

Master thesis

Performance management of hybrid organizations

A case study at Koninklijke KPN N.V.

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Preface

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Chapter 1: Introduction

The telecom industry in the Netherlands is an industry which provides fixed and mobile broadband internet, television, fixed and mobile telephony and delivers infrastructure and network related IT solutions (Koninklijke KPN N.V. [KPN], 2019a). These products and services are deemed as really important to the Dutch society by the Dutch government because they are used by so many people on a frequent basis. Also, vital services and infrastructure in the Netherlands depend on the services the telecom industry provides (Rijksoverheid, n.d.; Rijksoverheid, 2019).

The provision of these telecom services in the Netherlands used to be done by a fully government owned company. This is called a state-owned enterprise (SOE) as a SOE is defined as an official company whose shares are completely or partially owned by the state (KPN 2018; KPN, n.d.b; OECD, 2015; Radon & Thaler, 2005). The Dutch government chose to privatise the whole telecom industry in the eighties, which was part of a policy in the Netherlands to privatise SOE's in order to generate a cash flow and because the government believed that the companies would become more efficient (Stellinga, 2012). However, the government retained influence on this sector through regulations because of the importance of its products and services (Rijksoverheid, 2019). The organization 'ACM' was therefore instated by the government with the aim of creating honest competition, protecting the interests of consumers and to prevent harm to the reliability of the networks (Autoriteit Consument & Markt [ACM], n.d.; Rijksoverheid, n.d.; Rijksoverheid, 2019). Therefore, the telecom companies in the Netherlands operate, at least, between market and state. Subsequently, it can be argued that the companies in the telecom industry in the Netherlands are hybrid. As hybrid organizations are defined as organizations that exist between the sectors state, market and society (Brandsen, van de Donk & Putters, 2005; Evers, 2005).

Hybrid organizations have gained a lot of interest in recent years in the academic world (Brandsen & Karré, 2011; Castellás, Stubbs & Ambrosini, 2018). This is due to the growth in the amount of hybrids recently, which is caused by factors like the increased competitive environment, the raised expectations of society (Miller, Kurunmäki & O'Leary, 2008; Skelcher & Smith, 2017) and the social and environmental issues which are faced by organizations (Haigh & Hoffman, 2012).

Hybrid organizations have to deal with multiple goals in the organization related to their influence of the market, state and society (Brandsen, van de Donk & Putters, 2005; Evers, 2005). The goals of the telecom industry in the Netherlands used to be just in line with the state. However, as a result of privatisation, commercial goals like profit gained

importance, while the previously discussed goals important to the state were preserved (Boycko, Shleifer & Vishny, 1996; Rijksoverheid, 2019).

The multiple goals can be competing and therefore provide a challenge in managing hybrids (Alexius & Cisneros Örnberg, 2015; Brandsen, Karré & Helderma, 2009; Doherty, Haugh & Lyon, 2014; Jay, 2013; Mair, Mayer & Lutz, 2015; Radon & Thaler, 2005). This challenge arises by a phenomenon called mission drift, where one goal starts to dominate the other goals. Mostly, the financial goals overshadow the other goal(s) (Alexius & Cisneros Örnberg, 2015; Bishop & Waring, 2016; Brès, Raufflet & Boghossian, 2018; Ebrahim, Battilana & Mair, 2014; Grossi & Thomasson, 2015; Lynch-Cerullo & Cooney, 2011). Therefore, managing these different goals are important in order to avoid mission drift. Governance mechanisms can help to safeguard the multiple goals in the organization. However, the danger of mission drift still exists if the tensions between the goals aren't managed and there is a need for a control mechanism (Jones, 2007; Young et al, 2012). Therefore, performance management could be of assistance as the term performance management consists of the measurement, evaluation and management of the performance on the goals of an organization (Lynch-Cerullo & Cooney, 2011; Skelcher & Smith, 2017).

Earlier research into hybrid organizations has focused on how hybrid organizations can be defined (Karré, 2012), how they emerge (Battilana & Dorado, 2010) and behave (Castellas, Stubbs & Ambrosini, 2018; Karré, 2012; Pache & Santos, 2013). Also, research has focused on finding solutions for these conflicting objectives (Alexius & Cisneros Örnberg, 2015; Battilana & Dorado, 2010; Bishop & Waring, 2016; Busco, Giovannoni & Riccaboni, 2017; Jabłoński, 2016). However, while performance management could help solving the problem of the conflicting goals of hybrid organizations by managing them properly, this lacks attention in research (Skelcher & Smith, 2017).

Consequently, this research focuses on exploring the use of performance management in hybrid organizations in the Dutch telecom industry in relation to the management of the multiple goals related to state, market and society. Therefore, the research question used in this paper is: How do hybrid organizations in the Dutch telecom industry manage their performance within the context of multiple goals related to state, market and society? This paper contributes to the body of knowledge regarding hybrid organizations and especially the use of performance management in hybrid organizations. Accordingly, this paper discovered differences in managing the performance through 'Key Performance Indicators' in regard to the multiple goals 'state', 'market' and 'society'. Furthermore, these differences in performance management were related to, and identified as possible cause of

mission drift. Additionally, this paper identified activities of different goals which reinforces or weakens the performance on other goals. Consequently, this paper discusses the impact of the performance management on the performance of the hybrid and its ability to avoid mission drift, and its applicability in a hybrid organization. The practical significance of this research is providing an evaluation of the performance management in a hybrid organization. Thereby, it aims to help organizations in the telecom industry in the Netherlands to improve their performance management in order to manage the multiple goals properly and to prevent possible mission drift.

This paper is structured by starting with a theory chapter discussing the theory regarding hybrid organizations, performance management and how performance management is or could be applied in hybrid organizations. This chapter will be followed up by an explanation of the methodology used to answer the research question. Subsequently, the analysis of the results will be presented. Then a conclusion will be discussed, in which the main research question will be answered. Finally, in the discussion the results and limitations of this research will be interpreted and possibilities for future research will be discussed.

Chapter 2: Theory

Organizations could be divided into different categories, like a public or private organization, with a formal or informal structure and with a profit or non-profit related goal. However, in reality it is hard to make distinctions because the borders between the categories have become fuzzy (Karré, 2012). Non-profit organizations started with commercial activities to financially support their social programs and for-profit organizations started to use social programs as a means to achieve their financial goals (Alter, 2007; Karré, 2012). These developments have occurred because of the change in people's lifestyle. This is a result of people tending to care more about the social impact of their actions. This has influenced their consuming, working and voting behaviour. Therefore, the traditional view and purpose of organizations has changed (Haigh and Hoffman, 2012). The raised expectations and increased competitive environment led to the rise of hybrid organizations (Miller, Kurunmäki & O'Leary, 2008; Skelcher & Smith, 2017).

Subsequently, this chapter will start by discussing prominent theories in the domain of hybrid organizations. Also, these theories will be related to the definition of Brandsen, van de Donk and Putters (2005) who define hybrids as organizations that exist between the market, state and society. Thereafter, the problem of managing the multiple goals in hybrid organizations will be discussed. Afterwards, the theory regarding performance management will be introduced as a possible solution to the above-mentioned problem. Finally, the case which will be used will be described.

2.1 Hybrid organizations

There are multiple ways to define hybrid organizations and also multiple perspectives to look at hybrid organizations as will be demonstrated in the following paragraphs. First, a broadly formulated definition is described by Haigh and Hoffmann (2012) who define hybrid organizations in terms of their multiple goals, namely; social, environmental and financial goals. Alter (2007) supports the definition of Haigh and Hoffman (2012) but focuses just on the financial and social goals. However, these definitions aren't exhaustive as every organization has at least, to some extent, social and financial impact, and every organization can therefore be seen as some sort of hybrid (Schildt & Perkmann, 2016).

A more explicit definition is given by institutional theory as will be discussed next. From this perspective hybrid organizations are defined as "organizations that combine institutional logics in unprecedented ways" (Battilana & Dorado, 2010, p. 1419). Accordingly, institutional logics are defined as the socially constructed rules, assumptions,

values and beliefs of individuals or groups used to give meaning to the social world by guiding their decisions and shaping behaviour. Thereby they manage (organizational) structure, procedures and culture, which causes people's actions to become sort of regularized and predictable (Haveman & Gualtiri, 2017; Thornton, 2004; Thornton & Ocasio, 2008). The institutional theory thereby complements Haigh and Hofmann (2012) because, by using institutional logics in the definition of hybrids, a description is given of why and how hybrids exist. Furthermore, this definition is regarded as more explicit as this definition states that organizations are hybrid if they have more than one institutional. So the focus in the definition shifts from the goals and impact of the organization (Alter, 2007; Haigh & Hoffman, 2012) to the decisions and behaviour of the organization (Haveman & Gualtiri, 2017; Thornton, 2004; Thornton & Ocasio, 2008). Organizational behaviour and decisions result in organizational effectiveness, which consists of, for example, goal accomplishment and the ability of the organization to meet the demands and expectations of stakeholders (Buelens, Kinicki, Kreitner, Sinding & Waldstrom, 2011). Therefore, it is argued that defining a hybrid organization based on its behaviour and decisions makes more sense than defining hybrid organizations based on its goals, because the hybridity of an organization originates from the core of the organization (Brandsen, van de Donk & Putters, 2005).

However, within the institutional theory debate contradictions exist about the amount of institutional logics which are combined in a hybrid organization. Some areas of the institutional theory research points to the existence of two different institutional logics in hybrid organizations, namely the social logic and the financial logic (Alter, 2007; Battilana & Dorado, 2010; Battilana, Sengul, Pache & Model, 2015; Mair, Battilana & Cardenas, 2012; Mair, Mayer & Lutz, 2015). Other researchers have argued that a hybrid organization consists of more than two institutional logics, like a market, family, state and religion logic (Besharov & Smith, 2014; Greenwood, Díaz, Li & Lorente, 2010; Jay, 2013; Pache & Santos, 2013, Thornton, 2004; Thornton, Ocasio & Lounsbury, 2012). Hybrid organizations will not be defined by using the institutional theory perspective in this paper, because of the contradiction in how many and which institutional logics to use.

Finally, the definition of Brandsen, van de Donk & Putters (2005) and Evers (2005), who define hybrid organizations as organizations that operate between the market, state and civil society is used in this paper. This definition will first be elaborated on and then the choice for this definition will be discussed. Organizations in society are split into organizations that operate in the state, market and community sectors and they are defined in terms of their formality, profit orientation and publicness. Hybrid organizations cannot be

defined as either formal or informal, for profit or non-profit and public or private but are both and thereby operate in the ‘third sector’ (Brandsen, van de Donk & Putters, 2005; Evers, 2005; van de Donk (2001) in Brandsen & Karré, 2011). This is visualized in Figure 1 based on the theory of (Brandsen, van de Donk & Putters, 2005, p. 752).

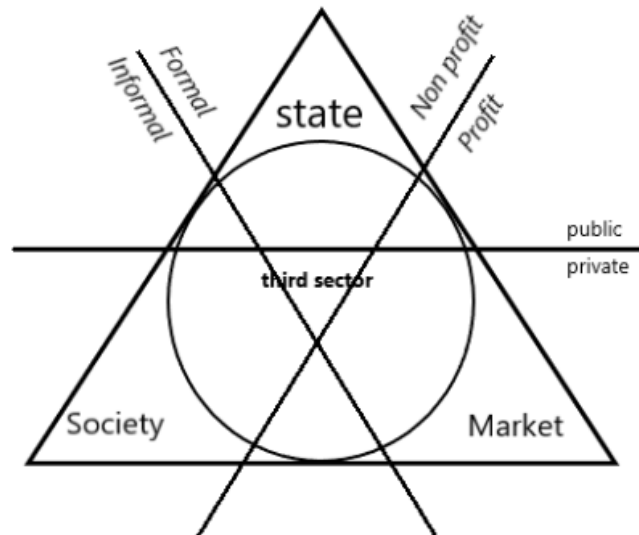


Figure 1: Hybrid organizations operating in the third sector. Figure based on “Griffins or Chameleons? Hybridity as a Permanent and Inevitable Characteristic of the Third Sector,” by T. Brandsen, W. van de Donk and K. Putters, 2005, *International Journal of Public Administration*, 28(9-10), p. 752.

In order to explain the hybridity of an organization a metaphor is used by Brandsen, van de Donk and Putters (2005) of a griffin and a chameleon. A griffin is a creature which consists of the body parts of different animals. On the other hand, a chameleon changes colour depending on its environment, whereby the animal has the ‘hybrid’ characteristic as a core characteristic of its identity. Hybrid organizations cannot be recognized by its different characteristics that relate to different organizational types, like a griffin. Instead, like a chameleon, hybrid organizations have its hybrid characteristic in the core of the organization. This means that a hybrid can be noticed by its different behaviour in different situations, like the change of colour of a chameleon. Specifically, a hybrid can be identified by its changing strategy in different situations where a hybrid tries to keep its multiple, possibly conflicting, goals. So a hybrid can be both public and private and express this through a different strategy in different situations (Brandsen, van de Donk & Putters, 2005).

Brandsen, van de Donk and Putters (2005) hereby complement the earlier definitions of Haigh and Hoffmann (2012) and Alter (2007) by explaining the meaning of ‘hybrid’ in more detail. Also, Brandsen, van de Donk and Putters (2005) extend the definitions by also

including the formality and the publicness of the hybrid organizations and thereby defining a ‘third sector’. Institutional theory doesn’t mention a space where hybrid organizations operate but define them by using the term ‘institutional logics’. Where institutional theory mentions a financial logic, this relates to the profit orientation as a characteristic of Brandsen, van de Donk and Putters (2005). Also, in institutional theory a social, market, state, family and religion logic could be existent in a hybrid organization (Besharov & Smith, 2014; Greenwood, Díaz, Li & Lorente, 2010; Jay, 2013; Pache & Santos; 2013, Thornton, 2004; Thornton, Ocasio & Lounsbury, 2012). Therefore, the definition of Brandsen, van de Donk and Putters (2005) could be partly overlapping with the institutional theory domain. The definition of Brandsen, van de Donk and Putters (2005) is therefore argued as a more explicit and exhaustive definition than the definitions of Haigh and Hoffman (2012) and Alter (2007). Also, there are no contradicting elements in this definition like in the one from the institutional theory domain. Finally, Brandsen, van de Donk and Putters (2005) mention that the boundaries between ‘normal’ and ‘hybrid’ organizations are fuzzy in earlier definitions of hybrid organizations and their definition covers that problem as explained by the metaphor of the griffin and the chameleon. Therefore, the definition of Brandsen, van de Donk and Putters (2005) is used in this paper.

2.2 Performance management

Performance management enables a company to manage its goals and the ability of the organization to manage these (conflicting) goals determines the long-term success of the company (Smith & Tracey, 2016). Also, performance management helps an organization to improve its efficiency and effectivity and to improve its overall performance (Carnochan, Samples, Myers & Austin, 2013; Clark & Brennan, 2012; Lynch-Cerullo & Cooney, 2011; Millar & Hall, 2013; Norman & MacDonald, 2004). Consequently, performance management can help to prevent or overcome the problem that one goal starts to dominate the other as is the case with mission drift in hybrid organizations (Brès, Raufflet & Boghossian, 2018; Smith & Tracey, 2016). Mission drift can lead to instability within the organization. For example, when too much emphasis is placed on the social or state goals of the organization, this can result in commercial failure. On the contrary, when too much emphasis is placed on commercial goals, the performance on the goals related to state and society can become threatened. For example, potential sponsors of social activities who do not want to invest anymore in the social activities because of the commercial focus of the company (Weisbrod, 2004; Young et al. 2012). Therefore the tensions must be managed and this might require

actions at multiple levels in the organization because otherwise the long term survival of the company might be in danger (Cornforth, 2014; Young et al, 2012).

Performance measurement, performance evaluation and performance management are used interchangeably in the literature (Lynch-Cerullo & Cooney, 2011). Performance measurement consists of the collection of both internal and external data with the purpose of measuring the accomplishments of the organization on the primary goals of the organization. It is used as a tool to hold the organization accountable for its activities by external parties like shareholders through the measurement of measurable objectives (Carnochan, Samples, Myers & Austin, 2013; Lynch-Cerullo & Cooney, 2011). Performance measurement also provides the organization with a tool to maintain legitimacy through transparent reporting on their performance to stakeholders (Lynch-Cerullo & Cooney, 2011). The measured data measures if the organization had the impact they intended to have (Colby, Stone & Carttar, 2004). Performance evaluation complements performance measurement by retrospectively analysing the measured data and it thereby determines how effective the organizations actions were (Lynch-Cerullo & Cooney, 2011). On the other hand, performance management uses the measured data to make strategic decisions about future actions and to optimize processes (Carnochan, Samples, Myers & Austin, 2013; Lynch-Cerullo & Cooney, 2011). In this research performance management is defined as both performance measurement, evaluation and management in order to analyse it as specific as possible in hybrid organizations. Therefore, the following sub questions are formulated in order to answer the main research question.

1. How do hybrid organizations in the Dutch telecom industry measure their performance within the context of multiple goals related to state, market and society?
2. How do hybrid organizations in the Dutch telecom industry evaluate their performance within the context of multiple goals related to state, market and society?
3. How do hybrid organizations in the Dutch telecom industry manage their performance within the context of multiple goals related to state, market and society?

Consequently, to understand the influence of performance management on mission drift, first the management of just one goal will be discussed and how this changed over time because of the introduction of multiple goals in organizations.

2.3 The evolution of performance management

Earlier, performance management comprised the measurement, evaluation and management of just the financial measures because of the organization's shareholders focus (Fauzi, Svensson & Rahman, 2010). When Freeman (1984) introduced the stakeholder theory, the attention shifted from a shareholder to a stakeholder perspective because of the discovery that organizational success and financial performance were also determined by non-financial performance. Therefore, performance measurement methods had to be adjusted or developed to fit the non-financial performance as well (Hansen & Schaltegger, 2013; Hubbard, 2009).

The first example of such a method is the 'Triple bottom line' (TBL) by Elkington (1997), which had a major impact on performance management as social, environmental and economic performance were named as three parts of organizational performance. The TBL comprises the economic pillar, which measures the impact of the organization on the economy in terms of for example economic growth, net income, return on investment (Alhaddi, 2015; Fauzi, Svensson & Rahman, 2010). The environmental pillar measures the amount of natural resources used and determines how sustainable these were (Alhaddi, 2015; Hubbard, 2009). The social pillar measures the impact the organization and its suppliers had on the community (Alhaddi, 2015; Hubbard, 2009). This new tool of measuring performance included multiple stakeholders instead of just the shareholders (Hahn & Kuhnen, 2013; Hubbard, 2009; Slaper & Hall, 2011). Social and environmental performance could have a positive indirect influence on financial performance through a better reputation which results in a competitive advantage (Elkington, 1994; Hansen & Schaltegger, 2013). Also, when an organization pays no attention to social and environmental performance it risks negative press and boycotts (Hansen & Schaltegger, 2013). Therefore the urge to perform well on social and environmental objectives comes from improved financial performance. The adoption of social and environmental objectives based on the TBL was called 'extended corporate performance' (Fauzi, Svensson & Rahman, 2010).

A second example of a method which could contain more than just financial performance was developed by Kaplan and Norton (1992) and is called the multi-dimensional 'Balanced scorecard' (BSC). The advantages of the BSC are that it tries to balance the multiple goals, looks both short and long term and has a quantitative and a qualitative applicability to incorporate goals (Fauzi, Svensson & Rahman, 2010; Hansen & Schaltegger, 2013). The BSC was improved and made more complex because of the introduction of the TBL by adding both social and environmental goals, renaming it the 'Sustainable BSC' (SBSC) (Epstein & Wisner, 2001; Hansen & Schaltegger, 2013; Hubbard, 2009).

Critics of the TBL state that the TBL was seen as a tool for external reporting (Lozano & Huisingh, 2011) and used strategically to gain competitive advantage by trying to build a reputation. Consequently, TBL reporting was often too positive, lacked quality and auditing (Archel, Fernandez & Larrinaga, 2008; Hubbard, 2009; Molla, Ibrahim & Ishak, 2019). Additionally, the intentions to use the TBL reporting were unclear (Archel, Fernandez & Larrinaga, 2008; Jackson, Boswell & Davis, 2011). Furthermore, because of the focus on financial performance through social and environmental performance the TBL pillars were seen separately instead of one comprehensive tool for improving overall performance and therefore the TBL performance became imbalanced (Epstein & Wisner, 2001; Hourneaux Jr, Gabriel, & Gallardo-Vázquez, 2018; Pope, Annadale & Morrison-Saunders, 2004).

The third example is an extension of the BSC and is called the 'Balanced Value Matrix' (BVM) which provides a normative view of hybrids for their performance measurement methods. This method addresses the problems with the BSC by including the cause-effect chain: outputs lead to outcomes, which lead to impact. Hereby, these three concepts are seen as separate constructs which should be measured separately by their own indicators. Thereby, the 'Balanced Value Matrix' starts with the 'why' behind social value. On the other side, critics notice that it might not be easy and more expensive to use this method (Clark & Brennan, 2012).

The fourth example is the 'Key Performance Indicator' or 'KPI'. KPIs are used to measure the effectivity of an organization and they can positively affect the execution of operations in organizations. KPIs are used rational or ritualistic according to Agostino and Arnaboldi (2017), whereby the rational use of KPIs is focused on the support and improvement of the operations, like decision making. The ritualistic use of KPIs on the other side is focused on supporting the external legitimacy of the company. Larger service providers use KPIs more often ritualistically (Agostino & Arnaboldi, 2017).

A disadvantage of using KPIs is the measurement of social value while social value cannot always be reported on monthly because of a more long term focus. Also, the wrong indicators are sometimes used whereby the financial indicators are valued higher (Millar & Hall, 2013) which corresponds with mission drift (Doherty, Haugh & Lyon, 2014; Ebrahim, Battilana & Mair, 2014). Therefore, it is concluded that it doesn't matter if an organization uses KPIs but how they use them. One network of KPIs doesn't work because of the different and conflicting interests of actors inside organizations with, for example, both social and financial goals (Agostino & Arnaboldi 2017).

The final example is the ‘Social Return on Investment’ (SROI), which is often used (Millar & Hall, 2013). It is a method whereby social value is monetized in order to merge the financial, social and environmental value created by the organization (Alter, 2007; Arogyaswamy, 2017; Lynch-Cerullo & Cooney, 2011; Millar & Hall, 2013). SROI is an internationally accepted method, however it is used often in non-profit organizations while literature lacks of how SROI works in hybrid organizations. This method can help organizations to learn and improve their processes and it leads to improved efficiency. SROI is based on a cost benefit approach and it is calculated as a ratio: SROI is the net present value (NPV) of (social) benefits divided by the NPV of the investments (Millar & Hall, 2013). Accordingly, the following sub question can be formulated in order to answer the main research question.

4. What performance management method(s) are used in hybrid organizations in the Dutch telecom industry within the context of multiple goals related to state, market and society?

2.4 Performance management in hybrid organizations

A lot of performance measurement methods have been introduced in hybrid organizations focusing on, for example, measuring social value (Millar & Hall, 2013). Thereby, the measurement of financial performance is often well established because of the use of established methods of for-profits in hybrids (Alexius & Cisneros Örnberg, 2015) while the measurement of the performance on the other goals is often insufficient or not even considered (Alexius & Cisneros Örnberg, 2015; Millar & Hall, 2013). This might already point to (the beginning of) mission drift (Doherty, Haugh & Lyon, 2014; Ebrahim, Battilana & Mair, 2014).

However, solving this problem by developing a performance measurement method for hybrids is hard because it is time consuming, costly and complex as result of the subjectivity of for example social value (Alexius & Cisneros Örnberg, 2015; Boland jr., Sharma & Afonso, 2008; Clark & Brennan, 2012; Hubbard, 2009; Lynch-Cerullo & Cooney, 2011; Nicholls, 2008; Ormiston & Seymour, 2011). Therefore, hybrid organizations often apply multiple complementary standardized performance measurement systems in order to manage the performance on all its goals (Alexius & Cisneros Örnberg, 2015; Grossi & Thomasson, 2015; Millar & Hall, 2013). However, those standardized methods are not successful because of the subjectivity of the non-financial values (Alexius & Cisneros Örnberg, 2015;

Carnochan, Samples, Myers & Austin, 2013; Millar & Hall, 2013). Therefore, Grossi and Thomasson (2015) conclude that it is more important how a performance measurement method is used instead of which one is chosen. This is substantiated by the claim of Agostino and Arnaboldi (2017) who mentioned that it is also more important how KPIs are used instead of which KPIs are used regarding non-financial values. Consequently, the final research question can be formulated in order to help answer the main research question.

5. How is the performance management method used within hybrid organizations in the Dutch telecom industry within the context of multiple goals related to state, market and society?

Therefore, hybrids should design or adjust performance management methods to their organization in order to have an effective performance management system and a good fit between the organization's goals and its performance management (Alexius & Cisneros Örnberg, 2015; Millar & Hall, 2013). The performance measurement paradox from Clark and Brennan (2012) extend the earlier described disadvantages of hybrids designing their own performance measurement system. Clark and Brennan (2012) mention that successful performance measurement results in a more effective and profitable company and thereby the company can afford to develop such a system. Therefore, designing a performance measurement system in a hybrid organization is complex and costs both time and money (Alexius & Cisneros Örnberg, 2015; Boland jr., Sharma & Afonso, 2008; Clark & Brennan, 2012; Hubbard, 2009; Lynch-Cerullo & Cooney, 2011; Nicholls, 2008; Ormiston & Seymour, 2011) but leads to a more effective and profitable business in the long term. However, no successful methods have been developed for hybrids yet (Grossi & Thomasson, 2015) and research of performance management in hybrid organizations lacks (Skelcher & Smith, 2017).

Recapitulating, hybrid organizations have been conceptualized, performance management has been introduced and the importance of performance management for hybrid organizations has been discussed. The case study method is chosen in this paper and the choice for this method will be explained in chapter three. However, first, the research domain of this paper, namely the telecommunications sector in the Netherlands and specifically the case used in this paper will be discussed.

2.5 Background of the case ‘KPN’

The telecommunications sector is a growing market in the Netherlands (Rijksoverheid, n.d.) and it is characterized as mature and highly competitive. The market is segmented into products and services for both private customers and businesses. The services incorporated in this industry are the provision of fixed and mobile broadband internet, TV, fixed and mobile telephony and the delivery of infrastructure and network related IT solutions. There are two main parties who have a fixed network in the Netherlands, which are VodafoneZiggo and KPN, and there are three providers of mobile networks (KPN, 2019a). The telecommunication sector is influenced by extensive regulation from the government, because the provision of their products and services is regarded as indispensable to Dutch society and national security. Therefore, the government regulates this sector heavily by prohibiting acquisitions or mergers if these could threaten the reliability of the networks (Rijksoverheid, 2019). Also, Autoriteit Consument en Markt (ACM) is instated by the Dutch government to regulate the sector in order to create honest competition and to protect the interests of consumers (Rijksoverheid, n.d.). Thereby, KPN is obliged to open up its network to other providers in order to regulate the market because the fixed network of KPN is considered as the strongest of all telecom providers in the Netherlands (Autoriteit Consument & Markt [ACM], n.d.). These extensive regulations are allowed by European law if they safeguard national security and public order (Rijksoverheid, 2019). In this research the company KPN will be used as the case because this is one of the biggest companies in the telecommunications sector in the Netherlands (KPN, 2019a) and, practically, because the researcher has contacts inside this organization.

KPN is active in the Netherlands only and they have about 12.000 employees who are together enabling KPN to execute their core activities, which are the provision of fixed and mobile networks and IT infrastructures to both private and business customers (KPN, 2017). The telecom company aims to create value through “offering secure, reliable and future proof networks and services enabling people to be connected anytime, anywhere, whilst at the same time creating a more prosperous and cleaner world” (KPN, 2019a, p. 31). KPN aims to be the most trusted telecom company by providing the best quality in both products and customer service. Furthermore, KPN has a financial goal in terms of profit (‘market’), a goal related to ‘state’; namely the provision of telecommunications services to the Dutch people and goals related to a positive impact on society and the environment. These last two goals relate to ‘society’ or ‘community’ as it impacts both the environment and the community. This is documented in the annual reports of KPN and is framed in terms of the Sustainable Development Goals (SDGs) of the United Nations (UN), where KPN focuses on “SD3 (Good

Health and Well-being”, “SDG 9 (Industry, Innovation and Infrastructure), SDG 11 (Sustainable Cities and Communities) and SDG 12 (Responsible Consumption and Production)” (KPN, 2017; KPN 2019a, p. 74.). The goal related to ‘state’ originates from the time when KPN was still a government owned company and still exists (KPN, n.d.b.; KPN, 2017; KPN, 2019a; Rijksoverheid, 2019). Although, this goal can’t be changed because of the extensive regulation, commercial law and the instatement of ACM (ACM, n.d.; Rijksoverheid, 2019).

The activities, which are related to the social goals of KPN, are sometimes used to position the brand better or create more brand awareness, but are sometimes kept in the background. Next, arguments will be given to support this claim. For example, KPN supports society through providing support for people who can’t pay their bills because they’re in debt. KPN also publishes information in order to help children to use the internet in a safe way. They also deliver motion sensors in order to help elderly people to remain independently living at home and through sponsoring museums and sport organizations such as the ‘Eredivisie’ (KPN, 2019a). An example of a social activity which is not used as a marketing tool is the ‘Circular Manifesto’, which KPN developed to create a more circular supply chain. In order for their whole supply chain to become more circular, they stimulate the suppliers of their products to only sell them products which can be (partly) reused or recycled (KPN, 2019a). Recently, KPN started to incentivize both customers and non-customers of KPN to hand in their old phones in return for money. Thereby, KPN aims to increase the product life of phones through resale or recycling (KPN, 2019b). Furthermore, they aim to only buy CO2 neutral vehicles and remain climate neutral (KPN, 2019a). The “ambition is to become a close to 100% circular company by 2025” (KPN, 2019a, p. 67) and to cut their CO2 emissions by half, through the improvement of their supply chain, by 2040 (KPN, 2019a).

A special social activity is the KPN ‘Mooiste Contact Fonds’, which is an independent foundation focused on reducing loneliness among mostly elder people. KPN donates money to the foundation annually and provides its employees with the opportunity to work for the foundation as a volunteer, while being paid by KPN for one day per year. Smaller projects of this foundation include ‘KlasseContact’ (KPN, n.d.a.; KPN, n.d.d.), with the purpose of connecting sick children with their school class, and the ‘Zilverlijn’ with the purpose of giving attention to lonely elderly by calling them (KPN, n.d.e.). The ‘Mooiste Contact Fonds’ is also registered as an ANBI (KPN, n.d.a.). An ANBI is an official institution which is at least for 90% focused with its activities on providing a public good and operates without the purpose of profit (ANBI, 2016).

This had resulted in KPN being one of the nine companies in the world who perform best in the telecommunication services sector in terms of sustainability as shown in the Dow Jones Sustainability Index for the seventh year in a row (Dow Jones Sustainability Indices & RobecoSAM, 2018; KPN, n.d.c). Also, KPN is included in the Supplier Engagement Rating by the CDP, who rate companies based on their actions to stimulate all parties in their supply chain to preserve the climate (CarbonTrust, 2019).

In conclusion, KPN is a company with influence from the state through regulations, with a market/commercial objective because they were privatised and with social and environmental objectives regarding society. Next, the methodology section will be discussed.

Chapter 3: Methodology

This research uses an explorative case study while a new phenomenon is explored in depth, namely the performance management of a hybrid organization, in an organization in the telecommunications industry in the Netherlands. A case study is appropriate because the research question and sub questions relate to how a phenomenon exists in a certain context, the researcher has no control over the situation and the researched phenomenon is quite rare (Vennix, 2011). Whereby the researched phenomenon is the use of performance management in hybrid organizations in relation to the existence of multiple goals. This phenomenon is quite rare in research as Skelcher and Smith (2017) notice that research lacks of how performance management could possibly help to manage the multiple goals in hybrid organizations. Interviews will be used to gather information and to be specific; semi-structured, open-ended interviews. The advantage of this approach is that it is structured with key open-ended questions while still allowing the researcher to ask extra questions to explore the topics in ways that were not know in advance. This suits this research because of the exploratory nature whereby the different parts of the topic are not clear yet. Hereby, the validity is higher because all questions are structured beforehand, so the threat of forgetting some topics is ruled out. Furthermore, the extra questions asked during the interviews minimizes the chance of excluding information which is regarded as important to the respondents. The interviews will be held face to face and individually in order to guarantee validity by acting on nonverbal communication. However, when face to face isn't possible the interview respondents could also be called (Gill, Stewart, Treasure & Chadwick, 2008; Vennix, 2011).

The performance management in KPN cannot just be derived from documents because how the performance management method is used is at least as important as which method is used (Grossi & Thomasson, 2015). Therefore, the opinions and experiences from employees

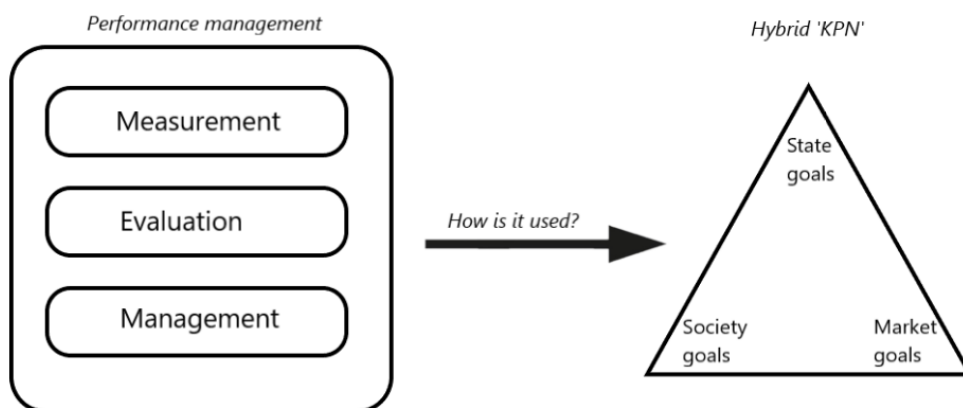


Figure 2: Conceptual model

are important data to collect. Also, a performance measurement system should originate from the construct(s) it tries to measure and then focus on the right indicators to measure this construct (Alter, 2007; Clark & Brennan, 2012; Lynch-Cerullo & Cooney, 2011). Therefore, the interviews will focus on the performance measurement, evaluation and management method used by KPN, the perceived goals (constructs), and the indicators used to measure these constructs. Hereby, the perceived goals are the goals of KPN related to state, market and society. These could be seen as the sensitizing concepts in this qualitative method, which are concepts who steer the research and can be changed over time through the iterative character of qualitative research (Vennix, 2011). Consequently, the conceptual model in figure 2 (p. 20) is developed based on the sub questions which were developed in chapter two. The conceptual model results in the interviews questions by operationalizing the concepts in the model.

The instructions, the questions itself, the introduction and the end of the interview will be done in the native language of the respondent in order to avoid misconceptions about the content of the answers and can be found (translated into English) in appendix 2. During the interviews, the researcher uses ‘reflective listening’ by making notes of the answer in order to ask extra questions when the answers aren’t entirely clear or complete. Furthermore, the researcher does not influence or steer answers of the respondents. Also, the researcher summarizes the answers and asks if these are correct. This is called a ‘member check’, which enables the researcher to be as objective as possible when coding afterwards in order to improve validity, which is part of the interaction process (Vennix, 2011). In the end, respondents were asked if they wanted to receive the results of the study. After the interviews are done, a potential problem can occur because the answers in Dutch will have to be translated into English. This impact on the reliability of the research is regarded as smaller than when all the Dutch native speakers have to answer in English. When all the answers are translated from Dutch to English by one person, it is regarded as more valid. Also, the reliability can be accounted for, if a second reader checks the translations (Vennix, 2011).

The population is the employee base of KPN, which is around 12.000 people. When approaching possible respondents both people who use and develop parts of performance measurement, evaluation and management will be targeted. Also, people from different parts of the organization will be targeted to get information about the performance management of both the market, state and society part, but the respondents used will depend on the cooperation of the people approached via the personal contacts of the researcher. All the respondents will be approached by sending them an e-mail as invite and to inform them of the purpose of the research beforehand (appendix 1). The interviews can take place in multiple

places across the Netherlands because KPN has multiple locations in the Netherlands (KPN, 2019a). On these locations a quiet room will be found in order to have the interview without any disturbances. This is done to make sure the circumstances of all interviews are about the same, which guarantees improved reliability (Vennix, 2011).

The first respondents were found through personal contacts of the researcher and through mailing. Later on, new respondents were found by 'snowballing'. Furthermore, extra questions were sometimes asked because of unclear answers when the respondent left out information because the respondents knew of the researcher's history at KPN. After the ten interviews were done, the interviews were anonymized, literally transcribed and all put in one document (appendix 4). Then, the interviews were open coded using the software 'AtlasTI 8', which resulted in 522 codes. After axial coding 90 codes remained (see appendix 3). Subsequently, a plan was made to write the analysis while selective coding. Finally, the findings chapter was written by using the coded quotes (see appendix 5). Furthermore, the quotes used in the findings chapter were translated from Dutch to English with the intention to stay as close to the original meaning of the Dutch quotes as possible.

Chapter 4: Findings

The information from the interviews will be presented according to the performance management theory, starting with the performance measurement at KPN. Then, the performance evaluation at KPN will be elaborated on. Afterwards, the management of the performance will be discussed. Then, the combination of multiple goal management will be elaborated on. Finally, the future performance management plans of KPN will be explained. Also, the findings will be discussed by relating the findings to the theory. The quotes, which are translated from Dutch to English, are presented as quotes while they are not, as they had to be translated by the researcher. However, in case of the readability of the chapter, they are presented as quotes. The English quotes can also be found in appendix 6 together with the matching Dutch quote. Furthermore, the structure of this chapter will first be the presentation of relevant quotes. Afterwards, the findings will be presented resulting from the quotes. Finally, these findings will be discussed per paragraph and related to theory. Finally, a schematic summary of the findings is presented in figure 3 on page 24 by presenting the characteristics of the performance measurement, evaluation and management of the goals of KPN related to 'state', 'market' and 'society'.

4.1 Performance measurement

First, the performance measurement of activities related to 'market' will be presented. Afterwards, the performance measurement of activities related to 'society'. Finally, the presented findings will be discussed.

A 'Teammanager customer service' (I4) mentioned regarding performance measurement of commercial activities:

“Just with targets and with KPIs and I'm one of the persons who is responsible for the KPIs.” And also: “First call resolution, or first contact resolution. So the amount of times that customers contact us after their first call towards us. Our NPS is included. Our sales is included. The amount of tasks for engineers, hardware task, the amount of credits, en that is all included in one clear dashboard”

An 'Accountmanager' (I5) adds regarding the B2B context:

“I get a target for new orders, so how many euros did you make. So revenue. We had NPS, so customer satisfaction.”

Performance management within ‘KPN’			
	<ul style="list-style-type: none"> - Separate management of multiple goals - Activities of different goals can reinforce each other 		
	Measurement	Evaluation	Management
State	- No information found	- No information found	- No information found
Market	<ul style="list-style-type: none"> - Quantified indicators - Key Performance Indicators (KPIs) - On multiple levels (individually, team & company wide) 	<ul style="list-style-type: none"> - Short and long term targets & evaluation - On multiple levels (individually, team & company wide) 	<ul style="list-style-type: none"> - Low and top level management of setting targets, initiatives to improve performance, develop strategy - Employee and top management rating and rewards
Society	<ul style="list-style-type: none"> - Quantified & Qualitative indicators - Key Performance Indicators (KPIs) - Companywide measurement 	<ul style="list-style-type: none"> - Long term targets & evaluation (annually – 15 years) - Companywide evaluation - Lack of short term targets to keep track of performance - Lack of internal communication - Not comparable KPIs 	<ul style="list-style-type: none"> - Top level management of targets and strategy - Low level initiatives to set short term targets and strategy - No incentive to take environmental goals into account on lower levels of the organization - Lack of employee knowledge of goals and activities related to ‘society’

Figure 3: Performance management in hybrid organizations

4.1.1 Performance measurement regarding ‘market’

These quotes illustrate that KPN uses ‘Key Performance Indicators’ as a method for measuring, evaluating and managing its performance. Hereby, performance indicators related to ‘market’ are different across various departments, like ‘revenue’ measured in euro’s for the business to business department and ‘sales transactions’, in numbers of sold products in retail. Also, customer satisfaction is measured by using NPS. Thereby, a questionnaire is sent to a customer after interaction with KPN. The questionnaire quantifies the results into score on the

scorecard in retail. These indicators related to market are all quantitative but measured by various indicators.

An 'Advisor energy management, sustainability & support' (I7) mentioned regarding the performance measurement of activities related to the environment:

“There you could determine that this platform uses this amount of electricity, and you can combine that with the architects of the platforms. So you always have plans to phase old platforms out. So if you can do this faster than it saves uses 3 million on a yearly bases. (...) It is not insightful now. (...) That is our biggest challenge to really provide insight in what uses how much electricity where.” And also: “To make the distinction that is just, it is just a really complex puzzle because you have multiple systems, systems comprise assets of buildings, others include use of electricity and you can’t distinctions then what elements use what amount of electricity. (...) You can modulate it but you can’t measure it at this time. (...) and for circularity it is the same.” And also: “Circularity, you can measure it in kilos, you can measure it in euros, and you can measure it in emissions.” And also: “So defining such a KPI, like how are you going to rapport on that and how are you taking care that it is clear, that remains difficult.”

An 'Advisor sustainability' (I9) adds:

“To know how circular you are, you have to start with measurement insight. (...) That’s a very complex process because we work with a lot of suppliers (...) while we don’t produce products, so we are not in control of the supply chain. (...) but we are now with some products, iconic products we call them, looking if we can assemble ‘material passports’. We are at the start phase of looking what’s in it (...) and how could we use a framework for other materials that we buy and one of the indicators is Co2 reduction. (...) But I find circularity very complex because sometimes you can recycle a product but that uses more energy and it is almost cheaper to use (...) a new one. (...) but that will definitely be measured and we are looking at indicators like Co2 is evident but the ‘prevention of using virgin material’. (...) for example Cobalt or those kind of raw materials.” And also: “I: So there is no way now to measure the impact of the circular part that you are involved in? R: No, but we are discussing with those parties in ‘Groene Netten’ if we can make one standard (...) to start using material passports.” And also: “We keep track of our Co2 numbers but we don’t monetise it. (...) but we do have Co2 reduction targets.”

4.1.2 Performance measurement regarding ‘society’

These quotes illustrate that KPN has multiple indicators measuring its performance of actions related to the environment. These indicators are for example: ‘Co2 reduction’ measured in the reduction in emission of Co2, electricity measured in the amount of electricity used and circularity, which KPN tries to measure using material passports. The use of material passports appears to be in development, whereby the resources needed to develop products are traceable. Thereby, the aim of KPN appears to be that products can be compared in terms of their circularity. Additionally, how ‘green’ the energy is not measured because it is hard to measure as ‘green’ and ‘grey’ energy are mixed in the same energy cable system.

A ‘Board member’ of the ‘Mooiste Contact Fonds’ (I10) mentioned regarding the performance measurement of social activities:

“At ‘Klassecontact’ we have a KPI which is really clear. It is ‘put all long term sick children back in class’. (...) So that’s really easy. (...) We ask how many children are long term sick and how many of them qualify for this target to the organizations that we collaborate with.” And also: “Actually, to every organization that sends us a project plan to consider we ask: What are you’re KPIs, what you want as a result? How are we going to realise it? What do we need to do this? In this way we place the responsibility at the organization that has reached out to us.” And also: “How many people are we going to reach? What is the investment? What are the costs per person that we help? (...) That should all fit because if we help 25 people which costs 150 or 250 thousand euros.” And also: “We have a few KPIs at KPN that are standard. (...) and that is ‘(...) realise more than 2.000 volunteers internally per year.”

KPN’s ‘Mooiste Contact Fonds’ uses KPIs for measuring the performance of their social actions. These KPIs seem to be partly based on their own standard KPIs and based on the organization that is proposing a new project. The standard KPIs are for example put all long term sick children back in classes and realise more than 2.000 volunteers internally per year. The ‘Mooiste Contact Fonds’ appears to outsource the development of KPIs to organizations that send them project proposals. Then, the proposal and KPIs are evaluated in terms of costs per person and the fit of the proposal to the purpose of the ‘Mooiste Contact Fonds’.

4.1.3 Discussion of findings regarding performance measurement

Finally, KPN uses KPIs to measure performance. The KPIs regarding the ‘market’ seem to be well established, while the KPIs regarding ‘society’ seem to be less well established. This appears to be the case because the KPI regarding circularity is still in development, the amount of ‘green’ energy used is not measured and the KPIs regarding the ‘Mooiste Contact Fonds’ seems to be partly outsourced and therefore appears to be less important. This argument appears to be in line with the theory regarding the performance measurement in hybrid organizations, which stated that the financial performance measurement is often well established while the performance measurement of the other goals is not (Alexius & Cisneros Örnberg, 2015; Millar & Hall, 2013). An argument is given that standardized methods are often used because developing methods is time consuming, hard, costly and complex (Alexius & Cisneros Örnberg, 2015; Boland jr., Sharma & Afonso, 2008; Clark & Brennan, 2012; Hubbard, 2009; Lynch-Cerullo & Cooney, 2011; Nicholls, 2008; Ormiston & Seymour, 2011). However, the standardized methods are not successful cause of the subjectivity of non-financial measures (Alexius & Cisneros Örnberg, 2015; Carnochan, Samples, Myers & Austin, 2013; Millar & Hall, 2013). This seems to be the case at KPN as well because of the lack of quality of the performance measurement of goals related to ‘society’ as argued above.

4.2 Performance evaluation

The evaluation of the performance at KPN will be elaborated on by discussing the performance related to state, market and society based on the theory of Brandsen, van de Donk and Putters (2005). The evaluation of performance related to ‘market’ will be discussed first.

A ‘Data analyst’ (I6) mentioned regarding the performance evaluation and presentation of the commercial activities:

“Through the use of a report or an analysis, those are the two most important dashboards. So what I do, I fit the information that comes in into a report and then the store employees, store managers, region managers, chain managers, auditors, channel managers, name it, can make decisions based on these reports.”

A ‘Teammanager customer service’ (I4) mentioned:

“In the past, data had to be extracted out of 4 different dashboards. Now, there is one system: the end-to-end dashboard. It means that among the whole customer journey,

from start to finish, all the KPIs' are measured and presented. KPIs like handling time, etc.”

4.2.1 Performance evaluation regarding ‘market’

These quotes illustrate that KPN evaluates sales data based on KPIs, where the multiple products are presented in one dashboard in order to be comparable. Thereby, the different products can have different weights regarding their importance when evaluating the sales. The data seems to be evaluated on multiple levels, like individually, per store, per region or companywide and is captured along the entire customer journey.

A ‘Teammanager customer service’ (I4) mentioned about performance evaluation in customer service:

“There are the ten most important KPIs but there is not total score in which you’re able to see how everybody is doing. That convenient but on the other side it can be difficult to know what to do, now every manager can decide for himself what’s best to do. Sometimes you need guidance from within the organization about what is now the most important to do.”

An ‘Accountmanager’ (I5) mentioned regarding the performance evaluation in a B2B context:

“I just get a target and so that’s order intake and how much euros did you generate, so revenue. Also NPS, so customer satisfaction and since recently margin. So those are the separate indicators for your sales plan, that’s the basis on which you receive your rewards, financially.”

A ‘Sales advisor’ (I3) mentioned regarding the performance evaluation in retail:

“Sales is measured on the scorecard. You have a weekly and a monthly target for certain products that you have to make. (...) If I don’t reach the target I’m judged on that. You need to reach all your targets and preferably score extra.”

A ‘Data analyst’ (I6) mentioned:

“Well, there is sales data, especially salestransactions. On the otherside there is NPS data. We send questionnaires to our customers, and we logg. Customers are logged in our system. Those are 3 pillers for potential data extraction.”

Though this customer journey seems to be captured by one dashboard, the evaluation of sales performance is evaluated differently in different departments, as illustrated by the quotes above. The separate KPIs are summed up into one total score in retail to evaluate

performance. However, at customer service they seem to use their ten most important KPIs when evaluating performance but these are not captured into one score. Finally, in a B2B context there seems to be just one important KPI, namely revenue, and the KPIs in total are not captured into single score.

A 'Sales advisor' (I2) mentioned regarding financial bonuses in relation to performance evaluation in retail:

“Anyway, NPS is something that gained importance just recently. Before, NPS was there but there wasn't a financial compensation based on the scorecard for NPS. Now, it is on the scorecard and I understand that it gained importance because it is old fashion to not rate people on it so to speak.” And also: “Yes, the scorecard, the salesplan. That is the combination of the sales and the NPS mark” And also:

I: Clear. So you can earn extra as an employee if you score better on your scorecard.

R: Yes. However, it is calculated per team. It is about the team target and the team target is divided into employee specific targets. I: So, imagine you perform excellent but your colleagues underperform then it doesn't make a difference for you as the teamtarget is leading?

R: Yes exactly! Yes and that nice because therefore we motivate each other while you experience your colleagues performance. We have an overview.

We'll receive it often. Then you'll see who performs well in some way. Then you'll find each other, like: I see you do this great. How do you do that? And the other way around, I see you underperform there, come on you can do it!”

A 'Teammanager customer service' (I4) mentioned regarding the bonuses in customer service:

“Well the sales plan or incentive is also within customer service, that is executed within the sales desk but also the service desk has certain incentive periods. (...)

Often, incentives are based on sales and, now, you'll see the switch that quality is also incorporated in those incentives. We do not just judge based on sales but on numbers in combination with quality. Like for example cancellations, there is no win in 100 acquisitions while 75 are cancelled. That's worse than 50 acquisitions with just 2 or 3 cancellations.”

A 'Data analyst' (I6) mentioned regarding his goal as support staff:

“I do not have a certain goal individually, however from within our department the goal is to minimize the back office time and generate as much store time as possible.

So every report I make should deliver time profit. (...) and it is measured how much time I save.” And also: “Therefore they have more time to focus on the customer”

An ‘Advisor energy management, sustainability & support’ (I7) mentioned regarding the bonuses of the top 80 in the organization:

“To really have the knowledge about how we achieve our environmental performance and how to become greener, that’s what we should propagate more. But it does come inherently out of the organization. It’s presented at the shareholders meeting. Also, the bonuses of the top 80 of the company are partly based on the performance concerning sustainability. Some of those targets are based on circularity and some on energy usage”

As these quotes support, the performance of KPNs employees seems to be rewarded based on a sales plan. Employees appear to have ‘planning agreements’ which differ per department, like ‘learning a certain new skill’. For example, in retail the total score of KPIs per team is leading for the individual rewards. Hereby, it seems that a bad score on one KPI can be compensated on by a good score on another KPI. Furthermore, in customer service the performance is evaluated based on a single KPI in incentive periods. Then, in contrast to retail, not just sales but also quality is captured in individual KPIs which can result in a financial reward. Support staff is rated based on, for example, reducing back office time. However, they do not seem to be rewarded with a financial bonus in relation to their performance. The (financial) bonuses of the top 80 of the company seem to be based on commercial performance and the ability of the company to reach certain environmental goals. However, no indication of the incorporation of the performance related to the ‘Mooiste Contact Fonds’ or goals related to state were found when top management is evaluated.

An ‘Advisor energy management, sustainability & support’ (I7) mentioned regarding the performance evaluation of environmental activities:

“To make a distinction, that’s a really complex puzzle because there are multiple systems, the systems encompass assets of buildings, others energy usage and you cannot split the elements in how much is used somewhere. (...) You can modulate it but you cannot measure it at this moment. (...) and that’s the same for circularity. However, we are working very hard on making it measureable in the future.” And also: “So defining such a KPI, how are you going to report it? And how to make it clear? That remains difficult.”

An 'Advisor sustainability' (I9) mentioned regarding the performance evaluation of environmental activities:

“We keep track of our Co2 numbers already but we do not monetise it all the time.”

And also: “We do have Co2 reduction target.” And also: “Well, if you have to travel to hours per train less, than you have two hours per week more and that performance was given a rating of 1 - euros per hour. (...) But 10 euro, why is the hour you saved 10 euros worth? So the monetisation was done wrong. An option was to measure that hour in raised employee luck. (...) Than that's a value, maybe you can validate luck, that's the other question. However, particularly there where less cars on the road so less people travel to work by car. That means a reduction in Co2 and that's evident.

The monetisation that is a lot easier, you'll see that at the Co2 prices.”

A 'Board member' of the 'Mooiste Contact Fonds' (I10) mentioned regarding the awareness of environmental goals and activities within the organization:

“We have been seriously with being the greenest telecom provider for over 10 years.

(...) But you see that it lives. Everybody knows it. (...) However, the knowledge about how we reach and how we could become greener, that's something we have to propagate more.”

A 'Young talent' (I8) mentioned regarding the awareness of environmental goals within the organization:

“Internally employees see messages on TeamKPN or in the media of how sustainable internet provider we are. However, what we exactly do is not really known and not every employee is sustainable.”

4.2.2 Performance evaluation regarding 'society'

These quotes illustrate that the KPIs regarding the environment are evaluated through looking at these indicators separately. This seems to mean that, in contrast to the KPIs regarding market, the indicators are not converted into a number whereby indicators can be compared. This means that co2 reduction, energy usage and circularity for example are evaluated based on their indicator but these indicators are not converted into an indicator which can be used to compare scores, for example, a percentage or into euros through monetisation.

Also, the energy usage seems to be measured in total for the whole company and cannot be measured on a lower level, like per business unit or per store, because the energy bill is centrally paid. Also, the usage of 'green' energy doesn't seem to be clearly measured because of the process by which the use of 'green' energy is ensured. 80% of the energy

seems to be bought a year in advance and 20% of the energy is bought a day before. To make sure that KPN buys uses ‘green’ energy, ‘green’ energy certificates are bought after every year which mean that a certain amount of green energy was generated sustainably. This seems to mean that the energy used isn’t necessarily green energy but that KPN has bought the proof that the amount of energy that KPN used in a year is also generated somewhere at some time that year in a sustainable way.

A ‘Board member’ of the ‘Mooiste Contact Fonds’ (I10) mentioned regarding the performance evaluation of social activities:

“We always work together with renowned societal organizations because we say, we are not of the problem. We’re only there to look if we can help to alleviate or solve the problem. There we use our technology for, so IT and telecom, employees; more than 2.000 volunteers per year. (...) So we have 2.000 volunteers on the 12.000 employees in total that remain, that’s quite a lot. Before we had 25.000 employees and also 2.000 volunteers but now that has reduced to 12.000 but still the target is 2.000 volunteers. So the target went up. (...) We have a board that meets twice per year and we get a lot of project proposals. (...) The employee satisfaction for a volunteer of the KPN Mooiste Contact Fonds is much higher than for employees who do not volunteer.”

The performance regarding the ‘Mooiste Contact Fonds’ seems to be evaluated the same as the KPIs regarding the environment. The indicators are not converted into a common denominator. Furthermore, the KPIs are measured long term, mostly annually in the year report. Finally, no clear method or measurement indicator is found to assess performance on the goals related to ‘state’.

4.2.3 Discussion of findings regarding performance evaluation

In the paragraphs about performance measurement in KPN, it was argued that the performance measurement of performance related to ‘market’ goals more sophisticated than the goals related to ‘state’ and ‘society’. Now, the same argument appears to make sense when the performance evaluation of KPN is analysed, as will be explained next. The performance related to the ‘market’ goals seems to be presented on one dashboard and the indicators appear to be comparable through the use of percentages. Also, this method seems to enable KPN to distinguish between indicators by using different weights. However differences exist, within the departments related to the goals related to ‘market’, in evaluating

performance through the use of a total number, separate indicators or just one important indicator. Furthermore, the financial rewards seem to be mostly based on goals related to ‘market’ because these employees’ benefits are directly linked to their team’s performance regarding commercial goals. This doesn’t seem to be the case with ‘The Mooiste Contact Fonds’ and the performance on environmental goals. On the contrary, the performance related to ‘society’ is not captured into one dashboard. Actually, they seem to be measured and evaluated separately per indicator. Also, the performance on these goals related to ‘society’ seem to be evaluated on the long term (for example annually) and companywide. This is in line with Millar and Hall (2013) who argued that a disadvantage of KPIs was that social value could not be reported on monthly.

The previous argument, regarding the evaluation of performance of goals related to ‘society’ is in line with the theory which stated that the standardized methods are not successful because of the subjectivity of non-financial values (Alexius & Cisneros Örnberg, 2015; Carnochan, Samples, Myers & Austin, 2013; Millar & Hall, 2013). Inside KPN, it seems that no comparison can be made between indicators of goals related to ‘society’ through for example a percentage. Also, it appears that the performance on these goals is just evaluated on a companywide level. Therefore, it seems that improving performance is less practical as it seems that underperforming processes cannot be identified through measuring and evaluating a specific process. Consequently, it seems that KPIs are used in a ritualistic way according to Agostino and Arnaboldi (2017), which means that KPIs are not used to improve performance but to support the external legitimacy of a company. Furthermore, this is substantiated by Agostino and Arnaboldi (2017), who argue that larger service providers, like KPN, use KPIs more often ritualistically. These arguments appear to support the argument of mission drift whereby (mostly) the financial goals are often overshadowing the other goals (Alexius & Cisneros Örnberg, 2015; Bishop & Waring, 2016; Brès, Raufflet & Boghossian, 2018; Ebrahim, Battilana & Mair, 2014; Grossi & Thomasson, 2015; Lynch-Cerullo & Cooney, 2011).

4.3 Performance management

The management of performance is discussed by discussing the management of the different activities and goals separately.

An ‘Advisor energy management, sustainability & support’ (I7) mentioned regarding environmental targets and strategy:

“Well, that’s what makes it so difficult, there is a target but there is not a well mapped out strategy to reach those targets. (...) And as teams we run into that. You start to make a timeline for yourself in how to reach the targets. Because centrally a target has been communicated. (...) however a plan, a strategy of how you do this, when and with which target. (...) that’s not as straightforward communicated as, as I’d expect.”

4.3.1 Performance management regarding ‘society’

The environmental activities are performed by the ‘CSR’ department and the ‘Energy and Environment group’ (EMG) at top management level. The targets and the long-term strategy seem to be set by top management. However, short-term targets, performance measurement and strategy does not seem to be provided by top management as illustrated by the quote. Therefore, the employees lower in the organization seem to make their own timeline and short term strategy.

An ‘Advisor energy management, sustainability & support’ (I7) mentioned regarding the energy management as part of the environmental and commercial activities:

“So 80% of the energy usage is purchased a year in advance and 20% is purchased the day before in order to purchase as much as you use. (...) And the 80% is cheaper. (...) and you pay the rest extra.” And also: “It a big cost item. Also, it costs a lot of money and everyone wants to minimize the costs of energy because we spend so much on it. And of course you do it because you want to be the greenest (...) company.”

As the quote helps to illustrate, the energy management seems to be a big cost item of KPN and therefore KPN seems to aim to lower their energy usage by 50% in 2025 in comparison to 2010. The quote illustrates that KPN seems to be able to reduce costs when they can predict the energy usage well because 80% of the energy is bought in a year before and 20% just the day before for a more expensive price.

An ‘Advisor energy management, sustainability & support’ (I7) mentioned regarding the use of ‘green’ energy:

“We buy it all green, however it’s another way of buying energy green to get it right out of the socket. Afterwards, we buy certificates to match our green energy share of certificates in actual energy usage. If you match those then at the end of the year you are green. You want to be able to become more flexible and to use more energy when

there is more wind and when there is less green energy in the electricity network to use less.” And also: “Because we buy all our energy at ENECO and thereby we make the energy greener. However, in the end, you want to use exactly how much energy is generated. So it’s a combination of how much you use. What do you expect to be using in the future. How can we buy that much energy as green as possible and how can we remain as green as possible.” And also: “All old platforms of the phone network that use significantly more energy than the new technology over the IP. There are just multiple developments that make sure that less energy is used. Also, virtualisation, so normally for one application we just had one serverdeck and if just 40% of that serverdeck is used, that’s unfortunate. However, now we have one server and use it for the full 100% and we just fill the remaining server power.”

The quotes illustrate that KPN buys ‘green’ energy by buying certificates afterwards which prove that energy has been produced in a green way. However, this does not seem to mean that the energy actually used is green. Therefore, in order to use more ‘green’ energy, KPN aims to use more energy when more green energy is in the electricity network. These seem to be challenges for KPN in the future. Furthermore, energy usage is therefore measured on a companywide level as the energy bill is centrally paid but not on lower levels in the organization. Also, KPN seems to want to innovate to lower energy usage, for example because of the costs of energy.

An ‘Advisor sustainability’ (I9) mentioned regarding performance management of circularity:

“If you want to know how circular you are, you have to start with measurement insight. (...) it is a complex process because we work with a lot of suppliers. (...) but we do not make products ourselves, so we are not in charge of our supply chain. (...) We are now with some products, we call them iconic products, looking at assembling material passports. We are at the start of the project. (...) However, I think that circularity is very complex because sometimes you can recycle a product but that costs more energy that it is almost cheaper to use a new one but we are definitely going to measure that and we are still looking for the right variables, like to prevent the use of ‘virgin material’.”

Additionally, KPN seems to aim at managing circularity by using material passports which contain the virgin materials used to produce a product. Thereby, the aim seems to be using products with lower use of virgin materials.

A 'Board member' of the 'Mooiste Contact Fonds' (I10) mentioned regarding the performance management of social activities:

“Everywhere I go. People always seem to find it so obvious what we do, because it’s right. It’s in the DNA of the company. We are the connectors, we take care of contact so we do that literally with the ‘contact fonds’ for vulnerable groups.” And also: “It’s every year like, and that is something I do quite smart. We make sure that members of the board of KPN are in the board. (...) preferably also the CEO. (...) What I do is. I make sure the CEO is in the board, the chief HR because it is an enormous HR tool, (...) the boss of the business market as he should take care of all the applications, the solutions, the development of apps and the installation of technology. (...) well the engineers organisation also falls beneath that. (...) and someone from the consumer and marketing corner. (...) and the rest is external. Finance.”

In managing the performance of the 'Mooiste Contact Fonds' an executive of the 'Mooiste Contact Fonds' seems to make sure that members of the board of KPN are in the board of the Mooiste Contact Fonds because they can use their other roles in helping the 'Mooiste Contact Fonds'. Furthermore, they have two board meetings per year to choose new projects and to evaluate and manage performance on actual projects.

A 'Board member' of the 'Mooiste Contact Fonds' (I10) mentioned regarding the performance management of social activities:

“We just say, when a new project proposal is submitted. (...) We want to follow up on this issue. We want to tackle this problem. Eh but how many people can be reached by this? What is the investment needed? So what’s the cost per reached person? (...) that should fit of course because if you spend 150 to 250 thousand euro to help 25 people (...) whereby we cannot use our volunteers.” And also: “Every project proposal we get, we ask; what are your KPIs? What do you want to realise and how? What do you need to accomplish that? Thereby we give the responsibility for the targets to the interested party that reached out to us (...) we have a certain set of KPIs which are standard (...) like; realise every year more than 2.000 volunteers from within KPN.”

New projects may be started when the ‘Mooiste Contact Fonds’ is contacted by an organization that wants to collaborate, as illustrated by the quotes. Then, the other organization has to send a plan containing the targets and KPIs, what is it they want to do and how do they want to achieve their target. Thereby, KPN seems to put the responsibility with the initiators of the projects. Afterwards, the board of ‘the Mooiste Contact Fonds’ assesses if the potential project fits the mission of KPN and the ‘Mooiste Contact Fonds’ and also if ‘enough’ people are being helped with the budget needed.

A ‘Board member’ of the ‘Mooiste Contact Fonds’ (I10) mentioned regarding the management of the budget of the social activities:

“The equipment has become cheaper through the years. We had made a certain estimation about when to renew the equipment. Well that equipment appeared to be operational much longer. (...) So than you can shift budgets. (...) So we have a fixed budget per year. (...) Half of the budget goes to the cleaning of the equipment, revising the equipment and setting up equipment. The other budget we can spend on (...) other projects. We set projects up and ones it is up and running we step out and start something new.” And also: “In the CLA it says that everyone within KPN (...) can spend 8 hours within the projects of the KPN Mooiste Contact Fonds. I’ll say, I see a lot of colleagues more than those 8 hours. (...) and they find it very nice to do. (...) Well, I have never called to the HR departments like, ehm look if you it is going to far if they like are busy here for 6 or 7 days per year but then they have not enough to do normally. (...) but I don’t keep track of that. (...) you know, I’m only happy that these colleagues are so involved. (...) So calculate it, we’ve determined that we spend this certain amount of money in the foundation. (...) but add 8 hour times 2000 employees, that’s 16.000 hours times an average salary. We talk about millions.”

As the quotes illustrate, the ‘Mooiste Contact Fonds’ has a fixed budget from KPN to operate with. Also, all the employees of KPN can volunteer for the activities of the ‘Mooiste Contact Fonds’ while still being paid. Which seems to be a big cost for KPN, 2000 volunteers at least, eight hours per volunteer times their salary.

A ‘Data analyst’ (I6) mentioned regarding the performance management of commercial activities:

“Through the use of a report or such an analysis, those are the two most important dashboards. So what I do, I make sure that the information that is acquired is fit into a report and then the store employees, store managers, regional managers, chain managers, channel managers, name it, can make decisions based on this report.”

A ‘Teammanager retail’ (I1) mentioned regarding the performance management of commercial activities within retail:

“They look at the number of visitors per store. Consequently targets are calculated based on number of customers in the store. The targets are divided of course. There are multiple regions. But if you look in Enschede, targets can be reached just fine. However, there is an emphasis on employee level like is everyone doing what he or she is supposed to be doing. Of course everybody has a target based on how many hours that person works. This emphasis on individual performance has just started recently.”

4.3.2 Performance management regarding ‘market’

Top management appear to set targets based on performance in the past. Targets are set on team level in retail and on individual level in the customer service and in a B2B context. Furthermore, the performance on these targets is evaluated and communicated to, for example, stores as illustrated by the quotes. The performance can be evaluated on multiple levels, including individual level. On this lower level in the organization there seem to be initiatives to manage performance based on this communicated data. Employees seem to be coached by their superiors. Also, KPN has a 1500 euro budget for every employee in the organization to develop themselves by participating in trainings in their own or other areas of expertise. Finally, no indication of the management of goals related to ‘state’ were found.

4.3.3 Discussion of the findings regarding performance management

Again, the performance management at KPN seems to be better established for the performance related to ‘market’ than the performance related to ‘state’ and ‘society’, as in line with Alexius and Cisneros Örnberg (2015) and Millar and Hall (2013). This appears to be the case as the goals related to ‘market’ are managed by setting targets based on past performance both short term and long term. Furthermore, performance seems to be evaluated and communicated both at top level but also to lower levels in the organization. Also, there seem to be initiatives to improve performance based on the performance evaluation both high up in the organization as on lower levels.

On the other hand, the performance regarding the environment seems to be evaluated at top level and strategy and targets seem to be set long term by top management. However, short term targets and strategy appear to be developed low in the organization because this appears to be lacking by top management. Therefore, the goals of KPN, to use energy when there is more 'green' electricity in the circuit and to use less energy, do not seem to align with the performance management of the electricity. This seems to be the case as the performance measurement and evaluation of electricity is done companywide. Thereby, improving performance through identifying and improving underperforming processes does not seem to be possible through performance management. Furthermore, adapting the use of energy per process within KPN does not seem to be possible in order to use more energy when 'green' energy is in the circuit and less when it's not.

Furthermore, the targets of the 'Mooiste Contact Fonds' are set partly by themselves and partly by other organizations. Also, there is a fixed budget. This seems to indicate that improving performance is not a purpose of performance measurement and evaluation at the 'Mooiste Contact Fonds' as budget cannot be raised if need be and KPIs are not developed themselves. Although, the volunteering of employees of KPN appear to be very costly. It doesn't seem to be measured and evaluated how effective they are. This seems to be in line with the earlier argument, that KPIs appear to be used ritualistically regarding their performance management of goals related to 'society' (Agostino & Arnaboldi, 2017).

4.4 Integrative performance management of multiple goals

In the following paragraph the performance management of multiple goals will be discussed. Thereby, examples will be given of ways in which multiple goals and activities can reinforce and or weaken each other. Also, the role of performance management in reinforcing or weakening performance will be discussed.

A 'Teammanager customer service' (I4) mentioned regarding the management of multiple goals:

"We are a listed company and this is what you see at much more listed companies. They shout both and when things start to get exiting, they fall back on their commercial goals because that's in the end to bring back home the bacon. Appearance, from all the good around it. We. Connecting is our purpose. On the one hand, socially and on the other hand through technique. To connect people. That's what makes it big within KPN. That is one of our USPs but when the circumstances start to become

exiting then you'll see that organizations fall back on their commercial goals that need to be reached and then it's likely that the social activities are suspended. Then you'll see that we as KPN are quite a large organization. That the two flow are just walk next to each other." And also: "We have a commercial flow that just keeps going but we do also have a social flow that keeps on going and those are disproportionate. The commercial goals are just using the activities that are performed on a social level."

An 'Advisor sustainability' (I9) mentioned regarding performance management of multiple goals:

"The people that are occupied with commercial goals. (...) do not work together with the people who work towards achieving the sustainability goals. (...) Anyway, I think that, as an organization, we work in boxes. Everybody has their own targets. (...) and they have blinders on because they know what the targets are within their department but it sometimes unclear to tell about other departments what their targets are. (...) and on the one hand that's because we are such a large organization and therefore it is hard to change it as well." And also: "Combining the goals, I mean when you are occupied with commercial targets and you hear from up high, just via communication, we are busy with sustainability targets. (...) Yes, really nice but we're only evaluated based on the commercial targets. (...) so if you want to change that, than there should be a real combination within, so there should be some sort of common targets."

First, participants seem to indicate the existence of a separate social, environmental and commercial stream in the company. Employees or departments appear to be occupied with their own targets and performance but don't seem to take the other goals of the organization into account. They do not seem to work together, cross departmental, to take other goals into account. A possible explanation given by a participant, is that the targets and performance of employees and departments are evaluated separately and secondly, the size of the organization. Finally, when the circumstances of the company become tense, than the commercial goals will be chosen over the other goals, is the opinion of a respondent in the previously mentioned quotes. Consequently, within KPN the multiple goals sometimes seem to reinforce or weaken each other as will be illustrated and discussed further by the following quotes.

A 'Young talent' (I8) mentioned regarding the goal and internal awareness of social activities:

“I: Could it be because those things are only used as a marketing end? That they are used to advertise and give KPN a better reputation?”

R: No, certainly not I think! Actually, I think that it could be improved at that level. (...) Because the advertisement I just showed you, that was last year, more than a year ago. (...) there was a short period that we actually showed our sustainable character to the outside world. (...) There is no further attention paid to this and also the things that we do about social involvement, with the Mooiste Contact Fonds and what we do with oldies and kids is not promoted enough. (...) So we feel in some way responsible to do something for society and for the environment. (...) only it’s not enough used in the communication (...) to employees but also externally.”

A ‘Board member’ of the ‘Mooiste Contact Fonds’ (I10) mentioned regarding the benefits of having a function in activities related to multiple goals:

“And that’s a consequence of my other role while I’m responsible for the sponsor portfolio. I always try to involve those vulnerable groups in society with the sponsorships we have. So we go with the elderly to museums, with long term sick children to ice skating events. (...) We take groups to soccer. So we can combine the sponsorships and the Mooiste Contact Fonds. That’s why it’s all on my plate.” And also: “The employee involvement for someone who participates in the KPN Mooiste Contact Fonds is much higher than for an employee who doesn’t.”

An ‘Accountmanager’ (I5) mentioned regarding her opinion of participating in social activities:

“I really like to contribute to society in this way because I think it’s important and it’s nice from KPN that they enable us to do so a few times per year. And that they give us the opportunity because it is just nice to contribute to the society but you do not have time for that because of work.”

An ‘Advisor sustainability’ (I9) mentioned regarding the participation in social activities:

“Ones or twice per year I volunteer and I go to a retirement home or to the national museum and I look forward to those times. And that’s something has become really important to KPN employees. (...) maybe it started as a charity but if KPN where to stop with the foundation. (...) then I think internally a lot of people will be angry because they see it as part of their joy in their work. (...) because they want to do well. So, actually it’s quite funny, it has become a permanent element from KPN.”

The sponsorships of KPN are used by the activities of the 'Mooiste Contact Fonds' as illustrated by the quotes. Thereby the commercial actions support the social activities. The 'Mooiste Contact Fonds' found out that people's brand sympathy and preference is higher when they know that KPN performs activities with the 'Mooiste Contact Fonds'. Also, 96% of the people seems to find it logical that KPN performs these activities according to research done by the 'Mooiste Contact Fonds'. Furthermore, as the quote seems to illustrate and as researched by the 'Mooiste Contact Fonds', the employee satisfaction is higher when employees participate as a volunteer. Thereby, the social activities can support the commercial performance. However, as a quote illustrates, the social and environmental activities do not seem to be enough used for marketing purposes according to some respondents.

An 'Accountmanager' (I5) mentioned regarding the impact of environmental activities on commercial activities:

"We do not get more orders because we are 'green', imagine that someone has to pay X more euros because then it's green, then that explanation is pretty easily rejected. (...) I think it's a good thing that we do it as a company. You know, certain cases, also with electrical driving and those cases. If you can improve that than that's really good as a company. You also do present yourself to your employees. But I think it's a shame that it doesn't help in the price war."

An 'Advisor energy management, sustainability & support' (I7) mentioned regarding the impact of energy usage reduction on both environmental and commercial goals:

"It a big cost item so it's twofold so and being the greenest telecom provider. Also, a large group at the top of the company is being rewarded based on the environmental performance. So, that financial incentive and, also, it costs a lot of money and everyone wants to minimize the costs of energy because we spend so much on it. And of course you do it because you want to be the greenest (...) company." And also: "however, an example is the energy bill. If someone says I'll offer this business customer a solution by putting two servers somewhere because that's more than enough capacity. (...) than he wouldn't care how much energy it costs because the energy bill is centrally paid" And also: "Well, it happens more often, so colleagues sometimes say 'hi what's the energyprice because I have these and these platforms and I would like to know what the difference is.' So we are on the right path."

It seems that the environmental performance of KPN doesn't seem to make a big impact on the acquisition of new orders. As the quotes illustrate, in the acquisition of new orders, 'environmental performance' isn't a decisive indicator in the selection process of a supplier. Also, contradiction exist about the effectiveness of using environmental activities and activities performed by the 'Mooiste Contact Fonds' in a marketing context as some respondents argue that it should be used more.

Furthermore, the argument that there are separate streams within the company is supported by the arguments that KPN doesn't take environmental consequences enough into account to be decisive when new orders are processed. It seems that it is taken into account when a positive effect for the environment also has a positive commercial impact, like the reduction of energy usage which thereby reduces the costs of energy. However, more colleagues of a respondent ask about the environmental impact of their action for KPN.

A 'Data analyst' (I6) mentioned regarding the internal communication of environmental activities:

"And of course, everybody within KPN works with this idea, like we should do well in case of the climate. However, we are not rated on it. (...) We take it into consideration in our choice when we want to create more numbers that it also should affect the environment positively. Or if there'll be a new line in bags, they'll look to better bags. (...) The materials that are being used will become more sustainable. Although, the part of the company I'm in has the purpose to operate the stores. And the sales advisors helps the customers as good as possible. However, this isn't taken into account then. (...) Obviously, others will, so the ones who build the store, most likely take the climate goals into account." And also: "Climate neutral, that's something i do not really notice. The light is always on. It's not too cold or too hot here, so I've no harm from that. I think it's really important that it happens. I think we should communicate it more but I do not see it in my work. You don't try to waste."

A 'Young talent' (I8) mentioned regarding the internal communication of environmental activities:

I: Any idea why that doesn't happen?

R: Because a lot of other stuff has to be communicated as well. (...) I think that it will be an overload of information otherwise. (...) However, that doesn't stop you from, then you'll just have to think of something else." And also:

I: How is the performance on the social goals measured?

R: That's something we can really grow in. (...) so the topdown communication. We do really nice things. We achieve nice goals. On sustainability level but also on social level. (...) But we do not get to know a lot about that and there is something to achieve. (...) To inform employees better about that. Than everybody understand what we are doing. And how super nice would it be to be able to tell at birthday parties, everybody knows KPN as the telecom company, about the activities of the Mooiste Contact Fonds. Or we are the most sustainable telecom company because of this and this. (...) So, those things are not communicated clearly." And also: "There are multiple initiatives. (...) We do give workshops. (...) anyway, who is code green and most importantly: what does KPN. (...) The workshops aim to inform, interact and activate. What the code green does, (...), that's to inform, the things that we have achieved as KPN. So, energy usage reduction, reduction of the use of our cars, datacentres have become greener." And also: "The most important thing is to inform. (...) but through informing people, eventually, we want to make people more aware of their own behaviour."

Finally, the commercial, social and environmental performance of KPN seems to be communicated through their website in for example news reports, special pages on their website and the year report in order to create more visibility. A goal seems to be that these activities make employees proud which causes word-of-mouth marketing to improve commercial performance. However, the quotes illustrate that both the environmental performance and social performance is not enough top down communicated internally and employees are not aware enough of KPNs activities in these areas. A possible explanation is given by a participant who states that there is too much information to communicate. Furthermore, employees started their own initiative: 'Code Green' with the goal to inform, interact and activate employees of KPN environmentally through for example workshops.

4.4.1 Discussion of the findings regarding integrative performance management

Consequently, the activities concerning the multiple goals in the organization seem to be able to reinforce each other but also weaken each other as discussed before. The existence of multiple flows within the company KPN are mentioned by participants whereby in communicating performance internally, commercial performance seems to be communicated mostly. This could point to mission drift because the activities regarding one goal seem to be given more attention than the others (Alexius & Cisneros Örnberg, 2015; Bishop & Waring,

2016; Brès, Raufflet & Boghossian, 2018; Ebrahim, Battilana & Mair, 2014; Grossi & Thomasson, 2015; Lynch-Cerullo & Cooney, 2011). A consequence might be the lack of awareness of environmental and societal goals and activities by KPN's employees which were mentioned. Employees even started their own initiative 'Code Green' to inform employees of KPN about their environmental goals and activities. Furthermore, the awareness of the performance on the societal and environmental goals seems to be important in order to create word-of-mouth marketing and, for example, to stimulate employees to behave more sustainably. A possible explanation for this lack of awareness is the separate execution of performance measurement, evaluation and management. However, while this seems to be a possible explanation, theory noted that KPIs as method for managing performance cannot work together as one network because of the different and conflicting interests of actors inside organizations with, for example, both social and financial goals (Agostino & Arnaboldi 2017).

Furthermore, research mentioned that hybrids often use multiple complementary standardized performance measurement systems (Alexius & Cisneros Örnberg, 2015; Grossi & Thomasson, 2015; Millar & Hall, 2013). Consequently, KPN does use a standardized method. However, KPN uses just one method: 'Key Performance Indicators', instead of multiple in contrast to the previously mentioned theory.

4.5 'Groene Netten': The impact journey

In these paragraphs the future performance management plans of KPN will be discussed in the light of the performance theory regarding developing performance management systems for hybrid organizations.

An 'Advisor sustainability' (I9) mentioned regarding the project 'Groene Netten':

"I'm in 'Groene Netten' as representative of KPN. (...) It is a collaboration between network operators. (...) So with Stedin, Alliander, GasUnie, TenneT. (...) and ProRail, so actually all the infrastructure operators of the Netherlands are in this and KPN is in it because of its network that we operate; internet, telephony that we have. (...) and that is a very nice club with all the sustainability managers. (...) and we work together on energy, circularity and sustainability in a broad sense and we decided together that we want to measure impact." And also: "Those aren't commercial companies, so they would like to have a social function. To show what their contribution is to society is and to expand it. (...) and it also originates from, every just

seems to take it as for granted that we do have electricity, water, that trains ride but nobody knows which chains are behind it. And so the value that it delivers to society.”

KPN seems to aim to be better at managing and measuring impact, as they joined in a collaboration with other big network operators in the Netherlands in ‘Groene Netten’ (‘Green Nets’). The aim also seems to be to show their contribution to society as some things are taken for granted nowadays, like having water and electricity as illustrated by the quotes.

An ‘Advisor sustainability’ (I9) mentioned regarding the aim of ‘Groene Netten’:

“Which impact are we going to measure with the framework of ‘Groene Netten’, (...) So you do have social impact but also Co2, material impact, (...) it’s very broad.” And also: “It’s called the impact journey and we will accept the challenge together. And we will monetise but also, but we’d validate social values also in other ways but we don’t know that yet. (...) We have to discuss that still. En we will make a handbook of it in the end.”

The impact journey, which is started by ‘Groene Netten’, aims to develop a framework which is able to measure impact on a broad scale, like social impact, Co2 impact, material impact and commercial impact. As the quotes illustrate, the measured impact should then be converted and/or quantified in such a way that the different values can be compared.

An ‘Advisor sustainability’ (I9) mentioned regarding the components of a performance management framework:

“I think that it is the strength of a framework when it is some sort of modular. (...) It is very important within impact measurement that you are 100% transparent about your data, how you obtained it, what are the bottlenecks, where do you doubt about and why you do something or why you don’t. Sometimes you validate something and you add a footnote like this is an experiment or we try it like this. However, I know that there is a lot of discussion about this. (...) but transparency, that’s the most important about impact measurement.” And also: “I think that we’ll start with an ‘overall framework’, which is applicable to different companies and maybe something is (...) working for us but not for another company. Ideally, you want to look on a product basis” And also: “The hardest is to have such an overall framework applicable to

everything. Because you have to compare social impact to financial impact and it often goes wrong there.”

Also, the quotes illustrate that the framework should not only be able to measure all kinds of impact but should also be modular and thus applicable to different companies. For example, they aim to look on product basis at material impact through material passports. In order to develop such a framework, transparency about data extraction and the possible improvements of the framework are of utmost importance according to the previous quotes.

4.5.1 Discussion of findings regarding ‘Groene Netten’

KPN appears to notice that their standardized performance management system doesn’t work well enough as they started the ‘impact journey’ through ‘Groene Netten’ to develop a new framework. Accordingly, in the previous paragraphs multiple arguments were given of the flaws in the performance management system of KPN. Designing such a performance management system in hybrid organizations costs time and money and is complex (Alexius & Cisneros Örnberg, 2015; Boland jr., Sharma & Afonso, 2008; Clark & Brennan, 2012; Hubbard, 2009; Lynch-Cerullo & Cooney, 2011; Nicholls, 2008; Ormiston & Seymour, 2011). A pitfall seems to be the use of the performance management method because a reason that was given to develop a new framework is showing the contribution to society, or external legitimacy. In using KPIs this was called the ritualistic use of KPIs (Agostino & Arnaboldi, 2017) and as previously discussed this seems to be the case at KPN. However, the development of a performance management system can result in improved performance (Clark and Brennan, 2012).

Chapter 5: Conclusion

This paper has researched how hybrid organizations in the Dutch telecom industry manage their performance within the context of multiple goals related to state, market and society? Thereby, the sub questions split the main question by researching performance measurement, performance evaluation and performance management separately. Also, the method of performance management and how it was used was researched. As this paper used the case study method, the research findings are focused on the case KPN.

As performance management method, KPN uses one method: ‘Key Performance Indicators’ (KPIs) for both its goals related to ‘market’ and ‘society’. However, a performance management method regarding their goals related to ‘state’ was not found.

KPN measures performance through the use of KPIs. Thereby, performance related to ‘market’ is measured quantitatively both on multiple levels within the organization, from individual level to companywide performance. On the other hand, performance regarding ‘society’ is measured mostly on companywide level and both quantitatively and qualitatively.

The performance regarding ‘market’ is evaluated through KPIs, whereby the actual performance in relation to the targets and the importance of the particular indicator results in a quantitative score or percentage. These scores can be evaluated separately or combined into a single score. Also, this can be done short term and long term. On the contrary, performance on the goals related to ‘society’ is evaluated separately per indicator and this could be done qualitatively and quantitatively. Also, this is done mostly long term, companywide and the different indicators are not compared or added up to one score.

The performance of the goals related to ‘market’ is managed by developing targets on past performance through performance evaluation. Thereby, performance is improved through low level and high level initiatives in the organization and employee training. Furthermore, the performance related to the goals of ‘society’ seem to be managed mostly on top level in the organization. Long term strategy and targets are set while short term targets and strategy seem to lack in case of performance regarding sustainability. The performance regarding the ‘Mooiste Contact Fonds’ is managed on top level by the board members who also have roles inside KPN, while some of their KPIs are fixed and some are developed externally. Their budget is fixed and performance measurement and evaluation is done annually. Additionally, performance measurement, evaluation and management is done separately concerning ‘society’ and ‘environment’, while the activities regarding these goals can reinforce or weaken each other. Finally, the awareness of activities and goals regarding ‘society’ lacks.

KPN uses its KPIs regarding the 'market' in order to improve performance as the performance measurement, performance evaluation and performance management are aligned. The performance management of goals related to 'society' is used ritualistically, with the purpose to gain external legitimacy (Agostino & Arnaboldi, 2017) instead of used to improve performance as multiple arguments indicated.

Concluding, KPN manages its performance related to 'market' and 'society'. However, performance management regarding 'state' was not found. Furthermore, differences exist between the applications of the KPIs to the different goals. They originate from differences in level of impact measurement in the organization, level of impact management in the organization, the term on which targets are set and strategy is developed and the awareness within the company of the different goals. Finally, also the purpose of performance management is different as it is used to improve performance regarding 'market' goals, while it is used to gain external legitimacy concerning goals regarding 'society'. Also, the management of performance regarding the different goals is executed separately. Consequently, the performance management in general is insufficient in managing and sustaining its multiple goals at KPN.

Chapter 6: Discussion

A deeper discussion of the inadequacy of KPNs performance management system and silver linings will be discussed. Thereafter, the theoretical and practical implications of this research will be discussed. Finally, the limitations of this study and recommendations for future research will be elaborated on.

6.1 Research Discussion

First, the performance management of goals regarding ‘state’ weren’t found. These goals originate from when the company was a SOE. Thereafter, the state kept their influence through the ‘ACM’ (Autoriteit Consument & Markt [ACM], n.d.; Rijksoverheid, 2019). A possible explanation for the seemingly lacking performance management of goals regarding the ‘state’ could be that KPN is simply not managing its performance but just complies with the regulations. This appears to mean that performance improvement of activities related to goals regarding the ‘state’ is lacking, which is also noted as a possibility by Alexius and Cisneros Örnberg (2015) and Millar and Hall (2013). Then, this goal seems to be less important and therefore mission drift is imminent (Alexius & Cisneros Örnberg, 2015; Doherty, Haugh & Lyon, 2014; Ebrahim, Battilana & Mair, 2014). Another explanation could be that the performance of KPN’s goals regarding the ‘state’ is measured, evaluated and or managed at another institution, like the ‘ACM’. Thereby, performance management seems to be possible. However, this remains unclear.

Subsequently, the use of ‘Key Performance Indicators’ was argued to be failing at KPN. The arguments for this claim seem to originate from the differences in applying KPIs to the multiple goals within KPN. First, the level of impact measurement is different. The goals related to ‘market’ seem to be measured both on a companywide level but also on lower levels in the organization, like per store or individual. On the contrary, the performance of the goals regarding ‘society’ is measured mostly companywide, like energy usage and performance of the ‘Mooiste Contact Fonds’. When performance is measured on a low level, it seems easier to identify underperforming individuals, activities or processes in contrast to when performance is just measured companywide. An example is the ambition to use ‘green’ energy when it is in the circuit, seems to require a closely managed energy usage. Therefore, it seems that it should be measured on a lower level within the organization when choices have to be made about which activities are allowed to use energy when there isn’t so much ‘green’ energy in the circuit. Otherwise, it seems that the only other possibility is that ‘green’

energy is stored if KPN doesn't want to adjust their actual energy usage to the amount of 'green' energy in the circuit. Therefore, it appears to be more difficult to manage and improve performance as underperformers or activities with the potential to be improved are harder to identify. This is an argument why performance management inside KPN through KPIs is not performing well.

Secondly, the term on which the performance is measured and evaluated differs. In a 'market' context the performance seems to be measured both short term (for example per day) as long term (annually for example). However, the performance regarding 'society' appears to be measured, evaluated and managed on the long term (for example, annually in regard of the 'Mooiste Contact Fonds' or in 15 years in regard to sustainability goals). Therefore, it seems that performance cannot be managed at improved short term as it is not measured and evaluated short term. On the other hand, if performance regarding the 'market' is decreasing at a certain moment, then KPN seems to be able to react quickly. This is another argument why performance management is lacking.

Third, the level of impact management is different across the multiple goals. The performance regarding the 'market' seems to be managed on top level in the organization but also lower in the organizations as the performance measurement and evaluation results in low level initiatives. The performance regarding 'society' is measured on top level in the organization by setting targets and developing strategy, while also doing this on the long term as illustrated by the previous paragraph. Consequently, lower in the organization, on an operational level, employees set their own strategy and targets short term as this does not seem to be developed or communicated at top level. Therefore, the performance management is lacking as it is not aligned with its performance measurement and evaluation. Also, communication seems to lack, thereby awareness on lower levels lack of mostly the goals related to 'society'.

Fourth, this seemingly lack of internal communication in regard to the goals related to 'state' is mentioned as difference in managing performance. Performance related to 'market' seems to be communicated just well, while performance in regard to 'society' is not communicated enough. Respondents mentioned the lack of awareness of the goals in regard to the environment and the 'Mooiste Contact Fonds'. Employees even started their own initiative 'Code Green' to inform their colleagues of the environmental aspirations and accomplishments of KPN as they seemed to think that KPN did not communicate this enough. However, the awareness of the goals of employees seems to be an objective of KPN, as they believe that it could help in word-of-mouth marketing and it would improve their employee's

behaviour concerning the environment. Furthermore, the employee satisfaction is higher when employees volunteer for the 'Mooiste Contact Fonds'. It seems likely that in order to volunteer, the employees should first be aware of the goals and activities of the 'Mooiste Contact Fonds'. Consequently, this is another argument why performance management at KPN through KPIs is not executed well.

Finally, another argument might be the separate performance management concerning the different goals. It is even argued that these flows in the organization concerning 'market' and 'society' are completely separated and they do not work together. Therefore, incentives to act on each other's goals within the organization does not seem to exist. Also, employees do not seem to be fully aware and informed of the multiple goals within the organization. Therefore, an incentive or motivation to act on a goal from another flow in the organization does seem to lack. An argument for why performance is management separately might that performance (indicators) are not comparable as they are measured on different levels (like companywide or individually), evaluated and managed on different terms, and evaluated and managed on different levels in the organization (like on top level or on operational level). Also, a respondent even mentioned that he believed that when circumstances of the company become tense, that goals related to 'market' are chosen over the others. This might be a result of the separated performance management.

Consequently, these differences help to motivate why KPN's application of KPIs, in the context of the goals regarding 'society', is called ritualistically. As these differences illustrate that the performance management of the goals regarding the 'society' are not used (enough) to improve performance (Agostino & Arnaboldi, 2017). Now, multiple arguments have been given of mission drift which seem to be caused by lacking performance management. As the differences in performance management point to, and cause less attention and therefore importance to the goal related to 'society', in line with mission drift (Alexius & Cisneros Örnberg, 2015; Doherty, Haugh & Lyon, 2014; Ebrahim, Battilana & Mair, 2014).

However, theory argues that some of these arguments about why performance management is limited within KPN, are invalid. For example, Millar and Hall (2013) argued that social value cannot be reported on monthly, so it can only be done long term. Also, the literature regarding KPIs mentioned that a network of KPIs cannot work because of the conflicting interests of actors within the organization. Furthermore, the 'ritualistic' use of KPIs within organizations is also based on research focusing on applying KPIs in non-hybrid organizations (Agostino & Arnaboldi 2017).

Furthermore, this research pointed out that while KPN was using KPIs, performance management of multiple goals can help to improve or weaken performance on other goals as well on purpose or coincidentally. First, the research of the ‘Mooiste Contact Fonds’ pointed out that KPN employees can volunteer for activities of the ‘Mooiste Contact Fonds’, which results in increased employee satisfaction. Additionally, at the ‘Mooiste Contact Fonds’ the board members have multiple roles whereby performance seems to be improved. An example, is a board member who combines his sponsorship portfolio with the activities of the ‘Mooiste Contact Fonds’, whereby these activities are integrated. This seems to be coincidental or the work and initiative of one board member rather than a structured activity to improve performance. Furthermore, when environmental goals are reached like a reduction in energy usage, costs of energy seem likely to lower as well. However, an ‘Advisor energy management, sustainability & support’ (I7) mentioned: “But for example the powerbill. If someone can solve a problem for a business customer by putting two servers somewhere (...) then that person would not care how much energy is used because the powerbill is centrally paid.” This quote seems to illustrate that the separate performance management and the measuring of energy on a companywide level result in no incentive for employees to behave sustainably.

Additionally, the behaviour of a hybrid company in regard to its choices concerning multiple goals can be interesting in regard to the choices of hybrid companies to improve the performance on one goal while, thereby, decreasing the performance on other goals. As the theory of Brandsen, van de Donk and Putters (2005) indicated, a hybrid company does not have different parts but changes ‘colours’ in different situations. This seems to mean that sometimes choices or strategy can be made which aims to increase the performance on a certain goal while decreasing the performance of another goal. Consequently, these activities which increase and weaken performance at the same time do not seem to be bad activities. However, this researched seems to point out that performance management is able to increase the activities which reinforce the performance of different goals. Also, performance management seems to be a tool to balance the activities which decrease each other’s performance whereby ‘mission drift’ can be avoided!

Consequently, in order to improve performance management in hybrid organizations KPIs might still be an option if the use of this method is, as in line with theory stating that performance management systems should be especially adjusted or developed for a certain hybrid company (Alexius & Cisneros Örnberg; Millar & Hall, 2013). ‘Groene Netten’ might be a consequence of the failing of this performance management method inside KPN, as KPN

started a collaboration to develop a framework to measure impact. However, KPN aims to develop a modular framework which is applicable to different companies. According to Alexius and Cisneros Örnberg (2015) and Millar and Hall (2013) this framework should be adjusted indeed to every specific company. As measuring social value is difficult (Alexius & Cisneros Örnberg, 2015), which can also be concluded by this research, the aim of 'Groene Netten' might be too difficult as it is complex to develop a performance management method for a hybrid company (Alexius & Cisneros Örnberg, 2015; Boland jr., Sharma & Afonso, 2008; Clark & Brennan, 2012; Hubbard, 2009; Lynch-Cerullo & Cooney, 2011; Nicholls, 2008; Ormiston & Seymour, 2011). It seems even more difficult to develop an overall framework which his modular.

6.2 Theoretical relevance

This research's relevance to theory will be discussed next. First, this research substantiates existing research by also acknowledging that performance management in hybrid organizations seems complex (Alexius & Cisneros Örnberg, 2015; Boland jr., Sharma & Afonso, 2008; Clark & Brennan, 2012; Hubbard, 2009; Lynch-Cerullo & Cooney, 2011; Nicholls, 2008; Ormiston & Seymour, 2011). Also, example or traces of mission drift were found whereby multiple goals are competing (Alexius & Cisneros Örnberg, 2015; Brandsen, Karré & Helderma, 2009; Doherty, Haugh & Lyon, 2014; Jay, 2013; Mair, Mayer & Lutz, 2015; Radon & Thaler, 2005). Hereby, the financial goals seem to be more important than the other goals as similarly stated by theory (Alexius & Cisneros Örnberg, 2015; Bishop & Waring, 2016; Brès, Raufflet & Boghossian, 2018; Ebrahim, Battilana & Mair, 2014; Grossi & Thomasson, 2015; Lynch-Cerullo & Cooney, 2011). Consequently, this research substantiated that performance management of the goals regarding the 'market' is better established than the performance management of the other goals (Alexius & Cisneros Örnberg, 2015; Millar & Hall, 2013).

Furthermore, this paper also showed that knowing how a method is used (KPIs) is more important than just which method is used, as showed by the differences that were found comparing the management of the multiple goals. Thereby, the ritualistic use of KPIs was also identified in the management of the goals regarding 'society'. Thereby, these findings substantiate the research of Agostino and Arnaboldi (2017) and Grossi and Thomasson (2015). Furthermore, this paper also noticed that the hybrid company also used a standardized performance management method, in line with the research of Alexius and Cisneros Örnberg (2015), Grossi and Thomasson (2015) and Millar and Hall (2013).

Additionally, this research showed that the performance management lacked quality and that it should be adjusted to the hybrid company to manage the multiple goals which is in line with the research of Alexius and Cisneros Örnberg (2015) and Millar & Hall (2013). Also, social value is reported on long term as in line with the theory who stated that social value cannot be reported on monthly (Millar & Hall, 2013).

This research suggested that the performance management method of KPN should be integrated in order to improve performance management. Thereby it contradicts the research of Agostino and Arnaboldi (2017) who state that a network of KPIs doesn't work because of the different and conflicting interests of actors inside the organization. However, this research has focused on the use of one network of KPIs in a non-hybrid organization, while Agostino and Arnaboldi (2017) made this claim about non hybrid organizations.

Finally, this paper adds to performance management in hybrid organizations, especially the use of KPIs, as pioneer in this field as earlier research had not been focused on this matter (Agostino & Arnaboldi, 2017; Skelcher & Smith, 2017). First, this research noted the differences in managing the multiple goals in a hybrid organization. These differences seem to be source of error in managing performance. Also, this research noted that the problems of using KPIs ritualistically in the context of goals related to 'society' seem to be similar with non-hybrid organizations. Additionally, this research indicated that the activities concerning these multiple goals seem to be able to influence each other positively as well as weaken each other. Thereby, opportunities seem to exist to improve performance by integrating performance management. Thereby, performance management could possibly be able to identify activities which improve multiple goals and exploit them. Through the improved performance management mission drift might be avoidable as the hybrid balances its choices, or 'colouring' as Brandsen, van de Donk and Putters (2005) call it, in managing its multiple goals. Thereby, all the hybrids goals might be sustained and treated equally and mission drift is avoided. Also, performance in hybrid organization can be improved.

6.3 Practical implications

The use of KPIs is failing inside KPN as shown by this research, substantiated by theory and seemingly KPN sees itself. Therefore, it should be improved in order to pay enough attention to all goals within the organization to ultimately improve performance and to avoid mission drift. Possible solutions seem to be researching how KPIs can be used more ritualistically or combine the method KPI with the BSC. The BSC has the advantage that it applies

performance management both short and long term, uses quantitative and qualitative indicators and can balance and compare the performance on the multiple goals (Fauzi, Svensson & Rahman, 2010; Hansen & Schaltegger, 2013). These were some of the flaws in applying the performance management through KPIs in KPN. Therefore, the BSC seems to be a possible improvement. In applying goals regarding ‘society’ into the BSC, two possibilities or more opportunities seem to be available. First, the SBCS whereby social and environmental performance is included in the BSC (Epstein & Wisner, 2001; Hansen & Schaltegger, 2013; Hubbard, 2009). Finally, combining the KPIs, the BSC and SROI might also be an option because SROI quantifies social performance through monetization (Alter, 2007; Arogyaswamy, 2017; Lynch-Cerullo & Cooney, 2011; Millar & Hall, 2013). However, critics of the BSC named that it is too often used for external reporting (Lozano & Huisinigh, 2011), as was the problem with the ‘ritualistic’ use of KPIs (Agostino & Arnaboldi, 2017). Therefore, this might not be the most ideal performance management for KPN as well. In improving the performance management, this paper showed that KPN should improve its internal communication regarding the goals and performance related to ‘society’ to raise awareness. Also, performance management of the multiple goals should be integrated to improve performance and avoid mission drift. Furthermore, the performance management related to ‘state’ should be discussed internally as it seems to be not existent now. Finally, the ‘Groene Netten’ initiative might be a promising answer as it seems that KPN takes this project seriously. KPN would be recommended to take the possible pitfalls this research and the discussed theory showed into account as developing such a method might be hard.

6.4 Limitations

This paper hasn’t found any management of performance regarding the ‘state’. However, this doesn’t mean that it doesn’t exist within or outside KPN. Therefore, this research findings might be different and even more differences concerning the management of multiple goals may exist. Thereby, this research is limited in not achieving to research this part of performance management in KPN. Furthermore, this research is limited to KPN and the Dutch telecom industry, whereby it is not sure in what way KPN is representative for the whole industry. Furthermore, as it is a case study the findings are not generalizable towards the Dutch telecom industry, or hybrids in general.

Additionally, the history of the interviewer as employee at KPN might be a limitation to this research as well because respondents might have left out information that they thought was taken for granted for the interviewer. However, the interviewer tried to tackle this

problem by still asking about the information he already knew in order to protect the validity and reliability of this research. Also, the history of KPN might have an influence on how the information is interpreted at the analysis stage, which is even more negatively influenced by the potential thread of misinterpretation because the interviews had to be translated from Dutch to English as well.

Finally, no second coder was used which leaves the interpretation of the results to just one researcher which could lead to misinterpretation. However, the history of the interviewer at KPN might be a strength to tackle this problem because the interviewer understands the companies' language of the respondents better. Although, this still leaves the reliability of the coding and interpretation of the results as a weakness. Also, the interviewer had to clarify some questions to some respondents so the questions might have been miss interpreted by some respondents. Furthermore, the subjects at hand, like criticizing their own employer or talking about their bonuses, could be perceived as delicate by the respondents as well which could have led them to feel uncomfortable about giving honest answers.

6.5 Future research

As this study was an explorative case study the findings are not generalizable to hybrid organizations. Therefore, further research is needed towards improving performance management in hybrid organization with the goal to avoid mission drift. First, the differences that were found between the management of performance regarding the multiple goals should be researched in multiple hybrid organizations in order to see if these differences might be a pattern. Thereafter, research should focus on ways to not have these differences in performance management. Thereby, research could focus on the use of KPIs as one network and in rational way as a possible solution, which seems partly contradictory concerning the theory of Agostino and Arnaboldi (2017) who researched this phenomenon in a non-hybrid organization. Otherwise, research could focus on the method KPI; if the method KPI could be integrated with other methods as earlier suggested or if KPIs are even a viable option for performance management in hybrid organizations.

Additionally, research should focus on developing a framework for hybrid organizations to develop their own performance management in hybrid organizations. As research stated that performance management methods should be adjusted to every hybrid organization (Alexius & Cisneros Örnberg; Millar & Hall, 2013), it seems that the goal of 'Groen Netten' might be a more viable goal than to develop an overall method. A modular integrative framework to measure, evaluate and manage all the multiple goals in a hybrid

organization might be the solution to mission drift while at the same time cause different activities to reinforce each other. Hereby, research should also focus on developing a method in which the way the performance management method or framework is used is taken into account as Alexius and Cisneros Örnberg (2015) and Grossi & Thomasson (2015) pointed out is important. Further research, should focus on how to use performance management in hybrid organizations to manage the use of activities which reinforce each other. Also, future research in the case of KPN should focus on the performance management of the goals regarding the 'state'. Is it managed externally or not even managed at all. And what have been the consequences of that? Finally, research should also focus on the development of a framework by 'Groene Netten' as developing such a framework together with, possibly, other hybrid organizations seems to be pioneering in the area of performance management regarding multiple goals in hybrid organizations. However, the development of such a framework is complex (Alexius & Cisneros Örnberg, 2015; Boland jr., Sharma & Afonso, 2008; Clark & Brennan, 2012; Hubbard, 2009; Lynch-Cerullo & Cooney, 2011; Nicholls, 2008; Ormiston & Seymour, 2011). Nevertheless, an integrative framework might be a solution to mission drift and can cause improved performance through activities which reinforce each other.

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Appendix 1: e-mail to invite and inform respondents

Geachte (name),

Ik ben Sebastian Wolters, een oud collega van u bij KPN (KPN winkel Apeldoorn), en op dit moment bezig om mijn Master Business Administration, met de specialisatie ‘Strategic Management’, af te ronden aan de Radboud Universiteit Nijmegen. In het kader van mijn eindonderzoek ben ik op zoek naar een respondenten die ik kan interviewen binnen KPN en zoals afgesproken zou ik voor ons gesprek nog informatie opsturen over mijn onderzoek. In mijn masterthesis onderzoek ik hoe de organisatie KPN omgaat met het meten van haar prestaties. Dit doe ik speciaal bij KPN omdat KPN een bedrijf is wat gericht is op het maken van winst maar ook gericht is op het behalen van sociale doelen, zoals het zo goed mogelijk omgaan met het milieu en het leveren van diensten die van essentieel belang zijn voor heel Nederland. In de literatuur heet dit een hybride organisatie en binnen zo’n organisatie is het mogelijk dat deze verschillende doelen botsen. Daarom is het belangrijk dat de prestaties ten aanzien van het behalen van zowel de commerciële doelen als de sociale doelen gemeten worden en aangezien hier nog geen onderzoek naar gedaan is doe ik hier onderzoek naar bij KPN!

Uiteraard kan het onderzoek volledig anoniem worden afgenomen als u dat wilt. Dit onderzoek zal alleen in te zien zijn voor mijn persoonlijke begeleider en mijn tweede lezer.

Mocht u nog aanvullende vragen hebben dan hoor ik dat graag en anders graag tot (Date)!

Met vriendelijke groeten,

Sebastian Wolters

Mail: sebastianwolters@kpnmail.nl

Tel: 06-23792493

Appendix 2: Interview questions & instructions

At the start of the interview, the respondent was asked if he/she was okay with the conversation being recorded. Then, the recorder was placed on the table and the recording was started. First, the respondent was thanked for his or her cooperation and time to do this interview. Second, an introduction based on the mail that the respondents received were given (appendix 1) and the respondent was asked if he or she understood the purpose of the research.

Interview instructions:

- Introduction:

1. Do you want the interview to be anonymized?
2. What is your name?
3. How old are you?
4. How long have you been working at KPN?
5. What is your function at KPN and what does it comprise?
6. What kind of functions did you have, before this one, at KPN?

- General questions:

1. What are the goals you try to achieve during your work at KPN individually?
2. What are the goals you try to achieve during your work at KPN as a team/department?
3. What are the goals you try to achieve during your work at KPN as a company?
4. How is measured if and to what extend you have accomplished these goals? *This question is asked for all the separate answers given in the previous three questions*
5. What kind of system or method is used to measure or document these results?
6. How is your performance evaluated individually?
7. How is your performance evaluated as a team/department?
8. What are the consequences of positive or negative performance as an individual or as team/department?

- Specific questions about goals not related to ‘market’

(Social and environmental goals (‘society’) and goals related to ‘state’)

KPN mentions that its purpose is to have a positive impact on society and the environment and expresses this through for example, the ‘Mooiste Contact Fonds’.

1. How do you notice the purpose of a positive impact on society during your work?

2. How do you notice the purpose of a positive impact on the environment during your work?
3. How is the performance on the impact on society measured at KPN?
4. How is the performance on the impact on the environment measured at KPN?

KPN used to be a government owned company and has been privatized later on. Its original goal was the provision of telecommunications services to the Dutch people.

1. Do you, or how do you notice this goal during your work at KPN?
2. How is the performance on this goal of KPN measured?

- **Based on the questions asked to the first respondents, an extra question about monetary incentive systems was added after the third interview:**

1. Does the achievement on your goals lead to some bonus in terms of money via a sales plan or pay plan like in the retail? If yes? How?

- **More specific questions regarding the measurement and management of goals related to ‘society’ and ‘state’ were asked to the professionals who were interviewed. A list of respondents can be found in Appendix 3. These questions seemed too specific to ask to the previous respondents whose primary job tasks were not related to social and environmental goals.**

1. How are the goals regarding social impact structured? (short term - long term?)
2. What systems are used to measure social impact?
3. How is social value quantified? (SROI?)
4. Is it monetized and if yes, how?
5. Did KPN develop its own method or use some standard method?
6. How are the goals regarding the environment constructed? (short term - long term?)
7. How is the goal regarding energy consumption constructed? (short term - long term?)
8. How does KPN compare its financial performance in terms of money, social performance in terms of ... and environmental performance in terms of ...?
9. Is there one system? Are there more systems/methods? And which ones?

- **Because of an interview with a sustainability professional/consultant at KPN, questions were asked about future plans of measuring and managing social and environmental value. These questions asked with follow-up questions based on**

the respondent's answers because of the lack of previously known information regarding this subject.

1. What are the future plans of KPN regarding measuring social value? (specific actions will be discussed, like the Mooiste Contact Fonds)
2. What are the future plans of KPN regarding measuring environmental value?
3. How should social goals be measured/managed in the future?
4. What is the purpose of measuring and managing the environmental impact?
5. What is the purpose of measuring and managing the societal impact?

- Because of an intermediary evaluation of the results an extra question was added to ask to management respondents.

1. Respondents mentioned that a lot of goals are not known to the respondents or respondents don't notice these goals in their own work at KPN. Are the social, environmental and commercial activities performed separately? If yes, why? If no, do you understand their answers?

- Because of the last interview with the director of the Mooiste Contact Fonds extra questions were added to give more specific direction to the interview

1. How does KPN measure its performance at the Mooiste Contact Fonds?
2. What goals are set and why?
3. What indicators are used?
4. How does KPN report on its performance?
5. Does the Mooiste Contact Fonds connects its financial and social investments to its performance in order to manage their performance? And if so, how?
6. How is their effectivity and efficiency managed?

End:

Respondents were thanked for their cooperation.

Appendix 3: Code report: list of codes (90)

Project: Masterthesis Sebastian Wolters

Report created by Sebastian on 10-2-2020

- Commercery - Competitive Advantage
- Commercery - Competitive Advantage - Reputation
- Commercery - Costs
- Commercery - Employee Training
- Commercery - Marketing - Commercial use of Social and Environmental Impact
- Commercery - Marketing - External Communication
- Commercery - Organising KPN - Agile/FlexWork/Retail
- Commercery - Products - Big Five & More
- Commercery - Products - Network
- Commercery - Social Impact - Customer Service
- Commercery - Social Impact - Employee Satisfaction & Motivation
- Environmental Impact - Activities
- Environmental Impact - Activity - Circularity
- Environmental Impact - Activity - Code Green
- Environmental Impact - Activity - Purpose of Circular Manifesto
- Performance Evaluation - Data analysis
- Performance Evaluation - Performance Management - Weight of performance indicators
- Performance Evaluation - Seperate KPI's
- Performance Evaluation - Team performance
- Performance Management - COM - Customer Satisfaction
- Performance Management - COM - Effectivity & Efficiency
- Performance Management - Employee - Employee Recognition
- Performance Management - Employee - Employee Rewards
- Performance Management - Employee - Individual performance
- Performance Management - ENV - Energy Management
- Performance Management - ENV - Environmental Impact Management
- Performance Management - ENV - No incentive for energy usage reduction in other jobs
- Performance Management - ENV - Predict energy usage
- Performance Management - ENV - Sustainable purchasing
- Performance Management - ENV - Unclearity

- Performance Management - Integrating - Goals/Activities - Environment & Society VS Commercery
- Performance Management - Integration - Employee Awareness & Engagement in Social and Environmental Impact
- Performance Management - Internal Communication - Communicating Social and Environmental Impact
- Performance Management - Internal Communication - Mediums - Website & Mouth to Mouth
- Performance Management - NPS
- Performance Management - Organising KPN - Seperate Social and Commercial flows
- Performance Management - SOC - Results of social impact activities
- Performance Management - SOC - Social Impact - Costs
- Performance Management - SOC - Social Impact Strategy
- Performance Management - Targets
- Performance Management - Targets - Individual/Team - Team targets
- Performance Management - Targets - COM - Efficiency/Effectivity - Efficiency and Effectivity as target of Impact measurement
- Performance Management - Targets - COM - New customers from company that uses KPN network
- Performance Management - Targets - COM - Sales targets
- Performance Management - Targets - COM - Strategic Sales purposes
- Performance Management - Targets - COM - Value creation
- Performance Management - Targets - ENV - Environmental impact
- Performance Management - Targets - ENV - Material/Co2/Car/Energie usage reducement
- Performance Management - Targets - ENV - SDG's
- Performance Management - Targets - Individual/Team - Individual targets
- Performance Management - Targets - Individual/Team - Team vs Individual level
- Performance Management - Targets - Mission KPN
- Performance Management - Targets - Mission KPN - Mooiste Contact Fonds
- Performance Management - Targets - Realistic target setting
- Performance Management - Targets - Short/long term - Short vs Long term targets
- Performance Management - Targets - SOC - Social impact targets
- Performance Management - Targets - Target achievement
- Performance Management - Targets - Target setting

- Performance Management - Targets - Team performance measurement
- Performance Management - Team - Team management
- Performance Management - Top management
- Performance Management - Tradeoffs - Commercial vs Social and Environmental
- Performance Management / EVALUATION - Employee - Employee Rating
- Performance Measurement - COM - Sales data
- Performance Measurement - Development - Constraints - Time/Stakeholder/Integrating Complexity
- Performance Measurement - Development - Graduation research
- Performance Measurement - Development - Groene Netten
- Performance Measurement - Development - Impact measurement framework development
- Performance Measurement - Development - Improving the overall impact measurement framework by using it
- Performance Measurement - ENV - Environmental Impact Measurement
- Performance Measurement - Indicators - COM - Commercial Impact
- Performance Measurement - Indicators - COM - NPS
- Performance Measurement - Indicators - ENV - Environmental Impact
- Performance Measurement - Indicators - SOC - Social Impact
- Performance Measurement - Internal Communication - Dashboards
- Performance Measurement - Internal Communication - Data Presentation/SAP
- Performance Measurement - Internal Communication - Scorecard
- Performance Measurement - Level - Level of impact measurement
- Performance Measurement - Methods - External Organizations
- Performance Measurement - Methods - KPI's
- Performance Measurement - Methods - Methods
- Performance Measurement - Methods - Monetising
- Social Impact - Activities
- Social Impact - Integrating - Employment opportunities
- Social Impact - Mooiste Contact Fonds - Activities
- Social Impact - Mooiste Contact Fonds - Employee Training - Social worker
- Social Impact - Mooiste Contact Fonds - Integrating - Sponsoring
- Social Impact - Mooiste Contact Fonds - Performance Management/Communication
- Social Impact - Mooiste Contact Fonds - Purpose / Target / Goal - TARGETS?
- Social Impact - Mooiste Contact Fonds - Targetgroups