

ORGANIZATIONAL PERFORMANCE MANAGEMENT IN SOCIAL ENTERPRISE: CASE STUDY APPROACH

GESTÃO DO DESEMPENHO ORGANIZACIONAL EM EMPRESAS SOCIAIS: UMA ABORDAGEM DE ESTUDO DE CASO

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Abstract

One of the main challenges of social enterprise (SE) is the inability to maintain performance in achieving its dual objectives: economic and social performance. Organizational Performance Management (OPM) is an essential tool for addressing the challenges. However, research related to this topic is limited. The study aims to investigate OPM practices, supporting factors, and their implications for achieving balanced dual performance in SE. Using a qualitative case study design, data were collected through in-depth semi-structured interviews and document review, and analyzed using thematic analysis. The findings indicate that effective OPM in SE comprises five interrelated components: strategy formulation, planning, monitoring, evaluation, and reward. The effectiveness of these components is reinforced by organizational and individual behavior, as well as stakeholder participation and support. Overall, the study shows that an effective OPM system strengthened by internal behavioral alignment and stakeholder roles facilitates simultaneous, more balanced attainment of economic and social performance. The study contributes to the existing literature on organizational performance management, supporting factors, and their impact on performance. In addition, it provides insight for managing SE performance, designing organizational performance management, and

Resumo

Um dos principais desafios das empresas sociais (ES) reside na dificuldade de sustentar o desempenho no alcance de seus objetivos duais: as dimensões econômica e social. A Gestão do Desempenho Organizacional (GDO) configura-se como uma ferramenta essencial para o enfrentamento de tais desafios; contudo, a produção científica acerca desta temática permanece limitada. O presente estudo visa investigar as práticas de GDO, seus fatores de suporte e suas implicações para a obtenção de um desempenho dual equilibrado em empresas sociais. Utilizando-se um delineamento de estudo de caso qualitativo, os dados foram coletados por meio de entrevistas semiestruturadas em profundidade e análise documental, sendo posteriormente submetidos à análise temática. Os achados indicam que uma GDO eficaz em empresas sociais compreende cinco componentes inter-relacionados: formulação estratégica, planejamento, monitoramento, avaliação e recompensa. A eficácia desses componentes é reforçada pelo comportamento organizacional e individual, bem como pela participação e apoio dos stakeholders. Em suma, o estudo demonstra que um sistema de GDO eficaz, fortalecido pelo alinhamento comportamental interno e pelo papel das partes interessadas, facilita o alcance simultâneo e equilibrado do desempenho econômico e social. O trabalho contribui para a



managing supporting factors for achieving dual performance simultaneously and in balance.

Keywords: Social Enterprise. Organizational Performance Management. Organizational Performance. Organizational and Individual Behavior. Stakeholder Participation and Support.

literatura existente sobre gestão do desempenho organizacional, fatores de suporte e seus respectivos impactos no desempenho. Além disso, fornece subsídios para a gestão do desempenho em empresas sociais, para o design de sistemas de GDO e para o gerenciamento de fatores condicionantes voltados ao alcance concomitante do desempenho dual.

Palavras-chave: Empresa Social. Gestão do Desempenho Organizacional. Desempenho Organizacional. Comportamento Organizacional e Individual. Participação e Apoio dos Stakeholders.

1 INTRODUCTION

Social enterprise (SE) has gained significant traction in academic and civil society since the early to mid-1990s. Over the past two decades, the number of active SEs has increased sharply worldwide and continues to the present day. In Indonesia, SEs have emerged gradually, and interest in them is rising as attention to entrepreneurship grows.

Conceptually, SEs are commonly positioned as hybrid organizations that pursue social missions while simultaneously operating through commercial activities to generate economic value. A substantial body of literature indicates that pursuing dual objectives can lead to internal tensions within SEs. One persistent challenge for SEs lies in maintaining stable performance while balancing and achieving both objectives over time. Therefore, organizational performance management (OPM) becomes highly relevant as a managerial solution, managing simultaneously and balancing the achievement of SE's two main objectives.

Organizational performance management has long been recognized as a strategic tool that enables organizations to translate goals into measurable actions and outcomes. The impact of OPM has attracted significant research interest from the academic and business communities. This is demonstrated by the considerable number of organizations that have adopted performance management practices, as evidenced by numerous articles and case studies that indicate that this approach leads to superior organizational outcomes.

Over the past decade, research interest in SE performance management has continued to grow and develop. However, existing research is generally still focused and

limited to aspects of performance measurement, dual objective management, performance reporting, accountability, and factors that relate to and influence organizational performance (Abedin *et al.*, 2023; Akther *et al.*, 2024; Bagnoli & Megali, 2011; Crucke & Decramer, 2016; Makeel *et al.*, 2022; Mas-Machuca *et al.*, 2024).

Consequently, a crucial gap persists in understanding OPM practices in SEs, namely, how performance management is implemented as an integrated process, which supporting factors enable it to function effectively, and how it shapes the achievement of both economic and social outcomes. To the best of the researchers' knowledge, limited studies have examined OPM in SEs as an end-to-end system encompassing implementation practices, enabling conditions, and performance impacts. Addressing this crucial gap is essential for further research and offering practical concepts on SE sustainability and impact.

In response, this study aims to investigate and describe OPM practices in SEs, the supporting factors that facilitate these practices, and their implications for achieving dual performance. Specifically, this study addresses three research questions;

RQ 1. How is organizational performance management practice in social enterprise?

RQ 2. What factors support organizational performance management practice in social enterprise?

RQ 3. What does organizational performance management practice impact a social enterprise's dual performance?

Empirically, the study is conducted at VOE Tirta Mandiri Ponggok (VTMP), a Village-Owned Enterprise (VOE) that has received national recognition, including being named one of the best VOEs by the Indonesian government and serving as a pilot for VOE management practices in Indonesia. By using a case study, the study provides contextually grounded insights into how performance management operates within a hybrid organizational form that must deliver economic value while sustaining social impact.

This research contributes to the literature in several ways. First, it addresses the identified gap by offering a holistic view of OPM as practiced in an SE context, rather than limiting the focus to measurement or reporting mechanisms alone. Second, it advances understanding of the enabling conditions that support the successful

implementation of performance management in SEs. Third, it clarifies how OPM may impact balanced achievement of dual performance outcomes. The remainder of this paper is structured as follows: the next section presents the literature review, followed by the methodology, findings and discussion, and conclusion.

2 LITERATURE REVIEW

2.1 Social enterprise

The term “social enterprise” has been defined in various ways. Most of these definitions emphasize a dual focus on revenue generation through commercial trade and creating social value (Doherty *et al.*, 2014). SE is an organization established to achieve a specific social objective in a financially sustainable manner, operating its business to generate revenue and contribute to social goals. The concept of organizational hybridity recognizes the intrinsic tensions inherent to SE, which strive to reconcile social and commercial objectives (Battilana & Lee, 2014). This can trigger goal conflicts and raise concerns about the emergence of goal dominance in SE practices. Consequently, SEs face a distinctive performance challenge: generating sufficient income while maintaining operational discipline without compromising their social objectives.

2.2 Organizational performance in social enterprises: a dual-dimension view

Organizational performance is a key outcome in various businesses. The term "organizational performance" refers to the result of an organization's operations (Keramatiyazdi *et al.*, 2023). Organizational performance is the result of an organization's achievements through various activities in pursuit of its goals. In terms of its characteristics, SE's organizational performance comprises two main components: economic performance and social performance. Several studies have argued that measuring organizational performance for SE should be based on two dimensions: economic and social performance (Nguyen *et al.*, 2023). A literature study by Hussain *et al.* (2023) revealed that revenue and profit achievement are dimensions of economic performance, while the achievement of social missions, social goals, and social welfare

are dimensions of social performance.

2.3 Organizational performance management: concept and core components

Organizational performance management is a strategic phenomenon that relates to an organization's ability to achieve its long-term goals and missions. The general trend in the literature is that organizations that have implemented OPM perform better in both financial and non-financial terms than organizations that are less driven by performance management (Waal *et al.*, 2011). Various articles and case studies report that many organizations implementing performance management lead to better organizational outcomes (Shahzad *et al.*, 2012).

Organizational performance management is a process that supports organizations in making identifiable and predictable contributions to measure sustainable value, including strategy formulation, strategy translation, goal setting, budgeting, performance measurement, performance appraisal, and compensation (Waal, 2002). Armstrong (2018) said that an OPM system has several characteristics, including strategy development, planning, monitoring, evaluation, and rewards.

Strategy formulation constitutes one of the essential elements of an OPM system (Armstrong, 2018; Barth & Beer, 2018). According to Demartini (2014), strategy formulation aims to develop general, long-term strategic plans to determine the strategic direction and scope, ensuring the organization's long-term survival. Strategy formulation serves as the foundation for the institution's strategic direction.

Barth and Beer (2018) and Armstrong (2018) outline the next step in an OPM system after strategy formulation: planning. Furthermore, Barth and Beer (2018) stated that planning is one element of best practice in OPM across organizations and industries. Planning is the organization's operating plan for translating strategic objectives into executable actions. The planning process is integral to performance management communication and encompasses all organization members.

Performance monitoring is a critical tool for organizations to track progress, ensure activities are on track, and identify areas for improvement. Studies and literature state that to achieve the effectiveness of performance management policies, the organization's primary focus should involve the development of performance monitoring

(Armstrong, 2018) and a defined performance feedback system (Nielsen, 2014).

Performance evaluation is a necessary component of the performance management system (Christensen & Lægheid, 2015). Performance evaluation is a form of performance assessment that evaluates performance results after the performance period, focusing on the attainment of established targets. Performance evaluation will provide information that allows companies to identify obstacles and develop solutions to improve decision-making to achieve organizational goals.

Rewards are needed in an OPM system to motivate individuals within the organization to achieve organizational goals. OPM must include recognition and rewards for performance. The recognition and rewards can reinforce desired outcomes and behaviors at the individual and team levels of the system (Barth & Beer, 2018). Incentive and reward systems relate to behavioral control features, so employee incentives must align individual and organizational goals, so that individual activity achievement supports organizational goals.

2.4 Supporting factors of organizational performance management

Simons (2014) said that the design of an OPM system must consider human behavior. Specific consideration should be given to the behavioral elements of an OPM system (Barth & Beer, 2018). Many researchers have highlighted the significance of behavioral aspects, emphasizing the crucial and advantageous role in successfully implementing OPM (Armstrong, 2018; Simons, 2014).

In addition to internal organizational factors, organizational environmental factors have been demonstrated to impact effective performance management (Gould-Williams *et al.*, 2015). According to Abane and Phinaitrup (2017), stakeholder participation and political support directly and indirectly affect performance management. Political actors as active participants of performance management policies and their support are key to achieving policy goals in public and community-related organizations (Christensen & Lægheid, 2015), including SE.

3 METHODOLOGY

3.1 Research design

This study uses a qualitative case study approach to examine OPM in a social enterprise context. A case study design is appropriate for investigating a contemporary phenomenon in depth within its real-life setting, particularly when the boundaries between the phenomenon and the context are not clearly evident (Yin, 2018).

3.2 Data collection

Yin (2018) suggests using multiple data sources to establish data validity. Data were collected using multiple sources, specifically in-depth semi-structured interviews and document review, to enhance the credibility of findings through triangulation. Semi-structured interviews were conducted with key informants representing diverse roles and hierarchical levels, including senior officials, staff members, partners, and external stakeholders who were considered to have sufficient knowledge relevant to the research topic and questions.

Prior to the interviews, an interview guide was developed based on relevant literature and the study objectives. The guide consisted primarily of open-ended questions and follow-up probes to support consistency across interviews while allowing flexibility to explore emerging issues in greater depth. The interviews focused on relevant aspects of OPM practices, supporting factors, and their impact on performance. The interview results were transcribed as research data. In addition, this study reviewed several documents that aimed to complement and support the information obtained from the interviews.

3.3 Data analysis

The study uses a thematic data analysis approach. Thematic analysis is one way to analyze data to identify patterns or themes. Miles *et al.* (2014) as suggested, this study analyzes research data through a cycle of data reduction, presentation, and conclusion.

Data grouping is accomplished through data reduction in coding to form categories, and then building relationships in the data (Saldaña, 2015) and reviewing the objectives and interview guidelines during this coding (Ritchie *et al.*, 2014). Finally, themes were refined through iterative review and interpretation to ensure they accurately represented the data and provided a coherent explanation of OPM practices, supporting factors, and performance implications.

4 RESULTS AND DISCUSSIONS

4.1 Organizational performance management in VTMP: an end-to-end system

The findings of the study show that VTMP's OPM operates as an integrated management cycle consisting of five interconnected components: (1) strategy formulation, (2) planning, (3) monitoring, (4) evaluation, and (5) rewards. This configuration serves as a managerial architecture that translates strategic intent into coordinated execution, continuous control, and learning, features critical for hybrid organizations seeking to achieve dual objectives.

4.1.1 Strategy formulation

Strategy formulation at VTMP includes environmental analysis, vision, mission, core values, and objectives. Strategy formulation in VTMP clarifies direction, guidelines, and strategic scope for carrying out activities to achieve goals, aligned with the organization's characteristics. This increases the effectiveness of achieving organizational performance and goals and provides opportunities to achieve the highest performance. This is aligned with recent research, which reports that the research results show that strategic management and strategic planning affect organizational performance (Fayomi & Akanazu, 2024).

VMTP performs environmental mapping and analysis covering the village community's problems, conditions, assets, potentials, and needs. Environmental analysis provides VMTP with information and an understanding of opportunities, strengths, weaknesses, threats, stakeholder needs, assets, and potential opportunities that can be

managed as organizational resources. Information obtained from environmental analysis in VMTP is used to align strategies with the organization's characteristics and to build sustainable competitive advantages to achieve organizational performance and goals. In particular, our evidence is consistent with Fayomi and Akanazu (2024), who report that environmental analysis affects organizational performance.

VMTP formulates a vision and mission as guidelines for direction and core values that serve as the basis and foundation for attitudes and behavior in carrying out its activities. VMTP's vision and mission provide guidelines and clarity on business direction and long-term goals, and a picture of the organization's future that guides decisions on what to do, change, and maintain as it carries out activities to achieve its goals. In addition, VTMP formulates core values that provide the basis for the attitudes and behaviors expected in carrying out its activities, achieving performance, and achieving its goals. This pattern aligns with recent research, which reports that an organization's vision, mission, and values statements can influence organizational performance (Mas-Machuca *et al.*, 2024).

VMTP formulates objectives to provide more precise strategic targets and activity directions, including the type of business to be operated. The objectives in the VMTP give a clearer description of the vision and mission, and guidance and direction for the formulation of targets, policies, plans, programs, and budgets to increase the efficiency and effectiveness in achieving organizational performance. This supports Phina (2020), who find that organizational goals influence organizational performance.

This practice illustrates a mechanism of contextual alignment: by grounding strategies in both internal capacity (assets/potential) and external demands (community needs and stakeholder expectations), strategy formulation becomes more implementable and performance-oriented. In hybrid settings, this strategy formulation architecture is particularly relevant, it reduces ambiguity about priorities and helps prevent unbalanced decision-making that could trigger mission drift (Bruder, 2025).

4.1.2 Planning

The case demonstrates that VTMP conducts annual planning to translate strategy into action through programs and budgets, performance targets, and performance

measures. VTMP's planning is a performance planning process that involves defining what will be done, what will be achieved, how to achieve it, and how to allocate resources. This mechanism aligns with previous research showing that planning practices can increase functional efficiency and organizational performance (Olofsson *et al.*, 2018).

VTMP prepares programs and budgets as operational plans to translate strategic objectives into executable actions. Program and budget preparation are media used to determine activity priorities and resource allocations to achieve organizational goals. Moreover, programs and budgets provide comprehensive and transparent guidance, as well as effective control over activity direction and resource allocation, thereby enhancing the effectiveness of activities in achieving their intended performance and goals. This is in line with Etlegar *et al.* (2023), who report that the budget program affects organizational performance.

While preparing programs and budgets, VTMP determines performance targets to set measurable performance expectations. In VTMP, target setting is essential to performance management because it translates strategic and stakeholder expectations into measurable objectives and guides detailed planning. Target setting plays a vital role in motivating the achievement of superior performance. This is aligned with previous research, which has shown that target setting has an impact on achieving organizational performance (Bhatti *et al.*, 2014).

VTMP determines performance measures to assess the success of activities in achieving performance and its objectives. Performance measures provide clear benchmarks for determining success, making it easier for employees to understand the performance required to increase motivation and enthusiasm and to improve organizational performance. Determining performance measures will provide the organization with an opportunity to align strategic and operational activities to achieve goals. This supports Bhatti *et al.* (2014), who report that performance indicators affect organizational performance.

Conceptually, these planning practices serve as a mechanism for translating hybrid intent into executable routines. Planning serves as a translation mechanism, making dual objectives manageable by converting strategic intent into actionable, resourced commitments. This mechanism is important because dual performance requires explicit operationalization, without targets and measures that reflect both economic and

social objectives, performance management risks drifting toward whichever outcomes are easiest to quantify. Moreover, recent literature on drift processes in social enterprises suggests that imbalances often emerge gradually through everyday practices planning that codifies dual goals into integrated targets and resourced programs can therefore function as a protective mechanism against creeping priority shifts that may culminate in mission drift (Bruder, 2025).

4.1.3 Monitoring

VMTP conducted performance monitoring to monitor performance, identify issues, and ensure activities followed the plan and expectations throughout the performance period at all levels of the organization. The monitoring process is carried out through periodic reviews and feedback. This will enhance organization and employees' concentration, motivation, and sense of responsibility, thereby encouraging high performance. This mechanism is aligned with previous research, which reports that monitoring and evaluation of performance have an impact on achieving organizational performance (Masawe & Isanzu, 2020).

Monitoring acts as an early-warning and correction mechanism: it detects deviations in execution before they become structural problems. In a dual-performance setting, monitoring helps prevent drift by ensuring that operational choices continue to reflect both economic and social priorities, rather than allowing the organization to optimize one domain at the expense of the other. This is aligned with contemporary social enterprise research emphasizing that drift can emerge processually through everyday practice changes, making continuous monitoring and correction a practical safeguard against creeping imbalance (Bruder, 2025).

4.1.4 Evaluation

VTMP performs an annual performance evaluation at year-end to assess performance across organizational levels and provide feedback for improvement. Evaluation provides information about achievement, encountered obstacles, and solutions, supporting decision-making and creating opportunities for year-over-year

improvement. This mechanism is aligned with Masawe and Isanzu's (2020) research, which reports that monitoring and evaluation of performance impact organizational performance.

Evaluation provides learning infrastructure: it closes the loop between targets and outcomes, enabling corrective redesign of strategies and programs and strengthening decision-making for the next cycle. In community-embedded SE, learning is critical because community needs and operational pressures can shift, evaluation sustains dual performance by ensuring the organization adapts rather than repeats suboptimal trade-offs. This aligns with contemporary reviews of performance measurement in social enterprises, which stress that performance systems are most useful when they enable learning and managerial decision-making across both social and financial dimensions, rather than narrowing attention to what is easiest to quantify (Cosa & Urban, 2023).

4.1.5 Rewards

VTMP implements performance-based rewards through seasonal and annual bonuses. This program enhances individual organizations' spirit and sense of responsibility in achieving organizational performance. The reward system strengthens potential and increases individual motivation to achieve their best performance, ultimately impacting organizational performance. This is in line with research results, which show that awards have an impact on achieving organizational performance (Siwale *et al.*, 2020).

A key implication for SE is that reward criteria should be carefully designed to avoid unintentionally prioritizing short-term financial outcomes over other outcomes. Instead, rewards should be aligned with the organization's dual-performance mandate and consistent with the logic of hybrid governance (Kurland, 2022).

4.2 Supporting factors for successful organization performance management in VTMP

Beyond OPM components, the study finds that a combination of internal factors and external factors enables OPM effectiveness in VTMP. Internal factors pertain to the

organizational and individual behavior, while external factors encompass stakeholder participation and political support.

4.2.1 Internal supporting factors

Internally, at the organizational level, positive organizational behavior strengthens synergy and supports the organization in building and implementing effective OPM. The results of the study by Nguyen *et al.* (2023) confirmed that behavioral factors have a significant influence on organizational performance. In addition, at the individual level, understanding and positive attitudes toward performance management increase commitment and drive effective OPM implementation. VTMP members demonstrate enthusiasm, cooperation, shared goals, honesty, trust, and respect behaviors that collectively strengthen commitment and improve implementation effectiveness. This pattern aligned with recent research, which confirmed that individual organizational behavioral factors influence organizational performance (Makeel *et al.*, 2022; Waal, 2003).

These behaviors function as implementation capital: they reduce resistance, improve communication quality, and increase the likelihood that targets, feedback, and evaluations are used constructively rather than symbolically. In hybrid organizations, where individuals may hold different orientations toward social versus commercial logics, shared values and relational trust become key to sustaining a balanced performance agenda. Research on mission alignment in hybrid organizations underscores that coherence depends on integrating activities across an activity ecosystem, implying that relational trust and shared values are not merely cultural assets but practical governance conditions that keep performance management routines aligned with dual objectives of performance (Doherty *et al.*, 2025).

4.2.2 External supporting factors

Externally, stakeholder participation—village government, the Village Consultative Body, and the community supports OPM through involvement in environmental analysis, monitoring, and village deliberations on issues requiring

collective decision-making. This participation provides OPM with credibility, thereby increasing its effectiveness and the likelihood of achieving performance goals. This is in line with (Nudurupati *et al.*, 2016), who explain that involving stakeholders and intersectoral collaborators has excellent potential to achieve the desired results in performance management policies.

In addition, the VTMP case also demonstrates that political support from stakeholder leaders is operationalized through approval and agreement in village deliberations for matters related to strategy formulation, planning, monitoring, evaluation, and rewards. This political support provides legitimacy to OPM, thereby increasing its effectiveness in achieving performance and goals. This is in line with the previous studies that explain that political support has a positive relationship with performance management results (Kelly *et al.*, 2015).

Stakeholder participation and political support strengthen legitimacy and governance stability, thereby increasing compliance and reducing contestation over priorities and resource allocation. In dual-performance contexts, these legitimacy and stability effects matter because they allow the organization to pursue revenue-generating initiatives while maintaining social acceptance and shared ownership of mission outcomes, thereby helping to sustain balanced economic and social performance over time (Simmon & Masson, 2024).

4.3 Impact of organizational performance management on performance in VTMP

The study finds that effective OPM in VTMP, supported by internal behavior and stakeholder role, positively impacts the achievement of SE dual performance simultaneously and in balance. Economic performance is indicated by income and profits, which generally increase year over year. The increase in community income, community welfare, and village economy indicates the achievement of social performance. This pattern aligns with research that shows that OPM practices affect organizational performance and effectiveness (Nayak & Panda, 2024; Waal *et al.*, 2011).

The case suggests that the OPM cycle functions as an alignment-and-learning mechanism system that translates hybrid intent into coordinated action and continuous adjustment, not only a measurement system. When embedded within supportive

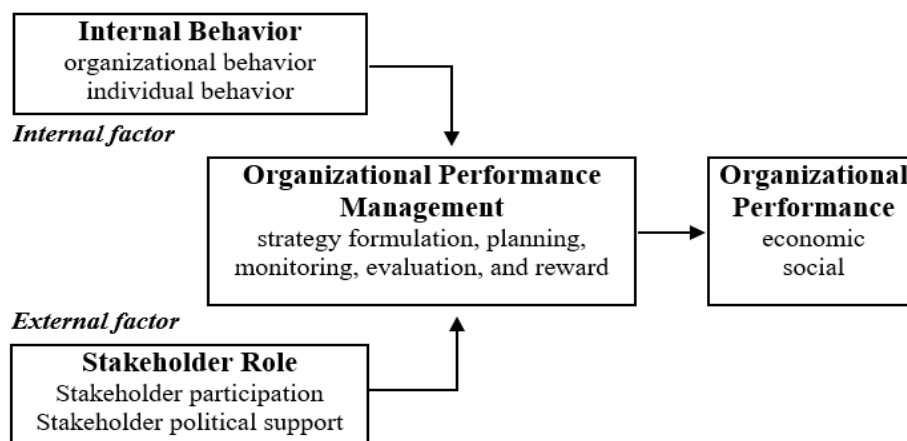
behavioral norms and legitimized through stakeholder participation and political backing, this helps sustain balanced performance across economic and social domains over time (Cosa & Urban, 2023).

4.4 Framework of success SE organizational performance management practices

In Figure 1, we present a framework of successful OPM practices in SE derived from our case analysis and attempt to generalize our findings at the theoretical level.

Figure 1

Framework of successful organizational performance management in SE



Based on the framework, successful OPM practices in SE are contingent upon three core factors: organizational management performance (as a system), internal behavior (an internal factor supporting), and stakeholder role (an external factor supporting), which together facilitate the simultaneous and balanced achievement of dual performance.

Further studies across a wider set of SEs and country contexts are needed to build a more diverse empirical base and assess the generalizability of the proposed framework. Additionally, more in-depth investigations are required to unpack facilitating and inhibiting factors across specific OPM elements and from multiple stakeholder perspectives, thereby advancing both theory development and practical guidance for OPM in SE.

5 CONCLUSION

The study aims to investigate and describe the practice of OPM, identify the supporting factors, and assess their implications for achieving SE dual performance. The findings of this study show that effective OPM, supported by organizational behavior, individual behavior, stakeholder participation, and stakeholder political support, can facilitate the simultaneous and balanced achievement of economic performance and social performance.

Empirical evidence from the case study indicates that effective OPM in SEs comprises five interrelated components: strategy formulation, planning, monitoring, evaluation, and reward. Strategy formulation encompasses environmental analysis, vision, mission, core values, and objectives that determine strategic direction and scope. Planning translates strategy into action through programs and budgets, performance targets, and performance measures, thereby providing a practical mechanism for aligning organizational activities with strategic intent. Monitoring to control performance achievement throughout the performance period, accompanied by feedback for improvement. Evaluation provides a performance assessment at the end of the year and feedback for improvement. Rewards linked to performance evaluation results to increase the spirit, responsibility, and individual organization in achieving performance.

The study highlights that internal and external factors within the organization support SE's OPM. Internal supporting factors are organizational behavior and individual behavior that drive the organization to design and implement effective OPM, creating strength, commitment, and synergy in achieving performance. External supporting factors, such as stakeholder participation and political support, provide legitimacy and credibility to OPM, thereby increasing its effectiveness in achieving performance.

This study offers both theoretical and practical contributions. Theoretically, it enriches the SE and performance management literature by clarifying how OPM can be conceptualized as a holistic management system in hybrid organizations and by specifying the internal and external conditions that enable it to function effectively. These findings extend the conceptual understanding of OPM in SEs by suggesting that successful OPM is contingent on the interaction of three core elements: OPM as a system, internal behavior, and stakeholder role.

Practically, the findings provide actionable and valuable insights for policymakers and practitioners. For policymakers, the results inform regulatory and governance considerations for SE performance management. For SE managers, consultants, and stakeholders. The study emphasizes the importance of implementing effective OPM across the whole cycle: strategy formulation, activity planning, progress monitoring, outcome evaluation, and reward. Furthermore, it is essential to address internal behavior and stakeholder rules regarding management performance to facilitate its implementation and achieve organizational performance.

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