French Retail Industry Performance Managemement Practices, a case study

Bruno COHANIER, Ph.D.
Associate Professor
Director Master in Management Program
Neoma Business School, 1 rue du Maréchal Juin, BP 215, 76825 Mont-Saint Aignan Cedex, France, Telephone: 33-2-32-82-57-00, E-mail: Bruno.cohanier@neoma-bs.fr

Abstract: Using qualitative research methods this paper seeks to gain a better understanding of the Performance Management System (PMS) of one of the largest retailers in France. The motivation for the research was to assess whether the PMS used in one of the world's largest retail companies was congruent with the most recent thinking and research in the management accounting literature suggesting French companies are historically multidimentional (i.e. not solely focused on financial measures) in the way they measure and manage performance, thanks to the Tableau de Bord (TDB). A case based methodology was used because it provides a structured approach and analytical techniques that can build upon existing theory and literature. The qualitative evidence collected during the course of the research indicates that financial measures were predominantly used by the company in its Performance Management System, and that this reliance on financial measures may be an artifact of the industry in which the company operates. The retail industry is highly competitive and it is very sensitive to changes in boardroom composition, customer tastes and behavior, as well as shareholder and financial market pressures. In addition to financial measures, it was found that operational management developed certain non-financial performance measures and that this development may have been a response by operational managers to wider stakeholder pressures and external influences. However, these performance measures appear to be not fully integrated in the PMS and are therefore de-coupled and relatively unimportant in, or entirely absent from, top-level decision making. The conclusions of the paper provide support for the concepts of isomorphism and de-coupling as found in the literature of institutional theory.

1 Introduction

The case study of Company A, one of the biggest retailers in France is structured as such: section 2 provides the reader with the key elements arising from the study. A summary about the methodology and the method used for this research is provided in section 3, which also shows how the collected data was processed and organized for case writing. Section 4 summarizes the findings emerging from this study, discusses the causal conditions for adopting a Performance Measurement System (PMS) at Company A (section 4.3), as well as organizational (section 4.4) and intervening conditions (section 4.5), which affected the design and the operation of its PMS. Subsequent sections discuss the action/ interaction strategies which management adopted as a result of the implementation of a PMS (section 4.6) and the consequences of using it: that is to what extent it has been adopted and how successful it has been at Company A (section 4.7). Section 5 concludes with the discussion of the 19 hypotheses which have emerged from the case study.

2 Summary of the key elements arising from the case study

The retail sector offers a wide range of opportunities for scientific investigations, yet this is a business context which does not attract many new academics (Cliquet & Perrigot, 2005, p. 90). However, this is an interesting industry to investigate because there is very little literature addressing performance management as only a few researchers are working in this business context.

The Company is a French retailer operating internationally which was founded in the late 1950's by two families. It currently operates through four primary grocery store formats: hypermarkets, supermarkets, hard discount and convenience stores. It has over 15.500 stores, either company-operated or franchises. It markets two types of products: leading brands and retailer brands. It operates in three major markets: Europe including France, Latin America and Asia. The Company had approximately €86 billion net sales in 2009 for an operating profit of over €4.6 billion and a net profit of around €390 million

The company belongs to an industry which has remained very basic in its performance measurement system; it is highly dependent on day-to-day operations, which explains the pre-eminence of and extensive use of traditional industry financial metrics such as the trend in income, margin from operations and cash evolution. These features combined explain the importance of quantitative and financial indicators at Company A. In a labor-intensive industry, which attracts low to average skilled employees, Financial Performance Metrics

(FPMs) are considered basic, commonly understood and well tested way to manage performance because they have the ability to produce information which is easily understandable by all employees. In this context, the company has historically adopted a PMS which takes the form of a *Tableau de Bord* (TDB). As demonstrated by prior research (Bourguignon, Nørreklit, & Malleret, March 2001; Pezet, 2007; Bessire & Baker, 2005; Epstein & Manzoni, 1998; Pezet, 2009; Chiapello, Drechsler, & Lebas, 2001; Daum, 2005) the TDB is a scorecard which includes a mix of outcome measures (i.e. lagging indicators) and performance drivers (i.e. leading indicators) to describe where and how the company has been and to point the way for future growth. In the company TBD, the proportion of each type of indicator is however not well defined nor balanced, as respondents, at different hierarchical levels, tend not to make a clear distinction between leading and lagging indicators and adopt an opportunistic selection of metrics, which they justify as a "custom" of the retail industry, by stakeholder pressure and the easiness of their use. This finding is in contradiction with management accounting literature which suggest French companies are historically less pressured by financial markets therefore more multidimensional in performance measurement and management than their north American brethren.

Company A's strategy is characterized by its instability over time with the dismissal and the appointment of several CEOs along with their subsequent differing visions about strategy and performance. The company has shifted from a prospector[1] to a reactor[2] strategy (Miles & Snow, 1978) for reasons that basically derive from family disputes over boardroom power following the company merger with another French retailer in the late 1990's as well as shareholder dissatisfaction with the company financial results. This merger occasioned a big rise in debt and more direct exposure to the requirements of the financial markets. In this context, the company PMS has concentrated on financial – short term – performance metrics from lower to top management levels with an emphasis on operational metrics at lower levels for practical management reasons. This PMS is perceived as providing evidence of the company's capability to produce profits for external stakeholders.

Company A fluctuating strategies have led stakeholders to become skeptical about the company's "stories" of performance illustrated by its traditional range of financial proofs of wealth (i.e. FPMs). Subsequently, the company engaged into supplying them with 'beyond

[1] "Prospectors are organizations which almost continually search for market opportunities, and they regularly experiment with potential responses to emerging environmental trends. Thus, these organizations often are the creators of change and uncertainty to which their competitors must respond." (Miles & Snow, 1978, p. 29).

[2] "Reactors are organizations in which top managers frequently perceive change and uncertainty occurring in their organizational environments but are unable to respond effectively. Because this type of organization lacks a consistent strategy-structure relationship, it seldom makes adjustments of any sort until forced to do so by environmental pressures." (Miles & Snow, 1978, p. 29).

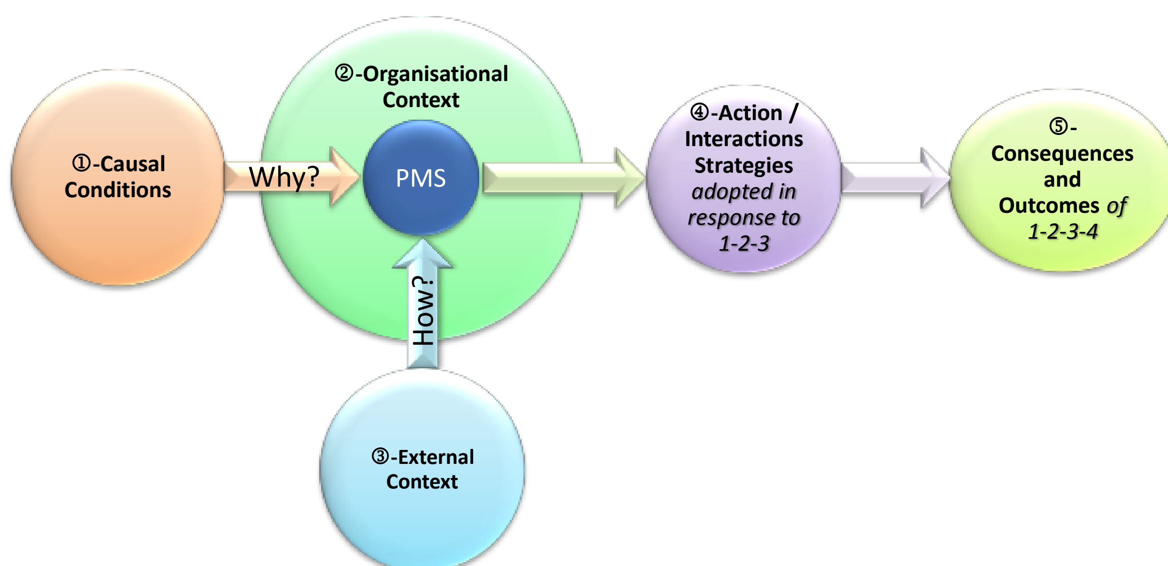
financial metrics' crosscheck proofs of performance (e.g. NFPMs such as sustainable development metrics). This explains the PMS has recently been balanced with Non-Financial Performance Metrics (NFPMs), such as customer satisfaction, employee retention and sustainable development metrics. However interviews show these metrics are ultimately tied to financial objectives in order to be reported to top management. No evidence was found they are used internally for performance evaluation but rather as a means of external communication for company stakeholders (i.e. shareholders and the financial analyst community) which is as a form of legitimation of the formal structure of the PMS in an intuitional theory perspective (DiMaggio & Powell, 1983).

3 Research method

This objective of this research focuses on understanding and exploring the PMS of company A. It is qualitative and interpretive (Burrell & Morgan, 1979, p. 23; Chua, 1986; Orlikowski & Baroudi, 1991). The exploratory nature of this study determined the adoption of a qualitative research methodology (Buckley, Buckley, & Chiang, 1976) suitable to gain "more understanding of accounting practices in their natural setting" (Alenizi, 2001, p. 7; Tomkins & Groves, 1983; Hopper & Powell, 1985).

The analytical techniques used by the researcher followed the five dimensions of the Strauss and Corbin Grounded Theory methodology (1998) shown in Figure 1 below:,

Figure 1: Company Data Analysis within the Strauss and Corbin Grounded Theory methodology (1998)



Emerging research labels were gathered into categories related to the phenomenon under investigation (the PMS) in terms of Causal Conditions, Organizational Conditions and External Conditions impacting Action/ Interaction strategies of the PMS and ending in having effects and outcomes related to its operation.

The qualitative nature of the research questions regarding performance measurement addressed in this investigation, led to the adoption of a case study research strategy (Buckley, Buckley, & Chiang, 1976; Birnberg, Shields, & Young, 1990; Keating, 1995; Ahrens & Dent, 1998). The outcome of the implementation of this qualitative methodology is to suggest hypotheses, which will be discussed in the case analysis section of this document. The type of case study that was used is exploratory in the sense that it was aimed at helping the researcher to make refined questions about the topical situation and to develop hypotheses, which are then compared to existing theory.

3.1 Research methodology

The Company is an international retailer, which was founded in the late 1950's by two families. It currently operates through four primary grocery store formats: hypermarkets, supermarkets, hard discount and convenience stores. It has over 15.500 stores, either company-operated or franchises. It markets two types of products: leading brands and retailer brands. It operates in three major markets: Europe including France, Latin America and Asia. The Company had approximately €86 billion net sales in 2009 for an operating profit of over €4.6 billion and a net profit of around €390 million.

The interview schedule at Company A took over one year. Interview data were handled confidentially for both respondents and the company. The selection of most respondents was suggested by the Chief Financial Officer (CFO)[5]. This case study involved 12 semi-structured interviews lasting one hour to one hour and a half each. Semi-structured interviews were used because they allowed the researcher to obtain information, as an outsider, in a non-intrusive manner. The semi-structured interview guide was formulated prior to starting the fieldwork after a literature review of prior research regarding performance measurement and management generally. Interviews were organized with designers of performance management systems, providers of information and users of performance measurement systems, at headquarters and business unit levels. The interviewees were, as much as possible,

[5] The researcher acknowledges this may constitute a bias in the research. In addition, the conclusions of this first case study and the interpretations made could be biased because 10 out of the 12 respondents work in the finance and control areas. Had sales force or marketing persons been interviewed (in Customer Relationship Management for example), results could have been different.

personnel belonging not only to top and middle management but also performing diverse activities such as accounting and finance, marketing, human resources, sales and operations. Initials of the twelve respondents and their respective functions are detailed in this table 1 below. Interviews at Company A lasted one hour or so and were recorded when agreed by the respondent.

Table 1: Details of Company A Respondents

Respondents	Functions
A1	Group Reporting Manager
A2	OLAP[6] Cubes – Decision – Finance
A3	Management Control Director France
A4	Head of European Reporting
A5	Management Controller French Perimeter
A6	Financial Controller
A7	Management Control Taiwan
A8	Head of Management Control Tools development
A9	Head of Management Control Group
A10	Financial Controller Group Director
A11	Head of Department (Hypermarket)
A12	Managerial Accountant

Three types of external interviews also complemented the data gathered at Company A. Two financial analysts in the retail industry group at Price Waterhouse Coopers (PWC), both experts in food and non-food retail, provided the researcher with external stakeholders' views. Interviews with several academics specialized in the retail and distribution industry in France and worldwide provided the researcher with relevant scholarly evidence.

.The subjects that the interview addressed were the following: the first section contained questions addressing what performance measures were considered by the organization and why. The second section focused on the collection of performance measures. The third section was interested in the use of performance measures while section four dealt with their dissemination. The final section collected data about the respondents. Interviews were recorded with permission and transcribed, respecting total confidentiality for interviewees and the company. The recorded interview transcription process was rather lengthy as it was agreed that it would be done by the researcher himself, both to facilitate qualitative content

[6] An OLAP (On Line Analytical Processing) cube (or Hypercube) is a data structure that allows fast analysis of data. It can be defined as the capability of manipulating and analyzing data from multiple perspectives. The arrangement of data into cubes overcomes a limitation of relational databases. OLAP cubes can be thought of as extensions to the two-dimensional array of a spreadsheet. For example a company might wish to analyze some financial data by product, by time-period, by city, by type of revenue and cost, and by comparing actual data with a budget. These additional methods of analyzing the data are known as dimensions. Because there can be more than three dimensions in an OLAP system the term hypercube is also used.

comprehension and further coding, but also to respect strict confidentiality of both interviewees and company identities.

3.2 Data processing

The research methodology mixed multiple sources of evidence so that crosscheck and construct validity could be ensured. Internal validity was ensured by testing theoretical assumptions (i.e. pattern-matching) whereas external validity, through a replicable case study protocol. This protocol aimed at establishing theoretical relationships from which analytical generalizations could be drawn (Birnberg, Shields, & Young, 1990; Atkinson, Waterhouse, & Wells, 1997).

As a way to facilitate this data analysis, a decision was made to adopt the following steps. First, the main topics mentioned by respondents were identified and summarized via open coding. Then similar topics were gathered together and labeled with tags describing the data. Axial coding finally allowed relationship among labels, reflecting causal relationships between the five dimensions (i.e. 'conditions').

The development of 'substantive hypotheses' was then performed based on the evident relationships identified among the five dimensions. These 'substantive hypotheses' are the outcomes of the selective coding performed in the case study. Selective coding is the process of choosing one category to be the core category, and relating all other categories to that category. The essential idea is to develop a single storyline around which everything else is arranged. This structural arrangement is expressed through the writing of each case study that allowed a check to see if the data either verified or falsified previous research (Popper, 1935) and also if data brought up issues other studies did not, which would constitute a contribution. This step is called 'within-case analysis', which is a term used by Miles & Huberman (1994), and Yin (2003) who discuss comparing findings to a frame of reference (i.e. previous studies) as one of two ways to analyze case study data and contribute to research.

3.3 Data organization through case writing

The structure of the company story consisted of exposing what form of Performance Measurement System currently exists at Company A and then providing evidence about why and how it came to be that way and with what success. Consequently, the organization of the case study tells a story which is structured as follows: the key reasons why companies decided to have a PMS and how it evolved in response to 'Causal Conditions' relating to its adoption. Causal Conditions refer to the events, which make the phenomenon occur in the setting of the

case study (i.e. each company has its own environment and industry, which gives it distinct characteristics, as well as the evolution over time and use of a PMS). Causal Conditions may come from within the organization or without. Because the PMS is a dynamic process, organizational change (Soin, Sealb, & Cullenc, 2002) is more subtle than Kurt Lewin's (1946) changing shape of a block of ice through the 'unfreeze', 'change', '(re)freeze' model: performance measurement systems are not simply designed and implemented, but they evolve over extended periods of time (Waggoner, Neely, & Kennerley, 1999). This explains why it was necessary to consider that different events generated the phenomenon under investigation and that some emerging Causal Conditions may also constitute 'Organizational Conditions'.

'Organizational Conditions' - or Inner Context - refer to a particular set of internal company characteristics and circumstances in which the phenomenon occurred. They are related to the organization's internal environment in which the PMS has been designed, implemented and operates. The Organizational Context is similar to the organizational environment that surrounds the phenomenon under investigation. Organizational Conditions, which may have a positive or negative impact on the phenomenon under investigation, create a set of circumstances to which companies' management responds through 'Actions/ Interaction Strategies'.

'Intervening Conditions' – or External Context – are related to the organization's external environment that impacted the design and the operation of the PMS. Intervening Conditions are general conditions that influence the phenomenon and the strategies that a company can adopt. Intervening conditions are conceived as environmental conditions that surround companies and have a direct impact on the phenomenon and the company strategy.

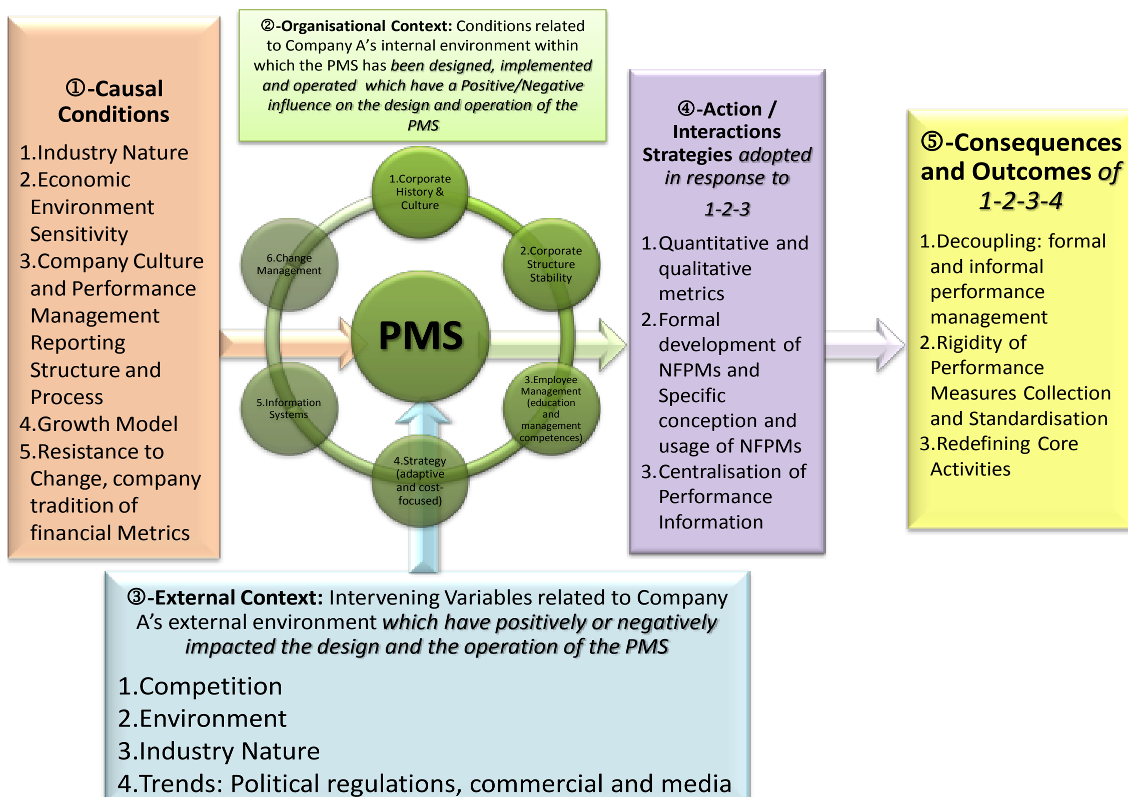
The Company's management implements a certain number of practices (i.e. management strategies) in response to the above-mentioned Causal, Organizational and External conditions. These are called 'Action/ Interaction Strategies'. They are "purposeful or deliberate acts, which were taken to resolve a problem and which shaped the phenomenon in some way" (Strauss & Corbin, 1998, p. 13). Labels which emerged both from the interviews and the multiple evidence collected in the case represent the main 'Action/ Interaction Strategies' that have been implemented as a result of the operation of the PMS at the company.

The case subsequently provides the key elements addressing the performance measures of the PMS and to what extent they were successful by stressing substantive hypotheses relating to the outcomes of Action/ Interaction Strategies.

4 Data Analysis and discussion

The following sections illustrate the relationships that the researcher has detected between category labels emerging from the data collected and the central categories of the PMS. The Figure below summarizes the findings:

Figure 2: Summary of the Strauss and Corbin Grounded Theory methodology (1998) applied to the case study of Company A



4.1 The Reasons Why Company A decided to have a Performance Measurement System (PMS) and how it has evolved

The retail industry is characterized by its prominent and persistent assessment of performance using financial metrics for benchmarking purposes. This based on the public belief that financial metrics are capable of providing quickly available, both easily understandable and usable information implicitly associated to 'performance' by respondents. They reflect the short term pressure imposed by day to day retailing activity. This pre-eminence of financial metrics has also been favored by the sustained progression of the retail French business surfing on a growing economy which pushed managers and stakeholders to not require further refined and multidimensional metrics for performance evaluation.

The performance reporting structure and the way it is exercised at Company A has been very traditional in its financial content and quite standardized. It has been top management's expression of its government "contract". It has been structured around a classic yearly budgeting process and monthly financial reporting structures. They both fit the short termism imposed by commercial operations and managers' basic requirements for performance assessment. The limited integration of performance information systems in a corporate context where reporting procedures are mostly financial and standardized allows for a relative autonomy of managers in terms of implementation of their local performance measures and the possible development of specific NFPM, which however are ultimately tied to financials. Finally, the fluctuating strategies of Company A have played an important role in the shaping of its mostly financially oriented PMS.

4.1.1 The different Causal Conditions for adopting a PMS at Company A

Following the interviews that have been performed, complemented by crosscheck information emerging from the case study context, management's reasons for using a PMS at Company A appear to have been decided for several reasons relating to Company A's nature of activities, its environment and stakeholders, its culture and tradition and its growth model.

4.1.1.1 Retail Industry and Economic Environment related Causal Conditions

One classic particularity of the service sector when it comes to performance measurement (Cox, 1948) is that improvements in the way inputs are organized and used are hardly measurable in terms of output improvements from a pragmatic point of view (Reynolds, Howard, Dragun D., Rosewell, & Ormerod, 2005). This is because in a strict sense "productivity should relate to physical values relating inputs to outputs. Instead, as particularly evidenced by the macro or 'top-down' approach, there is a reliance on monetary values, essentially relating costs to revenues through 'value-added' measures. Similarly, with the micro or 'bottom-up' approach, relying on an array of measures typically used by retailers themselves, the measures used are more often than not monetary based, and really about performance (i.e. jointly embracing efficiency and profitability). This is not surprising when the language of profit seeking retailers is about 'cost saving' and 'revenue enhancing', and not 'more output from less or equal input." (Dobson, 2005, p. 320). For years, traditional measures in an economic growth environment have been classical Return On Investment (ROI) performance evaluation.

Subsequently, performance measurement in retail has conventionally consisted of profit based Key Performance Indicators (KPI) such as profits per employee, profit density[9] and Return On Capital Employed (ROCE) as measures of 'productivity' and 'efficiency' (Templeton Report, 2004, p. 45). These sets of financial metrics are perceived as providing the sector's required and widely understandable benchmarking information (i.e. financial 'like for like' information). With respect to this, financial measures are prominent in retail performance evaluation because they are perceived as 'pure and simple' and that as such, "retailers (and particularly their shareholders) may take pride in being at the top of international league tables for such measures" (Dobson, 2005, p. 321). In short, the retail industry is characterized by a rather low degree of sophistication in performance evaluation (i.e. usage of simple operational metrics) and a constraint of short-term operations (i.e. usage of quickly available operational metrics). It is an industry, which focuses on cash and revenue evolution in the short run, which makes operations metrics and FPMs prominent in the PMS of such organizations.

Consistent with this industry context, Company A adopted a PMS which has taken the shape of several *Tableaux de Bord*, which supply the few metrics which are widespread among the industry and will be monitored as illustrated in Table 2 below:

Table 2: Retail Industry Financial Performance Metrics

Retail Industry Financial Metrics Monitored at Company A
• Sales increase in absolute value, year to date and like for like[10] • "Activity contribution" (i.e. operating margin) in absolute value and like for like • Profit increase in absolute value and like for like • Trend in Free Cash Flow • Inventory level expressed in days of cost of goods sold • Inventory cash • Trend in earnings per share • Return On Capital Employed

Source 1: Company A respondents' statements

As a consequence of company evolution, the financial metrics embedded in the *Tableaux de Bord* have also been complemented by other quantitative non-financial as well as qualitative data such as labor, space and capital KPIs. This evolution and its outcomes found its roots in several organizational and external factors, later discussed in this paper.

[9] Earnings before Interest, Taxes, Depreciation, and Amortisation (EBITDA) per square foot of net selling space.
[10] i.e. 'same store'

4.1.1.2 Company related Causal Conditions

The metrics embedded in the PMS at Company A are documented in the company's yearly financial report. The design and the operation of Company A shifted along with its corporate strategy in the 2000 – 2010 period. This shift from management control towards risk management tends to confirm literature on the redefinition of the nature of internal control as a feature of corporate governance by explicitly aligning internal control with risk management. Some of this literature (Spira, 2003) argues that the developments in corporate governance reporting requirements offer opportunities for the appropriation of risk and its management by groups wishing to advance their own interests, which, to some extent, also relates to 'human praxis' and institutional changes as exposed by Institutional Theory (Seo & Creed, 2002).

Objectives are set annually within the context of a budgetary process based on a multi-year strategic plan. This process focuses on collecting budgetary data at appropriate responsibility levels (i.e. at department level for hypermarkets and supermarkets and at store level for hard-discount stores). Noticeably in opposition to some other industries which are sensitive to the Beyond Budgeting trend (Hope & Fraser, 2003), respondents report the budget is still be considered a "*cornerstone*" (A3) in this "*human relations*"/ labor intensive business. As a matter of fact, Company A's documentation on performance management practice shows the use of a budget which is broken down into months "so that everyone, at each level, can monitor his or her performance throughout the year"[11]. The budget contains commercial and financial data as well as specific performance indicators and is considered as the incarnation of a 'management contract' between the company and its managers from various levels (i.e. "these are the elements performance will be evaluated on").

Collected data concerns both commercial activities (sales, customer flows, average baskets, sales areas and store openings) and financial activities (income statements, balance sheets and cash-flow statements). The monitoring of operations and projects is ensured by monthly performance reviews, which are conducted for both operational and support functions[12]. The frequency of performance assessment and the way it is processed are such that "each month, actual performance is compared to budgeted performance and the previous year's performance ('year to date' and 'like for like' comparisons). A summary of company and

[11] Company A Annual Financial Report. The pages are not referenced to preserve company anonymity.
[12] The corporate documentation however does not mention the frequency of strategic reviews.

country performance is then presented to the Company's Executive Committee. The Board of Directors also receives a summary of sales trends and performance indicators each month"[13].

Further evidence shows that in this specific industry "the monitoring of internal control by management is carried out on a continuous basis, insofar as commercial operations require attention at all times, particularly on store sales floors"[14]. This emphasizes a short-term financial metric concern. On this specific time horizon, one respondent states: *"We have one or two month cycles, therefore it requires less anticipation, we are more in the short term, activity management is more in the daily business and in the present than for people at (*a manufacturing company*) who are constrained to foresee the evolution of markets"* (A9). This respondent statement seems paradoxical because it admits a performance evaluation practice being biased by a short-term financial metric focus, which is implied by the nature of the retail business. Yet, it bizarrely relegates externalities such as the pressure of the market towards the adoption of more "proof of actual strategy" operational metrics as more relevant for other industries who, unlike Company A "*are constrained to foresee the evolution of markets*".

In spite of the standardization of reporting procedures at Company A, relative autonomy is given to managers in terms of implementation of the appropriate performance measurement organization for managing the internal control system. Performance reviews contribute to regular monitoring of the system at each management level. Each year, the executive and financial directors of each company business unit formally attest to the quality of internal controls in the units they manage."[15] As a matter of fact one respondent adds: *"we do not have a unique framework, if you take performance reviews, you will see X*[16] *performance review which is going to be 250 monthly pages, with a lot of analysis in every direction; on the contrary, you will get a performance review for proximity shops, Y*[17]*, Z, etc..., which will be, because we are in the franchise, a different business model, 15 pages. Then of course, in one case or the other, the percentage of financial indicators is not the same. At Y and Z, 90% of metrics will be financial, whereas at the other edge of the spectrum, at X, we will maybe get 20 or 30% of financial indicators in a monthly performance review"* (A3). This trend seems to confirm existing Contingency Theory literature (Lawrence & Lorsch, 1967; Otley D. T., 1980) on the link between the focus on short term strategy and the usage of FPMs, the

[13] Company A Annual Financial Report. The pages are not referenced to preserve company anonymity.
[14] Company A Annual Financial Report. The pages are not referenced to preserve company anonymity.
[15] Company A Annual Financial Report. The pages are not referenced to preserve company anonymity.
[16] X is the supermarket format which belongs to Company A.
[17] Y and Z are convenience stores (inner city) formats which belong to Company A.

management of a complex situation, activity rationalization (Chenhall R. H., 2003), reactor (Miles & Snow, 1978) and low cost (Porter M. , 1982) strategies, and shareholder pressure to yield profit.

Noticeable is the strong tendency in the retail industry, for over 10 years, towards centralization of information at headquarter level. Although Company A participated in this trend, its PMS integration remains limited. The internal survey the company organized in 2007 to have managers express the type of indicators they would require on a daily/ weekly monthly basis to assess performance explains the conjunction of different systems in use (by business units, by levels, etc…) and initiatives to develop NFPMs: *«So…, there is a considerable task because you need to, the considerable task also lies at the information system level; this means one has to capture a lot of information which are completely different in different systems. When we speak about customer information, market share, well, we are not obviously in completely integrated systems. There is an important work to do at this level. I'm not sure, as far as I'm concerned, this will be after 2008 rather than in 2007 »* (A8). This evidence would tend to confirm open systems theory of how organizations and organizational sub-units adapt to best meet the demands of their immediate environment by assuming Company A integrates[18] its performance measurement system (i.e. by using widely understandable FPMs) yet differentiating[19] it at specific local levels for example. Still following this theory, this practice would also lead to assume that groups that are organized to perform tasks such as sales and production usually have more formal financial structure than groups focusing on uncertain tasks such as research and development for example (Lawrence & Lorsch, 1967).

The subsequent measurement practices are internal financial performance measurements that scroll down the profit and loss account on commercial activity, operations, personnel, productivity, inventories and investments and comprehend metrics such as the ones showed in Table 3 below:

Table 3: Internal Financial Performance Measures at Company A

Internal Financial Performance Measures at Company A
• Commercial Activity (income food/ non-food) • Operations (operation margin) • Distribution costs • EBIT from operations

[18] "The process of achieving unity of effort among the various subsystems in the accomplishment of the organisation's task." (Lawrence & Lorsch, 1967).

[19] "The state of segmentation of the organisational systems into subsystems, each of which tends to develop particular attributes in relation to the requirements posed by it relevant external environment" (Lawrence & Lorsch, 1967).

- Personnel costs
- Productivity (sales/persons/hour)
- Inventories
- Investments

Source 2: Corporate internal Benchmark Documentation

These metrics are typically used to translate the strategy expressed by top management into targets. The inventory level expressed in days of cost of goods sold metric sets a target which is its reduction from 39 days to 30 days by 2012 for example. Internal non-financial performance measurement includes metrics such as the ones shown in Table 4 below:

Table 4: Internal Non-Financial Performance Measures at Company A

Internal Non-Financial Performance Measures at Company A
• Human resource indicators with employee turnover-retention • Training • % Absenteeism and diversity/equal opportunity ratios • Service quality metrics such as responsiveness to shoppers • Transaction time span at cashier • Customer satisfaction metrics such as ghost shopper evaluations • Customer surveys • Customer complaints

Source 3: Respondents' Statements

The company also monitors indicators, which assess its market dominance for example, but also current concerns such as yearly Sustainable Development and Socially Responsible Investment (SRI) at strategic and operational levels. These are embedded into specific reports (i.e. sustainability reports) along with the corporate and financial reports of the company and gather the following metrics:

Table 5: Sustainable and SRI metrics at Company A

PRODUCTS
Number of listed own brand organic food products (units)
Purchase amount of own brand organic food products (in millions of euros)
Purchase amount of Quality Line products (in millions of euros)
Number of listed fair-trade products (units)
Number of controlled food products (units)
LOGISTICS
CO_2 emissions per shipping unit (in kg)
CO_2 emissions (thousands of tonnes)
STORES
Percentage of consolidated stores audited on hygiene & quality criteria
Percentage of franchise stores audited on hygiene & quality criteria
Energy consumption (in kWh/sq. m of sales area)
Energy consumption (electricity, gas, fuel) (in GWh)
CO_2 emissions generated by fuel, gas and electricity consumption (in thousands of tonnes CO_2 eq.)
Water consumption (in cubic m/sq. m of sales area)
Water consumption (in millions of cubic m)
Consumption of refrigerants (in kg/1,000 sq. m of sales area)
Recycled waste (in kg/sq. m of sales area)
Recycled waste (in thousands of tonnes)
Quantity of paper purchased for commercial publications (in kg/sq. m of sales area)
Quantity of paper purchased for commercial publications (in thousands of tonnes)
Number of free disposable plastic checkout bags (in millions)
Number of free disposable plastic checkout bags (in units/sq. m of sales area)
HUMAN RESOURCES
Rate of absence due to accidents (%)
Women in management positions (%)
Percentage of employees recognized as disabled workers (%)
Number of hours of training

Source 4: Company A's Sustainability Report 2009

Resistance to change in performance evaluation as evidenced through board resistance to the implementation of the BSC in 2006 as well as the importance of traditional financial performance management at Company A are other important causal conditions which have emerged from this research and contribute to explaining why the PMS has adopted its specific shape there. Very few respondents spontaneously quote Non-Financial Performance Metrics (NFPMs) including newly emerged ones such as sustainable development indicators. In most cases, should they be mentioned: employee turnover, absenteeism, and customer satisfaction for example, it is to make clear that these NFPMs will ultimately be translated into a financial metric "*if they are considered important by management, so they can be reported to top management*" (A11). This practice reflects an approach that assumes that when it comes to 'serious matters' as quoted by some respondents: "*managing the firm as the industry should manage it*"; "*because it is a human relation's business, a man's job*" for example, then the PMS relies on basic FPMs. This also assumes that should NFPMs be developed, it would be for other reasons than 'thoughtful' performance management. In other words the measures the industry has used for years. This latter comment relates to stakeholder pressure (shareholders, financial analysts, media and politics), which will be later detailed.

Most of respondents' statements lead to assume that the practical emergence and the limited construction and usage of some of these NFPMs come from a very vague knowledge of the BSC model from management, or their simple acknowledgement that some metrics may not be relevant to everyone in the organization. The development of NFPMs, or rather the simple re-discovery that they exist at different levels of the company, may constitute a response to several current internal and external issues the organization faces, be it the objective relevance limitation of financial metrics for different organizational levels, to the limits of sole financial information's relevance in a context of stakeholder skepticism.

The emphasis on financial performance and resistance to change in performance evaluation is particularly reflected in the negative reaction of Company A's board to top financial management's suggestion to implement the Balanced Scorecard it developed in 2006. This indicates that the tendency to use mostly financial indicators also heavily depends on issues top management set as priority. Prior research has evidenced that the strategy of a company influences decisions on performance measures established in the management accounting systems and particularly that prospectors' usage of NFPMs is higher than the one of

defenders.[20] It has also shown that strategy plays a significant role concerning the level of perceived usefulness and timeliness of performance information (Gosselin, 2002, p. 10). For Company A, balancing indicators were not considered to be a high priority by top management at the moment of the research (2008): "*We built it (*BSC*), we proposed it, it exists, and one has thought about a thing, we do think that... Today our management is absent*[21]*"* (A9). This corporate response could be identified as part of a reactor strategy (Miles & Snow, 1978), highlighting the gap – or the decoupling[22] – between performance measures adopted, disclosed and actually used for decision-making.

The nature of Company A's PMS has been influenced by its very specific growth model. At the end of the 90's, Company A shifted from a prospector to a reactor type of strategy (Miles and Snow, 1978). As a matter of fact, strategy characterization wise, one specific difficulty with Company A, is that its strategy has evolved quite a few times over the past ten years under the influence of the funding families' fight over power – expressed by the succession of several appointed and deposed CEOs – as well as shareholder satisfaction and dissatisfaction with profits. These elements combined make it uneasy for the researcher to identify a clear relationship between strategy and performance assessment metrics. However, it appears that financial lagging indicators have survived strategic changes with a certain success, which could be attributed to the basic security requirement they provide to managers.

Company A's prospector era[23] was characterized by its worldwide expansion, inorganic[24] growth and development of retail concepts to retain customers and attract new ones[25]. However, after its 1999 merger with another important French retailer, the company changed its strategy towards more inorganic growth making sure of the profitability of existing strategic positions it had already invested in (Durand C. , 2007, p. 5). This strategic shift also finds its explanation in the cyclical evolution of the retail industry which, just as products,

[20] "Defenders are organizations which have narrow product-market domains. Top managers in this type organization are highly expert in their organization's limited area of operation but do not tend to search outside their narrow domains for new opportunities." (Miles & Snow, 1978, p. 29).
[21] e.g. top management rejected the BSC.
[22] In institutional theory, 'decoupling' refers to the creation and the maintenance of gaps between formal policies and actual organizational practices. In this specific context, decoupling can serve the interests of powerful organizational leaders (Westphal & Zajac, 2001) by enabling organizations to gain legitimacy with their external constituents while maintaining internal flexibility to address practical considerations.
[23] 1975-2007
[24] i.e. the expansion of a firm's operations by increasing output and business reach through the acquisition of new businesses by way of mergers, acquisitions and take-overs.
[25] Such as the development shopping corners (housewares, TV, etc…) inside hypermarkets to attract customers who are looking for a more 'shop-like' environment.

also has its life cycle[26] as evidenced by prior literature (Davidson, Bates, & Bass, 1976; Cliquet & Perrigot, 2005, p. 90).

Company A's market share in France has declined since 2000 and it had to comfort its 'mother ship' structure before developing more internationally. Therefore from 2000 until 2008, Company A rationalized its international presence, stepping out from a large number of countries because of insufficient local profitability and/ or their non-strategic asset nature (Japan, Mexico, South Korea and Switzerland for example). Subsequently, the PMS system at Company A, even across store formats, has mostly concentrated on financial – short term – performance metrics from lower to top management levels with an emphasis on metric differentiation at lower levels for obvious – and literature classic (Euske, Lebas, & McNair, 1993) – practical/ operational management reasons.

Signs of declining profit, boardroom power change and unsatisfactory profits, especially in the eyes of shareholders, altogether led Company A to rethink its former expansion strategy and adopt a '*profitable growth*' track: a country presence would only be kept if the brand in the country could be at least ranked third after two years of operations. This and the stress put on sunk costs as well as other costly investments on intangibles pushed the company to focus on financial indicators embedded in its *Tableau de Bord*. This strategy shift towards a reactor type and its consequences confirms prior literature, which "indicates that the reactor type performs poorly. Because the retail industry is relatively transparent in terms of competitor information, reactive behavior is rampant. By avoiding reactive behavior and behaving more consistently across the business, retailers can better protect their competitive position." (Moore, 2005, p. 702). The outcomes of Company A's shift from a prospector to a reactor strategy left the company under such pressure for profitability that it pushed management to strengthen a financial performance oriented PMS.

[26] "The 'Retail Life Cycle' is a theory about the change through time of the retailing outlets. It is claimed that the retail institutions show an s-shaped development through their economic life. The s-shaped development curve has been classified into four main phases. A new organization is born, it improves the convenience or creates other advantages to the final customers that differ sharply from those offered by other retailers. This is the stage of innovation, where the organization has a few competitors. Since it is a new concept, the rate of growth is fairly rapid and the management fine-tunes its strategy through experimentation. Levels of profitability are moderate and this stage can last up to five years depending on the organization; then the retail organization faces rapid increases in sales. As the organization moves to stage two of growth, which is the stage of development, a few competitors emerge. Since the company has been in the market for a while, it is now in a position to pre-empt the market by establishing a position of leadership. Since growth is imperative, the investment level is also high, as is the profitability. Investment is largely in systems and processes. This stage can last from five to eight years. However, towards the end of this phase, cost pressures tend to appear. The organization still grows but competitive pressures are felt acutely from newer forms of retailing that tend to arise. Thus, the growth rate tends to decrease. Gradually, as markets become more competitive and direct competition increases, the rate of growth slows down and profits also start declining. This is the time when the retail organization needs to rethink its strategy and reposition itself in the market. A change may occur not only in the format but also in the merchandise mix offered. The retail organization loses its competitive edge and there is a decline. In this stage, the organization needs to decide if it is still going to continue in the market. The rate of growth is negative, profitability declines further and overheads are high." (Pradhan, S., 2009, pp. 67-68).

From the reactor strategy adopted by Company A also derives the assumption of a dual management of performance, which is population and timeline metric specific. First, an internal – 'informal' – performance management system which uses FPM to manage short-term operations because the business as a whole (the industry, the shareholders, the financial market and financial analysts of the retail industry) exercises a pressure which implies short-term performance management. Second, an external – 'formal' – performance system which uses a mix of FPMs and NFPMs which targets another variety of stakeholders (i.e. a population which covers lobby groups, some rating companies on sustainable development issues for example).

However, this emerging action actually departs from the traditional 'formal' and 'informal' controls informed by prior management accounting research (Anthony & Govindarajan, 2007). As a matter of fact, in this particular setting, the formal system complies with rules both set by the industry environment and the management and works almost like a 'vicious circle' where metrics are issued and used; subsequent readings and measuring are done in comparison to a past history which is deformed by the nature of the performance management system traditionally used (e.g. the budget). This means that if past deviations are officially corrected, they might not be in reality and new decisions can be made on an accumulating layer of errors. Managers do not like to be reminded what they promised, therefore the reporting system deforms past history, so that the usual arising variance appears manageable. This encourages 'forget about the past, look forward' management techniques. At the other edge of the performance management spectrum, arises an informal system, which actually keeps track of the real history.

The impact of this practice is very important: past performance is not corrected and therefore refined tools and metrics are created on layers of past incorrect management: whatever the metric suggested, financial or non-financial, they are built on weak foundations. Questions subsequently arise regarding the effects of firms forgetting about past performance promises, leading to a vicious disclosure circle of managing an 'image of the performance' and not real performance, where no time is left to learn from the past. This creates a discrepancy between companies' discourse and the reality of performance measurement and management. These issues have been the subject of prior investigation by classic Behavioral Accounting literature of slack management (Williamson, 1964; Schiff & Lewin, 1968), as well as beyond budgeting (Hope & Fraser, 2003) and the institutional theory literature (Scapens, 1994; 1984).

In this respect, performance management could also be considered a means of communication at Company A: reassuring shareholders, the market, stakeholders, family owners, etc... Still in this respect, the role of this side of performance management at Company A can be linked to the internal/ external/ formal and informal organization themes that have been studied through Institutional Theory lenses (DiMaggio & Powell, 1983). These can also be related to one suggested in the social psychology of organizations literature through Control Theory (Tannenbaum, 1968), which covers the roles of the formal and the information organization. This literature considers that a formal organization is never actually realized in the behaviors of its members. From a series of requirements, individuals and groups develop an informal organization, an alternative sum of behaviors that is not prescribed by the formal organization. In practice, the actual organization can be envisaged only if a formal relationship exists between the formal and the informal organization. There are informal organizations in all formal organizations and the origin of informal systems is the formal organization. Therefore when the informal organization grows, it is in response to the psychological needs of individuals or groups. According to this literature, in the case of Company A, an informal organization exists and covers up the areas, which the formal organization fails to address. Subsequently, formal performance management would correspond to the external disclosed performance management, which comprehends a mix of FPM and NFPM metrics intended for stakeholders – or the environment – of the firm. This includes 'fashionable' metrics, or in the vocabulary of Genetic Structuralism's (sociologic) tradition of Pierre Bourdieu, 'omnibus metrics' (Bourdieu, 1996), which meet the current trends of performance management by directing the public gaze towards commonly agreed-on metrics, but not necessarily useful ones. This would explain the adoption of sustainable development metrics aimed at the market and some industry analysts. This begs the question why Company A and other firms adopt these metrics. Is this explained by pressure from the market, or the opportunity cost led by the consideration that there is more to lose not adopting trendy metrics than actually adopting them? This however does not imply that firms are actually using them for actual performance assessment and management.

Still in the case of Company A, the informal performance management would correspond to the internal, undisclosed usage of FPMs, in other terms, Indirect Financial Performance Metrics (IFPMs), which may not be financial upfront (i.e. qualitative but more certainly traditional quantitative non-financial metrics) such as inventory levels, inventory turnover or

inventory space occupancy for example and which are ultimately translated into financial metrics to be considered 'useful' for decisions making (i.e. reported to top management).

This does not mean the metrics adopted are mostly lagging indicators (e.g. managing the company through the '*accounting mirror*' (Lesca, 1983) of historical costing), they may be leading indicators (i.e. inductors of future performance), however not appearing as such directly, but indirectly. In this respect, this practice would again confirm Institutional Theory literature on the co-existence of two parallel performance management systems: a formal PMS whose existence is justified by the position of the firm within its environment (e.g. norms of the industry it belongs to, 'stakeholders' in its general meaning) which is structured and designed so it appears integrated and documented.

4.2 Organizational Context in which the PMS was designed and operates

The organizational change process subsequent to the 1999 company merger was characterized by the combination of several factors which resulted in the strengthening of financial metrics within the company PMS. First was the founding families' enduring fight over boardroom power and the resulting strategic swings of the company, which led to strategic inconstancy and had a negative impact on its image. This was combined with a post-merger need to reassure shareholders with evidence of financial profitability. The combination of a non-integrated information system with the nature of retail industry personnel level of education, limited internal mobility and subsequent management competences emerge as part of the organizational causes for the adoption of a common language simple enough to provide meaningful and rapidly actionable management variables which finds its embodiment in the easy availability of financial metrics in the PMS. From an organizational point of view, the development of alternative non-financial metrics and a dual channel - formal and informal - performance reporting is constrained by the existing rigidity of business units' control structures and indicators, top management's decision regarding multidimensional performance indicators relevance to corporate strategy and managers' local requirements for use of performance indicators. Finally, Company A's last strategic transformation plan aimed at revamping its operating model clearly stresses "Clients, Cost and Cash" in an economic environment which favors shareholders' and stakeholders' reassurance.

4.2.1 Organizational Conditions' Impact on the design and the operation of the Company's PMS

Company A context is characterized by the company background and ownership, its organizational structure, its management form as well as its strategy.

4.2.1.1 Company A background, history and culture

Company A history and family culture and its subsequent management practice have for a long time associated performance with industry operational and financial metrics. These historical and cultural grounds lie in the family business origins and the unstable development of the company, which in a benchmark friendly industry environment led to the emergence of a PMS shaped around quantitative and financial metrics: fast and flexible metrics because they are holistic, and are easily understood by everyone internally and externally.

4.2.1.2 Company A's Structure Stability and Change Management

Since the company merger with one of its European competitors in 1999 (Colla & Dupuis, 2002) and over the past 5 years, senior management has changed at Company A. The 1999 fusion introduced a dilution of the shareholding, which led to an increased preoccupation by management with financial profitability so as to prevent any hostile takeover (Durand C. , 2007). Unsatisfactory results in 2003-2004, due to a loss of balance of Company A's retailing mix that guaranteed consumer's value for money, mixed with family disputes over boardroom power (Fauvarque, 2005; Bonnanza & Delattre, 2005) resulted in the 2005 dismissal and subsequent appointment of a new CEO who stood for Company A's founding family (Cliquet & Perrigot, 2005). Two other CEOs were appointed between 2005 and 2009. A major change in shareholder composition happened in 2007 with the arrival of two large investors. This power instability over time can be considered as a revolutionary change (Greenwood & Hinings, 1996) which has complemented Causal Conditions and led to the formal balance of the company PMS and more specifically the informal emphasis of Company A's *Tableaux de Bord* on the traditional financial indicators of the retail industry (i.e. Company A's PMS decoupling and the isomorphic emergence of NFPMs).

4.2.1.3 Company A's Employee Management

The level of sophistication of the metrics adopted and used by the PMS at Company A is also adapted to the average employee education and management level. Company A belongs to a labor intensive industry. One respondent depicts the business as a "*human relation job*" (A3) (i.e. labor intensive) where financial indicators are in relation to the budget which is the

accounting translation of a contract between top and lower management: *"It is more human relations business" (...) if you want, performance depends on the type of contracts acted between top managers and lower managers. Ok, then budget is the cornerstone, well, as in many companies, but particularly in the distribution business, as and this is expressed by the budget, especially in the distribution business"* (A3). This financial orientation is strengthened by the position of the financial controller, who in transition periods, when a new manager is required in a Business Unit (BU) for example, often serves as the interim consequently imprinting his/her vision of what needs to be monitored and managed and thereby concentrates on a certain nature of metrics (A11).

The employee competence level is not homogeneous as far as reading and understanding company results are concerned, and so is management level as to the relevance of the information used to assess and manage business operations. This contextual evidence provides an explanation for the emphasis, which is put on simple, straightforward and mainly financial performance metrics that are easily understandable at most organizational levels by everyone.

This evidence, coupled with the lack of information system integration at Company A makes it important for management to find a common language which provides a solution able to solve a twofold problem: to be relevant for decision making for the uneven level of personnel education and their management level. The structuring of Company A's PMS has been non-systematic and this need for a common language to understand performance has stopped at a very minimal stage which lies in a financial oriented PMS using a language, which is understandable by everyone with little scope for interpretation. In this context, the lack of clarity of NFPMs benefits when it comes to performance evaluation explains that FPMs are perceived to be more objective/fair than NFPMs by managers. Moreover, this 'common' language has to be accessible to everyone and at a low cost. FPM has actually met these requirements. Not only have the metrics to be relevant to a large number of persons but they also need to be economical (i.e. not too many so that managers do not drown under information, and at a low transaction cost).

Finally, the metrics used also need to be limited to simple summarizing metrics, especially in a low margin industry. In this respect, at Company A, the sales metric is presented as an indicator which encapsulates all the others: *"In our business, as we are dealing with low margins, (...) the most important lever, if there is one single digit to look at, is the sales level. It conditions, it determines everything in fact. Because it conditions customer satisfaction*

somewhere, the price image, it conditions the maintenance of the store, well, a safe sales figure, I would say, allows getting the reflection of global performance" (A7). In other words, and somewhat a paradox: the cause and effect relationship at stake in the retail industry means that income is considered a good indicator because it means the firm has done good business, thereby customers are shopping there, and if they are shopping then it means that income is a good indicator of customer satisfaction: *"OK, the performance is measured by the final result which is the value created by the company, and the way it is transcribed and perceived by the markets and before that, what is the performance, how many clients have gone through our cashiers yesterday, how much did they spend on average and how much did we make. Today this is what I'm seeing, as a measure of performance so to say 'live' and empirical. Then, how do we measure performance, we measure it by all the elements of the P&L of course, ok... by the sales, be it on daily, weekly or monthly frequencies, and by traditional elements of the P&L, margin, I'm not going to review the P&L with you, but, margin, general costs, personnel, marketing, communication, rents, and all this forms distribution costs and operations margin. So this is how performance is measured today in its framework. It is in reference to, which is extremely important, to budgets"* (A3).

Management knows that 'synthetic' metrics, which summarize other dimensions of performance are 'shortcuts'. They also understand that some operational metrics such as inventory level for example are ultimately transformed into financial indicators to be reported: *"When you speak about scorecard and cost killing*[28]*, well that we hear about, because it is something we live every day. However behind this, we perfectly know that behind there are financial objectives, but it is something totally new for us in fact. So, management accountants, store managers, some area managers, they have been trained for that. However, today, it is not something which has been spread down to managers and teams"* (A11).

4.2.1.4 Company A Management Strategy

During a press conference at the end of June 2009, the new managing director of Company A announced a seven-point strategic transformation plan to revamp its operating model. These seven points are further providing levers of action to the three main keystone mottos previously released and emphasized by the company in this order: 'Clients, Cost and Cash'. These levers are listed in Table 6 below:

[28] i.e. cost cutting.

Table 6: 7 points Strategic Transformation Plan at Company A

Strategic Transformation Plan at Company A
1. Revitalizing the company brand
2. Improving the price image
3. Optimizing and reinventing the hypermarket
4. Sharing best practices and innovation
5. Inventory and cost reduction
6. Implementing a new organization
7. Improving purchasing practices

Source 5: Company A's Corporate Documentation

This plan is the capstone of practices, which started in 2008. They consist in regaining lost market share on the French market and consolidating the company leadership. This short-term action plan meets the definition of what a reactor type behavior produces (Miles & Snow, 1978). It is therefore of no surprise that to reach these objectives, the company has decided to focus first on prices and costs thereby emphasizing a PMS mainly structured around FPMs. Its strategy has then consisted in cost reduction and also a 'value for price' customer communication strategy.

4.2.1.5 Company A's Information Systems

The PMS at Company A is differentiated by business units and organizational levels, not only because of the nature of retail personnel and management competencies but also because of the non-integration of information systems[29]. This means that for reporting purposes, several systems are working in parallel, which is a form of decoupling of the PMS. When it comes to the need to report information, the solution is to report financial metrics because it is an easy way to counteract the lack of similarities in the reporting systems and avoid issues of interpretation of NFPM.

This solution is a source of comfort for top managers who are used to getting synthetic, easily integrated, understood and monitored indicators. In this sense, the rigidity of Business Unit control structures and indicators are an important emerging organizational condition for adopting a PMS at Company A: *"We have quite a lot of indicators to monitor, and this adds, in adding other indicators to existing figures we finally remove comfort from our bosses who need synthesis (...) but we evolve, like a certain number of other big groups towards more operational management, which means we enrich our reporting, with input indicators versus the output, indicators which will allow us to demonstrate we will deliver in six, twelve and eighteen month, we add indicators which are operational indicators, not only financial, square meters, market share, coverage in terms of foreseen stores versus stores we wish to*

[29] (Colla & Dupuis, 2002, p. 109).

open in two years, three years, inventory rotation, stock outs ratios in our departments, in fact a lot of indicators which are operational indicators, not only financial. Here we are, we evolve, we try to do more than TDB and more towards more operational and input indicators and it is all the more important because it helps us sustain and give content to our financial communication" (A9).

The increasing number of operational metrics (i.e. non-financial, but quantitative or qualitative) is also an internal reaction to existing traditional reporting constraints for top management which have to be synthetic (i.e. focused on financial information) even if this means managing more variables. As a matter of fact, if NFPMs get into the picture, traditional FPMs are far from disappearing from the stage. The development of NFPMs is also linked to trends imposed by the environment which is looking for tangible proofs of quarterly disclosed performance 'stories' by the company, such as sustainable development metrics aimed at retail industry specialized financial analysts for example.

This being said, the development of new indicators is still constraining for top management, besides not being a demand which actually emanates from them: *"We have done it, we have extracted 27 or 25 indicators which are indicators of our scorecard (...) then we have done like (a manufacturing company), but at our company the balanced scorecard lives a little less than at other companies, it exists; but it does not exist well because there is not much appetite on this subject from our bosses, however I put the blame on our business life cycle"* (A9).

When it comes to justify why a PMS structured with more operational (i.e. leading) indicators does not officially exist at Company A, the same two reasons are provided by respondents: the lack of interest from top management who do not see the short term interest of this balance and the shortness of the business life cycle in the retail industry: "*We still must, as experts of management, I want to say, we still have to convince our bosses that it can be useful, and the second reason, especially for company A, I believe it is very important, it's the business life cycle"* (A9). This tends to confirm existing literature on the usage of FPM at short-term focused companies: *"Top management at Company A is particularly in the short term. It is not only in the short term, but it is implicated in the short term"* (A9).

4.3 Aspects of the External Environment in which the PMS was designed and operates at Company A

The current competition in the retail industry leads to highlight emerging External Conditions, which strengthen some performance measurement practices at Company A. These

comprehend the evolution of economic conditions and its impact on competition, retail industry traditional compulsory financial metrics, and stakeholder[30] pressure. Traditional industry metrics are Intervening variables which contributes to the evolution of the still predominant financial shape of the PMS at Company A in a very competitive environment. This is a context where the company stakeholders need to be reassured by core industry metrics as well as crosscheck non-financial metrics. As a complement, current industry trends see two of Michael Porter's generic strategies emerging: one on cost initiatives and one on differentiation (Porter M. , 1982), both contributing to the evolution of the shape of the PMS at Company A towards the integration of NFPMs but yet remaining predominantly financial.

4.3.1 Aspects of External Environment's impact on the design and the operations of the PMS at Company A

4.3.1.1 Competition in the Retail Industry

Most information regarding retail industry trends comes from widely recognized annual publications. Such as Deloitte Global Powers of Retail reports, which not only cover trends from a worldwide perspective, but also from a local point of view with the contribution of its local offices. Other worldwide as well as European focused sources of retailing market information also include the annual Interbrand report, Planet Retail Newsletter as well as Planet Retail's Top 30 rankings.

4.3.1.1.1 Competition

Of the 250 largest retail companies, almost two-thirds had sales of less than $10 billion in 2009. More than one-third (i.e. 86 companies) had sales of less than $5 billion. Only 41 companies, or about one in six, had retail sales of $20 billion or greater. The growth rate for the top 10 did slow down from 7.2% to 6.9% in 2008, however the largest and second largest worldwide retailers remained secure in the top two spots with respectively $405.046 million and $119.887 million 2009 retail sales (Deloitte Touche Tohmatsu, 2011, p. 26). The concentration of the competitive environment of the retail industry has generated a stress on short term profitability which explains the cost-focused and differentiation strategies adopted by retailers and the prominence of FPMs in the PMS of company A.

[30] Shareholders and the financial community (analysts for example).

4.3.1.1.1.1 Cost-focused Strategies

4.3.1.1.1.1.1 Cutting Costs

Retailers find that growth is more likely to arise from limiting a variety of costs because it is constrained by consumer balance sheets and credit availability, which means profitability. In doing so, retailers are cutting operating costs by "consolidating support functions and slashing payroll", and expense management, "offset transportation and labor costs and maintain tight control of their inventory to improve liquidity" (Janiak, 2009, p. 8). They negotiate or re-negotiate better deals with suppliers. They rethink their mix of businesses (eliminating formats and categories of underperforming merchandise) and locations, focusing on and better defining core business and helping their customers to finance their purchases

4.3.1.1.1.1.2 Risk management of the supply chain and market disruption

Risk management of the supply chain, market disruption and currency volatility are some examples of risk management schemes that are developed among retailers. For example, some retailers have already engaged in a reduction plan of their supply chain length by getting closer to their suppliers. Many retail companies are starting to rethink/ revamp their supply chains (Bonebrake, February 2009, p. 17), diversifying their sourcing in other low cost, nearby countries or even in-country locations, shifting them closer to their final markets to reduce their transport costs (Deloitte Touche Tohmatsu, 2009, p. 46). Shipping in larger quantities, for example, is also one strategy, which has been recently adopted, thereby addressing both a cost reduction objective and a sustainability issue (Janiak, 2009).

4.3.1.1.1.1.3 Globalization

Globalization has been a large trend over the past two decades, even though this has not concerned everyone in the retail industry, because it is challenging and maybe not as lucrative as anticipated. Company A in its prospector era until 2007 participated to this trend. The different meanings of globalization explain why it has been very differently envisaged by retailers.

Reasons to globalize are traditionally strengthened for several reasons (Leknes & Carr, 2004). In markets where the hope of expanding market share at home is very limited, retailers' expectation for strong growth lies in new markets such as fast growing emerging ones (India and China for Wal-Mart, for example). However, tight credit market conditions make it difficult for retailers to finance mergers and acquisition, which constituted so far an easy way to expand abroad. Despite this globalization trend, some retailers might opt for localization.

As a matter of fact, most large retailers have based their supply chain strategy on lowering the cost of transportation and wages, which is bound to change with higher energy prices and former low wage and weak currency countries increasing the cost of sourcing which is already the case in China for example.

4.3.1.1.1.1.4 Differentiated Shopping Experience

Quality of customer experience in the store has been emphasized at Company A, affecting customer service, store layout, product information, speed and efficiency of checkout and after sales service: "In a slow growth environment, retailers will look for ways to differentiate from their competitors in order to build brand equity and generate interest in store visits" (Deloitte Touche Tohmatsu, 2009, p. 44). The management of - modestly compensated, limited experienced and not very well trained - human capital in "a way that generates strong results" (Deloitte Touche Tohmatsu, 2009, p. 44), will also be challenging because retailing is a labor intensive business which is, at the end of the day, the only connection between a retailer and its customers. With regard to this latter issue, an important challenge is "to spend more money on training, do more to stimulate employee loyalty to mitigate turnover and improve employee productivity in order to justify higher compensation" (Deloitte Touche Tohmatsu, 2009, p. 44). This strengthens the importance of HR related metric in Company A PMS as shown earlier.

4.3.1.1.1.1.5 Multi-Format: back to "Small is Beautiful"

Although the number of large stores has increased in recent years, thereby meeting the need of customers to get a one-stop shopping experience, retailers are increasingly considering mixing larger and smaller formats. Company A announced in late July 2009 that they will reduce the sales area of one of their largest hypermarkets to improve its square meter productivity ratio, filling this new empty space with a business park involving stores and other businesses.

4.3.1.1.2 The Environment

Stakeholders with whom Company A deals represent a main emerging environmental condition which influences the shape of the PMS. The financial community has changed and has become far more acquainted with the retail industry than it used to be a few years ago. Past profitability deceptions complemented by the succession of unapplied and/or failed strategies resulting in shareholder/stakeholder dissatisfaction, have resulted in a business environment that is now asking for more sophisticated and operational (i.e. leading as

opposed to lagging) metrics to be able to assess the current and future performance of the company they invest in: *"if we take the example of Company A, it is because we have sold to them a certain number of Company A strategies, so they want to drill down, they want to know what is behind. Therefore financial indicators, once again, the whole subtlety is that financial indicators measure what has been done over several past years"* (A9).

This situation is also partly due to the related different environmental factors such as the recognized mistrust in financial disclosure provided by reporting lagging indicators (Pezet, 2010). These latter metrics are part of the panel of the traditional 'accounting mirror' and *"Output indicators"* as one respondent states: *"we assess the performance of actions which have been implemented in the past, hence a posteriori measurement"* (A9).

Management acknowledges the adoption of NFPMs can be an obligation, a fashion or a marketing trend imposed by the state[32] or the market in the case of corporate social responsibility and sustainable development metrics for example. They are also imposed by the financial market and financial analysts specialising in the retail industry. On this specific matter, the same respondent declares: *"Beyond it may be a fashion phenomenon, but it is mostly under the impulsion of questions asked"* (...) "*we are being asked more and more questions on the indicators (…) which are operational questions, and we are asked more and more to assess the progress of the operational indicators, and that from the analysts, hence this is the market, and hence we are evolving"* (A9). Whether these 'leading' metrics are adopted under a real or perceived pressure from the market/ financial market/ financial analysts or on a voluntary basis is addressed by the same respondent as: *"because we evolve (…) not under the pressure, but under the influence of markets"* (A9). Both financial analysts we interviewed and some Company A respondents (A8) at different levels understand these metrics are not yet integrated in the PMS, and are therefore 'not really' used to monitor and manage performance. For certain analysts NFPMs are a marketing tool in the sense there is more to lose by not adopting them than to actually gain. Therefore it becomes a question of risk management, yet there is no evidence of transformation of this constraint into a positive factor of performance for some retail industry analysts that were interviewed. Besides, one must remember that NFPM are ultimately transformed into financial metrics for reporting purposes (A11).

[32] "French companies are required to make information available to investors with regard corporate social and environmental performance since May 2001 if they are listed on the stock exchange (Robins, 2005; Tschopp, 2005). However, due to the broadly written regulation, the presentation and the extent of disclosure are subject to the firms' discretion, leaving rooms for variation in terms of the uptake and diffusion." (Tower, Ahmad, Pignatel and Hahn, 2010).

The shift of the PMS towards the integration of more leading metrics is also due to the lack of confidence from the financial market. This is especially true with very specialized financial analysts towards companies which have not had a clear strategy for several years: *"Analysts are professionals of the distribution sector, they visit the store, they go from Tesco to Carrefour, to Sainsburry to Asda to Wal-Mart, they know retail very well and they know that what is vital for Company A at the moment is the market share in France, the non-food section, and the development of square meters"* (A9).

Even though leading metrics is not yet integrated in the PMS, therefore not present/used/understood at all levels, they are nevertheless important for 'the outside world', namely the financial market as they constitute proof that the company actually 'has a strategy': *"The market wants to be reassured on the things we announce, what we tell the market. We publish financial notes, but analysts are wise and competent enough to understand the evolution of our sales and our profit. However, our communications people tell them stories"* (A9). These metrics are also a proof – for analysts – that this strategy can be monitored through the evolution of several indicators which are linked to levers on which the company announces it will work, as stated by the following respondent: *"we are selling them a dream and the stories are, for Company A example, it is: we revamp our square meter growth, we want to open twice as many square meters than before, we are reforming our food section, we are reforming our consumer goods section, we launch, we develop services. This is what we tell the market. So there is an affective dimension which is very important, which is the trust they put in our management and our communication, but especially with those who have been following us for a long time, who visit our stores, we have to bring a little life into this" (*A9). This behavior is consistent with Legitimacy Theory as defined by (Kaplan & Ruland, 1991, p. 370): "organizational legitimacy is a process, legitimation, by which an organization seeks approval (or avoidance of sanction) from groups in society"; In this research Legitimacy Theory is introduced as a complement of Institutional Theory which is used to explain the actual decoupling of the PMS of organizations regarding the balance of FPMs and NFPMs. Mathews (1993, p. 350) gives a more comprehensive definition of Legitimacy Theory as we understand it in the frame of this research: "Organizations seek to establish congruence between the social values associated with or implied by their activities and the norms of acceptable behavior in the larger social system in which they are a part. In so far as these two value systems are congruent we can speak of organizational legitimacy." In the context of our research, Legitimacy Theory seeks to explain that companies engage in

environmental reporting to demonstrate that their actions are legitimate and to conform to societal expectations. From legitimacy theory standpoint, reporting can be regarded as a communication strategy to legitimize as well as a channel to influence stakeholders' perceptions toward the company such as restoring a damaged firm's reputation and image for example[33]. It can also be used to influence perceptions, which justify its continued existence (Guthrie & Parker, 1989).

4.3.1.1.3 Retail Industry Nature and its Standard Metrics

The industry in which Company A operates emerges as an important environmental condition, which influences the adoption of a specific PMS shape. Financial indicators are presented by respondents as being more suitable for a short term focused and adaptable activity such as the retail industry (A3): *"At Company A, like at (*manufacturing company*), if we have a problem of sales in December, like we had last year, we put together a sales plan (...) so that in February our sales are good".* Another respondent adds: *"we have one or two month cycles, therefore it requires less anticipation, we are more in the short term, activity management is more in the daily business and in the present than people at (*a manufacturing company*) who are constrained to foresee the evolution of markets"* (A9).

Furthermore, when faced with short-term profitability issues, management focus goes onto quickly fixing the situation. This reaction strengthens the short-term orientation of a firm and the emphasis on financial metrics. Another reason for shaping Company A PMS as such is provided by answers of respondents implying that performance measurement practice once again follows the industry standard: "*this is the way it is measured in the industry"* (A8). This can be explained by the short history of the retail business, which is characterized by its past quick and strong growth, and its current situation faced with streamlining needs.

Strategies outlined below have great importance in shaping the evolution of the PMS at Company A as they contribute to explaining the nature of its 2009 revamping plan and why it leads to incorporating or acknowledging the existence of non-financial metrics at local levels while remaining very financially focused at top management level.

4.3.1.1.4 Trends: Political regulations, commercial and media

Fast moving economic conditions and their subsequent impact on retailers' need for quick response explains the use of the traditional financial industry. As a consequence of worsening

[33] Cho (2009) shows that industry does influence corporate social responsibility disclosure as higher profile firms are exposed to constant ethical and social pressure around the globe. Also, firms that reside at the environmentally sensitive industry are subject to increased public pressure and thus need to be thought of as providing strong environmental stewardship.

economic conditions, many retailers, including large ones, customarily react by reducing their inventory levels, closing unprofitable locations and focusing on financial indicators (Durand C., 2007, p. 5). This industry reaction to the 2008 economic slump has strengthened a tendency at Company A, which started to rationalize its activities in the mid 2000's. One consequence of this on Company A's PMS has been the emphasis put on quantitative financial metrics such as inventory level and store profitability. However, this pre-eminence of FPMs is nuanced by the European Community regulatory environment with the '2003/51/EC Modernization Directive' which constitutes a pressure to see companies' financial reporting complemented with NFPMs, though to a limited extent[34].

4.4 Action/ Interaction Strategies which management adopted at Company A in response to Causal, Organizational and External Contexts

In handling the phenomenon under investigation, various management strategies are developed. Company A management has implemented a certain number action/ interactions in response to Causal, Organizational and External conditions: realizing the need to develop a shared definition of performance through the integration of NFPMs in a more centralized PMS. This has however received mixed practical responses in view of the extensive corporate usage of FPMs.

4.4.1 Quantitative and Qualitative Metrics at Company A

The reaction of most respondents when asked to define what they understand by and call performance is not a 'straight' answer. In most cases, respondents do not address the substance of the performance concept directly and prefer to situate themselves and the interviewer into the 'action of performance measurement' at by telling how they measure it, rather than defining the concept itself. Moreover, they actually need an example to help them clarify the concept of performance, almost as if they could do without such a definition, or simply that such a clear concept speaks for itself. This reaction depends on the hierarchical level of the respondent; with a tendency to get a more immediate and practical answer such as "*the way we measure it is revenue /sales/operation margin/cash*" - again mostly financial

[34] "The annual report and the consolidated annual report are important elements of financial reporting. Enhancement, in line with current best practice, of the existing requirement for these to present a fair review of the development of the business and of its position, in a manner consistent with the size and complexity of the business, is necessary to promote greater consistency and give additional guidance concerning the information a "fair review" is expected to contain. The information should not be restricted to the financial aspects of the company's business. It is expected that, where appropriate, this should lead to an analysis of environmental and social aspects necessary for an understanding of the company's development, performance or position. This is consistent also with Commission Recommendation 2001/453/EC of 30 May 2001 on the recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of companies. However, taking into account the evolving nature of this area of financial reporting and having regard to the potential burden placed on undertakings below certain sizes, Member States may choose to waive the obligation to provide non-financial information in the case of the annual report of such undertakings" (Directive 2003/51/EC of the European Parliament and of the Council of 18 June 2003 amending Directives 78/660/EEC, 83/349/EEC, 86/635/EEC and 91/674/EEC on the annual and consolidated accounts of certain types of companies, banks and other financial institutions, 2003).

metrics - when the respondent is close to the operations level, sticking to the daily reporting tasks that they have to accomplish. When the respondent is not close to operations, the person has a tendency to define performance more holistically, elusively or vaguely with a tendency to use 'trendy' strategic words implying '*customer satisfaction*' and '*service/ value delivery to the customer*' on the one hand, but going back to '*cash management*' on the other. This latter metric is often disclosed like a confession to the interviewer.

The link between performance and strategy is also not spontaneously mentioned by respondents, yet is more easily referred to when the question is asked to top managers. This would tend to confirm the existing literature regarding the distance to power, involvement and link to financial metrics, as the respondent gets closer to the operations level (Euske, Lebas, & McNair, 1993).

One respondent, among the youngest, highlighted that performance is a word, which is used incorrectly and in many inappropriate occasions at Company A. In doing so, performance loses its meaning: *"I would have liked to see it (*performance*) black on white and engraved in marble to say so, but today, the word is used incorrectly and for any matter and I think we come across it in many presentations; what we call strategic plans, when the business unit presents its future strategy, this word will be replicated on '50 000' slides in any circumstance and for any reason, this will not mean the same thing, so, in the end, it loses its meaning, it is just performance to say performance, but there is nothing behind, it doesn't connect, this doesn't have the same meaning for everyone"* (A5). This lack of both definition and meaning for performance is particularly difficult for company management because the apparent certainty of an acronym or label such as the TDB or the BSC actually hides considerable definitional and practical uncertainty.

The impact of this imprecision on performance management is not neutral, since rational management is acknowledged as necessarily bounded and emotional (Sturdy, 2004). The beliefs of managers and what they perceive and understand not only of their role within an organization but also of a method or methodology such as the TDB or the BSC for example, shapes the tools they develop, adapt and use, and also when, how and why they use them in such a way. These themes about perception have been subject to investigations by theories emerging from Edmund Husserls' Phenomenology, such as Social Institutionalism and Social Constructionism, which consider reality as a social construction (Berger & Luckmann, 1966).

Across the different levels of responsibility to which access was granted to the researcher, financial performance measures were primarily referred to within the framework of a PMS.

These metrics are sales and operating margin, which is a year to date metric comparison (e.g. 'same store sales'). Other quantitative metrics included inventory level, cash, personnel costs and pilferage ratios. When asked for more details several respondents answer that the performance metrics they are using are simply the ones to be found when scrolling down the profit and loss account: margin from operations, overheads, personnel costs, marketing, advertisements, rents, which are all aggregated from distribution costs followed by margin from operations: *"We watch the net income with an emphasis on cash (...) we are an industry which works heavily on cash because we are funding one part of our assets with cash"* (A3). This conception and practice of – lagging – performance measurement explains the quantitative analysis of income, which is an historical (i.e. 'accounting mirror') costing day to day performance assessment.

This practice is strengthened by the technology used by middle to top managers who receive this financial quantitative information on their portable devices every day: *"the first, if you want, the first act of management is the income at our company. We are monitoring this every month, but especially every day, technologic marvel*[35] *(...) what I receive every morning in traffics jams: Tuesday January 23rd, global income..."* (A3). This technology traditionally consists in reporting a limited number of data and they are mostly financial nature.

One reason that financial data is used is that it leads to less personnel conflict than a qualitative 'target' and it is presented by respondents as a good weapon against possible inflation and deliberate or unwanted/ unintended distortion of performance data. These are metrics, which are fast and easy to obtain.The use of these metrics is presented as very suitable in an industry where managers have to deal with a large quantity of information on small transactions coming from scattered places, especially in a network industry such as retail.

This measurement practice also depends on tools relying on past day transactions and the development of information systems using OLAP based technology[36]. In this environment, financial data is tied to individual bonus and/or stock options, which strengthen the idea that linking a metric to an individual performance has to be done with performance data, which cannot be subject to interpretation, therefore a FPM. This practice also constitutes a way to

[35] Corporate financial update supplied to managers on their handheld devices on a daily basis.
[36] A hypercube or OLAP (On Line Analytical Processing) cube is a data structure that allows fast analysis of data. It can be defined as the capability of manipulating and analyzing data from multiple perspectives. The arrangement of data into cubes overcomes a limitation of relational databases. OLAP cubes can be thought of as extensions to the two-dimensional array of a spreadsheet. For example a company might wish to analyze some financial data by product, by time-period, by city, by type of revenue and cost, and by comparing actual data with a budget. These additional methods of analyzing the data are known as dimensions. Because there can be more than three dimensions in an OLAP system the term hypercube is also used. (Source: Wikipedia).

make sure performance information is used. The combination of metrics linked to individual bonuses depends on the current corporate focus dealing with what changes, with what is happening in the market, what happened in Company A, as well as the changing strategic objectives of the company. These practices show that operational qualitative and quantitative metrics tend to be used more at operations level besides being modified in order to be reported to top management (A11).

4.4.2 Emergence of Non-Financial Performance Measures (NFPMs)

There is no evidence that the company engaged in the development of specific non-financial performance measures apart from traditional indicators, which can be found in other industries and are obvious, such as customer satisfaction. Income, which is very important, is complemented by market share for example (A3; A5). Moreover, respondents' answers show that NFPMs tend to be developed when traditional cost savings policies find their limits. Along with the fact that respondents see the development of NFPMs as a means to crosscheck FPMs information for skeptic stakeholders such as financial analysts for example, another justification of the pre-eminence of 'income' among other metrics is suggested by some respondents as showing that the indicators they use are 'holistic', which means they consider them as "*summarizing metrics*". Respondents' answers also show that the balance between FPMs and NFPMs depends on their hierarchical levels and are used opportunistically by managers. A good example is provided by the income which is monitored and considered a good metric by respondents because it offers the advantages of a financial quality metric (i.e. 'straightforwardness' at least in spirit, common language, etc...) but it is also perceived as a good indicator that customers are satisfied, because otherwise this would mean Company A "would not make money". Respondents however conceive this holistic/ summarizing ability of a financial metric in one direction only: from financial to non-financial. On the other hand, it is assumed by respondents that customer satisfaction is not as good a predictor of prosperity as a financial metric, which would contradict pro-BSC literature. This would confirm Ittner and Larcker (2003) who show that most companies have apparently adopted boilerplate versions of nonfinancial measurement frameworks, such as Kaplan and Norton's Balanced Scorecard, Accenture's Performance Prism or Skandia's Intellectual Capital Navigator, but seldom establish the cause and effect linkages between the measurements and desired outcomes.

4.4.3 Centralized performance information

Coherent with Chenhall (2003), another emerging action and interaction strategy that was implemented as a result of the operation of its PMS is Company A's reporting system development, its evolution towards NFPM and centralization. Few answers apart from top management respondents' relate to strategy fulfillment/goals and the mission of the company. The reporting system is fairly traditional in its usage of financial information complemented by even more traditional non-financial information. There is little evolution of indicators from one year to another, yet yearly focus may differ depending on the emphasis of management at a specific moment, specifically when strategy changes. This means that performance management may be iterative in nature, with some consistency as far as basic – financial – metrics are concerned and then specific – financial to non-financial – metrics developed and used to meet periodic requirements.

Customer loyalty programs are accounted for mostly by their cost, and more rarely for the information they provide. While it is obvious that Customer Relationship Management (CRM) information is vital for the retail industry, no relation is spontaneously reported by respondents regarding this latter instrument as a performance measurement/management tool. Rather it is merely and vaguely an obvious part of the performance value chain framework.

Noticeable is the strong tendency, for over 10 years, towards centralization of information at headquarter level. The main characteristics of a centralized approach include control, efficiency and economy, which have been an important motivation for the company due to the pressure of profitability. Accordingly, Information Technology (IT), as both a provider of centralization and decentralization (Dewett & Jones, 2001) has been a good means of reconciling the need to enable top management to obtain information more quickly and accurately and reducing uncertainty while also making it possible for lower and middle level managers to stay better informed about organizational issues. This reflects the classical organizational system differentiation but its necessary integration, informed by Contingency Theory (Lawrence & Lorsch, 1967).

At the moment of the interviews at Company A, evidence from respondents show that several performance measurement systems are in operation and have yet to be integrated. Even if the evolution of performance management techniques have evolved towards the integration of more non-financial data, this centralization trend, mixed with expanding information technology capabilities, has paradoxically strengthened the usage of financial information which is reducing possible issues of integrity/pre-selection of quantitative information. This is

especially true when individual bonuses are involved (Ittner & Larcker, 2003). Finally, this centralization led to the constitution of a dual channel performance measurement, which seems to emerge from respondents' statements and has been detailed in the section dealing with organizational conditions. This would tend one to assume that in organizations where Information Systems are not integrated the PMS is decoupled (i.e. a corporate formal vs. operations customized metrics).

4.5 Outcomes of using the PMS at Company A

Company A's adoption of a PMS and management strategies have resulted in a number of management and accounting consequences which are now summarized and discussed. The emerging outcomes of running the PMS at Company A are impacting management action through shaping a set of operational indicators which remain largely financial as a means of improving and redefining the operational model of the company.

4.5.1 Formal and Informal Performance Management and rigidity of performance measures collection and standardization

Company A has developed a set of tools to enhance management decision effectiveness. Metrics implemented consists of a "*set of operational indicators which are used to improve planning*" (A9). Operational indicators are still primarily composed of financial metrics. The evaluation of performance is organized by responsibility center, which implies geographic area, store or department, but also by product (family, reference[37]) with simple and fairly traditional overhead allocation rates, such as by income, square meter, and number of employees. Store formats are consistent, thus performance is assessed on progression rates and they constitute, for respondents, a more objective way of assessing performance than imposing a goal. Company A also uses benchmarking (i.e. league tables) which implies the existence of internal company competition. Performance evaluation is not done at the same frequency for top management, middle and lower management. Top management is subject to a monthly performance review, which is financial, whereas middle and store management is involved in a daily and weekly assessment, which is more diverse in the mix of financial and non-financial metrics used. These are still financial, but in a non-direct way, by expressing a non-financial indicator in financial terms, such as inventory level for example.

As evidenced earlier, this performance management tends one to assume that the rigidity of performance measures collection and its standardization is aimed at stakeholders' reassurance

[37] Variety of product sold by a distributor and having one or more distinctive characteristics compared to other products it sells. Example: chocolate nut milk, sold in batches of three tablets of 100g.

and explains the decoupling of Company A's PMS. This latter assessment procedure is considered more operational by respondents because it implies managing metrics, which are more easily activated and monitored by management in the short run (on a day to day basis for example), but also because at this level of operations, management has a limited impact on more global costs, such as personnel for example.

The need for reactivity, which is consubstantial with the short term adaptation/reactor strategy of Company A within the industry (Colla, 2001), explains the reason that the metrics involved in its PMS are more financial and aimed at monitoring the maximization of income, and the balance of price and sales force bonus computation on a day to day basis so that 'instant' reactivity is encouraged. The expression of this performance measurement and management is a decoupled PMS which generates strategic inconsistency between a 'long term' strategy and a short term practice and explains the reactor strategy of Company A.

4.5.2 Redefining Core Activities

Another consequence of performance management at Company A is a product mix improvement policy, which covers two main strategies. On the one hand the firm is rationalizing its growth strategy as well as its store assortment in order to increase the supply in food sections. This is done by means of a thorough analysis of all product references, an increase of owned brands, and the development of specialized products and broadening the range of products when necessary. On the other hand, the company is reducing or simply eliminating some food and non-food sections, which are not profitable in hypermarkets, as well as downsizing their biggest hypermarkets. As far as supermarket formats are concerned, the company is switching to one single banner for all store formats introducing more and more owned brands in its general assortment and increasing the number of product references at least 10%. This redefinition of the industrial activity of Company A comes in association with the formal emergence of NFPMs, which complement traditional FPMs as evidenced above.

5 Discussion of hypotheses emerging from the case of Company A

Based on company A case study, the purpose of this research was to develop hypotheses, that is to say bringing assumptions to the research so that further research could test them. Hypotheses that have been identified during this analysis are generated from the relationships between the components of the five dimensions of the methodology applied to the case. The results of the analysis suggest the 19 hypotheses introduced in this section.

5.1 Industry Nature

Industry Nature, which is a causal theme, comprises different components. The sophistication level of the operations of the retail industry, that is to say the low complexity level of the tasks involved in the retail business and the short termism of its operations and profitability constraints are associated with a requirement to craft/ adopt a PMS structured around simple and operational metrics. As established by interviews and external information sources, retail is an industry, which is highly dependent on day-to-day operations and has remained very basic in its performance measurement and management system. Both explain the pre-eminence of revenue and cash management as well as basic operations indicators in the PMS. The case stressed the importance of Industry Nature as a driver for companies to adopt and use operations and FPMs structured PMS. Therefore the first causal substantive hypothesis regarding the relationship between Industry Nature and the PMS is as follows: "***Industry nature, sophistication and short term constraints are associated with the adoption of operational and FPMs in the PMS of organizations***".

5.2 Economic Environment Sensitivity

The importance of the instability of the Economic Environment emerged as a driver to adopt and use a PMS dominated by quantitative and financial metrics. The quick availability and the flexible nature of these metrics to provide industry benchmarks, which are able to reassure skeptical stakeholders in a fast moving and unstable environments, are examples. Therefore the second causal substantive hypothesis regarding the relationship between Economic Environment Sensitivity and the adoption/ structure of a PMS is: *"**In unstable environments the PMS of companies tends to be structured around quantitative and financial metrics which are quickly available and flexible strategic industry metrics, enabling fast and efficient industry benchmarks to reassure stakeholders and preserve industrial relations**"*.

5.3 Performance Management Reporting Structure and Process and Company Culture

Evidence at Company A shows that a rigid performance management reporting structure and its implementation process favor the structure of the PMS around a set of quantitative and financial metrics which must be meaningful for different populations: company personnel (through compensation schemes for example) but also external communities such as skeptical shareholders and financial analysts. One mission of this set of metrics is to express an 'ill-defined' notion of performance, therefore be holistic to embody what internal and external

differentiated populations perceive as being performance, such as 'profitability' for example. Therefore the third causal substantive hypothesis regarding the relationship between Performance Management Reporting Structure and Process and Company Culture and the adoption/ structure of a PMS is the following: *"**FPMs are prominent in these organizations because they are holistic, embody profitability, are understood by everyone internally and externally and blend responsibility**"*.

5.4 Growth Model

The importance of companies' Growth Model was stressed as a driver to adopt and use quantitative operational and financial metrics structured PMS. The type of growth model however depends on the specificity of the company. For Company A, both the rigidity and the reactor type of companies' growth models are associated with the prominence of operational and financial metrics in the PMS. Therefore the fourth causal substantive hypothesis regarding the relationship between the Growth Model and the adoption/ structure of a PMS is: *"**Operations and FPMs are prominent in the PMS of organizations whose growth model is rigid, reactor type and/or defined as performance**"*.

5.5 Corporate History and Culture

The corporate history and culture influences performance management practices towards the incarnation of performance through traditional operational and financial indicators as customary industry benchmarking data. As demonstrated by Cho (2009), the higher profile of companies not only makes them powerful but also exposes them to pressures[38]. Therefore, the formal sets of NFPMs are often not primarily introduced for performance evaluation. As illustrated in this case study, NFPMs are developed for industry benchmark purposes, through a process of approval seeking from groups in society informed by Strategic Legitimacy Theory[39] (Suchman, 1995; Hybels, 1995) and as a result of isomorphic mimesis informed by Institutional Theory (DiMaggio & Powell, 1983). Therefore the first organizational substantive hypothesis regarding the relationship between Corporate History and Culture and the PMS is: *"**Company History and Culture lead to management practice which associates performance with traditional industry operational and financial metrics. NFPMs are***

[38] "Industry does influence corporate social responsibility disclosure as higher profile firms are exposed to constant ethical and social pressure around the globe, and firms that reside at the environmentally sensitive industry are subject to increased public pressure and thus need to be thought of as providing strong environmental stewardship." (Cho, 2009).

[39] "Organizations seek to establish congruence between the social values associated with or implied by their activities and the norms of acceptable behavior in the larger social system in which they are a part." Mathews, M. R. (1993).

primarily developed for isomorphic (not for performance evaluation) and benchmark purposes and are associated with the leverage capacity of the organization".

5.6 Corporate Structure Stability

The performance policy of the Corporate Structure and that of the dominant coalition (i.e. the board members) along with their stability over time are emerging causal conditions for the structure and the persistence of a PMS. These are associated with the stability over time of the arbitration, which decides on the formal balance of FPMs and NFPMs in the PMS. Therefore the second substantive organizational hypothesis regarding the relationship between Corporate Structure Stability and the PMS is: "***The FPMs/ NFPMs balanced structure of a company PMS depends on the stability over time of the organization's corporate structure and dominant coalition***".

5.7 Employee Management, Education and Management Competences

The lack of clarity between 'performance' and NFPMs for managers enhances the prominence of FPMs in the PMS of the company because they are perceived to be more objective and fair in performance evaluation, in addition to being used for compensation purposes. This 'FPMs fairness' strategy emerges as being adapted to the average employee education and management competence. This also facilitates the preservation of industrial relations by avoiding the multiplication of NFPMs, which are perceived by respondents as 'less objective' in performance evaluation. In addition to this practice, respondents may perceive performance reporting as not being efficient because it does not report relevant information. Therefore the third organizational substantive hypothesis regarding the relationship between Employee Management, Education and Management Competences and the PMS is: "***Performance and NFPMs benefits are not clear and FPMs are perceived to be more objective/ fair than NFPMs by managers who shape the PMS to be structured around more FPMs than NFPMs***".

5.8 Strategy

The different kinds of strategic types adopted by the company in the typology developed by Miles and Snow (1978) complemented by either low-cost and/ or differentiation strategies tend to be associated with the adoption of a rigid and standardized PMS which is mainly structured around FPMs. This is a counter intuitive assumption because two different strategies tend to impact a phenomenon in the same way. However this appears plausible based on the evidence regarding strategy and PMS structure provided. This confirms prior

literature to the extent that no evidence was found across the case, which supports organizational structure strategy determinism. That is to say that regardless of its strategy, the firm implemented a structural configuration, which is mixed rather than being consistent across the structural dimensions without an overall performance penalty (Pleshko & Nickerson, 2008). Therefore the fourth organizational substantive hypothesis regarding the relationship between Strategy and the PMS is: *"**Low-Cost/ Differentiation/ Reactor and Analyzer strategies are associated with a rigid and standardized PMS structured around FPMs**"*.

5.9 Change Management

Across the case, revolutionary change (Greenwood & Hinings, 1996), whether it is a swap of dominant coalition or a merger, emerges as being associated with the formal redesign of the PMS with core FPMs and its expansion to integrating NFPMs. This redesign process is the expression of company approval seeking strategy from groups in society (Suchman, 1995; Hybels, 1995) and its mode of operation, which is isomorphic mimesis (DiMaggio & Powell, 1983). Therefore the fifth organizational substantive hypothesis regarding the relationship between Change Management and the PMS is: *"**Revolutionary change is associated with PMS redesign around core FPMs and expanding to the isomorphic mimesis emergence of NFPMs**"*.

5.10 Competition

Competition emerged as an important environmental condition, which impacted the use of the PMS. The modification of the competitive environment has come mainly from adapting to customers' changing purchasing and store habits, reaction to corporate public image, and purchasing power change. The condition related to direct competitors involves a reaction to customer behavior modification. Because of the pressure placed on the company for return on investment these modifications in the competitive environment have generated stress on financial information which explains the prominence of FPMs in companies' PMS. Therefore the first environmental substantive hypothesis regarding the relationship between Competition and its influence on the PMS is: *"**The modification of the competitive environment originating from customers, competitors and regulators generates a stress on financial performance and explains the prominence of FPMs**"*.

5.11 Environment, Stakeholder and Shareholder pressure

In tightened and uncertain economic conditions, stakeholder's pressure for returns (i.e. the market, shareholders and financial analysts) has caused the organization to focus on cash flow and revenue generation because these are perceived by the environment as the rational and rigorous way to evaluate performance (e.g. financial analysts). This pressure pushed the company to adopt a PMS that is able to provide evidence that it controls performance in the way required by stakeholders. As a consequence, and as evidenced in the case, the company tended to adopt a decoupling policy which consisted of the development of more rigorous and centralized[40] formal financial and non-financial metrics able to make company performance management accepted by the norms set by their 'environment' (i.e. powerful stakeholders: the market, shareholders and financial analysts). This formal performance system is complemented by an informal system composed of financial and operational metrics which evidence the short term returns that stakeholders require. The pace of this decoupling process depends the on company culture and industrial relations. Therefore the second environmental substantive hypothesis regarding the relationship between the Environment and its influence on the PMS is: ***"Under stakeholder pressure for proof of profitability in tightened and uncertain economic conditions, organizations focus on core business operations, cash and revenue and tend to develop more rigorous centralized formal financial and non-financial metrics as well as informal financial and operational metrics"***.

5.12 Industry Nature

The nature of the industry emerged as an environmental cause, which impacts the shape and the operation of the company's PMS. The company functions under short term constraints, such as day to day operations and cash and revenue, which pushes managers to focus on fast action operational metrics and FPMs and to monitor and manage company performance based on these metrics. Therefore the third environmental substantive hypothesis regarding the relationship between the Industry Nature and its influence of the PMS is: ***"The industry short term constraint (cash and revenue) makes organizations focus on rapid action operations metrics and FPMs"***.

5.13 Trends: Political regulations, commercial and media

The development of formal NFPMs is primarily associated with a reaction from the company to external pressures coming from their stakeholders in a wider sense. This can involve

[40] This is an illustration of Lawrence and Lorsch's Contingency Theory's Differentiation and Integration process.

reaction to state regulation such as an EU directive which strongly invites companies to manage performance with a balanced portfolio of metrics. This can also consist in adopting socially acceptable behavior to improve public image and attract new customers through formal environmental accounting practices. This public relations' strategy leads to the decoupling of the PMS as evidenced by institutional theory and legitimacy theory. Therefore the fourth environmental substantive hypothesis regarding the relationship between the Political regulations, commercial and media and their influence of the PMS is: *"**Stakeholder, state and media pressure explains the isomorphic development of formal NFPMs**"*.

5.14 Quantitative and qualitative metrics

Operational quantitative and qualitative metrics which can easily be translated into financial indicators (e.g. customer satisfaction, operations metrics, and employee satisfaction for example) emerge as metrics, which are specifically used at different operational levels because they are perceived by respondents as having more meaning than traditional financial performance ones. This is because respondents consider the latter as 'translations' of operational metrics, which are natural embodiments of performance. This means that, for performance information upload to higher management levels, NFPMs are perceived as less tangible 'secondary information' deformed by the 'finance' prism of their translation. Respondents perceive this translation of NFPMs into FPMs as a compulsory practice to report performance information to top management because the latter are used for compensation purposes. Respondents declare that quantitative and financial metrics are used for performance evaluation to focus the attention of managers on the profitability requirements of their publicly traded companies (e.g. metrics showing a manager's contribution to a positive ROI). Therefore the first substantive hypothesis regarding the action and interaction strategies of using a PMS is: *"**Operational qualitative and quantitative metrics (customer, operations, and employee) are adopted at operational levels to show a manager's contribution to a positive ROI; these can easily be transformed into financials to be reported to top management and are used for compensation**"*.

5.15 Formal development of NFPMs and Specific conception and usage of NFPMs

NFPMs development is associated with a legitimacy seeking strategy (e.g. improving public image) through isomorphic mimesis. Respondents associate this development with a means of performance information crosscheck for skeptical and demanding stakeholders (e.g. financial analysts, shareholders, community and regulators) who do not trust prominent traditional FPMs. To some extent, NFPMs are also perceived by respondents as 'luxury' performance

measures, which can be developed when a company is in a comfortable financial situation. Respondents' interviews show that this development is also a strategy implemented at companies where traditional costs saving initiatives have been used and are reaching their limits, but also at companies who wish to limit subunits 'costs-saving' competition. The balance between FPMs and NFPMs in the PMS depends on the behavior that the hierarchical level of management wants to produce in performance assessment. Therefore the second substantive hypothesis regarding the action and interaction strategies of using a PMS is: ***"NFPMs development is associated with a legitimacy seeking strategy through isomorphic mimesis which companies implement if they are in a comfortable financial situation and when they reach the limits of cost driven initiatives"***. This hypothesis is coherent with the contingency theory of organizational structure and more specifically with the Structural Adaptation to Regain FIT (SARFIT) theory (Donaldson, 1987; 2001). This model holds that there is fit between each contingency and one (or more) aspect of organizational structure such that fit positively affects performance and misfit negatively affects performance. An organization initially in a strategy fit experiences a change in contingency and thereby moves into a strategy misfit and suffers declining performance: this causes the adoption of a new structure so that fit is regained and performance is restored. Hence the cycle of adaptation is the following: fit, contingency change, misfit, structural adaptation, new fit.

5.16 Centralization of Performance Information

Respondents' interviews show that, in organizations where the information systems are not integrated, the PMS tends to be decoupled (i.e. opposing corporate formal and operational informal, customized metrics). As a confirmation of contingency theory's integration-differentiation relationship, case study evidence associates the adoption of easily accessible industry metrics with a means to reduce PMS decoupling and a manager's dissonant perception of performance. The adoption of industry metrics is due to external pressure but is also used as an excuse not to develop alternative performance indicators. Therefore the third substantive hypothesis regarding the action and interaction strategies of using a PMS is: ***"In organizations where the information systems are not integrated, the PMS tends to be decoupled"***.

5.17 Decoupling: Formal and Informal Performance Management

Respondents' interviews provide evidence that using a PMS results in a decoupling of performance measurement and management which opposes corporate formal metrics against informal operations-driven customized metrics. The informal system adopts a

multidimensional form mixing FPMs and NFPMs across the hierarchical levels, depending on managers' own performance information requirements, with a tendency to concentrate on operational and NFPMs at lower management levels and traditional FPMs at higher and top management levels. The formal performance measurement and management system adopts the form of a multidimensional system, which is socially acceptable to the company stakeholders. This dual performance management system generates a paradox between a long-term strategy implemented by a short term practice which some respondents associate with counter-performance. Therefore the first substantive hypothesis regarding the outcomes of using a PMS is: *"**Decoupled PMS generates strategic inconsistency between a long-term strategy and a short-term practice**"*.

5.18 Rigidity of Performance Measure Collection and Standardization

Respondents' interviews provide evidence that using a PMS results in rigid performance measures collection and their standardization. This is the outcome of a legitimacy seeking strategy. The purpose is to reassure skeptical stakeholders about the profitability of companies through metrics compliance (i.e. standardization) with what is perceived by company management as a 'socially acceptable' performance measurement and management system. This process generates the above-mentioned decoupling of performance measurement and management, opposing corporate formal metrics and informal operations-driven customized metrics. Respondents' interviews provide evidence that this strategy sometimes leads to responsibility dilution and counter performance. Therefore the second substantive hypothesis regarding the outcomes of using a PMS is: *"**The rigidity of performance measures collection and standardization is aimed at the reassurance of stakeholders' and creates decoupling of the PMS**"*.

5.19 Redefining Core Activities

Respondents' interviews provide evidence that using a PMS results in the redefinition of core company activities. In these cases, respondents perceive the formal emergence of NFPMs as complementing traditional FPMs through a revolutionary change process and they associate this emergence with the redefinition of the industrial activity of the company such as size and format change. Therefore the third substantive hypothesis regarding the outcomes of using a PMS is: *"**The formal emergence of NFPMs complements traditional FPMs and is associated with the redefinition of the industrial activity**"*.

6 Conclusions

The case study approach has enabled to explore and gain further understanding of management accounting practices, particularly performance measurement and management, in their natural setting. The Strauss & Corbin's (1998) grounded theory methodology was adopted because it provides a structured set of analytical steps and systematic analytical techniques for handling and interpreting data to enable theory building.

Evidence from the case study has allowed to develop and to suggest a total of 19 hypotheses relating to the performance measurement and management systems. The analysis suggests that financial performance measures remain dominant and that although non-financial performance measures are used, these are often de-coupled from the key performance measures at the highest levels of management. Evidence also suggests that the dominance of financial performance measures appears to be due to the nature of the industry its sensitivity to unstable economic environment, the competitive environment impacted by changes in customer behavior and shareholder and market pressure.

The development of non-financial performance measures appears to primarily be a response to wider stakeholder pressures in the external conditions. In response to these pressures the companies' appear to develop non-financial performance measures in order to appear legitimate in the eyes of these wider stakeholder groups. thereby supporting isomorphism and de-coupling as found in the literature of institutional theory.

References

Ahrens, T., & Dent, J. F. (1998). Accounting and organizations: Realizing the richness of field research. *Journal of Management Accounting Research, 10*, pp. 1-39.

Alenizi, F. M. (2001). *Non-financial performance measurement: four grounded theory case studies in the service sector.* (D. o. Finance, Ed.) Dundee, Scotland: University of Dundee.

Alexander, N., & Myers, H. (2000). The retail internationalisation process. *International Marketing Review, 17* (4/5), pp. 334-353.

Arnold, S. J., & Narang Luthra, M. (2000). Market entry effects of large format retailers: a stakeholder analysis. *International Journal of Retail & Distribution Management, 28* (4/5), pp. 139-154.

Birnberg, J. G., Shields, M. D., & Young, S. M. (1990, Fall). The case for multiple methods in empirical management accounting research (With an Illustration from Budget Setting). *Journal of Management Accounting Research*, pp. 33-66.

Bouquin, H. (2000). *Contrôle et stratégie.* From http://www.crefige.dauphine.fr/publish/ctrl_strat.htm

Buckley, J. W., Buckley, M. H., & Chiang, H. (1976). *Research Methodology & Business Decisions.* National Association of Accountants and the Society of Industrial Accountants of Canada.

Burns, T., & Stalker, G. M. (1961). *The Management of Innovation.* New York: Oxford University Press.

Burrell, G., & Morgan, G. (1979). *Sociological Paradigms and Organisational Analysis.* London: Heinemann.

Cascio, W. (2006). Decency means more than 'always low prices': a comparison of Costco to Wal-Mart's Sam's Club. *Academy of Management Perspectives, 20* (3), pp. 26-37.

Chenhall, R. H., & Langfield-Smith, K. (2007). Multiple Perspectives of Performance Measures. *European Management Journal, 25* (4), pp. 266-282.

Cho, C. (2009). Legitimation strategies used in response to environmental disaster: A French case study of Total SA's Erika and AZF incidents', *European Accounting Review*, vol. 18, no. 1, pp. 33-62.

Christopherson, S. (2006). Callenges facing Wal-Mart in the German Market. In S. Brunn, *Wal-Mart World* (pp. 261-274). New York: Routledge.

Chua, W. F. (1986). Radical Developments in Accounting Thought. *The Accounting Review, 61*, pp. 601-632.

Colla, E., & Dupuis, M. (1997). *Le defi mondial du bas prix.* Paris: Publi Union.

Colla, E., & Dupuis, M. (2002). Research and Managerial issues on global competition: Carrefour/Wal-Mart. *International Journal of Retail & Distribution Management, 30* (2), pp. 103-111.

Commins, J., & Preston, D. (1997). The attractiveness of retailing as a career for graduates: an update. *International Journal of Retail & Distribution Management, 25* (4), pp. 120-125.

Csaszar, F., & Siggelkow, N. (2010). How much to copy? Determinants of Effective Imitation Breadth. *Organization Science, 21* (3), pp. 661-676.

DiMaggio, P. J., & Powell, W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review,* (48), pp. 147-160.

Donaldson, L. (1987). Strategy and Structural Adjustment to Regain Fit and Performance: in Defense of Contingency Theory. *Journal of Management Studies, 24* (1), pp. 1-24.

Donaldson, L. (2001). *The Contingency Theory of Organization.* Sage.

Durand, C. (2007). How Institutions Affect Retailers' Internationalization? A comparative Analysis of Wal-Mart and Carrefour Trajectories. *EAEPE Conference 1-3 November 2007* (pp. 1-25). Porto: Facultade de Economia, Porto, Portugal.

Durand, C., & Wrigley, N. (2009). Institutional and economic determinants of transnational retailer expansion and performance: a comparative analysis of Wal-Mart and Carrefour. *Environment and Planning A, 41* (7), pp. 1534-1555.

Fendt, J., & Sachs, W. (2008). Grounded Theory Method in Management Research. *Organizational Research Methods, 11* (3), pp. 430-455.

Girin, J. (1990). L'analyse empirique des situations de gestion : éléments de théorie et de méthode. In A. C. Martinet, *Epistémologies et sciences de gestion* (pp. 141-182). Paris: Economica.

Glaser, B. G. (1992). Emergence vs. Forcing: Basics of Grounded Theory Analysis. Mill Valley, CA: Sociology Press.

Glaser, B. G. (1998). Doing Grounded Theory: Issues and Discussions. Mill Valley, CA: Sociology Press.

Goldman, A. (2001). The transfer of retail formats into developing economies: The example of China. *Journal of Retailing, 77* (2), pp. 221-242.

Gosselin, M. (2002). Influence de la Stratégie sur l'adoption des mesures de performance en vigueur dans le système de comptabilité de gestion, AFC-CCA, http://www.afc-cca.com/archives/docs_congres/congres2002/pdf/Gosselin.pdf.

Govindarajan, V., & Fisher, J. (1990). Strategy, Control Systems and Resource Sharing : Effects on Business-Unit Performance. *Academy of Management Journal, 33* (2), pp. 259-285.

Greenwood, R., & Hinings, C. R. (1996, October). Understanding Radical Organizational Change: Bringing together the Old and the New Institutionalism. *The Academy of Management Review, 21* (4), pp. 1022-1054.

Hopper, T., & Powell, A. (1985). Making sense of research into the organizational and social aspects of management accounting: A review of its underlying assumptions. *Journal of Management Studies, 22* (5), pp. 429-465.

Hugill, P. (2006). The Geostrategy of Global Business: Wal-Mart in its Historical Forbears. In S. Brunn, *Wal-Mart World* (pp. 3-14). New York: Routledge.

Hybels, R. C. (1995). On Legitimacy, Legitimation, and Organizations: A Critical Review and Integrative Theoretical Model. *Academy of Management Journal* , pp. 241-245.

Irvine, H., & Gaffikin, M. (2006). Getting in, getting on and getting out: reflections on a qualitative research project. *Accounting, Auditing and Accountability Journal, 19* (1), pp. 115-145.

Islam, M. A., & McPhail, K. (2010). Regulating for Corporate Human Rights Abuses: The emergence of corporate reporting on the ILO's human rights standards within the global garment manufacturing and retail industry. pp. 1-41.

Johnston, R., Brignall, S., & Fitzgerald, L. (2002, March). Good enough performance measurement: a trade-off between activity and action. *Journal of the Operations Research Society, 53* (3), pp. 256-262.

Kaplan, R. S. (1983, October). Measuring manufacturing performance: A new challenge for managerial accounting research, *The Accounting Review*, 58 (4), pp. 686-705.

Keating, P. (1995). A framework for classifying and evaluating the theoretical contributions of case research in management accounting. *Journal of Management Accounting Research,* (5), pp. 66-86.

Koenig, G. (2006). Theories mode d'emploi. *Revue Française de Gestion,* (160), pp. 9-27.

Konzelmann, S. J., Wilkinson, F., Craypo, C., & Aridi, R. (2005). *The export of national varieties of capitalism: the case of Wal-Mart and Ikea.* CBR Working Paper, University of Cambridge.

Kopacz, M., & Davis, S. (2009). *Reviving retail: Strategies for growth in 2009.* Grant Thornton LLP.

Langfield-Smith, K. (1997). Management control systems and strategy: A critical review. *Accounting, Organizations and Society, 22* (2), pp. 207-232.

Lau, C. M., & Olger, B. (2007). An Empirical Study of the Behavioral Consequences of Performance Measures in French Organizations. *AAA Annual Conference.* Chicago.

Lau, C., and E. Berry. (2010). Nonfinancial Performance Measures: How Do They Affect Fairness of Performance. In *Performance Measurement and Management Control*, pp. 285-307

Lau, C. M., Berry, E., & Mitchelle, J. (2009). Nonfinancial Performance Measures: How Do They Affect Fairness of Performance Evaluation Procedures? (pp. 1-10).

Lawrence, P. R., & Lorsch, J. W. (1967). *Organisation and Environment: Managing Differentiation and Integration.* Boston: Harvard University.

Lawrence, P., & Lorsch, J. (1967). Differentiation and Integration in Complex Organizations. *Administrative Science Quarterly, 12*, pp. 1-30.

Lewin, K. (1946). Action research and minority problems. J Soc. Issues *2*(4), pp. 34-46

Mathews, M. R. (1993). *Socially Responsible Accounting*. Chapman & Hall.

Michelat, G. (1975). Sur l’utilisation de l’entretien non directif en sociologie. *Revue Française de Sociologie*, 16(2), pp. 229-247.

Miles, M. B., & Huberman, M. (1994). *Qualitative Data Analysis: An Expanded Sourcebook* (2 ed.). Sage Publications, Inc.

Miles, R. E., & Snow, C. C. (1978). *Organization Strategy, Structure, and Process.* New York: McGraw-Hill.

Orlikowski, W. J., & Baroudi, J. J. (1991). Studying Information Technology in Organizations: Research Approaches and Assumptions. *Information Systems Research*, 2, pp. 1-28.

Paillé, P., & Mucchielli, A. (2003). L'analyse qualitative en sciences humaines et sociales. Paris: Armand Colin.

Palmer, M. (2005). Crossing Threshold Periods in the Retail Life Cycle: Insight from Wal-Mart International. *European Management Journal, 23* (6), pp. 717-729.

Parker, L. D. (2008). Interpreting interpretive accounting research. *Critical Perspectives on Accounting*, 19(6), pp. 909-914.

Popper, K. R. (1935). Logik der Forschung. (M. S. Hrsg. von Herbert Keuth, Éd.) Wien: Springer.

Porter, M. E., & Siggelkow, N. (2008). Contextual Interactions within Activity Systems and Sustainability of Competitive Advantage. *Academy of Management Perspectives, 22* (2), pp. 34-56.

Simons, R. (1988). Analysis of the Organizational Characteristics Related to Tight Budget. *Accounting, Organizations and Society, 5*, pp. 267-283.

Simons, R. (1995, March-April). Control in an age of empowerment. *Harvard Business Review*, pp. 80-88.

Simons, R. (1995). *Levers of control.* Boston: Harvard Business School Press.

Simons, R. (1991). Strategic Orientation and Top Management Attention to Control Systems. *Strategic Management Journal, 12*, pp. 49-62.

Soin, K., Sealb, W., & Cullenc, J. (2002, June). ABC and organizational change: an institutional perspective. *Management Accounting Research, 13* (2), pp. 249-271.

Strauss, A. L., & Corbin, J. M. (2008). *Basics of qualitative research : techniques and procedures for developing grounded theory* (3rd ed.). London: Sage.

Strauss, A. L., & Corbin, J. M. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory* (2nd ed.). Sage.

Suchman, M. C. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Journal, 20* (3), pp. 571 - 610.

Tomkins, C., & Groves, R. (1983). The everyday accountant and researching his reality. *Accounting, Organizations and Society*, 8(4), pp. 361-374.

Waggoner, D. B., Neely, A. D., & Kennerley, M. P. (1999, April 20). The forces that shape organisational performance measurement systems: An interdisciplinary review. *International Journal of Production Economics, 60-61*, pp. 53-60.

Williamson, O. E. (1964). *The Economics of Discretionary Behavior: Managerial Objectives in a Theory of the Firm.* Englewood Cliffs, NJ: Prentice-Hall.

Woodward, J. (1958). *Management and Technology.* London: Her Majesty's Stationary Office.

Yin, R. K. (2003). *Case Study Research: Design and Methods* (3rd ed.). London: Sage.