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## **International Journal of Productivity and Performance Management (IJPPM)**

### **Editorial for the Special issue on “Third Sector and Performance”**

This topical special issue brings together a set of complementary papers that present and examine research findings on the issue of performance in the Third Sector from a variety of theoretical and practical viewpoints. It also identifies topics for future research. It builds on the work presented in a previous IJPPM special issue in 2010 on a similar topic (Manville and Greatbanks, 2010) in order to capture significant additional research that has been more recently conducted.

The call for papers for this special issue was motivated by discussions from an “Operations Management in the Third Sector” conference held at Leeds University Business School last year (20<sup>th</sup> March 2013) and put forward some key questions on Third Sector and performance. A range of strong publications which address some of these questions from an international perspective, and which are summarised below, have been selected for publication in this special issue.

First, the question: *How should ‘performance management’ be understood and conceptualised in the Third Sector?* is addressed by Wadongo and Abdel-Kader. They present a novel theoretical framework taking into account contingency theory and how it affects performance management practices and organisational effectiveness. In terms of the contingency variables identified, these were clustered into organisational and environmental determinants. The authors consider the following performance management practices: performance planning, performance measurement and performance management system context, as well as organisational effectiveness: organisational management, project design and implementation, environmental responsiveness, networks and partnerships. This conceptual framework could form the basis for an important and much needed large scale survey.

Second, the question: *How suitable are current research methods and approaches to examining performance in the Third Sector?* is addressed by Moxham. She carried out an analysis of the literature on Third Sector performance measurement system design. Her findings include that Third Sector organisations measure their performance due to three main reasons: accountability, legitimacy and improvement of efficiency; that Third Sector organisations currently measure their performance via reputational and multi-dimensional approaches rather than goal or system approaches; and that the key considerations for Third Sector performance measurement system design taken into account are: developing the measurement system, identifying measures of performance, implementing the performance measurement system and understanding the rationale for performance measurement. She raises the question of whether the current methods used to assess the performance of Third Sector organisations are pertinent, given that their purpose and methods are unclear. She confirms that there are very few large scale studies on this topic and that most publications are focused on building theory with not enough studies testing theory.

Third, the question: *How appropriate are the performance measurement frameworks and toolkits to the Third Sector?* is addressed by Mouchamps. He carried out an in-depth analysis of the current performance tools used in the Third Sector, and classified them into strategic, reporting and economic optimization tools. Then, he proposed an analytical framework based on three main sets of criteria: normative, strategy-related and indicative. He chose the Balanced Scorecard (BSC), Global Reporting Initiative (GRI) and Social Return on Investment (SROI) as representative tools for the strategic, reporting and economic optimization tools, respectively. The findings suggest that none of these tools are suitable for the Third Sector as the criteria used do not capture the performance characteristics of Third Sector organisations, thus making the whole measurement process inadequate, as encapsulated in the sub-title: *Weighing elephants with kitchen scales*. He therefore advocates that new more suitable tools for practitioners in this sector are developed and tested.

Fourth, the question: How to operationalize the partnership between organisations in the Third and Business sectors, specifically from the perspective of the Third Sector interest? is addressed. Proulx, Hager and Klein analysed a sample of applicants to a national (USA) prize, whereby a prize was awarded to the organisation that was able to demonstrate that its performance and productivity had been enhanced through collaboration. They identified eight models of collaboration by which these Third Sector organisations could be classified, namely: fully-integrated merger, partially-integrated merger, joint program office, joint partnership with affiliated programming, joint partnership for issue advocacy, joint partnership with a new formal organization, joint administrative operations, and confederation. For each model, they discuss the circumstances, in which these might be appropriate, as well as the challenges and advantages associated with their implementation.

Fifth, the question of *What 'performance' should be evaluated and by whom?* is addressed from two perspectives: Italian and UK. From the Italian perspective, Righi and Andreoni take into account the current “National Strategy on Corporate Social Responsibility – 2012-2014” and the “Global Reporting Initiatives (GRI) – quantitative performance indicators”, to propose a set of 21 harmonised performance indicators for Third Sector organisations from the three sustainability dimensions of economic, environmental and social. From the UK perspective, Yang, Brennan and Wilkinson present comparative case studies on public trust and performance measurement in charitable organisations. They operationalised public trust by defining “trustworthiness” in terms of competence, benevolence and integrity, whereas “value similarity” was defined as those held by charities working for causes the public cared about.

In conclusion, this special issue points towards further research being needed in the following areas: development of new performance management tools tailored to the Third Sector, more empirical-based research and large scale surveys, in particular.

The Guest Editors are thankful to the authors and reviewers who contributed to this special issue. We also would like to thank the support and encouragement of the Editor Dr Tom Burgess during all stages of the development of this special issue.

## **Reference**

Manville, G. and Greatbanks, R. (2010). Special issue on “Performance measurement in the Third Sector”. *International Journal of Productivity and Performance Management*, Vol. 59, No. 6, pp. 519-598.

## **Guest Editors**

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