

**PERFORMANCE MANAGEMENT SYSTEM
AND ACCOUNTABILITY COMMITMENTS:
A CASE OF A MALAYSIAN NGO**

SURAIYA IBRAHIM

UNIVERSITI SAINS MALAYSIA

2019

**PERFORMANCE MANAGEMENT SYSTEM
AND ACCOUNTABILITY COMMITMENTS: A
CASE OF A MALAYSIAN NGO**

by

SURAIYA IBRAHIM

**Thesis submitted in fulfilment of the requirements
for the degree of
Doctor of Philosophy**

July 2019

ACKNOWLEDGEMENT

My utmost praise is only to Allah for His guidance and blessings throughout the long journey in completing this Ph.D. study. This thesis is dedicated with great love to my husband and family for their continuous love, support, and companionship along my Ph.D. journey. The blessings of my late father whose dreams for me have resulted in this achievement and without his loving upbringing and nurturing; I would not have been where I am today and what I am today.

First and foremost, I would like to express my deepest gratitude to my main supervisor, Dr. Amirul Shah Bin Md. Shahbudin, who encouraged me to start this research journey. His sound advice, never-ending patience, insightful criticisms, and continuous belief in my potential have made this thesis possible. To my second supervisor, Dr. Zubir Azhar, I truly appreciate his tireless and countless efforts that he had put into this thesis, along with the continuous inspiration that never failed to fuel my motivation. I cannot thank enough for the constructive suggestions that enhanced my understanding particularly on philosophy and methodology and I am certain that I would not have reached this far without his guidance and aid in strengthening the theoretical foundation for this research. My gratitude is also extended to my ex-supervisor, Dr. Cheah Soo Jin, who always encouraged me to be persistent in improving my writing skills and research understanding from the very first stage. In addition, I would like to thank Professor Dr. Chris Humprey and Professor Dr. Wong Fai Chua for their invaluable comments. I would also like to acknowledge my examiners for their constructive feedback and opinions.

I gratefully acknowledge the funding received towards my Ph.D. from University Malaysia Perlis (UniMAP) and Malaysian Ministry of Higher Education

(MOHE) that made it possible for me to embark on this priceless intellectual journey. I greatly appreciate the support received through the collaborative work undertaken with the case organization during the first phase and second phase of my field work. Many thanks to all of them for making those first few months of data collection so lively and their members who were always so helpful in numerous ways. The study may not have achieved the pinnacle of success without the kind cooperation from various officers, staff members, and postgraduate friends of the School of Management in USM. Hence, my sincere acknowledgment also goes to them.

No words can possibly express my deepest gratitude to my mum, Baziah Hamid, and children as my constant source of strength and joy. Massive thanks to Ranea and Raesz for making this journey one that is colorful and cherished immensely.

TABLE OF CONTENTS

Acknowledgement	ii
Table of Contents	iv
List of Tables	x
List of Figures	xi
List of Glossary and Abbreviations	xii
List of Appendices	xv
Abstrak	xvi
Abstract	xviii
CHAPTER 1: INTRODUCTION TO THE STUDY	
1.0 Purpose of the Chapter	1
1.1 Background of The Study	1
1.2 Problem Statement	5
1.3 Research Objectives and Questions	7
1.4 Theoretical Framework	8
1.5 Research Methodology	10
1.6 Significance of the Study	12
1.7 Scope and Approach	14
CHAPTER 2: LITERATURE REVIEW	
2.0 Purpose of the Chapter	17
2.1 Introduction	17
2.2. NGO Characteristic	18
2.3 NGOs in Malaysia	20
2.4 Conceptualization of Performance Management	23

2.5	The Evolution of Performance Management System (PMS)	25
2.6	PMSs in the Third Sector	28
2.7	PMSs and Accountability Commitments	31
2.8	Insights from the PMS Framework	34
2.9	Insights from Studies on PMSs and Accountability in the NGO Sector	36
2.10	Growing Competition for Funding	40
2.11	Chapter Summary	41

CHAPTER 3: THE THEORETICAL FRAMEWORK: AN INSTITUTIONAL

APPROACH

3.0	Purpose of the Chapter	43
3.1	Interpreting Institution	43
3.2	Institutional Theory	45
3.3	New Institutional Sociology (NIS)	48
3.3.1	Institutional Isomorphism	51
3.3.1(a)	Coercive Isomorphism	52
3.3.1(b)	Mimetic Isomorphism	53
3.3.1(c)	Normative Isomorphism	54
3.4	The Institutional Pressures on NGO	55
3.5	The Ferreira and Otley's (2009) Framework	58
3.6	Justification for the Theoretical Framework	61
3.7	Chapter Summary	64

CHAPTER 4: RESEARCH METHODOLOGY

4.0	Purpose of the Chapter	65
4.1	Philosophical Perspectives	65

4.1.1	Ontology Assumption	66
4.1.2	Epistemology Assumption	68
4.2	The Diversity of Philosophical Perspectives	69
4.3	Philosophical Position of the study	70
4.4	The Qualitative Method	72
4.5	Interpretive Case Study Approach	74
4.6	Research Design	78
4.6.1	Research Questions	79
4.6.2	Gaining Access into the Case Organisation	80
4.6.2(a)	Registration Status	82
4.6.2(b)	Relationship with the donor	82
4.6.2(c)	Collaboration with other NGOs	83
4.6.2(d)	Geographical Coverage	83
4.6.2(e)	Beneficiary Involvement	83
4.6.3	Research Participants and Selection of the Informants	84
4.6.3(a)	Directors	84
4.6.3(b)	Employees of Chico	84
4.6.3(c)	Donors	85
4.6.3(d)	Beneficiaries	85
4.7	Data Collections	85
4.7.1	Sampling Strategy	85
4.7.2	Interviews	87
4.7.3	Informal Conversation	90
4.7.4	Direct Observation	91
4.7.5	Document Review	92

4.7.6	Audio Recording	93
4.8	Data Analysis	94
4.9	Data Reliability and Validity	98
4.10	Triangulation	99
4.11	Ethical Consideration and Challenges	102
4.12	Chapter Summary	106
CHAPTER 5: THE CASE CONTEXT		
5.0	Purpose of the Chapter	107
5.1	An Overview of Development of NGOs	107
5.2	The History and Background of the Case Organisation	112
5.2.1	Organisational Chart	113
5.3	Multiple Stakeholders of Chico's	115
5.4	Governance Principles	118
5.4.1	Accountability Commitment	119
5.5	Transition from Humanitarian Accountability Practice (HAP) to Core Humanitarian Standard (CHS)	120
5.5.1	The HAP Standard	120
5.5.2	The Core Humanitarian Standard	122
5.6	Affiliations	126
5.7	Chapter Summary	127
CHAPTER 6: PRESENTATION OF CASE FINDING		
6.0	Purpose of the Chapter	128
6.1	Introduction	128
6.2	PMS Practices at Chico	129
6.3	Monetary and Non-monetary Contribution	136

6.3.1	Monetary Contribution	137
6.3.2	Non-Monetary Contribution	137
6.4	Donors Involvement in Formulation of Project and Program`	139
6.5	Accountability Commitments at Chico	143
6.5.1	Upward Accountability	145
6.5.1(a)	Certification and Accreditation	145
6.5.1(b)	Professionalism and Training	146
6.5.1(c)	Diverse Reporting Environment	148
6.5.1(d)	Review Meeting and External Monitoring	150
6.5.1(e)	Collaborating with other Reputable NGO's and Partner	151
6.5.2	Downward Accountability	152
6.5.2(a)	Participation and Feedback Procedure Beneficiaries	153
6.5.2(b)	Reporting Obligation	154
6.5.3	Inwards Accountability	154
6.6	New PMS Areas at Chico	157
6.7	Being a Recognition and Survival of Humanitarian NGOs	165
6.8	Chapter summary	167

CHAPTER 7: THEORETICAL ANALYSIS OF THE CASE FINDING

7.0	Purpose of the Chapter	169
7.1	Introduction	170
7.2	Institutional Environment and Its Institutional Isomorphism	171
7.2.1	Normative Isomorphism	172
7.2.1(a)	Professionalisation Through Reporting	173
7.2.1(b)	The Pressure to Obtain Professional Certification	

	and Accreditation	176
	7.2.1(c) Professional Networking and Training	177
	7.2.1(d) Filtering Personnel	179
7.2.2	Coercive Isomorphism	180
	7.2.2(a) Standards and Regulatory Concerns	180
	7.2.2(b) Donors' Needs vs. Communities' Needs and Expectations	182
7.3	Mimetic Isomorphism	183
7.4	Insights into Chico's PMS Through Ferreira and Otley's Framework	183
7.5	Ceremonial PMS Practices in Chico	186
7.6	Streamlining the PMS to Support Multiple Forms of Accountability	190
7.7	Chapter Summary	194
CHAPTER 8: CONCLUSION, CONTRIBUTIONS, LIMITATIONS AND RECOMMENDATIONS		
8.0	Purpose of the Chapter	197
8.1	Recapitulation	197
8.2	Theoretical Contributions	200
8.3	Methodological Contribution	204
8.4	Practical Contributions	205
8.5	Limitations and Suggestions for Future Research	207
8.6	Conclusion	209
REFERENCES		211
APPENDICES		
LIST OF PUBLICATIONS		

LIST OF TABLES

	Page
Table 3.1 Enforcement Criteria by Scott 1995	45
Table 4.1 Documentary Evidences	93
Table 4.2 Key Principles in Research Ethics	102
Table 5.1 Characteristic of Donors in Chico	116
Table 5.2 Core characteristics and quality criteria of the CHS (CHS Alliance, 2014)	124
Table 6.1 Monetary contributions at Chico (Chico, 2016)	137
Table 6.2 Non-monetary contributions at Chico (Chico,2016)	138
Table 6.3 Types and details of the donors reporting requirement in Chico	148
Table 6.4 Existing PMS and New PMS area reflect the multiple forms of Accountability at Chico.	157
Table 7.1 Links among isomorphic pressures, PMS areas and accountability at Chico	191

LIST OF FIGURES

	Page
Figure 3.1 Ferreira and Otley's (2009) framework	60
Figure 5.1 Chico organisational chart (Chico, 2017)	113
Figure 5.2 The multiple stakeholders of Chico	115
Figure 5.3 The CHS's nine commitments (CHS Alliance, 2014)	122
Figure 6.1 Different accountability demands from the multiple stakeholders at Chico	144

LIST OF GLOSSARY AND ABBREVIATIONS

ADRRN	Asian Disaster Reduction and Response Network
AGM	Annual General Meeting
Building Resilient Community	Building Resilient Communities is dedicated to providing disaster preparedness training programs and economic resilience education for community and faith-based organizations.
CAP	Consumer Association Penang
CCM	Companies Commission of Malaysia
CEUPACS	Unions of Employees in the Civil Service
Core Humanitarian Standard	The Core Humanitarian Standard on Quality and Accountability (CHS) sets out Nine Commitments that organisations and individuals involved in humanitarian response can use to improve the quality and effectiveness of the assistance they provide
CSR	Corporate social responsibility is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.
FGD	Focus Group Discussion
FOMCA	Federation of Malaysian Consumers Associations
GHC	Global Health Cluster
GLC	Government Link Companies
HAP	Humanitarian Accountability Partnership
HOD	Head of Department
IASB	International Accounting Standard Board
ICVA	International Council of Voluntary Agencies
IDPs	Internally Displaced Persons

IFRCS	International Federation of Red Crescent Society
IFRS	International Financial Reporting Standard
IPK	Ibu Pejabat Kontinjen
JPAM	Jabatan Pertahanan Awam Malaysia
KNB	Khazanah National Berhad
KRA	Key Result Areas
LHDN	Lembaga Hasil Dalam Negeri
LOU	Letter of Understanding
MASB	Malaysian Accounting Standard Board
MESRA	Environment and Social Reporting Award
MKN	Majlis Keselamatan Negara
MNS	Malaysian Nature Society
MSF	Medicin Sans Frontier
MTUC	Malaysian Trade Union Congress
NFNDRM	National Federation of Non-Governmental Organizations for Disaster Relief Malaysia
NGO	Non-Government Organization
NIE	New Institutional Economic
NIS	New Institutional Sociology
OCHA	Coordination of Humanitarian Affairs
OIE	Old Institutional Economics
PDO	Program Development Officer
PFA	Psychological First Aid (PFA)
PMSs	Performance Management Systems
ROS	Registrar of Society

SPP	School Preparedness Program
SOO	Senior Officer Operation
TDRM	Total Disaster Risk Management
TOT	Train of trainer
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nation High Commissioner of Refugees
UNICEF	United Nations Children Funds
WHO	World Health Organization

LIST OF APPENDICES

- Appendix A List of Interviewees
- Appendix B The Linkages Between Research Question and Data Sources
- Appendix C Interview Protocol
- Appendix D Organisation Information Sheet

**SISTEM PENGURUSAN PRESTASI DAN KOMITMEN
KEBERTANGGUNGJAWABAN: KES NGO MALAYSIA**

ABSTRAK

Peranan sistem pengurusan prestasi (PMS) dalam organisasi bukan kerajaan (NGO) dikatakan sebagai kompleks dan mencabar. Walaupun banyak kajian dijalankan terhadap NGO, pembacaan yang mendalam berkaitan isu-isu PMS berkisar tentang NGO kini sangat terhad. Sebaliknya, kajian terdahulu tentang NGO banyak memfokuskan hanya pada kandungan struktur sesebuah organisasi dan tanggungjawab mereka untuk memajukan minat tertentu dalam konteks khusus masing-masing. Memandangkan kepustakaan yang terhad tentang PMS, kajian ini dilakukan untuk mengkaji sebuah NGO, dalam aspek cara ia menguruskan prestasinya untuk memenuhi jangkaan pelbagai institusi. Secara khususnya, kajian ini telah dijalankan bagi memahami dan menganalisis peranan PMS dalam mencapai barisan kebertanggungjawaban (komitmen) terhadap pelbagai pihak berkepentingan yang NGO itu ingin berkhidmat dengannya. Demi mencapai matlamat ini, kajian mendalam dilakukan dalam kajian ini dengan menggunakan pendekatan kajian kualitatif. Diinspirasikan oleh Ferreira & Otley's (2009), rangka kerja PMS dan Sosiologi Institusi Baharu (NIS), kajian ini menjelaskan sejauh mana PMS terjejas melalui proses menunaikan kebertanggungjawaban NGO yang dikaji. Kajian ini telah menetapkan bahawa kuasa isomorfik normatif yang muncul diperoleh daripada PMS, dan amalan kebertanggungjawaban telah mendominasi tetapan NGO terhadap kuasa paksaan. Menariknya, isomorfisme mimetik kelihatan dikuatkuasakan dengan terhad dalam NGO ini. Kajian ini menghasilkan sumbangan yang ketara kepada kepustakaan perakaunan sedia ada dengan meningkatkan pengetahuan kita berkenaan penekanan NGO yang semakin meningkat terhadap penyataan pendedahan dan

standard pelaporan kerana ia kini menjadi satu bahagian penting daripada amalan PMS semasa untuk menunaikan kebertanggungjawaban.

**PERFORMANCE MANAGEMENT SYSTEM AND
ACCOUNTABILITY COMMITMENTS: A CASE OF A
MALAYSIAN NGO**

ABSTRACT

The role of the performance management system (PMS) in non-governmental organisations (NGOs) has been argued to be both complex and challenging. Despite considerable research conducted on NGOs, the intent readings on PMS issues surrounding NGOs are currently very limited. Instead, previous research about NGOs had given much focus on the mere structural content of the organisations and their responsibilities to advance particular interests within their specific contexts. Given the limited literature on PMS, the current research was undertaken to examine one NGO, in terms of the ways it manages its performance to meet various institutional expectations. To be more specific, the research has been conducted to understand and analyse the role of PMS in meeting the lines of accountability (commitments) towards various stakeholders that the NGO wishes to serve. To achieve these goals, an in-depth study has been employed in this research by utilising the qualitative research approach. Inspired by Ferreira & Otley's (2009), PMS framework and New Institutional Sociology (NIS), this study explained how PMS is affected by the process of discharging the accountability commitments of the studied NGO. This study had established that the emerging normative isomorphic forces acquired from the PMS, and the accountability practices had dominated the NGO's setting over coercive forces. Interestingly, mimetic isomorphism appeared to be limitedly enforced in this NGO. The study produced a significant contribution to the existing accounting literature by enhancing our knowledge regarding the NGO's

increased emphasis on disclosure statements and reporting standard as they have now become an integral part of the current PMS practices to discharge accountability.

CHAPTER 1

INTRODUCTION

1.0 Purpose of the Study

Non-governmental organisations (NGOs) constitute the bedrock of humanitarian services for any society. NGOs serve different purposes. They have financial and non-financial purposes of addressing the shortcomings in government services for the welfare of society. The functions and responsibilities of these organisations vary according to the needs of society. Despite the publicity and widespread knowledge of the operational purposes of NGOs, there is limited documented research of performance measurements that assess their management and performance.

Given the above predicament and lacuna in the literature, this research examines the role of a performance management system (PMS) in a non-governmental organisation (NGO) to gain insights into its accountability commitments. It also investigates the institutional factors that shape the dynamics of the accountability commitments in the NGO selected for this research purpose. This chapter begins with a brief overview of the study, the problem statement(s) and the objectives before addressing the research questions that this study attempts to answer. It then details the theoretical framework, research methodology and contributions of the study. The chapter concludes by outlining the scope and structure of this thesis.

1.1 Background of the Study

An organisation is set up either to make a profit or not make a profit. One of the ways to measure the success or failure of an organisation is to have a proper measurement system to account for how well (or bad) an organisation has performed

over a given period. These measurements can be conducted periodically to ensure the performance of an organisation is on track to achieve its targets and practice proper reporting.

As a formalised version of any measurement system, Performance Management Systems (PMSs) within the area of management accounting are effective results-driven systems that have gained popularity over the past six decades. The private and public sectors have used them since the 1960s (Awuah-Werekoh, 2015; Chenery & Carter, 1973). Specifically, these types of measurements and indicators have been utilised extensively among the NGOs in enhancing their efficiency in delivering their respective social services (Yap & Ferreira, 2011). PMSs are capable of helping organisations to enhance the effectiveness of their activities or programmes (Rouse & Putterill, 2003). By definition, a PMS comprises aims, methods, procedures and controls derived from formal and informal traditions, which empower the management of an organisation with detailed knowledge of the health of its various operations and processes (de Leeuw & van den Berg, 2011).

For a specific sample like Malaysia, policies that include the National Social Policy, National Welfare Policy, National Policy for the Elderly, National Plan of Action for Older Persons, and under RMK11 to support Malaysian Wellbeing Index (MyWI) are designed to support economic progress and boost the wellbeing of the citizens. In recent statistics, the MyWI showed an overall increase in the wellbeing of citizens, with the index improving from 121.8 in 2015 to 122.8 in 2016. With this indicator, it is believed that Malaysia is already on the right track to improve the overall welfare of its citizens while also reducing the welfare challenges that were measured previously (Malaysia RMK11).

As the foundation of these initiatives, NGOs have played pivotal roles in providing services to communities to ensure that the objectives of Malaysia's national agenda are ensuring is achieved. With all the efforts that have been made, it is imperative that measurements be made to ensure the processes are properly carried out and efforts are on track to achieve the set targets. Thus, and in hindsight, the role of PMSs is important in allowing these NGOs to fulfil their accountability commitments, besides ensuring their survival and legitimacy of their existence (O'Dwyer & Boomsma, 2015).

To illustrate the important role of NGOs towards ensuring national goals, we refer to the worst flooding disaster between December 2014 to January 2015 in Malaysia's history that affected Kelantan, Terengganu, Pahang and Perak as the worst hit States. The floods affected more than 200,000 people. In another example, in 2017, Pulau Pinang experienced severe flash floods affecting about 12,000 people, and a landslide in Tanjung Bungah claimed 11 lives. The National Budget spent an average of 1% of GDP between the years 1997 to 2015 for social welfare expenditure (ADB, 2015). This is the lowest budgeted amount compared to the expenditure on education and health, and much lower than the expenditure of developed nations which accounts for some 25-30% of GDP. Additionally, out of the government's budget for the year 2018, only 4.3% went to social work (Government Budget, 2018). Thus, government support is insufficient, thereby highlight the crucial need for NGOs to provide social services, particularly for the affected communities in Malaysia.

As illustrated above, NGOs play pivotal roles in assisting the government and thus requires donor funding to serve the affected communities more effectively. As a requisite for guaranteed funding for the continuity of NGOs in serving their

respective purposes, these NGOs have to have a good governance structure to ensure they discharge their services to the respective targets efficiently. To this end, NGOs must ensure they implement a performance management system (PMS) to account for their responsibilities to donors as conditions for their support and funding.

PMS is popular among private and public organisations because they help measure performance. However, there is increasing concern about the use of PMSs in the non-profit sector (O'Dwyer & Boomsma, 2015; Yap & Ferreira, 2011), given that one of the objectives of non-profit organisations is to be effective representatives (mediators) to achieve particular social (and economic) objectives. Although PMSs in the private and public sectors have been widely recognised through theoretical and empirical studies, research has consistently shown that there is still limited knowledge in the context of the non-profit sector (Ebrahim & Rangan, 2010).

In the new global economy, NGOs need to demonstrate efficient delivery of social services, accountability and legitimacy (LeRoux & Wright, 2010). They need to provide proper answers relating to the effectiveness of their service delivery, as well as regarding their accountability obligations to multiple stakeholders (Boland & Fowler, 2000). The effective delivery of social services should allow NGOs to minimise the difficulty in obtaining funding and non-monetary resources. LeRoux and Wright (2010) state that there is a rising demand by the multiple stakeholders in the NGO sector for accountability and efficiency in the delivery of such services. However, the functions of PMSs are still generally lacking in the NGO sector, especially in developing countries (Chenhall, Hall, & Smith, 2013). Hence, the focus of this study is to investigate the role of a PMS in a Malaysian NGO in meeting its various accountability commitments.

1.2 Problem Statement

NGOs provide services to communities. PMSs support them to fulfil their accountability commitments, while also contributing to their survival and legitimacy (Abdel-Kader & Wadongo, 2011). PMSs are essential to NGOs to ensure that they are well managed in serving their accountability commitments, particularly the social needs of communities. If this task is exercised effectively, it will reflect positively on their requests for funding. Usually, NGOs source funding from multiple donors, comprising corporate donors, international and local donors, governments and individual financiers in both monetary and non-monetary terms. To prove that an NGO is providing social services, it has to benchmark the best practices in its operations. This helps explain the growing demand for PMSs in NGOs to prove their accountability commitments regarding the services rendered. In addition to the above contributions, NGOs can also contribute to economic development and the social welfare of a nation. This may lead to competition to secure funds and resources from donors. In this regard, the use of PMSs in structuring and measuring NGOs' accountability commitments and displaying them to multiple stakeholders (donors, employees and beneficiaries) is evident (Boland & Fowler, 2000; LeRoux & Wright, 2010).

As indicated by Unerman, Bebbington, and O'Dwyer (2010), accountability affects the operations and sustainability of NGOs. They need PMSs to measure the performance of the organisation and justify their existence (Ferreira & Otley, 2009). PMSs help generate vital information to improve an organisation's management, planning and control systems to discharge its commitments effectively (Connolly & Hyndman, 2003). Therefore, in this context, the process of discharging accountability in NGOs is interlinked with its PMS practices. According Dacombe

(2011), there are obstacles to implementing clear performance measures in social work. However, besides financial performance measures, non-financial measures help explain the social impact of NGOs (Kaplan & Norton, 2001).

Moreover, some efforts have been made to adopt the current frameworks for performance measurement used by the profit sector within the not-for-profit sector (Kennerley & Neely, 2003). These efforts include balanced scorecard and performance prism (Kaplan & Norton, 2001; Neely, Adams, & Crowe, 2001). The controversy surrounding the possible ways of measuring NGOs' outcomes is yet to be solved, as performance measurement is perceived as a problematic and burdensome task (O'Dwyer & Unerman, 2008). Some measurement problems highlighted by Roche (2010) are attribution, aggregation and ownership problems. Attribution problems result from a lack of signifying causality between NGOs' actions and the measurement of outcomes. In the case of aggregation problems, the NGOs may find it difficult gathering the outcomes of different programmes. Hence, with these difficulties, NGOs may have to put greater emphasis on performance measures regarding fundraising, operational expenses and the number of services provided (Henderson, 2002). However, these kinds of performance measures are not practical, as they lack focus on outcomes and effectiveness of PMS (Sawhill, John C, Williamson, & David, 2001). In terms of ownership problems, NGOs often have to depend on self-reporting to assess the effectiveness of each programme. These tasks lead to an unwanted operational load for the staff who may assume that the procedures are weak, punitive and threatening (Roche, 2010). Therefore, the uncertainties in performance measurement have become a convoluted problem for NGOs. It seems that performance measurement is at the core of accountability procedures. Moreover, accountability systems emerged for determining goal

achievement levels, with performance measurement bound to accountability and the functions at the heart of PMSs (Ferreira & Otley, 2009).

Due to the above reasons, there are increasing pressures on NGOs to implement more holistic PMSs to reflect dynamic accountability commitments. The enquiry into this issue is whether NGOs can adopt PMSs to fulfil different forms of accountability and why this issue has been largely overlooked in the literature. This study explores the role of PMSs in humanitarian and medical relief of a single NGO by adopting the framework proposed by Ferreira and Otley (2009). Several recent studies have investigated the design and role of PMSs using the integrated approach suggested by Ferreira and Otley (2009) (Alboushra, Shahbudin, & Abdalla, 2015; Conrad & Uslu, 2012). This framework relates to the internal organisational components of PMSs that are inter-linked (Conrad & Uslu, 2012).

Furthermore, this research investigates the various institutional pressures facing NGOs in implementing PMSs to fulfil their accountability commitments. In understanding the dynamics and interplay between the various institutional pressures and the fulfilment of the accountability measures, it is necessary to scrutinise and investigate in greater depth the role of PMSs related to the NGOs' accountability towards their multiple stakeholder's donors, employees and beneficiaries. Therefore, there is a need for an in-depth understanding of the role of PMSs in fulfilling accountability commitments, especially in the NGO sector in Malaysia and other developing countries.

1.3 Research Objectives and Questions

This study investigates the role of PMSs and the way that the NGOs discharge their accountability commitments to their multiple stakeholders. Specifically, the study intends to: (i) investigate and explain the design and role of

PMSs in NGO; (ii) understand how a PMS supports a specific NGO in Malaysia in discharging its accountability commitments to its multiple stakeholders; and (iii) examine the institutional pressures faced by the NGO in the context of its PMS.

This study seeks to answer the following specific research questions (RQs):

RQ1. What is the current PMS practice in the studied NGO?

RQ1a. Why has it adopted this PMS?

RQ2. How is the PMS useful in fulfilling the accountability commitment in the studied NGO in serving its multiple stakeholders?

RQ3. What are the institutional factors that shape the dynamics of the PMS in the studied NGO?

1.4 Theoretical Framework

In answering the above research questions, the study will use qualitative data that structured using new institutional sociology (NIS) and the framework for PMSs developed by Ferreira and Otley (2009). Within the institutional theories, prevalent studies have been undertaken by employing either Old Institutional Economics (OIE) or New Institutional Sociology (NIS) (DiMaggio & Powell, 1983). The present study adopts the NIS because it is the most relevant theoretical underpinning that best describes the processes undertaken in this research. NIS indicates that the presence of macro factors has significant impacts on the PMS of an organisation. In the operations of such organisations, NIS can explain the effects of political, economic, social and environmental factors (Powell & DiMaggio, 2012). Thus, the NIS theoretical framework is considered appropriate in explaining the external and internal pressures faced by an organisation and the influence of external pressures with regard to the PMS arising from the operations of the organisation (Powell & DiMaggio, 2012).

This framework comprises three classifications of isomorphic pressures, namely coercive, mimetic and normative. First, coercive isomorphism can affect the selection of organisational behaviour when the pressures come from external bodies such as legislators (i.e., the government, the Inland Revenue Board and the Registrar of Society) to meet the requirements and standard rules and procedures in the operational activities of the organisation (DiMaggio & Powell, 1983). Second, mimetic isomorphism occurs when the organisation tends to benchmark itself against other successful organisations in its operational activities and considers them to be legitimate (DiMaggio & Powell, 1983). Third, normative isomorphism happens within the organisation. It is based on professionalism and influenced by the academic backgrounds of the internal actors (Andrews, Boyne, Law, & Walker, 2009; Dillard, Rigsby, & Goodman, 2004).

Despite the three characteristics that have been briefly explained, the adoption of NIS as a single theory may not explain the role of PMSs holistically. Thus, it is imperative to integrate the institutional processes (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011; Scott, 2013) with a complementary analysis using the PMS framework suggested by Ferreira & Otley (2009). The study shows that the role of PMSs and accountability commitments are affected by environmental pressures, and are determined by donors, legislative agencies, the government and professional bodies. Therefore, NGOs should conform to rules and regulations to guarantee their survival and legitimacy. From the viewpoint of NIS, NGOs react to the institutional pressures created by their respective multiple stakeholders. Moreover, the framework suggested by Ferreira and Otley (2009) will be adopted in this study to look into the internal structures of NGOs based on the 12 elements proposed by the framework. Institutional

theory assists in terms of understanding how PMS practices become institutionalised in organisations (Norhayati & Siti-Nabiha, 2009). Meanwhile, the framework developed by Ferreira and Otley (2009) can be used to explain the internal structures of organisations to help in understanding the PMSs in NGOs. Therefore, institutional theory and Ferreira and Otley's framework are best combined as a theoretical perspective to structure and explain the findings of this research.

1.5 Research Methodology

This research will adopt an interpretive case study approach to answer the research questions. The primary concern is to elucidate the 'how' and 'why' questions. Such questions are deemed unsuitable for survey research, and thus, an in-depth and detailed case study approach is more suitable (Yin, 1994). The researcher believes that by adopting a case study approach, the investigation will provide an understanding of the real situation at the case site. In general, direct networking with the provider of information from the selected NGO could assist the researcher in understanding how the PMS has been implemented in its day-to-day activities. Therefore, a qualitative study approach will be selected, and it will adopt an interpretive philosophical stance (Flick, 2008, 2015). The reason for this is that the selected persons to be interviewed will comprise multiple stakeholders, namely the donors, employees and beneficiaries. These stakeholders are the main players in the NGO sector. They are selected to provide all-around information for an analysis that could provide contextual information that could be applied in various organisational studies.

Concerning the step by step processes of the data collection undertaken in this study, first, the researcher will gain access to the sample organisation through her

personal networking and contacts with the NGO. The data will be gathered using semi-structured interviews with the interviewees including the NGO's executive council, executive directors, programme directors, project managers/officers, functional heads, other senior managers, donors and beneficiaries, who provided useful information on the role of the PMS in the organisation. Once this information has been collated, the interview data will be triangulated with fieldwork observations at the case site(s) and the analysis of past and present documents. In addition, informal one-to-one conversations are conducted with the interviewees to gain a better and deeper understanding of the role of the PMS in the sample organisation. To provide a better understanding of the situation, the researcher conducted informal observations of the NGO's activities and programmes regarding the role of the PMS in discharging its duties. Hence, through this exercise, the researcher gained new knowledge regarding the real phenomenon in the sampled organisation in its natural settings (Creswell, Hanson, Clark Plano, & Morales, 2007).

In qualitative research, the analysis of the data is expected to run concurrently with the collection of data. During this process, the researcher develops an understanding of the actual situation of the sampled organisation through the explored interactions and examined documents. Normally, a researcher would follow the data analysis with open or pattern coding and an audit trail (Bryman & Bell, 2015). In this study, the data from the in-depth interviews will be pre-coded and coded, and an audit trail will be carried out to ascertain that the data analysis can be performed (Marshall, Jeffrey, & David, 2014).

1.6 Significance of the Study

This study explores the role of PMSs in meeting the NGOs' accountability commitments, specifically for humanitarian and medical relief of an NGO in Malaysia. The expected findings would contribute new knowledge in the field of voluntary organisations concerning PMSs and accountability commitments. Studies have not addressed the relationships of PMSs with accountability systems in the NGO sector. Most of the studies in this area have focused on PMSs or accountability systems that relate to the private and public sectors. Furthermore, in the Malaysian context, few studies have recognised the PMS as a single approach, while no study has investigated PMS and accountability in the NGO sector. The outcomes of this study are expected to contribute new knowledge within this sector. This study investigates PMSs using a more holistic approach by adopting Ferreira & Otley's (2009) PMS framework to examine a Malaysian NGO. In other words, the study will broaden our understanding of PMSs and accountability commitments of Malaysian NGOs.

In terms of theoretical contributions, the study is expected to provide a better understanding of PMS from an institutional perspective in an NGO and reflect the process of discharging its accountability commitments. New insights from institutional theory, particularly NIS, help the study to gather information on the execution of a holistic PMS in a humanitarian and medical relief NGO in Malaysia. By using the NIS approach, the study gathers information on the external pressures faced by the NGO in conducting operations and projects that reflect PMS practices. In addition, the findings extend the literature on how the institutional forces are dominant in normative isomorphism as donors require the sampled organisation to prepare disclosure reports. In doing so, the sampled organisation is expected to

sustain its legitimacy and survive in the long run. These valuable findings will draw that attention of researchers to further research on this topic.

Through the qualitative approach, this study focuses on a real phenomenon using triangulation via observations, in-depth interviews and document reviews to ensure the validity and reliability of the data and that it is analysed objectively until the level of saturation. Despite the challenges and obstacles faced by the researcher, the researcher believes that the study has the potential to contribute to new knowledge from its findings. The researcher gained insights by attending meetings at the NGO's head office, and a volunteer at a programming site permitted the researcher to collect information that was not obtained in the interview sessions. Direct observations of the participants provided insightful information. The data was then triangulated with the findings in the interview sessions, informal conversations and the documents reviewed. The accuracy and reliability of the findings provide better overall data for analysis.

Despite the complexity of the NGO, using a holistic PMS to measure the efficacy of it discharging its accountability commitments will be of immeasurable value to practitioners in the NGO sector. For example, the findings could be used by practitioners to plan and enhance their delivery of services to communities more efficiently and effectively. In addition, the knowledge gained from the Malaysian humanitarian and medical relief of the selected NGO could add to the existing body of knowledge, which has principally focused on other sectors and other aspects.

In summary, this research is suited to the needs of academics and NGO practitioners who wish to investigate the link between PMSs and accountability commitments in this sector. This research provides a dynamic relationship between PMSs and various accountability commitments. It helps future research as guidelines for using a

qualitative research design to determine the institutional forces within the NGO environment.

1.7 Scope and Approach

Chapter 1 focuses on issues concerning the research. It begins with a discussion of the background to the study, followed by a series of discussions about the study's problem statements, objectives and RQs. The leading theory and methodological approach for the research presented to set the tone for the presentation of the thesis. Finally, the chapter summarises the significance and contributions of the research. It highlights the focus of the study, the key issues and the role of PMSs and institutional forces emerged in the NGO's context.

Chapter 2 provides a comprehensive literature review of previous studies regarding the role of PMSs in NGOs. The focus on the role of PMSs and accountability commitments in NGOs is discussed. Additionally, the NGOs background and characteristics were highlighted to enlighten the case organisational features. The chapter then summarises the findings from existing literature regarding PMSs in the NGO's sector. The focus of the discussion is explained with an elucidation on the multiple components that influence the accountability commitments within the NGO sector.

Chapter 3 provides details of the theoretical concepts, their appropriateness to the study and the role of PMSs in NGOs. The theoretical framework designed using institutional theory, particularly NIS DiMaggio and Powell (1983), is used to explain the issues concerning PMSs in the NGO's sector in their efforts to sustain the efficient and effective delivery of resources to communities while maintaining their legitimacy and survival. The integration of the NIS theoretical concepts with the PMSs framework of Ferreira and Otley (2009) has been a pivotal role in identifying

and providing conceptual lens through which the study's findings structured more meaningfully.

Chapter 4 explains the significance of the research methodology adopted in this study. The chapter begins with the significant philosophical assumptions underpinning this research, followed by an explanation of the reasons for using an interpretive case study approach to investigate the role of PMSs. The research processes have been thoroughly explained in this chapter, including the stages of the preliminary visit(s) made, data collection and data analysis being enmeshed together for a comprehensive analysis to ensure reliability and validity of the data being collected.

Chapter 5 presents the context and background of the case organisation. Specifically, it presents the development and history of NGO's in Malaysia, organisational structure and multiple stakeholders, as well as the humanitarian accountability standards that the case organisation needs to adhere. In addition, the involvement of multiple stakeholders and the donor types discussed thoroughly, in order to crystallize the understanding of the case organisation character, as well as the governance principal and accountability perspective that the case organisation holds on.

Chapter 6 outlines the overall findings related to the subject knowledge gathered from the interviews, informal conversations, and documents review and fieldwork observations. The chapter discusses the findings of PMSs practices within the case context. Additionally, the chapter explains the findings on the essential aspects of multiple forms of emerging accountability. The chapter also provides a finding of new PMSs area that is specific to the case organisation.

Chapter 7 explains the analysis of the case findings through the lens of the PMS framework (Ferreira & Otley, 2009). It also provides theoretical discussions on the actions and reactions of the case organisation's members to the importance of the PMS in their routine activities, particularly in serving the accountability demands of the multiple stakeholders. The theoretical analysis regarding the institutional isomorphism emerged within the environment of the case organisation. The highlighted dominant of normative isomorphism and coercive resulted the emerging new PMSs area to be recognised in the NGO setting be a primary to the theoretical contribution.

Chapter 8 concludes the overall research by highlighting the contributions and limitations of the study. Suggestions for future research provided in this chapter.

CHAPTER 2

LITERATURE REVIEW

2.0 Purpose of the Chapter

Chapter 2 reviews the literature on performance management and the elements of emerging accountability, particularly in the NGO sector in Malaysia. This chapter starts with a general introduction to PMSs. It then conceptualises performance management and the evolution of PMS practices. The next section reviews the use of PMSs in the NGO sector. This entails important arguments with regard to the issues associated with PMSs in this sector. It also discusses the demands related to the multiple forms of accountability that have emerged in the NGO sector. As accountability is a growing concern in the sector, there is a need to review the key aspects of PMSs in the sector. Ferreira and Otley's (2009) framework and its suitability for this study are then discussed. As the focus of the study is to investigate the role of PMSs and multiple forms of accountability in the NGO sector, literature concerning the links between PMSs and accountability is reviewed. The chapter concludes with a summary of the reviewed literature.

2.1 Introduction

Performance Management Systems (PMSs) are a concept that has received much attention in management accounting literature (Yap & Ferreira, 2011). Extensive discussions have been devoted to the aspect of performance measurement. There exists a gap between the theory of performance management and real practice, as identified by several practitioners and academic researchers. PMSs are becoming more important for the NGOs in emerging economies because there is a sense of insecurity in issues related to multiple stakeholder needs and the demand for accountability (Abdel-Kader & Wadongo, 2011; Chenhall, Hall, & Smith, 2010;

Doherty, Haugh, & Lyon, 2014; Olujide, 2005; Yap, 2011). However, investigations that focus on PMSs in NGOs are still lacking. Moreover, as NGOs are becoming more important, research is needed to understand the complexity of these NGOs. This is because the need for fundraising and the inherent demand for greater stakeholder accountability are leading to a growing emphasis on the evaluation of NGOs' effectiveness through performance measurement (Chenhall et al., 2013). The need to investigate the performance and significant effects of NGOs' operations reflects the issues pertaining to NGOs' accountability commitments concerning their activities, which need to be delivered effectively (Awio, Northcott, & Lawrence, 2011; O'Dwyer & Boomsma, 2015). Therefore, there is a need to examine the pertinent issue of PMSs in NGOs (Ebrahim, Battilana, & Mair, 2014). This is because PMSs reflect the accountability commitments of NGOs and need to align with the humanitarian legal framework to enable the NGOs to fulfil the needs of diverse stakeholders.

2.2 NGO Characteristics

The term 'non-governmental organisation' has been used since the establishment of the United Nations in 1945. It was derived from the United Nations Charter, Article 71 of Chapter 10, to represent the consultative role of NGOs. The term was used to distinguish between participatory government bodies (intergovernmental agencies) and private international organisations. Among them are value-based organisations that depend partially or wholly on charity (charitable donations) and voluntary services. The United Nations defines NGOs as:

...private, not-for-profit organisations that aim to serve particular societal interests by focusing advocacy and operational efforts on social, political and economic goals, including equity, education, health, environmental protection and human rights. (Teegen et al., 2004, p. 466)

NGOs are also described as “autonomous, non-profit making, self-governing and campaigning organisations with a focus on the wellbeing of others” (Gray, Bebbington, & Collison, 2006, p. 324). After more than four decades of existence, NGOs have become highly professional in handling their primary tasks. The principles of altruism and voluntarism are still the main features. Furthermore, a study by Tumin (2004, p. 98) explained, “the term NGO is used widely and ready for all bodies in Malaysia except political parties, labour unions, freemasons, cooperatives, military organisations, government agencies and private organisations including several other small bodies”. All officially registered societies are referred to as NGOs, except those of political parties and comparable groups which are designated as a different sort of entity.

Essentially, NGOs are not-profit-oriented, and they do not distribute any profits to their stakeholders (Hansmann, 1980). Their incomes to support their operations and activities rely on external sources (Hansmann, 1980). According to Hansmann (1980), there are two types of NGOs: (a) donative NGOs, and (b) commercial NGOs. Donative NGOs derive their incomes from donations, while commercial NGOs derive their revenues from the sale of goods and services. There are significant differences in the activities of NGOs in different countries, in light of the various legal systems and economic environments. NGOs are answerable to many heterogeneous stakeholders (e.g. donors, employees, volunteers and communities). However, profit-oriented organisations are more inclined to serve homogeneous stakeholders’ interests. They serve the interests and benefits of shareholders (Speckbacher, 2003). NGOs usually focus on serving the needs of multiple stakeholders with respect to obtaining financial sources while also serving the needs of communities. To date, researchers in PMSs have focused primarily on

the commercial sector. In-depth studies on the adoption of PMSs practices and accountability commitments of NGOs are crucial.

2.3 NGOs in Malaysia

The history of NGOs in Malaysia can be traced back to the 1860s, with the establishment of the Ordinance for the Preservation of Peace (1865) and later the Ordinance of Societies (1869). Both ordinances, which were first introduced in Penang and Melaka, aimed to control and coordinate the activities of organisations, especially of the Chinese community in Malaysia. Then, the Societies Act (1966) was introduced to serve the same function as both ordinances, which now controls all of NGOs' activities in Malaysia. For example, the Malaysian Nature Society (MNS) is an NGO for environmentalists in Malaysia. Founded in 1940, the MNS is believed to be the oldest environmental association in Malaysia and wider Asia and is among the oldest in the world. The MNS is based in Bukit Persekutuan, Kuala Lumpur. The Singapore branch of the association was renamed Nature (Singapore) or the Nature Society (Singapore) in 1991. Among the early pioneers of NGOs in Malaysia were the Consumers Association of Penang (CAP), the Environmental Protection Society of Malaysia and the Worldwide Fund for Nature. Since then, more NGOs have been established. For example, Sahabat Alam Malaysia was established in the late 1970s; following that, other NGOs were established in the 1980s and 1990s. Each of these NGOs have played pivotal roles in their respective objectives. For example, The Consumer Association of Penang (CAP) is one of the most active and influential organisations. In the early days, CAP had its own weekly newspapers that became references for its investigative journalism practices. It is not only influential in Penang but has also become a model for other NGOs as well. Due to its influence and success, there is another consumer association that has also been influential in its

endeavours. It comprises all consumer associations in Malaysia, called the Federation of Malaysian Consumers Associations (FOMCA). The combination of these consumer associations plays a valuable role in present-day issues. In addition to the above, there are two influential trade unions, namely the Malaysian Trades Union Congress (MTUC) and the Congress of Unions of Employees in the Public and Civil Services (CEUPACS). The purpose of these trade unions have been focusing on the issues of workers' welfare, wages, working hours, retirement benefits and protection in the workplace. The above are the examples of the NGOs that have been operating their trades in Malaysia with the intentions to assist their respective stakeholders.

This study focuses on a home-grown humanitarian and medical relief NGO in Malaysia because it is considered as a unique case organisation providing its social services domestically and internationally. Some of the most popular NGOs in the world are also operating in Malaysia, providing humanitarian aids and medical relief to local and international communities. The most popular NGOs are Mercy Malaysia, Aman Palestin, MyCARE Malaysia and the Malaysian Relief Agency. This study intends to study one of these NGOs to gain insightful knowledge on the role of the PMSs regarding the accountability commitments within the case organisation. The case organisation, referred to as Chico (anonymised due to confidentiality reasons), was established in 1999. The organisation was registered under the Societies Act (1966). Chico is an internationally renowned voluntary agency providing humanitarian aid, medical assistance, health development and sustainable disaster risk reduction to vulnerable communities in crisis and non-crisis situations. As an NGO, Chico relies solely on funding and donations from organisations and individuals to continue its services providing humanitarian aid in Malaysia and abroad. Through the researcher's own data collection, recent data shows that Chico

has 500 members and 5,000 registered volunteers. The objective of Chico is to provide a platform for Malaysians to unite and to take part in humanitarian aid and medical relief. Overall, its current aim is to implement a total disaster risk-management approach to local and international communities.

In Malaysia, NGOs with revenues of less than RM one (1) million are registered under the Registry of Societies (ROS), while those with revenues of more than RM one (1) million can be registered as companies limited by guarantee with the Companies Commission of Malaysia (CCM), and they are responsible for disclosing their financial and non-financial activities under the Societies Act (1966). For the record, The ROS oversees and records the NGOs' details and characterises them under 13 categories, namely: welfare, social and recreation, religious, women, culture, mutual benefits societies, sports, education, trade associations, youth, employment, political, and general. As of November 2017, the estimated number of NGOs as provided by the ROS was about 69,000. Moreover, the NGOs are required to submit yearly reports (Form 9) to the ROS regarding their activities and financial positions. In other words, the NGOs are required by law to submit the reports from their annual general meetings (AGMs) to the ROS. There is no particular accounting standard regarding the disclosure and reporting requirements to be followed by the NGOs. However, these NGOs are advised to comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and adopted by the Malaysian Accounting Standard Board (MASB). Alternatively, they could be following the standards of reporting that are applicable to private entities in the preparation and presentation of their financial reports. Furthermore, the ROS is responsible for conducting investigations into any misconduct and offences found in the reports submitted by the NGOs. The

jurisdiction of the Enforcement and Prosecution Unit of the RoS can bring such offences to court.

2.4 Conceptualisation of Performance Management

Although the concept of PMSs is frequently discussed, the terms ‘performance management’ and ‘performance measurement’ can be confusing. In practice, both terms complement each other (McHargue, 2003). On the one hand, (Speckbacher, 2003) clarifies that performance measurement refers to specific organisational objectives and the methods used to assess the achievement of those objectives. On the other hand, performance management is the reconciliation of processes to enhance organisational performance and the decision-making procedures used to control the performance of the organisation. Performance management and performance measurement are two separate concepts. Nevertheless, these concepts are greatly intertwined and impracticable to disconnect because both complement each other. Likewise, Radnor and Barnes (2007) suggest that performance measurement focuses on quantifying the inputs and outputs of the activities of events or processes, regardless of whether it is qualitative or quantitative. Performance management focuses on actions based on performance measures and reporting, which lead to improvements in behaviour, motivation, processes and innovation. It allows a better understanding of the crucial aspects of performance, namely measures, efficiency and effectiveness (Radnor & Barnes, 2007). Effectiveness concerns meeting stakeholders’ demands, while efficiency considers the utilisation of resources in an organisation for achieving stakeholders’ satisfaction (Neely, Gregory, & Platts, 1995). Otley (1999) supports this notion by saying that the term ‘performance’ does not refer to any individual of the organisation. The effectiveness of an organisation in planning its strategy is evidence

of a well-performing organisation. Linking the theme on performance measurement and management and knowing that performance issues emerge irrefutably in the NGO's sector, performances should be assessed based on the effectiveness of NGOs' services, rather than solely based on financial performance (Govindarajan & Anthony, 1998). Thus, PMSs refer to the key indicators that are reflected by both aspects (Neely et al., 1995). In addition to the above, the conceptualisations of performance need to consider the organisation's mission statement. Traditionally, the perspective of a PMS focuses on the individual employees of the organisation (Smith & Goddard, 2002). The understanding of the 'top-down' perspective on PMSs is as follows:

A ...an integrated set of planning and review procedures, which cascade down through the organisation to provide a link between each individual and the overall strategy of the organisation.(Smith & Goddard, 2002).

Thus, in the view of the top-down perspective, the PMS focuses on the organisational control translated from the objectives of the organisation (Rahman, Omar, Sulaiman, & Abidin, 2005). However, there are limitations to the top-down approach, as has been debated in previous studies. This is because the PMS should include and reflect the organisation's strategy sensitivity, objectives and organisational culture (Smith & Jordan, 2010). The establishment of a PMS in an NGO would be helpful for the organisation to use its performance information to make wiser decisions (Ramadan & Borgonovi, 2015).

The PMS framework proposed by Ferreira and Otley (2009) was developed from Otley's (1999) performance framework merged with elements of Simons (1995) levers of control framework. The authors define PMSs as follows:

...the evolving formal and informal mechanisms, processes, systems, and networks used by organisations for conveying the key objectives and goals elicited by management, for assisting the strategic process