terms of positive aspects to improve the overall performance day to day coaching and feedback, or at least more frequent conversations, such as every quarter (Garr, 2014, para. 4; HR Research Institute, 2021, p. 5), as well as objectives with clear targets and deadlines set in a participatory setting are mentioned (Zenger, 2017, para. 5).

Agility seems to be another important practice, described by Mosely (2021, para. 3) as “putting people at the center of business decisions where they can more quickly experiment with processes and more readily collaborate with customers”. Mosely’s (2021, para. 4) definition for agility seems similar to some of the practices discussed above and involves, “continuous learning, frequent check-ins, building trust, and connection to the work community”.

Although most of these trends are researched from the perspective of employee performance, they do show how the mentality and philosophy around performance management has changed. All in all, current performance management is aimed at being fast-adapting, inclusive, easy to use, as well as driving frequent and improvement-oriented feedback discussions, that don’t necessarily take place only at individual level.

Furthermore, considering performance management as a discipline in the general sense, not only employee level oriented, Darino et. al. (2019, p. 3) discuss the five trademarks of an agile organization, and their effects on traditional performance management, as presented in Table 3.

Yet another paradigm shift is regarding what is being measured, with organizations today shifting towards outcome-based measurement.

Although not necessarily a new idea considering it can be traced back to Drucker, who “feared that in many instances, modern managers were not measuring performance by its contribution to the company, but by their own criteria of professional success” (Niven and Lamorte, 2016, p. 2), and continued by Andrew Grove who promotes an “output-oriented approach to management” (Grove, 1983, p. xi) as a solution to Drucker’s fear. Building on the same idea, Bianchi (2016, p. 20) goes one step further and claims that “today, an outcome-based performance management approach tends to attract the interest of communities, professionals, and decision makers in both

private and public sector organizations”, thus challenging teams and organizations to consider their impact, on top of the output generated.

Table 3. Agile trademarks and influence on performance management

Trademark	Changes affecting traditional performance management
North Star embodied across the organization	Leadership sets broad direction and priorities, against which teams define their own objectives, iterating at pace
Network of empowered teams	Flat organizational structure with limited hierarchy and no middle management
	Empowered and autonomous teams, with end-to-end accountability and clear purpose
Rapid decision and learning cycles	Risk taking, failing, and learning fast are encouraged
	Continuous people development aimed at improving the level of performance
Dynamic people model that ignites passion	Culture that empowers the agile way of working
	Craftsmanship (ie, development of expertise) as a cornerstone
Next generation enabling technology	Performance management isn't materially different just because of enabling tech

Source: Adapted from Darino et. al., 2019, p. 3

Granted, these trends seem to impact every organization one way or another, but that doesn't necessarily mean that it will prompt them to completely change their performance management system and implement a different one, but maybe simply modify the one they already used to fit the new challenges.

We have already discussed the point that most performance management frameworks are usually customized for each organization's needs which means that, in practice, we can find different theoretical frameworks used in a similar fashion. For example, organizations can take certain pillars from the OKRs to adjust the way they work with their current framework, such as reporting their results with a higher frequency.

In the interest of this paper, understanding the present state of performance management and the OKRs methodology will help us understand how to align Romanian NGOs performance management practices with the international current standards.

Moreover, when deciding which performance management system should be introduced as the baseline for further customization in order to make it suitable for Romanian NGOs and their needs in regard to performance management few aspects were taken into account:

- Environmental constraints – working in a fast-changing environment;
- Ease of usage and number of instruments, as well as time constraints, due to the lack of resources; and
- Current performance management trends, which seem to favor flexible and dynamic performance management frameworks.

4.2. Performance management limitations

With all the benefits they bring, performance management frameworks and practices are not a magic potion, and they can have several detractors of their own. When coupled with a less than optimal implementation, the discussion will lead to even more limitations. Given that implementation can be fully customizable and dependent on the organization, together with the organizational culture, leadership, decision-making matrix, as well hierarchical levels, among others, the list of barriers presented below is in no way exhaustive, but contains, however, the most common barriers noted in literature and practice.

Going through the literature, once again, we can note that most articles and books referred to employee performance management limitations, most of which were not included in the below analysis for obvious reasons. Even though employee performance management is a part of performance management it is not the object of this study, and the processes and implications of employee performance management are slightly different than the strategic one.

Furthermore, although the below limitations apply to all performance management practices, the literature seems to focus more on Balanced Scorecard limitations, which is only normal given that it is still the widest-spread performance management framework.

Yadav and Sushil (2014, p. 100) summarized their findings from the literature review on the limitations of performance management systems in the below table.

Table 4. *Performance management systems limitations*

Limitations	References
1. The selection of the right performance measures is cumbersome	Neely and Broune (2000)
2. Customer's viewpoint of performance is discussed in a limited manner	Sushil (2009)
3. Frameworks are largely static in nature which does not consider competition and technological developments	Norreklit (2000)
4. The casual linkages and feedback learning are rarely applied and unclear	Akkermans and van Oorschot (2005)
5. The impact of "time delay in cause and effects" is not highlighted	Bianchi and Montemaggiore (2008)
6. These frameworks advocate more closed system approach, which is hard to implement in turbulent, volatile, and competitive environment	Hamel (1998), Keely (1999)
7. 70% of BSC implementation fail	Neely and Broune (2000)

Source: Adapted from Yadav and Sushil, 2014, p. 100

An additional literature review proves that, on top of the above-mentioned limitations, there are many other challenges associated with performance management practices. For readability purposes, the same structure from the above table was kept.

Table 5. Additional limitations of performance management systems

Limitations	References
Cascading metrics down to lower levels, such as individuals, teams or processes	Muras and Goodnight, 2009, p. 22
Identifying the correct change in order to yield real improvements	Muras and Goodnight, 2009, p. 22
‘Inadequate definition and utilization of performance indicators’	Parisi, 2010, p. 116
‘Cognitive limitations can influence the potential for strategic performance by limiting manager’s understanding about the business system’	Parisi, 2010, p. 117
‘Limitation of changing according to the moment in time when the analysis is developed’	Parisi, 2010, p. 118
‘Use[ing] measures to treat people like machines and try to control them like robots we will not get any of their intellectual capital and intangibles’	Marr, 2006, p. 10
Not linking indicators to the strategy of the organization	Marr, 2006, p. 11
Attempt to measure everything, without focusing on the relevant and meaningful indicators	Marr, 2006, p. 11, see also Greiling, 2007, p. 10
Selecting indicators that are easy to use	Flynn, 2002, p. 225
Involvement of the right stakeholders in the implementation process, such as managers and workers.	Flynn, 2002, p. 225
‘There is no single agreed-upon performance measure, so there are various competing ratings, rankings, and indices’	Hughes, 2008, p. 57
Rigidity in the implementation	Hughes, 2008, p. 55
‘Culture within organizations not well understood or leveraged’	Barth and de Beer, 2018, p. 8
‘Common Performance Management process elements not well understood or linked’	Barth and de Beer, 2018, p. 8, see also Greiling, 2007, p. 10
‘Benefits of a Performance Management process not clearly identified’	Barth and de Beer, 2018, p. 8
‘Managers not sufficiently trained and skilled to deliver’	Barth and de Beer, 2018, p. 8
‘Implementation effectiveness difficult to measure and improve’	Barth and de Beer, 2018, p. 8
‘Top management ownership and role modelling lacking’	Barth and de Beer, 2018, p. 8; see also Greiling, 2007, p. 10
‘Can foster a lack of collective responsibility for the achievement of organizational goals’	Bacal, 1993, p. 13, see also Greiling, 2007, p. 10
‘[Can] Encourage competition rather than cooperation and can impede the development of effective teamwork’	Bacal, 1993, p. 13
‘the capacity of the human mind for formulating and solving complex problems is very small compared with the size of the problem whose solution is required for objectively rational behavior in the real world of even for a reasonable approximation of such objective rationality’	Simon, 1957, p. 198
“low decision relevance”	Greiling, 2007, p. 10
Performance management is perceived as a symbolic “ritual”	Greiling, 2007, p. 10

Source: Author’s compilation

As part of limitations, Greiling (2007, p. 11) examines more in detail the potential harmful outcomes of implementation, namely: “suboptimization, tunnel vision, myopia, measure fixation, gaming/ratchet effect, ossification, discrediting of performance indicators”.

Although the list of barriers is extensive and might even curb the usage of such systems, knowing these limitations is a better alternative than not, as argued by Holmes and Shand (1995, p. 563) “our contention is that performance measurement and its wider use in performance management is a worthwhile exercise as long as it is done in full knowledge of its limitations”.

However, over the years, researchers and practitioners have struggled to come up with different performance management system alternatives that will partially eliminate some of the challenges and make the process more appealing for the users. One of such system is the Objectives and Key Results framework, that will be discussed in detail in the following sub-chapter.

4.3. The OKR framework⁷

With its roots in the Management by Objectives framework and considering Locke’s Goal Setting Theory (Irikefe, 2021, p. 189) the OKRs (Objectives and Key Results), although utilized for more than five decades, is, starting with 2014, considered the “hottest” performance management system, because of its ability to tackle the new challenges organizations face and because it incorporates the most, if not all, current trends in performance management. But, let’s face it, regardless of how fit it is for organizations today, OKRs didn’t create a splash outside Silicon Valley until Google started endorsing the methodology. As Niven and Lamonte (2016, p. 6) indicate, the “model and movement really began to gain inexorable momentum” after Google Venture partner Rick Klau’s video from 2013.

As the name goes, the OKR is a system comprised by the objective and a series of key results that measure the achievement of the objective. Andrew Grove, while president at Intel, first coined the term “OKR” in the early 1970s and under Grove’s management the framework helped “increase the company’s revenue from \$1.9 billion to \$26 billion” (Daher Junior, 2020, p. 52). While Grove didn’t provide an official definition, John Doerr quoted Grove’s explanation of the framework:

“Now, the two key phrases... are objectives and the key result. And they match the two purposes. The objective is the direction: “We want to dominate the mid-range microcomputer component business.” That is an objective. That is where we’re going to go. Key results for this quarter: “Win ten new designs for the 8085” is one key result. It’s a milestone. The two are not the same... The key result must be measurable. But at the end you can look, and without any arguments: Did I do that, or did I not do it? Yes? No? Simple. No judgments in it. Now, did we dominate the mid-range microcomputer business? That is for us to argue in the years to come, but over the next quarter we’ll know whether we’ve won ten new designs or not.” (Doerr, 2018, p. 25–26).

Doerr offers his own definition of OKR, which he considers as “a collaborative goal-setting protocol for companies, teams, and individuals” (Doerr, 2018, p. 21) and a “management

⁷ Several parts of this sub-chapter were published in Miertoiu (2021, pp. 191-196).

methodology that helps to ensure that the company focuses efforts on the same important issues throughout the organization” (Doerr, 2018, p. 22).

Other well-known authors on the topic of OKRs, Paul Niven and Ben Lamorte, see OKR as “a critical thinking framework and ongoing discipline that seeks to ensure employees work together, focusing their efforts to make measurable contributions that drive the company forward” (Niven and Lamonte, 2016, p. 6).

On the other hand, Christina Wodtke “refers to OKRs simply as a goal setting framework, shifting directly into a thorough analysis of the benefits of OKRs” (Wodtke, 2015 as cited in Miertoiu, 2021, p. 192) and Daher Junior (2020, p. 51) follows the same line of thought describing the OKR methodology as a “metrics management methodology that has already demonstrated its effectiveness in several world-class organizations such as Google, LinkedIn, Microsoft, Uber and many others: its main attribute is the ostensible focus on results and relevance”. Stray et. al. (2022, n. p.) has a similar definition, but authors elaborate a bit more, considering OKR as “a goal-setting framework used by organizations to define a certain set of objectives and measure progress toward those goals. OKRs is designed to help organizations achieve their business goals quickly and in a structured manner”.

Following the same pattern, Shende and Panneerselvam (2019, p. 11) see OKR as a “straightforward strategic planning tools. It's designed to create alignment and engagement around measurable goals”. While OKRs are straightforward and they create alignment, they are however, not a strategy planning, but a strategy execution tool, with strategy being the backbone of OKRs as discussed later during the chapter.

At the same time, Irikefe (2021, p. 186) argues that “OKR strictly refers to a management framework that is applied to bring about significant unambiguous consequence, outcome, or conclusion of a problem that an individual or organisation aims to achieve or surpass within a time frame and with existing resources. However, OKR is defined by most other authorities to reflect aspects of the operationalisation of the management technique”.

While most of the definitions refer to OKR being a framework not necessarily used for tracking performance, but for supporting organization’s management, Rojas-Chipana et. al. (2021, p. 1150) defines OKRs as “indicators that measure the performance of a company”. However, indicators or metrics are usually what we measure, thus making this definition more relevant for the KRs, rather than the entire system.

On the other hand, Beaussart (2021, p. 5) taps into the philosophical ideas that create the OKR methodology by reckoning that “OKR represents more than a mere goal-setting framework. Indeed, OKR represents first and foremost a philosophy to approach an organization’s business encouraging transparency, communication and employee involvement”. Beaussart (2021, p. 7) also records that OKRs are substantially changing the role of goals from the traditional motivation and performance evaluation to “its ability to promote commitment (focus), alignment, accountability and aspiration within a company”.

As we have seen for the performance management discipline, OKRs face the same issue when trying to define them – there is no universally accepted definition. In an attempt to merge the different perspectives of the aforementioned definitions into one, also taking into account

the attributes of OKR, we could consider that OKR is a dynamic and collaborative goal management framework that links the strategy to the operational reality of the organization. It translates the strategy into maximum five shorter-term objectives and allows the bottom levels to align to the high-level direction.

Various authors have proven the effectiveness of OKR in supporting organizations, however we can note the lack of an extensive scientific literature on the topic (Beaussart, 2021, p. 5), although OKR are a favorite of gray literature and performance management consultants who have substantial articles on the OKR's subject.

Among the few existing studies, Irikefe (2021, p. 194) claims that his study “concluded that OKR has a positive significant effect on organisational performance” in a hotel and “goal setting has an impact on employee effectiveness and ultimately improves organizational effectiveness” (Teo and Low, 2016 as cited in Irikefe, 2021, p. 194).

Although the framework originated in the IT industry and its fame is strongly related with its usage in dynamic and highly innovative organizations, we can note that “the areas of application and the objectives that can be pursued by applying the methodology are not restrictive, but rather quite varied” (Troian et. al., 2022, n. p.).

Given that OKRs can be split into two main components – the Objective and the Key Results, the next part of this chapter will be dedicated to a short description of each of the components. Although not a part of the main framework, some authors also consider initiatives as an important complementary tool to the OKRs, describing what needs to be done for the achievement of the OKR or the to-dos. Andrew Grove (1983, p. 35), although did not name them initiatives, reckoned the need to discuss about “an activity with high leverage [which] will generate a high level of output”.

Another example of using initiatives is introduced in the hierarchy designed by Stray et. al. (2022, n. p.), which places the initiatives as subordinates of KRs.

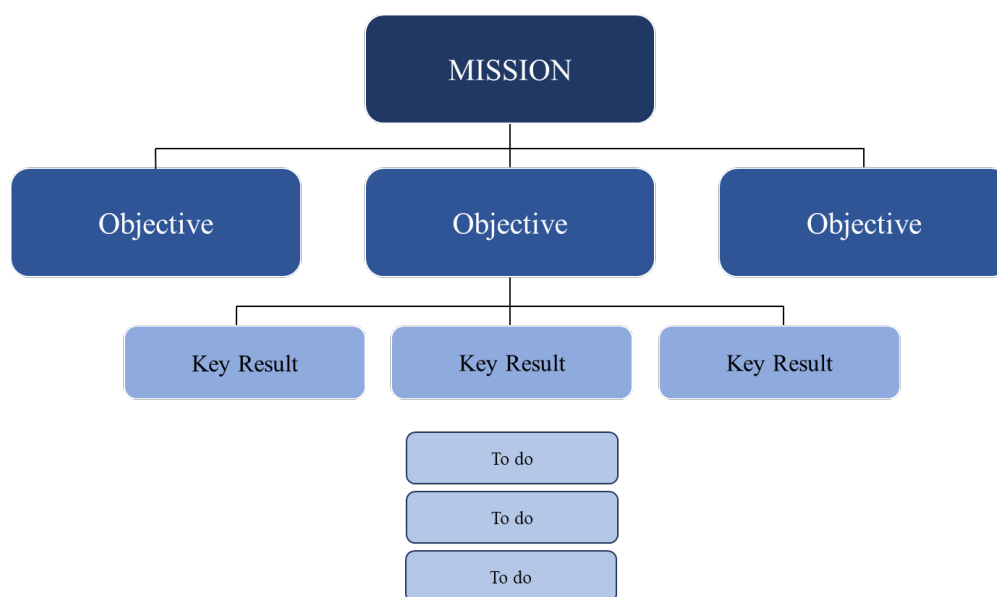


Figure 10. Hierarchy in an OKR framework

Source: Adapted from Stray et. al., 2022, n. p.

However, Mahitthafongkul (2021, p. 17) notes that the OKR methodology does not provide a clear process of using initiatives for the purpose of achieving KRs, which is seen as a good aspect because “it leaves a lot of room for employee initiative and creativity to flourish”, but, on the other hand, can make the framework seem less prescriptive and more philosophical.

Objectives

In the OKR methodology, objectives are described as “simply WHAT is to be achieved, no more and no less. By definition, objectives are significant, concrete, action oriented, and (ideally) inspirational. When properly designed and deployed, they’re a vaccine against fuzzy thinking – and fuzzy execution” (Doerr, 2018, p. 22). To the above list it can be added that objectives must be qualitative, as the measurement is included in the KRs (Wodkte, 2014, p. 103; Niven and Lamorte, 2016, p. 8; Sampaio and Cuevas, 2020, p. 125; de Mello, 2016, p. 1) and set for a shorter timeframe, most likely a quarter (Wodkte, 2014, p. 103; Niven and Lamorte, 2016, p. 8). Good objectives are normally concise (Stray et. al., 2022, n. p.; Niven and Lamorte (2016, p. 8) recommending no more than nine words; reflect the “shared imagination of the team” (Niven and Lamorte, 2016, p. 154) and actionable by the team (Wodkte, 2014, p. 103; Niven and Lamorte, 2016, p. 65).

Andrew Grove also considers that objectives must also be ambitious, and individuals should only have a “50–50 chance of making them” given that “output will tend to be greater when everybody strives for a level of achievement beyond his immediate grasp, even though trying means failure half the time” (Grove, 1983, p. 165), an idea that has later been quoted by multiple authors.

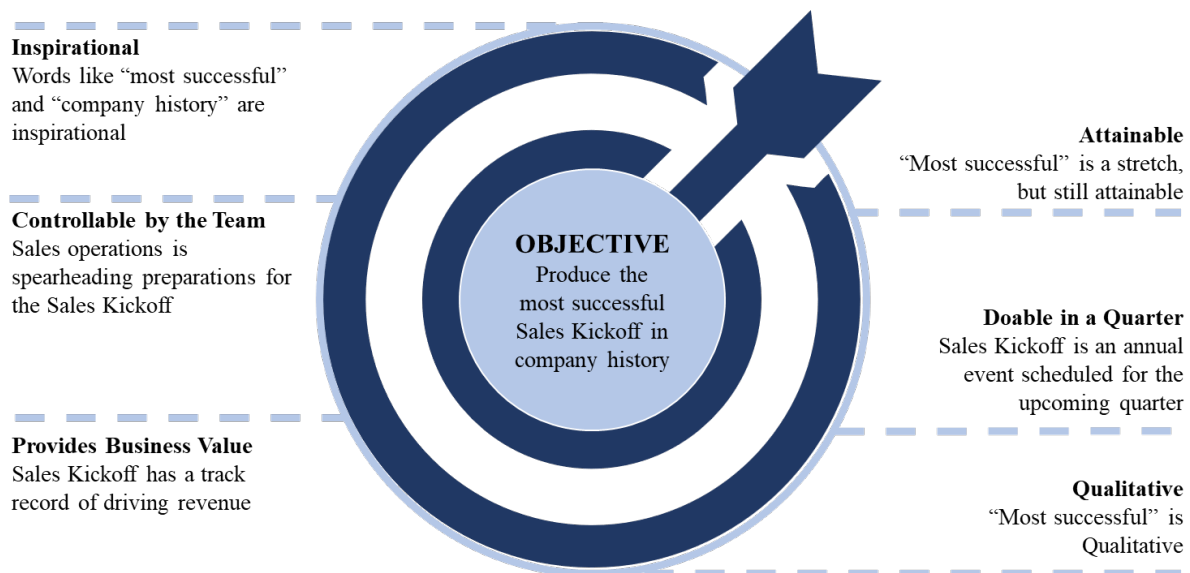


Figure 11. Characteristics of good Objectives

Source: Adapted from Niven and Lamorte, 2016, p. 65

Sampaio and Cuevas (2020, p. 123) state that “the OKR methodology works with pre-defined objectives and key results that help achieve each objective”. It is unclear if in the authors

conclude that the OKR methodology comes with prescribed objectives for all entities, since previously in the article they mention about adaptability and the importance of OKRs to execute the strategy, which goes against the idea of prescribing objectives to all organizations.

Besides the objective statement, Nieven and Lamorte (2016, p. 68) recommend considering describing each objective in order to ensure “all readers are literally on the same page as to what the objective encompasses”, however, Lamorte (2022, p. 9) admits that the recommendation “confused our clients, and not everyone adopted the recommendation”. He also mentions that the idea of replacing the descriptions with a “why now?” section was widely adopted by the clients – “by mid-2018, all of our clients adopted “Why now?” in place of objective descriptions” (Lamorte, 2022, p. 9). “Why now?” are “three to five sentences that explain why the objective is so important right now. The emphasis on “Why now?” tends to educate and motivate the workforce. This step ensures alignment on the essence of the objective before taking on the time-consuming process of drafting key results” (Lamorte, 2022, p. 9).

The idea of combining the objective with the rationale behind or the “why” has proven beneficial to students that correlated a topic with its relevancy for them, increasing their success rate (Harackiewicz et. al., 2016, pp. 745–765).

Key Results (KRs)

If there is a consensus in the literature that must be reading the fact that Key results must be measurable and quantifiable (Sampaio and Cuevas, 2020, p. 125; Niven and Lamorte, 2016, p. 8; Schelte, 2020, p. 30; Wodtke, 2014, p. 103; Stray et. al., 2022, n. p.). Wodtke (2014, p. 104) notes that KRs “can be based on anything you can measure, including: growth, engagement, revenue, performance and quality” and when selecting from the above, teams can choose opposing measurements, such as growth and performance. On the other hand, Niven and Lamorte (2016, pp. 76–80) identify different types of KRs-metrics based, where authors identify between different metrics based on their ideal trend (increasing, decreasing or within range, which is a practice more frequently used for KPI-based systems) or the way targets are set (baseline metrics); and milestone based, which are binary.

Even so, Schelte (2020, p. 32) advises that progress for milestone key results should be graded based on the achievements made in relation to the KR in the given timeframe. Niven and Lamorte’s (2016, pp. 79–80) example also contain health metrics, that are mentioned by Wodtke (2014, pp. 67–68), which they define as “something the company will monitor frequently (over years perhaps) because it is representative of successful execution of their strategy”.

However, because if you work with OKRs your strategy is executed through OKRs, it is important here to understand that health metrics are more related to the ongoing processes or the stability of the organization, not directly with strategy execution as the authors claim. A health metric for any department or project can be considered “% Budget variance” for example. Irrespective of the strategy, we need to make sure our planning exercise is as accurate as possible, and teams stay within the allocated financial resources. Health metrics were used by Google in their “70–20–10” rule, which “points out that 70% of activities should be related to the main

objectives and important projects, 20% should be related to the supporting activities and second priority objectives and 10% on the remaining activities as the health metrics” (Radonic, 2017, p. 30).

Authors believe that one of the biggest values of key results is their ability to “quantify what may appear to be vague or nebulous words in your objective” (Niven and Lamorte, 2016, pp. 8–9). On the same note, Doerr (2018, p. 41) wrote: “It almost doesn’t matter what you know. It’s what you can do with whatever you know or can acquire and actually accomplish [that] tends to be valued”.

Although Harris and Tayler (2019, n. p.) agree that metrics provide clarity and translate our vague language from the objective into something more tangible, they advise against surrogation, the term they use to describe “the tendency to mentally replace strategy with metrics”, especially given that metrics drive behavior. Their solution to avoiding negative behavior for the sake of reaching the targets is to “use multiple metrics” (Harris and Tayler, 2019, n. p.). On the same note, Grove (1983, p. 17) also noticed that “indicators tend to direct your attention toward what they are monitoring”.

The aim of key results is to measure the objective (Grove, 1983, p. 15; Harris and Tayler, 2019, n. p.; Schelte, 2020, p. 30; Wodtke, 2014, p. 103; Stray et. al., 2022, n. p.; Chen, Chen and Ning, 2022, p. 92), by answering to the questions “How will we know if we’ve met our objective?” (Niven and Lamorte, 2016, p. 8; Wodtke, 2014, p. 104), as well as enable corrective actions if not achieved (Schelte, 2020, p. 30). The achievement of the KRs should automatically mean that the objective was achieved as well (Doerr, 2018, p. 22; Schelte, 2020, p. 30) and each Objective should be measured by multiple KRs, usually between two or three to five (Doerr, 2018, p. 54; Sampaio and Cuevas, 2020, p. 125; Wodtke, 2014, p. 103; Radonic, 2017, p. 30; Lamorte, 2022, p. 8; Shende and Panneerselvam, 2019, p. 11).

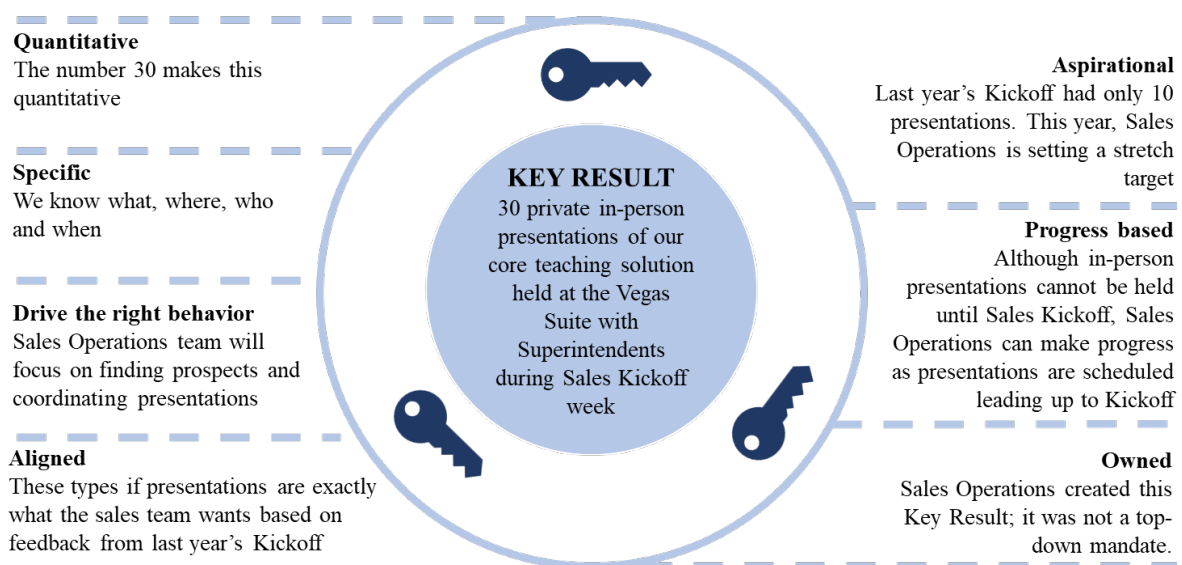


Figure 12. Characteristics of good Key Results

Source: Adapted from Niven and Lamorte, 2016, p. 70

Other important characteristics of KRs are time-bound, in most cases a quarter, the same as the objectives (Doerr, 2018, p. 22), ambitious or aspirational, yet credible (Doerr, 2018, p. 22; Niven and Lamorte, 2016, pp. 8–9; Wodtke, 2014, p. 105), focused on outcomes (Charoenlarpkul and Tantasanee, 2019, p. 135) and owned (Niven and Lamorte, 2016, p. 70), but not “depend 100% on the professional, it represents a hypothesis, which can be confirmed or not” (Daher Junior, 2020, p. 57).

Outside of focusing on KRs traits, Gothelf (2020, n. p.) focuses on the fact that good key results “need to measure a change in the behavior of the target audience of your work. This is what makes them an objective measure of success, and not simply a documentation that energy has been spent.”

Several authors advise the practice of scoring the key results “describing to what extent the organization is likely to achieve them” (Stray et. al., 2022, n. p.), also known as “confidence level” (Wodtke, 2014, p. 82). Wodtke (2014, p. 105) considers that the “sweet spot is when you have a 50/50 shot of failing” for each KR.

In relation to the key results, it is also important to mention that numbers without the story behind have little value and Niven and Lamorte (2016, p. 7) uphold that “the end in mind with OKRs is accelerating performance, but you don’t get there simply by monitoring your results each quarter. [...]when examining OKR results your challenge is to go beyond the numbers and, like a business anthropologist, dig deeper into what they’re telling you so that you can unearth the stimulating questions that may lead to future breakthroughs”.

4.3.1. Guiding principles

Naturally, OKRs evolved over time and each major prophet of OKRs or even organization that works with OKRs put their own stamp on it, thus by the end of this chapter we will identify some nuances or let’s be fair, complexities in working with the framework, that were not there in Grove’s initial version. Doerr (2018, p. 29) considers that “While conceptually simple, Andy Grove’s regimen demands rigor, commitment, clear thinking, and intentional communication. We’re not just making some list and checking it twice. We’re building our capacity, our goal muscle, and there is always some pain for meaningful gain”.

Niven and Lamorte (2016, p. 9) concur with the same idea by considering OKRs “deceptively simple”, due the fact that “the basic principles can be grasped quickly, and thus there is a temptation to eschew further study in favor of diving in and working with the model. However, you do so at your significant peril. There are many subtleties and “finer points” to the OKR approach that must be mastered should you hope to garner the benefits promised by the system”.

In the below sub-chapter, we will elaborate more on the subtleties of OKRs and the different interpretations.

But, before detailing the pillars of OKRs and what sets the framework apart, we must mention that OKR methodology does have a shared DNA with other performance management systems, due to the connection with the organization’s strategy, its usage of objectives as a

definition of the destination and the usage of metrics for the key results (Shende and Panneerselvam, 2019, p. 11), as well as the framework's usability for communicating concise, clear and relevant information (Hao and Yu-Ling, 2018, pp. 321–322). Moreover, the fact that OKRs can be used at different levels of the organizations, and not just the operational one (Muniz et. al., 2022, p. 5; Chen, Chen and Ning, 2022, p. 93), is another similarity between the OKRs and Balanced Scorecard, MBOs or even traditional performance management at large. However, the similarities end here.

Returning to the guiding principles or “superpowers” as Doerr is naming them, authors have reached various conclusions when clustering the OKRs pillars. While Doerr (2018, pp. 33–34) considers that the main four superpowers are focus, align, track and stretch, Niven and Lamorte (2016, p. 25) define six benefits: Communication, Agility, Focus, Transparency, Engagement and Visionary thinking. At the same time, Wodtke (2016, as cited by Irikefe, 2021, p. 186) sees as the most important focus, alignment and acceleration.

In an attempt to create a more comprehensive and detailed list of pillars than the ones presented above, the author has identified 11 main guiding principles, with few more supporting ones, such as communication, acceleration and engagement, tracking or discipline. Out of these supporting principles, communication is perhaps the most common, with Mikalsen et. al.'s (2020, p. 179) study showing that users find OKRs a great tool to communicate goals within the organization. This is supported by a McKinsey (2015) study that concluded open communication is key for the success of any corporate transformation, with “companies where senior managers communicate openly and continuously regarding the company's transformation are shown to be 12.4 times more likely to implement organization-level transformations successfully” (Beaussart, 2021, p. 48).

1. Agility

Agility as an important aspect for our organizations has already been addressed above, but Niven and Lamorte (2016, p. 15) offer a more intrinsic reason for organizations to be agile: “Strategic plans don't always survive contact with the real world that is your business. [...] In order to execute strategy, companies must be agile in their approach: constantly sensing changes in the environment and making sometimes subtle and other times large-scale modifications to their strategy as a result”.

Agility is represented in practice by the mixture of longer-term objectives (one to three years) integrated in the strategy or even utilized within the corporate level OKRs and the shorter-term objectives – recommended as three months (Doerr, 2018, p. 330; Niven and Lamorte, 2016, p. 4; Wodtke, 2014, p. 66; Chen, Chen and Ning, 2022, p. 93; de Mello, 2016, p. 22). A recent study in the field of OKRs has shown that 80.9% of respondents use the framework on a quarterly basis (OKR International, 2022, p. 17).

Sampaio and Cuevas (2020, p. 123) also support the need to revise the OKRs every three months, however it is unclear if the revision here is for the OKR itself or for the progress. It is worth clarifying that OKRs should be set and revised at the three months' mark, while progress must be tracked with a higher frequency – weekly or biweekly. The authors mention later in the article that “in the OKR methodology, it is possible to renew the goals every quarter” (Sampaio

and Cuevas, 2020, p. 125) and “a good OKR control is weekly reports” (p. 126), thus understanding that they adhere to the widely accepted OKR timeframe. The OKR International (2022, p. 24) study also proves that the majority of users adhere to the weekly or bi-weekly check-in cadence, with 60.65% of their respondents agreeing they run reviews every week or every 2 weeks.

Authors consider that monthly (Niven and Lamorte, 2016, p. 4), quarterly or semi-annually (Radonic, 2017, p. 29) are acceptable timeframes as well. Lamorte (2022, p. 9) also argues that “beginning in 2019, nearly half of our clients adopted four-month cycle times to avoid problems due to holidays and the quarterly crunch”.

By setting shorter-term objectives and evaluating their progress constantly (Darino et. al., 2019, p. 3; Doerr, 2018, p. 53) – weekly or by-weekly (Wodtke, 2014, p. 66) – organizations can become more disciplined (Niven and Lamorte, 2016, p. 22), use the knowledge for innovation (Niven and Lamorte, 2016, p. 21), warrant a fast response to the changes in the environment (Niven and Lamorte, 2016, p. 25), ensure “the strategy can be corrected early” (Daher Junior, 2020, p. 54) and feedback reaches all levels on time. Niven and Lamorte (2016, p. 22) also consider that “by updating your OKRs each quarter, you’re building an organizational muscle that will become stronger with use, allowing you to be ready for the inevitable forces of change and disruption”. Similarly, Bianchi (2016, p. 27) reckons that “modeling feedback loops triggering organizational performance allows one to map system structure, to capture and communicate the behavior driving processes and the quantification of the relationships to produce a set of equations that form the basis for simulating possible system behaviors over time”, thus supporting organizations to constantly improve.

There are, of course, authors who believe that measuring quarterly results can become “the downfall of many a strategy execution” (Speculand, 2017, n. p.), due to the “tense juxtaposition that many organizations fail to address. They become fixated on what’s wrong today and lose sight of what’s right for tomorrow” (Speculand, 2017, n. p.).

2. Dynamism and flexibility

The approach to setting and revising OKRs is a more dynamic one (Troian et. al., 2022, n. p.; Charoenlarpkul and Tantasanee, 2019, p. 136), taking into account that organizations are usually complex in their interactions. Hence, OKRs can be created at different levels, in collaboration or individually, without following a very structured approach in the setting phase, although to followers of the traditional approach this might seem more hectic and even out of control. However, OKRs tend to bring some order in the chaos, without being overburdening with rules and for this reason, Sampaio and Cuevas (2020, p. 122) state that “OKR can be applied to any organization, regardless of its industry, maturity level or number of employees”, while Daher Junior (2020, p. 59) notes that “OKR is flexible enough to adjust to different realities in companies”.

Doerr (2018, p. 26) considers that “an effective goal management system – an OKR system – links goals to a team’s broader mission. It respects targets and deadlines while adapting to circumstances” and sees OKRs as “living, breathing organisms” (Doerr, 2018, p. 145) that can be revised and adapted as required by the circumstances. This is the way OKRs perceive

flexibility, not as an opportunity to change the direction every day without ultimately achieving anything.

When discussing about this particular guiding principle it is worth mentioning that flexibility and dynamism can be seen in practice from two different perspectives; either change/discard the OKRs during the quarter or the timeframe based on which they are set or adjust the approach to achieve them.

Regarding the first perspective – changing the OKRs during the quarter – most authors consider it as a good or at least acceptable practice, although not frequent at higher organizational levels (Niven and Lamorte, 2016, p. 89; Doerr, 2018, p. 54; Chen, Chen and Ning, 2022, p. 93), but Wodtke (2014, p. 107) advises against the practices, the motivation being that “no team gets OKRs perfect the first time. Changing them dilutes focus, and keeping teams focused is the entire point of the OKR. Changing them halfway through teaches your team not to take the OKRs seriously”.

The second option, changing the approach towards achieving the OKRs, or “pivot” (Wodtke, 2014, p. 24), is less debated and for this to be put into practice Darino et. al. (2019, p. 4) calls teams or individuals to demonstrate dynamism in order to “allow for changing priorities coming out of the QBR”⁸.

3. Prioritization and Focus

In order to help organizations focus on what is really important to achieve, and taking into account the very limited time – three months, OKRs recommend setting fewer very important objectives, usually between three to five objectives per quarter (Doerr, 2018, p. 54; Lamorte, 2022, p. 8), while other authors recommend between two to five (Chen, Chen and Ning, 2022, p. 93) or between four to six (Radonic, 2017, p. 30) or simply advise to implement OKRs gradually and start with fewer objectives in the beginning, such as only one organizational objective (de Mello, 2016, pp. 44–45). Of course, the numbers are just a recommendation, not a rule but it ensures stakeholders take the time to understand their overall direction and which are the key objectives that will lead them in the right direction. Having more than five objectives for such a short period of time will surely start confusing everyone, as well as put a lot of pressure on teams to work on all objectives. Wodtke (2014, p. 96) took this even further by advising the usage of a single Objectives with three KRs.

The power of OKRs to focus the users to what is important, thus helping them prioritize, is much discussed in the literature, both as a result of experience and as a result of research studies (Stray et. al, 2022, n. p.; Stray et. al., 2022b, p. 3; Doerr, 2018, p. 34; Wodtke, 2014, p. 96; Muller, 2020 as cited in Kempf and Kuhn, 2022, p. 130), with Doerr (2018, p. 54) saying that “less is more” and Wodtke (2014, p. 6) “if everything is important, nothing is important”. To further support this both Doerr (2018, p. 54) and Niven and Lamorte (2016, p. 4) quoted Grove who said: “here, as elsewhere, we fall victim to our inability to say “no” – in this case, to too many objectives. We must realize – and act on the realization – that if we try to focus on everything,

⁸ QBR – Quarterly Business Review, the quarterly meeting to review the OKRs.

we focus on nothing. A few extremely well-chosen objectives impart a clear message about what we say “yes” to and what we say “no” to”, thus forcing managers and teams to take the hard decision on what is important for them and make sure that they follow the same path throughout the quarter when other opportunities might arise that are not supporting the direction.

However, Radonic’s study (2017, p. 35) shows that “the number of objectives and key results is not crucial for the success. Each organization will adopt and modify the principles according to its vision and needs”. Even so, not limiting your objectives to a minimum and only a few very important ones, will give the impression of a task list or a checklist, which is not the purpose of the OKR methodology (Wodtke, 2014, p. 70; Niven and Lamorte, 2016, p. 8) and will paint the wrong picture for the employees, who “will do what management inspects (measures) not necessarily what management expects” (Spitzer, 2007 *apud*. Parmenter, 2012, p. 8).

4. Alignment

Most practitioners use OKRs for alignment, with 84.52% of respondents to a study stating that alignment is the main reason for using OKRs (OKR International, 2022, p. 3). Moreover, the same study shows that 77.53% of participants consider alignment and focus key benefits of OKRs (OKR International, 2022, p. 3).

Understanding alignment in the OKR methodology poses perhaps the biggest challenge for practitioners, especially if they are used to a top-down approach. Irrespective of the methodology, Doerr (2018, p. 105) argues that “unfortunately, alignment is rare. Studies suggest that only 7% of employees “fully understand their company’s business strategies and what’s expected of them in order to help achieve the common goals”.

As opposed to traditional performance management, which relies extensively on cascading, the OKRs bring in the forefront the bottom-up (Radonic, 2017, p. 29; Muller, 2020 as cited in Kempf and Kuhn, 2022, p. 130; Doerr, 2018, p. 34; Sampaio and Cuevas, 2020, p. 123) and cross-functional alignment (Rojas-Chipana et al., 2021, p. 1150; Chen, Chen and Ning, 2022, p. 92), making the entire process much more participatory. While setting OKRs can start at the top of the organization with having a clear strategy or the mission and vision (Doerr, 2018, p. 26; Stray et. al., 2022b, p. 5; Zasa and Buganza, 2022, n. p.; Trieflinger et. al., 2020, p. 54), then setting the corporate level OKRs and gradually drill down until the individual level, the approach is different than pure top-down cascading.

As it is known, the waterfall model generally starts from the top – the strategy – and it is cascaded to the lower levels in sequence, but the main challenges in traditional settings are that organization’s objectives are not clear or known by the employees (Daher Junior, 2020, p. 54), the process “can degrade into a mechanical, color-by-numbers exercise with four adverse effects: loss of agility, lack of flexibility, marginalized contributors, one dimensional linkage” (Doerr, 2018, pp. 112–113) and Doerr (2018, p. 115) even call this a “compulsive, soul-killing over alignment”.

Still following the same organizational structure (Radonic, 2017, p. 31) in both approaches makes it difficult to spot the difference between traditional and agile at first glance. The challenge is deepened by the fact that throughout the literature, most authors use cascade for

both traditional and OKR system (Darino et. al., 2019, p. 4; Wodtke, 2014, p. 106) or describe bottom-up in the literal sense, meaning starting at the individual level and aggregating OKRs for the upper levels (Shende and Panneerselvam, 2019, p. 11), which completely misses the perspective of alignment to a bigger goal. However, traditionally, top management team sets the corporate objectives, and each C-level executive or department head will set the objectives for the N-1 level, trying to stay as close as possible to the corporate objectives, thus not incorporating any feedback loops and adjustments from bottom-up levels, which is not the case with OKRs, as they encourage more engagement in the process even at corporate level (Doerr, 2018, p. 54). This is what Grove (1983, p. 123) calls “a reconciliation of centralization and decentralization”, and we could argue they stand at the cross path between top-down and bottom-up alignment (Niven and Lamorte, 2016, p. 4; Wodtke, 2014, p. 136; Trieflinger et. al., 2020, p. 54), since top-down “brings meaning to work” (Doerr, 2018, p.34), while bottom-up “deepens the sense of ownership” (Doerr, 2018, p. 34) and “foster engagement and innovation” (Doerr, 2018, p. 34). Even though supporting top-down alignment, Doerr (2018, p. 54) still believes there should be “no dictating” and sees cooperation as key; he even reckons that “teams and individuals should be encouraged to create roughly half of their own OKRs, in consultation with managers”, while Niven and Lamorte (2016, p. 25) see fit that “most OKRs originate bottom-up”. Therefore, instead of a handful of people on the top controlling all the objectives and key results, everyone has the opportunity to contribute to the setting on objectives and key results (Chen, Chen and Ning, 2022, p. 94; Trieflinger et. al., 2020, p. 54), as well as the organization benefits and capitalizes from the ideas and solutions proposed from the bottom levels. This is usually facilitated by making sure everyone knows and understands the strategic objectives and helps organizations which traditionally have communication problems.

The top management team still sets the corporate OKRs, but the next step is to communicate them to everyone, get collective agreement on the set OKRs, and encourage the business units and departments to come together and discuss their own priorities, aligned with the top directions, but not necessarily copy-pasted (Maschiova, 2018, p. 9). Daher Junior (2020, pp. 6–7) argues that “initially, the CEO establishes the strategic goals, and approves them together with the top management, who in turn elaborate their tactical OKRs, based on the strategic ones. Finally, middle leaders convene their teams to define operational OKRs (designed by employees and validated by managers)”, but given that this is a participatory framework and top management manages the organization together, in practice it is considered crucial for the strategic directions to be set by top management, not just the CEO.

As part of marrying top-down with bottom-up, Radonic (2017, p. 31) advises that the top level KRs should become lower-level Objectives, thus facilitating a direct alignment, but Niven and Lamorte (2016, p. 154) call this a rookie mistake, and Chen, Chen and Ning (2022, p. 94) second their opinion. They do agree that it can be used in “isolated cases”, but should not be made into a rule, as “copying and pasting OKRs stifles creativity and substantially reduces the chance of driving alignment through the organization” (Niven and Lamorte, 2016, p. 154), as your OKRs should “signal your unique contribution to overall success” (Niven and Lamorte, 2016, p. 154). Therefore, while every combination of adjusting higher level OKRs to lower levels,

copy-pasting them, adjusting them, creating the objective based on one high-level KR – is permitted, it should not become the go-to rule for the purpose of making it easy to see direct alignment throughout the organization. Niven and Lamorte (2016, pp. 10–12) argue through an example that the best way to align is to create specific lower-level OKRs that support the top-level ones, while still being true to the contribution the team can provide. The author supports Niven and Lamorte’s recommendation, especially in the case of support functions – HR, Legal, Procurement, etc. – who habitually cannot directly link to the organization’s OKRs.

Regarding the cross-functional alignment, OKRs encourage collaboration in achieving the objectives and, thus, discourages working in silos. Consequently, interrelated units or individuals should be stimulated to meet and align their objectives and key results before activating them in order to make sure they will work together and, hence, prevent tunnel behavior. Daher Junior (2020, p. 54) suggests even the creation of working groups or committees formed by members of the interconnected units as a solution for vertical alignment: “OKR acts directly on collaboration because it suggests the creation of working groups with at least one member from each sector involved. Decisions become faster, since everyone has a real interest in the success of the project” and Trieflinger et. al. (2020, p. 54) adhere to the idea of cross-functional meetings but suggests they should not only take place upon activating the OKRs, but they should be made a regular occurrence.

For the purpose of cross-functional alignment, Mikalsen et. al. (2020, pp. 173–180) suggests the usage of stewardship theory, which advocates for a higher autonomy for managers, however, as we will discuss in the limitations sub-chapter, this might not be the best solution due to the fact that OKRs are a team-oriented solution, not centering too much on the manager of the team and managers sometimes try retaining too much control and perpetuate the wrong culture. The assumption that the managers will place cooperation at the center is not always true, especially when the previous culture was centered around silos. At the other end of the spectrum, Beaussart (2021, p. 21) considers that “negotiation between employees and superiors lies at the heart of successful OKR performance management systems”. The same can be extrapolated to serve the cross-functional alignment: teams need to negotiate and reach the best compromise to work together.

5. Teamwork and collaboration

Once again most prolific writers and researchers on the OKR topic agree that collaboration is a cornerstone of OKRs and a key to achieving the OKRs. Here we are not referring only to collaboration within a team, but within the organization overall. Grove (1983, p. 120) observes that “management is not just a team game, it is a game in which we have to fashion a team of teams, where the various individual teams exist in some suitable and mutually supportive relationship with each other”.

Irikefe (2021, p. 186) finds teamwork and employee collaboration as a very important trait of OKRs that is worth mentioning in the definition. Christina Wodtke (2014, p. 85) remarks on the motivational aspect of working as a team to accomplish objectives: “we value the things we make together. We’re going to set our Objectives together. We’re going to pick Key Results as a team. And we are going make them as a team, too. This is our company. We succeed or

fail together”, and Sampaio and Cuevas (2020, p. 122) suggest that linking the OKRs with the entity’s needs supports teamwork. At the same time, Doerr (2018, p. 34) mentions teamwork mostly as a result of alignment and the consultative process of setting OKRs.

Of course, teamwork and collaboration aren’t sparked by the sole existence of OKRs but should be supported and practiced by the leadership team first and appropriate communication channels must be introduced (Stray et. al, 2022, n. p.). Furthermore, Zasa and Buganza (2022, n. p.) consider that this bottom-up approach supports engagement and setting coherent objectives across the organization, it can also become a problem if “teams deviate from the organizational direction”.

Moreover, the following pillar of OKRs, transparency, is strongly connected with collaboration and it underpins it.

6. Transparency

For the purpose of supporting collaboration and cross-functional alignment, transparency was introduced as an important part of the OKR methodology (Rojas-Chipana et al., 2021, p. 1150; Chen, Chen, Ning, 2022, p. 93; Zasa and Buganza, 2022, n. p.). While it can challenge a great deal the existing culture and provokes a negative reaction if implemented in an autocratic, number focused environment, sharing all the OKRs and their progress across the organization (Radonic, 2017, p. 29), in a way in which everyone always can access them, instills a sense of openness, which, in turn, should help increase the overall participation and collaboration (Doerr, 2018, p. 104; Hao and Yu-Ling, 2018, p. 322; Stray et. al., 2022, n. p.; Schelte, 2020, p. 84; Niven and Lamorte, 2016, p. 7), as well as facilitates better cross-functional alignment (Doerr, 2018, p. 133; Stray et. al., 2022, n. p.; Niven and Lamorte, 2016, p. 23; Darino et. al., 2019, pp. 4–5; Stray et. al., 2022b, p. 3) and focus (Chen, Chen and Ning, 2022, p. 94). Muller reckons this practice as “meaningful transparency” (Muller, 2020 as cited in Kempf and Kuhn, 2022, p. 130). Daher Junior (2020, p. 7) goes a step further and opines that “OKR is a methodology that **requires** transparency”.

Authors consider that being able to see the focus of every individual or every unit, has a multitude of benefits and could help provide better feedback from peers (Doerr, 2018, p. 26; Darino et. al., 2019, p. 5), create better ideas or solutions (Niven and Lamorte, 2016, p. 23), gather support from other areas of the organization that are not related in an obvious way, celebrate wins (Doerr, 2018, p.26), counteract the chaos that might arise due to decentralization (Darino et. al., 2019, pp. 4–5), “reinforce the nonhierarchical culture and mind-set” (Darino et. al., 2019, pp. 4–5), or even improve the goal setting process (Doerr, 2018, p. 104). A study conducted in the US also shows that “92% [of the respondents] are more motivated to reach their goals if colleagues could see their progress” (Doerr, 2018, p. 104).

On the other hand, the study conducted by Stray et. al. (2022b, pp. 3–4) shows that the participants to the study had little interest in the OKRs of other teams or their progress, although the respondents mentioned one usage of OKRs is “awareness of what other teams were working on” (Stray et. al., 2022b, pp. 3–4).

The counter argument to this, in a less open environment, could be that nobody likes to look bad, hence employees or units will be less engaged in the process, will start sandbagging

their targets or even report less accurate progress. Nevertheless, organizations can slowly adjust the culture and help employees understand that transparency does not equate judgment.

All first six guiding principles discussed are enabled through constant feedback and communication. However, communication doesn't amount to understanding (Niven and Lamorte, 2016, p. 15) and it is important for organizations to make sure they do not overcommunicate, burden their employees in jargon, but the message is clear, concise and really sinks in. At opposites ends, Wodtke (2014, p. 97) quotes Jeff Weiner, CEO of LinkedIn who argues that "When you are tired of saying it, people are starting to hear it [but] it's not enough to talk about it, you must weave reminders into every aspect of the company life".

7. Innovation

Instead of measuring business as usual and the same generic objectives, most organizations usually set OKRs through the engagement of the entire organization, instill a sense of growth and innovation. Doerr (2018, p. 169) finds the idea of innovations critical for the OKRs, as well as for the development of the organizations: "OKRs push us far beyond our comfort zones. They lead us to achievements on the border between abilities and dreams. They unearth fresh capacity, hatch more creative solutions, revolutionize business models. For companies seeking to live long and prosper, stretching to new heights is compulsory. As Bill Campbell liked to say: If companies "don't continue to innovate, they're going to die – and I didn't say iterate, I said innovate." Conservative goal setting stymies innovation. And innovation is like oxygen: You cannot win without it."

The system encourages everyone to participate with innovative ideas, propose different solutions, different operational paths that will help achieve the overall objectives of the organization or simply suggest ways they would like to get involved and contribute outside of the boundaries of their responsibilities and job description. These objectives, whether or not achieved, showcase the involvement of everyone and their willingness to participate in the organizational growth. Of course, the challenge with these objectives is that, since they are based on new ideas, their achievement is dependent on testing different routes, as there is no clear action path already drawn. Simply, it creates a safe space for the organization to test new ideas and take risks, while being aware that not all these will prove to be successful. On this idea of risk and innovation, Daher Junior (2020, p. 58) deems that "OKR encourages a culture of error, as long as there is learning and with due control of its dimensions and consequences. You cannot demand innovation, growth or results without admitting the possibility of error. Professionals rarely get it right on the first try. For the methodology, execution is more important than the idea".

However, a research study shows that 40% of users that participated in the study still use OKRs as a way to measure business as usual (OKR International, 2022, p. 3).

8. Ambition

In the OKR methodology, everyone is encouraged to challenge themselves, stretch the targets, be ambitious or create audacious (Niven and Lamorte, 2016, p. 26) or "exponentially aggressive goals" (Doerr, 2018, p. 175), all of which are terms usually heard in organizations

familiar with OKRs. This is what Doerr (2018, pp. 34–35), perhaps the most vocal author on this topic, refer to when mentioning “OKRs motivate us to excel by doing more than we’d thought possible. By testing our limits and affording the freedom to fail, they release our most creative, ambitious selves” and would consider “the gospel of 10x” (Doerr, 2018, p. 175).

The idea of highly challenging objectives generated from Edwin Locke’s theory, whose research showed that hard objectives usually generate higher performance, and employees’ motivation and engagement levels were also higher (Doerr, 2018, p. 170) and was later introduced by Grove in OKRs. Grove believed that “output will tend to be greater [...] when everybody strives for a level of achievement beyond [their] immediate grasp... Such goal setting is extremely important if what you want is peak performance from yourself and your subordinates” (Doerr, 2018, p. 55).

Authors have suggested that this is not a driving force singularly used by OKRs and that “Both KPI and OKR propose bold goals (not too easy, not too hard). The OKR methodology challenges each employee, otherwise there is no growth. At most, the maintenance of the current scenario” (Daher Junior, 2020, p. 54).

Following Locke’s research, OKRs do not demand 100% achievement; the ideal overall achievement for the entire OKR set to be considered successful is about 60–70% (Doerr, 2018, pp. 176–177; Radonic, 2017, p. 29), as opposed to the traditional 100% required by most performance management systems. Moreover, Chen, Chen and Ning (2022, p. 93) consider the 70% or 0.7 rule or any score for that matter as “not the most important, and only plays a role of direct guidance and review”, normalizing the need to know the story of the numbers and not rely solely on the score, with Mahitthafongkul (2021, p. 10) seconding this by mentioning that the effort behind the numbers is more important for OKRs, which “lacks a clear numerical evaluation”. However, practitioners tend to offer a lot of importance to numbers during the evaluation, with the majority respondents (71.88%) to a study stating that they spend between 30% to 50% of the review time discussing the numbers, dedicating the remaining time to learning opportunities (OKR International, 2022, p. 25).

With KPI based performance management systems 100% achievement should be possible and encouraged, although KPIs should be slightly challenging, thus we cannot argue this is a similar point between the two frameworks. But, due to this traditional mentality, managers have learned to hide behind the convenient shield of numbers and sometimes discourage employees by pointing blame if the results are not achieved, a behavior that is criticized when using OKRs and should be replaced by solution focused conversations (de Mello, 2016, p. 41).

The idea behind the OKR’s ambition is simple: if you want employees to stretch the targets or write ambitious objectives, you can’t hold them accountable for achieving everything by the end of the quarter, therefore, for gaining the benefits of units and individuals putting in more effort for the overall growth, the scoring system needs to be a bit more relaxed from the perspective of numbers. However, this is counterbalanced with frequent feedback in order for managers to ensure that work is being done and corrective actions are taken when needed. A challenge for organizations is that they need to understand that it is impossible to engage individuals while demanding them to do more than their job description, hence, having ambitious

objectives or targets should be the result of intrinsic motivation that individuals or units channel towards the growth of the organization or, in some cases, personal ambitions that can also help the entity. Grove (1983, p. 165) considers intrinsic motivation and the ability to “spontaneously try to test the outer limits of their abilities” a characteristic of oriented people, but, in case intrinsic motivation does not exist, he advises: “when the need to stretch is not spontaneous, management needs to create an environment to foster it” (Grove, 1983, p. 165), and that also means an environment in which failure is not considered an offence.

Stray et. al.’s (2022b, p. 2) research supports Grove’s claim by demonstrating that difficult objectives led to higher performance irrespective of if they were “self-set or assigned”, while Haidvogel (2020, p.37) offers a more practical approach to creating the right environment by naming the “three basic psychological conditions [that] must be met” in order to foster intrinsic motivation: “[1] The activity/task must be considered meaningful to the individual. [2] The executor must feel responsible for the result. [3] They should give direct feedback on their work, the results and their quality know”, conditions that are already embedded in the OKR methodology.

Doerr’s (2018, p. 55) advice on the topic is “dare to fail”, however he reckons that there is “one magic number for the “right” stretch” (Doerr, 2018, p. 180) and stretching a “team too fast and too far, and it may snap” (Doerr, 2018, p. 179). Similarly, Stray et. al.’s (2022b, p. 4) study shows that “the lack of progress on key results was demotivating” for the participants. Aggressive objectives might not be a good fit in all and any environments, and the level might need to be adjusted to the tolerance level of the organization. Doerr (2018, pp. 179–180) describes few organizations that have not yet enabled this function on their OKRs, therefore are setting the bar to a more realistic level and expect 100% achievement, due to various reasons, such as perfectionism or lack of leadership buy-in, but still propose “it’s better for leaders to set at least a modest stretch. Over time, as teams and individuals gain experience with OKRs, their key results will become more precise and more aggressive” (Doerr, 2018, p. 180).

9. Ease of usage

Since the framework is based on only objectives and key results set at every level that are linked to the strategy of the organization, it is relatively simpler to use than traditional methodologies (Sampaio and Cuevas, 2020, p. 123; Schelte, 2020, p. 85; Doerr, 2018, p. 92; Niven and Lamorte, 2016, p. 21; Chen, Chen and Ning, 2022, p. 94; Al Thinyan, Ghawji and Al Shehri, 2022, p. 178; Shende and Panneerselvam, 2019, p. 11). Doerr (2018, p. 42) claims Grove used to describe it as a “very, very simple system” and continues to describe it from his own perspective as “the conception seemed logical, commonsensical – and inspiring. Against the stale management orthodoxy of the period, Grove had created something fresh and original”. On this basis, Mangipudi et. al. (2021, p. 55) claims that “Institutions and organizations of different sizes are implementing OKRs because of their many distinct creating and controlling qualities that guarantee the transformation”, thus proliferating the idea that OKR can be used by organizations irrespective of their profile or type.

While Balanced Scorecard, for example, is part of a more complex framework containing, at the very best, around five instruments, such as Desired State of Evolution, Strategy Map,

Balanced Scorecard, Dashboard, KPI Documentation Form, Portfolio of Initiatives, Initiative Documentation Form, KPI Progress Report, Change Log, or simply “are awash in jargon, which has the potential to confuse employees already under siege from missions, visions, core values, and KPIs” (Niven and Lamorte, 2016, p. 21), OKRs framework rely on a synthesis of the organization’s destination, the OKRs Progress Report, which can also double as a change log if need be, and a Portfolio of Initiatives of sort in order to track the active corrective actions taken for the achievement of an objective or key result. In most cases the OKRs and initiatives can even be tracked in the same document. Since the framework does not rely on a heavy support framework and a myriad of support instruments, there is also no need for stuffy processes of documentation for every measurement or to go through a tedious sub-process for target setting. On the same point, Daher Junior (2020, p. 58) wrote “you can see that OKR is less paper and more action. Less attachment to processes and more concern for results”.

Table 6. Example of an OKR progress report⁹

OKRs title (e.g. HR Department)										
Quarter Year		Progress Review						Parent OKR*	Comments	Initiative
Objective 1		1st	2nd	3rd	4th	5th	6th			
1	KR									
2	KR									
3	KR									
4	KR									
Objective 2										
1	KR									
2	KR									
3	KR									
4	KR									
Objective 3										
1	KR									
2	KR									
3	KR									
4	KR									

Source: Author’s compilation

* Where “Parent OKRs” refers to the OKR of a higher organizational level, e.g. Corporate level, to which a lower level OKR, e.g. Departmental level, is contributing to. It is only applicable to lower organizational levels and helps ensure alignment between different organizational levels.

Consequently, the OKR framework can be applied to “all areas of a company” (Schelte, 2020, p. 85), as setting the entire system should take less time than any traditional performance

⁹ A variation of this OKR Progress Report was published in Miercioiu (2023, forthcoming).

management framework, teaching everyone the theoretical background and how to work with the system should also be considerably faster and the management of the system, consisting in the quarterly review and refresh, again should be done much faster than in a traditional setting, and the time will only reduce as everyone grows accustomed to the process.

Niven and Lamorte (2016, p. 25) argue that this quality of being easy to understand “increases buy-in and use” of OKRs, however Doerr (2018, p. 92) understands that, even with its simplicity, “you don’t master the process off the bat. Early on, we’d be off by miles in our company-level objectives, mostly on the way-too-ambitious side. We might set seven or eight of them when we had the capacity for two, at best”.

10. People-centric

Considering all the above guiding principles, they add up to one conclusion – the OKR framework is more inclusive and human-oriented (Niven and Lamorte, 2016, p. 24; Chen, Chen and Ning, 2022, p. 95; Zasa and Buganza, 2022, n. p.), a factor which Schelte (2020, p. 8) sees as a “transfer of responsibility”. Gothelf (2020, n. p.) considers that for OKRs “people come first” in their capacity of contributors to vision attainment.

For this purpose, the framework had often been mistaken with an employee performance management framework, rather than a strategy execution one.

As discussed above, employees are involved in all the sub-processes of setting and working with OKRs, they should decide how much they can stretch or how ambitious their objectives and key results can be, as long as they do consider the top management’s direction as the baseline, because “motivation has to come from within somebody” (Doerr, 2018, p. 158), as well as they are the ones that update the result and signal issues in due time.

Some of the main reasons for the attempt to democratize the performance management system are:

- the increase in the employees’ engagement and motivation (Muller, 2020 as cited in Kempf and Kuhn, 2022, p.130; Mahitthafongkul, 2021, p. 46; Zasa and Buganza, 2022, n. p.), and thus in their performance; in Doerr’s (2018, p. 157) words: “when a person is not doing his job, there can only be two reasons for it. The person either can’t do it or won’t do it; he is either not capable or not motivated”, while Schelte (2020, p. 85) argues that “this opportunity to help shape the company can result in greater identification with the company’s goals and increased motivation”;
- the fact that “good ideas aren’t bound by hierarchy. The most powerful and energizing OKRs often originate with frontline contributors” (Doerr, 2018, p. 71);
- the reduction of surrogation because “those involved in executing the strategy will then be better able to grasp it, despite its abstract nature – and to avoid replacing it with metrics” (Harris and Tayler, 2019, n. p.); and
- since the OKR contains objectives that link the organizational achievements with the individual ambitions (Radonic, 2017, p. 30) and key results that should be designed to focus on value generation, it is easier for individuals or teams to see their value in the grand scheme of the entity’s strategy.

Besides the benefits the inclusion provides, Schelte (2020, pp. 85–86) considers the counterarguments of this approach as well, namely the pressure on the employees which can start doubting their own abilities in the goal-setting process and the burned on managers that still try to retain some of their control, or simply balance their managerial prerogatives with being open enough for their teams, while Mahitthafongkul (2021, p. 10) contemplates on the dependency of the framework on the people using it.

11. Divorced from compensation

Although a common practice is to link bonuses or compensation with performance achievement at the individual level, the OKRs would not work properly in such a scenario. According to Doerr (2018, p. 55) OKRs are “a tool, not a weapon”. Grove quoted by Doerr (2018, p. 55), even specifies that OKRs are not supposed to be linked with appraisals or performance reviews either – “is meant to pace a person – to put a stopwatch in his own hand so he can gauge his own performance. It is not a legal document upon which to base a performance review”.

Given that the percentage of achievement is just an indication of the progress and not the performance as defined by the traditional systems, and considering, as well, that impact and value generation is not always easy to quantify, OKRs should be divorced from compensation linked directly with the percentage of achievement (Niven and Lamorte, 2016, p. 147; Harris and Tayler, 2019, n. p.; Darino et. al., 2019, p. 7; Doerr, 2018, p. 55; Schelte, 2020, pp. 31; Radonic, 2017, p. 29; Chen, Chen, Ning, 2022, p. 93; Zasa and Buganza, 2022, n. p.; Maschiová, 2018, p. 7).

If employees were to receive bonuses based on achievement, they will never choose to stretch their targets or use ambitious objectives, therefore “a complete coupling of bonuses to OKRs would stand in the way of the desired level of ambition” (Schelte, 2020, p. 31) and support sandbagging (Doerr, 2018, p. 55; Niven and Lamorte, 2016, p. 149; Radonic, 2017, p. 29), as well as discourage risk taking (Doerr, 2018, p. 55). Linking bonuses to OKRs also reduces the intrinsic motivation and increases the extrinsic one, “actually lowering performance” (Niven and Lamorte, 2016, p. 147) and increasing surrogation, because “this approach makes the metric much more visible, which means employees are more likely to focus on it at the expense of the strategy” (Harris and Tayler, 2019, n. p.).

In the literature there are two major notes of authors who suggest that linking bonuses and OKRs has potential benefits. Radonic (2017, p. 30) recommend “set a bonus for achieving high results, and to motivate employees to achieve higher results each month”, but as argued earlier, most authors believe that motivation is negatively impacted by monetary bonuses linked to OKRs. Similarly, Niven and Lamorte (2016, pp. 148–149) consider three benefits of using OKRs for bonuses: “laser-like focus on goals”, meaning everyone is aware and will work towards achieving the OKRs; “honor perceived fairness”, as it may feel that OKRs are aligned with rewards and “simplicity” in what concerns the compensation and benefits scheme, but all in all throughout their book the authors advise against the practice.

Charoenlarpkul and Tantasanee’s (2019, pp. 144–145) study shows that motivation was statistically influenced by well-defined structure, referring specifically to roles and responsibilities,

and organization's direction and, in turn, motivation influences work performance. However, the qualitative research yielded different results, namely that all variables of OKRs, including challenging opportunities and bottom-up alignment and communication, have significant influence on motivation.

On the other hand, Gothelf (2020, n. p.) suggests linking performance reviews and compensations with "the extent to which individual contributors support their team's objectives and key results".

In practice, the majority of OKRs users (84% respondents to OKR International's study) do not link OKRs to compensation or rewards, but there is still a small percentage that uses such practice (OKR International, 2022, p. 18).

While the importance given to each one of the pillars from above is greatly influenced by the expectations and needs of each entity, Charoenlarpkul and Tantasanee's (2019, p. 133) claims that "even though the statistical analysis showed that only Organization Direction has a significant influence on Work Performance, interview statements demonstrated that all of elements within OKR have significant influence on Work Performance as well. Thus, all the elements in OKR should still be considered, but the organization might focus on the Organization Direction as the first priority". It is noteworthy that the study took into account. five main elements, namely: Organization Direction, Challenging Opportunity, Bottom-Up Communication, Total Team-Based Performance, and Well-Defined Structure (Charoenlarpkul and Tantasanee, 2019, p. 146).

Furthermore, participants to an in-depth workshop about OKRs, claimed after the workshop that OKRs:

- Can give direction and instill a sense of belonging (Klanwaree and Choemprayong, 2019, p. 443);
- Support employees to be creative and innovative (Klanwaree and Choemprayong, 2019, p. 443);
- Are easy to use and understand (Klanwaree and Choemprayong, 2019, p. 443);
- Are compatible with their current culture, thus could become a framework within the entity they work for, but would not replace the current KPIs (Klanwaree and Choemprayong, 2019, p. 443);
- Can "promote active knowledge-sharing", which will lead to achieving the desired results (Klanwaree and Choemprayong, 2019, p. 443);
- "Are suitable for employees who are confident, visionary, forward thinking, and unafraid of failure" (Klanwaree and Choemprayong, 2019, p. 444).

Cardoso's (2020, p. 58) interventionist case study shows that OKRs can work even in organizations that are not considered agile, such as footwear, however the framework was considered a bit restrictive from the creativity point of view for the workers with standardized activities. The study is indicative of the fact that OKRs provide focus and prioritization, as well as support with accountability for results achievement and adaptation of the organization to its reality. A positive attitude towards the implementation of OKRs was also documented by Haidvogel (2020, pp. 69–70) in a pilot study that takes place in a German organization.

Maschiová's (2018, pp. 11–14) study describes the entire journey in more details and showcases that implementing OKRs must be part of a journey, because usually in the first iteration they will not be properly designed and deployed, thus ending the first cycle with what might be considered as a failure. The main issues described revolve around time constraints to set and especially measure the OKRs, which gives a feeling of “bureaucracy” (Maschiová, 2018, p. 12), alignment between OKRs and teams' efforts, cross-functional alignment, and overall alignment between teams and organizational OKRs, measurable KRs or KRs teams have the capability to measure, setting ambitious OKRs, misunderstanding of the vision, which, together with misalignment, can be a result of miscommunication. A further analysis of the examples of OKRs presented by the author (Maschiová, 2018, p. 11) conveys another issue, namely a disconnect between the objective and the selected key results.

Considering that the objective must be achieved by default if the KRs are achieved, we could argue that it is not the case for the agency, which can be one of the leading causes to some of the failures presented in the paper, especially the alignment, since employees were advised to create their objectives based on the higher level KRs. As a practice it was already debated that it cannot become a rule and it is a rookie mistake. During a second cycle the organization tried to mitigate some of the risks by asking the KRs to be described together with the metrics, increasing the automation rate and facilitating cross-functional discussions.

4.3.2. OKRs vs. traditional performance management systems

After the in depth analysis of both the more traditional systems and the more agile perspective of OKRs, it is worth examining the main differences authors perceive between the two methodologies in a comparative manner. We have earlier mentioned that OKRs originated from MBOs, thus the comparison will start by presenting how OKRs changed the Management by Objectives approach.

While most claims are supporting that OKRs are a simplified solution for performance management, Irikefe (2021, p. 187) argues that “on the surface, OKR may seem to be more complicated than MBO”.

In his book Doerr (2018, p. 28) speaks about six main traits of OKRs that set them apart from MBOs, as presented in the table below, however, Radonic (2017, p. 30) considers that “the main difference is in the concept of setting the goals. MBO promotes top-down management style, while OKRs promotes bottom-up style”. The hierarchical nature of MBOs is critiqued by Zasa and Buganza (2022, n. p.), together with its lack of collaboration resulting into an individualistic approach. Radonic (2017, p. 30) also mentions several other critiques of MBOs, such as time consuming process, lack of focus on employee development, lack of accountability and recognition for individual achievements, as well as its applicability to higher positions or more independent lines of work, whereas OKRs have a higher focus on “teamwork, community engagement and organisation-wide goals instead of individual performance” (Irikefe, 2021, p. 187).

Similarly, Mahitthafongkul (2021, p. 7) considers three main weaknesses of MBOs as identified based of Grove's work, namely, setting targets from the top for which workers can

take shortcuts to achieve, ignoring employees' subjectivity and having little alignment between individual and corporate objectives, resulting in lack of motivation.

Table 7. *MBOs* vs. *OKRs*

MBOs	Intel* OKRs
“What”	“What” and “How”
Annual	Quarterly or Monthly
Private and Siloed	Public and Transparent
Top-down	Bottom-up or Sideways (approx. 50%)
Tied to compensation	Mostly Divorced from Compensation
Risk averse	Aggressive and Aspirational

Source: Adapted from Doerr, 2018, p. 28 (see also de Mello, 2016, pp. 18–19)

* Doerr presents in his example the way OKRs were understood and implemented at Intel, the first organization to work with OKRs.

While the above differences can apply also when comparing OKRs to any traditional performance management systems in general, depending on the system, additional differences can exist, as well. For example, Balanced Scorecard, a highly structured tool, brings forth a sum of structure related discrepancies. Firstly, in the Balanced Scorecard all objectives are clustered into four perspectives, thus forcing the user to create at least one objective for each category. Moreover, objectives are usually measured by two to three KPIs, while other details, such as reporting frequency or targets have their own columns, rather than being integrated in the name of the objective or the KPI. The same framework relies on a more complex process for data reporting and analysis and operates a rather elaborate network of people to manage all processes. Balanced Scorecard is reckoned as a “static approach” that is focused on the bottom-up causality between the variables, while disregarding feedback (Bianchi, 2016, p. 67).

On the same topic of OKR framework comparison, Hao and Yu-Ling (2018, p. 319) try to understand the differences between OKRs and KPIs, which is perhaps the most asked question, considering that KPIs, as a part of Balanced Scorecard, are still the most used instrument to assess performance. In practice, practitioners even tend to skip the term Balanced Scorecard and simply say KPIs, which are the metrics in BSC (Rojas-Chipana et al., 2021, p. 1150).

The article of Hao and Yu-Ling (2018) is inconsistent at best and starts from a wrong premise, considering that a framework and a part of a framework can not be comparable variables. KPIs, as opposed to a framework do not have guiding principles (Besussart, 2021, p. 20); in the simplest definition they are measurements or metrics that are seen more relevant for an entity, thus becoming “key” (Al Thinyan, Ghawji and Al Shehri, 2022, p. 176). A similar issue arises from Sultan (2022, p. 147), who avers that “Key Performance Indicators (KPI), Key Results Indicators and OKR are three popular metrics that can help organizations track their progress over time” and that “OKRs are best used as part of a balanced set of Key Performance Indicators (KPIs)”.

A more appropriate comparison could be between KPIs and Key Results (Besussart, 2021, p. 20) and it is understandable that a framework cannot be part of a metric, but the other way around. Muniz et. al. (2022, p. 23) suggest that KPIs can be used as part of an OKR, since it is already discussed above that Key Results can be based on metrics. The inappropriate comparison also leads to other misunderstanding, such as “The operative word both in KPI and OKR are “key” because every KPI and OKR should be related to a specific outcome” (Hao and Yu-Ling, 2018, p. 321). We need to keep in mind that the word key is used at the “Key Result” level. If the article would have compared Key Results with KPIs, then related them both with an objective the assessment could have applied, however OKRs contain the objective as part of the framework, thus rendering the quote incorrect. Furthermore, the authors seem to consider appraisal and performance measurement synonyms when the appraisal is mostly the formal review of an individual’s performance at the end of the year. Moreover, the authors define both KPIs and OKRs as a “performance appraisal tool” (Hao and Yu-Ling, 2018, p. 319), an aspect already addressed previously, considering that OKRs are divorced from compensation and, while it can be used at individual level, the framework’s purpose is not to assess individual performance (Charoenlarpkul and Tantasanee, 2019, p. 136). In contrast with Hao and Yu-Ling, Niven and Lamorte (2016, p. 146) consider that many organizations are revamping their appraisals from “stale, end of year performance reviews to real-time tracking, coaching, and mentoring that seeks to constantly shape an employee’s development.”

Regarding the differences between KPIs (as part of a framework) and OKRs, the authors remark on the following four, which are in line with the differences mentioned by Doerr when comparing OKRs with MBOs:

- “KPI’s goal has a broader range than the OKRs” (Hao and Yu-Ling, 2018, p. 321);
- KPI’s link to employee performance and the subsequently benefits, while OKRs are based on internal motivation (Hao and Yu-Ling, 2018, p. 322);
- Top-down alignment in the case of KPIs and bottom-up for OKRs (Hao and Yu-Ling, 2018, p. 322); and
- OKRs allow for adjustments during the timeframe, while KPIs do not (Hao and Yu-Ling, 2018, p. 322).

Looking in retrospect, the majority of differences are in alignment with the guiding principles of OKRs, thus showcasing once again that the OKRs are inherently different from the traditional approach, especially from a philosophical perspective. It is not as much about the content and the form of the OKRs, but about how they are being implemented.

However, irrespective of the differences, organizations and practitioners have tried to understand if the traditional and more agile systems can be blended in order to get the benefit of both and some consider them complementary, rather than seeing OKRs as replacements (Al Thinyan, Ghawji and Al Shehri, 2022, p. 178). Once again, considering that Balanced Scorecard is still currently the most popular approach from the more traditional ones, most approaches towards a hybrid usually refer to OKRs and BSC. There are three hybrid systems mentioned more frequently, namely:

1. Using OKRs as correction for the KPIs that have missed the target (Beaussart, 2021, p. 20);
2. Using OKRs at the operational levels to support the achievement of the corporate level BSC or up to middle level in some cases (Rojas-Chipana et al., 2021, pp. 1151–1153; Beaussart, 2021, p. 20);
3. Using OKRs for the ambitious objectives, that will motivate by “break[ing] the status quo and take[ing] the business into new territory and KPIs for business as usual (Al Thinyan, Ghawji and Al Shehri, 2022, p. 178). In this example, while OKRs are temporary only for as long as it takes one to reach the destination, the KPIs will act more like metrics in a dashboard which can remain the same for a long time.

The second hybrid is by far the most popular, as well as the most tested and researched by the above-mentioned authors. Rojas-Chipana et al. (2021, p. 1155) note that the hybrid supported the increase in profitability due to the OKRs’ aspirational objectives and the increase in motivation due to better communication. Beaussart (2021, p. 20) consider this approach successful as BSC can bring the needed stability, while OKRs helps the organization adapt. Wisley (2021, p. 1) even considers that “Balanced Scorecards implemented without the agile execution principles that underly OKRs can be sluggish and OKRs designed without an organizing strategy framework like Balanced Scorecard can be chaotic and directionless”.

Another integration is suggested by Chen, Chen and Ning (2022, p. 93) who consider that OKRs can be set based on the four BSC perspectives.

Finally, there are organizations that decide not to implement OKRs, but to adjust their non-OKRs performance management system to the OKRs principles, such as shorter cadence, transparency, focus on outcomes or better alignment to the strategy, for example Deloitte (Lamorte, 2022, p. 8; Wilsey, 2021 p. 3; Buckingham and Goodall, 2015, n. p.).

There are other studies conducted for integrating OKRs with existing systems or techniques, such as combining FAST goals with SMART goals and OKRs, GQM Strategies and OKRs or Conceição Moura Impact Index (CMII) and OKRs. (Troian et. al., 2022, n. p.), but given their limited usage the results of the studies will not be detailed in this paper.

4.3.3. Types of OKRs

Although OKRs are developed as an easier to use, more approachable, framework, that can be successfully implemented even in small organizations or start-ups, as it is usually the case with performance management systems, guidelines are not rules set it stone and additional characteristics can add another layer of complexity. For example, although OKRs are recommended to be set in a quarterly cadence, in practice, some of the OKRs can be shorter (monthly) or longer-term than that (bi-yearly or yearly) in order to ensure that “the cadence matches the stage and culture of the business” (Betterworks, n.d., p. 15). Although not a general rule, this cadence can also be a difference marker between two different types of OKRs – strategic and tactical.

Very similar to the difference between strategic versus tactical objectives, this typology generally refers to the OKR’s relationship with the strategy. The **Strategic OKRs** are higher level and longer term, sometimes yearly, as well as directly linked with the mission or the strategy

of the organization. They are more frequently used at the corporate level or at the level of strategic or large departments.

Let's take as an example Save the Children's mission: **To inspire breakthroughs in the way the world treats children and to achieve immediate and lasting change in their lives** (Save the Children, n.d., p. 2). A potential strategic OKR related to this could be:

Table 8. Strategic OKR

Objective	Ensure access to education for children
Key Result 1	1.000.000 children from the program graduate mandatory education
Key Result 2	80% of the children pass the final exam with at least 8/10
Key Result 3	100% schools in the program hold an accreditation from an international body

Source: Author

In comparison, the **Tactical OKRs** are linked with the operations, shorter terms, usually quarterly, and most of the time support the achievement of strategic OKRs, often used at departmental, team or employee level. To continue the example, a tactical OKR for the Partnership Department that will support the strategic one could be:

Table 9. Tactical OKR

Objective	Create strategic partnerships with schools in Africa
Key Result 1	10 partnerships developed with schools in North Africa
Key Result 2	15 partnerships developed with schools in the South African region
Key Result 3	5 partnerships developed with schools in Central Africa

Source: Author

When it comes to this typology the OKR system does not prefer one over the other and, at least at the objective level, they exist already in other types of performance management systems. Both types of OKRs can become more challenging either by setting challenging objectives or stretched targets.

The second typology – aspirational and committed OKRs – is directly connected with the need for the OKRs to be ambitious or stretched. The distinction appeared because always stretching and being ambitious might have the opposite effect and demotivate teams or even lead to burn-out, therefore there must be a balance between too ambitious or too easy to achieve objectives.

Aspirational OKRs, also called “moonshots” in practice or “stretched goals” by Grove (Doerr, 2018, p. 55), are modeled by inspirational, innovative concepts (Radonic, 2017, p. 30) or future ambitions (Doerr, 2018, p. 172), while also keeping a sense of credibility. The author that has dedicated a large amount of writing on the topic of aspirational OKRs, John Doerr, sees them as an expression of “how we'd like the world to look, even though we have no clear idea how to get there and/or the resources necessary to deliver the OKR” (Doerr, 2018, p. 312),

where objectives must feel “uncomfortable and possibly unattainable” (Doerr, 2018, p. 55), as well can “originate from any tier and aim to mobilize the entire organization” (Doerr, 2018, p. 172). In the words of Larry Page from Google, these are the “crazy, ambitious goals” (Prince, n.d.), which most of the times create impact outside of the day-to-day activities. In other words, the achievement of these ambitious OKRs is something organizations get to brag about.

This type of OKR aims at creating impact and value, but given the novelty it brings, it usually has a higher risk exposure (Doerr, 2018, p. 172), it is very challenging to achieve, especially within a quarter, and, most of the time, 100% achievement in the set timeframe might not be possible. Given that it does not find its foundation in business as usual and the path or resources needed for reaching the objective might not be very clear from the start, its achievement requires frequent readjustments (Prince, n.d.). Even so, it usually has a “0.5 possibility to get accomplished” (Radonic, 2017, p. 30; Wodtke, 2014, p. 132) and a 40% failure rate, at least in the case of Google (Doerr, 2018, p. 172). Doerr considers a good achievement for an aspirational OKR to be 0.7 (Doerr, 2018, p. 283), however Wodtke showcases a bad usage of the 70% rule in practice – “I’ve heard plenty of stories of companies where people are expected to hit 70% of their Key Results, so they sandbag two and make one impossibly hard. Not the point, folks. OKRs are there to encourage you to shoot for the moon. So, you can learn what you are really capable of” (Wodtke, 2014, p. 132).

Doerr (2018, p. 288) advises that “aspirational OKRs and their associated priorities should remain on a team’s OKR list until they are completed, carrying them forward from quarter to quarter as necessary. Dropping them from the OKR list because of lack of progress is a mistake, as it disguises persistent problems of prioritization, resource availability, or a lack of understanding of the problem/solution”, but agrees that these are the OKRs that teams work on after meeting their commitments (Doerr, 2018, p. 288).

A great example of Aspirational OKR comes from The Melinda and Gates Foundation:

Table 10. Aspirational OKR

Objective	Global eradication of malaria by 2040
Key Result 1	Prove to the world that a radical cure-based approach can lead to regional elimination
Key Result 2	Prepare for scale-up by creating the necessary tools-SERCAP (Single EXPOSURE Radical Cure and Prophylaxis) Diagnostic
Key Result 3	Sustain current global progress to ensure the environment is conducive to eradication push

Source: Adapted from Doerr, 2018, p. 98

By contrast, **Committed OKRs**, or simply “roofshots”, are more operational in nature, usually linked with day-to-day activities, without integrating innovative ideas, and with targets set at a realistic level. Hence, for committed OKRs achievement should be 100% (Doerr, 2018, p. 386), because they represent what teams or individuals must do based on their responsibilities or job descriptions (Doerr, 2018, p. 172) and are accompanied by clear actions, resources or

expectations (Prince, n. d., n. p.), thus, an underachievement “requires explanation for the miss, as it shows errors in planning and/or execution” (Doerr, 2018, p. 386).

The examples of Committed OKRs are countless and every business-as-usual activity, project or objective can become a committed OKR. In order to be able to distinguish them from the other types, let’s take an example from a Sales team:

Table 11. *Committed OKR*

Objective	Increase revenue coming from direct sales
Key Result 1	30 Leads converted/ day
Key Result 2	\$ 5000 revenue generated from revenue stream 1/ week
Key Result 3	\$ 6500 revenue generated from revenue stream 2/ week

Source: Author

Looking at this type and the Tactical OKRs we might be tempted to say they are very similar. The main difference between them lays in the fact that Committed OKRs are not challenging, nor stretched, while Tactical OKRs, although operational, are not necessarily business as usual. For example, if an HR representative of a production company that wants to branch out and create a robotics department will be in charge of the recruitment, could transform this into a Tactical OKR. Why? Because it aligns directly to the strategic objective of the organization and secondly, because achieving this might prove to be more challenging than just a repetitive task. They need to learn new terminology, search for a different type of employee, activate on a completely different section of the market and, of course, face new challenges in hiring robotics professionals than the ones they are accustomed to.

Although in the case of the first typology the OKR system does not favor one over the other, in the case of the latter typology, Aspirational OKRs are clear favorites of the framework, based on the value return they provide, and the guiding principles discussed above. There is however a debate in the literature in what concerns this typology, with Wodtke not recognizing committed OKRs.

While most authors clearly discuss the difference between committed and aspirational OKRs and Doerr (2018, p. 172) even considers the balance between aspirational and committed OKRs by mentioning that this is something organizations must weight depending on the context and the type of organization – “agile and daring, to crack a new market – or more conservative and operational, to firm up our existing position”, Wodtke considers that “goals aren’t divided into regular and stretch goals. They’re all stretch goals. And they need to be hard. Not impossible, just hard. Impossible goals are depressing. Hard goals are inspiring” (Wodtke, 2014, p. 66).

There are other divergent points of view regarding OKRs, as seen in the definition of the guiding principles, because there is “not one OKR method, i.e. a system in its purest form. Rather, it is determined by the respective application context” (Schelte, 2020, p. 29), which makes OKRs a highly customizable tool (Niven and Lamorte, 2016, p. 21) depending on “their size and organizational structure” (Radonic, 2017, p. 31), the culture and the reason for implementing

OKRs in the first place. The theoretical recommendations are seldom replicated exactly as such in practice. Irrespective of the customization level chosen, introducing and implementing OKRs in an entity usually has to follow some major steps in order to be successful, although even these can be adjusted to a certain extent. In the next part of the chapter the focus will be on understanding the most important steps that are necessary for a successful implementation.

4.3.4. Implementation of OKRs

Although the literature presents OKRs extensively, either stand alone or in comparison with more traditional approaches, as well as implementation techniques or tips, little has been written on the actual implementation steps from a detailed perspective, in a sequenced manner, outside the usual explanation of the OKRs quarterly cycle. Beaussart (2021, p. 22) notes that “the first step towards successful implementations of OKR goal-setting systems is the creation of the OKRs themselves”, however in reality culture and education play a big role in creating the right mindset and setting the OKR rollout up for success.

Moreover, even the articles that tackle OKR implementation seem to focus on four to five main steps, failing to provide a clearer understanding on the plan, while most claim that “OKR implementation takes time. Especially in the first phase, the process often does not work” (Schelte, 2020, p. 37). Stray et. al. (2022b, p. 5) also recognize the need for long term support in working with OKRs, as “it took more than a year for teams to recognize the frameworks’ benefits”, as well as benefits of training before setting – “In the beginning, the teams did not have any training in the use of OKRs. Additionally, the team-leads had little experience in facilitating OKR workshops which caused the teams to struggle with setting and creating OKRs” (Stray et. al., 2022b, p. 5).

For example, Schelte (2020, p. 73) the OKRs quarterly cycle has four steps, namely planning or setting and aligning the OKRs, weekly meetings to assess the progress, review the final progress at the end of the quarter, as well as establishing new quarter’s OKRs and retrospective or retro, which refers to reflecting on and adjusting the OKR process. The same process is also explained by Mahitthafongkul (2021, pp. 8–9), with the addition of Purpose, Vision and Mission that must be designed before the OKR planning. Similarly, Krieger and de Podesta Gaspar (2022, p. 35) add Strategic Planning and Strategic Budgeting as the main steps before the four steps quarterly cycle, they call OKR sprint. Although the four steps cycle presented before seems very simplified, Troian et. al. (2022, n. p.) oversimplifies the entire process into: setting objectives for all the levels, setting KRs for targets, implement the plan and have regular feedback. There are several red flags, first being there is no need to set objectives and KRs as two different steps, but it is usually done in one workshop and secondly KRs contain the target, but they are not set for the targets.

Kanket (2019, p. 30) considers there are eight steps in creating OKRs, namely “1) designing, 2) planning, 3) setting objectives, 4) setting key resources, 5) preparing material, 6) starting the work implementation, 7) reviewing, and 8) adjusting (process, procedures, or resources as necessary)”, although separating the objective setting and key results setting into two different steps seems a bit excessive, considering they have to be created in the same workshop.

Wodtke's (2014, p. 138) approach is to start with the organizational level quarterly OKRs, "then group's/role's, and then individual's". Regarding the review, she advises to have a Monday OKR check-in discussion about results and confidence level and a Friday celebration of the achievement. Wodtke (2014, p. 123) is the only author introducing the idea of pilot, in which, after the Corporate OKRs are set, one team adopts OKRs for a cycle or two in order to test it, as well as to induce commitment from the rest of the organization.

Perhaps the most detailed implementation plan is presented by Niven and Lamorte (2016) throughout their book. Niven and Lamorte (2016, pp. 39–40) split the project into two main phases:

- Planning, which entails securing the executive sponsorship, understanding how OKRs will help and creating the implementation plan; and
- Development, presented at corporate level, which is further broken down into six steps, namely "provide OKRs education" (Niven and Lamorte, 2016, p. 40), "develop or confirm the mission, vision and strategy" (Niven and Lamorte, 2016, p. 40), "create your corporate level OKR(s)" (Niven and Lamorte, 2016, p. 40), "present OKRs to the company" (Niven and Lamorte, 2016, p. 40), "monitor OKRs" and "report results at the end of the quarter" (Niven and Lamorte, 2016, p. 40). During the development phase Niven and Lamorte (2016, pp. 90–100) discuss detailed actions to be taken, such as create OKRs in very small teams, refine them with the larger group, align the OKRs with interdependent teams, finalize by submitting OKRs for approval where applicable and transmit, referring to communicating the OKRs.
- At this point, the authors (Niven and Lamorte, 2016, pp. 100–104) also discuss about few additional aspects connected to planning, which we argue should come before the OKR setting, such as deciding on the hierarchical levels that will work with OKRs, agree on an ideal number of OKRs, prepare the groups to set OKRs, ensure highest level OKRs are well understood.

Niven and Lamorte (2016, pp. 118–123) also identify between three type of review meetings that can each have its own space in the cycle, specifically Monday meetings, or the weekly check-in, focused on disciplining teams and introducing OKRs into the culture, measuring progress, identifying gaps or potential issues, as well as an action plan to overcome those issues; Mid-quarter check-ins, aimed at reevaluating the initial predictions of OKR achievement and use the information from previous weeks to estimate the success better, "thereby allowing you to strategically allocate resources for the remainder of the quarter" (Niven and Lamorte, 2016, p. 121); and Quarterly reviews, in which the final achievement is graded and discussed, together with the how component. During this meeting feedback is provided by the team and decisions on how to proceed during next quarter are taken.

Zasa and Buganza (2022, n. p.) emphasize on the need to adapt the methodology to the context of the organization, as well as making sure that training and commitment to have the right culture exist before the implementation, followed by making weekly review a tradition. In a similar fashion, Muniz et al. (2022, p. 30) also consider the adaptation of the methodology to the context as step one in working with OKRs, although the final list comprised of eight steps,

seems to be a combination of steps and advice. For example, step two, start small and in stages can be useful in planning, but cannot be regarded as an activity or a phase. Moreover, the authors only mention the leaders and multipliers in step six, after defining the purpose, the objectives and defining the cadence of the OKRs, which can be seen as too late in the process.

Doerr (2018, p. 292), while following a similar approach, paints a slightly different picture by also incorporating deadlines into his proposal. In his view the yearly process should start 1 to 1 and a half months in advance to be able to plan the objectives for the entire year and set the quarterly OKRs. The process of setting OKRs should ends one week into the quarter with individual OKRs being negotiated between managers and employees, assuming that individual OKRs will be set.

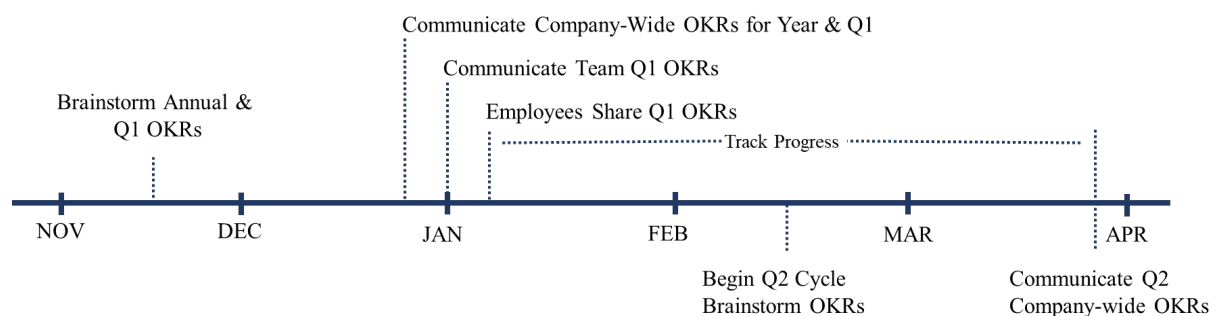


Figure 13. OKRs setting process

Source: Adapted from Doerr, 2018, p. 292

Similarly, Chen, Chen and Ning (2022, pp. 93–94) see five implementation stages which should start in December with conception phase, by “sort[ing] out the OKR-related data of the first quarter of next year”, followed by “determine the content of OKR” in a group meeting that should take place in the beginning of the quarter, the third step, although not clearly defined seems to be individual OKRs creation, the forth step consist of implementation of OKR through regular check-ins, and the last step is to have a final review meeting at the beginning of the following quarter which also doubles as an OKR setting meeting for the next quarter. In practice, a study shows that 69.39% of respondents create their OKRs seven to ten days before the quarter, while the rest were indeed setting their OKRs during the first 15 days of the quarter (OKR International, 2022, p. 3).

Fernandes and Gomes (2023, p. 7) acknowledge education as a first step in the OKR implementation – “firstly, the presentation of the OKR methodology was carried out, then the objectives and key results were defined, then the action plan was prepared, after that, there was periodic monitoring of the execution”.

Rojas-Chipana et. al. (2021, pp. 1152–1153) identify four major steps in implementing a hybrid model rather than a pure OKR method but gives a larger perspective than simply setting and reviewing the OKRs, with the main phases being: **analysis of the current situation**, described as “activities to determine the company's needs and opportunities for improvement, both internally and externally” (Rojas-Chipana et. al., 2021, pp. 1152), including SWOT and

Porter's five competitive forces", together with creating a new proposed model, **strategic deployment**, "composed of the map tool and strategic objectives that focus on improving, standardizing, and promoting processes focused on the organization's key KPIs to improve the company's profitability" (Rojas-Chipana et. al., 2021, pp. 1152), **OKR's implementation**, phase in which OKRs are created to support the achievement of the BSC and ultimately **measurement and validation**, where the achievement of KPIs and OKRs is analyzed.

Based on the existing literature, the OKR principles discussed previously and the author's consulting experience, the following steps were created for a full-fledged implementation, taking into account the need to training and cultural change before the actual OKR selection, as well as the more complicated pattern of OKR setting and aligning:

I. Planning

- Secure top management buy-in and budget
- Analysis of current state, including expectation form OKRs
- Adapt OKR methodology to the organization
- Initial OKR rollout plan

II. Pilot

- Implement OKRs in one business unit or department to act as a catalyst for the rest of the organization. This step will serve to test if the implementation plan work for the organization and will be comprised by setting, validating and reviewing OKRs for at least one quarter.

III. Preparation

- OKR rollout plan update
- OKR education tailored for different levels (C-level, Champions, Line managers, Employees)
- Documentation and formalization of the process
- Cultural change steps implementation, which can be implemented in parallel with the remaining steps

IV. Deployment

- Strategy planning or review
- Strategy communication
- Corporate OKRs setting workshop
- Communication of Corporate OKRs
- N-1 OKRs setting workshops
- Cross functional alignment meeting
- N-1 OKRs approval from C-level executives (if needed) and communication
- OKRs setting workshops for the remaining organizational layers or project level in sequence
- OKRs approval (if needed)

V. Review

- Weekly or bi-weekly check-in meetings on the progress

- Initiatives approval (if needed) and implementation
- Mid-quarter review
- End of the quarter meeting to review and set the next quarter's OKRs
- Annual Business Review in preparation for the next cycle

VI. Retrospective

- Review and adjustment of the OKR framework if needed
- Documentation update

VII. Usage, which refers to the repeat of phases IV to VII in a cyclical manner.

Of course, a less hierarchical organization might be able to skip some of the steps presented above, such as N-1 OKRs setting, while an organization that is mostly project based can set OKRs at Corporate level at the same time with the project level OKRs, however, in such cases more time is spent with adjusting the OKRs once the Corporate OKRs are released, to ensure alignment. At the same time, start-ups or very small organizations will probably not focus that much on formalization or even on communication as an additional step, as communicating the direction and OKRs to everyone can be done in the setting phase.

Moreover, some organizations implement OKRs gradually, instead of going for a Big Bang approach, as to not disturb the current status quo too much and give everyone the time to adjust, in which case, the initial OKRs system might be very different than the end result, gradually changing during the transition.

Still, the steps presented above are especially useful for this research study and will be proposed as such or slightly modified, depending on the size of the organization, to the organizations that will be willing to adopt OKRs.

4.3.5. OKR limitations and implementation challenges

Although easy to understand, implement and use in theory, even considered “one of the most effective strategic performance evaluation and improvement method” (Charoenlarpkul and Tantasane, 2019, p. 136), clearly the OKRs are not “the only way”, other systems being successfully used in present times. In the words of John Doerr, “OKRs are not a silver bullet. They cannot substitute for sound judgment, strong leadership, or a creative workplace culture. But if those fundamentals are in place, OKRs can guide you to the mountaintop.” (Doerr, 2018, p. 14).

The promoters of OKRs tend to become very enthusiastic about the framework, so much so that they often disregard mentioning the challenges of working with this methodology. Several books and articles on the topic have no mention of limitations or barriers in working with OKRs.

In reality, the OKR system can face a series of challenges in the implementation phase, most of them being ignited by a traditional mindset or an unsuitable organizational culture. Since it is a fairly simple methodology, most of the challenges in working with the OKR system are actually external to the framework itself but subjected to happen due to the lack of organizational readiness for implementing it. Traditionally, very dynamic organizations with an open and collaborative culture, that lack the control-oriented mindset, were able to implement OKRs without a lot of issues. On the other hand, more bureaucratic or control-oriented organizations

had a harder time with implementing OKRs and took considerably longer in transitioning fully or even partially to OKRs.

Below we will explore some of the most common limitations of the system, combined with implementation challenges organizations can stumble upon when first working with OKRs, clustered depending on whether the influencing factor of the challenge is internal or external to the OKR system.

4.3.5.1. Limitations and challenges related to the implementation and management of OKRs

Daher Junior (2020, p. 51) considers that the biggest impediment when working with OKRs is the implementation step and he mentions that “implementations do not always reach the full potential of the tool”, while Doerr (2018, p. 24) states that “like any management system, OKRs may be executed well or badly”.

In order to ensure a proper implementation, authors mention different prerequisites that have to be in place – commitment (Zasa and Buganza, 2022, n. p.), discipline (Radonic, 2017, p. 31), training and education on OKRs for all employees (Radonic, 2017, p. 3; Schelte, 2020, p. 88; Stray et. al., 2022b, pp. 3–4), continuous process designed (Schelte, 2020, p. 88), repetition of the information or proactive communication and practice (Schelte, 2020, p. 88; Stray et. al., 2022b, p. 5; Zasa and Buganza, 2022, n. p.), communication software to manage coordination and dependencies (Stray et. al., 2022, n. p.), terminology understanding (Niven and Lamorte, 2016, pp. 6–7), explicit rationale for implementing OKRs (Niven and Lamorte, 2016, p. 152) and organizational restructure (Schelte, 2020, p. 87), as the author’s study shows that “chances of successful implementation seem to decrease as the size of the organization increases” (Schelte, 2020, p. 95).

Nevertheless, there are still limitations or challenges entities face when deploying or working with OKRs even if these fundamentals are established and the below list aims at providing a clear and comprehensive picture of the inherent limitations of the OKR system.

I. Alignment

As explained before, vertical and horizontal alignment are a cornerstone of the OKR methodology. However, the relationship between different levels or units can be at times less than obvious thus, for alignment to exist, it is essential for everyone to understand the strategy and/or higher-level objectives clearly and similarly, as well as gain a shared understanding in regard to interconnected processes or units, dependencies and the way they influence each other, which in itself can lead to another challenge – that of managing and coordinating a large number of participants and stakeholders (Stray et. al., 2022, n. p.). Vellore even calls this endeavor to “align teams to collaborate cross-functionally and drive outcomes that matter to the business” a “daunting undertaking” (2022, p. 113) and he is not the only author mentioning this – Stray et. al. (2022, n. p.) and Schelte (2020, p. 83) agree that this can be a difficult step. Still, without such understanding teams will find it difficult to write their own objectives and Stray et. al. (2022, n. p.) also considers shared goals as “crucial” in any agile working environment, thus also for an agile performance management system.

Another challenge for alignment is constituted by the lack of a high level direction or strategy (Schelte, 2020, p. 83; Niven and Lamorte, 2016, p. 153). Although Niven and Lamorte (2016, p. 153) mention that strategy is not mandatory in the process of setting OKRs they agree that, without a strategy, OKRs become “a very shallow imitation of what the model can potentially offer”. A recent research study supports Niven and Lamorte’s opinion, by showing that 64% of the respondents do use OKRs for both strategy and execution, while 93% of participants agree that “OKRs should be a manifestation of your business strategy” (OKR International, 2022, p. 3).

The last challenge in the alignment process is visible in organizations where one alignment approach becomes the rule. Niven and Lamorte (2016, p. 154) refer for example to the case when higher level KRs becoming Objectives for the lower level and they criticize such approach due to lacking bottom-level contribution, as well as suppressing creativity.

II. Setting the Objectives

Especially for teams that used to receive their objectives from the top, being able to now define their own objectives in a qualitative and inspirational manner, without being vague (Stray et. al., 2022, n. p.; Niven and Lamorte, 2016, p. 154; Klanwaree and Choemprayong, 2019, p. 443), for the right timeframe, meaning not too short such as a week and not too long such as one year (Wodtke, 2014, pp. 131–132), aligned to the top (Vellore, 2022, p. 133) and prioritize between them (Wodtke, 2014, p. 96) can easily become a burden, thus being perceived as a negative aspect, rather than a benefit (Stray et. al., 2022, n. p.). However, setting the right destination and clarifying the priorities is a must before going further into the cycle, thus management must communicate the destination of the organization beforehand and use the opportunity to build motivation and excitement around the common goals to make it easier for the teams to align and prioritize. Still, setting the right objectives will require teams to get knowledge through training, have the energy to practice and improve overtime, as well as managers to be patient in the first few iterations if teams get their objectives wrong in the beginning.

Among the biggest mistakes in setting OKRs, OKR International (2022, p. 31) study reveal setting too many OKRs as the main one (49.56% of respondents) showing that prioritization is hard for first time practitioners, while the fourth issue is not setting stretched objectives (12.39%).

III. Setting the Key Results

One of the most frequent challenge teams new to the OKR approach face is setting the right Key Results (Stray et. al., 2022, n. p.; Stray et. al., 2022b, pp. 3–5) because it requires to have a clear understanding of the difference between tasks and KRs (Daher Junior, 2020, p. 57), topic on which Grove (1983, p. 41) motioned “output and activity are by no means the same thing. Gothelf (2020, n. p.) even goes as far as to say that “the strength of OKRs explicitly lies in de-emphasizing specific tasks, and instead emphasizing the value that those tasks deliver”. Moreover, the complexity is given by the fact that there is no prescription in the methodology on how to create quantitative KRs (Mahitthafongkul, 2021, p. 17).

Additionally, teams should also consider the right balance between too easy or too challenging KRs (Maasik, 2022, p. 25; Chen, Chen and Ning, 2022, p. 95) because too ambitious

objectives might demotivate teams and lead to frustration (Zasa and Buganza, 2022, n. p.), as well as lead to simply being able to quantify the objectives (Stray et. al., 2022, n. p.).

Furthermore, the literature instructs to avoid the usage of ambiguous or binary Key Results (scored with achieved or not achieved) as much as possible (Vellore, 2022, p. 127; Niven and Lamorte, 2016, p. 155) and recommends that KRs include metrics (Wodtke, 2014, p. 116), thus increasing the difficulty of setting KRs especially for teams whose end results are deliverables or, for the short term, only milestones. Doerr has a slightly different approach, without emphasizing the need for all Key Results to only contain metrics, and the examples of KRs presented in his books do not abide by the above-mentioned rule (Doerr, 2018, p. 64).

Solutions proposed for setting the right Key Results are training on OKRs (Stray et. al., 2022, n. p.), have a confidence level for achieving each KRs at 50% in the beginning (Wodtke, 2014, p. 132) and ensure that metrics are included in the KRs to make them measurable (Wodtke, 2014, p. 116).

Klanwaree and Choemprayong's (2019, p. 443) respondents claim that setting Key Results is easier than setting Objectives, but it is worth mentioning this is due to the fact that "they are based on day-to-day operations", which should not be the case with KRs.

IV. Manual creation of OKRs materials

Although not a very common limitation, keeping track of all OKR related processes can require a lot of effort, especially when considering the volatile nature of OKRs even during the quarter. For a smaller organization the documentation can be managed easier by the Strategy Office or the team of Champions, but larger organizations will face difficulties. For this reason, Vellore" (2022, p. 114) advises to use an OKR software that will "help with every aspect of the challenge, from creation of OKRs, distribution, updates, reminders. However, OKR International's (2022, p. 3) study shows that only 47% of their respondents are currently using a software solution dedicated to their OKRs.

V. Reporting on the OKRs

When teams are able to report on their own OKRs and have direct access to the numbers, this might not be perceived as a blocker. However, in organizations with more complex data governance, where operations teams compute and report the OKRs of other departments, the activity might become a bottleneck, as well as very time consuming to the operations teams, which have to update the data every week or every two weeks. Vellore (2022, p. 114) once again advises to use automation as a solution to ease data calculation and reporting. Another problem when reporting OKRs for some teams is the short time span (Stray et. al., 2022, n. p.); one or two weeks might not be enough to see results in some areas, thus adjusting the timeframe to the pace of the business is an essential step to avoid demotivating the employees. However, even in these cases, the literature stresses the need to have a short term reporting and feedback gathering system in place agreed upon in advance (Wodtke advises every Friday, while Niven and Lamorte every Monday), considering that OKRs are "living, breathing organisms" (Doerr, 2018, p. 145) that "serve as a dynamic real-time learning aid" (Niven and Lamorte, 2016, p. 155).

Wodtke (2014, p. 97) observes that reporting subprocess related to OKR – “commitment, celebrations, check-ins – makes sure you continue to make progress toward your goals even when you feel more like eating a cookie”. Lack of reporting will curb the learning process and will ultimately perpetuate the idea that OKRs is just another formal system that brings no benefits for the users (de Mello, 2016, p. 47).

VI. Lack of time

Probably one of the biggest limitations, especially from the perspective of managers, who have to participate in the setting and weekly or by-weekly review of sometimes multiple organizational layers, lack of time can be perceived from two perspectives – the one presented above, but also from the point of view of executive leadership that would like to see the implementation done correctly from the first time and reap the benefits from the first quarter. While this is not impossible, it is also not something guaranteed. Wodtke (2014, pp. 98–99), considers that “you will fail the first time. They do all fail, but they all fail in their own special way. [...] However, the successful ones all have the same characteristic: they try again”, thus learning how to do better in the next iterations. This was the case presented by Maschiova (2018, p. 4) in the study on 2FRESH, whose problems with OKRs were centered around measuring the OKRs, the time consuming process and a feeling of dissonance between the OKRs and the efforts to achieve them.

Similarly, Schelte (2020, p. 89) argues that “the application of the Objectives and Key Results management method is associated with a long-term learning and development process”, reason for which Stray et. al. (2022, n. p.) advocate for ongoing longer-term support – “In our case it took over a year before the teams started to see the benefits of the new practice.” Lamorte (2022, pp. 7–8) also consider a period of eight to twelve months as the optimal timeframe for introducing OKRs into an organization, calling it a “crawl-walk-run approach” and Zasa and Buganza’s (2022, n. p.) findings show that organizations see OKR implementation as a “trial-and-error method” in the beginning. Similarly, 83% of participants to a research study on the topic admit they were not able to work with OKRs correctly from the first time (OKR International, 2022, p. 11).

Going back to our initial assumption, authors emphasize the need to consider OKRs as an ongoing process, not an initiative, therefore, commitment and effort will be needed for using the framework and work towards achieving the objectives (Niven and Lamorte, 2016, p. 7; Schelte, 2020, p. 22; Wodtke, 2014, p. 65; Haidvogel, 2020, p.70), while Wodtke (2014, p. 82) highlights that although discipline is needed, “it shouldn’t take you more than ten minutes each week to update this model. The first one may take a bit longer of course, but after that it’s just edits”. The practice shows that 60.65% of a study respondent do align to the weekly or bi-weekly check-ins (OKR International, 2022, p. 3), however the fact that 37.35% of respondents do not run optimal check-ins is still concerning due to the limited benefits the framework can provide. The same study shows that irregular cadence is considered by respondents (19.47%) the second biggest mistake in working with OKRs (OKR International, 2022, p. 3). Still, organizations must adjust the OKR framework in a way in which it works for them, and it is

not very time consuming because, in the words of de Mello (2016, p. 26) “having goals improves performance. Spending hours cascading goals up and down the organization, however, does not”. A contrasting opinion that stresses the importance of devoting enough time gauges on the idea that “the best leadership knows that an extra day spent planning will reap rewards down the line if executed properly” (Maschiova, 2018, p. 8). We can conclude that organizations must first try to understand what is the optimal time they can devote to such processes beforehand so that will also support growth and development in the future.

VII. Subjectivity

Schildt considers that “Whereas KPIs provide predictable and objective rewards for employees, often predetermined bonuses that are tied to performance, OKRs tend to be associated with more vague and retrospective performance appraisals that rely on subjective assessment of the efforts. Promotions and bonuses depend on an overall review of past accomplishments, and managers must be able to assess the initiative and innovativeness of their employees in addition to their measurable results” (2020, p. 117). While we must agree subjectivity is a limitation of working with OKRs that cannot be eliminated, we must also consider that the OKR theory clearly suggests that OKRs should not be linked with either the appraisal system or any benefits or promotions. The main reasons for this are its subjective and personal nature, as OKRs encourage employees and teams to link their own ambitions to their organization’s direction, and the potential of such a measure to subdue the creativity and innovation of the employees. Usually, the highest level of subjectivity is encountered in practice when trying to find the right balance between challenging, but also not impossible OKRs. This is especially challenging at individual level, where, in order to determine the balance, we have to consider the individual’s capabilities, knowledge, skills, interests, motivation, which will be inherently different from employee to employee, irrespective if they share the same job description or position.

VIII. Lack of specialists

Considering all the above mentioned challenges makes it clear that teams need guidance and require specialized help, especially in the beginning. However, Daher Junior (2020, p. 58) notes in practice that “many organizations mobilize their internal teams, without observing if there are real specialists among them. Usually technicians do research on the internet and consider themselves able to perform that task”. On the same topic, Stray et. al. mentions that individuals need practical advice in order to create KRs (Stray et. al., 2022, n. p.), while Niven and Lamorte (2016, p. 153) witnessed that “relative simplicity can prove to be a double-edged sword, however. Some organizations will be introduced to the topic and feel it is so straightforward that no training is required for employees who will soon be using the tool to manage their businesses. It’s as if they rely on managers to somehow magically know how to define great OKRs from the start.” The same issue spawned in a case study from Thailand, where authors call for a need to train the staff before implementation (Pratumsuwan, 2019, p. 111).

Besides the knowledge and advice component, Doerr (2018, p. 337) considers the specialists’ position from a responsibility perspective, since the fact that “nobody held anybody

accountable for getting the system right” was a main issue one of his clients faced with OKRs, which matches the finding of Schelte (2020, p. 89) that “Unclear responsibilities within the organizational structure is a factor that can negatively impact the OKR process.”

The two solutions offered by the literature are: training to create a common understanding and thus grow the specialists (Niven and Lamorte, 2016, p. 153) and appointing OKR coaches (Daher Junior, 2020, p. 58).

4.3.5.2. Organizational culture related limitations

I. Unfit culture

Starting from Peter Drucker who believed that “that [...] culture eats strategy for breakfast” (Doerr, 2018, p. 255), all influential authors in the field of OKRs understood the need of the culture to match the concept behind the methodology. Grove believes that “a shared corporate culture becomes indispensable to business” (Grove, 1983, p. 50) in the new paradigm, while Doerr concludes that “unless we changed the environment, it [OKRs] couldn’t possibly succeed” (Doerr, 2018, p. 338) and Kempf and Kuhn urges practitioners to consider that “a shift in performance systems is needed as long as it is implemented in a whole cultural change in the tradition of holistic agility” (Kempf and Kuhn, 2022, p. 139).

Sampaio and Cuevas (2020, pp. 123–124) promote the idea that “the OKR culture is generally established when companies are interested in joining structured processes to achieve their goals”, and the risk organizations can face by implementing OKRs in an inappropriate culture or without first taking the needed steps to reshape the existing norm is a failed implementation (Daher Junior, 2020, p. 57) or, in the words of Grove: “The antibodies will be set loose and the body will reject the donor organ of OKRs” (Doerr, 2018, p. 336).

On the other hand, Chen, Chen and Ning (2022, p. 94), supported by Mangipudi et. al. (2021, p. 54), propose a different approach, by designing the OKR system to match the corporate culture and emphasizes the compatibility of OKRs with the organizational culture (Chen, Chen and Ning, 2022, p. 95). Comparably, Zasa and Buganza’s (2022, n. p.) findings have shown an “extensive context-dependency in implementation”, which has to be customized for “limiting the impact on the existing organizational culture” but agree as well with the need to “create a culture for failures”.

When considering the cultural shift required for OKRs, Vellore analyzes the current context, in which remote working poses an additional challenge for introducing and consolidating such a change, given that “hybrid and remote work have nullified many in-office traditions and rituals, and employees feel disconnected from everyone, including their direct manager, in many cases” (Vellore, 2022, p. 133).

However, culture must be one of the key adjustments in order to support a proper implementation, with a study revealing that 95% of their respondents consider “a strong constructive culture as a catalyst in implementing OKRs” (OKR International, 2022, p. 3). Haidvogel’s (2020, p. 69) echoes the idea by reporting that a key aspect in the success of the OKR implementation was the fact that “the general conditions in the department for the “Objectives and Key Results” method have been created”.

While unfit culture generally refers to the organizational culture, it is worth mentioning that certain traits of the general society's culture can also affect OKR implementation, especially if they are shared by the organization's employees. The main two traits are high power distance (Helmold and Samara, 2019, p. 168) and uncertainty avoidance (Helmold and Samara, 2019, p. 170). In a culture with a high score of uncertainty avoidance, where "clear rules and structures are cherished [...] People prefer to be informed of all potential risks and tend to seek the help of experts in case of uncertainty" (Helmold and Samara, 2019, p. 170). Clearly if this is the ethos of the organization it will be harder to change the mindset and support employees to embrace change, flexibility and subjectivity as opposed to clear rules. Similarly, members of a society with high power distance find it difficult to adjust to an almost equal amount of power between managers and employees. The same idea of external culture affecting OKR implementation is shared also by Antonio Zubietta (CEO of OKR Matrix, an OKR consulting company), who reveal that "There are certainly some relevant differences among countries. Culture is an issue that I always have to adapt to because it impacts the way we implement OKRs. Before starting an implementation, I like to consider the culture of the country and the company's culture. I use that information to adapt and tailor my work to each client's needs" (Betterworks, 2021, n. p.). However, Zubietta doesn't go into any details regarding the cultural traits he pays attention to or how they influence the customization.

II. Control oriented leadership

Kempf and Kuhn (2022, p. 139) consider that while "one of the main challenges is the journey from an extrinsic, individual performance system to a team perspective", it also "represents the main differences between "classic" management and agile frameworks like OKR" (Kempf and Kuhn, 2022, p. 139), where "we are moving away from hierarchical, top-down management, driven by strategies that are set for the years to come" (Kempf and Kuhn, 2022, p. 139). Stray et. al. (2022b, p. 1) agrees that changing the behavior at all hierarchical levels, starting with the top tier can be a "daunting task", but similarly important as mentioned by Zasa and Buganza (2022, n. p.). In this context Kanyangale and Chikandiwa (2022, p. 141) call for "manager-as-coach" and "compassionate leadership".

Schelte's study has a similar finding, mentioning that "the transfer of responsibility as part of the OKR process can also be a burden for managers if they are not willing to do so or try to keep control" (2020, pp. 85–86), Doerr presents a case study in which lack of executive leadership support led to employees not understanding the need for OKRs (2018, p. 337) and Chen, Chen and Ning (2022, p. 93) even mentioned that in organizations where there is no leadership support OKRs should not be implemented.

Another study done by OKR International (2022, p. 3) shows that 50.32% of respondents consider leadership as the "biggest barrier in implementing OKRs", with an interventionist case study showcasing that even entities with a robust preparation and acceptance of OKRs can resonate with this issue. Haidvogel (2020, p. 70) reveals that "employees do not always feel understood and that even a method such as "Objectives and Key Results", which is actively designed to influence and have a say from those involved, does not always reflect their wishes and views. It is therefore necessary to actively address the people in order to involve them not only in working with the method, but also in the administration".

As discussed in the beginning of the subchapter, strong leadership is one of the main preconditions which, together with OKRs and several other elemental components, can support accelerate organizational development. However, it is advised for organizations to pay close attention to managers buy-in prior to the OKRs implementation exercise, considering that an autocratic manager has the potential to demotivate and disengage their entire team, thus losing several OKR benefits in the process.

III. Lack of people engagement and ownership

When presenting the OKR's guiding principles, people-centricity was introduced. However, organizations willing to have a higher input from employees can run the risk of employees not being willing to provide the input. Vellore notes that "Engaging frontline employees can be difficult" (2022, p. 133), Schelte observes that "the willingness to participate represents an important influencing factor that is not always a given. It can be observed that the openness to this [OKRs] differs among the individuals within a company" (2020, p. 87) and Stray et. al. also remarked that "While the OKR tracker provided the opportunity to increase shared goals and knowledge across teams, many team members did not care or have the time to be updated about the other teams' OKRs" (2022, n. p.), thus not benefiting from all the value OKRs can bring. Doerr (2018, pp. 337–338) also mentions in one of his case studies that the problem faced was "a passive-aggressive approach [...] Though the OKR program was sincerely intended to improve goal setting and collaborative communication, people didn't trust it".

There are certain solutions suggested for obtaining employees buy-in, such as addressing the benefits of OKRs for them (Doerr, 2018, pp. 337–338), as well as enlist top management support (Schelte, 2020, p. 87).

IV. Misunderstanding OKRs as just another performance reporting framework

Organizations that do not clarify the difference between the new paradigm of OKRs and the more traditional approach will run the risk to implement the structure of OKRs but none of the guiding principle, therefore not attaining any of the benefits. Vellore (2022, p. 134) reports that "Striking the right balance between OKRs and performance management can be confusing to employees and can create a perception issue around your OKR program if not done with the correct context and approach." The author later in the paper discusses this as a common issue especially for the sales team, which can be "concerned that OKRs will become yet another metric tracked against their compensation" (Vellore, 2022, p. 146), however, the same ambiguousness can be seen across entire entities, even in the higher hierarchical levels of organizations. Vellore's solution for this is in the training provided to the employees in the beginning and focusing on the purpose for introducing OKRs as "to enable accountability, collaboration, and a connection to positive business outcomes, not to introduce a new way to measure individual compensation" (Vellore, 2022, p. 146).

V. Lack of performance bonuses

Organizations have a long history in linking performance and compensation, especially in the form of a performance achievement monetary bonus, thus it is, for most employees, a given that they will receive this bonus. Although the practice is currently undergoing a series

of critics, especially for triggering negative behaviors from employees, even illegal actions, it is still widely implemented. Harris and Tayler (2019, n. p.) have described such negative behavior in a bank where they witness such behavior: “Throw in financial incentives, a permissive culture, and intense demands for performance, and they might even illegally open some unauthorized accounts, all in the name of advancing the “strategy” of cross-selling.” Besides the behavioral component, Vellore also speaks about the way OKRs will work better in an environment where performance and compensations are not directly linked: “Curb the urge to tie OKRs to compensation and instead use OKRs to steer open conversations that help employees reflect and continuously improve their performance” (Vellore, 2022, p. 134).

If the organization implementing OKRs has deployed this practice in the past, it will most likely face a lot of resistance, because, irrespective of all the benefits, the message the employees will focus on is that they will be required to achieve more challenging objectives with no bonus at the end. In such cases organizations will have to decide how to proceed together with Compensation and Benefits specialists that can find a solution to not cut bonuses entirely, but also not connect them to the percentage of OKRs achievement.

VI. Low risk appetite

OKRs have several guiding principles that can be considered risky by managers. Starting from the inclusion of everyone in the setting process, to raising the bar for the OKRs and up to including innovative ideas as part of the OKRs, they can all be linked with a type of risk the organization might face. Of course, all the pillars have a clear benefit, given that “a culture of more autonomy and risk taking opens opportunities for employees to stretch, take on more responsibility, and find out quickly how they can improve” (Darino et. al., 2019, p. 3), but organizations with a low risk appetite might not be as open to take the risks of misalignments, missing their objectives or spending time, resources and efforts on ideas that are not a guaranteed success.

VII. Using OKRs as an excuse to overwork employees

LeMay (2018, n. p.) notes about agile that “on numerous occasions, I have stood in meetings while senior leaders describe Agile as a way to “increase our output” or “get things done quicker.” [...] Agile is not a matter of working more or of working faster, but rather of working differently. In fact, following the core values of Agile often means slowing down, at least momentarily, to reflect on how we currently work and how we could work better”. Considering that the concepts of OKRs and agile are often intertwined, the same can apply to OKRs. They should not overburden teams to lead them straight to burnout and “the most current OKR configuration should not promote stress in teams, otherwise best potential might not be achieved” (Wodtke, 2014 as cited in Daher Junior, 2020, p. 52). Here we can circle back to the idea of having the right balance between aspirational and committed OKRs. Sure, expectations can be higher with using aspirational OKRs, but organizations need to understand the effort behind achieving an objective and not have impossible to reach expectations.

Gothelf (2020, n. p.) even advises against the usage of individual level OKRs completely in order to avoid sandbagging the OKRs or the creation of easy to measure OKRs, due to the reduction in innovation such a practice might lead to. Still, the general practice is to use OKRs

to individual level, with 53% of respondents to the OKR International's study admitting they use individual OKRs (OKR International, 2022, p. 16).

The next sub-chapter is dedicated to the topic of specialized help organizations can enlist to support their OKR implementation and management processes, given its importance.

4.4. Performance management systems governance

Considering the complexity of performance management in general and OKRs in particular, together with all the challenges discussed above, it is important to agree as well, who should be responsible of such a system. The roles definition in a performance management system implementation can influence the actual implementation, as well as the post-implementation management of the system. The governance can also have an impact in the willingness of the employees of get involved and assume ownership of various performance management related sub-processes.

Specifically, for OKRs, the literature agrees that, before even allocating different roles or deciding if some roles should be filled internally or through the support of an external, "the first role that needs filling is that of executive sponsor" (Niven and Lamorte, 2016, p. 143). Niven and Lamorte (2016, p. 143) suggest that the sponsor should be either a CEO or a C-level executive, while a study done by Schelte (2020, p. 88) argues that top management buy-in is crucial for the success of OKRs methodology. The sponsor's role is to be a role model, to advocate for the change and support the OKR methodology's implementation.

During the implementation phase, organizations can choose to work with an internal team or external consultants, decision which is usually influenced by the existing skills and knowledge in the organization, the current organizational chart and, of course, by the budget for this initiative. During the usage phase, most organizations decide to use an internal team for managing the performance management system, due to the fact that they are onsite and always available, as well as the much higher cost involved by having an external consultant for such a long timeframe.

4.4.1. The role of internal teams

Most organizations nowadays have a dedicated team for Strategy planning and management, with a clear mandate to "oversee all strategy related activities" (Kaplan and Norton, 2005a, para. 4), including strategy execution, which should report directly to the CEO (Speculand, 2017, n. p.). This particular office role is to offer a comprehensive approach to the way strategy planning and execution processes are carried out and "was championed by Chrysler in the early 1990s" (Syrett, 2007, p. 57). Syrett also argues that "a designated manger was given responsibility for liaising with different businesses in the group to make sure that a focus on the strategic priorities was maintained" (2007, p. 57). Kaplan and Norton advocate that a corporate-level Office of Strategy Management can "sustain the focus" (2005b, p. 3).

Moreover, according to Kaplan and Norton's articles on the topic (2005a and 2005b) this team is responsible with training, workshop facilitation for strategy development, refresh

and communication, maintaining contact with stakeholders, providing a software, and making sure that the different levels of the organization are aligned to the strategy. This team remains the focal point after the implementation, as well, providing continuous guidance, processes and procedures to work with the frameworks implemented and usually oversees processes such as data collection, data analysis, report generation, as well as review meetings or corrective actions implementation. For the corporate level, in some cases, the Strategy office is even responsible with the above-mentioned processes, not just accountable, by “champion, standardize and manage strategic measures” (Speculand, 2017, n. p.).

Kaplan and Norton (2005b, p. 3) argues that in most organizations such office usually emerges as a natural evolution of the Balanced Scorecard implementation team and in the incipient phases their responsibilities revolve around “strategy group worked with the executive team to translate the strategy into a Balanced Scorecard. The group then served as trainer and consultant to help Chrysler’s business and support units create local scorecards, aligned with corporate objectives, and customized to their local operations. Once this initial phase of design and cascading had been completed, Russo’s group maintained responsibility for the data collection and reporting processes for the scorecard”. The figure below combines the roles of a Strategy Office in a traditional performance management based on Balanced Scorecard and the number of full time equivalents (FTEs) needed to manage the process:

	STRATEGY MANAGEMENT PROCESS	OSM ROLE	Typical Staffing (FTE)	
Core roles	1.Scorecard Management		1.0	
	2.Organization Alignment		1.0–1.5	
	3.Strategy Reviews		0.5–1.0	
Desirable Roles	4.Strategic Planning		0.5	
	5.Strategy Communication		0.5–1.0	
	6.Initiative Management		1.0–1.5	
Integrative Roles	7.Planning/Budgeting	CFO HRO CIO CMO	0.5	Key OSM must run the process OSM should run the process OSM integrates strategy to a process run by someone else (X)
	8.Workforce Alignment	HRO	0.5	
	9.Best Practice Sharing	CKO	0.5–1.0	
Total FTE:			6–8	

Figure 14. Roles of the Office of Strategy Management

Source: Adapted from Kaplan and Norton, 2005b, p. 21

The above-mentioned responsibilities were used as a base to identify a comprehensive list of the Strategy Office's duties, in its role as the process owner for corporate strategy and performance, adapted to match an OKR framework implementation:

- Communicates strategy (Speculand, 2017, n. p.) – “The strategy group, however, also took on the responsibility for preparing the materials to communicate the new Chrysler strategy and scorecard to all employees” (Kaplan and Norton, 2005b, p. 3)
- Develops and manages the OKR related policies and procedures (Kaplan and Norton, 2005b, p. 4; Speculand, 2017, n. p.);
- ‘Review the strategic landscape outside the organization’ (Speculand, 2017, n. p.);
- ‘Conducts training and education courses’ (Kaplan and Norton, 2005b, p. 4);
- Supervises the entire OKR implementation;
- Coordinates all OKR management processes – “the OSM plays a coordinating role, ensuring that the processes are tightly integrated with the enterprise strategy” (Kaplan and Norton, 2005b, p. 4);
- Supports Champions and Managers to develop, track, and update OKRs in accordance with overall strategy requirements;
- Supports with OKRs management alignment across levels (Kaplan and Norton, 2005b, p. 5);
- Develops reporting guidelines and templates (Kaplan and Norton, 2005b, pp. 4–5; Speculand, 2017, n. p.);
- Oversees and provides support in data collection and reporting (Kaplan and Norton, 2005b, p. 5);
- Facilitates OKRs selection workshops, if needed, mostly at the Corporate level, in alignment with the Strategy (Kaplan and Norton, 2005b, p. 6);
- Facilitates vertical and cross-functional alignment meetings, if needed, in order to ‘manage organizational alignment with the strategy’ (Speculand, 2017, n. p.);
- Facilitates OKRs review meetings for the corporate level (Kaplan and Norton, 2005b, pp. 6–7; Speculand, 2017, n. p.);
- ‘Selects the software’ and ensures IT system reliability and coordination with the IT team (Kaplan and Norton b, 2005, p. 3);
- Knowledge management to ensure ‘Best practice sharing’ among different parts of the organization (Kaplan and Norton, 2005b, p. 9; Speculand, 2017, n. p.);
- Evaluates the OKR framework coupled with improvements when needed.

Regarding the office structure, this can vary from organization to organization. However, the new trend is to have an overall Strategy Office and smaller, more specialized teams assigned for different areas, such as strategy formulation or performance management (Kaplan and Norton, 2005b, p. 7).

From consulting experience, in most cases, when organizations lack a specific department specialized on strategy and performance, the role is taken by the HR department, with Mangipudi et. al. (2021, p. 54) only considering the HR department and overlooking the idea of a specific department, as an extension of their role in employee performance management. Rao (2020, p. 9)

also mentions that “It is necessary to establish a separate strategic unit within the campus, probably, the Human Resources Department, and delegate this responsibility of designing the objectives and key results (OKRs)”.

On the same idea, Niven and Lamorte decided that there is no one approach their customers used when it comes to the department in charge, however they advise against having one department seen as responsible:

“One final consideration is where to “house” the OKRs process. Should it be a denizen of the finance function? HR? Strategy? Operations? When we researched this topic and shared notes on our findings and personal experiences, no single corporate office predominated. For some the finance group, which often serves as the reporting hub of the organization, assumed ownership of OKRs. For others it was HR. Still others housed OKRs under the strategy mantle. In the end the name on the door doesn’t matter so much as a commitment to the principles embodied by OKRs. Having said that, it’s imperative to avoid a situation in which one single department is seen as driving the OKRs process to the exclusion of any other groups. The last thing you want is people thinking or saying: “OKRs are just an HR thing,” or “Finance is shoving OKRs down our throat.” While one group may ultimately be recognized as the custodian of OKRs, there must be a shared belief throughout the organization as to the value of OKRs. You’re looking for a home in which the executive sponsor believes in the merits of OKRs and is willing to support, develop, and constantly evangelize the tool.” (Niven and Lamorte, 2016, p. 143)

However, from the researcher’s experience in the field, although there is no designated proxy for a Strategy Office, entities chose HR as the leading department most often than now. But, in such situations, integration issues or even problems with understanding the strategic level and aligning the organization to it might arise, as the HR is more inclined to keep the individual level at the center. In similar situations, during consulting projects, it was noticed that most times, HR hardly understands the need to start from a well-defined strategy or the alignment process, requesting, more often than not, that projects start from or focus exclusively on the individual level.

Another trend is to train and appoint a team of Champions, or “OKR shepherds” in the words of John Doerr (2018, p. 148), representatives of different units or large departments, that act as an extension of the Strategy department or Performance team in their respective departments and are a role model for their colleagues. The notion of a champion in performance management related literature was coined by Preskill and Torres in 1999. Currently, a research study shows that 40.54% of their respondents use Champions as the managers of OKRs, while the remaining respondents mentioned, in this order, the CEO, Chief of Staff and HR (OKR International, 2022, p. 9).

Chowdhury and Field describe that “at a European insurance organization served as “performance management champions,” sharing best practices for providing feedback to colleagues. These champions spread new coaching practices throughout the organization, leading to improved employee engagement and increased productivity by 15–20 percent’ (2019, para. 8). Having

champions to support different corporate systems is not a new practice, and organizations have long implemented such practices in areas such as change management, agile methodology or even branding.

For example, Nestle Waters introduced the role of a brand champion, who was responsible to “reinforce the structure of the BU by acting as a facilitator. Periodically, the brand champions meet here in Milan with the BU managers to discuss the distributors’ budget proposals” (Busco et. al., 2008, p. 114). Similarly, an “agile champion was addressed as another facilitator that directly impresses the people involved in Agile transition. A champion in Agile transformation was referred to as a person who can adjust Agile practices to suit environment and also support other members in the change process” (Ghani et. al., 2012, p. 30). Ghani et al. also claim that “the existence of champions in Agile teams can facilitate transformation and motivate other to follow required changes” and that “most often Agile champions are those with the most enthusiasm” (Ghani et. al., 2012, p. 30).

Although the literature supporting the usage of champions in OKR management is not very extensive, the idea of evaluation champions or champions in performance management is frequently used. According to Rogers and Gullickson (2018, p. 47), “numerous articles in the literature call for the identification and engagement of evaluation champions as a consideration in the implementation of an evaluation initiative”. They also mentioned that the “key role of an evaluation champion is advocacy: speaking up, highlining the value, and identifying opportunities for evaluation in a range of organizational settings” (Rogers and Gullickson, 2018, p. 47). King and Volkov (2005, p. 13) speak about the voluntary nature of this position within the organization, by mentioning that champions “voluntarily implement evaluation activities and purposely pass their evaluative spirit and knowledge to their colleagues”, while Silliman, Crinion and King (2016, p. 15) note that “champions’ interest in evaluation is shaped by internal passion”.

Furthermore, Preskill and Boyle (2008, p. 165) focus on the informality of the title and further describe the duties of a champion in performance management: “These champions may not be the titled leaders; instead, they might be members who have an interest in and energy for evaluation. Enlisting these people in motivating others to engage in evaluations, encouraging them to ask the critical questions, helping them implement and act on the evaluation findings, and providing support and resources for evaluation work are all ways in which internal champions can serve the evaluation capacity building effort”.

Although they are not titled leaders, by appointing champions, organizations expect them to deliver certain activities related to this role. Niven and Lamorte (2016, p. 143) consider that “the champion works at the front edges of the implementation, working with those impacted, liaising with consultants if necessary, and providing logistical support. Perhaps the champion’s most important function is that of in-house OKRs expert. When team members have a question on the theoretical or practical aspects of the model, it’s the champion’s number they’ll dial.” The authors also mention that champions are “an indispensable ingredient to OKRs success” (Niven and Lamorte 2016, p. 143).

Given that the literature does not specifically mention the role of OKR champion differently than the role of a performance management champion, the below list of duties of

OKR champions were compiled by combining the literature review presented above with the expertise of the author in working and preparing OKRs Champions for their role in the implementation and sustainability of the framework:

- Support the transformation towards OKRs and the implementation;
- Gather data for OKRs;
- Ensure quality of data gathered, verifying its compliance with the methodology, while also ensuring data accuracy and on time submission;
- Ensure the OKR software reliability and coordinate with the IT team and the Strategy Department;
- Align their practices to all the OKR system adjustments;
- Support the Strategy Department with the improvement and automation of the performance management process;
- Support their teams in their efforts to achieve the OKRs;
- Monitor OKRs during the cycle;
- Communicate relevant OKR related information to entities or people concerned;
- Initiate actions to improve OKRs, in consultations with their teams;
- Follow-up to ensure that actions are being implemented by the teams;
- Facilitate the OKR setting process for their teams;
- Facilitate the OKR review process for their teams;
- Ensure proper and timely communication with the Strategy Department;
- Constantly work with OKR consultants, if the case.

Of course, the responsibilities presented above are subject to change depending on the internal strategy and performance management governance and the authority attributed to the OKR champions.

Niven and Lamorte (2016, p. 143) also present the traits or skills of OKR champions, and they consider as most import the champion's enthusiasm and passion for OKRs, which will help them to enlist the colleagues support, knowledge in OKRs or openness to learn, "exceptional communication skills and [...] credibility throughout the organization", for which purpose the authors consider a mid-level manager as the best candidate for the job. Speculand (2017, n. p.) agrees that middle managers are key in supporting and creating change, their role being especially important in "translating the strategy into action" at their teams' level.

Considering that the champions can also take the role of facilitator for reviewing and setting the next quarter's OKR iteration, Niven and Lamorte (2016, p. 143) expect that during that period champions will "devote 50 (or perhaps a little more) percent of their time", but no more than few hours a week during the execution of the set OKRs.

4.4.2. The role of external consultant/coach

Working with a third party or consulting company to implement performance management systems, does not render the internal team irrelevant, on the contrary. Rogers and Gullickson (2018, p. 47) argue that "The pattern of influence [of Champions] is indirect which complements

formal training or advice from external evaluation experts and consultants”. The consulting team needs a communication point, which is usually the internal project manager, who will be responsible after the project to maintain the system implemented and ensure the appropriate usage of all tools, instruments and solutions. The same contact point from the organization, either a team or an individual, usually someone from the Strategy Office and Champion team, will be responsible to arrange the workshops or meetings – send the invites, ensure attendance and ensure venue preparation.

However, while choosing to work with a third party might not be always a solution for most managers, with 51% of respondents to a study mentioning they did not use external help to implement OKRs (OKR International, 2022, p. 10), mobilizing external help can support a lot, especially if the organization has no previous experience with OKR. Niven and Lamorte (2016, p. 157) consider that a consultant “brings something you simply don’t possess at this time: implementation experience and proven methodologies for completing the work in a timely fashion. Consultants also offer objective advice.” Furthermore, an external party is not biased to the internal mechanistic of the organization and tends to be more objective, as well as, “As a neutral facilitator or *naïve coach*, someone who is not an expert on the team’s work and therefore not immersed in the minutia of what keeps the team up at night, a consultant can pose questions that often unearth basic assumptions, forcing everyone to take a step back and revisit their core mental models. Finally, consultants offer a quality sometimes in short supply during an implementation period – credibility. It’s a sad but undeniable fact that senior management may be more receptive to OKRs when they are co-developed by an outside expert with legitimate bona fides in the field” (Niven and Lamorte, 2016, p. 157).

Lamorte (2022, pp. 16–18), one of the few authors that reports the role of a consultant or coach specifically in the field of OKRs, introduces the term OKR coaching, a service that refers to “Partnering with clients in a thought-provoking, creative, and structured process over three phases” (Lamorte, 2022, p. 18) and “even in 2017 [...] was still nascent” (Lamorte, 2022, p. 16). It is important to note that coaching skills are also seen critical in OKR implementation by 41.41% of respondents to a research study (OKR International, 2022, p. 27).

Lamorte differentiates coaching from consulting based on the approach; in Lamorte’s view “unlike consultants, who mostly advise their clients, coaches focus on inquiry. [...] An OKRs coach does not focus on providing answers; an OKRs coach focuses on clarifying and providing the questions that help their client find their own answers” (2022, p. 16). However, the author agrees that in implementing OKRs there is a need for both roles and, depending on the implementation phase, the role shifts from consulting oriented to coaching oriented, as more guidance is needed in the incipient phases, when the implementation design is constructed. We could argue that the consultant has a third role, that of educator (Lamorte, 2022, p. 17).

Although, consultancy implementation projects are tailored to the organization’s needs and a needs assessment is performed, consultants are most likely to be involved in the definition and setting phase, rather than the usage. In the view of Robinson D. and Robinson J (1998, p. 234) the process of a consultant has three main stages:

1. **partnering with the client**, described through activities such as “establishing a partnership” (Robinson and Robinson, 1998, p. 234), “responding to requests for assistance” (Robinson and Robinson, 1998, p. 234), or “securing the client’s agreement to gather missing data” (Robinson and Robinson, 1998, p. 234);
2. **assessing performance** by “identifying desired performance” (Robinson and Robinson, 1998, p. 234), “developing a performance model” (Robinson and Robinson, 1998, p. 234), “identifying performance strengths, gaps and causes” (Robinson and Robinson, 1998, p. 234), and “reporting results and agreeing on actions” (Robinson and Robinson, 1998, p. 234); and
3. **implementing interventions to close the identified gaps.**

On the same note, Rummler (2007, p. 4) considers four stages:

1. desired results determined and project defined;
2. barriers determined and changes specified;
3. changes designed, developed and implemented; and
4. results evaluated and maintained or improved.

Same as Robinson and Robinson (2007, p. 4) he assigned specific activities and outputs for each stage, however partnering with the client does not appear to be a part of the process and we can suppose this happens in an earlier stage. Rummler considers the first stage should be comprised by determining “if there is a significant results gap to be closed”, determining “the feasibility of closing the results gap” and preparing “a project plan for closing the results gap”. Second stage contains actions such as identifying “factors that negatively impact the results gap” and specifying “the changes required to close the results gap” (Rummler, 2007, p. 4). These two initial stages can be mapped to Robinson and Robinson’s second stage. Jumping to stage three we notice that this is fairly similar with stage three in Robinson and Robinson’s model, and the consultant is expected to “design, develop, and implement the interventions necessary to close results gap and ensure continuous improvement” (Rummler, 2007, p. 4). Lastly, stage four introduces a new concept, the evaluation of result, as well as corrective actions if the results are not satisfactory. However, we must argue that external consultants are not always engaged with the entity for as long as it needs to evaluate the impact of the implementation and most of the times the evaluation of the implementation is based on the agreed deliverables, rather than their impact for the organization.

Syrett marks that “one of the most important roles of modern consultancies is helping their clients set up the internal systems they need to be able to measure how successful their efforts at strategy execution are and to co-ordinate and focus support where it is most needed” (2007, p. 57). Following the same line of thought Robinson D. and Robinson J. (1998, p. 233), believe that “an improvement in performance or processes that affects a client’s business goals is far and away the most important measure of success for a performance consultant”, thus positioning the consultant in a short-term spectrum.

However, in his book, Syrett (2007, p. 56) also discusses with a number of consultants who see as their main responsibility to “work with managers two or three layers down to make

sure that the main goals and missions of the strategy are properly appreciated, and that people understand their roles and the roles of their colleagues or collaborators in achieving these goals”.

One of the consultants Syrett (2007, p. 56) discussed with stresses that “coaching and feedback are integral to our partnership with clients. We spend 80% of our time on this activity. We try to provide a “lifeline” to key teams and projects, enabling individuals to reach out for one-on-one support to maintain momentum and progress when working with business realities”, while another mentions “what you now roll out is not the solution, what you roll out is the discovery process” (2007, p. 56) referring to the ongoing support managers and teams need in understanding and implementing the solution, in order to ensure its sustainability. The same consultants also emphasize on the need for cultural change and a modification in behavior as elementary for the success of the implementation.

In the context of OKR implementation, Lamorte considers that the role of a coach can be split into three main phases:

“Phase 1: Deployment coaching to align on the answers to the questions that define an OKRs program and define the roles and resources that will support the OKRs program.

Phase 2: Training to ensure a shared understanding of OKRs.

Phase 3: Cycle coaching, inquiry that enables a client to critically reflect throughout the three steps of an OKRs cycle to (1) align on where and why to focus effort to make measurable improvement, (2) communicate and monitor progress, and (3) document and apply learnings to the next OKRs cycle” (Lamorte, 2022, p. 18),

thus, showing a slightly different approach from the previously mentioned authors.

By analyzing the available approaches, we can conclude that consultants/coaches in OKRs are generally responsible with creating the implementation plan based on an assessment of the context and the needs of the organization, transferring knowledge to the strategy team, training and coaching the staff, facilitating the strategy definition or refresh workshops, as well as facilitating the workshops to align the lower levels’ objectives and measurements to the strategic level. Moreover, consultants can help with automatization, documentation, cultural change, and communication needed during implementation or activation phase. Depending on the need of the organization, consultants can be involved on a longer time frame for later stages, namely leading review meetings for the achievements at the end of the cycle and support with the creation of new OKRs.

Being a third party, one of the biggest challenges will be to gain the trust of the organization and, as King and Stevahn (2013, n. p.) note, “the interpersonal factor is critically important to external evaluators’ ability to spot possibly problematic situations in a timely manner. They need to have active relationships with individuals in the organization to gain grounding knowledge and a detailed sense of the environment as well as an understanding of which leaders and evaluation champions support the study and which individuals may have problems with the evaluation or feel threatened as it moves forward”. Rogers and Gullickson (2018, p. 51) touch on the solutions brought by the above-mentioned authors, “first, spend more time in the organization; second, make the connection with the willing internal participants or evaluation champions who understand the history and can elucidate the interpersonal dynamics”.

Of course, this might not be the case for all organizations, and as a counterargument, several entities I worked with in the past asked for assistance from a third party because their employees did not trust the knowledge and skills of the internal team and where much more willing to work with an external consultant.

More often, though, they engage consultants because they do not have the needed skills internally, and in such case, consultants need to make sure they gain the trust, as well as develop a very good understanding on the context of the organization. Otherwise, the teams will defy the recommendations of the consulting team and will fight the solution proposed on the basis that they do not identify with the solution, or they don't see it working in their environment. However, the same situation might arise in the case in which the organization internally manages the change poorly and it is not ready for the implementation, either from an acceptance perspective or from an organization perspective.

Frequently, employees, regardless of their seniority level, will not agree with the solution, will not get engaged with the process and will ultimately not own the objectives and the measurements or strive to achieve them, if they do not understand the need for change or they don't feel it adds value to their work. In an ideal setting, the consultant should make sure to clearly communicate the purpose of the system implemented and the changes it will bring in order to secure the buy-in. Furthermore, the consultant will make sure to drive involvement from the employees by, for example, using or building on the ideas of the teams regarding setting the objectives and measurements, not simply propose generic objectives and measurements.

Of course, exceptions can always happen, and expectations from the consulting team vary. In consequence, there are cases in which the client expects you to propose generic objectives or simply tell them which objectives they should set and how to measure them, as they don't want to/ cannot put in the time and effort, but the role of the consultant should be to explain the cons of such an approach – lack of contextualization and strategy alignment or lack of employee engagement and ownership, as the employees will be reluctant to work towards achieving the objectives since they don't see the value for the organization.

However, if managed properly and in a collaborative manner between the consultant and the internal team, the strategy definition/ refresh and the objectives and measurements setting should work well, and the organization should benefit from an output they can use and that will help them achieve the strategy and grow. Failing to secure the buy-in and instill ownership over the objectives and measures, ultimately will lead to the process either being stopped at the end of the engagement with the consultant or even sooner. In this case the outputs will either not be used by the client, or they will be used as going through the motion, without any real significance to the organization.

Surely, another incentive to carry on utilizing the system can be considered the infamous performance bonuses, but as argued in the beginning of the chapter, this practice is starting to slowly fade away, so we are left with the intrinsic motivation of the organization.

Robinson and Robinson (1995, pp. 17–20) identify three types of interactions between a client organization and a consultant:

1. The pair-of-hand style, in which “the client retains almost all of the control for the project. The Performance Consultant implements these decisions” (p. 17).
2. The expert style, where the consultant controls the project almost entirely and “although the client may make suggestions, the Performance Consultant makes recommendations and tells the client what would be best to do” (p. 19).
3. The collaborative style, considered the “most effective approach because it is the only one that utilizes both the consultant’s specialized knowledge and the client’s knowledge of the operations and the process” (p. 20).

Throughout the implementations of OKRs as part of the intervention for this paper the consultant aims to practice the collaborative style with the NGOs that take part in the study.

Given that OKR coaching/consulting entails several different types of activities, “consultants must wear a lot of hats” (Niven and Lamorte, 2016, p. 158), thus they must pose various skills and competencies:

- Analytical skill (Niven and Lamorte, 2016, p. 158; Robinson D. and Robinson J, 1998, p. 234);
- Business knowledge (Robinson D. and Robinson J, 1998, p. 234);
- Change management skill (Robinson D. and Robinson J, 1998, p. 234);
- Communication skill (Niven and Lamorte, 2016, p. 158);
- Facilitation skill (Niven and Lamorte, 2016, p. 158; Robinson D. and Robinson J, 1998, p. 234);
- Knowledge transfer skills (Niven and Lamorte, 2016, p. 158);
- Human performance technology understanding (Robinson D. and Robinson J, 1998, p. 234);
- Influencing skill (Robinson D. and Robinson J, 1998, p. 234);
- Model building skill (Robinson D. and Robinson J, 1998, p. 234);
- Project management skill (Robinson D. and Robinson J, 1998, p. 234);
- Questioning skill (Robinson D. and Robinson J, 1998, p. 234);
- Listening skill (Robinson D. and Robinson J, 1998, p. 234);
- Relationship building skill (Robinson D. and Robinson J, 1998, p. 234);
- System thinking (Callahan, 2006, p. 6);
- Industry awareness (Callahan, 2006, p. 6);
- Collaborative consulting skills (Callahan, 2006, p. 6);
- Negotiating and contracting skills (Callahan, 2006, p. 6).

To this list we could of course add further competencies needed, such as performance management skill, interpersonal skill for partnership building, design thinking, strategy planning and execution skill and IT skill. Furthermore, the same list is applied to internal consultants, named in this chapter Champions, or the staff that comprises the Office of Strategy Management.

After detailing both today’s performance management trends, as well as the most sought after or at least talked about framework – the OKRs it is important to see how this will impact the study and how this can relate to the NGO sector, especially in the current context in which

the of literature lacks empirical data, and the limited empirical studies focus on for-profit companies in the detriment of NGOs or public organizations.

Due to its simplicity and high level of customization, combined with its other benefits, such as alignment, transparency, and agility, the OKR methodology seems to be suitable for Romanian NGOs that do not have a lot of time or resources to manage a highly complex and demanding system. It requires, however, for practitioners to invest some time for education, setting and reviewing, as well as commitment and discipline, as we have seen in throughout the chapter.

In the next chapter we will do a review of NGOs that use performance management systems, with a focus on OKRs, in order to understand the way these organizations adapted the practices to their specific industry and internal requirements, together with their lessons learnt when implementing the frameworks. This will support shaping the implementation for the Romanian NGOs which is one of the objectives of this research.

CHAPTER 5.

Performance management practices in NGOs

Since performance management as a discipline creates a lot of debate and is rendered a battlefield of different points of view, having a heterogeneous understanding of the field cannot be possible, and the same can apply to the practices implemented in non-profit entities. By reviewing the literature available on the topic, we can consider the difference of opinion in the NGO sector is scaled up and the evidence even more cleaved.

We have already identified that the sector itself is hard to define and the debate goes further when trying to understand where NGOs fit it – should they act more like the public sector or private one? While most books and researches available on the topic tend to see that nonprofit organizations and the governmental ones are very similar and thus their studies discuss the issue of performance management in public and nongovernmental organizations as one subject (Poister, 2003, p. 9; Wang, 2009, p. 13), more recent scholars suggest that NGOs should think and, therefore act, closer to the for-profit paradigm (Newcomer, 2007, p. 25; Poister, 2003, p. 10; Maier et. al., 2016, para. Abstract; Renz 2016 *apud*. Dan, 2020, p. 104) or, at least, they note that “many non-profit organizations have come to embrace the language, the management practices, even the culture of the business world. These NGOs look more to for-profit corporations and commercial enterprises for management tools and models in the hope of finding solutions to real or perceived financial challenges” (Bibu and Lisetchi, 2011, p. 24). Maier et. al. (2016, pp. 78–79) notes that “positive effects seem to be stronger if business-like approaches are implemented fully, in bundles, and in NPOs that are already business-like”. Some authors, although consider that for-profit and NGOs are part of the private sector, still associate in their writing NGOs with the public sector for performance management practices (Berman, 2006, p. 7).

Irrespective of where the third sector is placed, the majority of scholars seem to agree that performance management practices or systems are becoming a must for the nonprofit organizations and can support their organizational effectiveness (Poister, 2003, pp. 18–21; Abdel-Kader and Billy, 2011, p. 19; Moxham, 2009, p. 740; Ghenta et. al., 2015, p. 98), employees’ motivation (Sowa and Word, 2017, n. p.), transparency and accountability (Bryce, 2017, p. 24; Flynn and Hodgkinson, 2013, p. 3; Hatry, 2007, p. 19; Poister, 2003, p. 186; Greiling, 2007, p. 2; Abdel-Kader and Billy, 2011, p. 19; Beamon and Balcik, 2008, p. 5; Beamon and Balcik, 2008, p. 8; Harris, 1998 *apud*. Micheli and Kennerley, 2005, p. 125; Helmold and Samara, 2019, p. 150), operational control (Moxham, 2009, p. 747), financial reporting (Moxham, 2009, p. 747), “facilitation of continuous improvement” (Moxham, 2009, p. 747), efficiency (Micheli and Kennerley, 2005, p. 125; Ghenta et. al., 2015, p. 98) or “relevancy to society” (Berman, 2006, p. 3). A study deployed on Ugandan NGOs concludes that “evaluation steering has a high potential to improve fund stability, community satisfaction, and timeliness despite a weaker level of positive

correlations” (Okello, 2023, p. 109), however this is highly dependent on how and what is being measured. Goncharenko (2019, p. 139) shows that measurement, especially for accountability purposes, can be done upwards – to donors, downwards – to beneficiaries, functional – project focused or holistic – which “reconciles upward and downward accountability with mission, sustainability and the social impacts of NGOs’ activisms”. His study also shows that some NGO professionals are weary of transparency and “argued that it was enough for donors to know that their funding was supporting core objectives” (Goncharenko, 2019, p. 151).

Only one author – Hatry (2007, p. 3) – considers that practitioners will soon lose interest in performance management due to the fact that “the actual implementation has not produced sufficiently useful information and is believed to cost too much for its benefits”. Similarly, O'Dwyer and Unerman (2008, p. 802) point out that “inappropriate accountability mechanisms” could have the opposite effect – instead of supporting NGOs to reach their goals it might detract them from their scope. Edwards (1999, p. 372) supported by Walk and Kennedy (2016, p. 268) doubles down on this idea and even considers that professionalizing NGOs and “borrow management and strategic planning techniques from the corporate sector” can be harmful for NGOs. Moreso, he argues that “from the case studies there seems to be no correlation between effective performance and the use of formalized planning systems. A clear and shared sense of direction, flexibility to respond to changing needs and circumstances, and attention to learning and communication, seem to be more important. None of the four agencies in the study has a written strategic plan”. While Moxham and Boaden (2007, p. 842 *apud.* Manville and Broad, 2013, p. 993) agree “there is limited data on the impact of performance measurement systems within this sector”, they see it as an effect of “the relative immaturity of the sector in this regard”.

Despite this growth in interest, Poister et. al. (2014, p. 418) reckons that “many governmental organizations and nonprofit organizations have set out to design a performance monitoring system, but abandoned the effort before it was completed, or they completed the design but failed to move on to the implementation stage; still others have gone through the motions of installing a system but to no avail”. On the same topic, Abdel-Kader and Billy (2011, p. 8) note that “although performance measurement frameworks for NGOs have emerged in the last ten years only a handful of them are actually used in the NGOs” and in the field of humanitarian relief organizations Blecken (2010 *apud.* Anjomshaoe et. al., 2017, p. 195) shows that “more than half of HOs (55%) did not monitor their performance. Only 20% of them measured their performance consistently and 25% just implemented a few measures”.

Similarly to the assessment of the literature on performance management, reviewing the literature on the same topic in a narrower application seems cumbersome and to a certain extent futile for various reasons, namely:

- the divergent opinions and inconsistency (Treinta et. al., 2021, p. 24; Maier et. al., 2016, p. 78; Abdel-Kader and Billy, 2011, p. 6; Lecy et. al., 2012, p. 444; Walk and Kennedy, 2016, p. 268);
- focusing the narrative on how special the sector is and thus enabling a complacent stance from the NGO professionals in regard to performance management (Wadongo and Abdel-Kader, 2014, p. 683; Moxham, 2009, p. 740; Manville and Broad, 2013, p. 995);

- the limited number of research studies on the topic of performance in the NGO sector (Yap and Ferreira, 2010, p. 1; O'Dwyer and Unerman, 2008, p. 802; Lecy et. al, 2012, p. 444);
- the narrow number of practical solutions provided combined with a critical outlook of performance management practices in NGOs; and
- an obsession with what to measure over how to measure (Medina-Borja and Triantis, 2007, p. 148; Copestake, 2007, pp. 1723–1729; Davidson, 2006 *apud*. Beamon and Balcik, 2008, p.15).

The themes identified throughout the literature will be further discussed in this chapter.

Firstly, let us focus on the divergent opinions, where the analysis yielded two different trending ideas, with less polarized and smaller influences on the side:

1. a majority of authors considering that performance management practices are a must in the NGO sector, as shown above, which can be further divided into two sub-narratives – a relatively considerable fraction that appraises performance management practices and frameworks should be constructed specifically for NGOs (Berman, 2006, p. xi; Manville and Broad, 2013, p. 1007; Walk and Kennedy, 2016, p. 250), while the other proportion considers the already existing performance management systems, although created originally for the for-profit sector, can be adapted to match the specifics of the nongovernmental organizations (Treinta et. al., 2021, p. 24; Berman, 2006, p. 14; Abdel-Kader and Billy, 2011, p. 19; Moxham, 2009, p. 749 and p. 755). Some scholars even consider that the majority of systems more often than not results in flawed adaptations because they “do not consider the NGO sector” and are not able to be used for “decision making support” (Treinta et. al., 2021, p. 25). Surely, the discussion rapidly becomes even more nuanced when authors that fall under the first category in the initial stages of their paper suggest the second option throughout their papers.
2. a smaller number of scholars who, although could be ultimately pro usages of performance management for nonprofit organizations, cannot see it happening or cannot see the benefits. They usually focus on the fact that impact cannot be measured or that numbers can be easily tampered with, thus using performance management practices cannot possibly help the NGOs (Cobb, 2013, p. 23; Kramer, 2005 *apud*. Leviner et. al., 2006, p. 102), or, as Greiling (2007, p. 2) argues “performance management sometimes looks like another management fad established to give non-profit organizations a more professional appearance”. Greiling (2007, p. 10) appraises performance management as a way to attain “an exonerating effect on non-profit boards by providing the impression that they are really in a steering position”, thus seeing performance management systems as “symbolic device(s)”.

Chandler (2019, p. 8; 2022, p. 3) seems to be among the only scholar that does not differentiate between for-profit, non-profit and governmental organizations and recommends similar, if not the same, approach in any organization, including a temporary one, such as a project or program.

Another recurring argument focuses on portraying and to some extent augmenting the specifics of the NGO sector in comparison to the for-profit to the point in which it seems to

idealize the nonprofit organizations. This extremely protective attitude towards the sector, although understandable, leads to supporting and even enabling NGO professionals to consider their organizations as having a higher ground, therefore being entitled to reject anything that is considered a business oriented practice or having a lower impact in their efforts to help the society. For example, Goncharenko's (2019, p. 153) study shows that advocacy NGO professionals "do not want to be judged on a business-oriented performance measurement [...] because it is not always possible to define program and administrative expenses fairly and financial indices do not correspond to the specific nature and goals of their organisations", a statement that is indicative of the understanding of non-profits that donors or businesses are only interested in financial indicators. This topic will be discussed more in detail in the following part of the chapter.

While there is no debate that the third sector is highly diverse from different standpoints, such as the organizations' type, size, complexity of environment and stakeholders involved, causes (Moura et. al., 2019 apud. Treinta et. al., 2021, p. 25; Treinta et. al., 2021, p. 34; Berman, 2006, p. xi; Gazzola and Amelio, 2022, p. 5; Leviner, 2006, p. 3; Yap and Ferreira, 2010, p. 3), can we also agree this translates into a more special case than for-profit companies? And more importantly, should diversity necessarily reflect in a different performance management system for the NGO sector? We can argue that diversity can apply to the for-profit sector as well. It contains companies of all types, sizes, different cultures, different management styles, they also operate in a complex organizational system and have to maintain connections with a multitude of stakeholders, and they also have different reasons for existence or missions, just like NGOs have different causes.

Considering that one of the main arguments in favor of the special case of non-profit organizations is that they have a special case because their mission adds more value to the society (Treinta et. al., 2021, p. 34; Berman, 2006, p. xi; Spencer et. al., 2016, p. 401; Beamon and Balcik, 2008, p. 8) or the fact that "becoming business-like may cause mission drift" (Maier et. al, 2016, p. 78), we need to reflect on the importance of mission to every organization. On the other hand, Walk and Kennedy (2016, p. 264) counterargue that the mission is "the driving force" and advocate that it "serves as a guide for the development of performance management practices".

Scholars in favor of the moral high ground of NGOs often assert that the bottom-line of every for-profit organization is the profit or financial indicators (Berman, 2006, p. xi; Borgonovi, 1996 apud. Gazzola and Amelio, 2022, p. 56; Morin and Audebrand, 1989 apud. Vlas, 2018, p. 94; Beamon and Balcik, 2008, p. 8), thus they have no need of measuring impact in the society and no desire to do so. This line of argumentation and comparison between the two sectors can be seen as flawed, highly subjective and leads to three questions:

1. Starting with the early '90s and the introduction of Balanced Scorecard the large majority of organizations have stopped defining success in financial indicators, incorporating a high number of nonfinancial indicators in their performance management system. In our journey to render NGOs a special case can we overlook the fact that each for-profit organization also has a reason for existence which often is higher than the profit? This

is proven by the multitude of for-profit organizations that create immense value to society as a whole, while also making profit.

One example is Zipline, a for-profit company that aims to change the landscape of autonomy deliveries by using autonomous, fast and environmentally friendly delivery drones (flyzipline.com). Their “audacious goal: to design and build a logistics system capable of serving all people equally”¹⁰. Based on their own account:

“today, we serve hundreds of healthcare facilities across all of Rwanda in a 24/7 operation, delivering 75% of the country’s blood supply outside of its capital, Kigali. But we do a lot more than that, too. We’ve built the infrastructure to make instant, on-demand access possible, and partnered with governments to transform healthcare access for millions of people. We deliver 200+ medical supplies, including nationwide distribution of COVID-19 vaccines. We eliminate wastage for healthcare systems. We partner with governments, healthcare systems and some of the world’s leading brands. Since that first delivery in October 2016, we’ve built the largest automated, on-demand delivery service in the world.

Here are the last five years, by the numbers:

- 210,000 commercial deliveries across five countries*
- 1,900+ healthcare facilities served, reaching 25 million people*
- 4.5 million doses of medical products delivered*
- 14.9 million autonomous miles flown”¹¹.*

Zipline has also “delivered more than 222,000 COVID-19 vaccines in Ghana, and over 4.5 million routine vaccines”¹².

In terms of impact, a research study conducted by University of Pennsylvania shows that “the intervention [of Zipline] resulted in an 88% reduction of in hospital mortality due to PPH (postpartum hemorrhage)” (Jeon et. al., 2022, p. 3).

The role of this example is not to undermine the role and impact of NGOs, but simply to show that for-profit companies are not solely focused on profit and can also add immense value to the society.

2. Where do for-profit organizations with a strong CSR involvement fit in this argumentation? The literature that situates NGOs on a privileged position simply because of the causes they represent, does not mention the organizations that heavily invest in CSR and have highly impactful campaigns. Currently we see an increase importance being given to sustainability and most large organizations are running CSR campaigns. One example can be considered Google’s commitment to sustainability and climate change which translates into programs to achieve “net-zero emissions across their operations and value

¹⁰ <https://legacy.flyzipline.com/post/zipline-turns-five-a-look-back-and-ahead-2>

¹¹ Ibidem.

¹² <https://legacy.flyzipline.com/post/how-zipline-pfizer-teamed-up-to-power-more-efficient-equitable-covid-19-vaccine-distribution>

chain – including our consumer hardware products – by 2030”¹³, but this is not a singular case by any means.

3. Can we really consider the extent to which the mission of an organization is society centric as a differential? From whose perspective? Who should or could be the judge of which sector or which mission is more important?

Sure, the challenges that each sector faces are different at a macro level and those must be taken into account when adopting the performance management system, but the same can apply at micro level – each organization has its own challenges, irrespective of the sector that it is a part of, thus we can argue that any performance management system has to ultimately be adjusted to the conditions of each organization, not only the sector at large.

Some of the **challenges** identified in the literature are the following:

- Lack of clarity in the purpose of a performance management systems (Treinta et. al., 2021, p. 25; Agarwal et. al., 2019, p. 1769; Dan, 2020, pp. 104–105);
- Financial restrictions (Treinta et. al., 2021, p. 24; Poister, 2003, p. 9; Abdel-Kader and Billy, 2011, p. 20; Yap and Ferreira, 2010, p. 1; Agarwal et. al., 2019, p. 1769; Ghenta et. al., 2015, p. 103; Dan, 2020, pp. 104–105; Helmold and Samara, 2019, p. 150), especially for organizational capacity (Niven, 2011, n. p.; Newcomer, 2007, p. 37; Abdel-Kader and Billy, 2011, p. 20);
- Stakeholder involvement, especially considering the high number of stakeholders (Treinta et. al., 2021, p. 24; Wadongo and Abdel-Kader, 2014, p. 681; Beamon and Balcik, 2008, p. 8; Manville and Broad, 2013, p. 996; Goncharenko, 2019, p. 149; Dan, 2020, pp. 104–105). On the same topic O'Dwyer and Unerman (2008, pp. 801–802) consider that organizations could feel the need to involve the more powerful donors, in the detriment of beneficiaries or other stakeholders, which will lead to a distorted list of priorities, while other authors, such as Manville and Broad (2013, p. 996) argue that a holistic framework that is not understood by donors can potentially cause mismatch, but Moxham (2009, p. 754) advises against using different systems in parallel – internal and for different stakeholders – as they “are labor intensive and confusing”;
- Management issues, for example “planning, fairness, accountability and legitimacy” (Treinta et. al., 2021, p. 24; Poister et. al., 2014, p. 430; Dan, 2020, pp. 104–105);
- Mix of grants “creating a more fluid flow of services that may be more difficult to track with ongoing monitoring system” (Poister et. al., 2014, p. 430; Wang, 2009, p.14; Newcomer, 2007, p. 37; Yap and Ferreira, 2010, p. 3), although Newcomer (2007, p. 30) argues that there are positive examples starting with the 2000s of NGOs that are trying to assess results at community level with measuring coordinated efforts.;
- Lack of training and technical assistance (Poister, 2003, p. 9; Ghenta et. al., 2015, p. 103);
- Difficulty in measuring results (Treinta et. al., 2021, p. 24; Leviner et. al., 2006, p. 92), especially intangible or nonfinancial outputs (Wang, 2009, p. 14);

¹³ <https://blog.google/outreach-initiatives/sustainability/COP27-Google-climate-action/>

- Wrong design of performance management and selection of measurements (Poister et. al., 2014, p. 419; Dan, 2020, pp. 104–105);
- Lack of time (Poister et. al., 2014, p. 419; Newcomer, 2007, p. 34; O'Dwyer and Unerman, 2008, p. 817) combined with a short-term decision-making cycle (Wang, 2009, p. 14; Dan, 2020, pp. 104–105);
- Lack of human resources, especially since a lot are volunteers (Poister et. al., 2014, p. 419; Ghenta et. al., 2015, p. 103; Dan, 2020, pp. 104–105);
- Organizational resistance (Poister et. al., 2014, p. 419; Abdel-Kader and Billy, 2011, p. 20);
- Effort outweighs the benefits (Poister et. al., 2014, p. 419);
- Lack of IT resources (Agarwal et. al., 2019, p. 1769; Anjomshaoe et. al., 2017, p. 195);
- Complexity of operations (Anjomshaoe et. al., 2017, p. 195).

While some of the challenges from the list are valid concerns, they are however shared with a lot of for-profit companies, especially smaller ones, that can be missing personnel or cannot afford to invest resources in a performance management system.

Furthermore, irrespective of the challenges, indulging NGOs by treating them as extremely special organizations, as previously argued, only validates their resistance to everything that is business like, and we must ponder if this helps anyone. Is it better to disregard measurements and evidence almost completely because they are not perfectly matching our highly impactful ambitions, or should we start measuring what we can to at least partially be able to base some of our decisions on evidence?

Next, we should turn our attention to the availability of previous studies and their conclusions. Starting with the '90s the field of Performance Management leaves its strict applicability in the business world and entered the world of the nonprofit sector (Newcomer, 2007, p. 25; Poister, 2003, p. 8; Kareithi and Lund, 2012, p. 36; Leviner et. al., 2006, pp. 90–91), especially in the case of large NGOs (Greiling, 2007, p. 2), mostly because of external pressure coming from the government, the citizens or the grant givers (Sowa and Word, 2017, n. p.; Newcomer, 2007, p. 33), but as seen in the few papers focused on literature review and bibliometrics there are few actual research studies on the topic and the majority of papers consist of grey literature (Kareithi and Lund, 2012, p. 40), thus we could say the study of the field is still in its incipient phases (Treinta et. al., 2021, p. 34) and the practice doesn't match the theory (Abdel-Kader and Billy, 2011, p. 1).

In addition to the limited number of studies, the proposed frameworks are often more theoretical approaches rather than tested frameworks. For example, 61% of the studied frameworks by Agarwal et. al. (2019, p. 1769) are conceptual frameworks. In most cases, despite the scholars' preoccupation with the singularity of the NGO sector and thus the need of a specially designed performance management system for the specific and complex context, are at best spinoffs from already used performance management methodologies in the for-profit organizations. The trend is to add few, sometimes inconsequential, changes to already used frameworks that will potentially make them more suited for the NGOs, as seen below in the case of Balanced Scorecard. However, most authors fail to mention that even some of those changes are currently being implemented in some or even most for – profit entities. For example, putting the Customer perspective on the

top of the Balanced Scorecard, while using the financial perspective at the bottom as an enabler is an extremely common practice for support functions in companies. The second tendency is to simply create methodologies or guidelines by listing the generic stages that should be followed in implementing any performance management system without providing any guiding principle outside the very general terms and explanations, which, in the end, completely disregards any specificity (Poister et. al., 2014, n. p.; Bryce, 2017, p. 28; Treinta et. al., 2021, p. 24; Poister, 2003, pp. 106–107; Gazzola and Amelio, 2022, p. 46). Very rarely is a system solely designed for NGOs, such as the Ashoka tool, but even that is mostly an evaluation and comparison tool, rather than an internal performance management tool that will offer support to implement the strategy.

These two directions are most of the times accompanied by a critical outlook of performance management practices in NGOs and a rhetoric of defeat, which focuses more on how hard it is to create a performance management system for the third sector and the challenges that these organizations might face, an attitude that can only result in further discouragement of using performance management practices. Furthermore, Moxham's study (2009, p. 751) state that there is "a low penetration of existing private, public or nonprofit performance measurement frameworks and the processes for evaluating the nonprofits fell into three broad categories: "(1) self-assessment; (2) audit; and (3) informal" and most performance criteria are based on four sources, namely "(1) derived from government policy; (2) stipulated by funding organisations; (3) stipulated by regulator; and (4) developed by nonprofit organisations" (Moxham, 2009, p. 749), rather than utilize a framework.

Lastly, although Greiling (2007, p.2) mentions that NGOs are starting to shift from a process oriented rhetoric to performance management as a steering instrument, the literature shows a fascination of providing an extreme amount of details regarding indicators, their types and overall, what to measure as opposed to a holistic approach containing guiding principles, methodologies and the philosophy behind a performance management system that should amount to "how to measure". A research study shows that NGOs consider performance management systems as resource intensive, and this is mostly because in some cases they report up to 51 indicators (Moxham, 2009, p. 754).

The literature on this topic puts much more energy into prescribing objectives (Helmold and Samara, 2019, p. 151), the right types of indicators or understanding the difference between outputs and outcomes, some authors even differentiate between outputs, short-term, intermediate, and long-term outcomes, or efficiency vs effectiveness (Poister et. al., 2014, Arena et. al., 2015, pp. 668–669 *apud*. Treinta et. al., 2021, p. 25; Niven, 2011; Fitoussi and Stiglitz, 2011, p. 3; Davidson, 2006 *apud*. Agarwal and Kant and Shankar, 2019, p. 1765; Spencer et. al., 2016, p. 401; Ghenta et. al., 2015, pp. 98–99), while Abdel-Kader and Billy (2011, p. 6) go as far as defining NGO performance as "the outcome of NGOs activities". Fewer indications are also found to determine inputs as key measures, such as "acquisition of facilities" (Lee and Nowell, 2015 *apud*. Spencer et. al., 2016, p. 406, see also Beamon and Balcik, 2008, p. 15), which, in practice, are never consider an indication of performance, since this is a reflection of the resources, not the results achieved with the resources.

Some scholars dedicate separate chapters to quality management as a separate system (Bodi, 2007, pp. 109–136). Performance management discipline is in general less prescriptive and has a contrasting approach: it creates the frameworks, which is an aggregation of phases, steps, sub-processes, templates and, in some cases, even philosophical ideas, but gives autonomy to organizations regarding their actual objectives and indicators, including the type of indicators, depending on their strategy, as supporting strategy achievement is one of the main reasons to use performance (Walk and Kennedy, 2016, p. 264). Focusing too much on indicators and missing the bigger picture can result in myopia and unimportant indicators being measured. Micheli and Kennerley's (2005, p. 132) argument that "different approach could be required even in similar organizations" is exactly why there cannot be a one size fit all in performance management and why prescribing objectives and indicators cannot work as they are rarely transferable from one organization to another.

The examples of systems currently found in the literature are not limited, but their applicability in the nonprofit sector is reduced, most authors simply mentioning or describing the systems without making a clear connection with how their implementation would be different in NGOs:

1. Balanced Scorecard seems to be the first go to methodology, being proposed and endorsed by multiple authors (Poister et. al., 2014, p. 220; Bryce, 2017, p. 29; Yap and Ferreira, 2010, p. 4; Lee and Moon, 2008, p. 26 *apud*. Treinta et. al., 2021, p. 25; Moore, 2003 *apud*. Newcomer, 2007, p. 30; Poister, 2003, pp. 179–181; Greiling, 2007, p. 2; Abdel-Kader and Billy, 2011, p. 20; Lecy et. al., 2012, p. 440; Agarwal and Kant and Shankar, 2019, p. 1765; Micheli and Kennerley, 2005, p. 129; Manville and Broad, 2013, p. 996). Meadows and Pike (2009, p. 133 *apud*. Treinta et. al., 2021, p. 25) also suggests the usage of "Social Enterprise BSC" with a more holistic view, while Somers' (2005, p. 48 *apud*. Treinta et. al., 2021, p. 25) idea a Social Enterprise Balanced Scorecard (SEBc) is to position the social goals on the top of financial perspective, "the financial perspective was broadened to focus on sustainability and the customer perspective was widened to capture a larger number of stakeholder groups". Niven (2011, n. p.) proposes a similar set of adjustments, such as state the mission on top of the BSC, elevate the customer on the top of the BSC, while financial perspective moves to the bottom and it is seen as an enabler, under the internal processes perspective outcomes generating processes will be measured and under employees, learning and growth intangible assets will be measured. It is noteworthy that depending on the organization or the unit where BSC is implemented, some for-profit entities have a similar approach, for example for their support functions. Parmenter (2012) advises a mix of BSC with critical success factors and Kaizen techniques. Anjomshaoe et. al. (2017, p. 195) proposes a Dynamic BSC for humanitarian relief organizations, with similar changes as mentioned above. Most of the changes focus on the name of the perspectives or what is being measured under each perspective (Anjomshaoe et. al., 2017, p. 208).
2. Management by Objectives (Poister et. al., 2014, p. 282; Poister, 2003, pp. 204–205; Neamtu, 2007, pp. 96–97);

3. SMART Objectives (Poister et. al., 2014, p. 294; Poister, 2003, p. 63);
4. Collaborative Value Creation (Bryce, 2017, p. 29);
5. MIMNOE (Multidimensional and Integrated Model of Non-profit Organizational Effectiveness) that splits performance into two dimensions: management effectiveness and program effectiveness, both which are further split into capacity and outcomes (Sowa et. al, 2004, p. 712 *apud.* Treinta et. al., 2021, p. 25; Lecy et. al., 2012, p. 445; Wadongo and Abdel-Kader, 2014, p. 685), however Lecy et. al. (2012, p. 446) argue that they are not accessible and user-friendly.
6. Performance Management and Control Framework (Yap and Ferreira, 2010, pp. 5–6; Ferreira and Otley, 2009 *apud.* Abdel-Kader and Billy, 2011, p. 9), which contains 12 very generic steps usually encountered in any performance management system. A similar approach to this system is also endorsed by Poister (2003, p. 261), although the name is not the same.
7. Logical models (Hatry, 2007, p. 11; Poister, 2003, p. 37; Abdel-Kader and Billy, 2011, p. 20; Henderson, Chase and Woodson, 2002 *apud.* Yap and Ferreira, 2010, p. 5; Hansen and Spitzeck, 2011, p. 416), however instead of being a comprehensive system, in practice, this is mostly used as a technique to identify the input, process, output and outcome indicators (Yap and Ferreira, 2010, p. 5), even Poister (2003, p. 37) calls for the technique to be used as a way to differentiate between output and outcome of programs and integrated with BSC (Poister, 2003, pp. 179–181).
8. Plan, Do, Check, Act methodology, utilized together with dashboard, checklist, regularly performance strategy sessions, BSC, customer feedback, standardizing, performance audit, benchmarking, scrum meeting, brainstorming and gap analysis (Coe, 2017, n. p.);
9. Total Quality Management, for performance improvement (Berman, 2006, p. 13; Micheli and Kennerley, 2005, p. 130);
10. Winning KPIs, described as “a KPI is 24/7, daily or weekly and it is nonfinancial. Many agencies state that they can only realistically measure performance monthly”, which in the opinion of the author should not be connected to the Balanced Scorecard (Parmenter, 2012, pp. 22–23). It is not clear if the author advises to still have Balanced Scorecard and considering the definition, we can conclude that winning KPIs are more similar to operational metrics, thus not a system in itself.
11. Social Return of Investment (SROI) created by REDF (Abdel-Kader and Billy, 2011, p. 20), which, as assessed by Leviner et. al. (2006, p. 92) “has many challenges” and can be considered an index rather than a framework.
12. Ashoka’s impact oriented tool for their network, which contains two parts: the first that measure short-term impact and consist of “biannual report submitted by the social entrepreneurs themselves on progress made against benchmarks mutually agreed upon” (Leviner et. al., 2006, p. 96), while the second part is measuring long-term impact by balancing numbers with stories through “proxy indicators” and case-studies interviews (Leviner et. al., 2006, pp. 93–97; Leviner, 2006, pp. 3–5).

13. Performance contracting (Abdel-Kader and Billy, 2011, p. 20).
14. Results based management system (Abdel-Kader and Billy, 2011, p. 20).
15. Contingency framework, defined as “measurement tools based on the overall ambition of an organization’s goals and its operational strategy” (Lecy et. al., 2012, p. 446).
16. Performance Prism (Micheli and Kennerley, 2005, p. 131).

Naturally, we can easily conclude that BSC is widely appreciated by NGO scholars in comparison to any other tool proposed, which is similar to the for-profit trend.

Poister et. al. (2014, p. 275) also recognizes indicators and action plans as other approaches to facilitate performance management, but they are not integrated in the above list due to being parts of a system, not an approach by themselves. Furthermore, Abdel-Kader and Billy (2011, p. 20) also mentions benchmarking as other frameworks used, but it is worth stating that benchmarking is not an evaluation tool for internal performance, but a comparison tool. In the literature there were some other examples listed, such as SERVQUAL or SERVPERF (Ghani et. al., 2012, p. 71) the English performance and assessment framework or performance management and planning framework (Micheli and Kennerley, 2005, p. 129), but they were sporadically mentioned and thus were excluded from the above list.

Regarding other generic approaches on PMS, Treinta et. al. (2021, p. 34) recommends performance management to include both organizational viability and social impact when developing the PMS frameworks, tools and processes.

Manville and Broad (2013, p. 1005) that analyzed a BSC implementation consider that “the real success of this case study is not necessarily the performance measurement system per se, but the resultant performance management culture that has blossomed via focused meetings, best practice, training and other factors” and recommended integrating culture, trust and capability within the performance management system (Manville and Broad, 2013, p. 1006). While the same study reveals “a record of achievement during the three years since the implementation of the performance management framework” (Manville and Broad, 2013, p. 1003), the authors consider that for a successful implementation, besides the system itself, organizations must look into the four following themes: “management commitment” for an extended period of time, organizational culture and values, means of achieving continuous improvement, such as personal development and business acumen and external achievement” (Manville and Broad, 2013, p. 1000).

A difference between the ethos of performance management within NGOs and a corporation is exemplified by Hansen and Spitzeck (2011, pp. 420–421) in the context of a Corporate Community Involvement, which practically created a partnership between an NGO and a company. The major finding in the way performance measurement was perceived by the NGO: “NGO representatives suspected that the company’s motives for a measurement framework were an effort to better control the NGO’s activities. Only a huge effort in communication between both parties led to a mutual trust within the project” (Hansen and Spitzeck, 2011, pp. 420–421). This attitude towards measurement echoes throughout the literature. In the same case study, it is noted that the NGO had no prior history of measurement and had to work with a consultant. Furthermore, during the setting phase two main friction points spawned:

1. While the NGO focused on “the evaluation of community effects”, the company was keen on measuring inputs, outputs and outcomes (Hansen and Spitzeck, 2011, p. 420);
2. The timeframe preferred by the company was shorter – “quarterly, semi-annually, or yearly” (Hansen and Spitzeck, 2011, p. 423), but the NGO preferred longer term metrics.

Looking back at the proposed frameworks for NGO performance management it is clear that selecting one of the existing options is at best arbitrary, there is no evidence that the choice relies on any previous assessment of the organization, or the environment and the type of the organization is not necessarily considered a factor that impacts the selection and usability. We could conclude that using one methodology in the detriment of another is contingent on the popularity of the methodology coupled with its advertised benefits, the external advice or requirements and perhaps its adaptability to the NGO sector, as we can see in the case of Balanced Scorecard. Another trend visible in for-profit organizations that tips the scale when selecting a performance management framework is the personal preference of managers, especially the CEO.

Although the optics of this paper is to pivot towards the newer understanding of the performance management as a holistic system, since the literature dedicates a special place to indicators and indicator types, more specifically, and sufficient effort is spent in identifying the right typologies for NGOs, the following part of the chapter will explore the most common ideas originated:

1. Quality and quantity;
2. Efficiency and effectiveness;
3. Output and outcome.

While the three typologies are strikingly similar with the ones existing in the general literature of indicators, irrespective of their sector, therefore they apply to for-profit as well, the aim is to look at the unique NGO perspective or identify if there is one to begin with.

1. There is no doubt that measuring both the quality and quantity is important and this is perhaps the least polarized topic in the literature, with authors mentioning that quality is also important, compared to having an exclusive outlook at hard data. Quality can however be perceived in two different ways: as a measurement, such as in the case Adirim et. al. (2017, p. 6) presents “quality measures are tools that help us measure or quantify health care processes, outcomes, patient perceptions, and organizational structure and/or systems that are associated with the ability to provide high-quality health care”, or as qualitative data in the form of a “story”, as seen above in the Ashoka’s tool.
2. The controversy around efficiency and effectiveness is surely higher, with scholars considering either that both types of indicators are equally important for non-profits (Bremann, 2015, p. 9; Yap and Ferreira, 2010, p. 1), either that one has a higher significance than the other. For example, Bryce (2017, p. 24), supported by Worth (2020, n. p.) and Leviner et. al. (2006, pp. 90–91), advocates for “a metric of its effectiveness in meeting its mission”, which seems to encompass the essence of the organization, that can be complemented by a regularly used “internal systems of control” that measure the efficiency of the organization (Bryce, 2017, p. 27). Clearly in this case the effectiveness is perceived

as more important than efficiency, however Lecy et. al (2012, p. 444) shows that “there is broad consensus that unidimensional measures of effectiveness are not useful”.

Similarly, Lecy et. al., 2009; Beamon and Balcik, 2008; Kronkisky, 2007; Sowa et al 2004 *apud*. Abdel-Kader and Billy (2011, p. 6) consider effectiveness a key measure, some even using it to define performance as a discipline, such as Breman (2006, p. 3) who argues that “at heart, performance is about ensuring that organizations produce effective results”. He also follows this statement with the indication that “another matter involves efficiency. It is important that programs use management methods that produce results at the lowest cost” (Breman, 2006, p. 3), but it is understandable which aspect seems to be higher up in the hierarchy.

Gazzola and Amelio (2022, p. 56) are among the few to look more favorable at efficiency indicators, as expressed by cost-effectiveness, which are defined as “the conditions for the survival and development of the company”.

A common observation originating from the literature is that, although considering the lack of resources which seems to be one of the main concerns for the practitioners, efficiency is seen as less important than effectiveness.

Poister (2003, p. 189) considers that efficiency and effectiveness indicators are more relevant than outputs in funds allocation. It is not clear however what is the practical difference between measuring effectiveness and outputs, considering that effectiveness indicators should measure the degree in which the output or desired result was produced.

3. Regarding outputs and outcomes, the literature is unquestionably in favor of measuring outcomes or impact (Hatry, 2007, p. 3; Coe, 2017, n. p.; Leviner et. al., 2006, p. 91; Flynn and Hodgkinson, 2013, p. 3, Abdel-Kader and Billy, 2011, p. 20; O'Dwyer and Unerman, 2008, p. 810; Medina-Borja and Triantis, 2007, p. 149; Beamon and Balcik, 2008, p. 13; Moxham, 2009, p. 754) starting early 2000s (Morely, 2001 *apud*. Leviner et. al., 2006, p. 91). Although outputs are not ruled out entirely, it is considered that “simple measures might prove misleading” (O'Dwyer and Unerman, 2008, p. 817), thus it seems that the major concern of nonprofits is how to measure impact, while output is seen as an outdated measure, with Poister (2003, p. 8) reckoning that “initially they were measuring financial accountability, outputs or products, quality standards in service delivery, demographics and participant characteristics, efficiency and client satisfaction. They are trying to measure outcomes now”.

Following this pattern, Neamtu (2007, p. 97) call Romanian social service providers to start measure their efficacy and prove their impact.

Worth (2020, p. 11) and Hatry (2007, p. 3) even go as far as distinguishing between long-term and short-term outcomes.

Despite the above recommendations, Newcomer (2007, p. 33) notes that “there is substantial survey evidence that providers are measuring what they do (outputs) and, to some extent, what difference they are making for their clients”, although provides few examples of NGOs that measure outcomes, such as “Annie E. Casey, the Bill and Melinda Gates

Foundation Millennium Scholars program, and the J. W. McConnell Family Foundation” (Newcomer, 2007, p. 32).

The infatuation with outcomes can lead to three drawbacks. Firstly, multiple players in the society can support reaching a given outcome, thus it increases the difficulty in attributing the impact to one organization (Hansen and Spitzeck, 2011, p. 423). For this purpose, O'Dwyer and Unerman (2008, p. 818) in a study done on Amnesty International Ireland argue that the fact “Amnesty should never take direct external credit for the outcomes of successful campaigns” increased anxiety in relation to accountability trends of measuring impact. Secondly, organizations that do not have prior discipline in performance management are arguably going to find measuring impacts over outputs much more intricate and potentially they will fail to see the value of the effort it takes to identify, report and evaluate such indicators. Lastly, outcomes are achieved in a longer timeframe (Hansen and Spitzeck, 2011, p. 423), depending of course on the impact itself, therefore, measuring only outcomes does not support organizations to adjust their practices during the timeframe and deploy an agile way of working.

Ideally, energy should not be spent in creating different performance management systems or tools for NGOs, given that there are already plenty, as seen above. They should simply be adapted to the current environment and the organizations’ specifics. Moreover, energy should never be spent in identifying the right metrics or indicators (such as efficiency, effectiveness outputs or outcomes) or type of objectives for any entity (for example the way profitability is seen for for-profits). Sure, benchmarking the most used indicators can be useful in some cases, for example for routine work, but success is defined differently by each entity, especially taking into account their specific mission and their very personal ways of implementing that mission. Thus, it would be more valuable to understand each organization and what already existing tool could work in that specific case. This approach also supports avoiding mission drift.

Other, more general, findings from the literature revolve around:

- the actual indicators that are or can be measured by NGOs (Poister, 2003, p. 8; Poister, 2003, pp. 65–81; Gazzola and Amelio, 2022, p. 56 and pp. 61–65), which will not be detailed here, specifically because selecting the right indicators should be an internal process or a negotiation between the organization and stakeholders (Leviner et. al., 2006, p. 97) after the objectives have been set and should not be prescribed for the entire sector;
- the need to have both continuous performance management and program management, with a slight focus on program management (Coe, 2017, n. p.; Worth, 2020, n. p.; Breman, 2006, p. 3);
- setting objectives that are “clear, specific and attainable, balancing between stretch, but not too difficult to achieve”, they should also not be imposed unfairly, nor tied to rewards (Coe, 2017, n. p.), complemented by Parmenter’s (2012, p. 51) suggestion to use quarterly targets, which is similar to the way Objectives should be set in the OKR methodology;
- lack of a clear definition of the terminology (Maier et. al., 2016, p. 70); for example, Coe’s (2017, n. p.) examples of objectives can be seen as indicators;

- the need to distinguish between “organizational performance and fulfillment of societal functions” and measuring both (Maier et. al, 2016, p. 78);
- Performance management should support “provider and community learning” (Newcomer, 2007, p. 40).

5.1. Case studies of performance management practices in NGOs

The majority of case studies in the literature provide a snapshot into the international NGO world and, while they will be referenced in the sub-chapter, the focus will be on understanding the studies that do mentioned Romanian NGOs.

Before addressing performance management in Romanian NGOs, it is worth mentioning that the topic is still incipient and rudimental in Romania, regardless of the sector, with a focus on operational performance, with little connection between strategy and performance (Nicorici, 2022, p.3). Another noteworthy observation is that several studies quoted by the author substitute performance management practices with accounting information, thus showing a lack of understanding of the differences between an integrated approach to performance and accounting or financial data only, even at the level of researchers.

However, we have already established that Romanian NGOs are still in the development phase, especially in what concerns their organizational capacity, thus it is only fair to turn our attention to practices from the international scene and identify the trends related to performance management international NGOs are currently using. This is supported also by two aspects: the fact that the field of strategy planning, as a backbone of performance management is yet undeveloped, with Bibu and Lisetchi (2011, p. 27) mentioning that “based on an over twenty years experience in the sector, we found that in Romania, in most of the cases, there is no strategic management within the NGO sector. The best case is that there is a strategic approach consisting in formulating the organization’s general purpose and some desired longterm objectives” and the fact that the literature on the topic in Romania is very scarce and there is even less research done on how Romanian NGOs measure performance. The existing limited literature describes general performance management practices, without providing case studies. Noteworthy is the fact that even NGOs that are specialized in studying and supporting the nonprofit sectors have not research performance in Romanian NGOs, such as Ashoka or FDSC. FDSC in their studies do tackle the issue of planning, but without detailing the process of evaluation. Neamtu (2007, p. 97) suggests that performance management in Romanian NGOs is not a practice just yet and calls for action in this direction.

In their literature review, Kareithi and Lund (2012, p. 39) did not identify any studies in the field of performance corresponding to Romanian NGOs between 1996 and 2008.

There are only two more recent studies found on the topic, out of which only one aims to explain how a performance management is used by the researched NGO, the second study’s intent being to understand if the studied organizations see value in implementing a performance management system. Furthermore, neither of the two studies can be applicable to the NGO sector or support drawing any conclusions since the first one only applies to one NGO, while the second,

although it is based on a type of nonprofits, does not clearly explain the current practices in relation to the performance management.

Another important finding regarding the distribution of performance management studies in NGOs is that the majority focus on Bangladesh, India, UK, USA and Uganda (Kareithi and Lund, 2012, p. 39), with some examples of NGOs that use performance management being: “American Cancer Society, the American Foundation for the Blind, Big Brothers Big Sisters of America, Girls Incorporated, Girl Scouts of the USA, Boy Scouts of America, Goodwill Industries International, The Anglican Red Cross, and the YMCA; United Way of America, Easter Seals, National Multiple Sclerosis Society” (Poister, 2003, p. 8). Poister (2003, p. 8) notes that all these NGOs have a measurement system focused on outcomes.

An example of NGO using performance management is mentioned by Poister et. al. (2014, pp. 360–367) to be Girls Scout, their council using surveys to create indexes in order to assess their results for seven different goals. This way they can include feedback from stakeholders, however they still alternate the surveys focused on quality and effectiveness with “hard data such as cycle times” (Poister et. al., 2014, p. 367).

Researching Kenyan NGOs, Abdel-Kader and Billy (2011, p. 1) noted that “they emphasize measurement of achievement of objectives. This emphasis is further reflected in the subsequent performance measurement practices. Performance management practices are complex and multifaceted encompassing diversity in performance planning, performance measurement and performance context among the NGOs. In addition to the vision and mission, the NGOs have core values and key success factors included in formal strategic planning process. Although a number of private sector performance measurement frameworks are utilized, The Kenyan NGOs mostly use logical framework with emphasis on output and financial measures and team based targets”, however, the authors specified that “not all NGOs had formal performance management systems” (Abdel-Kader and Billy, 2011, p. 20). Following the same path as the literature, findings in the Kenyan NGOs show that the NGOs’s definition of performance and understanding of the subject is highly cleaved (Abdel-Kader and Billy, 2011, p. 16), logical frameworks connected to the strategy planning level and the objectives are primarily used (Abdel-Kader and Billy, 2011, p. 17), complemented by 360 feedback from employees in order to improve (Abdel-Kader and Billy, 2011, p. 19), output measures are the most common, as impact is seen as difficult to measure (Abdel-Kader and Billy, 2011, pp. 17–18), inclusiveness of employees and rewarding teams is seen as important (Abdel-Kader and Billy, 2011, pp. 20). One confusing finding is the fact that team-based targets are seen as key, but at the same time they are “not necessarily linked to the performance indicators” (Abdel-Kader and Billy, 2011, pp. 18), which makes the process of setting the target unclear.

Another case study is of a “large international NGO based in Australia” (Yap and Ferreira, 2010, p. 1) where performance management is clearly connected with the strategy, but is seen as “complex and multi-faceted” (Yap and Ferreira, 2010, p. 2). Although similar to a for-profit system, “processes such as target setting, performance evaluation and rewards were not used or used differently in the NFP setting” (Yap and Ferreira, 2010, p. 28). Yap and Ferreira (2010, p.

28) also note that “the outcome of the programs, projects and initiatives were managed through a combination of quantitative measures and qualitative performance evaluation, with greater emphasis on the latter”.

O'Dwyer and Unerman (2008, pp. 801–816) provide an understanding of how Amnesty International Ireland is implementing a “holistic accountability conception” (O'Dwyer and Unerman, 2008, p. 801) as part of an International NGO accountability charter, which tries to focus on measures that bring value and are of importance for a wide range of stakeholders, not just donors, while of course demonstrating their value and credibility. The authors mention that “many managers elaborated on a quest within the Irish section to “prove” Amnesty’s success at “delivering change” (S) by developing internally and reporting externally on “indicators of efficacy” (S) in order to “measure progress” (S). This had involved a “rethink of the operational planning process” (S) where Amnesty Ireland now “focus on where [they] can be effective” (S) and is consistent with the current Amnesty International strategic plan, which stresses the “development and implementation of specific projects that target measurable outcomes” as part of a process of promoting “an outcome-oriented approach to [Amnesty’s] work” (O'Dwyer and Unerman, 2008, p. 815).

Neamtu’s research aims at comparing the practices of a Romanian NGO and a public entity, and, although the applicability of the study is limited, the researcher does mention that “no similar organizations were reported that use their resources more efficiently, that carry out their activity better, although there are similar programs of other organizations, even if few in numbers, that work a little better” (Neamtu, 2007, p. 103).

The research has yielded the following results from the nonprofit’s organization perspective (Neamtu, 2007, p. 103):

- There are some positive effects of program interventions;
- Impact is not as broad as it should, and it is considered insufficient for the beneficiaries;
- Resource allocation is not considered optimal and financial planning is lacking;
- Financial instability is considered a main cause for lack of impact;
- The organization is not able to approach the beneficiaries in the way they should;
- The way of working with volunteers is not optimal either;
- Lower ability to attract donors;
- Quantification is scarce and results are not well nor clearly defined;
- There are no criteria for evaluating activities;
- Lack of results evaluation systems (Neamtu, 2007, p. 111);
- NGO members and employees are dissatisfied with the level of results achievement (Neamtu, 2007, p. 111);
- Beneficiaries should be involved in evaluation;
- Results seem to be well defined for the donors, but there is a discrepancy regarding the way they are communicated with different donors,
- The NGO has difficulty in achieving the results they share.

The researcher (Neamtu, 2007, p. 103) calls for a better negotiation of the expected performance levels and better procedures, as well as advises organizations to establish proper evaluation instruments together with significant criteria for the organization and its external stakeholders, completed by an IT system to support working with data (Neamtu, 2007, p. 108).

The second research specifically designed for Romanian NGOs is analyzing the existent and desired practices in Community Foundations and has the following findings (Vlas, 2018, pp. 98–102):

- There is a discrepancy between the opinions based on their years of experience – the older ones see the need for an adapted performance management system, while newer ones consider that vision, mission and specific indicators can be enough (Vlas, 2018, p. 98). This clearly shows the lack of understanding of practices and the fact that indicators cannot be selected in an arbitrary fashion, but to measure specific objectives.
- One of the questions of the study revolves around indicators, both types or examples and the main conclusion is that indicators must be specific for each organization, and they must measure impact, specific objectives and the mission of the organization, but also financial results (Vlas, 2018, p. 99). We must reiterate once again that, although the results seem to match the practice, the focus should be on a holistic approach, not indicators, because they have to be identified only after the specific objectives have been set.
- The indicators identified are both internal, such as financial, efficiency, personnel qualifications, stakeholders' engagement, or program sustainability, and external such as impact and reputation. It is worth mentioning that, while the narrative revolves around impact, the examples of indicators provided seem to be output oriented, rather than outcome. For instance, number of grants given, or number of community projects are direct outputs of processes, while the outcome should measure the result of those projects or grants in the society. If the grants were in the education field, an example of impact indicator would be the number of students that graduated their scholar year as a result of gaining the grant.
- Two out of the five older foundations are working to create an evaluation system, thus we can conclude that they are not currently using one, which will also support them in better choosing their future projects (Vlas, 2018, p. 101). There is only one foundation that has elements of a system already implemented, but it seems to be mostly focused on program monitoring and operational plan, rather than holistic organizational performance (Vlas, 2018, p. 101).
- Most respondents see the need of such a system (Vlas, 2018, p. 101).
- From the description provided some of the respondents are also looking at the generic steps of deploying performance management practices, without mentioning an existing framework (Vlas, 2018, p. 101).
- Limited resources and lack of time are mentioned as a challenge for these organizations as well (Vlas, 2018, pp. 101–102).

- Respondents seem to believe that since they are working in a local community the performance management system could not be aligned for all foundations, but each needs to have its own framework, however younger foundations consider that standards are more than enough (Vlas, 2018, p. 102). Once again, the first aspect is aligned with the general idea of performance management – frameworks offer guiding principles that have to be adjusted to each organization. However, we have to note that standards do not evaluate performance and don't give an indication of success.
- All respondents agree a PMS for foundations should be simplified (Vlas, 2018, p. 102).

Both studies mention an increased desire to measure impact, however, there is a need for the members of the organizations to first understand the field of performance, best practices, available tools and systems before jumping to what should be measured or trying to identify impact measurement. If there is no clear practice and discipline within the organization currently, the process of identifying impact indicators, outside of a clear system, might be exponentially more difficult and ultimately increase the resistance to performance practices overall.

A third study in the field of management in Romanian NGOs briefly references to performance management or some practices or factors of influence, such as the lack of modernism and innovation, lack of focus on planning and regular evaluation, the managers openness to feedback from members and volunteers as an indication of participative management (Boboc, 2006, p. 202).

Another study in performance management comparing the practices of social and healthcare NGOs and public organizations shows the same lack of interest and understanding of performance management (Ghenta et. al., 2015, p. 106) and the same myopia found in literature, focusing on important indicators, in the detriment of a holistic view. Their findings are the following:

- “42.5% of the providers consider that the indicators related to the financial results are to a large extent important;
- 95% of them believe that the indicators related to the staff are to a large and to a very large extent important;
- 20% of suppliers consider that indicators related to the relationship with beneficiaries and other stakeholders are to a large extent important;
- 32.5% consider that the indicators relating to internal processes are to a very large extent important” (Ghenta et. al., 2015, p. 103). The rationale behind and based on what was importance assigned to different types of indicators is, however, unclear. Following this, the results of the study go even more in details by analyzing the type of indicators that are being used, with financial indicators being in the spotlight (Ghenta et. al., 2015, pp. 105–106).

Similarly, Patrut et. al. (2011, p. 433) note the significance of financial reporting by using statistics and charts for Romanian NGOs. However, Chipea et. al.'s (2010, p. 92) case study of “Ruhama” Foundation shows a juxtaposition, by enumerating “strategic management performance” as a determinant of success, together with the quality of employees and their motivation.

Ghenta et. al.'s (2015, p. 104) study shows that Romanian NGOs have “no clear vision about performance itself or in respect to the collection, the monitoring, and the reporting of activities and programs carried on” (Ghenta et. al., 2015, p. 104), but data is collected “as often as required (62.5%) under the forms of annual reports (34.8%) and monthly reports (31.9%)” (Ghenta et. al., 2015, p. 104), however shows that most managers see fit to engage different stakeholders in the evaluation process, such as employees, beneficiaries, experts or providers.

Some of the findings of these four studies support the hypothesis that the OKR framework would be the best option for Romanian NGOs, for example participatory management, the need for a simple and highly customizable tool, the lack of funds and time to deploy a more sophisticated tool, as well as the need to bring innovation in the forefront for a better reach and increased efficiency.

5.2. OKRs usage in NGOs

Similarly, this sub-chapter will provide exclusively examples of the OKR system being used by the international community of NGOs because there is no evidence in the literature that Romanian NGOs currently use the OKR methodology. Of course, we cannot conclude that OKRs or some of the guiding principles of the OKRs are not being used. The alternative causes could be either the lack of documentation of such cases, or the fact that organizations introduced these practices in an organic manner without being aware that this is a performance management system. Both explanations are consistent with the findings of this study, which has demonstrated that Romanian nonprofit practitioners are not familiar with the field or even the terminology used in performance management, and they are also not aware of the OKR framework, in some cases they were not aware of the existence of any methodology.

Considering there is little research available on the OKRs methodology, we have to mention that the majority of case studies of NGOs that are currently being used by nonprofit organizations exist as part of the grey literature, especially written by John Doerr' in his book or by his organization – What Matters.

Character Lab is describing what they consider a great system formed by combining OKRs with a strong organizational culture, Kaizen and Team of Teams, “a decentralized model of working in which teammates with various and sometimes unrelated job responsibilities come together around a discrete project to advance an organization's goals” (Talamas, 2023, pp. 42–45). The idea of “highly empowered and self-directed teams” is also supported by Berman (2015, p. 11).

Free Colombia speaks about deciding to utilize the Objectives and Key Results framework to support their objectives. By their own account “We need to determine exactly what OKRs we need and how we will achieve them in order to bring into consciousness our priorities, goals, and benchmarks for measuring our success, in service of keeping us on target towards success. By defining our OKRs, we illuminate a path forward and discover further research questions in the process” (Williams and Jordan, 2019, p. 17). In the paper the need for sound research for a better understanding on what is needed in order to set the proper OKRs is brought forward.

The Gates Foundation is another nonprofit that relies on OKRs since 2002 (Doerr, 2018, p. 90; Narkunas, 2020, p. 11). Bill Gates recounts that “Patty Stonesifer brought in OKRs, the green-yellow-red approach, and it worked. When we used OKRs with our grant reviews, I felt good about what we were going after. I was still running Microsoft, and my time was limited, and Patty had to make things very efficient between us, to make sure we agreed. The goals process was a big part of that. There were two cases where I turned down a grant in the end because the goals weren’t clear enough. The OKR system made me confident I was making the right call” (Doerr, 2018, p. 90), while the Foundation’s CEO sees OKRs as a tool that helps them be “ambitious and disciplined at the same time. When measurable key results revealed a lack of progress or showed that an objective was unachievable, we reallocated the capital. If the goal was to eliminate Guinea worm disease, a very ambitious top-line goal, it was important to know whether the dollars and resources were making progress against it. With OKRs, we could set both quarterly and annual beats for substantial key results against such a huge objective” (Doerr, 2018, p. 90).

Connecting this with the previous discussion, we can see that the way OKRs work support effectiveness by measuring results, while ensuring nonprofits are efficient with their funds. On the same more generic outlook, Bill Gates reckons there is a lack of mastering terminology: “In philanthropy, I see people confusing objectives with missions all the time. A mission is directional. An objective has a set of concrete steps that you’re intentionally engaged in and actually trying to go for. It’s fine to have an ambitious objective, but how do you scale it? How do you measure it?” (Doerr, 2018, p. 90).

Doerr also references two more NGOs which are avid OKRs users in his book. Firstly, we have **Pact**, a nonprofit that shares the way OKRs changed their performance management to a more continuous one with four review types – providing feedback at all times in a continuous manner, a monthly one-on-one, a quarterly progress review and a semiannual development conversation (Doerr, 2018, p. 123).

The second example is **Bono’s ONE campaign** (Narkunas, 2020, p. 11), which complements his DATA advocacy organization. In Bono’s words, “OKRs forced us to think clearly and agree on what we could achieve with the resources we had. They gave us a frame to hang our passion on. [...] And you need that framework because, without it, your brain is just too abstract. The OKR traffic lights, the color coding – they transformed our board meetings. They sharpened our strategy, our execution, our results. They made us a more effective weapon in the fight against extreme poverty.” (Doerr, 2018, pp. 161–162). Two other important lessons learned by Bono were:

1. OKRs do not go against the need to measure outcomes, they actually embrace this approach “Our NGO band was entrepreneurial in spirit, and we tracked our goals internally. But you can only go so far without process. Once we started to have real impact and real access, DATA merited more data – more measurable procedures, more measurable outcomes” (Doerr, 2018, pp. 161).
2. OKRs encourage nonprofits to think about their clients/ beneficiaries, or the stakeholders, which is a valid concern of nongovernmental organizations: “When John Doerr arrived

at our very first ONE board meeting, he asked a simple and profound question: “Who are we working for? Who’s the client here?”

We said, “John, we’re working for the world’s poorest and most vulnerable.” And John said, “Well, then, do they have a seat at the table?”

We said, “Of course, the whole table’s there for them.”

But John persisted, which was important: “Can you visualize that person? Shouldn’t we think about them physically being at this table?” (Doerr, 2018, p. 162).

On their website, Doerr’s team mention even more NGOs using the OKRs as their main performance management system, such as:

1. **YMCA**, that personalized the system to MOKRs (Mission, Objectives and Key Results) to make it clear that this is not a profit driven tool. Regarding the way OKRs were seen by the company, Gunderson [the Y’s President] found streamlining the MOKRs to be a freeing experience. Improving equity and well-being is “everybody’s job,” says Gunderson, “and our leaders need to be integrating their expectations in symbiotic concert with the rest of the organizations” (Horton, 2022, n. p.).
2. **Light the World**, a nonprofit that tried various goal-setting methodologies “but found OKRs appealing for their simple logic and quarterly rhythm – a great fit for their dynamic operating environment. The leadership team also saw how the prioritization, transparency, and collaboration that emerge from OKRs could contribute to a desired culture shift: developing leadership strength across the entire organization” (Gilbert, 2021, n. p.). Their main challenge with OKRs was to get the team’s buy-in, who “thought OKRs might be burdensome or just another version of something they’d already tried and discarded. There were even a few who saw OKRs as a means of control rather than as a tool for focus and empowerment” (Gilbert, 2021, n. p.). The NGO considers that “Things began to shift when country office teams realized OKRs would actually make their work more manageable. For one thing, they have the opportunity to review organizational OKRs before finalization. This lets them weigh in on how the priorities coming from the international office support or potentially hinder their work. They have also discovered a valuable flip side to identifying clear quarterly priorities, and that is the opportunity to explicitly identify any projects that are NOT a priority for that cycle” (Gilbert, 2021, n. p.) and they were able to see an increase in motivation to achieve KRs, as well as provide feedback.
3. **Forum for Youth Investment**. In accordance with the literature, the Executive Vice President of Policy Advocacy reckons that “<There are a lot of things that are out of our control in this sector,> said Thaddeus. <We are affected by the foundations that support us, and the governmental structures that we advocate with. We do have a budget and we do have a bottom line, but our goal isn’t to make money and our goal isn’t to grow our budget,> said Thaddeus. <Our goal is to make change in the world and that is something that can be very vague and hard to measure>” (Head, 2019, n. p.). The author also argues

that “Thaddeus has found OKRs forced a level of prioritization and compelled the team to make tough choices that benefited the policy unit in the long run” (Head, 2019, n. p.).

4. **Fractured Atlas**, a relatively small NGO. Tim Cynova, Chief Operating Officer, consider that “OKRs have been a useful tool to help with conversations, transparency, accountability, and goal setting related to equality throughout the workplace [...] especially for newer managers, it’s a tool that they can use to have the conversations about what’s important for people to do, how you use those conversations to build trust” (Thomas, 2020, n. p.).
5. **Possible**. While not a lot of details regarding benefits or the way the NGO works with OKRs, the main lesson from their example is that OKRs, as any other system, require education before the setting phase (Gil, n. d., n. p.).
6. **Civic House**. Their community and communications coordinator director sees that the main benefit of OKRs is the focus, especially since human resource is scarce. Additionally, “Civic House founder and CEO Mario Lopez explained that when planning a new quarter, every team leader begins with a shared understanding of their team’s purpose in relation to the organization’s mission, ensuring that the main Objectives are always mission-driven. “We noticed that this methodology was helping us to improve the team’s collaboration,” Lopez added. “The planning process became more fluid and participative, where different points of views were discussed openly, and as a result, better Objectives were prioritized” (Head, 2022, n. p.). The leaders of Civic House also mention education and training before implementation. Furthermore, regarding the cycle, the CEO explains “The process of reflecting on your OKRs after a cycle – hopefully, a three-month cycle – is the better way to guarantee you are after your goal,” Lopez shared. “You will learn your mistakes at a faster pace. This also helps an organization to reflect more frequently on its mission, the way it is described, transmitted, and shown to internal or external stakeholders” (Head, 2022, n. p.).

Surely, considering that research in the field of NGOs and even OKRs is still in an incipient phase, there could be many other nonprofits that successfully use OKRs, but they lack visibility. However, by analyzing the narrative of most NGO managers mentioned above it is clear that several NGOs are utilizing the Objectives and Key Results framework and they see a plethora of benefits.

Of course, as any system, OKRs also has its critics, and Narkunas’s (2020, p. 14) study on higher education argues that “the Gates foundation approaches higher education as an engineering problem to be solved. Most important, some leaders and analysts are uneasy about the future that Gates is buying: a system of education designed for maximum measurability, delivered increasingly through technology, and – these critics say – narrowly focused on equipping students for short-term employability”. The author also points to another issue of OKRs: “While helping the poor and underserved is certainly a noble goal, the obsession with accountable key results like graduation rates and “degrees or certificates with labor-market value” removes any qualitative assessment of education” (Narkunas, 2020, p. 14) and that the focus on numbers can trigger negative behaviors from employees. It is once again worth mentioning that the statements

analyze indicators that the institution or the author consider as given, which can be seen as a fallacy, given that one of the OKR's pillars is the personal definition of success and lack of imposed metrics.

As an afterthought around the existing literature the following conclusions can be drawn.

Firstly, as clients we tend to judge the service providers harshly because we pay for the services. Similarly, we expect to see evidence of governments' effectiveness since again we pay through taxes. Should we exempt NGOs from the same treatment? How can NGOs create trust and gain more donors if they cannot prove their success with transparent data?

Secondly, we can consider that the hesitation of nonprofit organizations to use performance management system has a threefold explanation:

- The phenomenon can be explained as a resistance to change, since traditionally they were more or less exempt from performance management, as well as many other aspects of organizational capacity.
- The nonprofits' valid fear of taking a system that works in the for profit sector and implement it in an arguably more challenging environment or at the very least a sector that battles different challenges.
- The current divergent literature correlated with the scholars' fascination with prescribing what to measure instead of the more holistic approach of how to measure causes confusion and further demotivates NGO managers to utilize any existent approach.

However, overthinking the issue of performance management in NGOs does not seem to lead to any solutions, but only to delay any positive results. The pattern of lack of trust, lack of accountability and lack of making decisions based on real data, as well as the lack of objectives to facilitate organizational alignment will not be broken until NGOs decide to take another route, other than expect scholars or consultants to create the perfect performance management. Performance Management as a discipline has evolved through trial and error and thus working with the already abundant data and frameworks that can be adjusted to incorporate the specifics of each organization might be an easier way to ensure success.

Given that the existing studies are not relevant for the majority of Romanian NGO sector, and they lack applicability, during the next chapters we will try to better understand the extent to which Romanian NGOs utilize Performance Management processes or instruments, as well as create an interventionist study in order to test if OKRs would be suitable for this environment in the same way it seems to be for NGOs based in other countries.

CHAPTER 6.

Research design

6.1. Research project outline

The broader theme of the paper is related to practices of organizational performance and organizational management employed by Romanian non-governmental entities.

The previous chapter attests that performance management in NGOs is still an under-researched topic, especially due to the reduced number of empirical studies. However, scholars agree on its importance for the organization's sustainability and growth, as well as for improving stakeholder communication and instilling community trust. There has been even less research done exploring the usage of performance management in the Romanian third sector, especially research that can be considered significant for the sector, rather than for the one or two case studies presented in the reviewed papers. Furthermore, the entire Romanian NGO sector is under-studied, and there are various interpretations on why Romanian NGOs don't receive more attention by researchers, with one being the diversity of the sector that makes it harder to collect relevant data for the sector. A second explanation, which the researcher has seen first-hand is the apprehension of NGO representatives to participate in research studies.

During the data gathering phase there were few organizations that responded to the researcher's first contact email and even fewer that wanted to participate upon receiving the details, with at least one organization inquiring the researcher to provide the exact source where they found out about the organization as well as the contact details, although, in Romania, the Ministry of Justice has a repository with all NGOs, which is public information. Furthermore, such an attitude goes against the need of NGOs to be transparent and well-known in order to gather sufficient funds and supporters and reach their targeted beneficiaries. Regarding contact details, a notable aspect here is the fact that for a number of NGOs there are no contact details available, or the contact details provided are incorrect and unreachable.

The researcher also encountered a number of organizations which required to be contacted at a later date, but never answered afterwards, which reiterate the fact that NGOs are considered unreliable for data collection. A third explanation on why researchers do not tackle the subject of Romanian NGOs can also be the lack of updated basic information. For example, the NGO repository available on the Ministry of Justice's website is far from being user friendly or updated. As one participant debated during the interview phase, the number of active NGOs from the total number in the repository is exponentially lower.

The **assumption**, created upon reviewing the literature, is that Romanian NGOs do not have a tradition in managing their performance based on a structured goal setting process. The lack of performance management could hinder the fulfilment of their mission or, at the very

least, make it harder to focus on what is important to achieve, giving the impression that there is no clear priority and that NGOs function rather hectically.

Therefore, the **aims** of the study are:

- to understand the state of performance management and goal-setting methodologies usage in Romanian NGOs, and
- to propose an agile performance management framework that suits their internal and external context, as well as enable their organizational development.

Additionally, through the research we tried to identify the main challenges encountered by NGO professionals in implementing a performance management system and which are the main characteristics of a performance management system that will help meet the particularities of non-governmental organizations, which will be used in the tailoring process.

The **main research question** of the paper is:

Is agile organizational performance management a practice that can be successfully employed by Romanian NGOs in order to improve their organizational development and become more effective?

The study will be split into two main phases. Firstly, qualitative methods will be deployed in order to assess and understand the state of performance management. The findings of this research, together with practices of international NGO and businesses, will yield a suitable performance management framework, with its roots in the Objectives and Key Results (OKRs) methodology, which will be piloted in different NGOs to test its efficacy. The framework testing stage will be crucial to the study, since it will explore the tool's functionality in different contexts and, if the case may be, further customizations needed to facilitate better management and improvement for Romanian non-profit organizations.

Additional research questions for the first phase of the study consists of:

- What is the stage of performance management systems and goal-setting methodologies usage within the Romanian NGOs?
- What are the main challenges encountered in implementing a performance management system within Romanian NGOs?
- Which are the main characteristics that a performance management system should have in order to meet the particularities of NGOs?

The **second phase of the study** will focus on answering the following research questions:

- Is the OKR framework suitable for Romanian NGOs?
- What are the main benefits and challenges of implementing the OKR system observed in the testing phase?
- How did the OKR framework help the organization achieve its goals/main results or how did it hinder this process?
- What should be changed or improved in the OKRs-based approach?

6.2. Methodology

The research study employed a multistage and multimethod design.

Regarding the multistage design, we initially narrowed down the scope from the national level (Romania) to the geographical areas with the highest density and heterogeneity of non-governmental organizations, which resulted in Transylvania region and Bucharest. According to FDSC (2017, p. 122) “two thirds of the total of the organizations” are grouped in Bucharest and Transylvania. While Bucharest is a city and thus could be considered as such for the paper, that is not the case for Transylvania. Therefore, the second stage was to determine the representative county for the region.

During this stage, Cluj County was selected because it has the second highest number of NGOs, after Bucharest. In March 2022, the Romanian Ministry of Justice reported a total of 7823 non-governmental organizations in Cluj County and 21873 NGOs in Bucharest, including associations, foundations, federations and unions. Finally, the third stage was to identify a suitable city out of Cluj County, when, clearly, Cluj-Napoca was selected because it is the capital of the county and the most influential city. Furthermore, at least informally, it is also considered the capital of Transylvania region.

Regarding the methods, for the purpose of the study, only qualitative research methods were utilized, since they yield in-depth understanding of the phenomenon. The aim of the study is not to prove if Romanian NGOs use performance management or not or identify how many organizations utilize such practices, but to explore the extent to which it is understood and used, as well as comprehend the way practitioners within the sector envision a functional performance management system in their organizations.

During the first phase, for understanding the state of performance management in Romanian non-governmental entities and the processes associated with it, a transversal study with **focus groups and semi-structured interviews** as data collection methods was deployed. The population of the study was selected starting from common variables, such as the geographical area of interest for the study and the NGO's field, utilizing the existing connections of the researcher in different NGOs for recruiting additional participants, social media platforms, as well as other NGO aggregators available online.

Based on the findings of the first phase of the study, a suitable performance management framework was designed and piloted in several organizations to prove its relevance and efficacy. For this second phase, a longitudinal study with **intervention** and **interviews** was used. The target group of this phase consists of interested organizations that already participated to the first part of the research.

Additionally, throughout the engagements with participants, **observation** was employed as a complementary research method.

6.2.1. Research methods for the first research phase

6.2.1.1. Focus groups¹⁴

The first chosen research method was the focus group, due to its group dynamics and its ability to provide deeper information, in comparison to one-on-one interviews, through the participants interactions (Rabiee, 2004, p.656).

Two focus groups were organized for professionals working in the non-governmental sector, one in Bucharest and one in Cluj-Napoca, the selected locations for the research study.

For each focus group a Facebook event was created and NGO professionals from the area were invited to participate, either by the researcher or other NGO professionals. The events were also shared in different non-governmental organizations groups on social media, such as Facebook or LinkedIn groups.

The way in which the focus groups were organized considered the characteristics of focus groups presented by Krueger and Casey (2001, p. 5), such as:

- carefully recruited participants – only professionals with experience in the NGO sector were accepted to participate, maintaining the number of participants to a minimum.
- comfortable environment – neutral spaces were used, a meeting room of a non-participating NGO in Bucharest and a meeting room of Faculty of Political, Administrative and Communication Sciences in Cluj-Napoca. The participants were seated in a circle, the focus group language was Romanian to ensure easy communication and to facilitate debate. Moreover, all discussions were recorded with the agreement of participants.

The focus group that took place in Cluj-Napoca was scheduled on the 11th of February 2021 and had four participants, representing four different organizations operating in different fields, such as education, culture or youth and leaders' development. Three organizations operate regionally and are in the small or very small spectrum, with under 20 employees, while one is a regional branch of an international organization, operates almost exclusively based on volunteer participation, and has a larger network of volunteers (around 100 people in the Cluj-Napoca region).

The focus group organized in Bucharest took place on the 12th of February 2021 and had five participants, representing three organizations operating in fields such as entrepreneurship, culture or innovation. All three offer their services nationally, although they are based in Bucharest. One is an independent branch of an international organization, operating with less than ten employees, while the other two are small Romanian NGOs. One of the Romanian NGOs operate with a small, hired workforce of three administrative staff and multiple volunteers (the number of total volunteers was not disclosed), while the other has a slightly larger team, but did not disclose the total number of employees.

Both focus groups were conducted in Romanian and later translated to English by the researcher, and they had an average duration of two and a half hours.

¹⁴ This study was deployed during the doctoral studies and pages 138–139 were published in Miertoiu (2023, forthcoming).

The focus group questioning route pre-defined the following themes:

- The current state of Romanian NGOs;
- Strategy planning process;
- Performance management components and process;
- Challenges in performance management;
- Features of a performance management framework for Romanian NGOs;
- The OKR system.

The focus group questioning route was designed to emphasize on the integration of performance management with the organization's strategy, as well as maintain its two main components, performance measurement, focused on selecting best measures for the set objectives, and performance improvement, representing the initiatives organizations or units must take after the data reporting phase to ensure corrective actions are linked with the performance gaps and objectives are achieved. However, in reality, the focus groups were mostly semi-structured, and the conversation flow was guided by the ideas and answers the participants gave, while still being focused on the main areas mentioned above.

Table 12. Organizations represented in the Bucharest focus group

Respondent No.	Field	No. of participants	Size*
5	Development	2	Large
6	Development	2	Large
7	Education	1	Medium
8	Medical	2	Medium
9	Medical	2	Medium

* Where small NGOs are under 20 employees/volunteers, medium organizations are between 20–100 employees/volunteers and large entities with over 100 employees/volunteers or international NGOs although the Romanian team could be smaller.

Table 13. Organizations represented in the Cluj-Napoca focus group

Respondent No.	Field	No. of participants	Size*
1	Development	1	Large
2	Social	1	Medium
3	Education	1	Small
4	Education	1	Small

* Where small NGOs are under 20 employees/volunteers, medium organizations are between 20–100 employees/volunteers and large entities with over 100 employees/volunteers or international NGOs although the Romanian team could be smaller.

6.2.1.2. Semi-structured interviews

The second method employed is the semi-structured interview, utilized to solidify or, on the contrary, to challenge the findings from the focus groups. Moreover, given the slightly small population that attended the focus groups, we could not conclude that data saturation has been reached.

The focus of the interviews was fairly similar to the one from the focus groups and, thus, the same questioning route was maintained, with alterations made on the spot depending on the flow of the conversation, which allowed the researcher to explore participants' experience in the field of performance management and their original view on the topic. This managed to increase the feeling of a natural conversation as opposed to a more force-natured one, and allowed for other themes to arise that were not initially included in the line of questioning.

Due to the fact that some of the interviews were long distance and took place during the pandemic, the majority took place online, via Zoom or other platforms accessible to the participants, while six interviews were conducted face-to-face in Cluj-Napoca. However, in both approaches the atmosphere was friendly and inviting, tailored to the attitude of participants, in order to ensure their openness, as well as, to ensure the provision of as many details as possible on the usage of performance management. All interviews have been recorded with the consent of participants to allow for better data analysis. However, no interviewee has given consent for their name or their organizations' names to be published, thus they are not going to be mentioned and are replaced with a coding system for privacy purposes.

The average duration of an interview was one hour, and all interviews were conducted in Romanian, and translated into English at a later stage.

In the same fashion presented for the focus groups the population was selected by employing online presence, connections, as well as directly contacting multiple NGOs to invite their representatives to an interview. However, while the attendance to focus groups cannot be as easily controlled, the participants invited to attend the interview can be curated easier. Therefore, during this stage, the lack of homogeneity in the non-profit environment among organizations was taken into account when selecting the population for the interviews. In this regard, the researcher aimed at having a high diversity among the individual participants and invited NGOs with different size, type, activity domain and development stages.

The aim of ensuring diversity is to also understand if patterns can be foreseen and if some of these characteristics can be ruled out when considering a suitable framework for NGOs performance management, or, on the contrary, will affect the construction of the framework, especially since the research seeks to provide a comprehensive understanding and description of the phenomenon of performance management in Romanian NGOs in a context in which such a study is virtually inexistant in the sector currently.

From a practical standpoint, organizations that were invited to the interview were selected by following two different routes. In the first group we include well-known organizations, organizations the researcher knows or is in contact with or organizations that were referred to the researcher, while the second group is comprised by organizations that were found through employing various searching engines – the official NGO Registry from the Ministry of Justice, NGO registries provided by third parties, Facebook or LinkedIn pages.

All non-profits from the first category were approached directly through the contact person known, while the ones from the latter group were approached in a formal manner, preferably via an introductory email sent to their listed email address. There were very few exceptions,

nine to be precise, that did not provide an email address and were contacted either via phone or a message on a social media platform (mainly Facebook or LinkedIn).

In total 300 NGOs were invited to participate to the interview, out of which 116 are based in Cluj-Napoca, and the remaining 184 have their headquarters in Bucharest. The difference between the numbers and the reason for not having an equal number of entities contacted from each of the two cities is determined primarily due the considerably higher number of NGOs in Bucharest.

The table below summarizes all the other relevant data for NGOs contacts.

Table 14. Summary of relevant metrics

Metric	Bucharest	Cluj-Napoca	Total
# NGOs contacted	184	116	300
# NGOs that responded to first contact	39	27	66
% NGOs that responded to first contact	13%	9%	22%
# Interviewed NGOs	15	22	37
% Interviewed NGOs	5%	7.33%	12.33%
# Unreachable NGOs	13	5	18
% Unreachable NGOs	4.33%	1.66%	6%

After the initial contact, NGOs followed three different paths:

1. the ones that agreed to the interview were scheduled for one at their earliest convenience;
2. organizations that replied to ask for more details were provided the requested details. In case they did not reply back, two more follow-up emails were sent with a break between them of two weeks to up to a month;
3. NGOs that did not reply were sent two more follow-up emails/ messages with a two to four week interval between them.

Considering that multiple NGOs did not agree to having their organization's name mentioned as being part of the study, the following table will present generic information about the NGOs, such as field, location and size, but the paper will not present participant organizations by name in any point.

Table 15. Interviewees and the represented organizations

Respondent No.	Field	Location	Size*
1	Social	Cluj-Napoca	Medium
2	Environment	Bucharest	Large
3	Medical	Cluj-Napoca	Small
4	Development	Bucharest	Small
5	Social	Cluj-Napoca	Large
6	Social	Cluj-Napoca	Medium

Respondent No.	Field	Location	Size*
7	Development	Bucharest	Large
8	Culture	Cluj-Napoca	Small
9	Social	Bucharest	Large
10	Education	Bucharest	Not known
11	Education	Bucharest	Small
12	Medical	Cluj-Napoca	Medium
13	Culture	Bucharest	Medium
14	Community Development	Cluj-Napoca	Medium
15	Social and Medical	Cluj-Napoca	Medium
16	Religious	Cluj-Napoca	Large
17	Social	Cluj-Napoca	Small
18	Cultural	Cluj-Napoca	Small
19	Social	Bucharest	Small
20	Social	Bucharest	Small
21	Social	Cluj-Napoca	Small
22	Education	Bucharest	Large
23	Community Development	Cluj-Napoca	Large
24	Democracy	Cluj-Napoca	Medium
25	Education	Cluj-Napoca	Small
26	Cultural	Cluj-Napoca	Small
27	Youth organization	Cluj-Napoca	Large
28	Medical	Cluj-Napoca	Medium
29	Cultural	Bucharest	Small
30	Social	Cluj-Napoca	Small
31	Social	Cluj-Napoca	Large
32	Education	Bucharest	Medium
33	Social and Environmental	Bucharest	Small
34	Social	Bucharest	Small
35	Social	Bucharest	Large
36	Social	Cluj-Napoca	Small
37	Social	Cluj-Napoca	Small

* Where small NGOs are under 20 employees/volunteers, medium organizations are between 20–100 employees/volunteers and large entities with over 100 employees/volunteers or international NGOs although the Romanian team could be smaller.

In order to prepare for the interviews, the researcher did preliminary secondary research on the websites, if available, or social media pages of the organizations, as well as did an

analysis of the available Annual Reports. When deploying the complementary documents analysis the key words the researcher searched for were:

- Mission;
- Vision;
- Values;
- Directions;
- Objectives;
- Indicators;
- Results;
- Outputs;
- Outcomes.

The observations and comments that resulted as part of the secondary research will be included in the data analysis and will be correlated to the answers received during the interviews, for a better positioning of the information received from participants or to appraise if the information found online and the one received from the interviewees is similar or contradicts one another.

Most relevant will be to understand if there are cases in which participants specified nothing or almost nothing is measured, while the website showcases an annual report containing objectives and metrics, given that this will help contextualize the understanding of the participants, but also if performance measurement is only a formality that the organization doesn't even consider during their day to day activities.

6.2.1.3. Observation

Although it is not considered a core, integral part of the methods deployed, the researcher also observed the interaction of participants and some of their non-verbal communication. Non-participant observation is not considered one of the research methods for the study and notes on participants' attitude were not recorded in a formal manner and did not follow an existing observation grid, but will be integrated in the analysis to complement the findings from the core research methods.

The main reason for correlating observations to the data resulted from the focus groups and interviews was to understand the interactions and how much prior knowledge on the topic affected their participation in the discussions, as well as further contextualize the results yielded by the discussions/ interviews.

Although no observation grid was utilized there were few aspects the researcher focused on, such as participants' tone, their response speed, how easy it was to converse on the topic, their familiarity with the topic and terminology, as well as any other relevant gestures (where they were displayed, thus mostly for in-person interviews). These findings will be presented when needed and not in a detailed way, due to the fact that measuring attitudes and confidence in the topic is not a purpose of the study.

Since the observation was covert (Williams, 2008, p. 561), notes on the main observations were taken by the researcher either during the interaction when possible or immediately after to ensure data accuracy and reliability, although this is not an overly formalized step in the data gathering step.

6.2.2. Research methods for the second research phase

6.2.2.1. Intervention

6.2.2.1.1. Intervention overview

The second part of the research was more experimental and comprised an actual implementation of a performance management system in one or more willing participants. As mentioned above, the interviews acted as an initial step in introducing representatives of NGOs to performance management, if they were not familiar with the topic, and to the OKR methodology.

Before agreeing to the implementation, interested organizations were offered more in depth information about OKRs and were walked through the entire process, what it comprises, the standard needed timeframe and what role they would play in the process, as well the fact that the researcher would act as a coach and external consultant during the implementation. This had a twofold role: to ensure the education of participants and their buy-in only after having all required information to make a decision and to increase their trust and openness with the researcher, especially since trust and collaboration are important topics discussed in the literature when showing the role of an external consultant. Most organizations requested this information in writing for their review later on, while one representative wanted to have a detailed discussion via Zoom to cover all the introductory topics.

As a result of the initial interviews and focus groups, 11 participants expressed interest in OKRs and the framework's implementation in their respective NGOs, however only four NGOs went ahead with the actual implementation. One NGO out of the four was not interested in having the researcher lead the process and wanted to do this internally, but during the process asked for several meetings with the researcher to receive guidance and support with their main challenges.

At large, piloting the framework had the following sub-processes:

- Needs assessment and documents review (if any);
- Tailored system and agreement on implementation timeframe;
- OKR system deployment;
- On-going support with data review for one or two quarters (or for how long the organizations requires help), including leading check-ins or OKRs review meetings upon request. The ongoing support was integrated in order for the researcher to be able to understand if OKRs are being utilized correctly after the implementation and prevent lack of proper utilization to influence the outcome, but also to support understanding the evolution of the system during the usage phase and how/if the perceptions regarding the framework change over time.

However, the plan was customized for each organization depending on their needs, expectations as well as availability and the actual implementation design for each organization together with the interactions' frequency between the researcher and the organizations will be detailed in the next chapter.

These four generic steps of the intervention are designed taking into account the ideal implementation plan created by the researcher and described in the previous chapter, Current PM practices and the OKR framework. However, the theoretic project plan was a bit more complex and better fitted for larger organizations, not only one department or a very small entity with below ten active members, as was the case for most NGOs that participated in the intervention. Furthermore, for the interventions the conceptual framework has been altered to match the expectations and needs of each entity, as well as based on the size of the team, the complexity level they were able to handle and the time they were willing to invest in the entire process.

Even the duration of the actual implementation depended greatly on the initial agreement with the NGO, the number of people or departments involved and the existence of a strategy, but this part will be discussed separately for each organization in the chapter dedicated to results' presentation.

All implementations were conducted via Zoom, in Romanian and the meetings were later translated by the researcher, as all participants agreed to recording the meetings for the purpose of the research. However, they did not agree to have their names or their organizations' names included in the paper, thus they will be changed with different letters.

Organization A is a regional organization operating from 2017 in the field of food security and is part of a national federation of similar NGOs from other regions. The organization has a history of relying on volunteers for most of their operations and only has three people in the management team. The researcher only had contact with one person, one of the vice-presidents, who claimed that they have no official clear strategic plan although there is a high level mission and vision. She also mentioned that most of the team's efforts and herself's go towards "putting out fires" and reacting to emergencies, rather than having a proactive approach, which was seen as a major pain point. The organization did however monitor some metrics, such as the amount of goods distributed, beneficiaries or partners, but without making a direct connection with their strategy. The vice-president saw fit to implement the OKRs by herself and take full ownership over them since the majority of the volunteers were only involved in task execution. After the implementation she would have been in charge of delegating some of the activities to achieve the OKRs to the rest of the team, as well as explain the direction to everyone.

Part of an international NGO present in over 100 countries, **Organization B** operates in Romania in the field of environment and ecology since 2006. Compared to the first entity, they have more resources and more employees, their website listing around 55 people comprising ten different departments, while the latest Annual Report mentions 80 people. As a result of a more mature organizational structure, their operations are more formal as well. The organization releases an annual report to present their main achievements, with a focus on their main projects and the progress or major activities in a monthly sequence. Although not an integrated approach,

each project of the NGO has objectives and measures which are somewhat mentioned in the report, but the focus is mostly on the stories and activities. This assessment does not include the financial data, which is numerical.

By analyzing the report there is no clear organizational strategy defined, but during the discussions with the organization it was disclosed that the Romanian entity together with representatives from the region of Eastern Europe were building a common strategy that contained objectives and measures of success, as this part was considered lacking. That is also one of the reasons why their Operations Manager at the time was excited to implement OKRs as a pilot in her own team in order to test out the solution and how/if it can be replicated for the entire organization. Given that her team was comprised of three people, the approach was similar to the first one. Most discussions took place with her alone, and she was in charge of communicating the objectives and measures to the team, as well as discuss their contribution.

The third non-profit, **Organization C**, has developed an application to support the medical field. It operates nation-wide from 2019 only based on volunteer participation, thus their main issues revolve around the volunteers' availability, as well as their involvement. The main team is comprised of five members, which are supported by an extended network, out of which around ten can be considered most involved. Unlike the other two organizations, given their field – the tech industry, the organization already had an extensive dashboard with metrics, especially app and team related metrics, as well as a business canvas that acts as their main strategic directions. This being said, they were surely more in tune with the terminology and the topic of this paper. Furthermore, while in the first two organizations there was only one contact person that doubled as the decisionmaker in regard to OKR setting, this NGO preferred a team approach and organized a team session to set the main objectives and KRs to measure them.

Non-profit D, which chose to implement OKRs internally, is a relatively new organization which militates for effective altruism in Romanian NGOs, structured around three pillars, namely education, an app developed that contains organizations and projects based on their philosophy and a digital platform. Comparably with Organization C, NGO D is also based entirely on volunteer participation and seemed to have similar battles with time and engagement. The organization was established in 2020 and has a team of eight volunteers, which makes it the smallest NGO that participated in this part of the research.

Based on the fact that they consider themselves a moonshot and impact is embedded in their philosophy, organization D felt that OKRs are really fitted for their scenario but opted to implement OKRs internally and only interact with the researcher from time to time for advice or solutions to some of the challenges encountered. However, due to this fact, the researcher was in contact with three people only and did not have first-hand experience with the implementation, thus the process and challenges are recounts from the internal team that was in charge of the roll-out.

6.2.2.1.2. Why OKRs?

Surely, OKRs have already been discussed from a literature perspective in the previous chapter, but it is essential to understand why was the OKR framework proposed as opposed to any other performance management methodology, especially since the most popular in the

literature seems to be an adaptation of the Balanced Scorecard. The arguments to support this choice can be approached from two perspectives – an external one related to the new trends in performance management and an internal one, namely the needs of Romanian NGOs.

From an external perspective, most organizations are shifting or looking to transition from an inflexible and extensive outlook towards an agile and flexible approach on performance management. Romanian NGOs should have the opportunity to examine the most current practices and the more popular framework rather than start utilizing methodologies that will put them around ten years behind the latest trends. This is especially crucial since the newest trends are in alignment with the needs of NGOs as organizations that operate in a highly volatile market, being in need of a more agile, flexible and adaptable tool, than a for-profit company.

In light of the internal needs of Romanian NGOs that are traditionally lacking resources, especially in terms of time and employees, a simple, easy to manage and time effective methodology is needed. Furthermore, given the lack of resources, NGOs find themselves in a position that requires innovation and thinking outside the box to be able to achieve their results while keeping the expenses to a minimum, which can only be done by capitalizing on the involvement of their employees and collaboration on all organizational levels.

As we have seen in the previous chapters, the OKR methodology is a simple, people-centric, team-oriented and innovation driven approach, which will support this capitalization. Due to its simplicity, understanding the methodology and how to utilize it is exponentially easier than in the case of more elaborate and traditional counterparts. Admittedly, since it comes with less prescriptions and more recommendations, the tailoring step, as well as the education step is critical in ensuring that everyone in the organization is going to successfully implement OKRs, thus these are two steps that will likely be more time-consuming, but they only happen once, in the beginning of the process.

6.2.2.1.3. Proposed implementation cycle

The standard implementation cycle proposed by the researcher has been already presented in the OKR related chapter. In retrospect, its main stages involve:

- Planning
- Pilot
- Preparation
- Deployment
- Review
- Retrospective.

The caveat is that the roll-out and, thus the timeframe, can be considerably influenced by the size of the organization, previous documentation available, such as the strategy, and the level of detail organizations would like to have. However, the first three stages should not take more than six months for a medium-large organization. Most organizations can actually go through all six stages in the first six months, factoring in the team's availability and commitment.

Besides the impact the size alone has on the implementation duration, with small organizations having fewer teams and layers, thus being able to implement faster, smaller organizations could

also choose to skip piloting in one department and roll-out OKRs to all levels directly. Similarly, a smaller organization might be apprehensive to over-documentation and might wish to deploy OKRs more organically, thus reduce the implementation time considerably.

As depicted above, the OKRs deployment projects that were part of the research mainly consisted of small organizations or even small teams (one to three people), thus the proposed implementation cycle had to be altered considerably to match this scenario. In most cases planning and preparation were merged and comprised of one or two meetings with the representative of the organization, the documents organizations had available were limited in number and information, especially since no organization had a relevant strategic plan. The pilot stage was actually the roll-out itself, therefore pilot and deployment were merged in one step, namely the implementation. Furthermore, due to internal issues and changes, none of the projects reached the review and retrospective phases.

The roll-out and the challenges encountered will be presented in a future chapter in details.

6.2.2.2. Post-implementation semi-structured interviews

Aimed at being deployed similarly with the semi-structured interviews from the first phase of the research, this round only applied to the OKRs users within the four NGOs that chose to implement the proposed framework. Depending on the size of the organization and the level at which they agreed with the implementation (entire organization or only a piloting department), either all users were taking part in the interview phase, or at least few representatives from each department were interviewed, given that the experience can be different even within the same entity due to different activities, varied levels of terminology understanding, contrasting leadership styles and heterogeneous culture.

Once again, qualitative methods were selected because it was crucial for this part of the research to showcase in depth comprehension of participant's understanding and experience, which can support answering the research questions, but also understanding if other changes are needed for Romanian NGOs to be able to use OKRs effectively.

The purpose of the interview was to focus on the participants' experience in different sub-processes of working with OKR, such as pre-setting preparation, setting workshop, utilization and check-ins, review meeting at the end of the quarter, but also aimed at understanding their overall perception regarding OKRs, namely benefits and challenges that have been encountered during the timeframe. However, a semi-structured interview was preferred due to its adaptability. It is important to understand the individual perception on the process and be able to capitalize on allowing participant to share their experience using their own trail of thought, which could only be achieved by following some main themes, but not an inflexible questioning path.

Depending on the intervention's timeframe there were one or two such interviews planned, but the determined questioning route was similar, with the only distinction being that the first interview referred to the first quarter of utilizing the system, while the second was aimed at understanding what or if something changed during the second quarter, e.g. further required tailoring of the framework. The actual interview guides would have been constructed after finalizing

the first successful implementation, before the end of the first quarter of OKR usage, but since this stage has not been achieved the guides were not needed anymore.

For the organizations that needed help for one quarter, only one interview was planned, at the end of the engagement, while organizations that agreed with a two quarters long engagement were supposed to have two rounds of interviews, one at the end of the first quarter and the second at the end of the engagement, namely end of second quarter.

All interviews were scheduled to take place via Zoom, in Romanian, with a maximum duration of one hour/ interview and similarly with the past experience, the name of NGOs or participants was not to be disclosed.

However, since the implementations were not finalized in most cases and had to be stopped, which will be further explained in the future chapters, these interviews ultimately were rendered redundant and did not take place.

6.2.2.3. Observation

As an additional, non-formalized aspect, observation is employed in this phase of the research as well. While in the first part of the research the method employed is non-participant observation, this time, since the researcher is also the facilitator of the meetings and is in a closer, collaborative relationship with the entities, participant observation will be utilized, at least for the implementation phase. Similarly to the first phase, this is not the core research method, but it will be used as a complementary method to solidify and contextualize the findings, however without following a formal approach or employing the usage of observation grids. Participant observation will be used both during the implementation itself, but also during the post-implementation interviews. This data, if needed, will give a better perspective on the interactions taking place during the OKR setting phase and the check-ins, such as the engagement of the team, their overall understanding of the methodology, the leadership style, the way the teams communicate, especially when underachievement is considered.

For the post-implementation interviews, the observation will still be non-participant and will support to further contextualize the results yielded by the discussions that take place during the interviews.

The observation was covert, the notes being taken either during the interaction, if possible, or immediately after to ensure data accuracy and reliability, although this, once again, was not a formal step in data gathering process.

Of course, since the research stopped for various internal reasons related to the NGOs after the implementation or even during the implementation, the observation from the workshops only refer to the initial step of OKR setting and not to the check-ins. Considering that post-implementation interviews did not take place, same applies to the observation.

6.3. Research study limitations

The study faced several limitations, mostly external, participants or field related, e.g. their willingness to participate or their level of topic understanding.

The main limitation of the research is the **heterogeneity** of the NGO sector, showcased through the multitude of organizations with different causes, sizes and ways of operating, which will make the undertaking of understanding the sector's current performance management practices and its needs in relation to performance much more difficult.

In order to partially overcome this limitation, the performance management framework was carefully selected to match several challenges found in the literature and mentioned by participants in the first phase of the research, as well as was designed in a way in which allows for a great amount of end user customization.

As part of the participant related limitations, we could observe on one hand their **low participation to the study** and on the other hand their **low contact with the field of performance management** and, consequently, their lack of phenomenon and terminology comprehension. Related to the willingness of professionals from the NGO field to participate to either part of the research, it can be asserted that this has become an issue, especially in the experimental phase, and it is noteworthy that even organizations with which the researcher had previous contact or were referred to the researcher by other acquaintances from the NGO sector refused to participate or perceived the research theme with apprehension. Similarly, few NGOs that aim at supporting other non-profits to develop their organizational capacities refused to participate or did not reply to any of the researcher's efforts to contact them. One of those organizations has recently finalized a program that aims at supporting organizations to develop their organizational capacity and, even more related to our topic, has started another program to teach NGOs to measure their impact. This could be considered the main challenge, as it was not in the control of the researcher.

Lastly, the **different levels of experience in performance management** and consequently the disparity in terminology understanding was the final drawback, but this is somewhat relevant to the study itself. Lack of experience in performance management and related terminology, while it has the potential to derail the conversations and increase the time of the interaction, since the researcher had to ask helping questions or to explain certain terms, also supports one of the main aims of the paper, which is to understand the state of performance management and goal-setting methodologies usage in Romanian NGOs. In order to overcome this, the researcher has created a glossary of terms as part of the interview guide, considering that most participants asked to see the main questions before the actual interview, and started the conversations, for both focus groups and interviews, with a short reiteration of the terms.

Building upon this study, future research could expand the geographical area and include NGOs that represent all regions in Romania in order to identify if the geographical region influences in any way the usage of performance management or if practices differ from region to region. Furthermore, a longer time period scheduled for the intervention could help researchers reach a more conclusive study regarding OKRs in Romanian NGOs, due to being able to build a better report with the subjects, as well as gain more control over the deployment. Lastly, the time frame could help researchers tackle aspects related to organizational culture which have proven critical in the success of an OKR implementation.

6.4. Researcher's identity

Researcher's identity must be factored in since it can greatly influence the trust, and consequently the collaboration, participants have in the researcher and the way he/she is perceived. Moreover, researcher's previous experience in the field is a must when he/she is directly engaged in the experimental part, and thus must be seen as an expert and coach, as shown by the literature, not only a passive researcher. Therefore, it is important to understand the background of the researcher and her experience with performance management and coaching work.

The researcher has occupied a position of Senior Management Consultant for a Training and Consulting company specialized in Strategy and Performance Management for the past eight years. The company is based in Australia but has offices in four continents and operates globally. In her capacity, the researcher has been involved in research and training facilitation in the field of performance management and lead performance management system implementations for organizations across the globe operating in all three sectors, with a focus on governmental entities, in different developmental stages and different sizes. In the past seven years the researcher has doubled as a Program Manager for the OKR related services of the company, training over 2000 professionals in the usage of OKRs and leading all OKR related consulting projects.

Related to the NGO sector, the researcher has been involved in volunteering activities for various organizations for the past 19 years, being in contact with multiple entities with diverse causes. Furthermore, fueled by a passion for the sector, the researcher also graduated a master's degree in NGO Management.

This experience qualifies the researcher to assess the existing literature through the lens of practice, provide practical advice for participants from the NGO sector, as well as to position herself as a coach and consultant with experience in the field. Moreover, this experience attests to the hands-on knowledge of the researcher in performance management implementation projects, related to all the stages, such as contextualizing and tailoring the framework to the specifics of a non-profit organization, facilitating setting workshops and check-ins and managing the project overall.

6.5. Data analysis

Data analysis of all data was performed manually. The usage of an existing automated software was not employed for a multitude of reasons, namely:

- the fact that it provides a generic perspective, while manual data analysis allows the researcher to form a deeper understanding of the data;
- the inability to automate all the steps in data analysis, thus requiring the researcher to perform certain manual steps;
- the fact that all data collected was in Romanian and going through a process of translating all of it would have been more time consuming, that performing manual analysis and translating only the selected direct quotes. Additionally, translating all data in English

to be analyzed as such would have increased the risk of some aspects getting lost in translation, therefore being missed by the software;

- the increased risk of the software missing some of the more subtle ideas expressed by participants, especially when their answers from one question contradicted a previous answer.

The data analysis phase for all three main data collection methods started with transcribing verbatim the audio recordings. A master excel file was created in order to support structuring the raw data under the question and the respondent it pertained to. The notes taken by the researcher during data collection consisting of relevant information based on the observation mentioned above were added to the excel file to match the transcriptions. During this step the participants' names were replaced with given numbers, that correspond with the number of the NGO, as presented in the table above.

The researcher analyzed the data in the same order as it was collected, starting with the data gathered through focus groups, then interviews and only then the interventions were described. For the **focus groups'** data codes and themes were established using an inductive and iterative process of thematic analysis for all data collected through focus groups and interviews, which follows the six steps prescribed by Braun and Clarke:

1. "becoming familiar with the data" (Mihas, 2023, n. p.) by reading and re-reading the raw data, as well as listening to the recordings several time, including in the transcription process.
2. "generating codes" (Mihas, 2023, n. p.), during which step manual coding was employed. Manual coding was chosen as opposed to software utilization due to the fact that most data was in Romanian, and only chosen quotes were translated to English, thus making it harder to find a suitable software solution. Furthermore, manual coding allowed the researcher to better contextualize the answers, especially in the cases where the same information was seen from a negative perspective by some respondents and in a positive light by others. Due to the reading and re-reading process the researcher was also able to identify any inconsistencies that occurred in the discourse of each participant to the study.
3. "generating themes" (Mihas, 2023, n. p.). Although the questioning route already had few predefined dimensions and most data gathered fitted those themes, during this third step an additional theme was singled out, namely performance measurement.
4. "reviewing themes" (Mihas, 2023, n. p.).
5. "defining and naming themes" (Mihas, 2023, n. p.).
6. "locating exemplars" (Mihas, 2023, n. p.), which will be presented in the following chapter under the format of a table for readability purposes.

Taking into account that the data was collected from two focus groups, during the coding phase constant comparison analysis was also used, in order to suggest similarities and differences between the groups. Therefore, the codes below are arranged in a comparative manner, highlighting (in light blue) the codes that appeared in both focus groups, as opposed to the ones that were specific to a certain focus group.

Table 16. Themes and distribution of codes per focus group¹⁵

Themes	Codes from Bucharest Focus Group	Codes from Cluj-Napoca Focus Group
Romanian NGOs	Diversity	Diversity
	Limited resources	Limited resources
	Similarity with for-profit	Transition
	Part of a corporation	International organizations
	Voluntary work	Power to influence
	Reputation	Legislative system
	Professionalism	
	Administrative capacity	
	Motivation	
	Innovation culture	
Strategy planning	Long-term thinking	Long term thinking
Performance management	Skills associated with performance	Performance management system
	Sustainability	Stakeholders
		Volunteer's work
		External reporting
		Existing practices
Performance measurement		Ad-hoc reporting
	Performance evaluation	Performance evaluation
	Impact	Impact
	Self-evaluation	
	Efficiency	
Challenges in performance	Efficiency vs result	
	Diversity	Transparency
Features of a PMS	Long term results	Discrepancy in organizations size
	Flexibility	Flexibility
OKRs system	Automatization	Clear methodology
	no	yes
	yes	

An obvious discrepancy between the two sets of replies is apparent by simply looking at the above table. However, given the relatively small size of the population that participated to the study, venturing to explain the motives behind these differences would be premature.

¹⁵ This study was deployed during doctoral studies and pages between 153 and 157 were published in Miertoiu (2023, forthcoming).

This gap would benefit from further research, including exploring the relationship between the differences in answers and the location of the NGO's operations, however the data collected during interviews does provide an indication that the difference in codes is not related to geographical aspects, as showcased in the table below.

In the case of **interviews**, a similar process as the one described above was followed, however their twofold aim had to be taken into account during the data analysis phase. The main utility of interviews was their ability to provide additional information or more in detail practices related to performance in Romanian NGOs, given that the focus group discussions were more general and did not dive too deep into the participants' procedure. The interviews were also used with the intent to test if the concepts emerging from the focus groups are shared by other entities and ultimately to be able to assess if certain subjects are particular to a location or not.

The main difference is that during the analysis of interview data the researcher tried to use the themes already generated during the focus groups, although if another theme would have emerged, it would have been considered.

Another difference is that the higher number of questions on certain topics influences the overall number of codes and their distribution. During the analysis of interviews, a parallel between the codes from focus groups and interviews will be made to ensure consistency of results and conclusions being drawn on the complete data set, since the two methods are used in a complementary manner.

During the interview analysis we will focus not only on the similarity between codes, but also on their frequency, which was not possible to account for during the focus group analysis.

While for the data gathered during focus groups the frequency of codes was not determinable because the opinions were rarely split, with one perspective dominating the conversation, the interviews' data can shed light on the most common perceptions on the themes and allows for a more nuanced interpretation of the results, with less bias, given that the opinions in a one on one format cannot be influenced by the group. The role of noting the frequency of certain codes under the themes is not to stress on the quantity itself, but to showcase if the importance of a certain idea extends to a larger group or not.

Table 17. Themes and distribution of codes per interviews' location

Themes	Codes from Bucharest interviewees	Codes from Cluj-Napoca interviewees
Romanian NGOs	Limited resources	Limited resources
	Needs covered	Needs covered
	Collaboration	Collaboration
	Number of NGOs	Number of NGOs
	Reputation	Reputation
	Professionalism	Professionalism
	Accelerated development	Accelerated development

Themes	Codes from Bucharest interviewees	Codes from Cluj-Napoca interviewees
	Administrative capacity	Administrative capacity
	Diversity	Diversity
	Voluntary work	Voluntary work
	Motivation	Motivation
	Legislative system	Legislative system
	Innovation culture	Innovation culture
	International organizations	International organizations
	Part of a corporation	Part of a corporation
	Donor driven	Donor driven
	Data averse	Data averse
	Flexibility	Flexibility
	Transparency	Power to influence
		Quality/Sustainability of work
Strategy planning	Yes	Yes
	No	No
Performance management	Yes	Yes
	No	No
	Donors	Donors
	Government	Government
	Management/Board	Management/Board
	Volunteers	Volunteers
	Employees	Employees
	Members	Members
		Partners
		External specialist
		The press
	Yes	Yes
	No	No
	PMS implementation	PMS implementation
	Stakeholder's involvement	Stakeholder's involvement
	Strategy planning	Strategy planning
Performance measurement	Indicators	Indicators
	No existing method	No existing method
	Project reports	Project reports

Themes	Codes from Bucharest interviewees	Codes from Cluj-Napoca interviewees
	Discussions	Discussions
	SMART technique	Beneficiaries' questionnaires
		Resources
		Work procedures
		Minimum quality standards
		Gantt chart
		Efficient promotion of projects
	Yes	Yes
	No	No
	Yes	Yes
	No	No
Challenges in performance	Lack of resources	Lack of resources
	Lack of member's ownership/ Management support	Lack of member's ownership/ Management support
	Unpredictable external environment	Unpredictable external environment
	Lack of a proper governance	Lack of a proper governance
	Difficulty to measure	Difficulty to measure
	Lack or measurements	Lack or measurements
	Creating a flexible PMS	Lack of PMS
	Reduction of creativity	Difficulty in setting performance measures
	Alignment between top managers and employees	Reduced applicability of data analysis and utilization in decision making
	Limited applicability to manage volunteers	Constricting national requirements
	Employees' ability to see their job significance	Multiple reporting platforms
		Negative perception of PM
Features of a PMS	Simple	Simple
	Flexible	Flexible
	Not resource intensive	Not resource intensive
	Collaborative	Collaborative
	Transparent	Transparent
	User friendly	User friendly
	Culture driven	Culture driven
	Communication driven	Communication driven

Themes	Codes from Bucharest interviewees	Codes from Cluj-Napoca interviewees
	Customizable	Customizable
	People centric	People centric
	Clear	Clear
	Alignment	Alignment
	Accountability inducing	Accountability inducing
OKRs system	Yes – for their organization	Yes – for their organization
	Maybe – for their organization	Maybe – for their organization
	No – for their organization	No – for their organization
	Yes – for NGO sector	Yes – for NGO sector
	No – for NGO sector	No – for NGO sector
	Ambition	Ambition
	Ease of usage	Ease of usage
	Accountability	Accountability
	Employee engagement	Employee engagement
	Needs testing	Needs testing
	Creativity	Strategic thinking
	Alignment	Fast solutions
	Professionalism	Motivation
	Education	Resource allocation
	Corrective actions	Prioritization
	Impact measurement	Direction
	Scalability	Collaboration
		Efficiency
		Participatory decision-making

Just as in the case of focus group codes, the codes that emerged in both locations are marked with a light blue and written in parallel in the table.

As an additional step in data analysis for all data collection methods, the discourse, attitude, and interactions of participants, where possible, where noted, together with the consistency and specificity of responses that were further analyzed for a better understanding of the participants' current practices and opinions on the topic of performance management in NGOs.

In the case of the **intervention** the data emerged is different and does not require the same type of data analysis, therefore the results section will focus on presenting the implementation journey, workshop outputs with redacted information regarding the organizations. Additionally challenges and lessons learned will be discussed.

CHAPTER 7.

Results and discussion

The following chapter will present the results of each data collection method in the same sequence in which the methods were applied, showcasing initially the results of the first part of the research which was comprised of focus groups and semi-structured interviews, and only then discussing the results of the interventions that took place in the second part of the research. All results will be presented in a comparative manner, especially the ones from the first research stage, in order to present conclusive results, with references being made to the literature review when the points either confirm the existing literature or show a divergent position.

Throughout this chapter, for better visibility and readability, some of the longer direct quotes segments selected from the conversations to support the findings will be presented in a tabular version, rather than inserted in the analysis.

7.1. First research phase

7.1.1. Focus groups' results¹⁶

By analyzing the codes' similarity from one focus group to another it is clear that the discussions went in different directions and participants had divergent views on most topics. Overall, only five similar points were identified between the two focus groups.

Furthermore, even the importance given to certain topics in the conversation was contrasting. For example, while almost one third of the conversation from Bucharest revolved around Romanian NGOs, their struggles and even their philosophical role in the society, in Cluj-Napoca only about 10% of the conversation, time-wise, revolved around Romanian NGOs in general.

In the below analysis each dimension will be discussed separately, however converging points between two or more themes will be emphasized upon, if the case.

7.1.1.1. Dimension 1: Romanian NGOs

While describing the Romanian NGO sector, two major ideas have been considered by both groups, one being the **sector's diversity**, both from the perspective of organizations, such as size, way of organizing etc., and from the perspective of causes served. Considering this aspect, R6¹⁷ from Bucharest (B) sees segregation as an important pre-requisite step in identifying NGO

¹⁶ This study was deployed during doctoral studies and pages between 158 and 174 were published in Miertoiu (2023, forthcoming).

¹⁷ Where "Respondent No." corresponds to the numbers associated to respondents in Table 12 and Table 13, depending on their location (Research Methods chapter)

needs: “The world of NGOs is extremely diverse and very challenging. So, if you don't do segmentation, you can't know the needs of the NGO and what is suitable until you segment very clearly”.

The same point of diversity emerged during the Cluj-Napoca (CN) discussion, represented by the thoughts of R1: “There are so many causes and it's hard”. However participants focused on expressing some of their disappointment regarding the way causes are advertised and the need of NGOs to pay for publicity, an aspect that also emerged during few one on one interviews with representatives from Bucharest: “The ones that end up on TV or those who have the money to advertise, to end up on social media, to be visible everywhere, yes, those will be the ones that everyone will know about whenever you ask. But there are so many causes besides these; however, if they don't have an ambassador or don't know how to work with someone to help them or an essential donor to help them promote themselves, they won't survive”.

The second idea common to both groups revolved around **the scarcity of resources** Romanian NGOs struggle with. This particular point has been mentioned various times throughout the conversation not only when describing the NGO sector, but also when discussing about Strategy Planning, Performance Management and even Challenges in Performance. Similarly, scarcity of resources was also a central finding emerging from multiple interviews.

The way this topic was approached by both focus groups was from a more personal perspective, with participants providing examples of their own or their NGOs' battles with obtaining financing. R6 (B) explained that they experienced months lacking financing and the hardships of being able to keep their operations in between: “I had a lot of stress when my financing on a certain program ended and I didn't know how to ensure the employees' salary between the moment my project ended and the moment when it was possible to start another project – that was two months, three months. And I had to do different financial artifices to be able to keep my staff during those two to three months when I had a funding gap. And that puts quite a lot of pressure”. While Cluj-Napoca participants did not undergo such an experience, they mention that their NGOs are either fully dependents on one sponsor or international funds:

- R2 (CN) – “It seems to me that we do not have this culture [of donating]. It is very difficult to obtain financing from Romania. I work in an NGO financed from external sources almost 100%.”
- R1 (CN) – “We have only one source of income/sponsorship, and if something happens to this source, we don't know exactly what will happen [with the organization]”.

Besides these two similar points, the discussion from Bucharest's focus group focused extensively on NGOs that are part of a corporation or are created by a for-profit company and the ethics of owning an NGO as a corporation, as well as the fact that some companies tend to use their NGOs as a way to decrease the taxes they owe to the government, thus negatively impacting the reputation of the entire NGO sector. Two participants also reckoned that Romanian NGOs are “all heart”, however they **lack professionalism** or **strategic thinking** and even **administrative capacity**, due to the sector being underfunded, with R7 (B) expressing that “NGOs that are really NGOs are all heart, but have little professionalism and little long-term strategic thinking [...] I think that the NGO sector in general has rather a lot of motivation, most of the people in

the NGO sector and from what I have read, not only here but also in most countries, are over motivated and underfunded. I mean, we have drive, what we don't have is basically money, I'm asking for financing for all kinds of activities and including the ability to manage.” Likewise, R6 (B) strengthens the idea that most issues in NGOs originate from a central problem, namely lack of resources, all the others being secondary to this: “NGO is a kind of scarcity, that is, there is no money. And when someone comes with an idea, in many situations it happens that the boss says, ok, but where do we get the money from, or he doesn't even say ok anymore because he already knows that you have nowhere to get the money from. And then this culture of innovation stops at this point. When there are calls for financing, then managers go to the employees and ask them “what projects are we writing now”, unless the manager says “we are very busy, we are not writing anything anymore because we can barely manage the projects that we have ongoing and we don't have the capacity to take more than that”.

Based on this conversation we can also identify two positive aspects about the NGO sector, more specifically the fact that human resources operating in non-governmental organizations are **highly motivated** and engaged, which is an important pre-requisite for a performance management system, especially an OKR based one, as well as the existence of an **innovation culture**. Surely, due to the lack of resources innovation ideas don't always get to be applied, as explained by R6 (B), but still, it can be regarded as an encouraging finding for the sector's development.

Regarding the **connection with the for-profit sector**, participants expressed opposing views, with one – R5 (B) – seeing NGOs as “similar to for-profit, it is the smaller copy”, while others consider that having NGOs connected to businesses can lead to unethical practices, thus utilizing the non-profit as a shield for the commercial activity: “However, I have a problem with NGOs that are not NGOs. NGOs that are actually a front for commercial activity, with extraordinarily questionable ethics, essentially being another way to make a profit for the bottom line” (R7, B). This type of rhetoric will be also identified during the interviews, especially seeing that some interviewees do not find the similarities between for-profit and the third sector disturbing, while others refused to participate to the study on the basis of not wanting to become a business, thus not being interested in the field of performance.

The practice of connecting NGOs with businesses is also identified by participants to the study as one leading reason that negatively impacts the **reputation** of NGOs, although not the singular one: “The non-profit sector in Romania got a bad reputation at various times for various reasons” (R7, B).

Finally, participants consider **working with volunteers** or fully volunteer-based work as an obstacle for development, due to their limited engagement: “There are also organizations that really work on a voluntary basis. And [another participant] is struggling to take the organization further into the business area so that it can make money so that it can do more systemic things, but people say no, the volunteering part is ok for us” (R6, B).

The Cluj-Napoca focus group had a tendency to discuss more about the **convoluted legislative system** and the extra effort it requires from NGO professionals: “From a legislative point of view and on all levels, there are some rather nasty gaps and that is why it is somehow necessary to have NGOs. And when neither the state helps you, nor the population is educated

to help, it seems to me that the NGOs are fighting with the windmills. They don't really have much of a chance” (R2, CN).

The discussion from Cluj-Napoca also touched on the subject of development stage of Romanian NGO sector, which is reckoned to be in a **transition phase** with continuous development being visible: “I think it is in a transition. I mean, it's very early in development. Some mega NGOs are visible that also have mega funding, but I think it's also in an incipient state in our country” (R4, CN). The same respondent (R4, CN) also broached the topic of existing international NGOs, which, unlike Romanian non-profits, are more structured and have an improved organizational capacity: “There are NGOs that are starting to appear in our country that have been outside for many years and are also coming to Romania. And from there probably comes a more structured, organized approach”. While this is the first mention on the topic, it will be rediscussed during one-on-one interviews, with interviewees having a similar expectation from international organizations. Furthermore, the practices explained by interviewees that pertain to this category support such assumptions and showcase better managerial capabilities and more sound and structured performance related practices, although not always at the level in which they exist in the for-profit sector.

Another emerging idea was the sector's rather **limited power to have a real influence**, unless finding a way to attract the attention of decision-makers towards their cause: “They [NGOs] are small and have no power to influence or convince, and if they want to do this, they don't know how to do it in a way that it reaches the people who make decisions” (R1, CN).

Unlike the Bucharest focus group, the Cluj-Napoca one fails to identify any strengths of the sector either in a direct or indirect manner, beside its continuous development stage, focusing on what it is currently lacking.

Once again, all the above findings are further strengthened by the findings from the interviews and will be rediscussed further.

7.1.1.2. Dimension 2: Strategy planning

Under the strategy planning theme, both groups discussed the **need to have a long-term approach**. While among most participants there was consensus regarding the need to have a long-term focus, there were few divergent opinions in the focus group from Bucharest, with some participants mentioning that having a long-term plan is not entirely helpful since **the plan will change based on the execution**: “It is very difficult to plan on the long term, it is easy to plan on the short term as you test various products or solutions to the big problem that the organization is struggling with” (R5, B), while other emphasize on the need to have a **balance between strategy and tactics**: “If you have a long-term strategy but the tactics are inconsistent with what is happening... and to be only tactical, that is, to do such small daily tricks to get things done and not to consider the long-term again it is not good” (R3, CN).

Another more balanced approach describes the need to **gauge the organization's development phase** when evaluating the need for a strategy plan, touch basing with customization depending on the entity, a central theme found in the literature: “It also differs a lot depending on the stage at which the organization is. One thing can be said when we talk about entrepreneurial

organizations where planning is not really necessary, it depends a lot on the personality of the entrepreneur, because there are some who need planning because that's how they work, and some for whom planning is more confusing than helpful, and it depends a lot on the style of the entrepreneur, but I think that when you go from the entrepreneur level to the team level, the role of strategy and planning is to harmonize the team. This is often a very big problem in NGOs because often everyone has their own project and the overall picture at the level of the organization is not obtained” (R6, B).

Regarding issues mentioned with the current NGO practices, a notable one is that they **do not make realistic plans based on the resources available**, which would be something that participants recommend importing from business: “This is really a problem because, unlike business where, and because of the way it has to exist, they are concerned with how we make systems more efficient, how we select people, how we take care of them, how we make cash flow so that tomorrow we don't disappear from the market, etc., instead of having answers to these healthy questions, many of the non-profit organizations in Romania are something like: we do this, we fix that, we save the poor children. With what money? I don't know, we'll find out tomorrow, the day after tomorrow, the day after that. And then I think there is a healthy need in many organizations to import the parts from business that make you think about how to exist tomorrow and the day after tomorrow and be able to help the final beneficiary, whoever it may be, tomorrow and the day after tomorrow and in five years” (R7, B).

We can also note some **vague interpretations of a strategic plan**, such as feeling the need for a well-documented, detailed, and long plan that is not known, but that employees use in the execution part. If your plan is not being executed you run the risk of it being a formality that one person is responsible for, as some of the participants mentioned: “Planning yes, it happens all the time. The whole thing is very planned out and after that comes the reality which is different. But in itself, anyway, the planning is a rather elaborate part of this whole thing. I mean, it takes a long time, it's a job, documentation, to write the whole thing. Planning out ahead and the whole thing, it seems to me a very important and relevant and applicable part. [...] But the backbone [the strategy], which is nothing more than a form and a formality, helps you after that. At the end when the line is drawn” (R8, B). The same idea is echoed by R9 (B), which works in the same NGO as R8 (B): “For us, our collaborator, due to working a lot in the state system, is very good with writing documents, he really likes to write documents. He can fill lots of pages, you can't even keep track anymore”. Such approach in which the strategy is considered successful based on the number of pages it has or how well documented it is can easily become problematic because employees will not identify themselves with the strategy, which will be seen as a formality, therefore will not work towards achieving it. This point is also reinforced by R6 (B): “People don't necessarily feel connected to the organization's mission. They feel possibly connected to their project, but at the same time they feel that they are not heard at the level of the organization. So, in such situations, the role of strategy, planning, metrics, is connecting them to the big goals and help the dynamics of the organization and the culture of the organization”.

Another notable comment references the lack of proper understanding on the strategy and performance topic, by underlining that in practice strategy is seen as just **a way of putting**

together all indicators and objectives from activities and projects, rather than give a single direction: “Strategy often structures what happens in practice. And it aligns, so to speak, a little, the things that happen in practice, without necessarily...it goes the other way, from the objectives that are already in projects many times, those are aggregated at the level of a strategy. So to say, this is the strategy, let's see what the objectives are, let's see what the metrics are, often it doesn't match because it's the other way around. These are the indicators, these are the objectives, I find some objectives there, and this is how they are connected at the organizational level. Usually in NGOs, because they work a lot on projects, they have measurements or objectives related to projects” (R6, B).

Based on the conversations that took place, NGO professionals see the role of a strategy and long-term thinking very differently and its importance seems rather more formal than practical to them.

There was one single participant mentioning that they have a **strategy that is being re-evaluated every year**, which can be considered a practice that is backed-up by what most organizations using strategy planning are doing: “We too have a strategy and more objectives than we could carry, but we prioritize them according to opportunities. Resources are very limited and the number of ideas high. For us, this was a process before the association was established, a strategy was made that we recalibrate every year” (R4, CN).

Similarly, R1 (CN) recounted their experience with strategy planning, which was described as a “complicated process”, but at the same time eye-opening regarding their current practices and provided them a better perspective on what needs to be prioritized: “I can't necessarily say that we had a very clear strategy until last year when somehow we redid everything from zero and even went through all the necessary steps for a strategy, so that it was clear to us and we knew what we wanted going forward . But yes, it was quite a complicated process, we had a lot of fun. Made us realize that we were investing a lot in some things, and they weren't necessarily related to our objective, but we liked doing them and somehow, we recalibrated this whole area, what to invest more time in, how to divide our time and so on. So yes, it was a more difficult process, but we involved everyone from stakeholders to us as employees, including alumni, so somehow, we received feedback from all sides. We tried to involve everyone to make sure that what we are doing is in the right direction and not just our perfect vision”.

As a solution for making NGOs more aware of the need of having a strategy, one participant noted the need to have **financing organizations cautious in awarding the financing only to NGOs whose strategy fits**. However, taking the responsibility away from the organizations and placing it on the financing entity will not have a desired effect, eliminating NGO's accountability. For accountability purposes, the perspective should be different, and focus on the NGOs – they should uphold their strategy and only apply for grants that are in alignment to their strategy, which leads us back to why they even apply for financing that is not entirely in their line of work, namely scarcity of resources: “The NGOs should not have projects that do not fit into the organization's objectives and it is somehow the role of the financier to ensure that they finance those organizations and those projects that are part of the organization's mission” (R6, B).

Based on the conversation we can conclude that while strategy planning practices are not mature in NGOs, they existing to a certain extent, with two good examples being presented. Participants to the focus groups highlighted the need for a long term perspective that aligns the efforts and projects under one overarching umbrella, to ensure efforts are not spent doing unimportant activities. Furthermore, we can notice a future recurrent theme being mentioned for the first time: the tendency of putting accountability on third parties, instead of making the NGO responsible for their practices.

7.1.1.3. Dimension 3: Performance management

Performance management, the key theme in this research has proven to be misunderstood by respondents, with lack of education on the topic being evident. The following theme, performance measurement, was added due to this particular reason. Still, the discussion did yield some interesting ideas regarding the performance management practices in Romanian NGOs.

The first observation is that this is one theme where the two focus groups have not generated any similar perspectives.

One participant (R8, B) has prompted few topics, such as **skills associated with performance**, time management being the one mentioned directly, or the need to have a **sustainable** approach as an NGO, therefore the need to measure during each cycle: “An NGO must not only think as a business, I received this money, I must see this project to the end, it has a hypothetical responsibility to create something sustainable. That is, a renewal cycle”. However, the discussions on performance management has been, at best, limited, with participants focusing more on the measurement aspect.

At the same time, during the discussion in Cluj-Napoca the participants approach the subject from various perspectives, such as the performance management system, stakeholders, including volunteers and the reporting process.

Regarding the practices, one participant considers that “somehow people are already using them [some performance management tools]. I don't call them the same way, but these practices are already integrated” (R3, CN), reckoning that NGOs already utilize performance related activities, without naming them in accordance with the agreed upon terminology. On the other hand, they also recognize that these are just activities, not a system and addressed the **need for a methodology they can replicate**, thus a **simple** one, even mentioning a self-assessment framework, as they were not aware of the existence of any such framework: “I think that this kind of self-assessment tool could be made with different dimensions, the impact in the community but also the way you managed problems internally, the way you communicate internally, you can actually look at many indicators” (R3, CN), opinion echoed by R4 (CN): “If a framework/ a methodology was available, let's say and after that you would be able to apply the respective framework to your own organization... if there was such a thing on the market”. This discussion, while promising because it shows practitioners in the NGO field are aware they could benefit from performance practices, only makes more evident the lack of knowledge and previous interest in the topic, if we take into account the countless available research based performance related resources that can be found online.

Furthermore, participants agreed that NGOs shouldn't become businesses all the way when implementing a performance management system, referencing here the perceived rigidity associate to performance frameworks, but still **maintain some “effervescence”**: “Because we are contaminated by the business sector, by the visions of companies, I think it's a good mix between the characteristic effervescence of NGOs and the more applied part that people in companies have, but I think that in many other places, for example I see my colleagues from another NGOs that is more specialized on research, they don't have this thing. Everyone works a lot individually, they don't coordinate...” (R3, CN).

Besides the need for a simple framework, participants also mentioned that the performance management system should be able to **capture the work of employees**, and especially of volunteers, in an effort to better integrate and motivate them: “Every organization should have a quality standard in working with volunteers, for example, or there are many areas in which volunteers could somehow be certified that they can do a good job, or at least you did as a volunteer” (R4, CN). However, even in this regard the practices are unevenly applied, with R2 (CN) estimating that the application of performance differs based on requirements, especially external ones: “For me, **the volunteers who come on Erasmus and all the programs outside the country, yes, we are obliged. For the internal ones... well**, we have long-term volunteers – seven years or so – and then somehow, we no longer monitor them because we already know what they can do, their abilities, where we can integrate them. And the new ones, they also integrate along the way, so somehow, we are always forced to do this, because in an NGO you have limited staff and human resources and somehow in order to do your activity, you have to take care of volunteers and take care of the employees”.

Another sub-topic explored during the conversation was centered around **stakeholders**, where participants mentioned that either the board decides what and how to measure based on some statistics: “Rather, we have the board meeting, when the board of the organization meets, and before the meeting we prepare and put together some statistics” (R3, CN); or all members: “we are trying to involve human resources, both the employees and the board are involved, the one from here and the one from Holland, each in its area. But also volunteers” (R2, CN).

Another practice that was obvious is the **lack of adaptation of the performance management system** to the changes the organization undergoes, with one participant reckoning that their performance components, don't change overtime and have not changed in the past five years, which is not a recommended practice in the literature: “Things are quite clear for each project and I, for one, could not change them in five years and it will not change for a long time” (R2, CN). It is important to note that R2 (CN), although referring to a system, has clearly stated that the measurements are project focused.

Regarding the **reporting process** associated with any performance management system, participants agreed it usually happens because it is a request from a third party – government, financing organization – or based on projects, but rarely within the team and rarely other than ad-hoc. R2 (CN) reckons their reporting process is strictly related to the government's requests, but they do not monitor anything else internally: “I work on some minimum quality standards because it is enforced for the center, but you are simply given some items that you have to

fulfill. When you have not fulfilled them, you lose your accreditation, and you can no longer carry out any activity. So that's practically set in stone. And every time the legislation changes, something is added or modified". Furthermore, the reporting process is seen more as a burden and extra tasks they must do due to the fact that "many [financiers] want reports" (R4, CN).

With regard to the internal reporting process, participants agree that it usually happens ad-hoc, but they do not have a pre-set reporting process within a set timeframe: "I think that another problem we have is the period we have to measure. I mean, for projects, the period is logical, but when it comes to our activity, we never thought let's meet once in a few months, I guess that if we meet every week, it will be too much, and to ask ourselves how are we doing, what's lacking, what is happening. I think we do it every few months, but again it is rather ad-hoc. Everything seems to me to be very informal. As of now, we do not have a plan to meet x times this year to discuss our performance, what we did, what we didn't do" (R1, CN).

As mentioned above, this tendency of applying performance management only if or when required by a third party, thus eliminating the NGO's own need for accountability, is a recurrent theme through the literature and through the research discussions.

During the discussion another vehiculated idea is that they evaluate the performance of their activities at the end of the year, but not the performance of employees due to the fact that it can be perceived as subjective. Such perception only strengthens the surmise that performance is applied based on common-sense, without prior knowledge, in an uneven and discretionary way.

In practice however, a well put in place system should support them to avoid such subjectivity and conduct fair evaluations.

Considering the topics that emerged during the conversation we can conclude that with regard to performance management the Cluj-Napoca group seems to be more mature in their approach, due to their openness to a framework, and the fact that they felt more comfortable to discuss the topic from various perspectives. At the same time, the Bucharest group was more reluctant to engage and share their thoughts or expertise.

7.1.1.4. Dimension 4: Performance measurement

This theme was not in the original construct but resulted from the discussions' analysis and was, therefore, later integrated in the one-on-one interviews. When asked about performance management practices, most participants focused on the measurement part, especially how and what to measure. The most addressed discussion points were performance evaluation and impact measurement, which are also common to the two focus groups.

The discussions that took place under this theme give yet another indication that NGO professionals attending the focus groups have limited understanding on the performance management concept and cannot differentiate between the framework and methodology and what is being measured.

During the Bucharest focus group discussions around performance evaluation showed that although some participants claim to have objectives and indicators, the practice is still in an incipient phase and mainly used to measure project related indicators and simply "aggregate" those at the corporate level. During the conversation participants gave the impression of being

somewhat lost in the idea of measurement and were even trying to say what they are measuring, however these measurements seem to be inconsistent and slightly based on a guessing game and not a clear methodology of selecting the best measurements to showcase their success or areas that require improvement. The idea stated by R8 (B) that measurements cannot yield results in one year is also noteworthy, being important to highlight that indicators without results cannot possibly help gauge the next steps and what needs to be adjusted. The literature considers indicators that are not being measured inactive, therefore of no use to the organization.

R7 (B) also expressed an opinion that is not considered valid in practice: “And there is this narrative, which comes from the business area, which tells us to measure a set of metrics that are easy to measure”. The advice from the literature is actually to measure relevant metrics for the entity’s success, thus relevant for the objectives, but being easy is not necessarily a go-to characteristic when selecting the indicators.

For better readability, under this dimension the selected quotes will be structured in a table, especially because they do not express different ideas, but rather revolve around the same theme mentioned above.

Table 18. Performance evaluation related quotes from Bucharest focus group

Respondent No.	Code	Direct quote
R8	Performance evaluation	We have objectives and indicators. But at the moment, this is the second year of operation, so we don't have results yet, but we plan to integrate it into this system.
R5	Performance evaluation	I worked in NGOs where the management was based on the project, where the performance of the organization was measured by aggregating all the indicators from practically all the projects.
R5	Performance evaluation	I wonder if, apart from the performance of projects, there is also a separate performance of the organization, which is not an aggregation of all the indicators. Because what I see now in organizations of this type is, on the one hand, the performance of projects that, depending on the funding source, are either super rigorously monitored, or rigorously monitored, never superficially, and I also see, beyond that, the performance of organizational development, but other than this "performance", I can't see other categories of objectives.
R5	Performance evaluation	NGOs firstly measure the results and secondly, if there is great interest from the financiers to do impact studies, that is done as well. If not, then the NGOs will remain at the stage at which Coca-Cola remains, to pretend that they contribute to the increase of happiness of the family at the lunch table, although they will never measure this. But obviously there is a logical connection behind it and maybe yes, Coca Cola makes us happier at lunch.
R7	Performance evaluation	And there is this narrative, which comes from the business area, which tells us to measure a set of metrics that are easy to measure. And I agree with the assessment that NGOs, in general and including in Romania, do not often measure things, nevertheless there are some simple metrics that we cannot apply so "sloppily", that do not work in the same way as real estate loans when working with children with cancer.

Respondent No.	Code	Direct quote
R5	Performance evaluation	If I can point out something, related to the metrics, because their relevance is not in comparing organization A and organization B, which still works with people and headcount to see how much you spent per person, but I think the relevance of metrics is to compare yourself, in T0 and in T1, to see how you can with the same amount of money or with the same resources help three children with cancer more than you managed in T0.
R8	Performance evaluation	Internally, we effectively measure the application response to the projects, the respective courses, the day-to-day activity.
R5	Performance evaluation	At the organizational level, we have some metrics that we have been following, the dynamics of the budget from one year to the next, the increase in the number of employees, the things that are easy to measure. And among those that are easy to measure, a very important metric is the number of attracted projects, which is also directly related to the organization's annual budget. Now, it is more difficult to keep our feet on the ground in the implementation and because we are an organization that is in the start-up phase, and we consume a lot of time with various tactics and so-called products.
R5	Performance evaluation	Obviously, we have metrics related to the project that we report to the financier.
R6	Performance evaluation	It is indeed the responsibility of the organization to ensure that the metrics from the projects feed, so to speak, the metrics at the strategy level. Metrics in general, not only quantitative, but also qualitative or impact oriented.
R6	Performance evaluation	There are many organizations, and NGOs, in Romania that already have measurement systems, have very clear metrics, have a strategy from which the objectives are derived, have projects that they develop based on the strategy, somehow there are such organizations, but also organizations that do not [use such practices].

A similar conclusion as the above one was even more preeminent during Cluj-Napoca focus group, where most participants mentioned metrics related to some of their operations or even the main purpose of the organization, but clearly those metrics have not been selected based on anything else other than being easy to measure and somehow the commonsense choice. Participants claimed that there is no structure in performance measurement or management overall and certainly the process is not very rigorous. Some participants mentioned they do measure some results monthly, others at the end of each school semester, while others mentioned they usually measure events based, showing once again the uneven application of performance within Romanian NGOs.

Comparing the ideas of the two focus groups we could conclude that most NGOs that attended the focus groups see the need for measuring performance and even have certain measurements in place, but they lack structure and a clear metrics selection and, subsequently, a structured reporting process.

Table 19. Performance evaluation related quotes from Cluj-Napoca focus group

Respondent No.	Code	Direct quote
R2	Performance evaluation	There are objectives, but I don't measure them, and no one necessarily measures them, that is, I have a day center with educational activities, and somehow at the end of the school year, then the practical performance is measured. Who passed the class and who didn't, and, at the end of each semester you can see who got good grades and who didn't.
R2	Performance evaluation	We have a general design, not very clear. That is, the objectives are very clear, but they are not taken into account. Each department has very different objectives and they are not necessarily measurable. We are somehow more guided by the center's results.
R4	Performance evaluation	At the same time there are things that are not measurable. I mean, you can't measure that a volunteer came with a super initiative and gave you an idea, you can't compare it with another. Where to position it, you can count it as yes, it was an initiative, but evaluating how useful or relevant it is quite complicated.
R3	Performance evaluation	And anyway, I think that this whole story with the measurement of objectives is extremely delicate because in the business world, more and more people criticize the KPIs, more and more say that you achieve KPIs and objectives for nothing if your employees are unmotivated and leave after six months, and the organization delivers things externally, but nothing for its employees.
R1	Performance evaluation	We also measure the students and the participants we have at the events. Somehow our objective is to offer executive education in Transylvania/Romania, but, yes, I think that's how we measure it: in the number of students and the number of people who participate at the rest of the events we offer.
R1	Performance evaluation	We measure knowledge, or how to say, we measure the idea of knowledge, of information, that is...that's what I mean we can't measure because that's what we give, that is, we actually give them information that they can use.
R3	Performance evaluation	For example, we look at the financial side, how are we doing with these indicators? When we have certain types of events, we look at the engagement we had and measure the statistics part, how many people viewed the page, opened newsletters, etc.
R3	Performance evaluation	[Performance measurement is] Not as structured as in a company, especially since we are only 4 employees.
R2	Performance evaluation	I somehow measure the attendance, the flow of people, monthly. Nothing related to employees, until the end of the year and the small interventions I have when I go to the center to see what is happening. Somehow, it's quite subjective, so it's not something that's very well set up to be able to evaluate the employees based on the respective things.
R4	Performance evaluation	It's not well set up here either. For us, it is not very rigorous in all areas, of course we measure the projects, we also monitor the activity of volunteers more or less detailed.

Impact measurement seems to be a very important topic for all participants, however not all agree NGOs should measure impact in the first place, but focus on measuring what is in their control. In the previous section, one participant referred to this point of measuring results and looking at impact only if needed by the donors or sponsors. Some participants, on the other hand, mentioned that they decide on the next year's priorities based on the impact measurement and the activities that had a higher impact overall. It is, however, unclear how impact is measured, considering the previous explanations related measurements.

Table 20. *Impact related quotes*

Respondent No.	Code	Direct quote
R8 (B)	Impact	The idea itself of the perspective and of knowing and identifying all the elements of a system and their impact over time and how you apply them, yes it can be for profit, it can be for impact, it can be for both. But your impact is in time and time is the factor that decides and determines your respective impact.
R2 (CN)	Impact	For me, the objectives are again measured on the long term. Practically, the main objective is the integration of children into society, including finishing school, inclusion in the labor market, etc. so somehow for me it can extend over a very, very long term, but somehow the main objective is for the children to finish 8 classes after which they can move on. That's how I can measure them, during these years.
R4 (CN)	Impact	The main goal of NGOs is impact. How to create an impact in a certain area and one is easier to measure – in the short term, something else needs to be measured constantly, but over a long period and performance often boils down to the use, the optimization or use, efficient and effective of your very limited resources.
R3 (CN)	Impact	After all, this is the purpose of the organization, to manage to fill a class of trainees once every nine months and to gather people to open executive events. Now we could really think that the impact would be that we create a more autonomous business community that can bring added value to companies... but it is still difficult to measure this. We see and hear from the students that some have changed their jobs, that they have advanced [in careers]. Probably the overall philosophy of the business community is changing, but it's hard to say now.
R4 (CN)	Impact	Yes, we have some actions that we... I mean, what we follow is the impact of various actions and we prioritize and periodically repeat the ones that, by measuring them, we saw had the greatest impact. And when it comes to starting other new projects, from the long list of ideas we already have, we strategically involve the people who are on the informal board in [deciding] what to undertake during the next year and to implement in the following year.

The other discussion subjects articulated by the participants from Bucharest follow the same construct of what is being measured. For example, one of the main points of the discussion was centered around the idea of measuring **efficiency** and whether NGOs should measure efficiency or not, with some participants considering it irrelevant for certain organizations with a long-term intervention in their beneficiaries' lives: "I think there are moments and situations relative to the NGO environment where it is a good question if you should measure things that define whether you are performing or not as an NGO by how many things you do with how few resources. I mean, for example, children with cancer saved is not really the kind of metric that you want to look at all the time. There are organizations that work, for example, with a few beneficiaries, but which have a very deep intervention in the life of the respective beneficiary, for example, some who are close to me, Concordia, which works with a child whom they put through school and whom they care for from before school until they manage to give him a job, etc. **Their number of beneficiaries compared to the organization's budget, for example, is small. We work with many more beneficiaries than they do, but our type of intervention, for example, is less significant in the lives of the children** and profiles we work with. And then this kind of metrics must be weighted with the type of intervention, apropos of indicators." (R7, B), while others considered it shows the improvement of the NGOs' capacities overtime: "There are financiers who repeatedly finance the same type of projects and who in the second year of implementation expect you to obtain quantitatively more results, to have a greater number of beneficiaries than in the first year of implementation and so on. In this way, you, as a funded NGO, are **determined to find mechanisms to make yourself more efficient**, to increase the degree of efficiency of [...], in the way you provide the service for the beneficiaries or in the way you work with the beneficiaries or in the way you obtain those results for which you receive funding" (R5, B).

As a last note, there was also one participant (R8, B) mentioning they measure their own performance, but nothing structured is currently in place for such an activity: "At least I evaluate myself". While this approach can be seen as encouraging since a person is able to gauge the need for evaluation, it is equally concerning from the organization's point of view, because it fails to offer their members the tools and instruments needed to evaluate and improve their performance, in the aim of developing themselves, which is a sought after need of current employees from their respective organizations, as shown in the literature.

7.1.1.5. Dimension 5: Challenges in performance

Unlike the previously mentioned themes, challenges encountered when working with performance seems to be a highly polarizing topic, since there are no similar points discussed in both focus groups. In Bucharest, the conversation focused again on the **diversity** of the Romanian NGOs, as a barrier in structuring a performance management system: "It seems to me that it is more difficult to structure things in a start-up than in an organization that has a structure" (R6, B), although this assumption seems to emerge from a conceptual or common sense related point of view, more than from a practical experience.

An additional challenge to overcome is related to results that are only measurable on the long-term, especially considering the **long timespan** between the moment a project is planned for and when its implementation takes place: “Unfortunately, in NGOs, for example, from the moment you write a project to the moment your funding is approved and to the moment your project starts, it takes a year. Sometimes even more, maybe less” (R6, B). A noteworthy observation is the fact that only one participant contributed to this topic, while the rest of the group mainly agreed with R6 (B).

At the same time, the interview in Cluj-Napoca concentrated on **transparency** of data which currently doesn’t exist: “What we don't have is this idea of reporting and making public the results of an NGO so that it is transparent, and you have an idea of [...] There are many NGOs that I know, and they started many years ago, but about which I can't find any information” (R1, CN). R1 (CN) sees transparency of data also as leverage to promote the NGO and its results amongst the public, thus fortifying the NGOs’ reputation. R4 (CN) echoes this idea, but less so in relation to the public, and more focused on the credibility it gives to the organization in relation to the auditors: “The small ones don't really [report], although I'm sure it would help in transparency and credibility if you even have an audit on the activity; both on the accounting figures and on the impact or actions that you have achieved”.

The second point made by R4 (CN) introduces the second main topic examined, discrepancy in performance practices depending on the **size of the organization**, considering that performance is much easier in a smaller organization, which is the only similarity between the two discussions: “It is also easy to follow things if there are few people” (R4, CN).

With regard to this last point, further research into this topic through individual interviews have shown that Romanian NGOs that actually measure performance are usually the more structured and larger ones. Once again, we can note that terminology during the focus groups was used loosely, for example following up does not necessarily refer to performance monitoring and evaluation and can refer to any activity of the organization.

Furthermore, the discussions that took place during one-on-one interviews have proven more insightful, with the challenges reckoned by interviewees matching better the ones identified by the literature, not that this will give them more legitimacy, but demonstrates more thought put into the answers and the overall assessment of the dimension.

7.1.1.6. Dimension 6: Features of a performance management system

When asked about the main features they would need from a performance management system, participants found it difficult to answer or even to understand the main topic. They first considered “system” from an IT perspective, linking the concept to a software solution. However, after further explanation of the theme and, consequently the question, both groups agreed that the system must be **flexible** enough to account for the diversity of the sector and for the nature of work, which has a tendency to be project-based or is easily influenced by external factors, such as financing sources: “The plan never becomes reality, that's 100% clear” (R8, B).

The Bucharest focus group also maintained the idea that having an **automated solution** to manage performance could make it easier for the NGOs, especially because it might reduce

the time needed for data collection, analysis or reporting: “That is, put a little computer science in the internal structure, have an emailing system, give reports, take out reports, have direct feedback with volunteers or have meetings. There are means in which you can quantify this information, fundamentally, there are data that you must extrapolate and then have conclusions, respectively statistics. The easiest would be if you actually had an application” (R8, B).

On the contrary, the respondents from Cluj-Napoca addressed once again the need for a **clear and flexible methodology** of a performance management system: “I mean, at least I was obliged by the legislation to have a methodology, to have a code of ethics, practices we should be guided by. We guide ourselves based on that more or less, you can be slightly flexible, but I was asked at least to have a work methodology on the center, but also reporting of human resources and to the beneficiaries. [...] It's good to have a structure as you said, but somehow, it's good to keep flexibility at times, because most of the times you can shift the objectives as well, they can change over time, you can prioritize one over another and then somehow, it's good to keep your flexibility and not remain rigid. Because otherwise, you fulfill your objective, it's over, you closed your NGO and leave” (R2, CN).

Considering that there are several methodologies and approaches for constructing a performance management system this is further proof that NGO professionals are not knowledgeable in the topic and were not exposed to this concept previously, at least not from a structured perspective.

7.1.1.7. Dimension 7: OKR system

When asked about their perception regarding the OKRs usage for the Romanian NGO sector most participants were reluctant to give a direct answer. Although discussed and explained in a rather general fashion, it was clear that everyone needed more information and more time to be able to understand if it would be a valuable framework.

However, in the focus group that took place in Bucharest participants expressed a slight lack of confidence that the framework can support Romanian NGOs, especially given the system's focus on motivation and innovation. The participants argued that NGO workers and **volunteers are already motivated intrinsically**, but they usually lack resources to act on the innovative ideas their employees have. On the contrary, they argued that if employees come with an idea that you know cannot be funded, thus shut it down, it will be further demotivating: “And when someone comes with an idea, in many situations it happens that the boss says, ok, but where do we get the money from, or he doesn't even say ok anymore because he already knows that you have nowhere to get the money from. And then this culture of innovation stops at this point” (R6, B). R7 (B) supports the idea, by emphasizing that “And whenever someone left us, at least, and from many other organizations, they didn't leave due to unsatisfied motivational needs, but because we were no longer able to cover other things they needed, mainly of a financial nature”.

One participant from Bucharest did express their support mostly in a **start-up** due to the system's easy implementation and usage: “It seems interesting to me to the extent that it would help us as an organization in the start-up phase, not to burden ourselves with an extra project, which would be performance management in our organization, but to the extent that it moves our attention to something more relevant than we have now” (R5, B).

On the opposing side, most participants from the Cluj-Napoca focus group mentioned they could find any tool or methodology that can offer guidance helpful, at least as a starting point and they believe that OKRs could help if NGOs will be willing to try. However, participants seem somewhat reluctant in their trust that NGOs would be open to try OKRs. The same idea discussed in Bucharest regarding the framework being more beneficial for smaller or even creative organizations was circulated.

Table 21. OKR system related quotes from Cluj-Napoca focus group

Respondent No.	Code	Direct quote
R3	yes	I think that the organizations that are organized on autonomous and resilient cells, that operate independently could use this kind of performance measurement. For creative organizations yes. But for the organizations that are based on compliance probably a more clearly defined hierarchical structure [would work better]. I think it would work, especially since most NGOs are local or smaller. Maybe for WHO as an international NGO it may be more difficult to implement it.
R2	yes	It would work, for the small ones [NGOs].
R4	yes	I also think that it would be useful and worth testing if there was any openness to try.

7.1.2. Interviews' results

As described in the Research Methods chapter, the questions prepared for the focus groups and the interview guides are not identical, with the interview guide containing some additional questions. However, both data collection methods revolve around the same dimensions, therefore the results that emerged from the interview data will be structured in the same manner as the focus groups' results, namely on dimensions. Furthermore, all the results will be compared to the conclusions of the focus groups, considering that the two methods complement each other, in order to be able to draw the final conclusions for each dimension discussed.

Additionally, for each question the attitudes and non-verbal discourse of participants will be noted, to provide better context, especially in regard to participants' comfort level when answering, as an indication of their confidence in their knowledge on the topic.

7.1.2.1. Dimension 1: Romanian NGOs

The first dimension is focused on one topic, namely a **description of the Romanian NGO**, together with the identification of the sector's strengths and shortcomings, thus it will not be further divided into sub-dimensions.

Although portraying the NGO sector in detail is not critical to this study, outside of drawing some general conclusions that could be useful in tailoring a performance management system for nonprofits, the analysis below will be presented exhaustively due to two main reasons: the

participants willingness to elaborate on the topic and describe their view of the sector in great detail, as well as the lack of up to date available data and studies on the NGO sector in Romania.

Considering that an updated analysis of the Romanian NGO sector doesn't exist outside of the sustainability index data and FDSC's study from 2017, the information gathered during the interviews is valuable for the sector and can serve for further research.

During the one-on-one interviews, a few trends related to the sector stand out, showcasing a slightly different view that interviews' respondents have as compared to the focus groups' participants.

Firstly, most respondents to the first question had a tendency to explain their views on how the non-profit sector operates in Romania in great detail, which cannot be said for all future questions included in the interview guide. Instead of focusing on giving an overall view on the sector, similar to how the focus group discussion went, most interviews' respondents structured their answers in three categories: an overall description, strengths and weaknesses. However, for the purpose of data integration with the focus groups, the codes were not further categorized under the three categories mentioned but analyzed only under the dimension.

The way participants structured their discourse not only influenced the length of their responses and the amount of data gathered, but consequently influenced the number and the distribution of codes emerged.

Due to the high number of ideas generated, the researcher had to trim the information presented, focusing only on the most frequently mentioned characteristics or the ones presented in great detail, but excluding from the analysis the ideas that were casually mentioned without further elaboration, those that did not connect in any way with the overall outlook of the respondent or the ones that were not relevant to the study. Thus, most aspects only mentioned by one or two respondents, especially if they pertained to only one location, were automatically disregarded, unless considered important to the future discussions of the paper.

Secondly, after analyzing the interview and focus group data in parallel, we observe that, while the NGO sector is perceived in a similar manner, with most ideas mentioned in the focus group being repeated during interviews, there are also few newly conceptualized perspectives emerging during interviews. Furthermore, the fact that codes emerging in one location only during focus groups were discussed by interviewees from the second location demonstrate that the way the third sector is seen is not influenced by the location of respondents, but by a personal outlook and the respondent's experiences.

Turning our focus on the interviews alone, from the perspective of non-verbal communication, it is noteworthy that most participants were very confident when answering this question, open to provide details or even come back to this point during the interview, mostly due to their familiarity with the field. There were few exceptions from this rule – one participant from Bucharest that declined to respond due to lack of knowledge on the sector, and two more respondents that mentioned they have no contact with other NGOs so they cannot generalize their experience to the entire sector. But otherwise, this was the most prolific question, providing an exhaustive outlook on the Romanian NGO sector, as presented by active participants in the sector.

From the perspective of codes distribution, we can observe that the most frequently mentioned codes are common to both locations, leading us to believe that respondents have a similar perception on the NGO sector.

Another notable observation is that most ideas are not seen in the same light by all interviewees. For example, the fact that there is a high number of NGOs is seen as both a positive and a negative factor. Similarly, the way the NGO sector is perceived is highly diverse and strengthens the findings from the literature that revolve around the difficulty of defining the sector and categorizing all organizations that comprise the sector. For example, during the interviews we notice a lack of consensus when it comes to the current development stage of the third sector, with some participants seeing the sector as young or in its adolescence stage, and others describing it as stable, mature and resilient. Furthermore, some respondents consider the governmental collaboration and funding a real support for NGOs, while others can only see the relationship with governmental entities from a detrimental perspective.

In the following part of the sub-chapter the findings under each main code will be explained and discussed, as well as exemplified through the usage of quotes from participants.

The most frequent answer in both Bucharest and Cluj-Napoca when describing the sector is **limited resources**, both human and financial, one of the respondents going as far as describing the lack of finances as “chronic”. This seems to be the only point in which the majority of respondents from interviews and focus groups agree on. Clearly, the lack of resources is seen as both an accurate description of the sector and an explanation for its shortcomings, regarding their administrative capacity and professionalism, as well as capability to deliver and achieve their mission. Nevertheless, there are five respondents, two from Bucharest and three from Cluj-Napoca, that consider availability of funds as a strong point of Romanian NGOs, mentioning that there is a variety of financing sources available, giving a special credit to the governmental policy according to which 3.5% out of the revenue taxes can be redirected to an NGO by citizens.

The below two tables containing representative fragments from the discussions with the interviewees will showcase the two different perspectives regarding resource availability for NGOs.

Table 22. Limited resources related quotes

Respondent No.	Location	Code	Direct quote
R7	Bucharest	Limited resources – financial	The lack of funding is chronic , and you are so dependent on any type of funding, whether it is a donation, whether it is sponsorship, whether it is a donation from a private person or a company, sponsorship or money that comes from an institutional donor from Romania or from abroad, the need is so great that you start to be driven.[...] I would say that we in Romania are very, very influenced by... the lack of a well-established financing ecosystem , the lack of predictability it's a vulnerability.

Respondent No.	Location	Code	Direct quote
R4	Bucharest	Limited resources – financial	I think one of them would be an underfunding . A problem of NGOs related to what you are studying is, for example, the implementation of this framework, probably on the one hand, with some NGOs it is also about the fact that they do not know these things [PM knowledge] and do not know how to introduce them into their structure. Sometimes it's also about budgets . They don't have the money to hire people who could handle this sort of thing.
R29	Bucharest	Limited resources – human	The human resource part is I think the biggest problem.
R15	Cluj-Napoca	Limited resources – financial	The biggest weakness that I see is the constant dependence on national and international funding . During my work at several of these NGOs I have seen that hiring, promoting decisions, project management decisions, even performance management is highly dependent on funding from government and lack a long term perspective that focuses on self-sustainability.
R28	Cluj-Napoca	Limited resources – financial	As weak points, here probably it is the financial support because it is dependent a lot on sponsors , projects, grants and you have to organize your activities afterwards depending on if some grants or some projects are won or if the sponsors continue to support you.
R8	Cluj-Napoca	Limited resources – human	Weaknesses, I know this is the problem of all organizations, it is related to people stability , I mean it is very difficult once you formed a team, you have some members for them to also be stable, because projects are won, there is work to do, so there is activity, but there is very difficult to find stable people. Because at one point their interests maybe wears off, or other opportunities present themselves.

Table 23. *Availability of resources related quotes*

Respondent No.*	Location	Code	Direct quote
R10	Bucharest	Availability of resources	I think the sector is very... somewhat spoiled. I mean, there is a... we curse the political system for nothing, but there are these policies of 3.5% that people can donate to NGOs or 20% of the profit tax. This seems to me to be a very big help from the state . As strengths, that is, you can't say that it's hard for you, that the state prevents you from finding financial resources, you know?
R11	Bucharest	Availability of resources	As strong points, I could say that there was a certain support from the European Union for NGOs , at the level of European funding, that is, they seemed to me a bit oriented towards the NGO environment, so in this part we managed to secure the funding on 4 projects.

Respondent No.*	Location	Code	Direct quote
R23	Cluj-Napoca	Availability of resources	Strong points: [...] the available information online about volunteers' recruitment, financing and sponsorships, the citizens' openness to redirect the 3.5% towards NGOs .
R12	Cluj-Napoca	Availability of resources	Strong points: [...] the ability to attract volunteers and donors, [...] persuasion of human and financial resources .
R6	Cluj-Napoca	Availability of resources	Yes, it can have a positive influence because there are exemptions given by the state , such as the allocation of 3.5% of the tax for individuals or 20% for micro-enterprises from the income tax or that 2% for larger companies that pay profit tax and then there are tax deductions that are an oxygen balloon for the NGO environment.

The next two remarks, ordered by frequency, are **collaboration** and **needs covered**, however their order is different depending on location. While in Bucharest collaboration comes first and is followed by needs covered, Cluj-Napoca respondents placed them in the reverse order.

Needs covered is seen as a purely positive aspect of the third sector and refers to the high importance non-governmental organizations have in Romanian society, considering that there is a wide variety of needs not covered by the government or the for-profit sector currently that NGOs are supporting, as well as the fact that NGOs help a high number of beneficiaries. This showcases participants' trust in the overall effectiveness of the third sector and their belief that the sector is needed in Romania. The direct quotes from the discussions, included in the below table, illustrate this positive and optimistic attitude of professionals regarding NGOs' capability to answer to diverse needs of the society.

Table 24. Needs covered related quotes

Respondent No.	Location	Code	Direct quote
R22	Bucharest	Needs covered	It seems fantastic to me how many, many NGOs are growing and appearing, NGOs that respond to increasingly diverse needs .
R10	Bucharest	Needs covered	I don't know how cynical it would sound for us, these saviors of humanity, but we have something to save . I mean, if we had nothing to save, neither I nor ... our cause would be a futile one. [...] Of course yes, this seems to me as another opportunity for NGOs, because, there really are problems, real needs .
R12	Cluj-Napoca	Needs covered	It is possible that we are champions in solving some important, even major, societal problems , with the NGO sector substituting for the state's attributions ,

Respondent No.	Location	Code	Direct quote
			however we reduce to zero the pressure/capacity of the government to do its job. For example, NGOs build a public hospital for oncological children, or shelters for parents with oncological children, or essential materials and equipment for the fight against Covid 19/ Colectiv.
R5	Cluj-Napoca	Needs covered	The diversity of NGOs contributes to covering the multitude of problems that the public and private (for profit) sectors are unable to solve.

Regarding **collaboration**, the answers were more nuanced. Collaboration is described as both internal, within the sector, and external, mostly with governmental entities. The majority of interviewees perceive collaboration as a weakness of the sector, explaining that NGOs are usually competing against each other for resources rather than work together to achieve a greater scope, there is no communication channel within the sector and in some cases communication and collaboration are inexistent even within a federation. There are however two respondents, one from Bucharest and one from Cluj-Napoca that expressed a more positive outlook towards this idea, seeing collaboration as a strength of the sector: “Until now, I don't know, I collaborated with certain NGOs, I had questions even at the beginning, I received help every time” (R4, B); “Another strength is their collaboration and the pooling of available resources around an initiative like the One Cluj project” (R18, CN).

Similarly as with the internal collaboration, cooperation with external organization is in general seen as a weakness, especially in the case of governmental entities, which frequently consider NGOs as competitors or subordinates, with several respondents noting that government does not offer the rightful recognition to NGOs for their work and support: “Another weak point compared to the organizations from outside is the fact that the authorities perceive us as competition and not as a collaborator, as... In my specific case the Child Protection Department, sector X [Bucharest], even consider us a kind of subordinates, that is, they even give [us] orders and they are the authority, and we are the ones who have to report” (R20, B); “**Collaboration with the state is clearly difficult**, usually it is difficult to understand each other, and, in some situations, I can say that it is also difficult to communicate with the local authorities we work with, town halls or family doctors, social assistance, community assistance, not necessarily that they would cut our legs from under us, but they also don't help us; it is as if they weren't there.

Sometimes you would like to have their support because in the end you are doing a beautiful thing and it is [done] for the people who live in those regions and the state also could not stand in our way, but this probably happens to other NGOs, as well” (R28, CN).

There is an exception as well, with one participant mentioning there is hope for the collaboration to improve in light of appointment of an entity designated for facilitating such partnerships – Economic and Social Council (R6, CN).

Table 25. Collaboration within the sector related quotes

Respondent No.	Location	Code	Direct quote
R4	Bucharest	Collaboration	At the same time, even if aid is given, there is no more effective communication channel through which the entire non-profit sector can communicate and through which they [...] establish certain common objectives of the sector around which all the NGOs in the country revolve.
R22	Bucharest	Collaboration	I feel very, very often that inevitably, no matter how much we would like it not to be so, there is competition between NGOs and competition between NGOs, really speaking, it is about competition for the available resources , because in a world in which resources are limited, maybe even very limited, competition appears in this direction, and we feel it very visible in our activity and in other activities.
R10	Bucharest	Collaboration	I feel a lack of trust among people to collaborate and do joint projects , that is, even if there are, as we are, members in the Federation of Organizations for Children, there are no projects in which all members participate, or at least half of them, or be joint projects in anyway. Although there are organizations, the member organizations are... Yes, I was saying that although there are also larger organizations in Romania, there are no common projects in the federation. Well, there are only isolated collaborations to write an international report or when there are more funds or larger grants that are accessed and the expertise of more people is needed, then we have a few professional people from the federation, from several organizations and they do something together, but very seldom, this is what I want to emphasize that although there are many organizations, there is no real interest in collaborating. That's... That's my opinion, and on a small level I mean, I feel like people tend to prefer starting their own NGO rather than looking for causes similar to theirs that they want to get involved with.
R12	Cluj-Napoca	Collaboration	Civil society has achieved notable results, but not of major impact, especially on sensitive subjects such as: education, health, environment/centered on pollution and deforestation and social assistance. The lack of trust and the lack of associative and collaborative approaches inside the sector is translated from the Romanian collective mind.
R26	Cluj-Napoca	Collaboration	As I say we collaborate, but if things are not clear from the start, they tend to go the hell somehow and... ..and that's because, I told you, our way of being intervenes, including the human one. Until you get to have a certain level of trust in a person you can't build a house together. And the same thing also happens in the NGOs, I saw this matter now, with every crisis that occurs whether

Respondent No.	Location	Code	Direct quote
			it's the pandemic, war in Ukraine, whenever there are many, that is, you also must have seen, the fact whenever a crisis occurs, we on the front line are completely confused. Everyone does the same thing. Besides, they need to separate from the competition in order to get the financing , they get the trust to have the partnership, to have... that's how wars of egos arise because of "I was the first", "you were the first", "why did you take it from me?", "Why did you steal?".

While the main three points seem to be common and similarly situated in the perceptions of both groups, the other ideas generated differ greatly depending on the group, especially if we consider their significance based on the number of mentions received from each one of the locations.

The first idea worth mentioning is the controversial **number of NGOs**, which is twice as common as part of Cluj-Napoca responses. Overall, respondents see the existence of a high number of non-profits as a positive factor, especially in correlation with the high and diverse number of needs identified and potential beneficiaries: "Strengths: a large number of NGOs on the territory of Romania, a wide range of beneficiaries, resulting in a wide range of actions that can be done" (R19, B).

However, the density of the entities is what can be seen through a negative lens. More specifically, the fact that the majority of NGOs are situated in urban areas, especially close to the most developed cities due to resource availability, constitutes a pain point because it makes it harder for NGOs to work in rural areas, which are the places that are in critical need of help: "However, I think there is still a discrepancy between urban and rural areas. Obviously when you have access to resources of any kind, you can target better and make yourself heard better and have more resources and automatically, maybe even more results. [...] I also find the presence of NGOs in the countryside useful, which can help small communities" (R9, B); "It is clear that the vast majority of NGOs are in urban areas" (R15, CN).

Another rather negative point of view is comparing the number with the quality provided, which, according to R27 (CN): "there are many NGOs, which is fine, they have grown exponentially. I actually had some statistics and once every five years they double starting from 1990 onwards, which is huge, but I can't say that their quality also doubles directly proportional to the number".

Finally, another perspective is offered by R21 (CN) that considers the number of NGOs coupled with the heterogeneity of the sector as a weakness: "Too many and inaccurately constructed".

The next two significant ideas, based on the number of times they were mentioned are **reputation** and **professionalism**, both seen as mostly weaknesses of the sector. The two characteristics have been mentioned almost the same number of times by Bucharest and Cluj-Napoca respondents, but in Cluj-Napoca both are on a much lower position in terms of

significance, which is consistent somewhat with the focus groups results where reputation and professionalism were only mentioned during Bucharest group, but not the Cluj-Napoca one.

With regard to reputation, most NGO representatives agree with the conclusion of the focus group, namely that the non-governmental organizations are seen in a negative light by society, exemplifying the rhetoric of NGOs being used for money laundering or as a corruption enabler. Furthermore, respondents even presented situations in which people close to them questioned the validity of their NGO or their purpose, finding it hard to believe that people donate to the cause without expecting a favor in return.

Table 26. Reputation related quotes

Respondent No.	Location	Code	Direct quote
R20	Bucharest	Reputation	There are several weak points, among which, the one that hurts me the most, is the fact that the suspicion of money laundering, corruption hovers over us... that there is something dirty in the back and it is quite painful when you sacrifice your whole life to a cause to be accused, including by people close to you, and I feel it the worst during the 2% campaigns. [Accusations]: “And what big deal are you guys doing there?”. And indeed, in some situations I found that the suspicion is... I mean it's not... It's not just an impression of civil society, but there are quite a few and considering that there are a lot of registered organizations at the level of Bucharest, for example, but when you look at the facts, there are very few results, then from this point of view it would be a minus, because anyone has the opportunity to enter this NGO area without guaranteeing their good intentions.
R12	Cluj-Napoca	Reputation	The mistakes of the ‘90s, when many unethical actions happened, such as the wrong application of fiscal facilities, created distrust in the NGO sector , which is difficult to recover from.
R24	Cluj-Napoca	Reputation	Instead, I think it is very disorganized and very corrupt . I would elaborate a bit what corrupt means. It seems to me that when we interact with the NGO sector, we see the bright side, in the sense that we hear about children being saved, we hear of few organizations that are not representative of the way the NGO sector looks in Romania. It is still a space where a lot of money is laundered, even in cases, where no money is laundered, funds are wasted, there is no ownership on return.

As an exception, two professionals, one from Bucharest and one from Cluj-Napoca believe that NGOs are perceived positively by society, especially due to the efforts of their volunteers’ network or their advocacy efforts: “But what I like, and what I have noticed in recent

years, is that the NGOs that work on advocacy and informing side, of monitoring public policies, have gained a bigger voice and lots of visibility. And that is good from my point of view” (R9, B).

Professionalism is also found as lacking by most NGO representatives that participated to focus group and interviews, both from the perspective of internal management, as well as in relation to staff competencies, which can be considered a direct result of lack of resources dedicated to enabling NGOs in focusing on professionalizing their internal practices or training their staff.

Table 27. Professionalism related quotes

Respondent No.	Location	Code	Direct quote
R10	Bucharest	Professionalism	The sector seems immature and relies heavily on people's enthusiasm and not necessarily on real management skills. There is a lot of enthusiasm but there is very little knowledge, the enthusiasm is more characteristic of young people and young people don't have much experience, which is a shortcoming.
R7	Bucharest	Professionalism	For years the NGO sector was seen as a kind of springboard to enter the labor market and generally [the logic was] like this: I get a job in an NGO, or I work with an NGO to get a bit of experience and when the first opportunity arises I go towards... [...] Yes, and I am very aware that the work is improvised and superficial and it is a consequence ... it also depends on the lack of... I don't know... internal professionalization.
R6	Cluj-Napoca	Professionalism	They are trying to be competitive in terms of costs, not to have high costs, to be able to give as much as possible from what you collect to the beneficiaries, automatically this also means that you will not be able to pay people very well, that you will not be able to be extremely performant as an employer on the labor market. And then, for sure, we are often [hiring] people who are very willing and who want to do well, but who in turn would need training or an investment.

Surely, there is one participant that sees the human resources the activate in the NGO sector as professional and multidisciplinary: “Strong points: the existence of human resources (trained professionals in diverse fields)” (R30, CN).

Although **accelerated development** has been overall mentioned the same amount of times as reputation and **diversity** as professionalism, they are not analyzed together because the distribution within the two groups was uneven, with both being more common among the answers of Cluj-Napoca interviewees.

Despite professionals not being able to reach a consensus regarding the current state of evolution of the sector, with most professionals seeing it a young sector, while few others consider it either in transition, which is the only appreciation mentioned in the focus groups as well, either past its adolescence stage, entering maturity, the third sector is seen to be in constant, even accelerated development, especially by the Cluj-Napoca group. This is perceived as another strong point, showing, on one side, the importance of NGOs, as well as their abilities to develop themselves and produce real change, on the other hand.

Table 28. Accelerated development related quotes

Respondent No.	Location	Code	Direct quote
R10	Bucharest	Accelerated development	OK, well, first of all, it's a growing sector . In the last ten years it has developed quite a lot, that is, people's perception of NGOs and volunteering has also changed quite a lot. They're much more open to volunteering, donating, or a lot of those who interact with the field want to continue to do so, even to start their own organizations, so in that sense it's a growing sector.
R28	Cluj-Napoca	Accelerated development	It is a sector that is constantly developing and since I started the university and until now, when I am a resident doctor, I have noticed that it is becoming a much better developed and more structured field compared to ten years ago.

The idea of accelerated development is followed in terms of significance by **administrative capacity**, which is similarly greatly supported by the Cluj-Napoca respondents, but unlike development, is introduced as a pain point in most cases, comparable with the discussion that took place during the focus group. Taking into account that during focus groups this characteristic only emerged during the Bucharest discussion, we can once again conclude that the codes distribution is not location dependent.

Directly influenced by the lack of resources and financial resource distribution, administrative capacity is not seen as a priority by NGO professionals due to various reasons. Administrative capacity's influence on direct beneficiaries is considered insignificant, which in turn makes it irrelevant for donors: "I will never be able to do a fundraising campaign in which I tell people "donate so that I can implement a system of I don't know what". And any NGO tries to deal with the administrative costs it has, normally. [...] They have some ongoing administrative costs and, unfortunately, there is a great lack of financing programs to strengthen the capacity of NGOs, this internal kitchen that ensures that all the other things go well. And this is really missing, because the donor somehow wants to see, if possible, that 100% of his money goes to the beneficiary, that's the goal, that's why we exist, it's not something strange" (R6, CN).

Of course, it can be argued that a better administrative capacity can increase the overall results achieved by an organization through better use of resources and better planning, but in most cases NGO practitioners feel the pressure to allocate most resources towards the projects related to beneficiaries, disregarding their internal needs. Furthermore, lack of professional employees emerges once again, as an explanation of lack of administrative capacity: “There are no top managers from companies who resign and start their own NGOs, i.e. the people who get involved in NGOs they do not necessarily come with know-how or very high management experience, I mean, we mostly learn all this management stuff by ourselves. And this is something characteristic of the system” (R10, B).

Only one interviewee from Bucharest sees administrative capacity as a positive aspect from the perspective of large organizations that have a proper planning and performance management process: “Large NGOs, in which organizational performance is done, have appeared” (R22, B), while two Cluj-Napoca participants consider it both a positive and a negative trait at the same time. The explanation provided by one of the respondents is that given the diversity and youth of the sector it is normal for the administrative capacity to not be very mature, however, during crisis, such as the pandemic or the Ukrainian war, NGOs have demonstrated they are better prepared, have better processes and mechanisms.

The last noteworthy element that describes the NGO sector is **diversity**. Similarly, diversity is mainly discussed with Cluj-Napoca respondents, given that only two participants from Bucharest mentioned the diversity of the sector. Still, this finding is consistent with the focus group discussions where diversity was the second most common idea in both Bucharest and Cluj-Napoca. Overall, the diversity of NGOs is regarded by the interviewees as another strength, especially in correlation with the diversity of societal needs they manage to support and the fact that they can support a larger number of beneficiaries: “As per my perception (not necessarily founded on data) a lot of NGOs are active in the social sphere (charity organizations or organizations whose field of activity consists of several social causes). However, I’ve seen a rise in the number and/or popularity of NGOs regarding sustainability, sports, health” (R15, CN).

Following the same pattern from most questions, not all participants agree this is a positive aspect, with one main argument constructed against diversity, namely the fact that too many NGOs in too many fields only make it harder to define a standard for the nonprofit sector, or common values, thus not supporting it to operate in a more professional manner: “[It has] Higher diversity in what concerns the values” (R20, B). This negative aspect is more in line with the discussions that took place during the focus group, as focus group participants saw diversity as a barrier in creating a standard and a reason for competition on resources. During two interviews, respondents even touched on the same point made by the Cluj-Napoca group regarding advertising, which has become both a necessity for survival and a challenge, specifically because most publicity channels require NGOs to pay in order to have their cause promoted.

The following graph aims at offering a visual representation of the codes identified and their distribution, keeping in mind that its purpose is mostly to aid the reader to visualize the above presented categories, rather than to provide a quantitative approach.

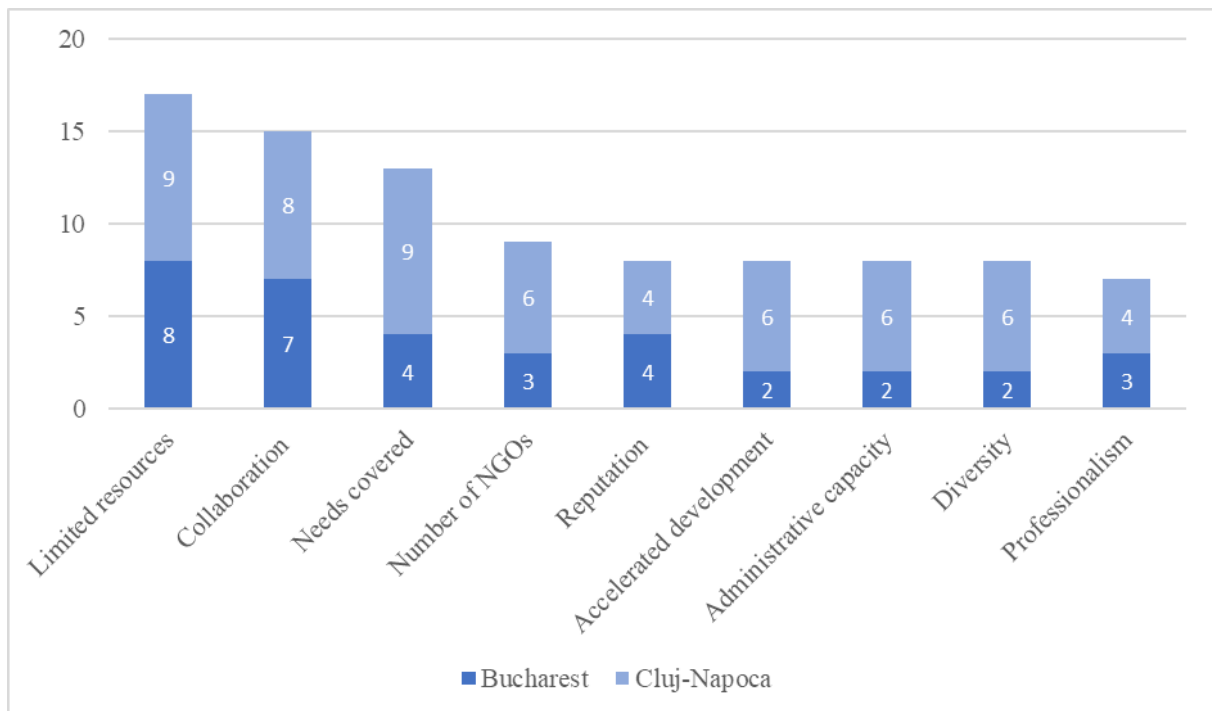


Figure 15. Codes distribution under first dimension

As mentioned above all the points covered during the focus groups were also mentioned during the interviews, but with a much lower significance, from the perspective of respondents that endorsed them. **Voluntary work, motivation and legislative system** each had only five recognitions, with voluntary work and legislative system having mentions almost evenly split between the two locations – three in Cluj-Napoca and two in Bucharest, although during the focus groups voluntary work was exclusively mentioned by the Bucharest group, while legislative system was exclusively discussed by the Cluj-Napoca group. Motivation, which was only tackled during the Bucharest focus group, is explored mostly by Cluj-Napoca interviewees and only one Bucharest based participant. While the motivation of professionals working in the third sector to support the society and their missions is appreciated as favorable by the majority of respondents, irrespective if they attended a focus group or had a one on one interview, with only one interviewee considering this a weak point due to the challenge of motivating volunteers to get involved, the case seems to be reversed for legislative system.

Table 29. Motivation related quotes

Respondent No.	Location	Code	Direct quote
R9	Bucharest	Motivation – positive	What I like to say about the non-governmental sector and it's also a finding I made over the years[...] and I can say that people who work in NGOs do not see their activity as just a simple job . They don't just come to work to do their tasks and fulfill what they have to do, they also receive a satisfaction that goes beyond financial barriers or resources or other benefits, as an employee. It's about

Respondent No.	Location	Code	Direct quote
			the fact that you can contribute to the good of the society in which you live, regardless of the nature of the area of activity, and that seems relevant to me.
R23	Cluj-Napoca	Motivation – negative	Weak point: the motivation of the volunteers to get involved, from whom a lot is asked in a short time.
R16	Cluj-Napoca	Motivation – positive	Strong point: It helps raising the morale of employees in the private sector, by offering opportunities for involvement in social/humanitarian causes. They bring an improvement in the level of civic involvement of the population.

Legislative system is almost exclusively appreciated as detrimental; in the same manner it was discussed during the focus group. One participant appreciates the existence of some support such as minimal quality standards in the law, but the lack of stability of the legislative system, which is subject to change way too often, or the inability of the government to provide on time legislative guidance during crises are seen as the main challenges related to this point.

Table 30. Legislative system related quotes

Respondent No.	Location	Code	Direct quote
R11	Bucharest	Legislative system	As it was now with the pandemic during which the Ministry of Education for a period of between 4 and 6 months did not regulate the functioning of the educational system in Romania , which had a very big impact on us as we do training and personal development with students, teachers and including the projects we had.... [...] Any change in the legislation has a very big impact on us.
R28	Cluj-Napoca	Legislative system	The laws also change very often, and we always have to be within the boundaries of the law for the activities we do. Until recently we were in a gray area, I can say. They couldn't even say if we were legal or illegal with our activities with the caravan. But we finally have a legal framework, which we can use, and we can now say that we are not breaking any law by appearing in villages and consulting people in sanitary approved spaces that we turn into a kind of mini-polyclinic. But until we had this framework, there could at any moment be someone who thinks that although we are doing good, it is illegal or at least a gray area, which cannot be well defined.
R30	Cluj-Napoca	Legislative system	Strengths: the existence of legislative regulations in the field (e.g.: minimum quality standards at national level, for NGOs that provide social services). Weaknesses: the continuous change of legislation.

Regarding voluntary work it is evenly seen both as a challenge and as an advantage; challenge from the point of view of various levels of engagement and motivation, various schedules and overall difficulty in coordinating people that are not employed by the organization and advantage considering that volunteers are not paid, thus don't put a strain on an already limited budget, as well as considering that voluntary work enables employees from the for-profit world feel they are making a difference and increases their morale by giving them a purpose other than the bottom line. During the Bucharest focus group however, voluntary work is expressed mostly from a positive standpoint, participants expressing that in some organizations volunteers prefer to simply remain volunteers and don't change the systematic way of working.

Table 31. Voluntary work related quotes

Respondent No.	Location	Code	Direct quote
R11	Bucharest	Voluntary work – negative	A weak point is related to volunteers , attracting volunteers is a big minus for us.
R10	Bucharest	Voluntary work – positive	Even at volunteer level it changed a lot. They [people] are more open to get involved as volunteers .
R23	Cluj-Napoca	Voluntary work – negative	Weak points: motivating volunteers to get involved.
R28	Cluj-Napoca	Voluntary work – negative	Weaknesses let's say that human resource are mostly, at least in our NGO, it's mostly, I mean one hundred percent, is voluntary and it's unpaid and implicitly the way you organize your schedule to include them and the people you work with must first consider that in the end the whole thing is voluntary. Not everyone will be able to participate when you, as a coordinator, want, not everyone has all the time in the world to dedicate to an association where there is no financial gain, and some of them work, have other schedules, in the case of our association there are a lot of very busy resident doctors and, although there are many volunteers, you have to think that it is primarily volunteering and not a service.

Even less weighty, the concept of **innovation culture** debated by Bucharest focus group is only associated with the NGOs by three respondents, two from Cluj-Napoca and one from Bucharest, twice from an optimistic standpoint, in which innovation is facilitated within NGOs, and one perspective that puts innovation in a detrimental light, due to its relationship with risk. The participant argued that NGOs tend to use well-known paths because they cannot take risks on donors' money, since lack of results will lead to future lack of confidence and will negatively impact future support. During the focus group innovation was also expressed from a negative perspective, but the explanation was mostly related to the lack of resources needed to innovate, rather than the risk associated with innovation.

Table 32. Innovation culture related quotes

Respondent No.	Location	Code	Direct quote
R20	Bucharest	Innovation culture – positive	If the authorities' intervention at governmental level is standardized, that is, I know how to respond in different situations, I offer some benefits, offer this consulting or information service, in an NGO, everyone chooses a different way; creative or based on his beliefs and values and acts differently. And therefore, they [NGOs] value the potential and creative resources of employees much more.
R6	Cluj-Napoca	Innovation culture – negative	Yes, and here there are 2 aspects that intervene, which show this double standard with which we judge NGOs vs. how we judge, for example, a company, a SRL when we are investors, and which lead to 2 very big problems. First of all, innovation is not very rewarded, because innovation requires risk , it requires taking risks all the time. As an NGO, I will try to follow the safe paths because I cannot afford to risk donor's money, even to the extent that an SRL can afford to risk investors' money. What this means is that Disney can spend 70 million dollars on a film that makes ten million dollars at the box office, and it happened. Everyone knows that some films are not successful, move on and the next one will be better. An NGO, if it has a project in which it spends some money, but does not reach its objectives, is judged completely differently.

Other attributes of NGOs resulted from the focus groups were **similarity with for-profit** and **international organizations**, which were actually mentioned together during the interviews, mostly to emphasize that some of the characteristics of NGOs can differ between nationally owned and managed non-governmental entities and international players, namely, to explain that international NGOs work in a similar manner with for-profit companies, thus more structured. The same appreciation was also formulated during focus groups, therefore we can conclude that NGO professionals see Romanian NGOs as more hectic and unstructured, while international NGOs are perceived as more organized. But, unlike during the focus groups, interviewees did not reckon that NGOs should function in a manner similar to for-profit.

Table 33. International organizations related quotes

Respondent No.	Location	Code	Direct quote
R20	Bucharest	International organizations	Larger organizations, international organizations that have branches in Romania , I mean, I had the opportunity to have meetings and working sessions with these kinds of organizations, in which I was honestly amazed to see how... I later discovered that they had somewhere around 500 employees and how the people there were super professional in their fields, and I was

Respondent No.	Location	Code	Direct quote
			wondering “My God, where do they have the resources to pay these super professional people?”. They had some people in the IT department that I thought I was at Microsoft, you know? And there the discussions were very different versus what I saw in other places.
R6	Cluj-Napoca	International organizations	So we have these two situations – the large international NGO that comes with some procedures and a performance management system or ERPs and so on from home and we have the smaller NGOs that are made up of very well intentioned people, but who will not stay very long to do something they see as wasting time.

Regarding acting as **part of a corporation or in a business-like manner** which during the focus group was only discussed in Bucharest with participants showing their dissatisfaction with such NGOs, it was briefly mentioned during two interviews also as a negative point, but it cannot be considered indicative for the interviews results. Similarly, one NGO the researcher reached out to for an interview refused to participate on the basis that “[they] are not a business”, nor are they interested to become one, therefore they have no need for performance management.

Table 34. Part of a corporation related quotes

Respondent No.	Location	Code	Direct quote
R19	Bucharest	Part of a corporation	[I see the NGO sector as] A fairy tale world where witches don't disappear overnight. Why? Because most people that activate in the social field seem to focus more and more, lately, on the business side , thus transforming the NGO sector into a multinational at the beginning of the road.
R17	Cluj-Napoca	Part of a corporation	So if you ask me, as far as I know, the companies, some of them such as Bosch, BG Soft, have created foundations or organizations . I understood that Bill Gates made his own foundation and surely all the profit goes back to his organization, and it is very easy for him to come up with some relevant proposals that correspond to his wishes, or please his wife's wishes, as I understood that the wife takes care of this matter. So if you ask me about this, I don't agree with it, because it puts us at a disadvantage. My NGO is a small local NGO, it is recognized, that is, it is known [in the regional community].

Likewise, the **power to influence** NGOs have over some governmental decisions or over the community, which was discussed during Cluj-Napoca focus group was mentioned once, also by a responder from Cluj-Napoca, but, once again, cannot be considered a significant part of the conversation. It is notable however that while during the focus group participants did not consider NGOs have a real power to influence, the situation is different for the interview,

the interviewee stating that NGOs have proven successful in influencing certain governmental decisions: “Strengths: That it [the NGO sector] managed, even to a small extent, to facilitate changes in the government at certain points or influence the outcome of the elections, which I think are successes. That should be the role, right? To produce change in one way or another” (R24, CN).

Some other less sizeable, but worth mentioning for the future performance related outlook of the paper are the following characteristics:

- the sector’s donor-driven trait as opposed to the declaration of NGOs that they are mission-centric entities;
- the fact that it is data averse to the point in which not even the number of active NGOs in Romania can be currently identified;
- the lack of transparency regarding results;
- the lack of qualitative and sustainable work; and
- its flexibility and adaptability, as the only positive aspect from this list.

Due to the diversity of characteristics, to aid with locating the different relevant selected quotes from the conversation, the said fragments were included in the below table.

Table 35. Example of quotes for less sizeable codes

Respondent No.	Location	Code	Direct quote
R7	Bucharest	Donor driven	The lack of financing is chronic, and you are so dependent on any type of financing, whether it is a donation, whether it is sponsorship, whether it is a donation from a private person or a company, sponsorship or money that comes from an institutional donor from Romania or from abroad, the need is so great that you start to be driven. [...] I would say that we in Romania are very, very influenced by... it's a vulnerability, the lack of a well-established financing ecosystem, the lack of predictability [...] Or sometimes we even depend on people. A more enlightened CSR employee or a more enlightened country director comes and says “Yes, let's give money to non-profit organizations”, which changes in... a year from now, we don't give anything anymore, there have been cases like this. [Also] The lack of mature philanthropic culture, this is who we are, we are an emerging country from this point of view.
R20	Bucharest	Donor driven	Another weak, not negative, point, so to speak, is the fact that we are greatly influenced in our decisions in project interventions by financiers. In the sense that, even if you have the expertise to understand that there are certain problems or that certain interventions would be fruitful, if a financier requires you to do a project about the benefits of sport in the child's education, you will write that project because you lack money. So the fact that the activity is directly influenced by the financiers is a weak point.

Respondent No.	Location	Code	Direct quote
R28	Cluj-Napoca	Donor driven	It is probably the part of financial support, when you depend a lot on sponsors , projects, grants and you can later organize your activities according to the winning of grants or projects or if the sponsors are still with you, something that can be very variable depending on the economy or the crisis situations we are going through or have gone through, for example with the Coronavirus and the current situation on the border with Ukraine.
R7	Bucharest	Data averse	We suffer, and it's not only the NGO sector and the Ministry of Justice, this whole country suffers from this chronic aversion to data . That's why we can't have policies based...data driven policies, because we don't have them [the data]. In order to register an NGO, you go to the Court in the location of your registered office. And each Court register an NGO according to its own [rules]. I'm talking now about the simple stuff of standardization and data formatting. Some have some templates. Smarter, more advanced, more modernized judges have made some templates, but if you are in a smaller town the data is a mess. That data is centralized. Theoretically. We do not know exactly at what interval and how, but the Courts send it to the Ministry of Justice. I was told they were using a Legacy Lotus solution that doesn't even exist anymore. And then they are aggregated in those enormous PDFs where very often, the data is incomplete.... And suddenly the figure drops, yes, it's somewhere... They say very optimistically, in my opinion, that there would be about 40,000 organizations where... active organizations, that means that someone submitted a balance sheet, balance sheet that can also be zero. That is if you have some shame, you submit it just so it can be submitted, but it can be zero. Or this is a basic thing I know, if no money passes, if the balance sheet does not show a small turnover of money, it means that the organization in question is [...] an imagination. Even in a voluntary organization there must be some resources, I don't know you bought something, did something, invested, that is, it is not possible [to do things] only with good intentions and with attitude and with outrage and with social media activism.
R24	Cluj-Napoca	Data averse	I have interacted with many large organizations, and I have seen that they are doing certain XY development projects, but do not, in any way measure the impact that their development has . [In order to be able to] Say: "Yes, I invested EUR 50,000, I produced x results, I tracked them over time, and I consider this a success/failure".

Respondent No.	Location	Code	Direct quote
R11	Bucharest	Transparency – external	What we noticed is that there is a rather less transparent system in terms of sponsorships from companies , all the funds given by multinationals seem to me to have very vague criteria and are not transparent in the way they evaluate projects. So for an association to survive, it either has shares with certain large companies, or starts very low, or survives through projects and commercial activities in parallel, like we have the courses and workshops' part, so in this area, so on the sponsorship side, I would like it to be much more transparent that what is happening.
R10	Bucharest	Transparency – internal	Maybe there is not enough openness or transparency from NGOs .
R27	Cluj-Napoca	Quality/ Sustainability of work	I can't say that their quality also doubles in direct proportion to their number. I mean, at least in this student related part, most organizations have more of a networking purpose, although that's not done on purpose either, [they feel like] just some friends circles.
R12	Cluj-Napoca	Quality/ Sustainability of work	[Weakness] Lack of professionalization and sustainability strategies.
R20	Bucharest	Flexibility	I chose to work almost one hundred percent in the field of NGOs and not in the governmental field, because it offers me flexibility .
R28	Cluj-Napoca	Flexibility	The strengths of NGOs, so to speak, could be that in Romania there is flexibility and greater speed in decision-making compared to the Government, that there are not so many procedures and protocols that you have to fulfill in order to carry on the project compared to working in the Government, where implicitly there are protocols and procedures that must be accepted by hundreds of people and [are required to] pass a form through a thousand places.

7.1.2.2. Dimension 2: Strategy planning

In a similar fashion to the first one, the second dimension is not further sub-categorized in sub-dimensions, focusing on the **description of the strategic planning process employed by NGOs**, aiming at offering support to build a comprehensive context around performance management. As shown by the theory, while performance management can be implemented in isolation from strategy, doing so fails to bring the best results and perpetrates a myopic outlook. Therefore, our aim is to identify whether Romanian NGOs utilize strategy planning and performance management as complementary tools or pivots towards one of them.

Overall, the majority of respondents, 18 out of 29, irrespective of their location, reckon that they have a strategy or a strategic planning process, however, clearly there is a higher number of participating NGOs utilizing a strategy in Bucharest than in Cluj-Napoca. While in

Cluj-Napoca only seven NGO representatives agree to having a strategy in place, in Bucharest this number increases to 11. Even so, if the number of NGO representatives would be calculated as a percentage from total respondents from a location, this computation would showcase a similar percentage – 63,63% in Bucharest and 61,11% in Cluj-Napoca, therefore supporting a conclusion that strategy utilization is at around 60%, without being affected on the location of the NGO.

Given that the intent behind the question was not only to find how many NGOs use strategy planning or have a strategy, but also to understand their planning process, it is important, once again, to provide better context. For this purpose, the practice of each NGO that stated they utilize such practices will be detailed below.

R20 (B) organization's strategy planning practices:

Although the organization has a strategic plan containing a mission, vision, long term objectives and even work procedures or a way to evaluate employees, the employees consider it a formality. “It was imposed. There are some things: mission – yes, vision – yes, and objectives, but honestly, they are not related. They were written to look good”. It is noteworthy, in the context in which the literature revealed NGOs consider themselves as mission driven, that the participant had difficulty in reproducing their mission.

The plan was created by the president together with the help of an auditor/consultant through an organizational development funding, with no input from employees, mostly due to legislative constraints. The interviewee reckoned that not everyone aligns to the strategy and there are several objectives that are well-known and assigned to the team or a member every year that do not get done due to lack of time or knowledge, such as the one referring to media relations.

R9 (B) organization's strategy planning practices:

The strategy of this NGO, considering that it is part of an international organization, is designed globally and, after its communication, each national entity aligns to the global direction, as well as is able to create more specific strategic objectives.

R22 (B) organization's strategy planning practices:

Strategic planning happens every five years and is managed by the managerial team, namely the President, Vice-president, Program director and the person that creates programs curricula. The process is strongly connected with the creation of longer term objectives, as the participant did not refer to any other expected output from the strategic planning process.

R11(B) organization's strategy planning practices:

Similarly, this organization utilizes only objectives as a way to operationalize their strategy and the process is also started from and involves mainly the managerial team of the NGO.

R4 (B) organization's strategy planning practices:

The nonprofit has a Theory of Change, that contains the vision, mission, organizational values, their pillars which have results attributed to them, as well as a long-term plan. Due to the fact that the NGO was still in its incipient stages, the plan was created by the entire founding

team and it was created through brainstorming and discussions following the path described in “Social impact management”, which is fairly similar to a generic strategy planning and performance management process, even describing the value flow analysis, which is a technique utilized in selecting KPIs, as seen in the literature.

R2 (B) organization’s strategy planning practices:

As part of an international NGO, the organization must align to the global directions, especially vision and values, as well as to the “national office” which is a regional collaboration of six countries. The regional plan is created on a three to five years basis and, once again, contains mostly objectives and success criteria or outcomes for the objectives. Following this, each country can establish their own yearly objectives, indicators, targets, and milestones as part of their contribution to the regional strategy, which are then cascaded to departmental level.

R7 (B) organization’s strategy planning practices:

Besides vision, mission, values and high level directions that are provided from the global head quarter, nationally, the organization has a two year realist plan that is “backed up by resources”, so that it does not feel like “wishful thinking”, showcasing the direction the organization wants to take in the next two years. However, this plan is fairly flexible due to frequent changes in the environment.

R18 (CN) organization’s strategy planning practices:

The Board of Directors sets an annual plan which doubles as strategy, but it is mainly a compilation of projects and activities. Only after these are set, they create objectives, such as financial, activities related, or participants related for the projects. Clearly, following the explanation, we can see that what is called strategy it can be better described as a yearly action plan.

R23 (CN) organization’s strategy planning practices:

The organization uses a five year strategy plan, which is then divided in annual objectives. The participant was not entirely sure on how the five years plan is designed but centered the explanation on describing the process of setting the yearly objectives. Considering the Board is appointed for one year, the yearly plan is created by the previous Board as advisors and input providers, the new Board and a consultant or an expert in strategy planning. During this process they ensure the yearly plan is built upon previous results and within the five year plan.

R14 (CN) organization’s strategy planning practices:

The participant lacked details regarding the setting process, given that management is setting the plan. However, they mentioned that a longer-term strategy exists and contains the “vision, mission, available resources that need improvement, objectives (including financial), activities and their monthly or yearly timeframe, stakeholders and/or partners”.

R16 (CN) organization’s strategy planning practices:

The strategy planning process was managed by an external specialized party, but ensured the input is provided by the internal team, including data gathering and analysis. When creating the plan, the feedback from external stakeholders was requested, but the internal data was the

most important. However, as the participant was not involved in the process, they were not able to provide more details on the process's specifics.

R12 (CN) organization's strategy planning practices:

The strategy plan is designed on a five year timeframe, based on an audit which nucleus were branding and development opportunities. The strategy is revised yearly considering the previous year's achievements, which results in establishing "objectives, actions, responsible persons and time and next year's resources". The yearly design and deployment process has the following steps:

- "1. Revising the mission statement;
2. Analysis of the situation. Mapping the internal and external organizational environment – SWOT analysis;
3. Establishing strategic priorities and objectives;
4. Establishing actions, responsible persons, time and allocated resources;
5. Implementation;
6. Analysis and evaluation. The entire process, being a small organization, is much narrower and the communication much more direct and informal."

R5 (CN) organization's strategy planning practices:

Although the participant considers they have a strategy, they reckon that "The strategic planning process at the organizational level is a vague one. It is considered that the employees know the vision and the purpose of the organization, and if there are no changes, things go by default. Usually, planning takes place at the start of a new project, when employees are invited to discussions in which the purpose of the project is presented, the main activities are debated and the people in charge are named, after which other decisions and details are taken as the project is deployed". Therefore, we could conclude that the strategy planning process doesn't really exist, and it is confused with project planning.

R30 (CN) organization's strategy planning practices:

The strategic plan is based on external research regarding problems that the NGO wants to tackle, creating a long term plan based on the data gathered, "designing the budget and identifying donors, sponsors, etc.; developing the action plan; implementation, monitoring and evaluation". It is unclear however the timeframe in which the plan is created on and if the direction is designed as objectives or only projects or programs.

R21 (CN) organization's strategy planning practices:

The strategy plan is considered "environmental accessibility" for the beneficiaries and related projects, but from the conversation it seems that the organization doesn't really have a clear strategy plan or a process to create such plan, working mainly based on answering to beneficiaries needs or requests, such as "prints, IT assistance, etc".

R24 (CN) organization's strategy planning practices:

This entity is another example of NGO that sets their strategy yearly, based on five main directions. The planning encompasses setting yearly objectives based on previous data and results,

as well as an analysis of how the results were achieved, in order to identify if the expectations can be increased. Once again, the participant doesn't have a lot of details on the mechanics of strategy planning, such as participants, timeframe or techniques utilized.

R6 (CN) organization's strategy planning practices:

The NGO has a five years plan, divided again in yearly plans, which are centered around objectives. It is noteworthy that, given their industry – constructions, the entity needs to plan on the long-run. However, outside of the construction projects, the planning process is considered rather informal, being based on a SWOT analysis and resource planning.

R27 (CN) organization's strategy planning practices:

The executive board is appointed for one year, thus their planning also takes place yearly. Some strategic directions and values are given by the international level, mostly as recommendation, while the Board creates their own yearly objectives and measures of success in a retreat that takes place before the start of their mandate. Once the directions are decided, they are communicated to the next organizational levels (departments) in order for them to commit and be able to set their own objectives and KPIs. During this discussion it was emphasized several times that culture is the focus, and it is considered as an important complementary factor to strategy and performance.

Several interviewees (eight) from both locations that declared their organization is not using strategy planning and doesn't currently have a strategy, agreed however that they do have a common direction, that can take the form of a mission, a vision, or specific objectives, that is known by members and to which they align.

When explaining their lack of strategy planning practices, and consequently, the explanations for lacking a long-term strategy, participants range from the dynamism of the sector, the lack of long-term visibility due to inability to properly forecast financial support and other needed resources to their preference to work project based. Despite this, it would be ideal for the organization and its members to have a clearer and officially formulated direction, to ensure members efforts and resources are aligned to a bigger purpose and avoid working on unrelated or uncomplimentary projects, which, based on participants' recounts is currently happening, especially due to financial restrains – NGOs apply to projects that are financed even though they are not in their area of interest, in order to be able to keep the organization afloat.

In hindsight, there are some patterns that can be identified from the interviews:

- there is a disparate understanding of what strategy is, in most cases being perceived as activity plans or as objectives;
- as a consequence of the first point, it can also be concluded that the lines between strategy and performance are vague, especially is what concerns the objectives, being generally considered the same process;
- there are few NGOs that only create a strategy plan because it is required by law, but it has no value for the members or the activity of the organization;

- the members that are not involved in the process are not aware of most details regarding strategy or the process of creating the strategy outside of high level steps, leading to the conclusion that internal communication in this regard is poor;
- even members involved in the planning process demonstrate a lack of knowledge on the mechanics of strategy planning, such as participants, timeframe or techniques utilized, SWOT analysis being the only tool mentioned during the discussions;
- the majority of participants did not mention the timeframe of the strategy, although it seems that the maximum time for a strategy is five years, with most organizations utilizing a yearly plan.

To emphasize the lack of theoretical knowledge, one participant acknowledged that “now I’m reading a strategic planning book and rediscover that somehow there are concepts that, although mean the same thing, utilize different words. For example, until now I didn’t know exactly that what we do is strategic planning and I noticed which terms are used in the non-profit sector”.

For a more comprehensive analysis the researcher has also checked each organization’s website in search for strategy planning markers. Although not surprising, the results are not painting a positive picture of the NGO sector. In Bucharest most organizations had their mission, vision and values listed, either all three or at least one of the three components. Furthermore, three organizations also had a section with events, programs, or long-term aims. Only three NGOs didn’t list anything related to their strategy on their websites.

In Cluj-Napoca the situation of the NGOs that participated to interviews seems to be even more dire, as only eight organization had any mention of mission, vision, or values, while the remaining ten had no mention of either one of these three components. In regard to future plans or longer term objectives only two NGOs had any mention of this, while the remaining focused mostly on projects or programs.

However, the existing information from both locations cannot be perceived as proper indications of a strategy and give way too little insight on the organizations’ future plans. We can consider this a missed opportunity, as many potential supporters might be less willing to donate or become a volunteer upon finding so little information regarding the organizations’ aims, especially since even the available information is hard to identify on the websites, while most websites are also missing user experience best practices and attractive designs.

Although the coding system is different when comparing the interviews with focus groups, the conclusion of interviews serves to strengthen the findings from focus groups, where we could see a similar rhetoric of questioning the need of a long-term plan in such a volatile environment. Likewise, participants to the focus groups expressed their opinion that a strategy for an NGO cannot be realistic as it is always dependent on resource availability. Another similar point is the admission that in some cases the plan is seen as formality, thus leading to a place where the tactical level is inconsistent with the strategy, although they agree this should not happen.

Unlike the discussions from the interviews, the participants to focus groups had a principal approach, rather than a practical one. Instead of describing the way their NGO designs the strategy and their own practices, the conversation pivoted towards why strategy cannot be done or if it's done what are the main trends.

Although, during the interviews participants were less comfortable with providing details about strategy planning, or giving in-depth explanations on the topic, with most answers being short and straightforward, but lacking context, they did provide more insight into the practices than the focus groups participants.

7.1.2.3. Dimension 3: Performance management

The third dimension is divided in several sub-categories as follows:

- the extent to which performance management is used by Romanian NGOs;
- the stakeholders that influence the usage of performance management practices;
- the current performance management system of represented NGOs;
- the ability of the PMS employed to help members focus on what is important;
- improvements participants would make to their PMS.

Sub-dimension “performance management usage in NGOs”

The purpose of the first two sub-dimensions under the performance management theme, namely, the extent to which professionals consider performance management practices are currently deployed within Romanian NGOs and the stakeholders that influence such practices, is to set the context for more detailed future questions regarding the actual practices each one of the organizations is utilizing and the way they are deployed. These two categories yielded a higher degree of similarity in what concerns the responses, which in turn supported a more systematic interpretation of the results.

From a nonverbal communication standpoint, during the interviews it was clear that participants were not as comfortable with this part of the discussion, especially compared to the first question. The answers were less extensive, containing slightly fewer explanations, with more breaks and pauses in between the sentences and even more repetitions and incoherent phrasing.

Overall, the majority of respondents, 16 out of 29, irrespective of their location, agree that most nongovernmental entities do not currently use performance management, or if they do their practices are not entirely standardized. Once again, the results yielded by the interviews and focus groups are aligned, given that most focus groups participants also concluded that performance management practices are usually the result of an external request and rarely integrated in the management system of Romanian NGOs.

From a numerical perspective, although this is surely not the focus of the paper, it is interesting to note that, percentage wise, the represented NGOs from Cluj-Napoca that use performance management (27,68%) is much lower than the Bucharest counterparts (36,36%), unlike the case of strategy planning usage when percentages were even out.

Despite the fact that by looking at the numbers we might consider that the answers to this question are lacking variation and they were much more straightforward compared to the first question, it is important to note that most of the discussions reveal a lot of subtlety and very few were a definite yes or no. Same applies to the details provided by respondents regarding the reasons that impede the usage of performance management.

Out of the nine respondents that consider Romanian NGOs use PM, six reckon this is limited to international NGOs: “What to say? Depends. You know the classic answer, it depends, so we have a very, very heterogeneous sector. There are from large organizations, which are very corporate so to speak, many of them being local branches or subsidiaries of some international organizations, I don't know, I'm thinking of World Vision... I would say it depends, obviously, on the budget and the team” (R7, B) or “Many NGOs are not even used to calculating their administrative costs. Now, where there are procedures, on the other hand, because there are also very well-proceduralized organizations, these are usually international organizations with a branch in Romania, where some reports are given at the central level, and then that reporting is also done at the NGO level” (R6, CN).

Two respondents mentioned this generally happens in large organizations, city-based, or project-based ones. The same interviewees also debate the fact that in most cases performance management is wrongly understood as only reporting, particularly useful to report simple beneficiaries, resources or financial-related metrics: “Yes, I ran into performance management before, as I was telling you earlier, I was a secretary at Rotaract and once a year, we had to prepare reports, the reports that included the performance of each member. Because somehow, especially in an association where there is also a hierarchic system, the volunteers, board members and so on, everyone has a position depending on how active they are, and then we need to make the reports once a year, respectively: how many attendances they had during a year, absences, how many projects they were involved in and so on. As far as I know, most of them are old fashioned written in the notebook: “This many attendances, you had this many absences, this many projects you were involved in, from our point of view, you are not eligible to run for the position of secretary or for the position of PR and so on” (R8, CN).

Some interviewees that denied NGOs use performance management, mentioned however that there might be a post-hoc or even superficial measurement in place, but not as part of a performance management system, or once again project/intervention based: “We focus more on... what are their names? On the increase of benefits or activities. We focus more on activities than on goals” (R10, Bucharest); “I think there are few NGOs that measure performance other than project based and usually the ones that do are large organizations with many people and well defined work processes and that do not work only project based” (R25, CN). Similarly, during focus groups, participants admit to the fact that, most times, except during dedicated projects, reporting is done ad-hoc, without a plan in place.

One participant even emphasized that PM is an important support that should be used, although not currently in place, but the perception of another interviewee is that it can be more useful once the NGO has 10–20 employees – “in the area of 10–20 people you can already say

that they are OK, solid, i.e. significant organizations. And I don't know that there are many. That is, to constantly monitor, to keep people on certain processes and at the same time, from time to time, to re-evaluate them and see their usefulness and adjust them”.

Table 36. Additional quotes from respondents that consider PM is not utilized by NGOs

Respondent No.	Location	Code	Direct quote
R20	Bucharest	No	Management means to finish the project well , to make the report ok, so it's not returned to you. It all seems imposed from the outside... which I think it is because as I said, we can't afford it.
R14	Cluj-Napoca	No	I don't really think it exists or if it exists, this performance is called differently; if we take the definition of NGOs and their operating mode, they cannot really adapt to a performance measurement system, because I don't think they see what they do in the community as performance, but rather they fulfill pre-established objectives. I have not heard of performance measurement mechanisms or systems in the Romanian NGOs I work with, but rather tools that "check" if they have fulfilled what they set out to do.
R23	Cluj-Napoca	No	I consider it an important element, which should be present in any NGO . Not only related to the management of volunteers, but especially of the projects and resources used.

Furthermore, the majority of respondents tried to explain why performance management is not a usual practice for Romanian NGOs, the following being the most commonly mentioned:

- difficulty to measure performance in the external environment or the impact: “A tool probably used at a high scale – used by large NGOs both from an economic point of view and from a staff point of view – but the results and changes that occurred as a result of the process are seen quite late in time or almost never, probably for various reasons/lacks (time, approvals, contracts, etc.)” (R19, B);
- lack of time or human resources: “My experience is that NGOs don't consider having the resources or time needed to implement a performance management system. The metrics they measure are either legally mandatory (financial perspective mostly) or project-based (requirements of the funding institution)” (R15, CN);
- lack of performance measurement understanding: “I don't know how much.... there are management practices, but I don't know, I don't think they are... I don't know how much they are fully embraced or even if people get the point. And I think that it is a kind of mimicry, in many cases, if we are not talking about those big organizations” (R7, B).

Sub-dimension “stakeholders”

During the discussion from the previous question, responses already pinpoint to some main stakeholders, such as project sponsors or project managers, therefore we can consider the next question that aims at identifying the main stakeholders which influence the process of performance management, either positively or negatively, an organic development of the discussion.

Despite this aspect, and the importance stakeholders hold in the deployment of performance management, a significant number of participants requested several explanations of the question itself, the definition of a stakeholder and overall, their rhetoric showed that it is not a common topic or something they put a lot of thought into before. Furthermore, eight interviewees were not able to provide any answer even after explanations and one respondent tried to provide an answer, but in the end was not really able to state any actual stakeholder, mainly focusing on which should be the expectation from the NGO, making this one of the questions with the least number of responses.

The below graph shows all the stakeholders referenced during the conversation, together with the number of instances in which they were cited. The graph's aim goes beyond numerical representation, but rather aims at offering a more visual representation of the categories identified during the discussions.

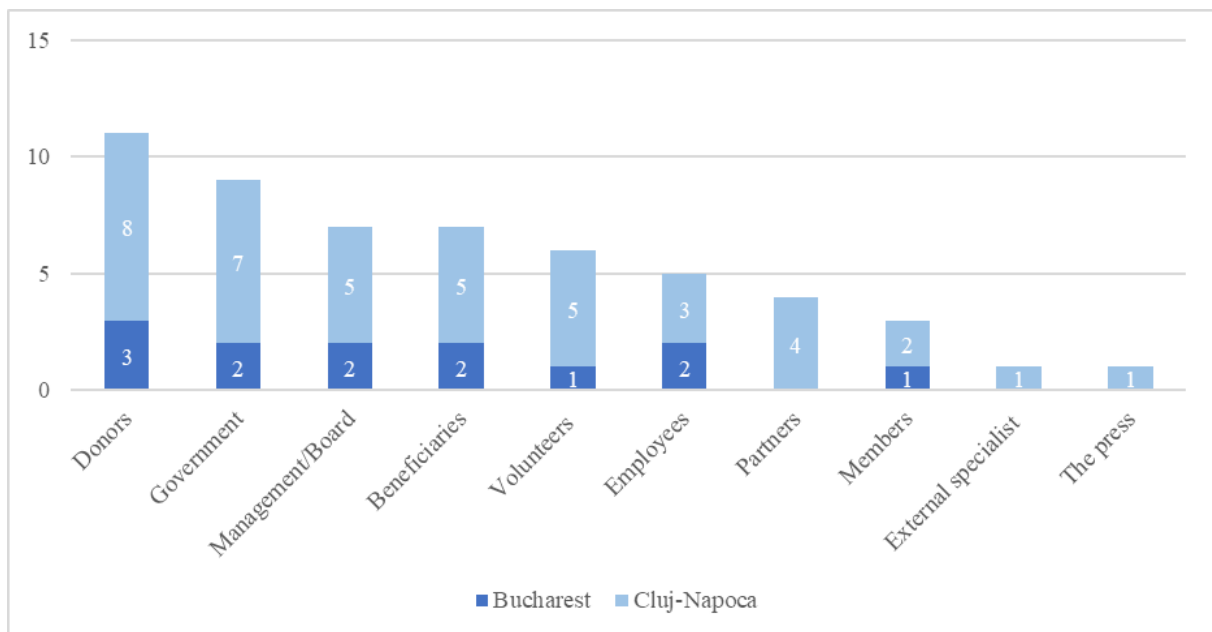


Figure 16. Performance management identified stakeholders per location

The data analysis ascertains an important factor, namely the fact that the two most referenced stakeholders that highly influence performance management are external to the organization. This is a reflection of the fact that professionals from the nongovernmental sector perceive performance management as a necessary reporting process done due to external pressure and has yet to internalize it as part of their organizational management. This finding also sediments further the fact that the sector is donor-driven more than mission-driven at this point.

Compared to the focus groups results, where stakeholders were named only by Cluj-Napoca participants, and pinpoint to internal resources, such as the Board, employees, and volunteers as the major stakeholders, with one exception – a participant naming the government as a stakeholder through the legislation, we see a shift toward external involvement during the interviews.

This result aligns, however, with another finding from the focus group – the perception that a key utilization of performance is external reporting.

Even the fact that the press was mentioned as a stakeholder, granted only once, can lead us to conclude that unless performance management can serve a purpose outside managing the organization, such as reporting on how the financing was spent, reporting to the government or use the results to gather more support through the press, such practices are rendered mostly unnecessary. The same fact can be surmised based on professionals' opinion that managerial team and beneficiaries should have a similar influence regarding the performance management execution.

Drawing a parallel with the literature, where the performance exercise is rather an internally lead activity and the managerial team plays a very important role as the main sponsor of such efforts, Romanian NGOs seem to exempt the managerial team from this responsibility. Furthermore, we can conclude that performance management is not entirely seen as an integral part of organization management, especially in the context in which interviewees agree that the NGO world is data averse, which can only allow for the conclusion that decision making and organizational management is made based on assumptions and opportunities, rather than data and mission. The literature also sees employees as the second most important stakeholder, while the external network – government, customers, partners, providers – are seen as secondary in this process.

Finally, it is important to remark that volunteers are seen as more important in the process than employees. The explanation for this can be twofold – the fact that a lot of Romanian NGOs work exclusively with volunteers or have a higher volunteer base compared to the employees, or the fact that the entity needs to put more effort in coordinating the volunteers and ensuring their long-term engagement with the entity as compared to the employees. Going back to the focus groups' results, one participant even mentioned in this regard that measurement is done for volunteers that are part of international programs, such as ERASMUS, because it is mandatory, but measurement is not done similarly serious for employees because an in depth reporting on their performance is not required. Once again this emphasized that performance management is not seen as a strategy execution tool, but rather a reporting activity done when and how it is requested by external partners.

For readability purposes, the selected sections from interviewees' quotes that best demonstrate the findings presented above are included in the table below, rather than in the findings' presentation.

Table 37. Stakeholders related quotes

Respondent No.	Location	Code	Direct quote
R22	Bucharest	Management	Well, first of all, I think that at leadership level it is important how much energy they are willing to invest, because when a team is not used to this kind of thing, for example, we have been struggling for almost a year to have an area of ... not even a project management tool, a task force thing, something like that and it's very difficult to put all our tasks there, it takes time and it is better for us just to do it and I think a paradigm shift, that is where change comes from.

Respondent No.	Location	Code	Direct quote
R4	Bucharest	Management/ Employees	I think that, especially as we are at the beginning, the founders who create the culture of the organization would be essential, because if everyone that starts, gets involved from the beginning it simply becomes part of the organizational culture and after that it becomes a status quo and anyone new can even be asked from the interview stage if they are comfortable with this approach and so on and see if there would be a match at this level as well.
R7	Bucharest	Donors	Yes, well, here, I think we need to get to how much this sector is affected by the expression and you probably know it, in our jargon it's called donor driven, meaning you're so dependent, you do what the donor says just to give you the money and run the projects. Now, the wiser donors like the Romanian American Foundation or FDSC, understand that they don't have to get extra involved and draw your project, because then you become kind of a service contractor and the very essence of this sector is missed, which is to be closer to the grassroots and the real problems.
R10	Bucharest	Employees	No one is going to make it with any system. That is, if you give them a system, it will not change the man, that is the change must come from the people , the system is a tool.
R25	Cluj-Napoca	Donors	Donors and their requirements. As I said, most NGOs work project-based, therefore the management and performance part is also done at the project level and differs according to the financiers' requirements.
R15	Cluj-Napoca	Donors Government The press Board	The most important stakeholder that influences what NGOs measure in terms of performance is the government , which mainly looks at financial performance metrics. As mentioned above, financing institutions (European Union, UN, private donor organization) are other stakeholders that set predefined metrics to be measured during implementation. The press could be another type of stakeholder to which Romanian NGOs report their performance. Private donors also require some kind of reporting on how their money was spent, which are usually reported in the form of metrics or KPIs. However, these are only external stakeholders. In terms of internal stakeholders, the NGO's supervisory board also requires some performance metrics to be reported. As you can see, most of these KPIs are used to project a positive picture of the NGO and unfortunately this is not enough to talk about performance management here. I've seen no reporting towards employees, no reporting of employee performance or efficiency of work at the NGOs that I have worked at.

Respondent No.	Location	Code	Direct quote
R5	Cluj-Napoca	Management Employees Volunteers	The management , employees and, in some cases, their volunteers have influence over the performance management system in Romanian NGOs.
R24	Cluj-Napoca	Donors Beneficiaries Volunteers	The organization's local community partners, sponsors and donors , beneficiaries and volunteers . For me these would be the most important categories.
R28	Cluj-Napoca	External specialist	First of all, I think it's the lack of qualified staff on the management side, because if we had a person who is trained to do this management thing and is not a doctor, as we are all volunteers who try in the easiest way to keep everything together and do good work. I think that first of all, a person, a qualified individual would help in this matter. I don't know if other NGOs are even thinking [about performance], or if there is a person who deals with this matter and who is in certain NGOs paid to do this thing and see the evolution of the Association. In our case, I think that the lack of a person, that is, a qualified person, who checks on us and who at the end says: "Look, here this this this" and the lack of time, probably if we had more time to dedicate ourselves more, to get involved in this thing and to read and participate in courses, especially those of us who are branch coordinators at country level and president and general secretary, then it would probably be easier to apply certain management schemes and to track and measure performances.

The quotes once again demonstrate that there are very different perspectives, with professionals claiming that, in the NGOs they worked with, employees were not an important part of performance, while other respondent sees employees as one of the critical factors of influence. This aspect once again emphasizes the heterogenous nature of the way performance management is understood and practiced, as well as the diversity within the NGO sector.

Sub-dimension "current performance management system"

While, in hindsight, most of the findings from this sub-dimension are encapsulated in the answers from the previous ones, they also unveil new information regarding the process and main actors involved in the first phase of the process of performance management.

Once again, the responses given to this question vary greatly and they strengthen the lack of knowledge in the field performance management previously identified. We do observe however, that most respondent NGOs use performance management practices, even though not in a highly structured or integrated manner, but rather a version slightly more rudimental, organic and based on the common sense of managers or at the request of donors.

Considering that participants depicted their own practices which differ between organizations, the codes distribution will not be used in the analysis of this question, but rather

the interpretation will focus more on presenting participant's stories, the different perspectives and utilizations of performance practices and the components. The analysis will also aim at identifying discrepancies between the answers each participant offered on question five and question six, if they exist, in an attempt to better ascertain the participants' understanding level of the discipline and its operationalization. For example, a remark present in several interviews, which mimics a sizeable part of the literature that disregards integration, is that participants tend to describe employee performance management practices when presenting the execution of their overall performance.

Glossing over the responses there are two inconsistencies observed at participants from Bucharest and in Cluj-Napoca, with six responses where discrepancies are notable between question five and six. As a first observation the majority of these eight respondents downplayed the existence of performance management practices under question five only to go into details and explain these practices under question six. The two examples in Bucharest mentioned initially that either they don't have performance management or that they only measure the success of their objectives through reports asked by donors. However, on question six one NGO describes the existence of objectives and indicators specific for projects which are in turn linked with the mission and even made several attempts to measure their impact, while the second NGO recounts the existence of an employee performance monitoring, with measures tracking the weekly activities, and easy to track indicators that are reported for the entire NGO.

The participants from Cluj-Napoca followed a similar pattern. In the initial phase of the discussion, they either reported that they are not measuring anything, in two cases, or listed work procedures, project requirements or the efficient promotion of projects as the success measured. However, when answering this question, participants reveal their practices do include objectives, sometimes on different areas of the organization, such as financial, project related, brand and marketing related or development focused, metrics and even different aspects about the setting, communication, alignment and reporting of these components at all organizational levels.

Another observation is that, similarly to the findings under the previous questions, in the majority of cases, objectives and indicators are not correlated. The tendency is to link indicators with projects and activities, while objectives exist without success measurements.

Regarding the stakeholders and decision makers, in most cases performance measurement components are usually set by the board and managers or all stakeholders, usually including employees and volunteers, and in some isolated cases they are proposed by donors for specific projects. Only one NGO is currently only measuring what is required by law, without any alteration done by the internal key stakeholders.

The practices identified here can also pinpoint to the relation between strategy planning and its execution, although more details are provided that during the strategy planning related discussion. Furthermore, we can note that even NGOs without a clear strategy plan deploy performance management related actions.

Given that the implementation of PM varies, and it is specific for each organization, with no example followed by all organizations, the following paragraphs aims at briefly describing

how each participant NGO utilizes performance concepts, mixing direct quotes from participants and researcher's observations.

R13 (B) organization's performance management practices:

The NGO uses some financial and activity related metrics, which are evaluated in a weekly meeting. In this weekly meeting "employees receive feedback from management, colleagues and sometimes even trainees' and collaborators' feedback is discussed". Another topic undertaken during the meeting is a discussion on "the weekly objectives (which are generally cyclic, and everyone knows them) and each team member communicates to everyone else their future contribution and comes up with proposals and ideas".

The participant was not able to clarify if the weekly objectives are actually activities but considering that objectives are longer term and not only cyclic this is most likely the case.

At employee level, the NGO doesn't use performance indicators, not even financial, because they consider that each person is different, and the same measure cannot be used for everyone. Something to consider here, which the OKR system promotes is creating different success measures for each individual based on their deliverables. At individual level they have a "transparent bonus system" which is based on the financial results of the organization.

The participant describes their system as "transparent and flexible", which matches the recommendations of OKRs.

R19 (B) organization's performance management practices:

Due to the reduce number of members (one employee and five volunteers) all objectives are set by the members based on the projects, and they follow the SMART criteria.

R29 (B) organization's performance management practices:

There are no performance management practices in place, just an overarching mission. The participant did mention that they take all decisions together, and they expect the same to be applied to setting objectives and metrics when it will be the case.

R20 (B) organization's performance management practices:

The organization has an outdated performance management system designed by consultants through some funds, but all the employees that supported its design left the NGO. Currently the practices are seen as robotic procedures, that instead of supporting are more formal and challenging: "Honestly, it just confuses me. Because there are four of us employed and to follow these things and add another sheet to the file, because this represents at our level of understanding, it is quite difficult, that is, it is an extra stress, and we don't understand the point."

From a technical standpoint, they have a strategic plan, that is outdated by now, employee performance evaluation sheets and procedures to plan their activity quarterly, which sounds structured on paper. The strategic plan was developed by the consultant with the executive president and includes long-term objectives and indicators. Furthermore, each quarter employees should create short-term objectives and indicators based on what they want to contribute to, however, these short-term objectives are rarely linked with the long-term ones and are based on opportunities.

The participant emphasized on the hardship of setting objectives due to the lack of time to understand the objectives and align to the strategy, lack of financial certainty, beneficiaries' volatility and employee turnover. Another complaint seems to be the fact that there are too many objectives, but employees do not have the time to work on them, especially since on top of their system, by law, each beneficiary needs to have specific quarterly objectives, that are usually audited. The problem here is that beneficiaries are not usually involved in the setting process.

At individual level the evaluation is done based on legal standards and abilities and behaviors, not objectives and indicators. The interviewee acknowledged that it is done just because it has to be and it is just "another document added to the file" with no consequence, either positive or negative.

A theme we can notice is that they use quarterly objectives, in line with the OKR system.

R9 (B) organization's performance management practices:

Being an international NGO, the national strategic directions must align to the global directions. These strategic directions are communicated with all managers, so that each manager can create their yearly operational objectives, which are then discussed and agreed upon with all managers. These objectives are further divided into monthly objectives and are reviewed twice a year to make it easier to track their progress and be able to take corrective actions if needed. A similar process takes place with the monthly objectives, which are reviewed once a week to ensure their achievement or an understanding of the bottlenecks and ways to overcome them.

There is another layer of quarterly reporting to the board, but it is mostly related to the evolution of projects.

Their indicators are usually operational, or funding related. The funding related indicators are reported monthly for transparency purposes.

Most decisions related to the objectives and indicators are taken by the executive director, but every manager is involved and communicates the decisions to their teams.

At employee level, evaluation takes place twice a year and contains a self-evaluation, an evaluation from the manager and one from their peers based on which an improvement plan is discussed.

During the discussion it was clear that the interviewee was aware of all the practices, they are clear and not perceived as unwanted bureaucracy, but as part of their culture.

R22 (B) organization's performance management practices:

The organization has some long-term objectives which are drilled down into projects at departmental level and generic objectives at employee level. Most objectives are discussed and changed yearly, but the process of reviewing and changing them was not clear for the interviewee.

All measurements are financial because the financial objectives are "the only ones we really measure", although the participant mentioned there are some results for projects or project outputs. These results and metrics are the main input discussed in the process of altering the yearly objectives.

R11 (B) organization's performance management practices:

The organization has project based objectives and indicators given by the grantors for a duration of three years, but they also contributed with some specific project-based objectives and indicators.

There are no long-term organizational objectives known by everyone due to lack of time and resources, however some informal objectives are known by two senior managers that try to find financing opportunities to put them into practice.

Internally they have a very organized task management system utilizing a software solution, and the tasks are categorized based on functional areas and their status is reported weekly. There are some basic indicators which are reported in the annual reports available online, as well as the organization conducts impact studies to help them improve, but the tasks are the main focus.

R10 (B) organization's performance management practices:

The NGO seems to be keen on becoming more and more professional in the way they work. However, their performance practices are still more on the rudimental side, as seen for most of the previous organizations.

The planning process is mainly correlated to project planning, rather than strategic level. They do set their own objectives with the involvement of all members, including volunteers, who can propose directions as long as they are aligned with the mission and values. Financing usually influences the targets attributed to the expected results, but not the objectives or results established.

Indicators are utilized only in the case of a larger funding that requires reports to be submitted, but for projects the focus is to work activity based, where there is also a degree of digitalization through project management and CRM tools. This is due to the fact that they do not believe their development level and resources allow for impact measurement and do not see the need to measure output indicators: "It is easy to take a picture of 500 backpacks and show that we have achieved our KPIs".

As part of a federation, they also send a small report about the services implemented to the federation board, but the reporting is not very complex.

R4 (B) organization's performance management practices:

Considering this is a new organization they currently have no PM practices. However, the organization has started to design very long-term objectives for the next 15 years which are to be split into short-term objectives with the buy-in of all members to keep them engaged. So far activities are in the forefront, but the marketing team is starting to integrate indicators in their area using the analytics solutions provided by social media platforms.

The entity also discussed to start a weekly check-in that included a check-in Monday to plan the week and a check-out on Friday to report on the weekly achievements, but it was not implemented at the time of the interview.

It is noteworthy that the organization started to implement OKRs by themselves following the interview, as they found OKRs similar to what they wanted to deploy as performance management.

R2 (B) organization's performance management practices:

As another example of an international NGO, it is noticeable that strategy execution is structured, understood by everyone and semi-procedural. However, the conversation revealed challenges that occur even if an organized framework is deployed.

At organizational level they have values shared globally, a strategy, measurable objectives, which are then cascaded to the responsible department with specific indicators or tangible expected results, as well as initiatives if they are not achieved.

Similarly, projects have their own objectives and expected results.

Employees set yearly objectives together with their line manager in order to ensure they are aligned with the organizational objectives and the personal development objectives. It is very hard however to make people measure these objectives, because their achievement doesn't have a real influence. The usage of the system is not punitive, nor does it provide any rewards for the employees. "On an individual level again, I think that there are challenges here too, because I see how they [struggle] to somehow understand that they have to put a measure there, to even do that SMART [objective]." However, special attention is given to cascading the values into behaviors.

Formal evaluation for individual objectives is done yearly when a form must be filled-in, where behaviors rating takes a special place, objectives' achievement is rated, and feedback is given by colleagues as well. The COO is aiming to make this an ongoing process with at least some discussions taking place every three months, without the need to fill in the form, but to at least make sure objectives are still valid throughout the year, an aspect similar to the OKR practices.

The main challenges for employee performance management are related to available funds for salaries increase or bonuses, which seems to render the exercise futile from their perspective, and lack of time or understanding to follow the entire procedure.

R7 (B) organization's performance management practices:

As another international NGO, the organization has some objectives and metrics that are cascaded from the headquarters, as well as some future projections in the form of objectives on a medium to long-term and indicators, however these are not considered the nucleus due to the instability of the sector and donations which makes it hard to have valuable forecasting. They try to focus less on numbers, but also go in details to what those numbers represent. For example, regarding their relationship with beneficiaries the interviewee mentioned "I try to make sure these metrics do not become a stupid reporting thing which... numbers that say nothing. I mean, we work with NGOs and provide a service for them. It is impossible to enroll in our programs and have no discussion with us at least once. They are people, they are not numbers".

The attention once again falls on the projects of the organization, in which case the objectives and metrics are discussed and agreed upon with the donors.

Another special place is given to weekly or bi-weekly "non-meetings" as the participant likes to call them. These are informal discussions aimed to put everyone up to speed with different projects, ask for help, provide feedback or solve bottlenecks, if any. Such format is ultimately designed to forge a highly participative environment.

At individual level there are no JDs or evaluations or certain objectives and metrics, due to the fact that the manager is keen on employees' value added, as well as on increasing their ownership.

The interviewee places culture at the cornerstone of performance, therefore he tries to create a flexible, creative and collaborative environment, which we can conclude could be inductive to OKRs.

R18 (CN) organization's performance management practices:

The organization has two main general objectives – one referring to branding and a financial one, the specific objectives being related to projects only. These objectives are set by the board, the General manager, as well as the project managers, by taking into account previous achievements in order to set a more challenging bar.

Similar to the answer to the previous question, there is no mention of metrics or the way these objectives are quantified, although by referring to previous achievements the participant clearly imply that each objective has success criteria, whether measurable or not.

R23 (CN) organization's performance management practices:

They only use objectives at project level, somewhere around five projects/ year, but there is not process or standards followed to design the objectives.

“No, unfortunately we don't have a standard process, it depends on each project manager how they organize the project they coordinate. We run about five projects a year. We propose certain objectives, write them down and communicate them to the volunteers in meetings and then try to we reach them. If we do not succeed, there are no repercussions, because human resources are very difficult to motivate and find, but especially the retention of volunteers is low. For this reason, we enjoy each individual project, how we organize it and how it turns out.”

Lack of success measurement is supported by their answer to question five, when they mention that objectives' success is ensured through Gantt charts and discussions.

Another notable fact is the repetitive mention of lack of punitive actions, especially due to challenges related to human resource, which although in line with the OKRs prescriptions, solidifies once again the literature findings and previous indications related to a chronic lack of stable human resources in NGOs.

R14 (CN) organization's performance management practices:

The practice of working more standardized was recent in the organization, being introduced in the same year as the interview. There was a five-years direction set through 1-on-1 meetings between members and management.

This longer-term direction has been complemented by the usage of some program level objectives and “professional and personal objectives” at individual level. The answer to this question reiterates again their lack of objective achievement measurement.

From an OKR perspective, a similitude can be considered the integration of personal objectives, not only professional ones at individual level, as well as setting the direction through consultation with the members.

R25 (CN) organization's performance management practices:

The practices used are aimed at being very simplified and easy to understand, with a high level understanding on the future directions, but not necessarily a strategic plan, organizational level indicators on three pillars – financial, program and development, and specific objectives and deliverables for each project usually established at the donor's request.

The participant motivated choosing a simple approach due to the lack of human resources, with the NGO operating with two employees, a recurring theme during the interviews.

R15 (CN) organization's performance management practices:

The participant clearly states that there is no performance management system: "In my departments I never had any performance management system implemented" but mentions however there are some components utilized as needed. "I would say we use KPIs, but only because EU and government funding requires so most of the time". Therefore, we can once again conclude that most NGOs tend to measure their success or performance only when needed or at the request of a third party.

Considering a hypothetical process of setting a PMS in the future the interviewee confesses that "If we ever set metrics, it is absolutely top-down approach, with no consideration or input from bottom levels", which would not be a recommended practice if OKRs are considered. Moreover, it paints a clear picture on a more directive managerial style and the current lack of participative decision-making, which extends to performance management practices, irrespective of how rudimental they are at the present time.

From the perspective of cohesiveness, the participant only mentioned project requirements as part of their answer for question five, although for the current question KPIs were discussed, therefore showcasing lack of clarity. Furthermore, the participant didn't mention how or if the KPIs are related to objectives or if this is entirely dependent of the funding organization.

R16 (CN) organization's performance management practices:

The NGO is another example of organization that admits there is no formal performance management system in place. However, based on data collected from front line employees, the board set some targets that were communicated with everyone and were utilized in recurring decision making regarding "important decisions about project development, hiring personnel, new partnerships, acquiring new equipment, etc.". The example of metrics measured tend to be results oriented, but easy data to collect, such as number of students enrolled, or amount of money gathered.

During this part of the discussion the researcher noted that the term targets was used as replacement for metrics, while the difference between targets and objectives is not acknowledged by the interviewee.

R12 (CN) organization's performance management practices:

The participant describes their process as a simple one, which, based on the statement "we set", is perceived as participative and involving all members. The process is, once again, centered around projects, but it does include the design of longer-term (three-five years) strategic

directions based on the projects. Once the directions are formulated as objectives the activities needed to accomplish the objectives are split between the two responsible.

As mentioned for question five, the results that are examined emphasize on financial sustainability and customer satisfaction, which seems to be the most important success measure.

R5 (CN) organization's performance management practices:

This organization has another example of participative process, with management and employees identifying the best objectives for their projects together. These objectives are measured through indicators, however the participant was not aware of any process to identify the right indicators for each objective, but mentioned some generic output measures that seem to be easy to track data, such as “number of beneficiaries, number of goods donated”.

For each objective a list of activities is also discussed and compiled, to ensure that work gets done.

R30 (CN) organization's performance management practices:

The performance management components, mainly objectives and quality standards, are designed by the government and imposed through the law, thus the NGO has zero involvement in creating more specific objectives or indicators, other than cascading what is given from the governmental level. The approach is fully top-down.

R21 (CN) organization's performance management practices:

This is another example of nonprofit that lacks entirely a performance management system, and we could venture to conclude even unintegrated components. By correlating this answer with the ones from previous questions as well, we can conclude that they lack a strategic direction, objectives or measurements. The only success evaluation is defined through beneficiaries' questionnaires, while the performance management system is defined by the participant as “determining involved actors”.

Based on these answers we could consider that knowledge around performance and its related practices is not promoted within the organization.

R17 (CN) organization's performance management practices:

Although initially the interviewee showcased lack of familiarity with the terms and mentioned that they do not measure performance but could consider performance their visibility and awards or a general result for their area, throughout the conversation the participant shared that the NGO has some strategic directions designed based on a SWOT analysis, yearly objectives, which are further broken down into quarterly objectives. The objectives are set by the Board of directors and then negotiated with the employees. The quarterly objectives are structured based on different activity areas and during the progress review they do not necessarily report a percentage of achievement, but rather if it achieved, not achieved, or partially achieved. Based on this achievement, the next quarter's objectives are created, which is a common practice for organizations that work with OKRs.

Regarding the examples provided it is noteworthy that the lines between objectives, metrics and initiatives seem to be blurry, with an example of objective being: “to bring two

more children”, which according to the theory is a measurement, not an objective. Similarly, another example was “building another playroom”, which could be seen more as an initiative that contributes to a higher purpose, not the purpose.

At employee level, they have an evaluation questionnaire mandated by the law and a bi-yearly discussion takes place in order to support individual improvement. However, the participant reckoned that employees do not usually get less points during the evaluation, and improvement points are only discussed.

Overall, the conversation lacked a clear logical flow and it required several additional questions in order to identify the actual practices related to performance that are deployed, given that initially the participant mentioned that such practices only exist in large NGOs.

R24 (CN) organization's performance management practices:

The process of objective setting is started by the Board, but all other stakeholders, such as partners, beneficiaries, volunteers and donors, are invited to provide input. This usually takes place at the end of the year, in the month of December and lasts for about two to three days from the moment data is available. The new objectives are created using as input the achievements from the previous year, thus having the information available before the setting meeting is critical.

The organization usually sets five yearly objectives, to match the mission and strategic directions: automation, brand, partnership, financing and beneficiaries.

The progress of each yearly objective is monitored on a quarterly basis in order to ensure proper corrective actions if needed because they consider that three months is an ideal time to give teams time to work on the objectives, but objectives or the direction can only be changed at the end of the year, which is the timeframe of board membership, and the continuation of the duty is contingent to objective achievement.

Activities related to the objectives are monitored on a monthly basis in a meeting where the percentage of achievement of the objectives is discussed, together with the activities done or planned for the next period. This part is more flexible as owners are allowed to prioritize the work as they see fit.

Each of the five objectives is monitored through metrics, the participant expressing their aim to measure the outcome, not input. The examples of metrics provided showed however that they usually measure output, such as number of beneficiaries, number of beneficiaries from different categories, number of partners, number of collaborative actions with each partner, number of social media followers, rather than impact, therefore following the pattern we have seen before with selecting metrics that are easy to track and compute.

R8 (CN) organization's performance management practices:

The participant mentioned initially that their NGO gave up on using performance management practices due to their experience in another NGO where they were seen more as a burden. At a closer look however, performance was described as similar to hierarchy or secretary work, such as compiling a report with the minutes of meetings and gathering information about member's attendance to meetings. “Yes, for example, I also gave up the minutes part, because

I realized that it is, for example, we are a workshop, now I'm going to show you part of our workshop with materials and so on and so practically... Yes, so for us this process of collecting materials, doing something with it, assembling and processing is very important and then we don't have time for all this bureaucratic part with writing processes, making reports, keeping track of attendance, keeping records to the hierarchy, who is the secretary, what is the secretary's task and so on and so because of that I gave up... I realized that it honestly works much better.”

As seen from previous questions, the values matter more than strategic directions, as well as their work is structured project-based only. Thus, they lack clear objectives, although the older members are aware of a direction that the organization wants to take but center their management around task and activities that support the achievement of the project. The projects are also managed by the first members of the organization and although they use some measurements, they are usually input oriented. Given that their work is production-based, the outputs are tangible, making the status or closure of the project easier to account for. “Depending on the project, for example, we design with the artists a fish of two meters in diameter, we weight how many kilograms of wire we need, how many kilograms of CDs, etc.”

R3 (CN) organization's performance management practices:

Considering that the NGO is managing an application, they are familiar with KPIs and metrics, especially the ones provided by the application itself. As measurements, a combination of KPIs and tangible outputs is currently used, most of them being selected by the two founders of the organization with the input of volunteers, but based on the statistics provided by the app, not so much on a long term strategy. Although the setting process is not highly inclusive, the measurements are transparent for everyone to access, together with their progress, which they reckon is not always up to date. The achievement is usually discussed twice a year, but the team mentioned that “we don't have a set period where we sit and check and analyze. Yes, we still have some sessions when we check. Twice a year maybe we do this, we sit and analyze and see if we can adapt and see if they [the targets] are achieved”.

From a best practice perspective, we could say that they don't align to all good practices since it was noticed that the indicators are structured based on clusters and not objectives, as well as, once again the priorities are activities, rather than indicators and their achievement. “I don't think we have set objectives, but rather responsibilities that we check off and redefine weekly. Maybe we have an objective, but it's not written on paper as objective”.

The work seems to be structured in an agile manner, similar to the requirements of OKRs, being divided into four quarters every year and weekly sprints during the quarter. “The idea was yearly, but then we divided them on quarter one, two, three, four to make it somehow more manageable than a year, I suspect that you know what the deal is with waterfall and sprint, basically 80% of the work is done in 20% of the time, so it's better to do two weeks overtime than to spend the last two months of the year [get overcrowded], which never works”.

R28 (CN) organization's performance management practices:

During the discussion the interviewee described the process of performance management as being highly centralized at the level of General Assembly at country level. At the end of each

year the General Assembly meets and discusses the achievement of each branch and set new targets or directions for the upcoming year, which cannot be changed during the year. The metrics set during the meeting are usually very easy to track, such as number of participants, number of caravans, number of courses facilitated.

Throughout the year each branch keeps track of their achievements on a shared drive and creates the needed reports, usually on a monthly basis, although in some cases branches also meet on a weekly basis. The interviewee mentioned that the expectations rarely change during the year, what can change is the path taken to achieve those targets assumed at the end of the previous year, but all such decisions are taken by the Council, which shows that branches have a small degree of independence in what performance is concerned.

A remark that has been obvious during the meeting is that “strategy” and “indicators” were used interchangeably several times.

R26 (CN) organization's performance management practices:

As a very small organization, three members and one volunteer, working mostly project-based, performance management is deployed in a simplistic manner and centers around project-based or financial indicators, that, similar to the previous case, are not connected with specific objectives, which is in line with the fact the organization lacks a long-term strategy, as seen under question four. These indicators are defined as “almost available to anyone, like, I don't know, audience attracted, likes on Facebook and so on, media appearances and stuff like that. But on the other hand, we always have an artifice that we follow, that is, we get bored very quickly and always must bring something new. In the next edition of the project or the next year let's aim for something bigger or something very different from what we did last year”. This last part of the discourse showcases an intrinsic need to build on what was already achieved and using previous results in the decision making process.

A noteworthy reflection of the participant that resurfaced during multiple interviews, but never expressed in a direct way, is the need of NGOs to balance between chaos, due to the nature of their work, and the need from structure: “This succession of chaos and order, each of them has a specific applicability. For example, once the idea was born out of chaos, the idea will follow some structures and some processes that are quite organized and specific and have indicators. I mean, once we came to the conclusion that we need [a project] indicators are quite clear, after which they need to be reached, but until then if there is no chaos, we cannot come with the idea that in order to save a street you need a flower market”.

R6 (CN) organization's performance management practices:

The nonprofit operates in the construction industry; therefore, their projects are longer term, and requires their performance management practices to align to a different timeframe. They have some generic indicators related to organizational development objectives, namely finances, volunteers, or supporters, as well as specific project-related indicators. The setting process is mostly standardized, and decisions regarding indicators and objectives are usually taken after a longer term monitoring, not short term, due to the legislative limitations of the

construction industry and the fact that they are bound to follow the project approved by the City Hall.

R27 (CN) organization's performance management practices:

Following the lead of the international NGO, the organization has a very well set performance management system, as “routine is very important”. The setting process starts in October the previous year when the new Board is selected and between October–February, when the new Board is fully active, there is a transition period between the two boards. During this time the new Board goes to a three-days retreat to set the strategic directions, yearly objectives and Measures of Success (MoS) for the upcoming year. MoS and departmental KPIs are usually created based on three pillars, rather than objectives, which are divided into activities, with the MoS being then cascaded into KPIs for departments, teams and members, although the process of setting objectives and metrics can also be bottom-up for more mature departments.

The review process takes place once a week on Tuesday, called Performance Campaign, where deliverables achievement at department, team and individual level is discussed and non-financial rewards are given depending on the achievements. KPIs are reviewed monthly, while objectives and MoS are only revised twice a year, with a Board retreat taking place every 6 months to reprioritize if PVA (planned vs achieved) shows such need.

At individual level, to complement the rewards, there are some sanctions as well, applied due to inactivity, not lack of performance, given that the organization considers itself “pro-failures and mistakes, and this matters a lot for retention”.

The discourse was slightly lacking focus, with a lot of details being provided, but it was clear that the participant was aware of the practices, and they are operating in a structured format. From a theoretical standpoint, it is worth mentioning that several terms were used interchangeably, such as objectives and metrics or activities, which serves to show that theoretical knowledge on performance seems to be missing in most NGOs, even those with strong practices. For example, NPS (Net Promoter Score), which is a highly utilized KPI for customer advocacy, is considered by the participant an objective.

Although there is a high discrepancy regarding the applied performance practices, we can still recognize certain patterns emerging:

- the metrics used are in most cases related to activities or projects, and easy to track;
- there are no techniques for identifying objectives and metrics mentioned, thus we can conclude that organization only utilize brainstorming or receives the measurements from a third party;
- a lot of NGOs rely on third parties to provide their objectives and indicators, which should not be the case;
- although initially most respondents considered they don't utilize such practices it is clear that organizations have even an organic tendency to track and report certain metrics;
- respondents with a minimum business background tend to have a more structured response and understand better the terminology, while respondents that were limited to the NGO

sector are more reluctant to such practices, often focusing on the challenges of proper performance management deployment;

- there are some current practices similar to OKRs identified during discussions.

The findings above are confirmed as well by the information available online. Only 13 out of the 29 organization have reports available on their websites, with most reports missing any mention of mission, vision or objectives, presenting only projects or activities. In the best cases, for each project or action the main aim is presented, but this was observed in the case of three organizations only. When looking at metrics, irrespective of their presentation tool – annual report or a dedicated section on the website, they are easy to track measures, most of the times focused on measuring inputs, rather than actual results, such as number of employees, number of partners, funds raised, etc. In terms of results, organizations usually present the number of beneficiaries, the number of activities they organized, or measures related to social media, namely followers on different platforms. The only detailed metrics were the financial related ones, but they were only depicted in annual reports, where the annual reports existed.

From the available information we can note that objectives seem to be overlooked in the presentation of the organizations' big picture as well as from the annual reports.

From the perspective of how facts were conveyed there was a clear lack of confidence when answering compared to the first questions, a less structured speech was exhibited, while several helping questions or even conclusions confirmation were needed from the researcher's part. Furthermore, not only did participants have a harder time understanding the question, therefore showcasing once again lack of topic understanding, but few of them exhibited some inconsistencies during the discussion. For example, one Cluj participant initially answered that don't use any performance management frameworks or practices, but during the conversation they explained a comprehensive methodology that merged yearly objectives with quarterly ones, all measured one way or another. This again emphasize that NGO professionals lack knowledge in performance management that will help them understand the topic better and reshape their practices using correct terminology, thus having a more unified approach. This finding is also supported by the conclusion of another participant that even if practices are utilized most probably, they don't call it performance management and don't use correct terminology.

In terms of similitude with the focus group results we see again divergent approaches to answering the question. While during the focus groups performance management frameworks were discussed in a hypothetical manner and participants expressed their lack of knowledge on the topic, interviewees do explain in more details their current practices. However, we can still spot some similarities – the aversion towards implementing a performance management system that will transform them in a “business” and the perception that performance management should be used almost exclusively at individual level as a lot of the conversation gravitated towards this, although during focus groups discussion revolved around working with volunteers and during interviews most participants referred to their employees. There are two ideas discussed with the Bucharest focus group – sustainability of projects seen as reporting and skills associated with performance, such as time management. During interviews these two points did not emerge

directly, although interviewees did discuss the need of a professional in performance management to support the implementation of such framework under another question, but did not refer to a specific skill, simply discussing performance management knowledge.

Sub-dimension “focus”

The topic of whether current performance approach is able to help everyone focus on what is important for the organization and help the organization's improvement or not was among the most avoided by participants. Its aim was twofold, being a control topic for questions six and eight, as well as a think back exercise that pinpoints if performance management is perceived as only a measurement endeavor or as an integration between measurement and improvement. However, their lack of openness to provide an answer, as well as their brief and expeditive discourse, gives us ground to believe that the thought of how performance management supports members in aligning to the organizational performance or examples of improvement are at best an afterthought, rather than something Romanian NGOs regularly sit and examine. This is of course aligned to the main findings from previous dimensions and the main theme of their interviews, namely that performance is mostly an externally driven act which is only valuable if it supports another interest of the NGO, such as getting financing or showcasing transparency for future gains. When not linked to external actors, performance management is often associated with managerial positions, therefore insinuating employees and members should not be involved: “No, the current system does not. The president is responsible for following the implementation of the objectives, to ensure that the projects take place and the strategy from the beginning of the year is fulfilled at the end of the year” (R23, CN).

Regarding the first part of the question the results once again show that most participants don't really trust their performance management systems' ability of linking members to organizational performance.

What's interesting is that the second part of the question was somewhat avoided by almost all participants, with some trying to give an example, but without managing to do so, and others simply saying they have no such example: “I don't know of any improvements” (R5, CN). Clearly, this only strengthens the finding that participants do not see performance management as an integrated process within the organization or a helpful one, but it is perceived as a requirement with no internal benefit, mimicking what they were requested to do without understanding the need, which in turn can prompt a rather negative and spirited reaction from the employees: “A week ago I asked a colleague who had not submitted [a feedback form] and I said “We have some statistics, are we going to give Romania a bad name and look at this regional meeting. We are going to show that we have a very small filled in feedback form percentage. Why didn't you do it? I know it was easy.” [The employee's response:] "Yes, I'm almost done, but I don't know who else needed to give feedback". And I say: “Even if it's not perfect and you don't have the complete feedback, still, let's move forward, let's not get stuck”. They say: "I hate this, I hate, I hate them" and I say: "I believe you, I understand" and I somehow tried to incorporate this

feedback, to understand it, and if people don't work with the tool, it's all for nothing, you can give them the best one for nothing” (R10, B).

Furthermore, one participant mentioned they do impact studies as a way of planning properly, but most employees end up dealing with bureaucratic activities and putting out fires: “For example, we constantly do impact studies on the activity, but once a year, the work is very bureaucratic, so they [the employees] end up doing a lot of very boring things because of the bureaucracy and no [don’t focus on objectives], so they end up doing what is necessary” (R11, B).

An aspect implied by most participants that transcends to other questions, is the **lack of understanding of performance management** and corrective actions regarding performance: “Precisely because there was no clear performance management system, I would say that the organization suffered” (R16, CN).

For instance, two participants consider the adaptation to the online working due to the pandemic and flexibility in times of crisis as improvement related to performance: “Yes, again this is where flexibility comes in. An example being the fact that this health crisis had very different and unexpected effects on the behavior of employees, and we understood that we risk splitting the team if we do not accept everyone's way of responding to stress. Thus, part of the team stayed in their houses and preferred to work remotely all this time, while another part preferred to continue coming to the office every day and a third part chose to work in a mixed schedule, a few days at the office and the rest at home. We could say that the three sides were equal, formed by a third of the team. As a result of this decision, the results were very good” (R13, B). A similar point is made by R25 (CN): “I would say yes, we have not had any delays, problems or issues related to the quality of the things we provide. As an example, the pandemic period forced us to implement the digital office – using Google Drive/Google Suite – for joint tracking of projects, activities and their results”.

However, arguably the improvement mentioned is not related to low performance or meant to close performance gaps, but it was simply adapting to a global requirement. Furthermore, one participant mentioned four major changes they have been working on, but failed to connect them with performance results, and once again they are dictated by the environment, rather than their performance gaps.

Under the same point, few participants argued that lack of improvements done based on low performance results is due to the way performance management is perceived – superficial and irrelevant for the day to day work or misunderstood. In some cases, participants also agreed that the **inexistence of an integrated framework** is what stops them from following up on performance gaps and ensure their improvement: “The performance measurement system does not help the organization's staff to improve organizational performance, due to the lack of concrete objectives, planned results and indicators. Most of the time, the focus is on activities and their fulfillment in the way that everyone wants” (R5, CN).

The table below showcases through a selection of direct quotes the two positive examples in which interviewees consider that their performance management system does support all members focus on what is important.

Table 38. Focus provided by their performance management system related quotes

Respondent No.	Location	Direct quote
R22	Bucharest	Exactly yes, I mean for example, we realized at one point that we had a project where there was only one person working and the results were very poor there and we realized that yes, even though the employee is super good, we better each contribute to something we are good at in such a way as to improve that project as well. That's what we're doing now, we've just come out of a meeting like that, you know, but this is the only analysis we know how to do, you know, from the financial transposition.
R18	Cluj-Napoca	Yes. In one project, a contest for high school students, we increased the number of visits to promote the contest, because we found that direct promotion leads to an increase in the number of entries, and the result was that we recorded a 57% increase.

Considering the topic of how performance is managed in their NGOs was not addressed during focus groups and participants did not offer in depth information on their performance practices, this question doesn't have an equivalent in the focus groups and similar ideas did not emerge during any of the two focus groups.

Sub-dimension “improvements”

In order to capitalize on the shortcomings interviewees identified in their currently deployed framework, as well as to support further customization of the performance management system proposed, this sub-dimension aims at challenging participants to consider the main changes they would make to the current practices to better support their NGO.

Considering that the current practices are not leveled, nor are the improvements proposed.

The most common idea among participants was the **implementation of a performance management system** itself aligned at all levels: “By transforming it into a system” (R12, CN); “Yeah, and another thing that came up. For example, we did a culture study last year, it has been done since 2014, 2017, 2020 and it would be the third round. And this also emerged from that study, that they [employees] do not understand their contribution, the role of the position, the role of the job they have. They don't see how they align to the big picture and here again I think we can do things better at management level” (R2, B), also entailing a **better process for setting objectives** and **setting measurable results** for the objectives: “If we set it [the objective] wrongly from the beginning, everything goes awry and that's the key somehow and if someone could help us [with] how can we get them [the employees] to set meaningful goals?” (R2, B); “First of all, the improvement should be done by developing and implementing a strategy, with concrete objectives for each department/project, identifying indicators to measure the degree of achievement of the objectives, stating the expected results, developing an action plan (timetable), such as and monitoring and evaluation” (R5, CN).

The second most popular improvement measure was the **involvement of various stakeholders** in the setting process, namely members, beneficiaries and volunteers: “I would

better monitor the impact in... it would be the discussions with the beneficiaries, that is, the beneficiaries... this work should be made very important, including them [the beneficiaries] in this monitoring plan, because I talk to volunteers or my colleagues in vain, we give our opinion on what we have done, if we don't also talk to the direct beneficiaries of our projects...” (R10, B). The last common response within the two locations, but less popular, was the need for a **better strategy planning process** that will focus the members back to the organization’s values and mission: “There are things that really don't exist in our association, and we would like to implement them, [but] we haven't figured out how we can do it now. [...] We would like to have more volunteer activities. And putting it into practice, I mean we really wanted to do a pilot project at the community level to go represent the Ministry of Education, but they need to be done through sponsorships and there is more work in this area. [...] I mean, it doesn't work in a pragmatic way, but we have to follow the values and the mission” (R11, B); “From experience so far, strategic planning done as far in advance as possible leads to the best results” (R18, CN).

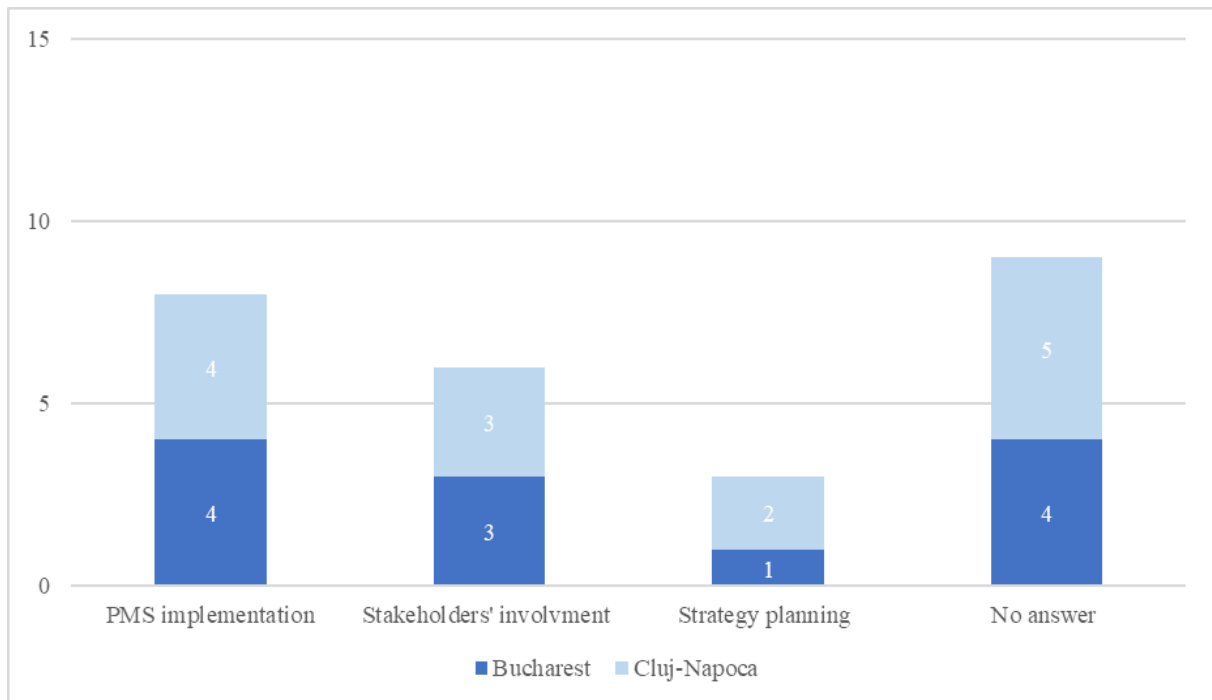


Figure 17. Most common performance management related improvements identified

Additionally, both locations identified a number of other changes that were only mentioned by one individual. Individual mentions targeted at improving performance practices from Bucharest are:

- Better governance, including the appointment of a board: “By creating a board, board job descriptions, attracting potential financiers – development in the governance area of the association” (R19, B);
- Adaptability to the organization and members’ needs: “To improve, I think the area of truly adapting the objectives to a standard, I don't know exactly... what kind of management

or what pattern is used [...] [Customized based on] the organization and the people inside. Because it is composed of people, we are not all the same. In a way was the former management who had management studies in England, able to understand the objectives, in another way I understand them. And then it's quite difficult for me to apply them and keep them in mind. Look, you were telling me about these quarterly goals, but in reality, I never had the general ones in mind. When I propose these smaller ones, I think what could I do, what should I do? And then, at the end of the year, I remember those big ones and realize in this area I didn't do anything, what do I report? Yes, I would take more into account the particularities of the employees.” (R20, B);

- Less artificial: “it gives me the feeling of something artificial. Something that one decided that it is good that way” (R20, B);
- Incorporating short-term objectives (three months) and reporting timeframe (one week): “And I would certainly improve it and improve it on several things that you could measure. I really like this [interval] once every three months because I think it keeps you alive and speaking of the unpredictable part, [setting objectives] once every three months is much more predictable” (R22, B); “I, apart from the idea of check in and check out at the beginning of the week, or actually, at the end of the week, I was interested in this thing, a form where [you can say] what would you need help with? Did you complete your tasks for the last week? What do you think went well? What do you think went wrong? What are the tasks you will undertake next week?” (R4, B);
- Simple: “That [reporting] would be in a Google form or something, not something super elaborate. I don't have anything else in mind, because we have limited time resources, including all the members, and I don't know if something more complex would be good to implement” (R4, B).
- At the same time, Cluj-Napoca respondents mentioned as changes they would undertake in order to have a better, functional performance management:
- Digitalization, including team management platforms: “I would love to work with team management platforms, but due to the skills of the staff and the size of the team it is neither required nor would it be suitable” (R25, CN);
- Team autonomy and accountability: “If you give people objectives without giving them a bit of autonomy to pursue them, it doesn't work as it should [...] And one of the constant complaints, when we are not quite on schedule for a certain objective, is that it is the fault of someone on whom the achievement for that objective depended. It's not our fault, it's the fault of others, because they didn't do their job” (R24, CN);
- Collaboration, both within teams or cross-functional “I think a really good thing to do would be feedback on all this stuff [performance related] and have someone who is willing to gather all the information and then give us a presentation so we can improve. [...] Apart from [this] the application, so the fact that we work a lot with data and with statistics, that is the main part that we have to modify and which is in the process of modification, I mean we are still building the application and I think this is a very good

way to improve our performance and feedback and communication that must improve between departments” (R28, CN);

- Training “I think that professional training, or mentoring courses, as we like to call them, would be extremely useful” (R21, CN);
- Reduced bureaucracy “Yes, well, if I were to change something, it would be to change this bureaucratic part, so to speak ... This would help us a lot, for example, when it comes to proposed financing, budgets and would it help. [...] I would like a system that is much easier to implement, especially for small associations” (R8, CN);
- Better organizing, while taking into account the chaos within the NGO sector: “At the moment I think that the changes we have to make are related to the structure of the organization to better fit the objectives pursued. And this is an aspect, as a simple performance management system without an organizational structure tailored on that system, will not work and here we encountered some problems” (R24, CN); “It seems to me that the perfect recipe is a bit of chaos followed by a bit of order and so on. And it seems to me that order taken to the extreme is completely harmful and does not work at all. [...] Anyway, there is a kind of programming that becomes toxic and inhibits creativity, that is, no matter how much you plan and no matter how many indicators you put, most of the time you end up with lack of passion and look at any kind of company that operates on some very clearly established processes, after some very clearly established deadlines and you realize that the area of innovation is usually very clearly established. It's nine to five and in real life, nine to five doesn't happen” (R26, CN);
- Better communication: “I would improve to somehow try to bring all these things [performance management] in front of the whole team and develop them in more detail so that everyone in the team is aware of the work” (R3, CN);
- Support for new members in understanding the performance management system: “[It is] Very difficult to figure out what to do with the new people. The cultural shock hits them, I can say that, it was like that for me too, and I think that there we could manage the situation differently, to offer more support, to offer more support for them to understand what we are doing and I think that what we didn't do and we can do better is to realize how to better convey the idea of performance and why we are focused on it, because many don't understand it and it's easy to have a moment when you say, “I'm leaving” and we could have a better retention. [...] We didn't talk about it [cross-functional collaboration], it doesn't really exist... I can't say that it isn't, but sometimes it feels that [...] the departments do not really collaborate with each other” (R27, CN).

Additionally, one participant from Bucharest admitted they don't know how to improve: “We don't know, we are open to suggestions” (R13, B), while on the other hand one participant from Cluj-Napoca that demonstrated deeper knowledge in the field of performance, given their previous experience in the for-profit sector mentioned that they would go with OKRs, in the context in which their NGO did not use performance at all: “If I were to choose between KPIs vs OKRs, I would surely choose OKRs” (R15, CN).

When compared to the OKR system, as well as the ideal features respondents discussed during the previous question, we can surely spot some similarities, such as simplicity, reduced bureaucracy, short time span, team accountability, customization and better communication.

It is noteworthy that one interviewee even mentioned under the implementing a performance management system point that they would go with OKRs rather than Balanced Scorecard, which shows previous knowledge on the topic.

Participants were noticeably less open to provide an answer to this question that could be seen more personal than they were to discuss in general on how a hypothetical performance management system would need to look like in order to fit the Romanian NGOs. This conclusion is based not only on the number of participants that declined to answer the question or simply said they are open to suggestions, but also on the way their answers were phrased. Participants either tried to be more dismissive with the question by providing short answers, or, on the contrary, got lost in a long discussion on the changes they would make, but more often than not those changes were generic, not specific or at least adjacent to performance management.

Similar to the previous question, during focus groups participants did not address this topic due to the fact that most of them consider they have no performance management system, therefore a first step would be to become familiarized with a framework and only then find ways of tailoring or improving it for their NGO.

7.1.2.4. Dimension 4: Performance measurement

The fourth dimension is divided in the following sub-categories:

- Understanding if there is a standardized way to measure objectives' achievement,
- Gauging the awareness of members related to objectives and measurements,
- Recognize the ability of the current PMS to support strategy execution.

Sub-dimension “standardized measurements for objectives’ achievement”

The responses provided for this sub-theme, which was aimed at testing participants' experience with measurements, their understanding on objectives, as well as the link their organization creates between objectives and measurements further solidifies the previous findings, namely that performance management practices are not used in a structured and integrated fashion within the nonprofit sector and they are, at best, based on each manager's opinion without any consideration for the understanding of the discipline beforehand.

This conclusion was not generated by the code distribution as shown in the below graph, given that the frequency alone has extraordinarily good results, with 14 out of 28 respondents agreeing they use indicators, but by the explanations provided for the way indicators are being used. In the next part of this sub-chapter the analysis will revolve around understanding the undertones that disqualify the importance of the frequency related results, as well as explore the other significant ideas that were introduced during the discussion.

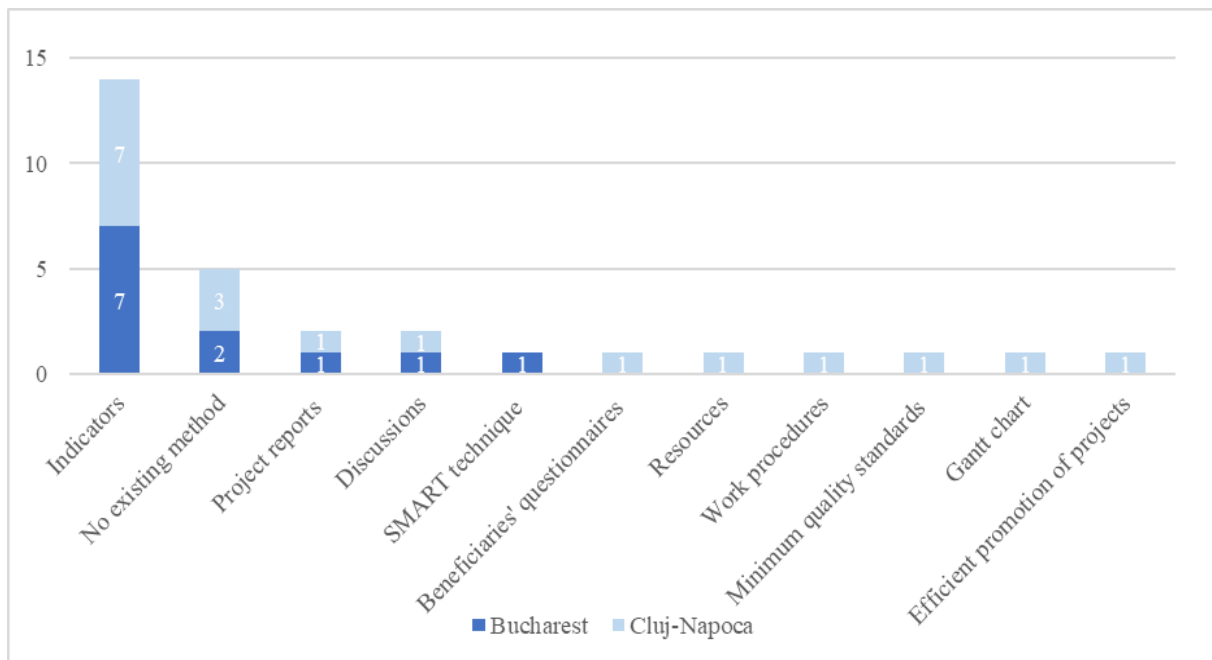


Figure 18. Method to ensure objective's achievement per location

Although indicators seem to be the most popular method to evaluate objectives among NGO professionals, which aligns to the general deployment of performance management, their usage varies greatly from NGO to NGO. A common approach however is to use indicators for activities or projects, rather than objectives, or financial related indicators. This however can only lead to two conclusions:

1. even NGOs that have objectives, as specified under the strategy planning theme, don't actually measure their achievement;
2. NGOs' activities are not linked to a higher purpose objective of the organization or unit.

Regarding the understanding of indicators, this can be another nuanced discussion with one participant even expressing their disappointment in only using quantitative indicators, rather than qualitative. However, although there are indicators that measure quality, all metrics should be quantifiable. Similarly, during the discussion one participant mentioned that they are currently not measuring KPIs but metrics, although an oversimplified definition of KPIs is an important metric, usually because it measures an objective, ultimately meaning that all KPIs are metrics that reflect performance. While discussing some specific examples it became clear that in the participant's opinion KPIs are only the more complex examples usually computed by multiple metrics but some of the examples provided can be considered KPIs. This misrepresentation of indicators further cements previous findings that Romanian NGOs lack both practical and theoretical notions related to performance management and the implemented practices, limited at best, are based on the managers' or professionals' common sense, rather than following of methodological guidelines.

From indicators and the idea of measurement, the remaining discussions pivoted to unmeasurable methods, especially during Cluj-Napoca interviews, validated through the following significant findings:

1. Five participants from both locations admitted that they don't use any methods to ensure the achievement of objectives, confirming once again that some Romanian NGOs only measure required indicators, such as financial ones, or beneficiaries related, but not success related indicators correlated with the organization's main objectives.
2. There is a chronical lack of dissociation between objectives and projects or measurements in some cases, with the majority of respondents either admitting they do not actually use objectives or pivoting their answers to the way they measure projects' progress or success, rather than objectives' achievement, which can also be seen from suggestions such as project reports, Gantt charts or efficient promotion of the projects. A noteworthy observation is that neither Gantt charts, whose role is help manage the project, nor the efficient promotion actually showcase a successful deployment of the projects or achieving the desired results. Regarding project reports, utilized in both locations, some interviews explained that they are usually done if requested by the donors, as per the request of the donor so it is not always the case that project reports contain success related indicators.
3. The evaluation of success is highly donor or beneficiary driven, rather than mission or objectives driven, with participants mentioning not only that reporting is done if donor requests it, but also donors are the ones setting projects' requirements or objectives. This is already a repetitive theme during the interviews, but it serves to emphasize the fact that Romanian NGOs see success through the lenses of an external entity, rather than create and try to reach their own ambitions, while at the same time they uphold the idea that performance management will turn them into businesses and in turn lead to mission drift.
4. Discussions is another method mentioned by participants from both Bucharest and Cluj-Napoca, which only further cements the previous findings. Of course, conversations can revolve around success, but it cannot be considered a method to prove success, rather it can only be a way to communicate already proven success to other stakeholders.
5. Similarly, NGO professionals from Cluj measure the success of achieving their objectives through the utilization of work procedures or minimum quality standards, or by simply ensuring available resources or financial sustainability. This only shows NGOs' lack of interest in working with objectives, but rather being complacent to do their main activities without following up to see if the activities successfully contribute to a higher purpose. Clearly, the fact that resources are available does not guarantee any result, thus rendering resources as a necessary input for achieving an objective, but not a demonstration of actual outputs or outcomes.

The below table, containing relevant segments of direct quotes from participants, was designed to better showcase the diverse and polarized findings described above.

Table 39. Methods used to ensure objective's achievement related quotes

Respondent No.	Location	Code	Direct quote
R20	Bucharest	Indicators	They are standardized, in the sense that I, as the director of the center, should report to the General Assembly of the Foundation or the board of directors how we did our work and, if we achieved the objectives and there are already established indicators , in the sense of partnerships with... Concluded to have a minimum of five [indicators] per year , let the community know you, to have a certain number of requests from beneficiaries or partners or events to do, such as: Open Day or reports on TV or... things are pretty good, settled so to speak.
R22	Bucharest	Indicators	For the financial ones , they seem the simplest to us. We still have certain projects, but quite specific. For example, we have the project for high school students. One of the goals is to have group of 25, that is full group. We check if this happens constantly.
R10	Bucharest	Project reports	Yes, Alina, we have quite clear objectives, measuring them happens most of the time when we received a funding from a company that wants an activity report . That's how it works, you know? Where there is a company or where there is... when we get a grant, more funding from a grant and there is, there is the requirement [...] as in, they come and do an audit on behalf of the financier, then they also prepare some technical and financial report forms for you and those must be followed very precisely.
R2	Bucharest	Indicators	We started working a year ago on the future [state], but we are only now implementing it, and we worked together with my colleagues from the management team to measure, [there are] some proposals for each for the respective indicators that we would like to follow up [with], we still haven't finalized the list, that is, at the moment I think there are more in some places [departments] and maybe for certain targets too few or I don't know if we will get only one indicator. It depends on the situation or if it's a good one [indicator].
R18	Cluj-Napoca	Efficient promotion of projects	One of the main objectives is to attract sponsorships. To achieve this goal, we try to plan projects in advance so that we can promote them effectively to ensure that they reach the widest possible audience, both potentially interested companies and participants.
R25	Cluj-Napoca	Indicators	We have a list of financial, program and development related indicators that we plan and track every year, and on projects we bend to the requirements of funders and partnership leaders (we work a lot in international projects that are implemented in partnerships of five-ten partners, led by various organizations – NGOs, companies, chambers of commerce from other countries).

Respondent No.	Location	Code	Direct quote
R15	Cluj-Napoca	Project reports	The main goal of my NGO is to help those in need. This is more of a mission than a goal. Even our goals are determined by the funding we receive . For one project, our main target group could be children in need, for another the elderly. We call this diversified portfolio of services, but the diversification happened because of the projects we applied to and won. Again, only the project requirements determine if we reach our goals, we work towards achieving the targets there , even if it goes to the detriment of our other services, in the worst-case scenario.
R16	Cluj-Napoca	No existing method	The main object was to offer educational alternatives. There was no clear way of assessing this objective other than by measuring the demand for the services offered.
R5	Cluj-Napoca	Work procedures	The standardized system used to achieve the objectives is represented by the work procedures , regarding the provision of services in order to achieve the quality of the services.
R28	Cluj-Napoca	Resources	The short-term goal from one month to another or from one year to another can be very easily achieved, if the same number of members is maintained and if we manage to maintain at least the partners that we started off with in the beginning, it is a perpetuum mobile in this regard.

In relation to the focus group, it is important to note that during the interviews the discussion around the deployment of performance in specific NGOs was more in depth, thus, although some of the findings can be similar the codes are slightly different. The common points between the two data gathering methods can be classified under the next ideas:

- the donor-centric aspect of performance, namely the fact that reporting is done at the request of financiers and in the format preferred by them;
- the fact that in Cluj-Napoca minimum quality standards are used a reporting tool, especially because they are enforced by governmental entities for NGOs working in the social areas through the legislation;
- the fact that they have some rudimentary performance practices, but they lack the adequate terminology and theoretical understanding. Similar to the literature, participants in the focus groups spent a considerable amount of time on articulating what they measure under the performance measurement dimension, therefore most of their ideas revolved around impact, effectiveness and efficiency measurement, examples of metrics.

Sub-dimension “objectives and measurements awareness within the organization”

The aim of this sub-theme is in equal parts to test the answers from the sub-dimension related to a standardized objectives’ achievement gauge, but also to dig deeper into the communication

aspect that should take place in correlation with performance management. In an organization it is rarely enough to have a good performance management framework deployed, as the system requires the commitment and support of everyone within the organization. One participant argues that the knowledge is dependent on the members' involvement in the setting phase, while a low level of understanding is associated on one hand to their lack of commitment during the process, as well as the organization's lack of a clear direction: "What do you mean? Do you mean that everyone understands, right? I wouldn't answer that, the idea is that everyone participated depending on how they could in terms of time and 100% involvement [was] from about two or three people. At first glance, you could say that everyone would understand, but I don't think they understand exactly. I mean, there are some things, for example, things that I think we should work on, and I think it's very important for the structure of the organization that the mission is clarified and everyone understands it. The vision, if we take each one separately, they will know it in general, but maybe not so specific, and well, maybe also because of the fact that we still haven't decided on certain things and we're still exploring and if we've discovered something [we change direction], but I think there is still work to be done on this part from my point of view" (R4, B).

This point is emphasized by the literature, but also by a few participants that specifically attribute a higher importance to culture when compared to strategy or performance: "There would still be work to do, clearly. This is what we are facing now, that it is quite difficult to understand and choose the contribution to the great goal, that is, to the mission, the annual mission that we have. What's missing, at the moment we have to make them aware [of objectives and indicators]. The idea is that we don't even want to make them aware, because there is a lot of information for them. What we do mainly at the beginning is culture, as I told you, and that's what we focus on. After, when people reach middle management or the board, then there is much more and more frequent contact with things [performance related]" (R27, CN), especially by arguing that if performance and culture do not match, employees can easily fake the processes that are expected of them in regard to performance, but these processes will ultimately hold no value.

At a first glance we could conclude that the majority of participants agree that their employees know the organizational or project objectives, as well as the way they are measured. However, their explanations show a very different reality. Communication around performance management practices, where they exist, is **mostly focused on projects**, employees being informed of what needs to be reported as part of the project or as part of their business as usual, without having a broader picture or enough information to understand the link between the organizational level and project level: "Absolutely not. They all only focus on everyday tasks, in a better case, process management. They are also aware of the mission and maybe the vision, but not the strategic objectives (not even if they exist)" (R15, CN); "The objectives are stated in a very broad sense, while the actions are more concrete, but it is not clear how to measure the degree of achievement, until after the end of the project" (R5, CN). As already discussed under sub-dimensions related to a standardized objectives' achievement gauge and the current PMS, a high percentage of Romanian NGOs are **lacking an integrated view on performance**,

focusing on project performance or activities only, therefore this finding is consistent to previous statements. In some cases, participants reckon the objectives are known, but indicators or metrics were not established or at least not discussed with the members: “I would say that everyone knows the objectives and understands them, but I don't think it is clear how their achievement is measured” (R16, CN).

A notable aspect is the fact that international NGOs with well-established performance related processes, that have a clear strategy which is then cascaded to all organizational levels, are confident their employees understand both the objectives and the way their achievement is measured.

Another finding is that in one case the organization considers important for such aspects to be **known by managers**, the rest of the members only being informed specifically on what they need to achieve, rather than being provided all the information, given that management considers it is too much information to be communicated to everyone: “I think only in their area. Firstly, from the perspective of the fact that one employee is quite new, that is, for two months. Another employee is on the administrative part ... it's a bit much to ask the employee in the area, i.e. the caretaker, to realize: I do these things so that the child can see another, much cleaner environment and learn... well, he has to clean, air out, he only relates to his area. Secondly, I was saying that it is very demanding to work directly with the beneficiary [and prevents] you to have a general vision of what is happening. And there is a need for meetings, communication... management. We have management, but it's still [focused on] whose intervention plan expires, whose contract expires, which child has been excused from class, how many servings of food do we order, stuff like that” (R20, B). Another case described by a participant is the one in which employees are aware of the objectives of the NGO and the techniques employed to measure success, but these **aspects are not communicated to the volunteers**, volunteers being informed of their tasks and in the best case what their tasks' achievement influence directly: “No, and that's not even one of our goals. The average volunteer in our organization is 16 years old. I don't think they should be directed to achieve the organization's goals. I think a balance should be kept between the effort made for the development of the organization and the effort made for their own development. One of our goals for volunteers is to help them become professional, to enter the organization as simple students, to leave here with some skills that make them more employable on the labor market. The role of objectives rather focuses the attention of the smaller team. Surely the volunteers also understand them, they are numerical, they are organized by departments and each department has a single objective to pursue, but we do not have a target for them to be strongly focused on these objectives” (R24, CN).

The above approaches seem to go against the literature, the newest trends showing an increasing interest of companies to go a step forward from a simple communication of objectives and indicators to involving employees in setting the high level priorities and objectives, changing the paradigm to a bottom-up alignment approach. Meanwhile, we can note that Romanian NGOs not only lack performance practices, but even the existing ones are not properly communicated and embedded in the way things are done internally.

One participant from Cluj-Napoca avoided answering the question in a direct manner, which is partially due to their particular cases: the NGO doesn't have an internal system, implementing only what is required from the sponsors project based. Even with such approach they reckon one employee (out of the two) are having troubles adjusting to the different systems required by the donors (R4, CN).

In terms of attitude, participants were clearly not convinced of their answers in most cases, having a hard time even thinking about the way information regarding performance is disseminated and interiorized by members. On the other hand, most of the negative answers were more direct and straightforward, but participants answering with a "yes" tended to provide less details and explanations: "Yes, because we communicate from the beginning in a working meeting what the objectives are before starting the projects" (R18, CN).

An interesting point of view is that raised by R13 (B), who seems to consider that the members' understanding of the strategic plan is dependent on the organizational crisis level: "Yes, normally yes, less so in times of crisis when there are people who no longer see the forest for the trees. More precisely, their personal fears block their overall vision, that is, their personal crisis prevents them from seeing the world crisis, they feel alone and misunderstood", which is explained as an issue of the employee, but could be debated that in times of crisis the organization is less effective in communicating changes on time, therefore depriving employees of the needed guidance and direction.

While not specifically discussed during the focus groups, based on previous findings and the way the focus groups discussions unfolded, as well as the size of the represented NGOs, which were all under the "small" category, we can assume that most members are aware of the objectives and success measurements or tangible outputs expected, although not in a structured manner and most likely in relation to the projects each member is working for.

Sub-dimension "PMS's ability to support strategy execution"

Although aiming to tap into the connection created between strategy planning and performance, as a strategy execution tool, within the interviewed NGOs, this is perhaps the most avoided topic out of the entire interview, especially in Cluj-Napoca where eight out of 18 interviewees did not provide an answer and another one referenced future changes rather than the current state. Even the participants that responded kept their answers very short and tried speeding up the discussion with the purpose of moving to another point.

However, it showcases an obstructed view on the understanding of interviewees, which in most cases reduce strategy to vision and mission and cannot draw the line separating the strategy from performance, or understanding the way they work together, similarly to how they cannot separate the objectives from the indicators.

Clearly participants that did answer consider the connection between performance and strategy as inexistant or that there is no alignment between the strategic intent and performance management, but few of them elaborated as to why it doesn't exist. The few reasons provided are:

- lack of time, due to focus on projects, rather than strategy execution;
- new members don't understand the importance of objectives, therefore only old members check their achievement: "No, we basically revise the strategy at the beginning and at the end of the year, along the way it is quite difficult to do this, because of the projects we have, and which are time consuming. Unfortunately, only members with seniority in the NGO understand the importance of the objectives and follow their implementation, but it is more difficult for new members to accumulate all the information" (R23, CN).
- newer NGO: "We have just started" (R12, CN);
- lack of a strategy or a superficial/formal one: "Not for sure, no, but at the same time, somehow, we still have some of the right objectives at the level of impact, meaning how many people to work with on each project and so on, but unfortunately it seems to me that they never happen, you know? We establish them, they are there, but they never happen, because for them to be achieved some sales should take place, some financing should be obtained. [...] Somehow that's why at the planning level, we do it just so we know what we're aiming for" (R22, B);
- creation of the strategy based on the marketing approach: "I believe that we are not functioning well now and that we should take time for a macro vision. We have started doing this before by getting a marketing person to support us [...], but we are working with short-term goals and here is a problem, so this is clearly where we need to start to change something" (R11, B);
- lack of a performance management system or its de-prioritization: "It [performance management] helps us [achieve the strategy], 100 percent. We can definitely see that it's helped us, but I think we should prioritize a little bit and put more emphasis on it [because] there's a lot of [new] knowledge. A lot came at once and [we] got crowded [with] other priorities and other tasks to do. And then somehow, we left it behind" (R3, CN); "No! A lot of improvements should be made both in terms of a clear strategy for the organization, as well as through the implementation of a performance measurement system" (R5, CN).

One other finding that is recurrent throughout the interviews is that although participants often expressed their dissatisfaction with their current practices and reckon the need for improvement, seem to be reluctant to change anything or have a negative perception on how fast change can occur, which perpetuates the feeling of negativity and defeat noticed in the literature around performance management practices in NGOs.

Once again, this topic was not addressed during focus groups' discussions, but, based on the conversations and the way performance management practices were described we can conclude that the answer can only be negative, meaning they have little trust in the connection between PM practices and Strategy. This perception is supported by the fact that their practices are informal, lacking structure or are based on third party requests and their perception on long-term thinking is that it is not always helpful, especially in the NGO's volatile environment.

7.1.2.5. Dimension 5: Challenges in performance

In what concerns the **current challenges with performance management** most participants agree that the **lack of resources** has the biggest impact on their practices, irrespective if these resources are financial, time or people, although in most cases there is a combination of the three. Given that NGOs have to work with few available members, sometimes volunteers with even more limited time, on multiple projects in order to ensure funds continuation, their time is utilized exclusively on groundwork, leaving any planning or organization-related aspect as the least of their priorities: “Being a small organization, we don’t have resources to monitor, for example, what happens to the children going further” (R10, B); “Firstly, many times this part of tracking and monitoring is seen as a chore. This generally happens due to lack of time” (R5, CN).

As a direct consequence of lack of time, another issue listed is **people’s lack of ownership** on PM associated activities. In this case, employees refuse to assume ownership of targets or timeframes: “In our NGO, the challenge is strictly related to time and assuming the ownership. We have an HR vice president, but we need more volunteers to make this system functional and to maintain its completion and tracking. As the board changes every year, we take it from the beginning every year” (R14, CN), while managers do not provide the needed support in setting or communicating a clear strategy or setting the metrics and targets: “I think, I mean I don’t think so, I’m sure, and I wanted us to improve as management team, because it is up to us to change” (R2, B).

Somewhat associated with this, another issue emerged, namely the lack of personnel with background or **knowledge in performance management** that will be able to tackle all the related tasks or sub-processes and govern the PMS: “There is an acute shortage in the governance area of the association” (R19, B); “One of the things would be the time and the human resource to take care of this thing, as I said in the beginning, there should probably be a person who does this activity and who participates at the end of a meeting and who says: “look, here you are missing this, this you could do better or you could utilize your time or I think this is the biggest problem” (R18, CN).

Another major cluster of challenges is related to **measurement**, more specifically the inexistence of measurements in their performance management system, which should be a central piece of the framework: “There is no measurement system. [...] We draw the attention if the deadlines are not realistic, but we don’t have a standardized measurement [to identify] why an objective was not achieved in a given timeframe, what happened, why did it take us longer, what did we do wrong and we could do better? We don’t have a way to calibrate the effort yet” (R11, B).

A second aspect discussed is the difficulty in setting the right metrics, which we could argue stems from the lack of knowledge on appropriate techniques for setting indicators: “It was very difficult to determine what is relevant to measure for us, how to establish metrics that are realistic, related to the community. [...] I think the biggest challenge was managing to find some tangible, real indicators. Inventing metrics is something anyone can do” (R16, CN); “Another problem that I encountered, is the impact measurement, because if we talk about objectives whose results are visible within the organization, that’s all right, you know what you do in that area, but, if the objectives are impact oriented, they are external and impact is long-term, you cannot measure it in one year” (R2, B); “It’s difficult to measure performance, in my point of view”

(R23, CN). Participants also argue that another measurement related issue is **data gathering and data computation** for reporting purposes, especially in the case of impact measurement.

From an external standpoint, NGO professionals consider that the **fast changing and unpredictable environment**, especially referring to the available financing opportunities, is a factor that negatively influences their planning capabilities, and consequently their utilization of an integrated performance management framework, by reducing their ability to forecast in a dependable manner: “For NGOs, well, the unexpected in the rule. Yes, I am aware that we work haphazardly, and it’s a consequence [of], it also depends on the lack of, I don’t know, professionalization internally, but also due to the external environment. We don’t really have a way to work in a very planned and predictable manner because this is our environment” (R7, B); “Unforeseen factors may arise that prevent you from achieving your goals. For example, the COVID pandemic affected both our annual strategy and 80% of this year’s projects” (R28, CN).

Finally, a significant challenge that is only discussed by Cluj-Napoca participants is the **lack of an actual system**: “In the case of the NGO I worked with, not having a clear performance management system, this lack in itself, I consider having been a great challenge, not knowing what we are doing wrong, what we are doing good, why we continue certain activities, why would we start others, etc.” (R24, CN); “The biggest challenge is the fact that there is no concrete performance management, and the employees perform the activities to tick off a project’s task” (R6, CN). Despite the fact that most NGOs have performance management components or practices, even if in some cases these are considered simple or common sense, the utilization of such practices outside of an integrated framework is perceived as a challenge, with participants agreeing that the existence of a system with clear processes, deadlines and methodology will foster a better deployment.

The below graph offers a more visual representation on the main challenges faced in connection with performance management and support the identification of the more common ones.

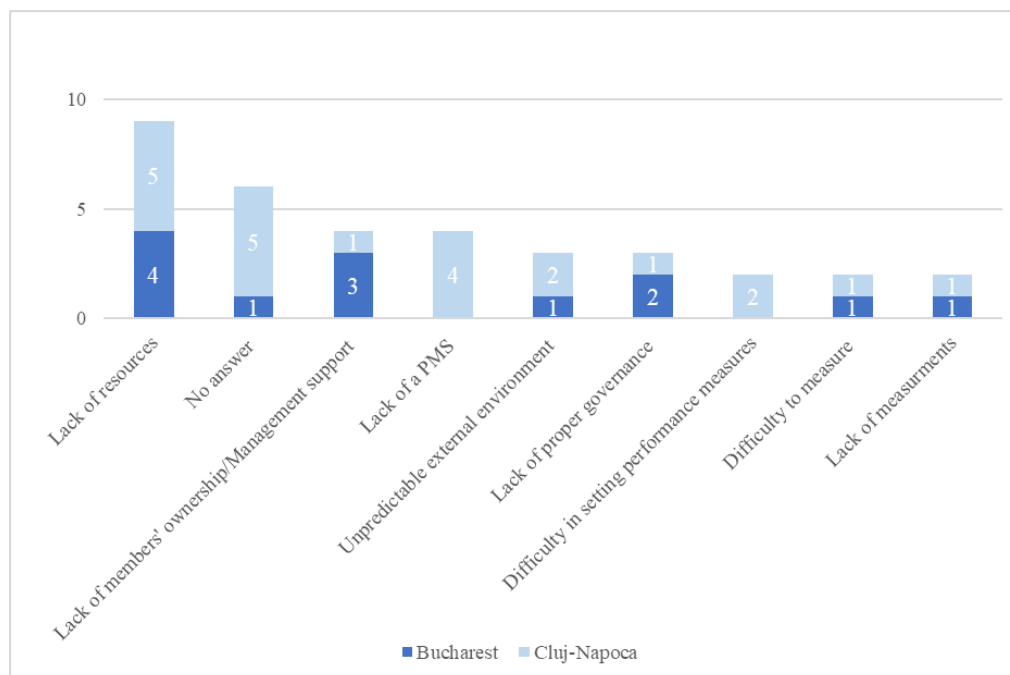


Figure 19. Challenges faced in connection with performance management

Besides the above mentioned common themes, participants from each location also identified other challenges, that were discussed in isolated cases, therefore applicable only in the case of their organization or a similar one.

For Bucharest interviewees, the human resource theme has resurfaced, but from a different perspective. The focus was on the way the employees position themselves in relation to the organization, especially the fact that **employees do not see their impact** within the organization, therefore making it harder for them to contribute in setting objectives or indicators: “They don’t see their job significance because they don’t understand how they contribute further. This isn’t necessarily their problem, but appears because it is not explained to them, given that it’s not clear for middle management either” (R2, B), as well as the **limited applicability of performance management in organizations working with a lot of or exclusively with volunteers**, given that in the context of their free work they cannot be forced to abide by certain achievement levels: “Yes, it would be nice to have a performance level, but I think we need some resources first. I mean, I would be embarrassed to ask or demand someone [the achievement] of certain performance metrics, when we’re not reimbursing them [for the work]” (R4, B). Another adjacent challenge reflects on a **poor alignment** in what concerns performance management and performance expectations between different organizational levels, especially top management and middle management: “The manager of the respective team matters a lot, as not all managers are aligned to the way top management perceived the issue [performance management]” (R2, B). The participant went on and explained that although in some cases performance expectations from the top are clearly communicated, some middle managers or team leaders have a more relaxed attitude with the team, resulting in targets not being achieved or deadlines not being met.

The other two challenges mentioned, demonstrate a **misrepresentation of performance management**, especially **lack of knowledge** on current performance management trends, such frameworks being perceived as lacking flexibility: “I think the biggest challenge would be its flexibility depending on the characteristics of each employee/client/situation/crisis/challenge” (R13, B) and diminishing creativity: “There is a certain reluctance from people to report their achievements, as if reporting diminishes the creative nature” (R11, B). However, looking back at the current trends in performance management we can see that the concerns are taken into account, thus frameworks are constructed or adapted to a fast changing environment which is a challenge for most organizations, not only NGOs, as well as being less standard or focused on quotas and business as usual, but rather being open to innovation and creativity.

There was one participant from Bucharest that stated they have no challenge with the performance management system, but this is in the context in which the system as well as some directions are given by the international headquarter and such practices are ingrained in their culture.

The isolated discussion topics from Cluj-Napoca are stepping further away from the theme revolving around human resources or the features of performance, centering around external factors. Given that performance management in Romanian NGOs seems to be a practice highly influenced by external actors, it comes as no surprise that the **reporting requirements**, especially the different reporting platforms required by financiers, make it harder to have one common platform or one common approach: “Choosing the common work platform for all project partners

to use. For reporting, we use the platforms indicated by the funders, those made by the European Commission” (R25, CN). Correlating this with the lack of time mentioned in the beginning, it only makes sense for NGOs to consider performance management related activities as an unwanted chore.

Similarly, the **governmental requirements** can be very strict in some areas, especially for social NGOs, leading the organization to consider that their measurements should only be the ones dictated by the law: “As far as our system is concerned, the problems are due to the fact that the center must follow a national grid and fulfill every requirement, the possibility of customizing the services being limited” (R30, CN). Of course, in this case, we can argue that the NGO should be able to create their own development focused objectives and should not only achieve the minimum required.

The internal factors are the reputation PM has within the organization and its applicability in data analysis and decision making: “We monitor, we report, but happens next? A report cannot be the death of information. It should be a step. And a way to get some information, some data to inform my next steps. Many times, what I have noticed in NGOs, is the fact that we make a report, [but] we don’t necessarily learn from it for the next, for the next project, because the conclusions only reach the financier, without being disseminated inside the organization” (R6, CN). One participant considers that a negative reputation of performance management, which is **considered a chore** or extra work: “Firstly, many times this part of tracking and monitoring is seen as a chore” (R6, CN), to which employees cannot attribute any benefit is one of the challenges they have with deploying such practices.

It can be countered with a clear communication of provided benefits. This issue can also be correlated with the one referring to performance as a simple report, although the arguments were not discussed by the same interviewee. If the perception of employees is that the output of performance management is a report for the donors and management does nothing to change this perception, such as taking intentional steps towards using the data in the process of decision making, nobody in the NGO will put more thought or effort into the performance related processes, nor will they further improve based on available information.

When looking back at the results generated by the focus group, a high discrepancy is noted. Outside of one common idea revolving around the difficulty to measure long term impact, the remaining points are in no way similar. Another observation is the number of challenges, with only four being discussed during the focus groups, while the number is drastically increased during interviews.

The observation of the researcher on the rhetoric and the non-verbal communication is that participants felt more comfortable with this question, they did not hesitate as much when answering, keeping their discourse clear and straightforward.

7.1.2.6. Dimension 6: Features of a performance management system

When describing the **features that a performance management system should have in order to be tailored for the Romanian NGOs**, with the scope of understanding how a

supporting system that doesn't feel more like a chore, as stated before by some participants, would look like, the answers were once again quite diverse.

Participants found understanding this question particularly challenging, most of them requesting further explanations on what "features" referred to, as well as they found it difficult to envision the right framework. Thus, the answers to the question were very hesitant, with a cleaved discourse and several helping questions from the researcher being needed.

However, the topic is pivotal to the link between the needs of NGOs in terms of performance frameworks and the OKRs, aiming at showcasing if OKRs can truly serve as a go-to framework for Romanian non-profits, by comparing the OKR guiding principles with the features identified by NGO professionals.

Considering the number of features expressed by participants we could say that NGOs have high expectations from a performance management framework, including some expectations that are generally controlled by the users, rather than be a guiding principle of the system.

First, we will analyze the features that are more common, resulting in the fact that they are also more significant and should be prioritized.

The predominant features discussed are aligned to the narrative of the conversation. For example, from the discussions with participants, it is clear that the most important factor they are looking for when it comes to a performance management framework is its **simplicity**: "I think technical simplicity. Knowing several people from NGOs, the idea of implementing something very technically elaborated would be feared, people would be scared" (R4, B); "Easy and not tangled with too many features. So it must be extremely simple to follow by anyone. [...] Very simple and hitting the points you need to follow, easy to fill in and understandable for everyone" (R28, CN).

The appropriate PMS must contain easy to grasp and work with concepts, especially in the context in which they agree the framework should also **not be resource intensive**, which simplicity facilitates: "Simple also because time is limited, somehow everything goes in the direction of being simple to use and fast" (R4, B). By resource the majority of respondents referred to time allocated for performance related processes, but few also included here human resources needed for such processes: "I'd say 15 minutes should be ok if you apply it once a week or every two weeks, obviously if it's something you want to do once a month, half an hour I'd say is decent, so about 15–30 min" (R28, CN).

This can be seen as a logical expectation since most NGOs face a shortage of human resources, therefore the members lack time to work on activities that don't have a direct connection with the main cause or projects. Similarly, respondents also expect the system to be user friendly, which supports the simplicity and can increase people engagement with the tool.

Another critical aspect seems to be the **flexibility** of the system, which is to be expected given that unpredictable external environment and the fluctuation of financial resources is a critical challenge Romanian NGOs face: "Depending on team's size, greater flexibility and transparency" (R13, B); "I believe that the most important characteristics of the performance management system to be personalized in the context of the NGOs, should be transparency,

flexibility in terms of prioritizing some objectives” (R30, CN). By analyzing the narrative, we can identify that in both cases participants link flexibility to another characteristic, namely **transparency**. Transparency stems from a pain point, with NGO professionals considering that nongovernmental entities are lacking transparency, especially to the public: “In order to have performance management systems you must have transparency. At this moment most NGOs don’t publish even an annual report, so we cannot talk about managing performance until you measure something or want to measure” (R24, CN).

Similarly, another sore point transformed into a PMS feature is **accountability inducing**, which was mentioned in the context of volunteer based organizations that feel their volunteers are not always accountable for the responsibilities they take on, leaving the organization to struggle to get back on track. R7 (B) considers that once employees have more freedom, represented in OKRs by their involvement in setting the OKRs as well as the personal aspirational OKRs, they are more responsible: “If they have maximum freedom, it means that people are also very responsible. So, when you know that you are free, you are not controlled, you are treated as an adult, not as a child that needs to be controlled, responsibility is maximum”. R27 (CN) echoes the idea by mentioning that: “This is missing in many organizations, including ours, not just RACI alone, but RACI with a deadline, and it's very cool that I can make them responsible or accountable for various things, which do not necessarily belong to their department, and it helps a lot to contribute in general to what is happening [with the organization]”.

As noted in the OKRs related literature review, most of the characteristics of a framework complement each other, and the situation is similar when analyzing respondents’ expectations.

For example, a notable conclusion is that NGO professionals would like a framework that is inclusive and **people-centric**, which can be done by relying on transparency, collaboration, and communication, as well as a framework in line with the organizational culture: “I don't think that decisions should be made strictly based on statistical data but should also be based on communication with the members of the organization; I think this is what NGOs are all about: communication, listening, a different kind of openness of management towards employees” (R14, CN); “It is not the system that influences the benefits brought to the organization, but the people in the organization, if they are professionals and good managers and organize their time well, then a performance management system will be easy and useful for them” (R10, B).

If we compare the features resulted from the interviews with the OKR methodology the similarity is notable. Of course, as debated in the literature the way OKRs are applied can differ dramatically, which can impact the way they are perceived, but from a theoretical perspective OKRs’ guiding principles are almost the same as the features seen in the below figure. The only aspect that can be argued is that, in the deployment phase, the framework requires more time given that everyone needs to understand it and take time to set their objectives and key results in alignment with the higher purpose or the other units, which means they also need to take time to understand the bigger picture, as well as interdependencies.

For an easier understanding on the main features a performance management system requires to match the non-profit sector in Romania, the below graph was constructed.

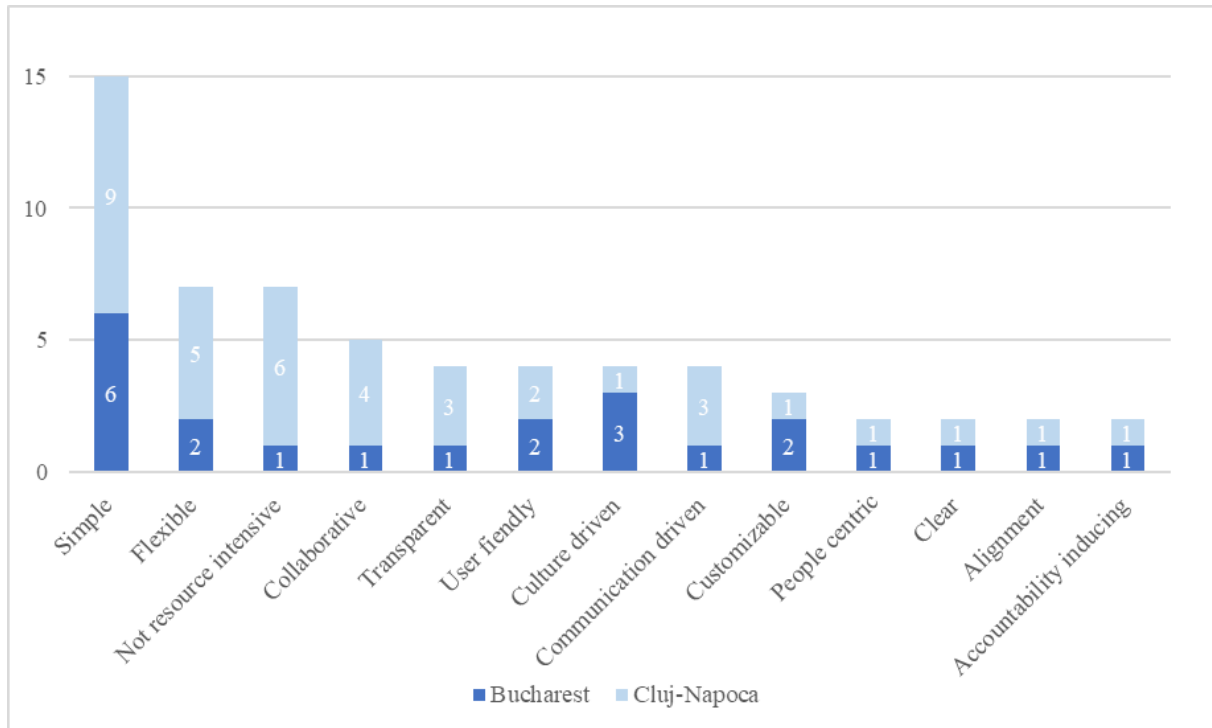


Figure 20. Most common identified features of a performance management system for NGOs

Furthermore, in order to support legibility while displaying the most representative direct quotes for each characteristic, the below table has been constructed. For each characteristic two quotes have been selected, one from a Bucharest interviewee and one from a Cluj-Napoca interviewee, which aims at showcasing that irrespective of their location, NGO professionals agree on how an ideal performance management framework should be designed.

Table 40. Desired features of a performance management system related quotes

Respondent No.	Location	Feature	Direct quote
R7	Bucharest	Collaborative	If a colleague needs help, the one who needs help, must say . Of course, try a little first, you're not like a child who doesn't know how to tie their shoelaces that lets someone come and tie them for me laces, you struggle a little because that's how you grow every day.
R16	Cluj-Napoca	Collaborative	It should help us work well together .
R4	Bucharest	User friendly	Business Intelligence is very visual .
R6	Cluj-Napoca	User friendly	First of all, I think that the first issue can come from the simple interaction with the tools actually used for this system. I mean, no one really likes to sit and do excels. Instead, a lot can change if it has a decent interface or simply what is called a good user experience . This in terms of comfort or ease of use.

Respondent No.	Location	Feature	Direct quote
R7	Bucharest	Culture driven	Organizational culture beats any management system and any performance management, leadership etc. And organizational culture is very subtle, it is built every day.
R27	Cluj-Napoca	Culture driven	Elements of culture. Most of which do not exist, even if they [the organizations] are 5 years old, there is nothing that makes that organization special. Well, we have something special in the part of internationalism, but that comes inherently, through the specifics of the activity we do, but we have rollcalls, specific dances or we have shouts.
R20	Bucharest	Customizable	What I think is applicable to us is adaptability to the people, their way of working.
R28	Cluj-Napoca	Customizable	As I said, if it is customizable from the start , you can modify it and customize it on the NGO, but without having to change a lot, because in the end you have make it as general as possible to be applied everywhere.
R9	Bucharest	Communication driven	It is very important to explain to people why they do what they do. Talk to them. Communication and openness are very important every time.
R14	Cluj-Napoca	Communication driven	I don't think that decisions should be made strictly based on statistical data but should also be based on communication with the members of the organization; I think this is what NGOs are all about: communication, listening [...].
R4	Bucharest	Clarity	And conceptually the explanations, the way you explain that instrument. It seems to me that they should be quite clear and easy for other people to pick up just to be spread more easily within the sector.
R12	Cluj-Napoca	Clarity	A performance management for NGOs should have the following features: clarity , efficiency, results, be intuitive, focused on repairing and user experience.
R11	Bucharest	Alignment	If it all boils down to databases and document generation you'd see people's effort on the documentation side and help them work on their goals that align with your goals and show them how they have contributed, I think things would work.
R6	Cluj-Napoca	Alignment	Regarding enthusiasm, which seems to me even more important for an NGO, it is very, very good if a system of this kind and the strategic objectives can be translated very easily into benefits or can be aligned with the benefits that the NGO brings in society, respectively with the activities within the NGO.

Each location also yielded specific results only mentioned once or maximum two times. Although not significant enough, they are important because they show once again that even

without previous knowledge on OKRs, most participants intuitively are describing features of the OKR methodology. During Bucharest interviews the idea of shorter time span of objectives and quantifiable and impact focused results was discussed. Moreover, one participant mentioned that the framework should support employees to understand the higher purpose and engage them in the setting process. Finally, one participant reckons performance management should not be used in a punitive manner, which is the trend in for-profit entities, due to the nature of work.

The trends that emerged from Cluj-Napoca interviewees focused on motivation driven and less hierarchical framework.

Once more, we can note that the trends seem to intertwine, because if a system is less hierarchical it will require the engagement of everyone and if it is not punitive it must be based on intrinsic motivation.

It is noteworthy that not all ideas identified defined features of a framework, given that certain aspects reference types of objectives and indicators which are customizable by the users in most cases and are not embedded in the framework. This is a trend that was also identified in the literature, with a large part of the literature centering around describing or even exemplifying type of objectives or indicators, rather than outlining an integrated approach that draw the guiding principles and design of a system and equips practitioners with techniques to set the right objectives and indicators.

By mentioning the need of a specialist should be embedded in the framework, the need of the society to demand NGOs' accountability or even standardized indicators to be provided by the methodology, the already discussed trend of NGOs expecting their performance practices to stem from the external environment or a third party is emerging again. It is crucial for NGOs to assume ownership of such practices and internalize them, since they should emphasize that the NGO is ensuring their mission is achieved in an objective manner.

Some other expectations that are more dependent on the setting process and the utilization of the framework, as opposed to the guiding principles, are the requirement for realistic targets, financial growth, working in a format that is already common to people or supporting continuous learning and decision making. While every performance management framework aims at facilitating learning and growth, it is highly dependent on whether the results are analyzed recurrently, and corrective actions are taken based on the analysis.

Compared to the focus group results, the interviews yield a more complex interpretation of a performance management framework, with multiple features being identified. However, the need for flexibility and a clear methodology are common points. The only other characteristic yielded by the focus group was the need for automation and existence of a software solution. Although not clearly specified in the interviews, automation would support spending less time and ensuring a better user friendly experience.

7.1.2.7. Dimension 7: The OKR system

The next and last theme in the interview guide is represented by two sub-dimensions regarding the OKR system, aiming at assessing the participant's openness to a performance management system in two scenarios:

- one personal scenario in which their organization is discussed, and
- one general scenario about OKRs in the NGO sector.

Before asking the questions a brief discussion on the framework took place so that participants have the needed information to provide an answer. Furthermore, participants had access to an explanation on the OKR framework integrated in the interview guide which they were able to read beforehand to ensure an informed opinion was provided for these two questions.

Sub-dimension “willingness to apply OKRs in their organization”

The first sub-dimension under the theme addressed an internal hypothetical assumption, namely if the participant sees the OKR methodology as a good fit for their NGO.

While the majority of participants (18) reckon that OKRs could work in their organization, the support OKRs would bring is very polarized, depending on the organization and its needs. Even so, during the conversation it was clear that participants were not entirely sure on their answers, being slightly non-committal and reserved in associating OKRs with their entity and rather trying to change the rhetoric from their organization to the entire NGO sector. A similar attitude was perceived during the focus groups, where participants were reluctant to provide a direct answer, and only discussed the topic in a general manner, rather than referring to their organization. Therefore, this question has no parallel with the focus groups, which will only be tackled under the second sub-dimension under this theme.

While the numbers might show a positive perception on implementing OKRs in the Romanian NGOs that participated in the study, the comments and explanations construct a slightly different story.

In Bucharest, some interviewees that answered yes and maybe conditioned the OKR implementation on some pre-existent future changes, such as having enough personnel, having the support of founders and employees, or receiving practical guidance on OKRs to understand better how the framework works. Regarding reasons for considering OKRs a suitable methodology for their NGOs only three respondents offered valuable insight and their arguments revolve around flexibility, simplicity, customization, the existence of non-financial aspirational objectives, as well as the framework’s ability of increasing the employee engagement.

The only Bucharest interviewee that considers OKRs are not a good fit for them motivated their answer by mentioning they already have a system that works, thus are not interested in changing the current approach. In the table below we can find a selection of significant direct quotes that demonstrate the conclusions presented above.

If we draw a parallel with the responses from Cluj-Napoca, we can see certain similarities. For example, several participants condition the implementation on the organization’s dimension, where only large non-profit entities are considered able to implement OKRs, or on the existence on certain resources, such as HR professionals, better understanding of the system or even testing/piloting it as a first step or board commitment.

Table 41. Bucharest interviewees' openness to utilize OKRs related quotes

Respondent No.	Location	Direct quote
R13	Bucharest	Looking at the presentation below, I think that intuitively and based on 13 years of experience, we already touch many aspects of this system : the flexibility (agility) of setting goals, aspirational and non-financial goals, challenging and encouraging employees. And I think that this helped us to have a very sustained activity, without a break, in the conditions where – a very important aspect for an NGO – we are self-financing, and we do not have a VIP to promote our activity.
R29	Bucharest	I understand. It would be awesome. It would be wonderful at least [to have] a start , at least to start with the right foot, not with the left, you know the saying, and I didn't even want to do anything at all for the simple fact that we don't know how to do it.
R22	Bucharest	The system you presented I would really wish to implement it in some form.
R2	Bucharest	Yes . Now, on the other hand, you can take into account the typology of the business, so to speak, and in our case, I think that I will extrapolate this [three months objectives] to a year.

Regarding perceived benefits of working with OKRs the list compiled by participants from Cluj-Napoca seems to be fairly different than the one from Bucharest, with the focus being on the OKRs capability of:

- providing a direction;
- supporting better organizing;
- creating measurable results;
- communicating the results;
- promoting an efficient resource utilization;
- prioritization of objectives;
- tracking progress in real time;
- supporting innovation.

Three respondents even admitted to using something similar to OKRs, or at least certain practices, which supports the findings from sub-dimension related to the current PMS, where the researcher identified that certain OKR practices are part of the NGOs current practices.

The main detractors in implementing OKRs listed by participants are lack of team capabilities, lack of resources, including time, and the perception that a performance management system will provide an advantage to large NGOs with a lot of beneficiaries and place smaller NGOs with less beneficiaries at a disadvantage.

Similarly, the selected quotes from participants to demonstrate the above interpretation can be found in the table below.

Table 42. Cluj-Napoca interviewees' openness to utilize OKRs related quotes

Respondent No.	Location	Direct quote
R18	Cluj-Napoca	It could be interesting , but I don't know if it works in [their organization], because we are an association with very few employees. I find this model easier to implement in larger organizations with many people, and I think a break from the monotony can bring surprising results.
R23	Cluj-Napoca	Yes, I think so. We will need a very well organized human resources department and a commitment from the board. Why? We need a better organizational system through which we can better highlight the results we have now so that we can get more funding and have better visibility for our beneficiaries. I think that in addition to internal organization, an OKR system also helps to promote the NGO.
R25	Cluj-Napoca	Sounds interesting, but given the current team capabilities, I don't see it being feasible. It's too high, for another league, compared to what we're doing now. On the other hand, the principles described are quite similar to what we already do. We re-evaluate indicators, projects, results at least once every two months.
R15	Cluj-Napoca	Unfortunately, as per my experience, our organization would not invest time or resources in implementing any performance management system.
R5	Cluj-Napoca	Yes, because a system that measures the organization's performance is needed. At the same time, it would help reduce the waste of financial resources and carry out activities without delay, by prioritizing those of major importance.
R24	Cluj-Napoca	Certainly, it can be implemented , but I think it could only help large organizations. Because small organizations still don't... including us, even if we have set goals, we refuse to set our KPIs on the simple fact that we still don't know the action areas well enough to set relevant KPIs. I mean we follow the goal, maybe we consider that a KPI to attract supporters in social media is the number of stickers given at an event or the number of mentions in the national press, but we are surprised at the end of each semester, at the end of the quarter, when we see that others were the key actions that significantly impacted the achievement of the percentage for a goal.
R8	Cluj-Napoca	Oh, honestly, I don't know what to say. Firstly, I should try it to see if it works and if it's ok , possibly to come back with feedback, what went well, because I told you being such different associations, each one has different needs, some need, I don't know only this part of education. We need to see each other more often and work more. And then, from what you have said, I think it would fit our needs and our internal necessity, but we would still like to test it, for the girls to test it and see.
R3	Cluj-Napoca	Yes, I think so , because in the end, it dictates the direction you take, and you know where you're going. It's different than if you're disorganized.

Sub-dimension “OKRs ability to help Romanian NGOs overcome some of their challenges”

While the interviewees seem to be more reserved when the question is directed at their organization, if the assumption changes and it is addressed to NGOs in general their attitude towards the implementation of OKRs changes as well, becoming much more open to the idea. We can note, for example, that there is no participant assuming the OKR methodology is not applicable in the Romanian NGO sector.

Sure, there are a few participants (five) that did not offer a specific answer either considering that they cannot generalize their answer to the entire sector or assigning more importance to some other aspect, such as organization culture, rather than performance management. Even so, most participants consider OKRs as a viable possibility for the Romanian NGO sector.

When discussing about the arguments for supporting OKRs implementation in Romanian NGOs, however, their answers are even more polarized as compared to the previous question, with very few similar trends being observed, one of which being participants' need to test the framework before giving an answer. Similarly, few participants did not provide a clear answer either focusing on something else with a higher importance for them, referring here to the recurring idea that culture is more important than performance management, either refusing to generalize their answer to the entire sector: “The answer requires a better knowledge of both the method and the way all Romanian NGOs work” (R21, CN).

In Cluj-Napoca, unclear answers were based on the need to test before providing any sort of answer to the research question, whether positive or negative, or based on participant's understanding that member's willingness to deploy the performance management system is crucial for its success. In Bucharest, the unclear answers seem to stem from a lack of understanding of components, with participants questioning how to phrase an objective: “Yes, I think it would be a help. You know how it is, here you should... I have various questions and I am missing some information. How should we set these three objectives, because again here I read the description from you, and I was wondering what could be the three objectives that I should set in the correct wording? I mean, there are some questions about the method” (R11, B). This confusion regarding phrasing objectives, only strengthens the initial findings from the literature, the focus groups or the performance management dimension that show NGO professionals are not knowledgeable in the performance field and they lack basic understanding of the field. Considering that objectives are usually required for project management, especially by grant giving organizations, the fact that participants are not able to define what an objective is to them and how to write such a component, can emphasize a bigger lack of knowledge that goes deeper than performance management and showcases the fact that NGO professionals are lacking skills in multiple areas that are tied to performance. Furthermore, in light of their previous answers where a performance management system was deemed less of a priority to NGOs due to the fact that they work project based, we can assess that their earlier statements are nothing more than an attempt of justification for the lack of knowledge and proper practices, rather than an objective assessment. This conclusion stems on one hand from the lack of grasp on what an

objective, a commonly used component in multiple management areas is, but also from the proven failure of the participants to recognize how multiple management related areas overlap.

The majority of respondents have provided arguments in favor of OKRs taking into account their perception on what the sector or their organization are lacking at the moment, resulting in a high diversity of reasons to support OKRs deployment.

Few arguments seem to be common between Bucharest and Cluj-Napoca, however it is noteworthy that these are not necessarily the most common ones in general. In fact, in Bucharest for example, there is no argument mentioned at least twice. The situation is slightly different in Cluj-Napoca, where one argument, namely the ability of OKRs to provide direction, was considered by five participants, with few other, such as long-term thinking, support in organizing, motivation or collaboration, being discussed by multiple participants, usually two or three.

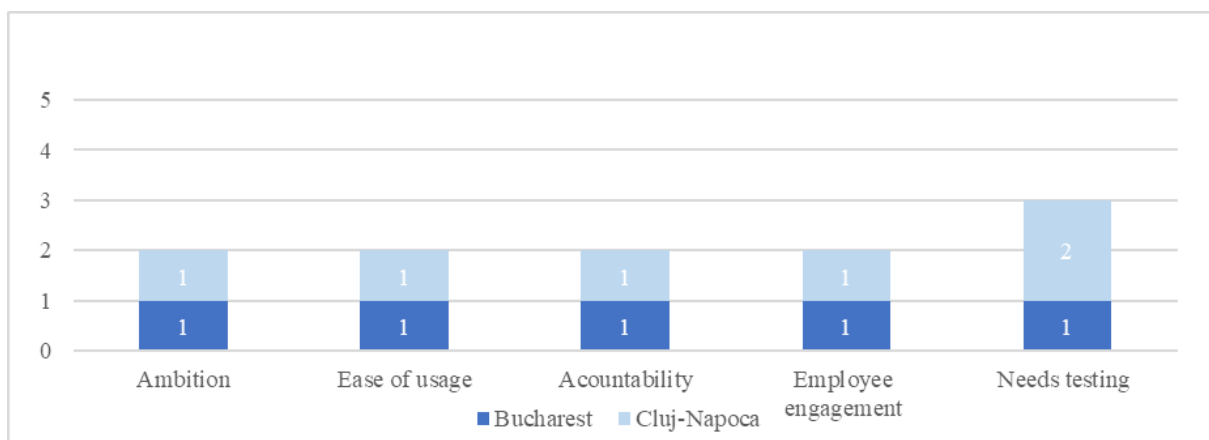


Figure 21. Common reasons for OKR utilization identified

Considering the high number of different arguments, which stem from the OKR methodology, thus having already been discussed, they will be showcased in a table format that contains quotes from participants, for readability purposes.

Table 43. Bucharest interviewees' arguments for OKRs utilization in Romanian NGOs related quotes

Respondent No.	Benefits	Direct quote
R19	Ambitious/ Creativity	It would challenge the NGO staff more and develop them both in the operational area and in the area of creativity . I think this aspect would diminish, maybe even eliminate, the people from the NGOs who are turning more and more towards business and less towards social.
R22	Ease of usage	I'm convinced they [NGOs] could do this thing. I was just thinking now about the other people I know who work in relatively small NGOs, I think a lot of them don't even know about these kinds of systems , I mean they don't even know what it looks like. [...] It is not as hard as we knew.

Respondent No.	Benefits	Direct quote
R10	Alignment/ Professionalism/ Education	I mean, it's clear that it's useful, it's clear that it would somehow align the organizations, I think you also said at the beginning about a level of professionalism , it would educate the members of the organization. It's just that I tend to think that it would need to be a little forced from somewhere. That is, someone to pilot it, someone who has a coercive power over the members, like the Federation. I mean, from my point of view, it should be a statement for the federations as well.
R4	Ease of usage/ Corrective actions/ Impact measurement/ Scalability	From my point of view yes, it can be easily implemented from what I've seen. I mean it just seems like the kind of solution that people in NGOs don't know about . [...] Yes, it is clear that first of all, a monitoring tool is very ok to have, I mean, I think NGOs should be educated in this. This direction of monitoring, measuring what we achieved, to understand what we did wrong [...] Yes, it's absolutely necessary, because it's very hard to adjust certain actions if you haven't seen their impact clearly. [...] It should come hand in hand, as organizations or people ask themselves the question: "Well, I send money to this organization, but what is, in fact, the impact that my money has there, does it actually reach the children or puppies or so or is the money lost through various operations and so on that are inefficient?" and as people start to ask these questions I think the organization should also think: "Good, let's see how we organize our performance". [...] To become scalable you need performance management .

Among the participants that see a benefit in implementing OKRs, few mentioned their conviction that NGO professionals are not even aware of such supporting tools, which is in line with the findings from focus groups, where participants admitted they didn't know about the existence of performance management systems, as well as explains the reduced application of performance management systems within the NGO sector.

During the discussions with Bucharest interviewees there are some pre-requisites for OKRs to function identified as well, namely the need to involve beneficiaries in the objectives setting process or the need for members to be open and interested in such a framework: "90% I incline to say yes, it would help. [...] I mean if they [beneficiaries] would be involved then 100% would help" (R20, B).

Table 44. Cluj-Napoca interviewees' arguments for OKRs utilization in Romanian NGOs related quotes

Respondent No.	Benefits	Direct quote
R18	Strategic thinking/ Fast solutions	I think this system can develop strategic thinking and approaching problems from very different angles can lead to finding faster or more solutions . So, saving time and more fruitful results.

Respondent No.	Benefits	Direct quote
R23	Strategic thinking/ Motivation/ Resource allocation	Through an OKR system, we would think better about the projects we are organizing, what resources we need to fulfill the set objectives and we would see the overall picture, in the long term. And tracking the results helps to motivate the volunteers , to raise awareness of the importance of the causes we support and a better organization in the NGO.
R15	Alignment/ Employee engagement	I would consider it absolutely helpful. One of the challenges of, for example, a KPI based system is that it is too rigorous and doesn't consider the constant changes that affect the NGOs in terms of employee tasks and multiple activities. For some of our departments (e.g. elderly care) KPIs could be helpful, but for the project management department, fundraising employees, volunteer management department OKRs would definitely be more suitable. I consider OKRs more suitable in general because they combine top-down and bottom-up approach [in alignment] and it is more likely to create employee engagement . Also, I consider that OKRs have fewer negative behaviors associated with them and since my organization has many employees that are burnt-out, this would be crucial to us.
R16	Prioritization/ Direction/ Collaboration	I think it would be of real use because it would highlight what is really a priority but also what is less important. It would help the whole team to always know why they are doing what they are doing , what is the goal towards which they are moving together , and they would be able to see the progress made.
R5	Efficiency/ Participatory decision-making	The OKR system would increase the degree of efficiency of organizations and lead to the elimination of the waste of financial resources, it would increase the degree of participation of employees in the decision-making process .
R30	Prioritization/ Efficiency	I believe that the OKR system would bring benefits to Romanian NGOs, in the sense that the entire route could be followed, starting from setting objectives to achieving results, so that the services offered are centered on quality, prioritization and efficiency .
R3	Direction	Setting objectives provides a direction , otherwise you don't know where you're going, meaning you know what you have to do, but you cannot see the end, or you don't know why you do what you do.
R28	Ease of usage	As I was saying earlier, I think something to help us quantify what we set out to do at the beginning of the year and help us see if we have achieved it at the end of the year, if we achieve the desired performance, would be very welcomed. And it would be much easier for everyone.
R6	Ambitious/ Collaboration	Yes, it seems to me that it [OKRs] is also adapted very well to the NGO side, because it has that aspirational aspect , that is, to set some ambitious goals. [...]This is a very good point and deserves to be mentioned in the interview. Because the fact that the objectives are established through internal discussion and negotiation is something that is mandatory for us , for example.

Regarding pre-requisites before OKR implementation, Cluj-Napoca respondents doubled down on the need for this to happen in a large organization with recurring activities and they fail to see how it can work in an organization dependent to financiers: “I think the system could help those NGOs with complex systems and projects, with large teams, and complicated projects. On the other hand, I don't see how this system would work in organizations that work a lot in partnerships, and their results, their performance is somehow co-dependent. I feel that it would, in such cases, be an additional process, on top of the systems already used in each project and each partnership. The pressure and the wishes of the financiers are too great and sometimes extremely loaded to start doing things differently” (R25, CN). This only comes to reinforce the fact that in most Romanian NGOs projects are more important than a common strategy and they often lack any type of organizational integration, rather working in silos.

On the other hand, one interviewee mentioned that the implementation of such a system is highly dependent on people and their willingness, together with mentioning that having a very structured way of working or structured processes might be a high expectation from the NGO sector.

When comparing the above answers to participants' needs from a performance management system expressed under the previous dimension, we can surely identify common points, such as alignment, ease of usage and its ability to provide a direction or strategic thinking, further strengthening the fact that the OKR methodology could be beneficial for Romanian NGOs.

Looking at the results from the focus group we can observe a big difference regarding pre-requisites; while during the interviews participants emphasized this is a good tool for large organizations, during the focus groups, on the contrary, the conclusion was that it would be more beneficial for smaller entities or start-ups. Furthermore, during the interviews nobody expressed a strong lack of confidence that the framework could work in the NGO sector, which was the case during the Bucharest focus group. Regarding the innovation part, the same participant considered it would demotivate due to lack of resources to implement the innovative ideas, while during the interviews, participants perceive innovation in a positive light by helping them to solve issues faster and OKRs as a support in working more efficiently with their resources.

Another difference between the focus groups and interviews is the fact that participants from focus groups did not specifically mentioned benefits OKRs would bring to Romanian NGOs, focusing more on describing the type of organizations in which it would work, such as small, very creative entities. Among the only similar response between the two data collection methods is the need of some participants to test the OKR framework before venturing to provide a reply, although all of them consider it worth piloting.

Despite the agreement that piloting the framework could be beneficial and their openness to test the OKRs, coupled with the fact that most participants requested further information on OKRs, very few of them actually responded after the information was sent and an even smaller number went ahead with an implementation of sorts. The next sub-chapter aims at sharing the experience of the participants that started an OKR implementation exercise under the guidance of the researcher, combining the description of the process with the researcher's observations.

7.1.2.8. Additional participants

While this chapter only showcases the answers of 29 participants, the Research Methods chapter refers to 37 participants to interviews. This is due to the fact that eight respondents – four from Bucharest and four from Cluj-Napoca, refused to go through the entire interview but provided insight during a one-on-one conversation. Out of these respondents, three mentioned they have no performance management system, or no practices deployed, although considering the findings from the interviews that showed most NGOs have performance related practices, their answers can be attributed to the lack of terminology knowledge. Furthermore, two respondents confirmed they do not understand the terminology and what performance management is, and, even after an explanation from the researcher, were unable to provide any answers, simply stating they don't know how to respond and that they don't have such practices.

Only two other respondents mentioned they have some practices, one mostly focused on the usage of strategic planning and strategic objectives and the second on easy to measure metrics based on their business as usual, which aligns to the findings from previously described interviews, while one participant, the only one that is part of an international NGO with a Romanian branch, explain they have a very well structured Balanced-Scorecard – based system which is officialized through an internal procedure, but was not open to providing a detailed description of the system. It is noteworthy that the participant who mentioned the usage of strategy planning formulated their answer in a very doubtful way, revealing their uncertainty if that is indeed the case or not: “if it means what I think, than we use strategy planning and objectives”.

As we can spot, the few findings emerging from these eight responses align perfectly to the trends already identified, namely:

- international NGOs are usually better structured, and their strategy planning and performance management practices follow best practices, sometimes even for-profit sector inspired best practices;
- Romanian NGOs with no ties to the international scene tend to be more hectic, data averse, unaware of performance management as a discipline and unfamiliar with performance related terminology;
- In Romanian NGOs that use performance management practices, these are at best rudimental and easy to measure.

7.2. Second research phase – Interventions' results

As already explained in the previous chapter, the intervention cannot be considered a success from a testing perspective given that none of the NGOs presented below went through the entire process, but it proves valuable from the perspective of the study because it provides an explanation for the current low level of performance management usage in Romanian NGOs, being able to showcase which are some of the problems organizations face when trying to deploy performance management frameworks or practices.

The first main aspect observed during this part of the study is that, although NGOs reluctance to participate was obvious thorough the entire study, the degree increases exponentially when

given the option to test the OKR framework and, as a result, very few organizations actually entertained the idea of an assisted deployment of a performance management system and only four started the implementation.

What is interesting is that, although the issues encountered in the four examples tend to be slightly different, they all revolve around the same bigger problem, namely the availability or instability of human resources, and subsequently the limited time they can dedicate to such endeavors. Of course, depending on each case, other human resources related issues that arise are the dependency on a person, rather than a role, members lack of engagement or feeling of belonging and lack of ownership of one individual over the process coupled with knowledge building and support of the entire team.

Organization A

In the case of organization A the only person involved was the vice-president and, as described in the Research Methods chapter, the regional branch has only three people in the management team, the rest of the team being comprised by volunteers, meaning that the implementation plan had to be adjusted for a very small-scale deployment. Furthermore, given that only one person was involved in the setting process and that most documents needed for the initial analysis were not available, the project plan had to undergo a rather massive restructuring. Therefore, the first and second sub-processes, namely needs assessment and documents review, as well as tailored system and agreement on implementation timeframe, were merged into one activity, a short discussion with the involved vice-president to understand their expectations, the current challenges of the organization and the current stage of the organization. Based on this discussion it was decided that the VP was simply looking for a simple excel that summarizes what they have to achieve during the next period and is connected to the long term objectives she had in mind for the organization, which the researcher provided during the implementation project. This document had the purpose of formalizing the expectations, as well as act as a better communication tool for the entire team, because they would be able to see the objectives and expected results.

Considering that the VP decided she would be the only one involved in the implementation and there was no need for a piloting period, due to the size of the entity, the next step was to conduct a two hours workshop with the representative to discuss long-term objectives she already had in mind, but they were not formalized, and quarterly OKRs to support the achievement of those long term objectives, as well as any initiatives that would be relevant for the long term objectives or the OKRs. Once again, the two hours timeframe was decided upon considering the size of the entity – small, the number of persons involved in the workshop – one and the availability of the participant, which did not have a lot of time to spare. In case the two hours would have proven insufficient, a follow-up workshop would have been scheduled during the same week to finalize the outputs. Once finalized, the outputs needed to be communicated and negotiated, if the case, with the team, an aspect the VP took full ownership on, therefore the involvement of the research would not have been needed.

Moving on, under the forth sub-process, the ongoing support offered during OKRs usage, once the team would have started working on the OKRs, a monthly meeting between the researcher

and the VP was scheduled to take place, in order to review the OKRs results, work on new initiatives needed for achieving the OKRs, as well as tackling challenges in working with OKRs. Moreover, the researcher and VP established an ongoing communication channel – WhatsApp, for any ad-hoc questions or challenges that needed to be tackled on the spot. Lastly, at the end of every quarter, the researcher and NGO representative decided to meet for a final OKRs review and to establish the new OKRs for the following quarter. This should have taken place for the first three quarters of OKRs usage. At the end of each of the three workshops, three post-implementation semi-structured interviews were also planned with multiple persons from the team, not only the VP, in order to understand more in depth, the experience of working with OKRs from two perspectives – the persons involved in the setting process and the ones that were in charge of only achieving the results.

In reality, only the first two discussions took place.

The first meeting happened on the phone, on the 30th of August 2021 and had a duration of one hour. During this conversation the following discussion points were addressed:

- Education on what OKR is, although previous to the meeting the participant was provided with materials that explained the theoretical approach to the framework;
- The NGO's strategic directions;
- VP's expectations from OKRs, namely to formalize the expectations for the team;
- VP's preferred way of working with OKRs, which was decided as follows – long term objectives on a five years' timeframe, quarterly OKRs that were transparent for the team, relatively ambitious, but still achievable in order to not demotivate the team and revised every month, rather than once a week;
- Next steps in the implementation plan as described above.

The second discussion, which was the setting workshop, took place over Zoom on the 1st of September 2021, with a duration of one hour and 43 minutes. During the workshop the researcher and the participant defined five long term objectives and two quarterly OKRs, together with a list of initiatives. The below tables present the workshop outputs, but specific information related to the organization, such as names were redacted. Moreover, the numbers from the key results were changed to an "X" in order to preserve the anonymity of the NGO as requested by their representative.

Both the long term objectives and OKRs listed below are created to directly support the assumed mission of the organization: to reduce poverty and food waste in Romania.

Table 45. Organization A's long term objectives

Long term objectives (2021–2026)
Increase social innovation by implementing a circular economy for beneficiaries of social assistance
Educate the population about the effects of food waste to support food waste reduction at home
Consolidate the brand
Build amazing regional warehouses
Reduce food waste

Table 46. Organization A's OKRs for quarter four 2021

2021	Quarterly OKRs – Cluj region
Become sustainable from a financial point of view	
1	X euros/ month funds raised
2	One year in advance funds available in reserve
3	X physical recurrent donors
4	X new legal persons donors
Increase the region's operational efficiency	
1	Maximum 50% cost/route from the commercial value of the goods
2	Implemented match procedure between the stock and beneficiaries until end of September
3	X volunteers trained on the match procedure
4	X feedback discussions every year with beneficiaries

Table 47. Organization A's initiatives' list

No.	Initiatives
1	New areas added on the beneficiaries list
2	Optional course regarding food waste in school
3	Supporters' tribe creation
4	Volunteers' motivation initiative
5	Strategic partnerships building with hypermarkets, schools, experts in the field

Additionally, the participant also mentioned some longer term results they expect from the organization, which were distinct from the OKRs constructed, but the researcher took note of and created a separate part in the document for them, in order to use them as a north star metrics in future OKRs setting workshops. These results are: x% reduction of the region's food waste, x% reduction in social assistance offered in x villages/cities, x% increase in supporters.

During the workshop the only participant was very much engaged in the conversation and seemed sure on all their answers, especially on the topic of how they see the organization going forward and which are the long term directions, however their confidence level decreased slightly when the topic of OKRs was discussed. It can be noted however, that a more participatory leadership style could be employed in order to better shape the culture and motivate the volunteers, which would require the other employees and volunteers' participation in the OKRs setting process in order to capitalize on their ideas as well. Since there was a singular participant the group interaction was not observed, therefore cannot be commented on.

After the workshop there was no more communication between the researcher and the NGO representative, although the researcher reached out several times, until middle of January 2022, when the VP reconnected and cited personal issues that made it impossible for them to focus on the project started with the researcher. Furthermore, they also mentioned that together with the other two employees and a specialist, scheduled a strategy planning session for the

regional branch to take place beginning of March 2022 and were interested to restart the OKRs project after the strategy was finalized. However, at the end of February 2022 the NGO's efforts were redirected to support the Ukrainian refugees, thus administrative aspects were indefinitely postponed. The last contact from the researcher was on the 16th of March 2022 to inquire on the status of strategy planning session, but the representative never reached back.

Considering the above facts, we can conclude that the main issues encountered during this intervention were:

- Lack of available human resources, with only one employee managing the process. Once this person experienced personal issues there was no other employee ready to take on and ensure project continuation.
- Lack of time, as the entire process had to be speed up, it all happened in one week, considering the employee's availability.
- Lack of consistency, with priorities of the few people changing quickly, depending on new emergencies. Also connected to the first point, rather than act in their capacity of a VP and manage the organization, the contact person was constantly required to do operational work, thus organization management is very inconsistent and never prioritized.

Organization B

Similarly to organization A, organization B also had a single representative that chose to be involved in the implementation process and took full ownership on communicating the OKRs with the team. This time the representative was the Operations Manager, with a team comprised of other two members, although the organization overall is much larger than in the case of entity A, having around 55 employees in total.

In reference to the four stage implementation plan, we can once again assessed that the plan had to be changed to adjust for having just one participant, the lack of a finalized direction, as well as the fact that this was only a pilot project for one department, rather than a full implementation. The starting point of the organization is also different that most Romanian NGOs considering they are part of an international organization, therefore their practices and knowledge related to performance can be considered more mature. Additionally, the Ops Manager had an extensive experience in the for-profit sector, therefore was highly knowledgeable in the field of performance, as well as its evolution and current practices.

Considering that the NGO was in the process of working on a regional Eastern Europe common strategy as a pilot way of working within the organization that was not yet finalized, the first two sub-processes, needs assessment and documents review and tailored system and agreement on implementation timeframe, were once again merged and took the form of a face to face discussion in Bucharest at the NGOs headquarter. The third step, which consists of the OKR system deployment was split into two two-hours workshops, one to agree on and rewrite in a correct manner the long term directions of the NGO that were cascaded from the regional directions and one aimed at setting the shorter term OKRs. Once again, similar to the previous organization, the timeframe was decided keeping in mind that the long term directions were already existent, there was only one participant to the discussion and the OKRs only refer to a small

team, rather than the entire organization. Regarding the last step, which is ongoing assistance for few quarters, the NGO's representative and researcher agreed to meet at the end of each quarter for a minimum of two quarters and a maximum of one year, to debrief on that quarter's achievements, set the next quarter's OKRs and troubleshoot on any issues that might have appeared during the quarter. During these meetings the post-implementation interviews were also scheduled to take place with the representative and the team for a better understanding on how OKRs are perceived and what changes should be made to provide a smoother experience for the entire team.

During the initial discussion which occurred on the 10th of January 2022 in Bucharest at the NGO's headquarter and lasted for around four hours, the main topics tackled were the following:

- Short discussion on what OKRs are, considering that the participant had prior knowledge of the system and theoretical information has been already provided;
- The NGO's strategic directions;
- The Manager's expectations from OKRs, namely, to provide clear future directions to the staff, to support their engagement above business as usual tasks and, most importantly, to motivate the team;
- Their preferred way of working with OKRs, which was decided as follows – long term objectives and results aligned to the ones defined by the regional committee on a three years' timeframe, each with defined yearly milestones from where the OKRs derived. The objectives in the OKRs were kept for one year also, due to the nature of the work, where they needed more time to see concrete changes, while the KRs were set on a six month basis to capitalize on agility as well. The OKRs were created to be transparent to the entire team, including top management and ambitious. The revision process agreed upon was internally every month and externally with the researcher once a quarter. It is noteworthy that in their case year refers to financial year which starts in July; for example financial year 2022 started in July 2021; and
- Next steps in the implementation plan as described above.

Besides the quarterly meeting, the researcher and representative agreed to have ongoing communication via email or text messages in case of emergencies or as recurrent reminder that will ensure the participant doesn't forget about their OKRs during the quarter.

Additionally the participant provided insights into some of the main challenges they face, especially human resource related. As the organization works project-based they had difficulties in working with job descriptions and juggling with changing the job description every time projects changed, so a part of the meeting was spent discussing this issue with the researcher sharing best practices and her own experience with managing project-based staff.

The second meeting, which was the first of the two scheduled deployment workshops, took place on the 13th of January 2022 for a total time of one hour and 46 minutes and was done online via Zoom. The main focus, according to the plan, was to define the long term directions, but the discussion was more efficient than expected, thus an initial set of OKRs were also created, therefore rendering the second workshop irrelevant. Following this conversation the

representative was supposed to discuss the OKRs with the team and make the needed adjustments based on their feedback, as well discuss the ownership on different KRs. If major adjustments were needed, another meeting between the researcher and a team's representative would have taken place.

The workshop's outputs presented below have been altered to avoid presenting the organization's name and actual numbers were replaced with an "X" at the request of the participant.

Table 48. Organization B's long term objectives

Long Term Objectives
Long term regional objective (2022–2030)
The entity has successfully pioneered an organizational model in CEE and the organization's global network – an effective, efficient and innovative learning organization with an engaged core team of staff and partners working in an integrated way across our region and with our partners.
Long term national objective (2022–2025) related to the department's area
By 2025 the Romanian entity has a team highly skilled for their roles, well performing and assuming responsibility on their task. We have appropriate leadership and clear reporting lines. We synchronize the reporting on the development journey and align development plans with the organization's strategy.

The long term objectives defined above were already established by the network of regional organizations and were not subject to change during the workshop. However, the researcher's recommendation was to redefine them in a more clear and concise manner, to showcase the final expectation and to move the description on how the team is expected to get there or expected results in other columns specifically dedicated for each.

Table 49. Organization B's OKRs for the first six months of 2022

2022	OKRs (6 months)
Develop a simple and straight forward process on setting and evaluating individual objectives	
1	X% employee evaluation forms properly completed in due time
2	X% positive feedback on the reviewed employee evaluation form
3	X% staff has been trained/coached in how to set objectives
Grow a team that is highly skilled for their roles, assuming responsibility and well performing on their tasks	
1	X% skills gaps addressed by Development Plan based on FY22 assessment
2	Training and Development plan designed by end of Aug 2022
Build appropriate leadership	
1	X% positive rating of leadership impact survey (self and 360)
2	X% managers/team leaders have attended leadership workshops
Clarify working relations and reporting lines	
1	"Escalating process" defined and communicated by end of Q1 FY23
2	All issues escalated to the CEO are relevant
3	X% of managers utilizing the solution for staff allocation by end of Q1 FY23

At the end of February however, before the first check-in meeting with the researcher, the contact person left the NGO and introduced, via email, the researcher to the new Operations Manager to take over the deployment and continue the project together. However, the new Operations Manager was not as open to continue the project and after few times in which the researcher reached out, but a conversation was postponed, finally the communication ended on both sides.

Throughout the process, the researcher observed the participant's ease of discussing performance and OKRs related topics and their confidence in their answers both related to the topic of the paper, but also in depth knowledge of the strategic directions of the organizations, long term objectives and results expected from their team. A similar observation to organization A can be made however, the group interaction was nonexistent since there was a unique participant and the manager took on the entire responsibility of setting the OKRs without involvement from their team, which goes against the people-centricity and bottom up alignment that are a staple of the OKR framework. In this case, there were some mitigating factors that explained the lack of team engagement since one person was in their notice, while the second was a volunteer not an employee, with a reduced involvement.

Considering the above description, the main challenges faced when working with the representative on deploying OKRs are the following:

- Dependency on one person for certain roles, with only one employee managing the process. Once this person left the organization the project was no longer continued.
- Lack of consistency and ownership. Performance related aspects should not be dependent on one person or deployed due to the enthusiasm of one employee but should be assigned to a certain role within the organization. In this specific case, if the role of Ops Manager oversaw performance management the project could have continued regardless of who owns the role. It was however connected to the person having the role, therefore once the person left the project was discontinued.

Organization C

In the beginning of our engagement together the third organization seem to be very organized, as they had an up to date business canvas which contained the long term directions, a clear dashboard containing a mixture between KPIs and key results, mostly related to the application and slightly outdated, and a very involved leadership team, comprised of two of the founders. Unlike the previous two examples, this organization functions exclusively volunteers-based, which will become an important aspect during the implementation.

Following the pattern set by the first two examples, the implementation plan also had to be altered for this organization, with the first two steps being merged into one, all aspects being established during the initial meeting. This took place on the 2nd of March 2022, via Zoom, had a duration of two hours and the only participants are the two most important volunteers, the founders and managers. The discussion focused on:

- A brief theoretical talk about performance management and OKRs, although the researcher made sure participants had access to written resources as well;

- A current state assessment with the organization's representatives presenting the above mentioned business canvas and dashboard, as well as explaining how they currently do things, such as the fact that they have an organization-wide two hours long check-in each Monday to catch up and present each department's weekly results;
- Their expectations from OKRs focused on team motivation, which in turn was expected to increase their participation and on time delivery of tasks;
- The tailored OKRs frameworks they would feel comfortable with. With a background in IT and running an organization that has an app as their core "business", the managers seem to be well adjusted to the agile way of working, and, consequently, found the short-term proposed by OKRs in line with their way of working. In order to not miss the big picture, it was decided to go with a mixture between longer and shorter term, as advised by the literature, thus that the first step agreed on was to set yearly objectives as guidance in one workshop and then set quarterly OKRs aligned to the yearly objectives in a second workshop. In contrast with the previous two examples, the managerial team of this NGO was keen of having as many members as possible in the workshops to ensure their participation and buy-in. Given that they already had a weekly check-in, the OKRs progress check could easily be integrated in the same meeting. The weekly check-in would be facilitated by the managers, while the quarterly review meeting would be facilitated by the researcher to ensure proper OKRs being set. Of course, the researcher would be reachable via email or WhatsApp for any emergencies within this time period as well.
- Next steps in the implementation plan as described above.

The second meeting, namely the first setting workshop, replaced an already scheduled check-in and took place on the 2nd of May 2022, with a duration of one hour and a half. It included a total number of six participants, but only four were able to sit through the entire meeting. The discussion was centered around long term objectives, between one to three years, however during the debate few initiatives and a preliminary OKR were discussed, therefore they will also be noted as part of the outputs. Similarly, the outputs are modified to exclude the name of the organization or specific details. Although one of the leaders did not attend the meeting, the present one did their best to involve the entire team, capitalize on their ideas or even to inspire them. Unfortunately, the team was not as engaged as desired, with the manager leading most of the conversation, but still provided their points of view, especially when the discussion touched their area. There were also few participants that limited themselves to agreeing or disagreeing with their colleagues' proposals. The overall impression was that most participants were not aware of the bigger picture or long term directions and preferred to only engage when the topic included their work.

Given their background, most participants understood the topic and had prior knowledge on performance management and the workshop did start with a short recap to ensure the concepts are defined in the same manner and all participants have a similar understanding on the concepts.

Table 50. Organization C's long term objectives

Priority	Long term objectives (one to three years)
1	Implement the app in all counties (initially 10 counties)
1	Diversify financial sources
2	Implement the app in Republic of Moldova
3	Improve media presence, both traditional and social media
4	Strengthen the partnership network
4	Ensure available volunteers in all counties
5	Improve the platform by connecting it to a national software
6	Implement the app in Bulgaria and Hungary

Due to the extensiveness of the list, the researcher challenged the team to agree on a priority level for each objective in the list, in order to ease the process of shorter term OKRs setting.

Table 51. Organization C's preliminary OKR

TBD	Preliminary OKR
	Strengthen the partnership network
1	Minimum X partners/ county

Table 52. Organization C's initiatives' list

No.	Initiatives
1	New and improved internal organization
2	New structure for the weekly meetings
3	Merchandise release

Due to the team's lack of sufficient engagement and long term understanding the second workshop was postponed until a realignment discussion could take place between the two managers and the researcher, which, due to lack of time only happened on the 7th of June 2022, also via Zoom, with a duration of four and a half hours. During this meeting underlying issues related to the volunteers and the way the organization was managed were discussed, together with ways to fix them, such as:

- Volunteers' motivation is seen as an issue, with most of them not being able to dedicate enough time for the expected results, therefore being seen as unserious by the management who felt like they cannot be counted on. A root cause is due to the manager's too high expectations from volunteers, but also due to the fact that volunteers don't perceive the organization as engaging and can come off as too "serious". A solution discussed was to engage volunteers in some fun activities, such as retreats, as well as work more on creating a fun, engaging culture to increase their enthusiasm at being part of the organization.

- The weekly meeting did not emphasize on results and did not encourage participation from everyone, slowly becoming a one sided discussion, which was usually perceived as boring. A solution discussed here was to provide more ownership over results and invite one representative from each team to present their results or weekly challenges and find solutions together. All the other discussion points from this meeting seem to revolve around volunteer's motivation and organizational culture.

As a conclusion to this meeting the two managers decided to postpone the OKR project and prioritize the culture related issues, in order to be able to properly work with OKRs. Although the implementation in itself cannot be considered a success, it did open a much more important conversation for the organization. Moreover, the researcher is still in contact with the two managers and together are checking in regularly to check the current stat and decide when the NGO's culture will be ready for OKRs implementation, which is not a forgotten topic for them.

Organization D

Unlike in the case of the other three organizations, the forth NGO chose to deploy the framework internally, without the involvement of the researcher, however relied on the researcher's support with specific issues or challenges they encountered. Thus, the researcher did not have access to their discussions or outputs and relied all their observations on the facts recounted by the contact persons, which were the owner of the OKR implementation.

In this case the researcher was not involved in the first three of the four stages, with the organization's internal resources being fully in charge of their needs assessment, OKR framework customization, deployment timeframe and the actual implementation.

The researcher was only involved in the fourth step, the ongoing support, but even this was on a request basis and did not take place based on an established schedule. In providing such support the researcher had two Zoom discussions with the organization's representatives and emails exchange, which was the preferred communication channel. During each discussion two people were involved, although one of the initial contact points was replaced in the second meeting by a third volunteer.

The initial conversation occurred on the 29th of October 2021 with a duration of one hour and revolved around the concept and theoretical representation of OKRs, with the researcher providing the participants the theoretical knowledge on OKRs together with tips and tricks on working with the framework to better equip them for the deployment. Furthermore, this conversation was followed by an email with more documents on the topic reinforcing the main learning points discussed during the meeting. At this conversation there were two participants from the NGO's side – their Tech Manager and the Marketing Manager, however neither took ownership on OKRs implementation.

With a total of eight volunteers the organization chose a simple design, with the following components, few long term objectives derived from the mission and quarterly OKRs that would reflect growth. Additionally, each "department" or line of work would have a few business-as-usual indicators, especially teams such as marketing or software development, where the apps they work in already provide some statistics.

The second meeting took place after the setting of OKRs, on the 3rd of February 2022 and was planned out in a “think-back” way, with participants explaining their process and the main challenges encountered and discussing together with the researcher the best options of mitigating these challenges in the future. This conversation’s duration was one hour and a half, was attended again by two representatives of the organization, but the Marketing Manager was replaced by a new volunteer that had the role of a “structuralist” who was considered the owner of the OKR setting process. The main topics addressed were:

- A recap on what are objectives and key results and how to define each component, considering there seem to have been a misunderstanding on what is the role of each of the two components within the team;
- A discussion on the proper way of setting OKRs, due to a low commitment level within the team. The OKRs process owner explained that the limited time of the team has led him to write all OKRs by himself and then set an individual feedback meeting with each member to discuss the initial OKRs draft and make the needed alterations. This did not work very well for them and resulted in low understanding and commitment levels. The researcher recommended to change the approach from individual meetings to one workshop with all volunteers, in which they can all discuss the overall NGO’s OKRs, which will ensure that the volunteers feel involved in the process and that they can contribute and actually set the direction of the organization, which will increase their buy-in, as well as their cross-functional alignment. If all stakeholders participate to the discussion, they are more likely to align amongst themselves;
- Details about the review process, which the team, once again designed in a more individualized fashion. Due to the size of the organization a short review or check-in would be advised to ensure everyone is in the loop, and they can support each other, if need be, rather than go with a compartmentalized approach in which the owner of the OKR process will act as the middleman between different people and would ultimately take more time since it will require more than one discussion to reach the needed alignment.

The post implementation interview couldn’t be deployed in this case either, due to the limited contact the researcher had with the organization and the observation of discussions was not relevant considering that neither meeting was structured as a workshop. It could be noted that the contact persons had an easier time to discuss performance related topics and had previous knowledge on performance components, although not specifically OKRs, due to their for-profit background. The interaction between the two participants was usually friendly and they all supported each other and respected each other’s opinions, which can lead us to consider that the same could be applicable to the setting workshops, without a certainty, however.

Considering that on the last interaction with the team, mid-2022, they were still using the OKR methodology, we could say this is the most successful example of OKRs implementation. What went different in this example compared to the other ones and can help explain their success is that firstly, they were committed to starting the organization in the right way, therefore already had a “theory of change” that doubled as their strategy plan, secondly more people from the NGO were involved one way or another in the conversation and the setting process and,

thirdly, they had a stable process owner that ensured all members were regularly reminded of the OKRs and were involved in the process, even if in an individual and not team based approach. Even so, they also faced one of the most common challenges, team member's limited time and lack of prioritization of organizational aspects as opposed to their activities.

In hindsight, considering all the main challenges listed above, we can consider that the four interventions confirm the challenges found in the literature as the main issues Romanian NGOs face, but also main OKRs limitations, since employee engagement, time consumption in the beginning and cultural readiness are considered the framework's main limitations. We can conclude that any other attempt at OKRs implementation should firstly involve more than one person to ensure continuation of the deployment, as well as general buy-in and understanding, and secondly should assess the existing culture beyond the assessment of the NGO's leadership team. In this respect, the recommendation would be for the researcher to request direct access to more members and have preliminary one on one discussions with most of them in order to understand the group dynamic. In this way, the project plan can be tailored and a component of cultural change can be integrated before OKRs deployment.

While conclusions will be discussed at large in the next chapter, we can pinpoint to some preliminary findings and trends at the end of this section. Few notable discoveries that aim to link the data with the research questions can be summarized as:

- Participants cannot agree on the main characteristics of the non-profit sector, irrespective if these characteristics are positive, and their personal experience is instrumental in shaping their general views;
- Strategy planning and execution is not on top of their priorities list from a practical standpoint, although verbally they all agree on the importance of such practices for an organization;
- The majority of challenges encountered in implementing such system are mostly related to the organization, rather than the performance system, ranging from lack of education on the topic to lack of resources or lack of accountability, including as well cultural aspects;
- Simplicity is one of the most important characteristics NGO practitioners seek from a PMS;
- While principles of the OKR methodology can be encountered in the practices of NGOs, practitioners are more guarded to undergoing an actual OKR deployment and transforming their practices into the desired system.

Turning our attention back to the literature chapters, we can conclude that the findings of the study align with the existent studies and literature on the topic of performance management in the non-profit sector, both on the international and national scene.

A parallel between the literature and the present research has steered us towards a series of paramount similitudes, which are indicative of the sectors' current development stage on the topic of performance, but not only, also displaying some inconsistencies between the reality and NGOs' self-evaluative assessments:

- The critical resource scarcity is faced at sector level, irrespective if the resource is related to financial, human or time;

- NGOs focus on project management as opposed to an integrated performance management system, predominantly flagged up during the research through the presentation of NGOs' specific, mostly rudimentary practices and participants' tendency to circle back to scattered project related measurements;
- NGO professionals' apprehension to see performance management as internally driven, thus perpetuating the literature's rhetoric that donors and financing organizations should be involved in setting performance standards or even objectives and measurements;
- The fallacious surmise that NGOs are mission driven, not profit driven, therefore better, which leads to a below par outlook at anything that originated in the for-profit sector. The study showcases a disconnect between the above conclusion and the reality, with participants reckoning their organization are actually donor driven and face a great resource related competition;
- The relentless search for an easy to implement standard that even includes prescribed indicators for all NGOs, while upholding the diversity of the sector as a vital argument to demonstrate that performance constructs cannot be unified and that without customization such frameworks can only see their demise in the non-profit sector;
- The focus on selecting the right metrics as a proxy for performance management;
- The narrative that the nature of their work is impeding results measurement, specifically impact related, thus curbing the need to commit to such practices, even though on a theoretical level the literature and participants agree that performance management can only have positive effect on non-profits;
- The need for a simple, therefore not resource intensive, performance framework that assists organizations in their quest to prioritize better, be more transparent, introduce a collaborative, participatory, team empowering and accountability inducing tool. With regard to this topic, the research yielded additional characteristics of an ideal performance management, besides the ones mentioned here. However, it is worth mentioning that all characteristics align to the guiding principles of the OKR methodology, proving once again, at least at a theoretical level, that it is a suitable framework for the NGO sector.

One major difference between the literature and the study is the fact that, while the literature showcases a similar state of performance in the entire NGO sector, in Romania performance management is much better integrated in international non-governmental organizations that operate in Romania, rather than in Romanian managed organizations, therefore demonstrating that Romanian NGOs are in much dire need of education on the topic to aid with leveling up their practices as to at least match the current, already behind compared to the for-profit sector, international level practices.

CHAPTER 8.

Conclusions and recommendations

While the previous chapter alluded to a series of preliminary and scattered conclusions and recommendations based on the data findings, we will now shift our attention back to this journey's genesis, juxtaposing the yielded findings with the initial assumptions and research questions.

Despite the fact that the answer to the main research question seems obvious and unequivocal after reviewing the previous chapter, we will ponder on this assessment and its implications towards the end of this chapter, first remarking on the additional research questions from the two research stages, thus exhibiting the nuanced, convoluted and somewhat arbitrary claims NGO professionals make.

Stage one of the research debuts with an overarching question related to the usage of performance management: What is the stage of performance management systems and goal-setting methodologies usage within the Romanian NGOs?

In hindsight, the answers to this question are nothing far from inconsequent, the plethora of different explanations and experiences making it hard to construct a nexus paradigm that reflects on the entire population that took part in the research. Nevertheless, there are a few apparent dominant points that transcend individual examples, as presented below:

1. At its core, **performance management application in Romanian NGOs is heterogenous**, each organization understanding and applying it differently. Notwithstanding the fact that the same pattern of customizing performance management practices to match the environment can be identified within any sector, we cannot argue that the atypical utilization displayed by Romanian NGOs was developed through tailoring, but rather that it is **rooted in lack of knowledge and inconsistent interest in the field**.
2. Despite of the literature's instruction that strategy should both precede and be seen as the catalyst for performance related endeavors, this connection is not upheld by Romanian NGOs. Reasons for this gap bring in the forefront the fact that either one or both **the strategy and performance management frameworks are not employed in most cases**. Even in cases where they both exist, such disconnect is still notable. The explanation provided by respondents revolves around the **intrinsic tendency of NGOs to focus more on groundwork and putting out fires than management practices or the long term perspective**, rendering once again the need to look at the literature's claim that all NGOs are mission driven with skepticism, a point flagged up by at least one participant.
3. Romanian NGOs showcase a lack of performance management heritage, the nature of **performance related practices being catalogued at best as rudimental and sub-par**, a surmise confirmed by the practices expounded by respondents, specifically under question

six. We have reached this conclusion by also factoring in the types of measurements that are gauged, **most NGOs relying on easy to track, but inconclusive data, such as resources secured, with very little attention given to results**, especially long-term results, despite their frequent assessment and general consensus that impact should be at the core of their evaluative systems. For instance, the Bucharest focus group discussions pursued in detail the needs of NGOs to provide evidence of their impact. Another notable characteristic exhibited by Romanian NGOs that led to the above deduction is a measurements-focused, rather than an objective-focused construct. The majority of well documented and popular performance management systems label the objective as a key component with metrics ultimately serving as evidence for objectives' achievement. Romanian NGOs lack either objectives, either a connection between their objectives and measurements, most examples showcasing a **tendency of linking metrics with specific projects or activities, thus lacking a holistic approach to performance**.

4. **A full-fledged performance management apparatus is rarely employed, if ever** by the non-profit sector, an aspect that extends past the boundaries of Romania, being concluded through the literature as well. Multiple participants admitted they do not use any performance framework, with Cluj-Napoca focus group's rhetoric revolving around the need for such a framework to exist while displaying a lack of knowledge with regard to the existence of various such methodologies. Secondary to knowledge, another argument circulated by participants as an explanation for the low degree of utilization is a perceived cumbersome nature of performance management instruments. Furthermore, the second research question will provide a better understanding of this point, by doing an extensive analysis of performance related challenges.
5. The climate of Romanian NGOs is characterized by a polarity between purely Romanian non-profits and international entities with representation in Romania. The data presented in the previous chapter yields a series of gaps between the two groups, **with the latter revealing better management practices**, including the existence of more complex performance related practices, closer to resembling a framework, a clearer and harmonious strategy, coupled with an overall more organized way of working, and, typically more structured. Despite such trends proving to be promising and cater towards the discipline's development in the sector, they do not make Romanian branches of international nonprofits a landmark of performance management, as they are better in the field of performance only by a narrow margin and the gap between the two groups is not as sizable as it might look, considering the recounts of respondents representing this category.
6. **A lack of education on the topic** is the origin point of the apprehension NGO professionals have with regard to performance practices, which is also connected to the **widespread distrust in performance management to be a helpful tool for non-governmental organizations**, with some participants echoing the already argued fear that performance management will transform their entities into businesses, therefore taking the focus away from the mission.

7. Being associated with coercion, respondents tend to appraise that **performance practices are exponentially more under the responsibility of external stakeholders**, rather than under their own responsibility, thus **perpetuating a cycle of very limited accountability for themselves and awaiting external pressure**. Several participants have mentioned the deployment of such practices is mostly dependent on the requirements provided by grant giving organizations, and going as far as admitting each donor should be responsible for requesting evidence on how the entity utilized the finances that were donated. While performance management can have an external component connected to it, this should not be considered superior to the internal efforts, given that the objectives of external stakeholders are rarely aligned to the strategy or internal objectives of the NGO.
8. Another fallacy identified in connection with performance management usage is its **deployment in a superficial manner**. Although objectives and measurement, together with associated sub-processes might exist, they are riddled with lack of perceived value, becoming a repetitive, redundant process that everyone does because they must. Respondents' confidence with regard to all members understanding the organizational objectives is fairly low and, similarly, the difficulty they found in naming important objectives of their organization steer us towards concluding that in most cases performance practices lack substance and value.

At the convergence of all the above arguments there can only be one conclusion, namely that they are indicative of the fact that **the practice associated with performance management systems and goal-setting methodologies is at best in its incipient phase within the Romanian non-governmental sector**.

Furthermore, the findings also confirm the initial assumption of the study, namely the fact that **Romanian NGOs do not have a tradition in managing their performance based on a structured goal setting process**, which could hinder the fulfilment of their mission or make it harder to focus on what is important to achieve, giving the impression that there is no clear priority and that NGOs function rather hectically.

The second research question addressed relates to **the challenges encountered in implementing a performance management system within Romanian NGOs**. Despite performance management not lacking intrinsic challenges, as argued in the literature review part of this book, respondents seemed to unequivocally lean towards difficulties that are more particular to the sector, rather than the performance field. There is a consensus between the majority of individual respondents and participants to both focus groups that one main reason for the lack of administrative capacity in NGOs is the **scarcity of resources**, namely human resources, time and financial resources, and they consider that with larger resource availability, NGOs would become more professional and better managed. Second to this motive, but exponentially lower in terms of frequency with which it was implied, a low management support and members' ownership, a pre-requisite in strategy execution techniques, was conferred, followed by the admission that **their practices do not amount to a cohesive system**, which makes for an intriguing obstacle, albeit it confirms anew the previously discussed narrative by being indicative of the fact that at least some respondents understand the need of constructing a cohesive

framework as a nexus for all their performance related practices. The significance of issues seen as ubiquitous in the literature, namely setting the right objectives or the best performance measure, or even measuring the results, are not labeled as fundamental by respondents, which could be perceived as an atypical paradigm compared to the literature. That is not to say these matters were not introduced during the discussions, with a focus on complications related to impact measurement, but simply that **finding the right objectives or measures weigh less than more primitive needs**. The focus groups also acknowledged the complications posed by the diversity of the sector, which renders any effort at leveling the performance management practices futile, although, in an attempt to not be lenient, we must note that the definition of leveling the practices circulated by respondents is in some cases misunderstood as creating not a performance management system, but a list of objectives and metrics that all non-profits can utilize. Such efforts will only amount to an arbitrary list, resulting in further derail from the mission and the specifics of each entity. Utilizing a list of pre-defined indicators can only have an informative purpose, at best, but cannot be upheld as a standard for all organizations from a given sector.

In an attempt to crack the code of how a performance management apparatus, both appealing and effective for Romanian non-profits, should be constructed as to lead organizations from the sector to pursue its implementation, the researcher steered part of the conversation towards the topic of the **main characteristics that a performance management system should have in order to meet the particularities of NGOs**. Before exploring the below characteristics, it is worth noting that a similar set of features has been identified when presenting examples of international NGOs that utilize OKRs and the benefits they have recognized. Thus, we can conclude that performance management in Romanian NGOs can be very similar to the international practices, although currently there is a large gap between the practices associated with national organizations and the ones deployed in international entities.

By a large margin, the main stimuli for non-profit professionals to use performance management frameworks relates to its **simplicity**. The groundswell for a simple strategy execution apparatus resonates back to the quintessential pain point: lack of resources. With limited time and human resources to manage additional processes, the performance framework must not derail even more resources from the cause or activities, thus the nature of the proposed system needs to offer a simple alternative, that will both position itself as a better empirical way of managing the organization in contrast with the current practices, and at the same time offer a less resource intensive solution. A second particularity the proposed framework should evoke, agreed upon by both individual respondents and focus groups participants, is **flexibility**. Respondents rightfully surmise that a rigid design of the performance management system will have a negative effect, adding up to the pressure of the constant change and resource scarcity, therefore becoming more cumbersome. Auxiliary features defining an ideal performance framework referenced to during the discussions were a **collaborative nature, transparency, user friendliness, with the possibility of automatization, culture driven, communication inducive and customizable**. All these characteristics bear a remarkable resemblance to the Objectives and Key Results methodology, thus **making the OKRs the best contender** for the second part of the study: the intervention, aiming at testing the framework's compatibility with the Romanian third sector. Once the happy

medium examined in the introduction of this book was potentially constructed, what followed was the intervention phase, amounting to four different implementations, as described in the previous chapter.

A series of four additional research questions will be pondered upon in relation to the intervention part of the paper, albeit answers from the focus groups and questionnaires exhibiting participants' view on OKRs will be comprised under this part of the conclusions as well, considering that the data gathered through the four interventions could be labeled as inconclusive.

The first research question from the second phase introduces a potentially straightforward, yet highly polarized response, by directly asking **if OKRs are a suitable framework for the Romanian NGOs**. The OKRs implementation experiments might lean towards a more dystopian view, and, in light of the fact that **three out of four NGOs faced major difficulties in setting-up the OKR system**, which saw its demise faster than expected, we could feel compelled to agree that OKRs might not be suitable for Romanian non-profits. Nevertheless, three instances described cannot change the fact that **all of OKRs' guiding principles echo all the characteristics respondents envision a suitable performance management framework** for their sector would have. For the purpose of navigating the space between the extreme potential answers for the research question, we can turn our attention to the discussions with the focus groups and individual respondents during the interviews, which resulted in a **resounding support for the OKR methodology, with the highly diverse participants showcasing widespread trust that the framework discussed can support their organizations' development and enhance their management techniques** beyond isolated easy to measure or financial metrics, with very few concerns on the OKRs being mentioned, such as its ambitious nature in the context of limited resources. Another notable aspect worth discussing under this question is the **pre-existence of major internal issues** within most NGOs that agreed to test OKRs, except for the one organization that was recently incorporated. The pain points amounted to the fact that the value-laden enthusiasm of a handful of persons in relation to the implementation of OKRs doesn't trickle down to the entire entity in all cases and **the reliance on one person for the success of the implementation can exponentially increase the chances of a failed project** in the event that the person suddenly becomes unavailable. In short, we cannot provide a simple and unambiguous empirical response, but the answers should rather take into account the amorphous world of organizations, in which no entity can be a carbon-copy of another, an affirmation that transcends the third sector and applies to all organizations. **While on paper OKRs could be seen as a panacea for non-profits aversion to structured strategy planning and execution practices, atypical aspects of each organization must be factored in before any generalization can take place**, in the context in which every organization is not only different from the rest, but also can have one or a series of fundamental flaws which must be either flagged up and remedied before the performance management implementation or harmonized with the chosen performance system.

With regard to **the benefits and challenges of implementing the OKR system** observed in the testing phase the answers once again display a high degree of segregation. On the basis that the large majority of implementations cannot be labeled as successful, a higher number of

challenges in comparison with the benefits should be apparent. However, as discussed in the previous chapter **all the challenges pertained to internal affairs of organizations, such as lack of human resources or time** to dedicate on data update and check-ins, **lack of internal alignment between the OKRs sponsor and the other members** or a **below-par organizational culture**, specifically for a volunteers based managed entity. **No aspect OKRs specific was seen challenging during the set-up phase** by the members involved in the process, apart from the need to dedicate sufficient time for both set-up and check-in or review meetings. Viewing the simplicity of a framework as synonymous with scattered attention and negligible time required equals to a fallacy. The simplicity of OKRs does serve as an intrinsic feature that notably reduces the time consumed by users for both the set-up and reviews, however, as is the nature of any system, it cannot function properly without a more mechanistic approach, albeit more flexible in the OKRs' case, therefore expending an effort, and consequently dedicating time, in key stages is essential for its success.

Turning our attention back to OKRs benefits, we can only rely the discussion on respondents' responses from the first research phase, as the disconnect that appeared during the intervention phase does not allow for any conclusion to be drawn from the second phase. With **a plethora of benefits being mentioned during the interviews**, this part will only pursue the perceived benefits with the highest frequency, apparent in both research locations, namely, its **ambitious nature, the ease of usage**, together with the fact it is **accountability and employee engagement conducive**. Secondary to these three, other benefits of OKRs that resonate with NGO professionals are value measurement, alignment, strategic thinking, fast solutions generation, prioritization, direction and collaboration or participatory decision-making.

In the context of stopped deployment processes, the last two research questions cannot be answered completely. As an afterthought, members that were involved in the setting of OKRs did mention or at least alluded to the fact that the setting workshop helped them structure their thinking and prioritize their work. Nevertheless, we cannot launch into speculations on the topic of whether the methodology supported the entities to achieve their goals or, on the contrary, it hindered the process. Similarly, without robust evidence we cannot attest to any changes the OKR-based approach needs as a way of better complementing the third sector, primarily because the deployment processes indicate intrinsic problems to the entities, rather than pain points directly related to the methodology.

Reverting back to our incipient discussion on the topic of the main research question, namely ***“Is agile organizational performance management a practice that can be successfully employed by Romanian NGOs in order to improve their organizational development and become more effective?”***, where OKRs is an exemplification of an agile methodology, we could issue two paradoxical conclusions, depending if we consider a result with its roots in the first research stage or one that originates in the second research phase.

On one hand, **the results of the first research stage clearly indicate a compelling preference towards a positive paradigm, one in which OKRs, as a proxy for an agile organizational performance management methodology, can be successfully employed by Romanian NGOs**, as recognized by professionals from the sector, and such practices can

convergence towards improved organizational development and effectiveness. Furthermore, despite the fact that the examples of NGOs deploying OKRs successfully at an international scale are limited, that does not render them insignificant. As a last supporting argument for this point of view we must also factor in that, although scattered, several Romanian NGOs carry out similar practices to a few of the OKRs methodology guiding principles.

On the other hand, **the intervention does not clearly confirm the research question.** We can only attest to an inconclusive answer stemming from the implementation, which can only be mislabeled as successful, seeing that only one out of four organizations is still deploying the OKRs methodology. The inconclusiveness from the first part of the question is echoed even stronger by the second part, considering that, without a successful implementation we cannot foresee the aftermath of the deployment, be it positive or negative. Furthermore, the only organization with a successful implementation was recently incorporated, thus did not offer the proper conditions for measuring an improvement pattern or for observing the gap between an initial stage of organizational development or effectiveness and the post-implementation level.

An additional benefit of the study, that was not considered in the beginning of the research is **its ability of portraying an updated picture of the NGO sector in Romania** as seen through the lenses of professionals, which is an identified gap in the literature. Participants indicate to the **sector's amorphous features**, polarized by both its diversity and organizations' perceived fight for resources, a fight in which every entity would like to leapfrog other applicants to the same funds or any other material resources. The discussions revealed **a cleaved attitude on any topic involving the sector**, including its maturity level, the availability of resources, governmental support, volunteers' attitude, collaboration within the sector, its reputation or even its administrative capacity, with one side of respondents presenting the aspects in a positive light, and the second side offering a rather pessimistic representation.

When expecting to interact with highly driven, effervescent supporters of a vibrant sector, the researcher found herself face to face with professionals who, although had extensive experience in non-governmental entities, enjoyed their work in the non-profit sector and portrayed great passion for the causes of their organizations, **displayed a chronic tiredness**. Multiple participants disclosed that certain aspects of working in the sector, such as the interaction with the government and the bureaucracy involved, together with frequent reviews applied to the legislation and limited funds, drove them to literal tears in several instances. **A general feeling of disappointment is apparent in nearly every interaction, albeit the disappointment originates from distinctive sources.**

As an aftermath of the encounters we might find ourselves in a position to be more lenient with the sector or particular organizations that comprise it. Nevertheless, a **dominant apprehension of participants to accept external support and enhance their current practices** is evident, especially if the proposals have their roots in the for-profit sector, seeing that the "becoming a business" narrative brings forth an anxious outlook for a part of the non-governmental sector representatives. **The heritage of dismissing any proposal simply because it originated in the for-profit sector without concluding if it has any merit for their sector and hiding behind the convenient shield of what is known could prove detrimental for non-governmental**

organizations, specifically because all notable performance-related methodologies so far have emerged in businesses, deprive NGOs of certain up to date organizational development related discoveries.

In hindsight, on a personal note, the researcher aimed to display the performance field in a more relatable fashion for NGO professionals, therefore increase the performance knowledge among participants to the study, as well as steer them towards a more standardized construct, an alternative that, based on the literature and the first research phase would prove beneficial in the long run for most NGOs that took part in the research. We could conclude that the limitations the study posed, especially participants' apprehension, a perceived unreliability and a low degree of ownership, has curbed the researcher's enthusiasm at undertaking a future study or assignment related to the NGO sector. The above arguments could resonate with other researchers and explain why there is a gap in the literature related to Romanian NGO studies, by concluding that working with NGO practitioners could be seen as cumbersome by researchers.

Finally, the ethos of all recommendations yielded by the data could be summed up in **increasing their openness to learn about new practices**. NGO professionals should **get more insight into performance management in general**, not just measurements, as well as existing methodologies, therefore understanding how measurements should be set and linked to both the longer term and the operations for optimal results and an effective development. The education in the performance field will not only provide professionals with a better understanding on current practices but will clarify and standardize the related terminology and sub-processes as a catalyst for a proper utilization that can have transformative effects on their hectic and rudimental modus-operandi by introducing them to updated international performance application. Despite the fact that performance management can be simplified and become a process as elementary as desired by the organization, which is suggested in a continuously changing environment, it is recommended for members to have prior clarity on how the processes will be deployed, on the methodology used and on how specific tools will relate to each other. Otherwise, lack of knowledge will cater towards further confusion, and thus transform the system into another time-consuming practice with no tangible benefits.

On the same note, NGOs should **set aside dedicated time** not only for learning about performance and specific methodologies, but similarly important is the time and effort dedicated to setting the correct objectives and metrics along with the review and decision-making process, which based on the interventions' dataset can be interpreted as less relevant.

A further relatable recommendation that emerged from the data analysis can be summarized into **going beyond the initial enthusiasm**. A few participants to the study emphasized NGOs tendency of zeroing in on members' enthusiasm and passion for the cause as a vehicle to achieving success, which, as a practice can prompt the initial development spurt, but cannot be relied on with respect to a sustainable growth overtime. The interventions stand as evidence that NGOs incline towards displaying initial eagerness with regard to development, which is later superseded by basic needs, or a disproportionate effort being exerted into the development activities compared to routine work.

Similarly, the examples of OKRs deployment showcase a tendency of portraying developmental activities as a “one man show”, which we’ve already seen can be detrimental and gears us towards recommending a **participatory and collaborative approach** that involves either all key members or at least a considerable part of all organization’s members.

Further recommendations are related to pre-requisites that should take place before the introduction of any performance system, that will ensure preconditioned organizations to onboard such a system:

1. **An evaluative process** of the current state of the organization’s development, organizational culture and available documentation related to strategy and performance must take place, in order to identify internal glitches and correct them prior to deploying the framework, in the event in which it will interfere with the implementation, as seen in the case of Organization C.
2. **Member’s buy in and Top management’s support** must be pursued prior to the full-fledged implementation. The only exception to this recommendation is exemplified by the case in which a piloting exercise takes place, case in which only the buy-in of members pertaining to the team must be obtained, while the need for top management’s support will follow once piloting results are available. Even in organizations with very few members the recommendation is for all of them to agree on the framework, bearing in mind that Organization A and B offer a compelling explanation as to why relying on one person can derail the implementation related efforts.
3. The performance apparatus can be **customized to match the amount of time and effort members are willing to dedicate**, instead of relying on one individual to set all components of the system, in our case the OKR, and only involve the OKRs’ owners or other members who have an impact in the achievement of results in the latest stages related to final feedback and approval, as this will inflict a feeling of segregation, with members not perceiving oneself as owning the OKRs, which in turn will lead them to not recognize the system as a guiding and prioritization tool, nor to commit towards the OKRs achievement.

As a final note, keeping in mind that my passion for the third sector is what fueled me to begin and follow through with this study, it is my desire to see Romanian non-profits operating as trustworthy and mature organizations. While I understand all their current gaps and limitations, I look forward to a future in which Romanian NGOs will be aligned to international best practices with regards to their organizational capacity, a future in which the tangible disappointment of employees with the sector will be transformed in anew enthusiasm and, thus, exponentially increase their valuable contribution to society.

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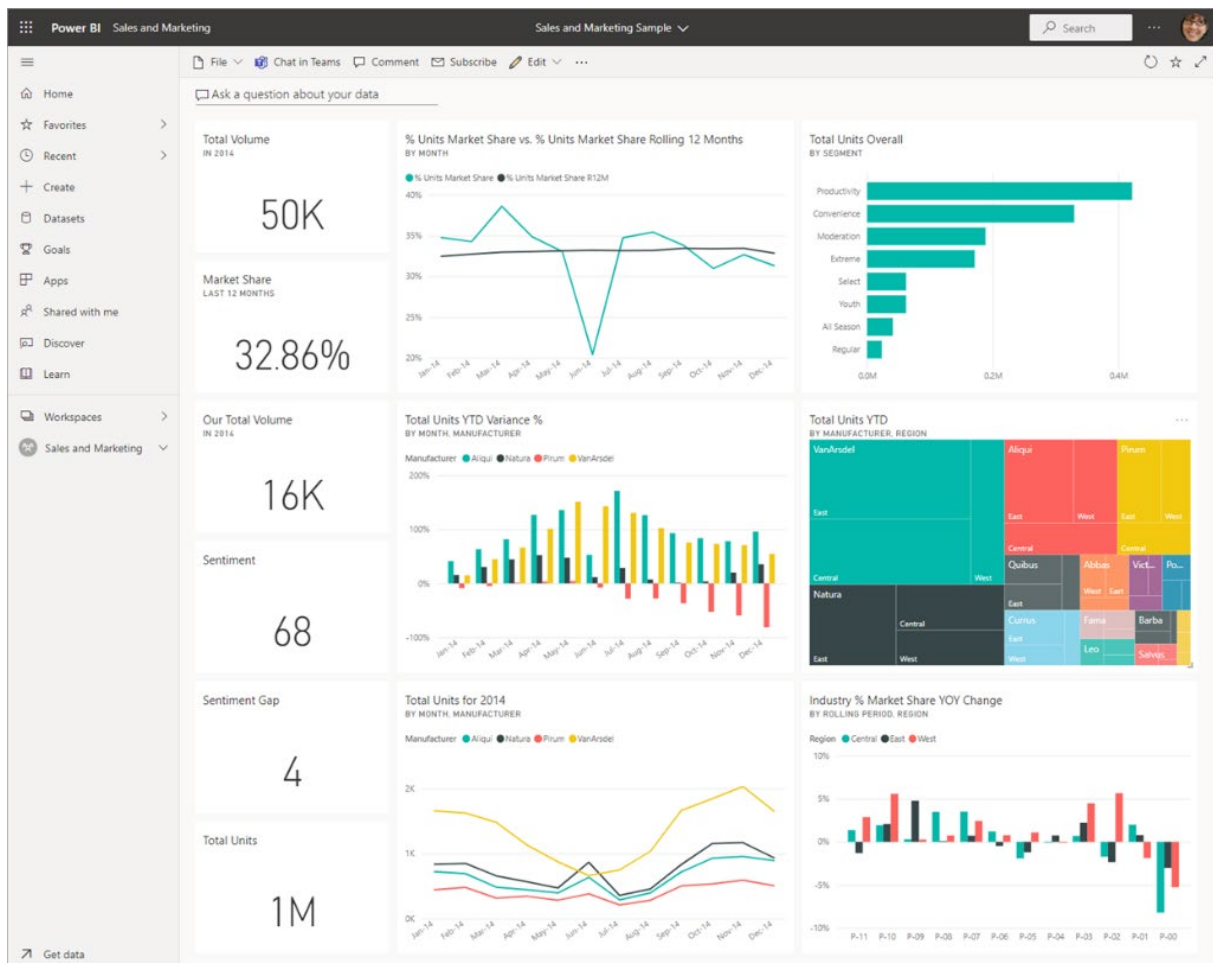
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APPENDICES

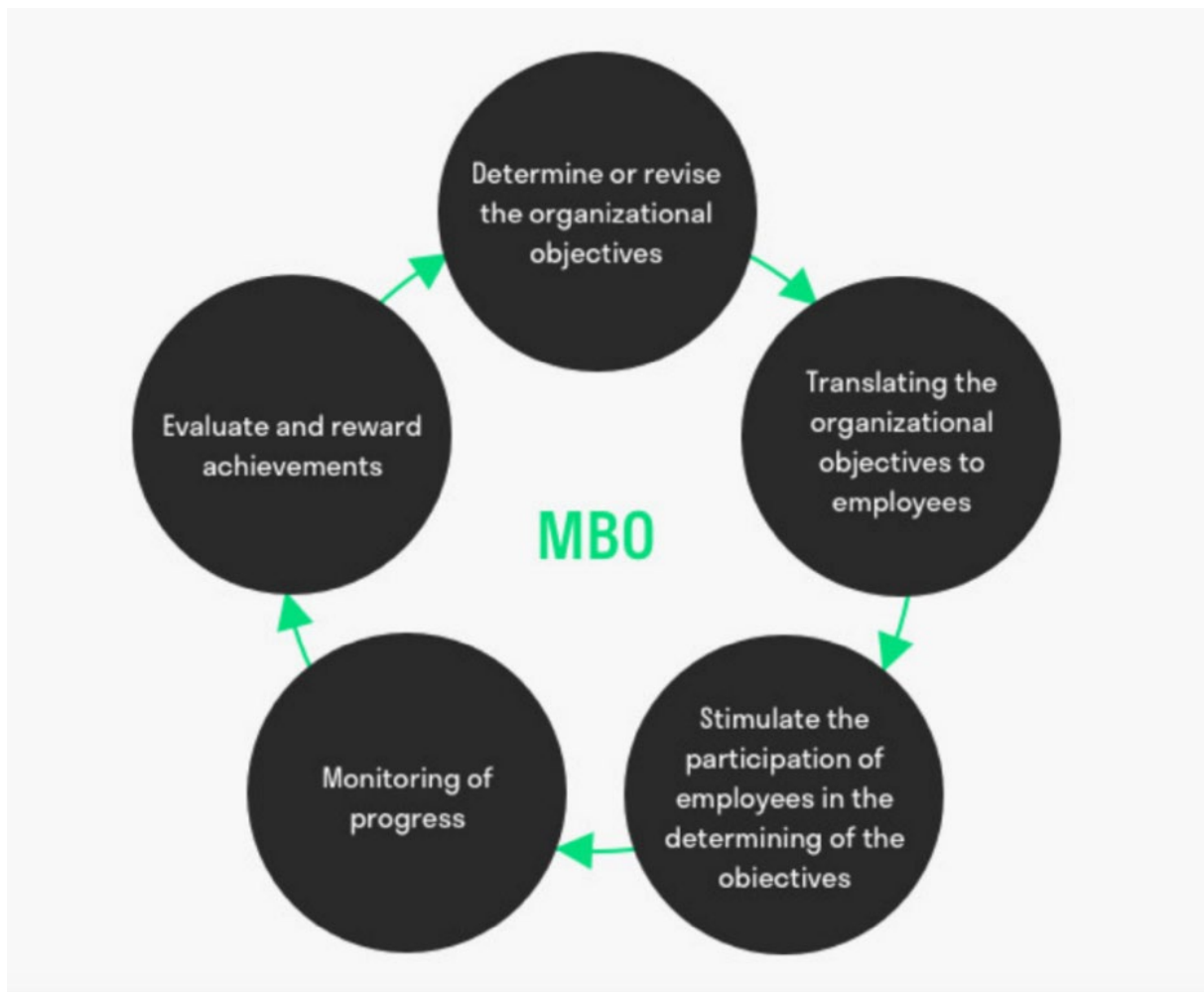
APPENDIX 1.

Snapshot from an Executive Dashboard



Source: Microsoft Power BI

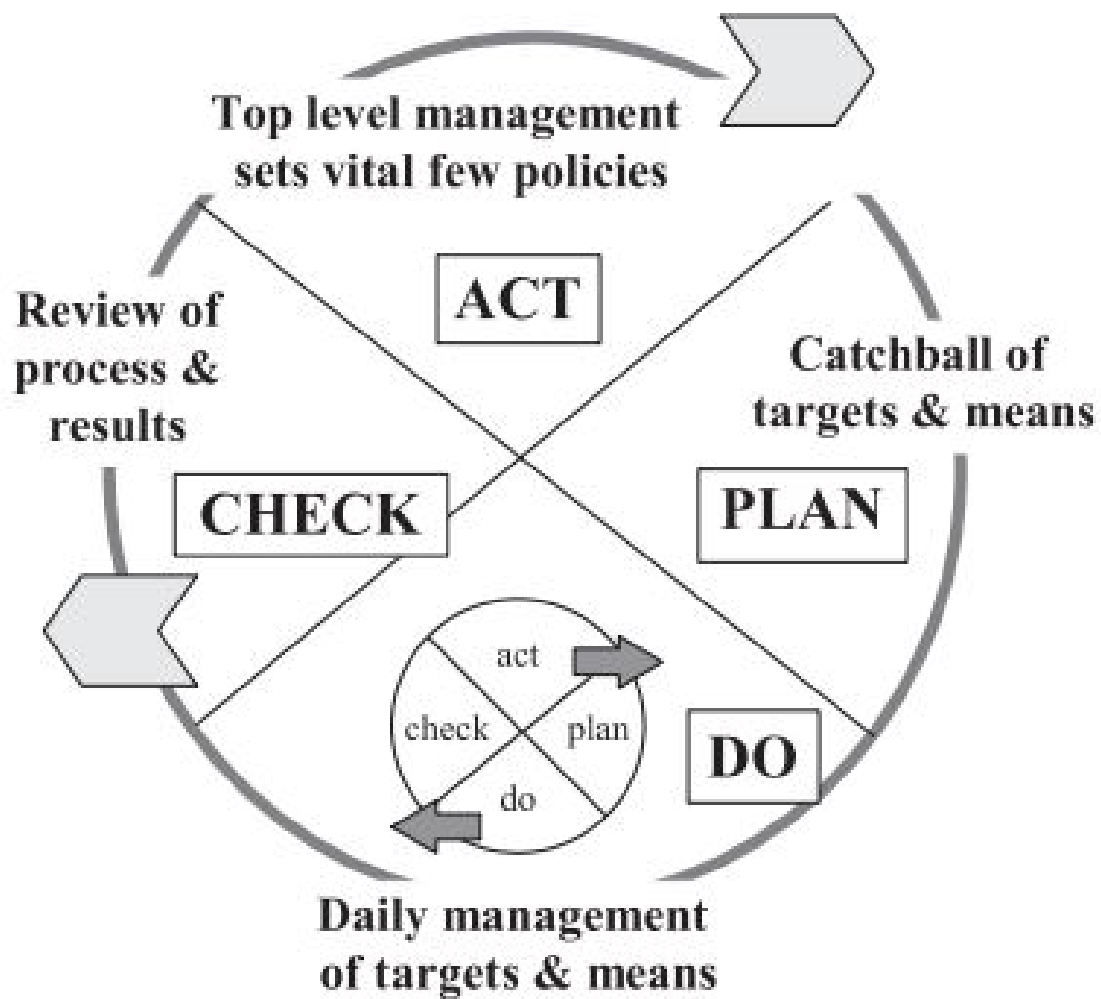
APPENDIX 2.
Management by Objectives' process



Source: Mulder, 2010, <https://www.toolshero.com/management/management-by-objectives-drucker/>

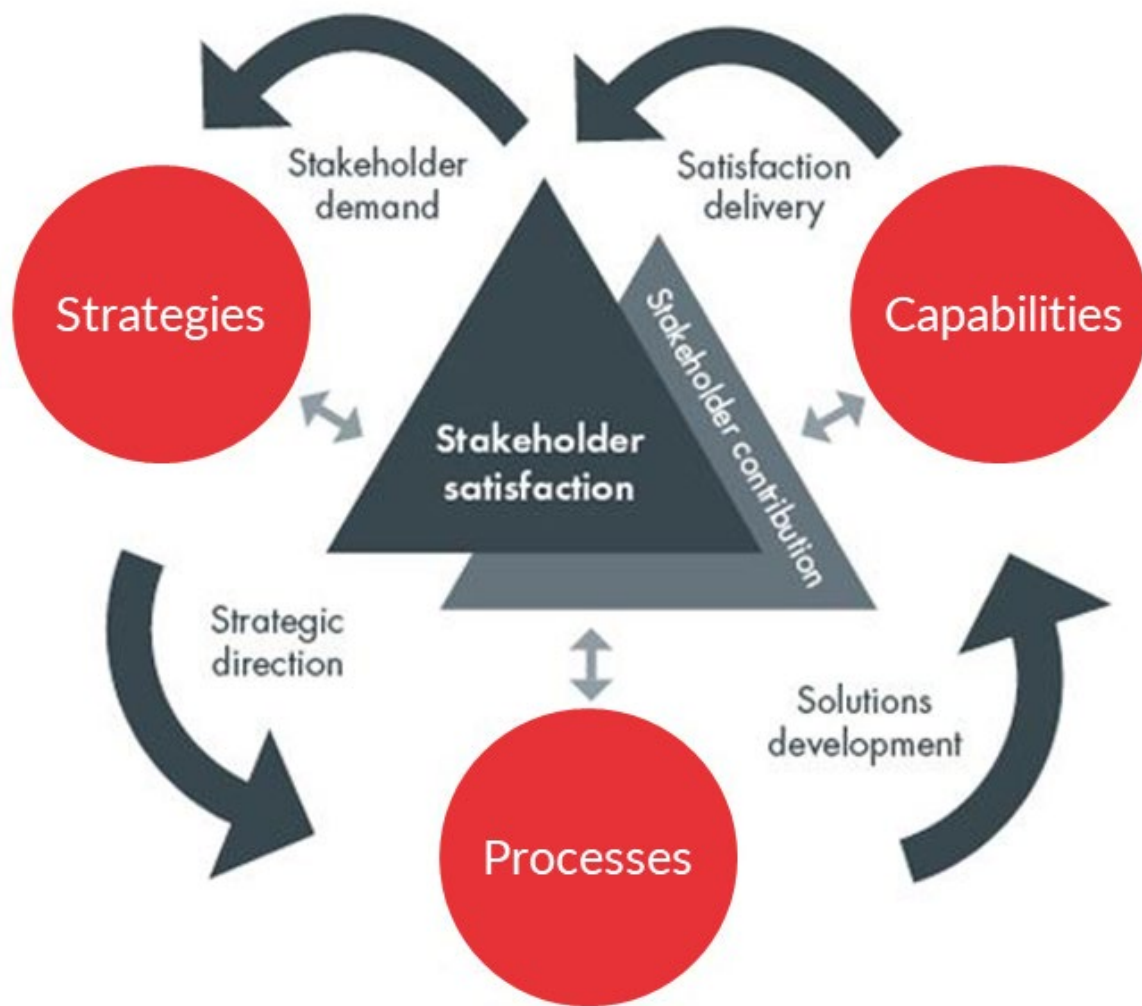
APPENDIX 3.

PDCA and Hoshin Kanri



Source: Witcher, 2002, p.391

APPENDIX 4. Performance Prism



Source: Neely et al., 2002, p.31



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