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Author post-print (accepted) deposited by Coventry University’s Repository

Original citation & hyperlink:

DOI 10.1108/QRAM-03-2020-0027
ISSN 1176-6093

Publisher: Emerald

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The influence of institutional pressures on the implementation of a performance measurement system in an Egyptian social enterprise

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Accepted Manuscript
Acceptance date: 01 October 2020

Citation:
https://doi.org/10.1108/QRAM-03-2020-0027.

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Abstract

Purpose

This study explores the influence of field-level funding pressure and resource dependency on conflicting institutional logics in implementing a new performance measurement system (PMS) within a privatised social enterprise (SE) in a developing country. It answers the research question: how accounting-based key performance indicators (KPIs) were chosen within a privatised SE to maintain co-existence between two, different institutional logics, the social and commercial logics, to gain legitimacy in the government funding scheme.

Design/methodology/approach

This study expands the application and contribution of the Besharov and Smith’s (2014) logics multiplicity framework to previous management accounting literature on PMS and institutional logics. It adds a new dimension to previous literature to theorise the cognitive dynamics of institutional logics at three distinct but interrelated institutional levels: field, organisational, and individual. Data comes from an interpretive case study of an Egyptian SE, involved in implementing a social project (drinking water refining) in rural communities.

Findings

PMS acts as a political tool through which the privatised case company has gained societal acceptance and legitimacy in the government funding scheme. Its non-political KPIs have turned into political tools to meet the institutional demands of the funding scheme. This government involvement represents field-level institutional logics, which influenced the organisational-level interplay of commercial and social logics and then the individual-level choice of internal KPIs. This contributes to the fact that institutional logics and their interplay between these three levels are ‘in a state of flux’ within SEs’ internal PMS.

Originality/value

This study deals with a real-life practical case that proves the prevalence of one institutional logic over another at both the organisational and individual levels may be occasioned by organisational field pressures and opportunities rather than by other intra-organisational conflicts as discussed in most previous literature on PMS and institutional logics.

Keywords: Social enterprises; Performance measurement system; Government involvement; institutional logics; Key performance indicators; Egypt

JEL Classification: M41; P27; P31; Q01; Q25; O55

Paper type: Research paper
1. Introduction

A SE has two distinct characteristics: adopting a form of commercial activity to generate revenue and pursuing social goals (Lepori and Montauti, 2020; Busco et al., 2017). SEs are complex organisations as they combine two different organisational missions. For instance, commercialising goods and services to secure the funds necessary to support the social needs of a specific community. The complex mission of SEs reflects two different institutional logics: the commercial logic and the social logic (Nielsen et al., 2019). Institutional logics are a set of socially constructed assumptions, beliefs, values, and practices that shape the cognition and actions of people and organisations (Carlsson-Wall et al., 2016), considering adaptive governance to be determined by the interaction between social systems and human psychology (Kaufman and Covaleski, 2019). While the commercial logic focuses on operational financial performance, the social logic emphasises societal acceptance and legitimacy of the organisation (Busco et al., 2017).

Previous PMS literature has shown that when two or more institutional logics conflict, it becomes difficult for an organisation to design and implement a comprehensive PMS (Lepori and Montauti, 2020; Nielsen et al., 2019; Carlsson-Wall et al., 2016; Luke et al., 2013). Dai et al. (2017), for example, assert that the development of measurement and reporting systems that consider both social and financial values is an important step for such organisations (such as SEs). Also, conflicts between multiple and competing logics need not be reduced or reconciled but could be mediated through accounting and control practices to generate innovation (Knardal, 2020; Busco et al., 2017; Gendron, 2002). However, Ebrahim and Rangan (2014) argue that “much of the literature on the topic of performance in the social sector is under-theorized and in need of conceptual framing” (p.119). Although financial operational indicators can be designed using well-established metrics from management accounting/PMS literature (Carlsson-Wall et al., 2016; Chenhall and Moers, 2015; Chenhall et al. 2013), accounting-based PMS metrics may conflict with the key assumptions underlying institutional social logics that shape the design and operation process of societal health improvement assessment indicators in SEs (Nielsen et al., 2019; Busco et al., 2017; Jenner, 2016). Furthermore, although by combining elements from different logics, management accounting/PMS can be employed to reconcile conflict (Ferry and Eckersley, 2020), it is argued that little is known in the literature on the influence of the institutional field on the interplay of commercial and social institutional logics and the choice of KPIs during PMS implementation of SEs, which combines operational financial performance with social impact indicators (Nielsen et al., 2019; Kaufman and Covaleski, 2019; Busco et al., 2017; Carlsson-Wall et al., 2016).

This lack of previous management accounting literature to explore the influence of institutional pressures at the field level on SEs’ internal PMS and institutional logics was the motivation for this study. Most previous studies, reinforced by different theoretical explanations and empirical methodologies, explore SEs’ internal PMS and institutional logics at both the organisational and individual levels, both in developed and developing contexts (Rozenfeld and Scapens, in press; Knardal, 2020; Ferry and Eckersley, 2020; Manville and Greatbanks, 2020; Kaufman and Covaleski, 2019; Diab and Metwally, 2019; Busco et al., 2017; Contrafatto and Burns, 2013). However, there is still a lack of existing literature and hitherto unexplored linkages on the influence of institutional forces, at a macro-level, on the creation and use of a PMS, at a micro-level. The purpose of the present study is to explore if and how macro-level field pressures and opportunities influence micro-organisational PMS within a privatised SE in a developing country. It seeks to answer the research question: how can KPIs be chosen within a privatised SE to maintain co-
existence between two different institutional logics, social and commercial, to gain legitimacy in the government funding scheme? Given the different institutional environment of the Egyptian SEs, based on certain funding scheme and government KPIs, this overarching research question is split into two sub-questions: how does government involvement through the funding scheme impact on the interplay of commercial and social logics within privatised SEs? And interestingly, how does this resource dependency impact the choice of certain KPIs for their internal PMS?

This study aims to fuel this literature inattention by exploring the influence of government, which puts privatised SEs under a certain resource dependency, on the interplay of commercial and social logics as well as the choice of KPIs. It seeks to investigate the influence of field-level funding pressures on the design and implementation of a PMS in a privatised SE, and its effect on the mission of the SE, when analysed through the multiple and competing lens of commercial and social institutional logics. We argue that the role of management accounting and control in sustaining corporate heterogeneity (Busco et al., 2017; Contrafatto and Burns, 2013), and/or budgetary practices in expressing institutional beliefs (Kaufman and Covaleski, 2019) would not be possible without an effective PMS design and implementation, which reflects institutional demands at the field level for KPIs. This is important not only because the co-existence of both logics must be forged in the enterprise, but also because the social cognitive behaviour of the enterprise’s management (or part of) may impact the creation of a PMS. Moreover, it is argued that the logic of motivationally driven social cognition is applicable, regardless of whether motives are held only by individuals or are shared in groups within the organisation (Ishaque, 2020, Manville and Greatbanks, 2020). In a SE context, the motives are the willing in gaining societal acceptance and legitimacy at the field level to signify good performance, governance and compliance with its regulatory body (Mättö et al., 2020; Luke et al., 2013; Nicholls, 2010).

Unlike literature, given the overarching research question, this study uses Besharov and Smith (2014) institutional logics framework for analysing the influence of field-level government pressures on PMS implementation in an Egyptian privatised SE. This specific framework, compared to other institutional logics frameworks (Gebreiter and Hidayah, 2019; Skelcher and Smith, 2015; Pache and Santos, 2013), provides a multi-level analysis (Knardal, 2020). It explains how field-level institutional forces can influence the organisational and then the individual level, which can lead to the causal links between the interplay of commercial and social logics and the choice of KPIs within the SE. Researchers have applied Besharov and Smith’s (2014) framework to analyse if and how conflicting logics at different institutional levels explain the success or failure of SEs (Knardal, 2020; Nielsen et al., 2019; McMullin and Skelcher, 2018; Dufays and Huybrechts, 2016). Some accounting studies have explicitly employed an institutional logics approach as an analytical framework (Yee, 2020; Golyagina, 2020; Kaufman and Covaleski, 2019; Cherrier et al., 2018; Busco et al., 2017; Carlsson-Wall et al., 2016; Ahrens and Khalifa, 2015; Schaffer et al., 2015) and used the term ‘logics’ to analyse both the organisational and individual levels. Other studies have used much more this approach for theorising the social and commercial tension in the creation of PMS within public or non-profit organisations (Rozenfeld and Scapens, in press; Knardal, 2020; Gebreiter and Hidayah, 2019; Skelcher and Smith, 2015; Pache and Santos, 2013).

Our empirical data is from a SE case study in Egypt (given the pseudonym Mauris). Egypt, compared to previous literature in developing and developed contexts, has unique institutional characteristics in relation to SEs. SEs in Egypt, public or private, are placed under a specific
funding scheme from the Egyptian government. This government involvement, which puts SEs under a certain resource dependency, has a major impact on the interplay of commercial and social logics as well as the choice of KPIs. Mauris’ choice is based on its unique organisational settings as the main SE providing affordable, safe drinking water facilities for poor rural people, thus contributing to improving the health quality of the population. This is particularly important considering the national economy thrives on a healthy population, with safe drinking water contributing immensely to societal health. Along with its privatisation, Mauris became financially autonomous but continued to receive government funding through financial incentives calculated by KPIs. Therefore, because of the enterprise’s foundation on commercial and social logics, PMS implementation includes financial operational indicators at the organisational level and societal health improvement indicators at the community level. Also, although the degree to which both logics are combined may be based on the necessity/importance of one against the other (i.e., not predefined), we argue that the alignment of the two would be influenced by the social cognition of management, in addition to other regulatory requirements (Ahrens and Khalifà, 2015; Schaffer et al., 2015). This is because decision makers’ attitudes and believes about social reality are bolstered by information, considering they already have strong goals, motives and preferences (Ishaque, 2020; Carlsson-Wall et al., 2016).

This study contributes to previous PMS literature with the following findings: first, the dual facet of logic multiplicity (aligned but estranged) within Mauris indicates the enterprise’s deviation from Besharov and Smith’s (2014) framework and sheds light on the difficulties that may be encountered when applying the theory to the practicalities and specificities of SEs (Nielsen et al., 2019). Second, the complexity in designing suitable performance measures for social outcomes demonstrates the challenge in using accounting and control practices to foster the persistence of the social and commercial logics within the SE (Kaufman and Covaleski, 2019; Busco et al., 2017). Third, the prevalence of one institutional logic over another at the organisational and individual levels may be engendered by field-level government pressures and funding opportunities rather than by other intra-organisational conflicts (Kurunmaki and Miller, 2006). Mauris’ management prioritised commercial logics to secure the financial viability of the organisation, and ensure the legitimacy of its social status. It is also a guarantee that the company meets its obligations to various stakeholders in the community (Gebreiter and Hidayah, 2019). Fourth, we contend that conflicts between institutional logics in organisational performance measurement explain the complementarity of the dual mission in a privatised SE. The implementation of a PMS is clearly connected to and plays a more pivotal role in SEs’ institutional complexity than previously mentioned in previous literature. Such shifting relationships between commercial and social logics reflect an increasingly complex attitude for SEs’ internal PMS, which now emphasises developing business-critical activities, instead of simply presenting performance data as a tool to promote good governance and compliance to their regulatory bodies (Mättö et al., 2020; Manville and Greatbanks, 2020; Carlsson-Wall et al., 2016). This ends with the fact that institutional logics and their interplay are ‘in a state of flux’ within SEs’ internal PMS.

The rest of this study is structured as follows. Section 2 reviews previous literature and frames the theoretical framework. Section 3 explains data and methodology. Section 4 analyses the empirical findings according to the theoretical framework used. Section 5 is a discussion of the theoretical debate in conjunction with previous literature on PMS and institutional logics. Lastly, Section 6 concludes the present study and paves the way for potential future research in this field.
2. Literature and theory

2.1 SEs, performance measurement, and institutional logics

Previous PMS literature has addressed the relationship between SEs complexity and conflicting institutional logics (Ferry and Eckersley, 2020; Manville and Greatbanks, 2020; Nielsen et al., 2019; Kaufman and Covaleski, 2019; Gebreiter and Hidayah, 2019; Busco et al., 2017; Carlsson-Wall et al., 2016; Gendron, 2002). This literature explains that understanding SEs depends on regional differences, institutional pressures and contextual settings in which SEs operate. For instance, while market-based approaches to income generation and social transformation pervade the SEs discourse in the USA (Defourny and Nyssens, 2010; Nyssens, 2006), in Europe and developing countries, it is dominated by a cooperative tradition of collective social actions (Diab and Metwally, 2019; Defourny and Nyssens, 2010). In the UK, the government proposed a definition of SE as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners” (DTI, 2002, p.13).

SEs are, therefore, distinct from private sector organisations that seek to maximise profits for shareholders (Jenner, 2016), and from traditional not-for-profit organisations that rely on grants, donations and bequests (Nielsen et al., 2019). Concerning the pro-wealth motives, cooperation, and community building (Dai et al., 2017), the core goals of SEs comprise reducing poverty, inequality, homelessness, carbon emissions and unemployment (Gidron, 2017). Some management accounting researchers argue that the categorisation as a SE derives from the dual mission and institutional complexity to obtain financial gains while creating social value by merging socially excluded and deprived individuals into the workplace (Knardal, 2020; Nielsen et al., 2019; Kaufman and Covaleski, 2019; Dai et al., 2017). Others posit that the institutional pressure of commercial activities required for such classification ranges from minimal to total reliance on trading income (Rozenfeld and Scapens, in press; Busco et al., 2017; Carlsson-Wall et al., 2016; Gendron, 2002).

The degree of emergence of SEs is thus affected by various institutional factors and forces at country level. Because SEs are situated at the intersection of social and commercial sectors, they bear the pressure to deal with conflicting institutional demands (Gidron, 2017). These demands usually comprise the social logic of social value creation, and the commercial logic to attain business success (Pache and Santos, 2010). Additionally, in executing the commercial logic, SEs face competition posed by other organisations operating in the same environment (Nielsen et al., 2019; Pache and Santos, 2010). The friction between financial and social logics is the tension between managing a business and satisfying idealistic objectives, i.e., the tension between pragmatism and idealism (Gendron, 2002). In situations of incompatible sets of institutional logics, organisations face the problem of competing demands and the risk of incorporating conflicting practices (Cherrier et al., 2018; Busco et al., 2017) which may favour one group but offend another (Gebreiter and Hidayah, 2019; Carlsson-Wall et al., 2016). Therefore, organisations swing between a relative emphasis on pragmatism in times of financial challenge and idealism in times of financial stability, with the complementarity of this duality as a source of organisational strength (Lepori and Montauti, 2020; Golyagina, 2020). Therefore, Cherrier et al. (2018) call for research on social entrepreneurship and institutional complexity in emerging markets to enhance understanding of how certain instructional logics become more conspicuous than others, and how
some cause productive tensions whilst others continuously restrict social entrepreneurial actions (Diab and Metwally, 2019; Schaffer et al., 2015).

Also, the forms and activities of SEs are shaped by institutional field policies and pressures at the national and supra-national levels (Manville and Greatbanks, 2020; Kurumaki and Miller, 2006). For instance, the USA’s Office of Social Innovation and Civic Participation issues influential policies promoting SEs. The UK Civil Society Office launched the Big Society Initiative (Ferry and Eckersley, 2020; Jenner, 2016), while the European Union created the Social Business Initiative to promote the SEs agenda (European Commission, 2011). Considering the forced marketisation of the not-for-profit sector has pressured SEs to institutionalise commercial strategies that conflict with their core social mission (Dai et al., 2017), these policies and forces have encouraged the creation and use of new performance measurement forms of SEs. Ferry and Eckersley (2020) argue that successive UK governments have attempted to influence the SE discourse in order to facilitate implementation of policy reforms and performance measurement systems in the public sector (see also Yee, 2020; Dai et al., 2017; Arena et al., 2015).

Recent PMS literature argue that the SEs complexity creates challenges and opportunities in conflicting and competing institutional logics (Lepori and Montauti, 2020; Golyagina, 2020; Yee, 2020; Ferry and Eckersley, 2020; Manville and Greatbanks, 2020; Knardal, 2020; Nielsen et al., 2019; Gebreiter and Hidayah, 2019; Busco et al., 2017). First, their dual mission requires managers to find an equilibrium between the social/welfare rationale (creating social value) and the market/commercial rationale (creating shareholder value and corporate profitability) (Gebreiter and Hidayah, 2019; Dai et al., 2017). This results in tensions from conflicts in determining the relative priorities of financial goals over social goals (Busco et al., 2017), which may, in turn, result in a mission drift at the organisational level with potential legitimacy issues at the stakeholder levels (Nicholls, 2010; Gendron, 2002). These tensions can be resolved through SEs by applying trade-offs that include searching for ideal conditions to generate commercial revenue, enabling successful social value creation and maintenance (Dai et al., 2017). They could also adopt a social mission led strategic direction (Busco et al., 2017), and cede profits so that the balance between conceptualisation and social value creation is maintained (Nielsen et al., 2019). Governance process allows the prioritisation of one logic based on environmental conditions (Kaufman and Covaleski, 2019) as well as management discretion required to ensure effective collaboration with other logics (Gebreiter and Hidayah, 2019). The continuous process of ensuring shared understanding could reconcile the seemingly irreconcilable (environmental, social and financial) objectives (Manville and Greatbanks, 2020). Thus, contradictory institutional logics could be distinctively influenced through governance process that identifies opportunities within a pluralist environment and implements innovative practices to capitalise on this complexity (Kaufman and Covaleski, 2019; Busco et al., 2017).

Second, considering other corporate customers may be more profitable than SEs, venture capitalists and conventional commercial banks are less attractive to the focus on creating social value (Gebreiter and Hidayah, 2019). Because of the complex status of SEs, financiers face difficulty in categorising them as business organisations (Lepori and Montauti, 2020), thus creating tensions in prioritising commercial over social goals. The use of dual pricing strategy and generation of social return to the detriment of financial return are some trade-offs to resolve the tension. Also, obtaining social investment funds, benefiting from mixed funding flows, implementing advanced legal forms that assist in the dual mission of the SE (helping to increase
equity capital), and using cross-subsidisation business models incorporate tension-resolution mechanisms (Nielsen et al., 2019; Gidron, 2017). Based on the extremity of movements in an organisation’s external environment, budgetary discretion could provide a mechanism for institutional maintenance, enabling a slow evolution of a decoupled system (Lepori and Montauti, 2020; Kaufman and Covaleski, 2019). Budgetary discretion could also be a vehicle for institutional change by which a competing logic gains influence (Lepori and Montauti, 2020; Kaufman and Covaleski, 2019). Furthermore, in the face of institutional complexity, the variation in management accounting/PMS practices is probably to be determined by multiple logics (Knardal, 2020; Gebreiter and Hidayah, 2019; Busco et al., 2017; Dai et al., 2017).

Third, to reinforce the understanding of human resources management accounting in SEs, institutional complexity provides an important trend (Dai et al., 2017). Because financial constraints result in SEs underpaying employees (Nielsen et al., 2019), their access to skilled labour is limited. Many SEs rely on the efforts of volunteers and trustees who donate their knowledge and skills without charge. Although volunteers could provide relevant expertise, progressive prioritisation of commercial objectives over social goals may result in tensions between employees and volunteers (Golyagina, 2020; Arena et al., 2015). The result could be a compromise between investing in the recruitment and training of volunteers, with an undesirable effect of reducing funds available for social value creation, and using high salaries to attract skilled labour (Nielsen et al., 2019; Busco et al., 2017). Thus, in conditions of institutional complexity, developing innovative and creative strategies involves a continual and dynamic process of social value creation (Golyagina, 2020; Cherrier et al., 2018).

The SEs complexity has imposed institutional pressures on the creation of a PMS in response to multiple and competing field demands (Knardal, 2020; Dai et al., 2017). The main characteristics of the PMS should reflect the SEs’ strategic goals, be defined with qualitative and quantitative metrics, and be able to facilitate the provision of accurate performance evaluation information that should stimulate continuous improvement (Yee, 2020; Nielsen et al., 2019). However, SEs face the challenge or pressure of clarifying or defining the societal outcomes of their core activities, and how these are to be measured and held accountable (Nicholls, 2009; Gendron, 2002). Although it may be challenging, considering there are no clear performance measurement and accountability systems identified for social value creation, the relationship between input factors and societal outcomes could be defined (Nicholls, 2009) by determining customers’ perceived value of receiving or using the social good (Gebreiter and Hidayah, 2019; Luke et al., 2013; Gendron, 2002). Moreover, in the face of multiple and competing logics -such as within complex organisations- management accounting/PMS can be used to mediate and control institutional conflicts through decoupling, compromising or combining mechanisms (Rozenfeld and Scapens, in press; Lepori and Montauti, 2020; Kaufman and Covaleski, 2019; Busco et al., 2017).

Chmelik et al. (2016) put forward three different categories of performance measurements that fulfill different purposes in SEs. First, performance measurements that are closely linked to organisational decision-making and operations, and which aim to internal evaluation of the social venture with a focus on the inputs and outputs of social value production. These serve as a means to achieve organisational mediation and control (Luke et al., 2013; Gendron, 2002). Second, performance metrics that focus on measuring social value creation and societal outcomes. Third, performance metrics developed for investors in social businesses who expect both financial return and ‘social return’ such as improving their societal acceptance and legitimacy (Mättö et al., 2020;
Likewise, Kaufman and Covaleski (2019, p.42) contend that “budgetary practices emerge as an observable, material expression of institutionalized beliefs within a particular setting at a particular time.” These practices represent an important performance measurement tool amidst divergent institutional logics to ensure good organisation and governance (see also Lepori and Montauti, 2020; Yee, 2020; Dai et al., 2017).

There is inherent difficulty in defining which performance dimensions are to be measured and monitored in the case of a SE (Arena et al., 2015). This is because construction of an accounting-based PMS for these organisations should include a diversified set of metrics, such that their multiple performance objectives (i.e., economic, environmental, and social) are covered. However, because SEs are resource constrained (Nielsen et al., 2019), they may be unable to afford the high cost of data generation, staff time, and investments in information technology, in implementing such comprehensive and reliable PMS. Furthermore, notwithstanding limited empirical evidence that investing in performance measurement tools yields greater benefits, or of their impact on business practices (Luke et al., 2013), the accounting measurement of social outcomes is neither seen by many SEs as an important management accounting tool nor as a source of competitive advantage (Lepori and Montauti, 2020; Luke et al., 2013). Additionally, the financial goals (regarding wealth creation) of SEs can differ greatly, creating conceptual and/or practical difficulties in measuring and managing their performance (Nielsen et al., 2019; Chmelik et al., 2016; Gendron, 2002). Thus, budgetary discretion provides a process through which a budgetary system organised around a single dominant logic can incorporate activity justified through varying peripheral logics (Lepori and Montauti, 2020; Kaufman and Covaleski, 2019). This paves the way towards complexity and institutional logics within SEs’ internal PMS (Golyagina, 2020; Nielsen et al., 2019; Dai et al., 2017).

2.2 The theoretical framework

The value of the Besharov and Smith (2014) framework appears in how it calls for an explanation of the diverse implications of logics multiplicity for internal conflict through three distinct but interrelated analytical levels (Knardal, 2020; Besharov and Smith, 2014). In the empirical sense, Mauris is an important SE and one of the biggest in Egypt. With 13 branches in different rural municipalities, its contribution to public health improvement by reaching out the poor rural communities is a key attraction. Mauris differs from many other SEs in that it was originally funded by the Egyptian government and is restricted in the donations that it could solicit or receive. Therefore, Mauris operates under significant socio-commercial logics in conflicts at the local and national levels and provides appropriate institutional settings to analyse a complex PMS design and implementation process. In large SEs (such as Mauris), the complex nature of the organisation could be sustained through government influence alongside the organisation’s accounting and control practices (Busco et al., 2017; Dai et al., 2017). We argue that the identification and implementation of performance measures-as mediated accounting tools within multiple logics and internal conflicts- are prerequisites for effective budgeting, reporting and control mechanisms within the organisation (Lepori and Montauti, 2020; Gendron, 2002).

Unlike other frameworks, the Besharov and Smith (2014) framework categorises organisations in terms of logics compatibility and logics centrality and explains how field, organisational, and individual factors influence these two dimensions. Besharov and Smith (2014) explains that logics compatibility means that logics provide compatible prescriptions for action (instance of high
compatibility) or that logics provide contradictory prescriptions for action (instance of low compatibility). Logics centrality means that multiple logics are the essence of organisational performance (instance of high centrality) or that one logic is fundamental to organisational work while other logics are marginal (instance of low centrality). Therefore, in contrast to others (Gebreiter and Hidayah, 2019; Skelcher and Smith, 2015; Pache and Santos, 2013), the logics multiplicity framework within organisations (Besharov and Smith, 2014) is based on two assumptions. First, multiple institutional logics belong to a cluster of logics compatibility or logics centrality. Second, the level of compatibility and centrality of multiple logics within an organisation depends not only on the organisational and individual levels but also extends to include institutional field factors. Logics compatibility exists when multiple logics apply coherently in an organisation, that is, when the relationship between organisational members with different duties is less conflictual. Logics centrality reflects the level of applicability of multiple logics in the organisation’s core activities (Knardal, 2020; Besharov and Smith, 2014).

Therefore, the logics multiplicity framework within organisations (Besharov and Smith, 2014) distinguishes from other frameworks of multiple institutional logics. For example, Skelcher and Smith’s (2015) framework connects multiple institutional logics to different organisational forms of hybridity. Using an institutional logics approach, they theorise “hybrids as entities” dealing with multiple normative frameworks. Their institutional framework establishes plural logics in five forms of organisational hybridity – segmented, segregated, assimilated, blended, and blocked. Each organisational form theoretically reflects different individual responses to institutional pluralism. In parallel, Pache and Santos’ (2013) framework distinguishes different organisational strategies for dealing with different individual responses to conflicting logics multiplicity. From empirically observed differences, four main categories of individual responses within organisations were identified, including compliance, defiance, combination and compartmentalisation. Moreover, to expand the Pache and Santos’ (2013) model, Gebreiter and Hidayah (2019) examine different individual responses to competing accountability pressures in a hybridised public service organisation. Based on the seminal work of Pache and Santos (2013), and notable empirical variations, eight additional sub-categories were considered for the Pache and Santos’ (2013) basic framework, namely, enforced compliance, internalised compliance, compliance through exhaustion, instrumental compliance, categorical defiance, defiance with justification, blending and translation. Although these attempts have provided meaningful theoretical explanations on complexity and institutional logics, they do not benefit from the Besharov and Smith’s (2014) field embeddedness in the richness of internal PMS analyses within politically sensitive SEs. The analyses of these attempts have included only both the organisational and individual logics levels, with little attention to the field or societal level institutional logics and their subsequent pressures on PMS implementation within SEs (Knardal, 2020; Ferry and Eckersley, 2020; Nielsen et al., 2019; McMullin and Skelcher, 2018).

In a SE context, to attend to a better understanding of internal PMS, we expand the Besharov and Smith’s (2014) multi-level logics analysis (field, organisational, and individual) to management accounting/PMS research insofar. Costa and Teixeira (2013), for example, urge institutional logics researchers to use multi-level analytical frameworks to achieve a better understanding of how organisations, especially complex organisations such as SEs, are affected by multiple logics, and how these competing logics influence their internal performance practices. Especially if there is a controversial research topic that still needs more attention and consideration (Costa and Teixeira, 2013) such as the influence of field-level institutional logics on internal PMS implementation in
SEs considering PMS for SEs as multi-dimensional systems (Arena et al., 2015). In parallel, Ferry and Eckersley (2020) introduces and applies a three-stage institutional logics analysis to explore the hybridisation (or complexity) process in English and Welsh local government budgetary stewardship and performance improvement. This analysis, based on the interview data, has included three successive stages: the recognition stage, the negotiation stage, and the operationalisation stage of hybridisation. In a SE context, according to the overarching research question and the institutional nature of our privatised case company, there is a need to use such multi-level analysis (Costa and Teixeira, 2013) and a three-stage process (Ferry and Eckersley, 2020) to explore the effect of field-level institutional logics (i.e., government pressures and funding opportunities at the macro level) on micro-organisational PMS development. We do this by employing the Besharov and Smith’s (2014) multi-level framework to add a new analytical flavour to previous studies to understanding SEs’ institutional field pressures on applying the process of complexity and institutional logics in developing their internal PMS.

Some previous studies employed Besharov and Smith (2014) framework. For instance, Dufays and Huybrechts (2016) applied it to analyse how conflicting institutional logics at different organisational levels explain the success and failure of hybrid SEs. Voltan and De Fuentes (2016) analyse success in scaling social innovations by applying the logic compatibility-centrality matrix (Besharov and Smith, 2014) in partnerships. More recently, Knardal (2020) applied the Besharov and Smith (2014) framework to investigate if and how institutional complexity has played a vital role in shaping organisational performance management practices in arts organisations. However, extant literature with accounting studies that employ the analytical framework is scanty (Knardal, 2020). For instance, although Alawattage (2011) and Jayasinghe and Wickramasinghe (2011) use the term ‘logics’, they do not make use of Besharov and Smith’s (2014) approach and its logics multiplicity. Also, Ezzamel et al. (2012) address institutional change in the field of UK education and the concomitant change in accounting practices, while Townley (1997) explains resistance to performance appraisals in the education service sector, or universities. However, these studies pay scant attention to community institutions and their implications for performance measurement logics. Importantly also, we were not able to identify previous research that employed both institutional logics and social cognition. Busco et al. (2017) argue that attempting to extend the contents of accounting and control practices to incorporate and accommodate multiple perspectives is less important than researching to understand how accounting practices succeed to attract multiple concerns and numerous opinions surrounding accounting. Therefore, this study makes a contribution by filling the gap in extant literature not only by its use of Besharov and Smith’s (2014) framework, but also by bringing to light the social cognitive effect on its application (Ishaque, 2020; DeCaro et al., 2017; Bandura, 1989, 1986).

Combining different levels of logics compatibility and centrality at the organisational level leads to four ideal types of organisations, namely: contested, estranged, aligned and dominant (Besharov and Smith, 2014). Contested organisations have low logics compatibility and high logics centrality, with the likelihood of experiencing internal conflicts. Estranged organisations have low logics compatibility and low logics centrality, with the propensity of the superiority of one logic over others, which start to shape organisational decisions and activities. Aligned organisations have high logics compatibility and centrality, with the tendency of less internal conflicts among logics and organisational members, leading to a high level of organisational stability. Dominant organisations have high logics compatibility and low logics centrality and are likely to have a logic that dominates all others, which start to act as subsidiary logics. This may lead to an
The erroneous assumption that only one logic applies in that organisation (Besharov and Smith, 2014). Simultaneous high degrees of centrality imply that the organisation can simultaneously operationalise two competitive logics in a specific setting. The degree of logics compatibility, in this case, determines whether the organisation is likely to experience extensive or minimal conflicts among its key organisational members. In the former case, the organisation becomes contested. In the latter, the organisation is aligned.

The thoughts, beliefs, and feelings of people affect their behaviour (Ishaque, 2020; Bandura, 1986), with their thought patterns and emotional reactions also partly determined by the natural and external effects of their actions (Bandura, 1989). The design, function, and performance of governance systems within organisations are not only influenced by multiple and competing institutional logics but also by social cognition and decision making, since they are socially constructed (Ishaque, 2020) as is the case of Mauris. Social cognition (Bandura, 1986) is a model of reciprocal causation (of human behaviour) involving triadic reciprocal determinism, with behaviour, cognition and other personal considerations, and environmental aspects operating as interacting determinants, and having a bidirectional influence on each other (Cheng and Chu, 2013). It is not implied by bidirectional causation that the influences occur simultaneously nor that the various sources of influence are of equal strength, since time is required for the influence of a causal factor to be exerted, and for reciprocal influences to be triggered (Cheng and Chu, 2013).

Human decision-making within the Besharov and Smith’s (2014) logics multiplicity framework is afflicted by cognitive biases, engendered by the people, their incomplete knowledge, limitation to their cognitive capacity to effectively execute complex cognitive calculations, as well as by time (Besharov and Smith, 2014). All decisions involve predictions of future sentiments (Ishaque, 2020), with the relationship between emotions and decision making bidirectional, considering emotions can influence decisions made, much as the outcome of decisions can influence the emotions experienced by decision makers (Kahneman, 2003; Schwarz, 2000). The cognitive biases in information processing by human decision makers are important, considering the social barriers to adaptation that is created when people are rendered more susceptible to specific kinds of social influence (DeCaro et al., 2017). In economic decision-making, intuitions and emotions should not be ignored because although reason and emotion may often conflict, not all decisions resulting from reason are appropriate, nor are all decisions resulting from emotion unsuitable (Frith and Singer, 2008).

Because forces that shape logics compatibility and centrality are continuous, an organisation can shift from one logic typology into another or combine different features of each logics typology simultaneously (Besharov and Smith, 2014). Building on the concept of boundary objects to explore how accounting and control practices could contribute to the persistence of the multiple logics characterising complex organisations, Busco et al. (2017) argue that accounting and control practices are mechanisms that result in mediation and openness, rather than consensus and compromise (see also Rozenfeld and Scapens, in press; Dai et al., 2017). Because accounting is employed by users in a process of mediation, to attract and sustain distinct interests and concerns, with such distinctiveness not reduced in the search for harmony and sharedness (Busco et al., 2017), numerous accounting practices could develop over time to incorporate distinct and conflicting demands (Lepori and Montauti, 2020; Contrafatto and Burns, 2013). The shifting nature of logics typology provides an interesting field for this study to analyse the process of complexity of performance measurement in a SE. By doing so, we respond to recent calls for
further conceptual and empirical studies on how SEs manage their performance to meet government-level institutional pressures (Ferry and Eckersley, 2020; Manville and Greatbanks, 2020; Golyagina, 2020; Yee, 2020; Knardal, 2020; Nielsen et al., 2019; Dufays and Huybrechts, 2016). Also, the use of social cognition to shed light on the decision making of the firm, adds an important twist to this research.

3. Data and methodology

We adopted a field research methodology in conducting an interpretive case study (Yin, 2013). We employed this approach to conduct semi-structured interviews, observations and document analysis during the main data collection. The complementarity of multiple data sources was valuable to improve the value of archival data from document analysis (Yin, 2013), and facilitate an adequate investigation of the relationship between designing and implementing a socio-economic PMS in a SE. Our research approach provided an opportunity to analyse a new PMS design and implementation process based on KPIs, including financial performance and societal health improvement assessment metrics in Mauris. In addition, continuous contacts with interviewees and the organisation helped us clarify ambiguities and contradictions arising from documents analysis, interviews and participation in meetings. This enhanced the validity and reliability of our research data and findings (Vaivio, 2008). Furthermore, field study research method facilitates the analysis of managerial ambiguities, tensions and contradictions, since it permits analysis and interpretation of themes. It also enhances understanding of the complexity of accounting and performance measurement operations in organisations (Ahrens and Dent, 1998). Additionally, it provided the appropriate context for exploring the effect of social cognition on managerial decisions (DeCaro et al., 2017; Schwarz, 2000).

The Egyptian context of SEs has distinct institutional logics which oriented the case company towards PMS implementation. To good governance and social legitimacy in the new public management mechanisms, the Egyptian government, through financial incentives calculated by KPIs, put SEs (e.g., Mauris) under certain resource dependency pressures that influenced the internal interplay of commercial and social logics and then the choice of certain KPIs. Compared to previous literature, PMS implementation is a political tool that the case company used to meet the institutional demands of the government funding scheme. Non-political (accounting-based) KPIs have turned into political tools to gain societal acceptance and legitimacy. This field-research is truly unique and distinct from others in previous literature. As stated above, the government’s influence within the case company has been institutionalised through financial incentives calculated by KPIs. This political involvement (which appears as no involvement) has, and still has, affected the organisational-level interplay of commercial and social logics as well as the individual-level choice of KPIs for SEs’ internal PMS. This specific case adds a new fact to previous literature that institutional logics and their interplay are ‘in a state of flux’ within SEs’ internal PMS. It can also indicate that institutional pressure emphasises the financial side, but when selecting KPIs, a social logic emerges, which is a rather counter-intuitive and interesting finding to answer our research question.

Two datasets were collected in this study. The first was data obtained from document analysis, participation, and observations. During our field visits, access was granted to data such as internal reports, minutes of board meetings and other internal documents. Relevant data was also obtained from our participation in meetings and by observing staff perform their routine tasks in the case
enterprise. The second dataset consists of 35 interviews conducted in two stages: the pilot study and the main study. Seven (7) interviews were conducted in the pilot phase, in the autumn of 2017, and twenty-eight (28) interviews were conducted in the main study, between December 2017, March 2018, and June-July 2019. The pilot study interviews were unstructured, and were of a more generic nature, seeking to establish an understanding of the operating logics of the social business, the relevance of the social mission in organisational decision making and actions, and the views of various participants in the process.

The second set of interviews (main data) were semi-structured and reflected the experience from action research, knowledge from the pilot interviews. The use of semi-structured interviews (as opposed to open and exploratory interviews) was because the participants were generally reluctant to say anything controversial, especially since they were the firm’s current management. Therefore, their claims were taken at face value, differentiating our academic research from investigative journalism (Yin, 2013; Bryman, 2012; O’Dwyer, 2004). It is worth noting that a semi-structured interview guide was adapted for each interview. Having a single guide for all interviewees would not have served the purposes of this study, given the very diverse roles and responsibilities of participants (Yin, 2013). Twenty-eight (28) interviews were conducted, and interviewees included accountants, finance manager, operations managers, project managers, managing directors, auxiliaries, international volunteers and board members, with practical experiences in the management and accounting fields ranging from 5 to 15 years. The interviews were conducted in Arabic or English, based on interviewee’s choice of language. They were recorded and subsequently transcribed. Interviews conducted in Arabic were translated to English and back to Arabic, to ensure the accuracy of translation. The average duration of each interview was approximately fifty-five minutes. Interviewees were contacted, when necessary, to facilitate understanding of anything that remained vague and to enable a follow-up on anything new that might have occurred in the company’s operational PMS.

During the main study, two joint meetings were held, one with the Plant Manager and the Project Manager, and the other with the Head of Innovation and the Chairman of the Board. These meetings, lasting about an hour each, were geared at discussing the social value of the drinking water refining project and the role that the ‘complexity’ plays in its PMS. Our request to observe various meetings was initially declined due to the confidentiality of the issues often discussed, especially if these were considered strategic. Nevertheless, the evolving relationship and increasing levels of trust with the ‘gatekeepers’ resulted in limited access to meetings eventually granted. Thus, we participated in eight meetings as observers. These included performance management meetings and management accounting meetings at corporate level which we were recorded in field notes. These meeting observations enhanced our understanding of performance measurement logics, management accounting interactions and decision-making within the firm. Observing meeting deliberations also facilitated our understanding of how the social cognition of participants impacted the tension between the institutional logics of the SE. In addition, secondary data were collected from considerable documentary materials relating to Mauris. These included internal documents, publicly distributed printed documents, and material made available on the websites of organisations involved. This provided a rich source of information on the company in general, and for understanding its numerous operational processes relating to accounting.

Data analysis was manually performed, to maintain interviewees’ words and phrases close to their cultural contexts, since the electronic data analysis method cannot fully identify these issues
(Bryman, 2012). The overall analysis of the data was based on careful reading and re-reading of the interview transcripts and field diary notes. Firstly, we read the interview transcripts simultaneously with listening to the audio recordings. This helped to get an overview and ‘feel’ for the data. Secondly, we read the transcripts and looked for issues of relevance to our study. We used open codes to classify those issues. Our use of the coding/recording method commenced with the pilot study. Every new issue that emerged from the interview material was assigned a code. In the third and final stage, we re-read parts of the transcripts related to each code. In doing so, we looked for themes that shared several open codes (i.e., the first coding, or/and the second order coding). This process enabled us to go back to Mauris to collect more data until we reached the point of saturation (Yin, 2013). During this iterative process in which the interview transcripts and notes were summarised and analysed thematically (Miles et al., 2013; O’Dwyer, 2004), patterns in spoken words and underlying messages and motives, as well as confirmation of the emerging significant issues, emerged.

Throughout the stages of data analysis, the institutional logics in the investigated field were being shaped in our view, as researchers. This was mainly data driven, but also depended on the literature to an extent. Two main sets of logics were discerned and investigated: commercial and social logics. Commercial logics are about market conditions and the industry, that is, they concern the competitive structure of the case organisation. In contrast, social logics involve the case organisation’s non-profit practices such as providing safe water in the remote poor areas at a low cost. Data collected through different methods in this study confirmed each other to be trustworthy (Yin, 2013; Bryman, 2012).

4. Empirical findings

Consistent with the theoretical framework by Besharov and Smith (2014), we set out the findings of this study in three interrelated levels: institutional field, organisation, and individual. While the institutional field sets up the context in which Mauris operates, the organisation level focuses on Mauris. The individual level explains the relationships between the organisation’s members and competing institutional logics in designing and implementing a PMS at a micro level, that is, levels of compatibility. We use a critical approach to reflect on Mauris’ social mission and its practical impact, that is, levels of centrality.

4.1 The institutional field of Mauris: the influence of government

Government influence played an important role in reconstructing Mauris’ institutional field. The new performance system introduced by the Social Enterprise Act (2011) changed the operational characteristics of Egyptian SEs as it aimed to increase productivity, promote cost-efficiency, and establish transparency and accountability. SEs became independent legal entities with financial autonomy, and separate from the state. Even the board structure of the SEs changed to include external members. A senior executive manager confirms this fact by saying that the new Social Enterprise Act (2011) requires around 30-35% of board members to be external. They include academics, practitioners, and military officers.

Despite this legitimated autonomy, SEs are still partially funded by the government. The funding model is based on producing a ‘financial incentive’ for achieving targets set by the government. The core funding is calculated using ‘KPIs’ comprising commercial and social objectives. For
example, in Mauris, these targets are divided into the following three themes: house connections (39%), tap points (33%) and jar sales policy (28%). Mauris receives funding for each societal target achieved. The uptake and consumption of potable water was considered a proxy for societal health improvement. The formula was amended in 2012, 2014 and 2015, with the recent amendments consistent with the new public management policy of emphasising the new performance system, with a stronger efficiency incentive on the public value. The senior accountant explains:

This new model gave SEs an opportunity to compete with each other, especially in the areas under the government funding … If the target set by the Ministry of Social Solidarity (MOSS) is not achieved, a SE would not receive the full amount of funding.

From 2010 to 2012, the financial incentive for meeting the target increased annually at a rate of 2%–4% of the funding. However, in 2013, there was a noticeable reduction (for the first time) in total government funding, from 14% to 9%. The funding remained at the same level until 2016 when it was again slashed by 3%. As per Mauris’ finance manager:

In Mauris, yearly revenues from funding began decreasing after it peaked in 2012. The reason for this reduction was the political revolution in Egypt at that time and subsequent negative effects on the state’s public budget and government funding sources … The use of fewer resources led to deteriorating outputs, particularly in societal activities. Financial aspects now dominate the SEs field.

The managing director reinforced this view by saying:

The current military leadership in Egypt emphasises the financial aspect of rebuilding (modern) Egypt after the political revolutions (2011 and 2013) that swept the Egyptian economy. Many field and organisational issues were born behind it. Since the state leadership moved from the Muslim Brotherhood to the military in 2013, the focus of the SEs field has become the financial aspect first. The political logic here has stemmed from the financial crisis and the economic collapse that occurred in Egypt after two revolutions and the inability to provide full financial support to SEs.

A senior accountant confirmed this financial focus:

Although some countries (such as Saudi Arabia and the United Arab Emirates) and international bodies (such as the World Bank and the European Union) provided Egypt with some financial support and long-term loans, the Egyptian government was unable at that time to cover its social and economic obligations simultaneously, whether at the national or even the local level. This was the first stepping stone towards SEs’ financial autonomous that created social and commercial tensions in their internal performance measures.

Mauris responded to these changes by implementing operational and structural reforms which involved shifting from operating branches and departments, to service centres and, later, into branches (without departments) distributed in urban and rural communities. To this, the senior
operations manager commented that two [specific-purpose] units were also removed due to unprofitability of operations. To be autonomous, Mauris had to fulfill two pre-requisites imposed by the government. First, its real estate had to be restructured into a separate firm owned by several entities. Second, it had to establish ‘shared service centres’ responsible for bookkeeping, payroll and other accounting functions. A senior accountant adds to these organisational field pre-requisites that:

The use of SAP-ERP technology to implement accounting processes generated [more] flexibility. It facilitated the implementation of the KPIs measurement system, the development of management accounting tools and the preparation of performance control reports.

4.2 The organisational level: the interplay of commercial and social logics

Government involvement through the funding scheme influenced the organisational-level interplay of commercial and social logics within Mauris. In conformity with the Social Enterprise Act (2011), Mauris is an independent legal entity with an obligation of financial autonomy. Its goal is to provide affordable potable water to the rural population in Egypt. The Chairman of the Board of Mauris explained:

The cornerstone of our business is to save communities from problems [or diseases] destroying their social welfare… The problem that Egyptian [urban and rural] communities suffer from is the water… The water stations, especially in remote villages, began supplying unhealthy [unclean] water to those villages and, hence, the health of the dwellers was clearly deteriorating… Therefore, Mauris focused on supplying healthy [clean] water at affordable cost by installing filtered water stations in these villages.

As in any other social business, the status of Mauris differs from the status of non-governmental organisations (NGOs) and not-for-profit organisations. For example, while NGOs and not-for-profit organisations can use donations to finance the delivery of social goods and services, Mauris has no such possibility. Mauris’ social status reflects two different institutional logics (commercial and social) that seem to compete depending on the power and status of each organisational member in a specific decision-making context. According to Kiesler and Sproull (1982), considering that firms, subunits within firms, and individual members of subunits are self-centred, the logic of motivationally driven social cognition remains valid irrespective of whether motives are held only by individuals or are shared in groups (Ishaque, 2020; Gebreiter and Hidayah, 2019; Dai et al., 2017). A member of the executive board explained:

Mauris does not aim to generate or maximise profits. We are like any NGO and not-for-profit organisation, although our financial status differs from them. These organisations depend on donations to raise funds. Our problem here is the ‘fund’… I mean … the way we can finance our social activities in remote rural areas. We had to adopt the commercial ideologies [of a private sector] alongside our fundamental social mission. Our [work] slogan now became social logic first, but also the financial imperative.
The managing director confirmed:

Yes, the central government funds us through financial incentive calculated by KPIs... But not enough... The government incentive covers only fixed costs [water infrastructure maintenance costs] but not salaries, rental costs ... Thus, Mauris has to sell water to urban homes at an affordable cost to secure money to cover other operating costs and to subsidise rural water supply... However, this subsidisation should not be achieved at the expense of developing social values, such as reducing arsenic water consumption to improve the health safety of the rural population.

The head of innovation (HoI) had a more practical approach:

We cannot put all operating costs to the rural people. To make potable water affordable for them, we need subsidise by going to the urban market. It is still reasonable to achieve financial sustainability by cross subsidising… So finance is important, then social…

The finance manager confirmed:

Our financial analysis shows that growth of revenues to achieve breakeven has become more important in the short term than growth of social value. This is understandable because the financial viability of Mauris is a pre-requisite for delivering social value. Yet, there is a risk that maintaining breakeven becomes a social business mission more than increasing the social value of its goods and services. The KPIs measurement system was not able to produce metrics that prevent potential mission drift.

The head of sustainability added:

At any rate, the questions are…: Is there room for something else than philanthropy and business as usual? Does this third way have a vocation to continue? […] Would it make sense over time? Does it make sense only in relation to Egypt or the sanitary context…? Does it complete the range of existing models, or does it compete with them?

The head of sustainability was particularly concerned about the extent to which Mauris can go in combining commercial and social goals without risking its social status. These seemingly contradictory objectives make social business a true complex organisation, embedded in two institutional logics, in pursuit of different goals and with different means of achieving them (Yee, 2020; Gebreiter and Hidayah, 2019; Pache and Santos, 2010).

Based on the above, we present a (funding) model of the Egyptian SE (Mauris) in Figure 1:

[INSERT FIGURE 1 ABOUT HERE]

Figure 1 above illustrates the various relationships in operation within Mauris.
From document analysis, we noticed that the number of consumers of safe water at the start of the project in 2010 was about 70% below expectations in its business plan. Not consuming safe water meant that Mauris had an urgent task to improve its financial performance so that it could be able to provide potable water to the needy rural communities. A research initiative set up in 2010 by the firm had a mission of designing a new measurement system to measure social values and their improvement. A pre-requisite for the maximisation of social value is to assess how to set performance metrics and goals, and how to measure their outputs and societal outcomes. The leadership of Mauris called the new measurement system KPIs. KPIs were supposed to monitor the evolution of both financial and social outcomes.

Many stakeholders\(^2\) of Mauris had different views, however, of what each KPI meant, and on which of them their daily activities should focus. Mauris’ project manager commented:

... In our company, we have people coming from other companies, NGOs, and development agencies. This mix of people may work together, but do not have the same understanding of what this kind of company does...

Another challenge was to combine the social needs of the rural population with the commercial performance targets of the project. The project manager explained:

It is the responsibility of our company to do something for the humanity for our people. (…) That achievement should not be measured in monetary terms, but with other human factors. I think the value of this is more than financial… This is my feeling... However, it should be decided by those financing this project.

In this setting, Mauris managers had to deal with trade-offs between financial performance and social value improvement. For instance, considering the installation of a new water connection at any location is an investment decision, the monetary aspects (e.g., costs, contributions) influence the choice of location. This is contrary to the Project Manager’s view that contribution to “humanity” should not be attributed monetary values. However, the financial aspects (e.g., costs) are important considering they enable the comparability of operational options the firm is presented with. This chimes with the argument that human decision-making is plagued by cognitive biases (DeCaro et al., 2017; Kahneman, 2003) in information processing (DeCaro et al., 2017), caused by incomplete knowledge and inadequate cognitive mental resources of people (Kahneman, 2003). Mauris’ HoI commented:

It is about trade-offs. I have the impression that senior management is drawn to: “a connection cannot be made there because it’s too costly,” etc. Thus, a social indicator, consistent with the overall goals of the project, is required alongside the economic indicator.

The finance manager confirmed this. The HoI gave further practical clarification:

When we want to create tap points for water access, we ask the population to express their demand for it. Sometimes we have three, or four-five-six, some

\(^2\) These include NGOs, Development Agencies and other companies within Egypt that financially or materially support Mauris.
clusters or villages asking for water. While some of them are big villages, big clusters, others are quite a distance away. Yet some do have many children, and others many people who are ill... We have to make a choice. How do we choose with all these demands? Therefore, we employed these KPIs to bring in some sort of management [accounting] techniques - to facilitate the resolution of setting up tap points.

4.3 The inter-individual level: the choice of KPIs for internal PMS

The interplay of commercial and social logics at the organisational level, generated from government involvement at the field level and then put Mauris under certain resource dependency pressures, influenced the choice of KPIs for Mauris’ internal PMS. The Mauris management wanted a short list of indicators that could be monitored regularly and used in an operational manner. The indicators were to be scientifically designed to provide relevant and reliable performance information for use in managerial decision-making and external disclosure to stakeholders. The HoI explained:

At some point, we will go and talk about the performance of [Mauris] … by providing some indicators that are understandable by third parties and are academically supported. I will also need to be able to say that this indicator and this way of seeing things […] are considered to be the most adequate to evaluate the project...

The chief accountant had a similar view:

Mauris has to implement the KPIs model to monitor the performance targets set by the government. Thus, we seek to define indicators through which we can measure our performance efficiency in delivering both social and commercial public services. It is important that the indicators are considered meaningful, achievable, reliable… and on a scientific basis.

The operations manager confirmed this and further commented:

Mauris measures the social value through certain KPIs … or, as we say in practice, performance efficiency indicators …, and considers this information in organisational decision-making. With these [KPIs], we can measure the social value of a rural water supply project. Through the annual measurement of these indicators, management can assess the actual improvement of public health in the rural area compared to performance targets set by the government.

The project team agreed from the beginning on two main dimensions upon which to define and design KPIs, that is, the social and the commercial. Regarding the social dimension, three main aspects were agreed on. First, the size (scale) of the project, and specifically the number of inhabitants who have unrestricted access to the water points. The scale of the project translates into the project’s ability to involve the largest possible number of people in the new safe water network. Second, the penetration (diffusion) level of the new network; the capability of a safe water project to permeate the covered areas and change the behaviour and habits of their local population (especially those who have access to safe water facilities) into regular consumers.
Third, to ensure the regular consumption of safe drinking water by customers, and for these customers to stop using arsenic-contaminated water from elsewhere.

Regarding the commercial dimension, two key aspects were selected. First, the self-financing rate, a relevant and important variable because Mauris had chosen to rely solely on its selling turnover, excluding any external subsidies. Second, the efficiency. Because it is not enough for Mauris to break even, it needed (and still needs) a metric allowing it to measure the contribution margin of each cluster of customers, such as the contribution margin of each safe water checkpoint. Hence, the project team chose to monitor the water cost to ensure that customers pay for a service that ensures expenditure control.

The choice of key financial performance indicators followed a debate between operational and accounting team members. While the operational team raised the issue of water wastage during the process of water delivery, the accounting team focused on key financial issues, that is, sales revenue and financial profitability metrics. The finance manager explained:

Our rural water services do not give us enough sales revenue because the sale of water there is at the lowest possible price. The result is increased operational costs in the rural areas. Thus, Mauris had to sell water in the urban areas at a higher price, in order to subsidise the rural water services and to secure its financial stability.

The operations manager agreed, but also commented:

Yes, I agree… But how dependent should we be on the urban market? Fifty percent? Seventy percent? Even if ninety percent dependence, it is not good because we are actually running a social company… As we consider financial figures as most important performance indicators, we should also consider operational risks that might increase operating costs and reduce revenue. For example, the issue of water wastage during water delivery.

Thus, while financial figures were considered the most essential indicators, it was necessary that cognisance be taken of the probability of revenue reduction resulting from increased operational risks. Although both managers finally agreed to include the efficiency indicator as a KPI, it was eliminated during implementation in order to reduce the number of key indicators. This is consistent with Bandura and Jourden (1991) who contend that in real-life environments, decisions are made from a broad range of information within continuous and time-constrained organisational activity, and with social and self-evaluative consequences (Ishaque, 2020; Cheng and Chu, 2013).

After defining the key indicators, the process of collecting key performance data was technically academic, rigorous and practical. It was important to organise a reliable process of collecting relevant operational data. The operational team, composed of employees who visit inhabitants to assess water health safety awareness, collected the data. Because it was noted during this process that the calculation of some indicators was not at a satisfactory level, it was considered necessary for the operational teams to change their measurement practices. For example, with respect to the penetration rate, a change in measurement has been established in practice. The water dealers

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3 Although Mauris solicits donations from the public on its website, these are restricted only to benevolence from within Egypt.
(locals sell water to others, either in the same area or in different areas) must document their daily deals with customers in particular (accounting) records, rather than just using a measurement that relies only on traditional water meter readings. The former method muddled two different kinds of measurements, that is, local residents and average local consumption. This was a big problem because the project must necessarily set a target for a large average water consumption per household. To reach Mauris’ social goal, it is better if the safe water project contains fewer households that consume a large amount of water, rather than containing many families that consume less water. The desired outcome of improved health will only be achieved if people stop consuming water from alternatives contaminated with arsenic.

While collecting performance data, the operational team collected data on local households and the number of their members, without making an assessment of whether or not people are consuming safe water. The team based this statistic on the claim that possible consumers would usually reside less than 65-66 metres from the tap water point. Moreover, a new data collection process was introduced so that water dealers began to keep a daily record of purchases for each customer. The team combined customer data with potential households to achieve a new method for calculating penetration. The new method helped the team to calculate the percentage of the local population included, day-to-day consumption, and regular customers (homes with water consumption contains a minimum of 75% filtered water are considered as no longer drinking water polluted with arsenic or other toxic substances). As for the financial data, the project team relied on the accounting data that the local team issues monthly.

Following the identification of KPIs and their measurement, and consistent with the Social Enterprises Act’s (2011) requirements, the finance manager produces quarterly performance efficiency reports, which are sent to senior management and then to the government/MOSS. The finance manager explained:

Based on the monthly data collected by the operational teams, the accountants calculate the KPIs and present them to senior management in the form of a quarterly performance efficiency report. ... This report, practically called the KPIs report, plays a vital role in organisational decision-making processes ... The KPIs report reflects the overall operating (cost) movement of the different urban and rural areas in which Mauris serves commercially and/or socially.

The KPIs report is an influential accounting report in organisational decision-making. A senior accountant indicated that senior management depends on the overall performance report in assessing the financial stability, urban and rural water tariffs, and employees’ promotions. They are also used to assess the operational costs movement in the last quarter compared to previous quarters, and to take any necessary actions. A senior operations manager expressed dissatisfaction over the frequency with which management receives the KPIs report (see excerpt below). However, although the speed with which information reaches the manager is increased, Kiesler and Sproull (1982) argue that primacy effects, information overload and errors of attribution will still occur, albeit sooner. Further, there could be good non-cognition reasons for calling for more timely information, however, certain cognitive processes are not altered by an increased rate of information acquisition (Ishaque, 2020; Kiesler and Sproull, 1982). A senior executive manager agreed to this, saying:
The KPIs-based quarterly performance efficiency report is an important management accounting tool in making the right decisions. For example, in 2014, this report revealed some rural areas suffering from massive water wastages and increased operational costs. To resolve this issue, senior management had to install some advanced water supply equipment with which the company could manage the operating (cost) movement remotely in these areas.

Also, a senior operations manager agreed and disagreed with this:

Yes, I agree and disagree… I agree that this report is a useful accounting tool in making our managerial decisions … I remember, in 2015, the KPIs report indicated a significant decrease in societal health improvements in rural areas and a significant increase in mortality rate there. Our investigation team concluded that this was caused by their use of unclean water over the past years. In response, senior management had to send social experts to educate people about the importance of using (clean) filtered water sources to improve their health, reduce mortality and build a healthy and safe society…

… But I disagree that we have to wait for the KPIs [quarter to quarter] report before making our decisions when there are important matters that require our urgent attention. For example, we suffer from the issue of illiteracy and lack of education in these rural areas. Despite the intervention of experienced teams sent by … to raise awareness, people have maintained their culture and behaviour in using unhealthy water supply sources. At this point, we still have side effects that could be harmful to the entire project.

Thus, producing the KPIs report enabled Mauris to move from metrics that rely solely on water sales to performance indicators that show the individual behaviour of the population and facilitate the observation of such consumption behaviour. Data collected on the local population identify the residents who consume safe drinking water and those who do not. Since sales growth does not equal an increase in the social value of the safe water project, collecting this data is critical. There are at least two reasons explaining the gap between sales and social value improvements.

First, locals can use more water for goals instead of drinking. A senior executive manager argued that the assessment of health improvement indicators shows that arsenic contamination comes from drinking water from unclean sources. It is an ‘incorrect’ claim that improved community health results from increased water consumption. Because regularity of consumption is more fundamental; emphasising the growth of regular consumers rather than the growth in sales acts as a change from the measurement of outputs to outcomes. Distinguishing between outputs and outcomes is fundamental to evaluating community health improvement. Outputs metrics measure Mauris’ activities while the outcomes revolve around what has changed for the people who benefit from these activities. Measuring regularity in consumption is a proxy for finding out if people have changed their behaviours and habits for better health.

Second, the water that Mauris provides is not the only source of uncontaminated water. Commenting on other uncontaminated sources, the senior operations manager said:
Actually, we cannot ask residents in rural areas to stop using water from other supply sources such as deep tube wells, because these sources are not necessarily contaminated … Instead, operations teams always advise local residents to use Mauris’ supply sources. The motivation is that we supply absolutely safe and clean water, and our quality assurance teams regularly test our sources. Mauris does not aim to sell water but just to assist residents drink safe and healthy water. Therefore, we are always looking for locals who still suffer from water contamination.

The finance manager agreed, but also commented:

When assessing societal health improvement as an outcome of selling safe water, one needs to strike a balance between what actually occurred and what would have occurred if the safe water project had not been implemented. If local residents change their habits from using a safe water source to a regular consumption of Mauris’ water, there is no potential outcome for improving community health, because there is no reduction in arsenic contamination or other toxic substances. This was noted through the national health impact study that Mauris conducted in collaboration with the Egyptian Ministry of Public Health in November 2018.

Hence, societal health improvement is not just about positive outcomes. It is also about preventing negative outcomes such as public health deterioration. However, the KPIs in standard contract forms for water services are based on outputs such as drinking water quality or customer service, but not on outcomes and change in consumer habits. In this regard, the senior executive manager explained:

You will have a KPI that focuses heavily on construction business—mileage of installed water pipelines for a period of one month, six months, nine months or even one year; the number of connections repaired … You will have certain KPIs on water quality parameters … Customer KPIs could be, for example, the response time between the phone call and the response on the ground.

The project manager gave further explanation:

Well, I think [Mauris] projects⁴ have the most impact on health and how to positively develop it. … Once the network is established and the population consumes the normal rate of drinking water, you just have to manage it the right way. It is a kind of maintenance job. This means that the municipality and the Ministry of Social Solidarity will require you to submit a performance report in terms of technical management, to reduce costs, to be more efficient. But not to improve your health impact… because all the work has already been completed.

However, societal health improvement assessment requires measuring outcomes instead of just outputs. Therefore, our investigation to see whether societal outcomes can be used to measure operating performance was met with a reaction that the achievement of societal outcomes could

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⁴ These include Food and Nutrition, Sanitation, and Emergency and Humanitarian Aid.
not be considered to be dependent exclusively on the performance of Mauris’ employees. The managing director explained:

I concur that those who analyse the overall level of the project should actively develop the indicators that are being evaluated … However, with so many anonymity, I am not sure how to use these KPIs to evaluate the operating performance of our employees in practice.

In addition, the managing director commented clarifying his position:

There are two points of view. Sustainability Performance Manager is sure of the point of view … that contributes to materialise, measure and record project performance. So, you can have relatively advanced KPIs, etc. Then, there will be KPIs for internal use in evaluating the operating performance of our employees. Because it is impossible for employees to know that fumigated measurements will be used in their true evaluation.

5. Discussion

In this section, we start by analysing and discussing the position of Mauris in the Besharov and Smith (2014) framework of logics multiplicity in organisations and the organisational-level interplay of commercial and social logics resulting from the field-level government funding and accountability pressures. Then, we situate the choice of KPIs for Mauris’ internal PMS with respect to previous PMS literature on SEs complexity and institutional logics.

5.1 The position of Mauris in the logics multiplicity framework

The case findings reveal that the field-level institutional logics have been internalised into the conflicting belief systems of social welfare and commercial logics within Mauris. Each logical system has unique and different institutional characteristics in terms of its organisational mission, ownership structure, control techniques, and political legitimacy (Rozenfeld and Scapens, in press; Knardal, 2020; Besharov and Smith, 2014; Pache and Santos, 2013; Gendron, 2002). In line with Besharov and Smith (2014), the field-level mission of Mauris’ social logic is to provide affordable products and/or services (represented by safe drinking water) to meet local social demands. This has led to the institutionalisation of the non-profit organisational form (Dai et al., 2017), which gained legitimacy from Mauris’ non-redistribution pressure and ownership structure that delegates power to a population committed to a social mission (Arena et al., 2015). Democratic oversight, under the Social Enterprise Act (2011) and the government model of funding and accountability, constitutive of the SEs status, is a suitable means of controlling strategy and operations, enabling Mauris to fulfill local social demands. Hence, the motive for social acceptance and political legitimacy of this welfare logic is to contribute to Mauris’ social mission (Mättö et al., 2020; Gebreiter and Hidayah, 2019; Pache and Santos, 2013).

In contrast, regarding Mauris’ commercial logics, the field-level mission is to trade goods and/or services in the market for an economic surplus that Mauris can legitimately re-allocate to implement social (drinking water) projects that meet rural population needs. This, in turn, created the need for a profit-making organisational form whose legitimacy stems from Mauris’ property structure enabling human resources and capital to be directed to areas with the highest economic
Hierarchical control is a suitable mechanism through which Mauris can govern strategy and operations in order to ensure the consistency of the social services provided and the efficient allocation of economic resources (Golyagina, 2020). Therefore, social legitimacy and political acceptance of this economic logic are inspired by Mauris’ technical and managerial expertise (Knardal, 2020; Gebreiter and Hidayah, 2019; Besharov and Smith, 2014; Pachê and Santos, 2013).

Hence, the case findings show that Mauris belongs to the category of estranged organisations (Besharov and Smith, 2014) because of two key aspects: First, in practice, the commercial logic prevail over the social logic. This means that the level of centrality between commercial and social logics is low (Besharov and Smith, 2014). Second, the compatibility of commercial and social logics in the daily operations of Mauris is low (Besharov and Smith, 2014). In fact, during data collection process, we observed that Mauris’ commercial viability was a priority. Management team members confirmed that managing operational costs and improving sales turnover was crucial to Mauris’ survival as a social organisation. Many factors explain how and why Mauris became estranged. For instance, at the organisational field level, Mauris is expected to be a SE. This means that contrary to not-for-profit organisations (Yee, 2020; Dai et al., 2017), Mauris is not able to raise funds through donations or subsidies from international funding organisations. The SE status of Mauris inhibits funding opportunities that would help Mauris to set a higher priority on improving the societal health of the rural population that consumes its safe water. Another organisational field factor is that it was not possible for Mauris to self-finance its rural drinking water operations without using the transfer pricing method.

Mauris’ transfer pricing was based on selling the urban water jar at an affordable price and using the sales revenue to finance rural water activities. Although this transfer pricing method helped Mauris operate at the rural and urban levels, it also provided a very strong basis for commercial logics to prevail over social logics at the organisational level, considering the lack of financing alternatives available. Therefore, we argue that the prevalence of one institutional logic over another may take place at the organisational and individual levels because of organisational field pressures and government funding opportunities, not because of other conflicts within the organisation. This finding contributes to previous PMS literature on institutional logics and SEs complexity (Ferry and Eckersley, 2020; Mättö et al., 2020; Knardal, 2020; Nielsen et al., 2019; Kaufman and Covaleski, 2019; McMullin and Skelcher, 2018; Busco et al., 2017; Carlsson-Wall et al., 2016). For example, although Mauris’ board chairman suggested fifty percent criteria for urban and rural revenue, the need for financial survival was so acute at the start of the safe water project that the firm’s leadership could not have halted the urban water business even if it exceeded 50% of the firm’s total sales revenue.

Moreover, although some managers at various levels of authority wanted to emphasise the societal health improvement goal of the safe water project, they also recognised (informally and formally) that the availability of funds was a key factor that influences decision making (Ishaque, 2020; Manville and Greatbanks, 2020; Bandura, 1986). Consequently, Mauris experienced less harsh conflicts among its organisational members on if and how to combine commercial and societal health improvement goals when aiming for organisational survival and legitimacy at the organisational field level (Mättö et al., 2020; Knardal, 2020; Besharov and Smith, 2014; Pachê and Santos, 2013; Gendron, 2002). Although this finding is consistent with previous PMS research in social entrepreneurship (Ferry and Eckersley, 2020; Manville and Greatbanks, 2020; Lepori and
Montauti, 2020; McMullin and Skelcher, 2018; Jenner, 2016; Arena et al., 2015; Nicholls, 2010), its consequences are far-reaching when it comes to managerial decisions (Ishaque, 2020; Cheng and Chu, 2013; Bandura, 1989) to design and operationalise KPIs as key decision-making tools (Ferry and Eckersley, 2020; Nielsen et al., 2019; Carlsson-Wall et al., 2016). Thus, the severity of the conflict between institutional logics (McMullin and Skelcher, 2018) in a SE is tempered by its need for survival and legitimacy (Mättö et al., 2020), with consequences for the design and operationalisation of KPIs to aid managerial decision-making (Busco et al., 2017).

5.2 Designing and implementing KPIs: does the social mission survive?

The main idea here was to insist on Mauris’ pure social mission without paying close attention to how the commercial mission of the safe water project would achieve. It became clear to the senior management team that Mauris could not exclude water consumption data from private household connections in the KPIs calculation. The juxtaposition of the conflicting commercial and social logics illustrates the existence of a moderate intra-organisational conflict (Rozenfeld and Scapens, in press) within Mauris since the dominance of commercial logic was overwhelming, but not absolute (Ferry and Eckersley, 2020; Lepori and Montauti, 2020; Gebreiter and Hidayah, 2019; Busco et al., 2017). This low degree of centrality and compatibility qualifies Mauris as an estranged organisation in the context of Besharov and Smith (2014). In keeping with Ishaque (2020), in organisational environments such as Mauris, decision makers require effective cognitive processing of multidimensional information that contains ambiguities and uncertainties, to identify managerial rules that enable prediction and exercise of influence over the collective effort (Bandura and Jourden, 1991; Bandura, 1986). They argue that this is due to the degree of uncertainty resulting from the probabilistic relationship between predictive factors and future events. Our finding is also consistent with the social cognition view that human decision making is fragmented (DeCaro et al., 2017), as such decisions are executed by numerous subsystems (including herewith different perceptions), which do not collectively work adequately nor consistently operate effectively (Ishaque, 2020).

The Mauris management’s social cognitive aspirations played an important role in incorporating certain KPIs of the internal PMS. Participation in managerial meetings at Mauris enabled us to observe what it takes for an organisation to become estranged instead of being dominant. In the context of the case firm, it is the survival of the social business status that motivated, and somewhat obliged, key operational decision makers, including the managing director, to accept the inclusion of private household water consumption data in calculating KPIs related to the firm’s financial performance. A similar way of social cognitive thinking prevailed when discussing and deciding on the inclusion of financial performance data from urban safe water businesses into operational and financial KPIs. This further supports the argument in previous PMS literature on analysing critical limitations of the social business status of SEs (Nielsen et al., 2019; Gidron, 2017; Voltan and De Fuentes, 2016; Dufays and Huybrechts, 2016; Arena et al., 2015) and hybridising institutional logics for performance enhancement and budgetary stewardship (Ferry and Eckersley, 2020; Lepori and Montauti, 2020; Kaufman and Covaleski, 2019; Busco et al., 2017; Carlsson-Wall et al., 2016). It also chimes with the social cognitive argument that in dealing with complex issues, decision makers often employ heuristics (DeCaro et al., 2017), to simplify and facilitate understanding of the issues (Gigerenzer and Todd, 1999) although this may lead to errors (Kahneman, 2003).
Consequently, Mauris did not become a contested or aligned organisation (Knardal, 2020; Besharov and Smith, 2014). Given both commercial and social logics did not simultaneously have high degrees of centrality and compatibility, nor did they have low centrality and high compatibility, the tension between the two was neither minimal nor extensive. In the social cognitive sense (Ishaque, 2020; Manville and Greatbanks, 2020; Bandura, 1986, 1989), the moderate nature of the conflict between commercial and social logics can be partly attributed to the efforts of operations managers, including the managing director, to ensure that the firm continues to operate as a social business. It is worth noting that from official documents, which contradict recent PMS literature (Ferry and Eckersley, 2020; Kaufman and Covaleski, 2019; Gebreiter and Hidayah, 2019; McMullin and Skelcher, 2018), Mauris could be mistaken for an aligned organisation because: first, intra-organisational conflicts are hardly reported in any official document intended for external disclosure, unless compelled to do so. Second, the official status of Mauris requires it to combine commercial and social institutional logics, although the required proportion of each in the combination is not stipulated (Nielsen et al., 2019; Busco et al., 2017; Carlsson-Wall et al., 2016). In line with Besharov and Smith (2014), we demonstrate the logics multiplicity within Mauris in table 1.

Additionally, our analysis identified a moderate level of intra-work conflict regarding the use of KPI metrics in determining operational goals in the annual business plan, and how to monitor their implementation. For instance, although Mauris has societal health assessment metrics for internal use, these metrics were not included in the 2017, 2018 and 2019 annual business plans, to set operational goals to achieve a certain level of societal health improvement in those years. One reason for this omission could be financial since it costs money to collect and analyse the relevant data. A more critical reason is that once a social business has achieved social acceptance and political legitimacy, local politicians no longer question its social status but gradually start to press for more services at lower prices and lower costs. Mauris could possibly not afford the costs of becoming an aligned business and would have kept estranged until the revenue growth from its rural operations is able to cover the fixed, variable and other costs of the safe water project. This finding further supports the current view that it is difficult to implement a comprehensive PMS in the face of multiple and conflicting institutional logics (Golyagina, 2020; Knardal, 2020; McMullin and Skelcher, 2018; Busco et al., 2017; Carlsson-Wall et al., 2016; Gendron, 2002). This enhances an understanding of the difficulties facing social businesses in implementing the KPIs system (Rozenfeld and Scapens, in press; Ferry and Eckersley, 2020; Manville and Greatbanks, 2020; Nielsen et al., 2019), especially when operating under difficult financial constraints with conflicting logics.

6. Conclusion

This study explores the influence of field-level institutional pressures on the creation and use of a PMS within a privatised SE in a developing context, which has unique and different institutional logics from other highly-investigated developing and developed institutional contexts. It answers the overarching research question: how does the influence of government, which puts SEs under certain resource dependency pressures, contribute to the organisational-level interplay of commercial and social logics, and then to the internal choice of certain KPIs for SEs’ PMS? Besides privatising it, and in accordance with the new Social Enterprises Act (2011), Mauris
became financially independent but government funding still has to be obtained through financial incentives calculated by KPIs. Two antagonistic logics, such as the social and the economy, created internal tensions at the organisational and individual levels. This played a markable role in making institutional complexity as a mediated political management accounting tool in complex organisations (Manville and Greatbanks, 2020; Lepori and Montauti, 2020; Knardal, 2020; Dai et al., 2017; Kurunmaki and Miller, 2006) for a better and deeper understanding of how SEs’ PMS (accounting-based KPIs) is used to gain social acceptance and legitimacy in competing institutional logics. So far, in contrast to the argument in the existing literature (Rozenfeld and Scapens, in press; Ferry and Eckersley, 2020; Golyagina, 2020; Nielsen et al., 2019; Kaufman and Covaleski, 2019; Busco et al., 2017; Carlsson-Wall et al., 2016), Mauris achieves this social acceptance and political legitimacy and, in the hope of management, it will be maintained despite the clear predominance of commercial over social logics. This contrasts with the literature given that the relationships between two different logics within Mauris are not fixed, but can change with changes in the internal and external environment. Therefore, the social logic could gain more weight if Mauris’ social acceptance and legitimacy got challenged (Mättö et al., 2020). This differs with Besharov and Smith (2014) in the fact that logics and their interplay are ‘in a state of flux’ at three distinct but interrelated institutional levels - field, organisation and individuals.

Drawing on the Besharov and Smith’s (2014) framework of logics multiplicity within organisations, our research investigated how the process of designing and implementing a PMS impacts the mission of a SE when analysed through the lens of commercial and social institutional logics. It analysed the relationships between conceptualising and operationalising the institutional complexity in measuring SE performance and factors explaining conflicts and the compatibility of different institutional logics at the individual, organisational, and organisational field levels in shaping the dual mission of SEs. Based on factors influencing centrality in the Besharov and Smith’s (2014) framework, our findings show that Mauris could have been an aligned organisation, with commercial and social logics being compatible in operational settings as well as in performance measurement decisions. In practice, however, the factors of the organisational field and the expertise of the main organisation members at different levels of the hierarchy portray the enterprise as an estranged organisation. This is because, in Mauris, the commercial logic prevails but it does not eliminate the social logic, considering the negative consequences on the core mission and the social status of the organisation that would result from eliminating the social logic. This is also due to the cognitive processing (Ishaque, 2020; Bandura and Jourden, 1991) by management (both individually and collectively) that involves cognitive biases resulting from an incomplete knowledge (Kahneman, 2003) of social systems and processes (DeCaro et al., 2017; Cheng and Chu, 2013).

In this setting, institutional field pressures emphasise the financial aspect, but this in the choice of KPIs, a social logic emerges. This was the Mauris’ political impetus to create a complex PMS based on financial performance and societal health improvement assessment indicators. However, it prioritised the operationalisation of financial performance metrics over social metrics. Unlike previous PMS literature, many organisational field factors explain the estranged finding. For instance, first, the imperative to operate in profitable urban areas to be able to subsidise rural safe water operations. Second, including water consumption data from private household water connections when calculating financial operational performance of Mauris as a whole. Third, not including societal health improvement indicators in its annual business plans (in 2017, 2018 and
2019), because Mauris’ strategy was to give priority to short-term financial performance rather than long-term societal health improvement assessment metrics that are costly to implement.

In the Mauris case, what appeared to be an aligned organisation at the surface level was, in fact, an estranged organisation from within, because of the well-founded and strong organisational field and organisational factors (McMullin and Skelcher, 2018; Dai et al., 2017; Dufays and Huybrechts, 2016; Jenner, 2016). In contrast to previous PMS literature, the dual facet of logic multiplicity (aligned, but estranged) within Mauris indicates the enterprise’s deviation from the Besharov and Smith’s (2014) framework. This novel contribution to previous PMS literature on SEs complexity and institutional logics highlights the difficulties that may be encountered when applying the theory to the practicalities and particularities of SEs, especially in the institutional context of a developing country like Egypt. It further supports the current and critical views of Nielsen et al. (2019), McMullin and Skelcher (2018) and Ebrahim and Rangan (2014) that the social sector and the impact of its societal-level institutional logics on the creation and use of KPIs-PMS are still under-theorised.

This study contributes to the current trend of PMS research on institutional logics through theorising and analysing factors that explain compatibility and conflicts between institutional logics when institutional complexity is employed to set, measure and manage financial and social performance (Ferry and Eckersley, 2020; Manville and Greatbanks, 2020; Mättö et al., 2020; Knardal, 2020; Dai et al., 2017), considering insufficient funds for self-financing social activities. Of course, the findings of this single-case study are not generalisable, but still, they may help other SEs in their design of KPIs, at least to see the problems in it. The case may also help governments and regulators when privatising SEs and when drafting laws and making funding schemes for SEs. We acknowledge that, given the political turbulence and the politically sensitive SEs in Egypt, there were empirical limitations on data collection. These limitations were to some extent a hindrance to a broader application of other related aspects. These pave the way towards future research trends to address these aspects, including the influence of SEs’ workers origin and characteristics on the interplay of commercial and social logics as well as the choice of KPIs.

Potential future research can also investigate factors indicating that SEs can be thought of as belonging simultaneously to two or more types of institutional logics clusters, and propose a theory to support such a plurality. Another potential research could investigate the possibility of applying KPIs-PMS in SEs without funding constraints or accountability pressures imposed by the state government. Also, given the interpretive case study approach to this study, cultural, contextual, and institutional differences may limit the application of its findings and interpretations in other SEs or in other settings but point nevertheless to make recommendations for further comparative and critical case studies in different SEs and different settings. Another future research could be ‘hybridity’, which is quite a trendy topic in management studies literature and appears to be a potential accounting/PMS research on hybridity, especially that SEs face conflicts between two different (economic and social) logics as hybrid organisations.
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<th>Degree of centrality</th>
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<td></td>
<td>High</td>
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<td>(Logics provide compatible prescriptions for action)</td>
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<td>High</td>
<td>Aligned (Minimal conflict)</td>
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<td>(Multiple logics are the essence of organisational performance)</td>
<td>In theory, based on Mauris’ mission: Cohabitation/coexistence of commercial and social logics with almost equal importance</td>
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<tr>
<td>Low</td>
<td>Dominant (No conflict)</td>
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<td>(One logic is the essence of organisational performance; the other logic is marginal)</td>
<td>Not applicable to Mauris</td>
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Table 1: Types of logics multiplicity within Mauris (Source: Adapted from Besharov and Smith, 2014, p.373)

Note: This table illustrates the high centrality and low compatibility of logics multiplicity within Mauris
Fig 1: Institutional logics and performance measurement in Mauris: Funding, accountability and control

1. Effective budgetary control and reporting requires an adequate performance measurement system in Mauris.
2. Actual performance impacts on funding from the government.
3. Achieving social outcomes may impact on donations.