
THE EFFECTIVENESS OF NON-FINANCIAL PERFORMANCE MEASURES ON MANAGERIAL PERFORMANCES IN AGRO ALLIED INDUSTRIES IN NIGERIA

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ABSTRACT

In this study, we assessed the effectiveness of nonfinancial performance measures on managerial performances in Agro-allied Industries in Nigeria. The study employed survey questionnaire based on Likert scale system to collect data from stakeholder groups of the companies' understudy. The data were analysed using mixed methods of qualitative and quantitative analysis to answer the research questions on how does nonfinancial performance measurement positively affect them an agerial performance of Agro-allied Industries? Moreover, whether customers' satisfaction and employee participation positively affect the company performance? The findings from the results of the analysis indicate that there is a meaningful relationship between non-financial performance measures and managerial performance of Agro-allied Industries. Findings are in line with the literature that role clarity significantly mediates the relationship between non-financial measures and managerial performance. We found that non-financial performance enables the organisation to meet the needs and the interest of its wider stakeholders. The assessment of non-financial performance contributes to overall corporate performance. A major recommendation from the study is that Agro-Allied Industries in Nigeria should adopt effective measures of organisational performance using non-financial performances measures to support financial performance measures which will provide the effective managerial performance to contribute overall organisational performance.

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Keywords: Financial Performance, Non-financial Performance, Corporate Performance, Shareholder, Stakeholder, Customer Satisfaction, Employee, Business Objectives, Financial Rewards

INTRODUCTION

This study investigates the effectiveness of nonfinancial performance measures on managerial performances of Agro-allied Industries. The study covers the importance of non-financial performance measures in respect of customers' satisfaction, product quality, employee participation, internal business process, amongst others and how these actions contribute positively to organisation's performance of Agro-allied industries in Nigeria. It examined the effectiveness of nonfinancial performance measurement in Agro-allied Industries using Dangote Sugar Refinery Ltd, and Dangote Flour Mills are part of Agro-allied Industries in Nigeria as a case study. We used survey questionnaires to collect data from the companies under study. The data was analysed using case study approach. The underlying problem of the review was identified. Given the limitations of the traditional methods of accounting, the non-financial performance measures have been in use by most manufacturing companies as it covers both financial and non-financial aspect of the business, (Fuller et al., 2005).

An organisation success is determined by its performances which depend on its strategies. Improvement in an individual, group or organisational performance cannot occur unless the feed back obtained after assessment of performance is taken into consideration. Feedback implies communicating to employees, customers, shareholders, other stakeholder groups and the company the outcomes of the strategies employed towards the achievement of objectives. For an individual employee, performance measures assess such employee's work, behaviour towards organisation's goals. For the organisation or its work unit's performance measurement serves as a link between decisions and organisational goals. Effective management is essential to business growth performance and profitability and as such useful measure must

be a vital part of the management process. According to Certified Institute of Management Accountants (CIMA, 2008), the key to ensuring that an organisation's strategy is successfully implemented is based on its useful performance measurement. It is about making sure an organisation fulfils its predetermined goals or stakeholder requirement as it is a must for a company to perform well regarding cost, quality of service and products, value, and other essential elements. A performance measurement system that enables a company to meet these demands successfully is critical and should be incorporated into an organisation's strategic management as it ensures effective control and decision making at both strategic and operational levels, (Hajdíková, and Zelená, 2014).

MEASURING CORPORATE PERFORMANCE

The purpose of measuring performance is not only to know how a business is performing but also to enable that business to perform better to provide better and quality service to its customers, employees, owners and other stakeholders. Etim and Agara (2011), identified several reasons for performance measurement to include, provision of the element of checks and balances that encourage efficiency in performance, a measure of productivity and improvement, enhancement of management and staff communication, achievement of set targets. Other reasons include ensuring that the right people are deployed to the right places working together to achieve a common goal and outcomes, establish what is working and what is not, observe trends in business, and to set apart performers from non-performers for remuneration and reward purpose. Performance measurement can be in two forms, financial and non-financial measures. As financial measures deal with the use of ratio analysis to measure the performance of businesses, non-financial measures deal with assessing nonfinancial factors that also contribute to the success of the organisation (factors such as quality, customers' satisfaction, resource utilisation, and innovation), (Pankaj and Pattanayak, 2014). It is whether customers' satisfaction increases firm's performance, to what extent employee participation and product quality affect performance of Agro-allied Industries. To answer these questions, we employed the use of the qualitative

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method of approach, in analysing data collected through survey questionnaire of the companies under study. Our finding shows that there is a meaningful relationship between non-financial performance measures and managerial performance of Agro-allied Industries. Our finding in this study agrees with the literature of Lau (2015) that role clarity significantly mediates the relationship between non-financial measures and managerial performance. The conclusion from this study also supports by Okwo (2012) that nonfinancial performance measurement is considered vital as it both includes financial and non-financial measures towards the achievement of both short-term and long-term objectives of the organisation.

RESEARCH OBJECTIVES

The main aim of this research study isto determine the effectiveness of nonfinancial performance measurement on the managerial performance of Agro-allied Industries. Other related objectives include:

- To examine the effect of nonfinancial performance measurement systems on the managerial performance of Agro-allied Industries.
- To evaluate the benefits of customers' satisfaction towards increasing firm performance.
- To determine the extent to which product quality has significantly affected the performance of Agro-allied Industries.

RESEARCH QUESTIONS

The following are questions identified to help serve as a guide in determining the effectiveness of nonfinancial performance measurement on Agro-allied Industries.

1. Does nonfinancial performance measure affect the performance of Agro-allied Industries?
2. What extent does employee participation positively affect the company's performance?
3. Does product quality significantly influence the performance of Agro-allied Industries?

These research objectives and research questions are what this study set out to answer through the literature, data collection

and analysis. The study employed mixed methods analysis to deal with the issues of the effectiveness of nonfinancial performance measures on managerial performances. Focusing on Agro-Allied industries in Nigeria using Dangote Sugar Refinery Ltd and Dangote Flour Mills as a case study.

LITERATURE REVIEW

Etim and Agara (2011) claimed that financial measure is limited in assessing corporate performances because of its inherent lagging characteristic which relates to the fact that it only focuses on a financial perspective which is presented on a historical basis and uses already known events. Because of this many companies, today lay greater emphasis on nonfinancial and multi-dimensional performance measures to understand and manage the performance of the organisation to achieve its goals. Due of these draw backs identified with managing performance based on only financial perspective, several non-financial management control tools have been suggested, such as the SWOT analysis, benchmarking, and the balanced scorecard, amongst others. These measures are seen to be essential predictors of long-term success and cover four major perspectives of a firm- product, market, employee and customer including its shareholders, (Felicia 2015). In this study, we use Dangote Sugar Refinery, Ltd and Dangote Flour Mills Ltd as a case study in assessing the effectiveness of the company's non-financial performances. It helps to monitor the efficiency of an organisation in achieving its pre-determined goals or stakeholder's requirement.

According to Certified Institute of Management Accounting, efficient performance is the key to ensuring that organisations fully implement its strategy, (CIMA, 2008). Neely (2005) defined performance measurement system as the process of quantifying the efficiency and effectiveness of activities. It involves the use of a multi-dimensional set of performance measures. These measures are multidimensional as it includes financial and non-financial measurements such as internal and external measures of performance to help achieve both short term and long-term objectives (Okwo and Marire, 2012).

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"The immediate role for a performance measurement system is thus to check towards the established goals...it is not only for accountability purposes but such indicators are also intended to drive future resource allocation decisions "Kanji (2002: 25).

NON-FINANCIAL PERFORMANCE MEASURES

The non-financial performance measures developed because of the limiting factors in financial-based performance measures. Financial measures solely focus on the financial aspect of an organisation which is presented on a historical basis and uses already known events. As a result of this, many companies have begun to use non-financial performance measures for efficient management towards long-term success. Non-financial performance measures refer to any quantitative measure of either an individual's or entity's performance that not expressed in monetary terms. These measures are expressed in both quantitative and qualitative terms. Studies have shown such measures to be suitable for assessing organisational performance, (Ahmad and Shafie, 2016). Non-financial measures focus on several aspects of an organisation such as customer and employee satisfaction, product and service quality, market share, productivity, and innovation. These aspects have a significant impact towards the success of every organisation.

Lau (2015) that role clarity significantly mediates the relationship between non-financial measures and managerial performance. In an increasingly competitive world, managers rely on sound management approaches and systems to make short and long term strategic decisions. Several tools have been developed to enable effective performance measurement focusing on non-financial performance measures. Research studies have shown that balanced scorecard is one of the instruments used in performance measurement as it focuses on four distinct perspectives (financial, customer, internal process, and learning and growth). These views cover the whole of an organisation's activities both internally and externally and aim at achieving both short and long-term goals. Other tools for performance measurement include SWOT analysis and benchmarking. The balanced scorecard is a multidimensional analysis

tool introduced as a model for implementing the strategy by (Kaplan and Norton, 1992). It combines the use of both qualitative and quantitative indicators of performance (Eltinay and Masri 2014). Financial measures form the basis of measurement performance because it considers the perception of shareholders regarding the financial success of the business, and seeks to know if the corporate strategy and implementation are contributing towards the improvement of performance. It also looks at how the investors or the shareholders see the firm regarding dividend payout ratio, an improvement on the cost structure, profit after tax, return on capital employed (ROCE), and growth in the sales volume (Etim and Agara, 2011).

According to Omolehinwa (2013), this perspective captures the ability of an organisation to satisfy customers - meeting up to their expectations regarding product/service quality. The effectiveness of their delivery, resolution to customers' complaints, amongst others, (Kaplan and Norton, 2001) state that the clients' satisfaction is a top priority for long-term company success. It serves as a critical factor towards achieving the company's financial goals, (Adesiyani, 2015). Malgwi and Dahiru (2014:5), stated that;

"Customers are typically concerned with four specific products or service attributes - the product's price, the product's quality, the service quality at the time of sale and the product's delivery time. Each of these attributes contributes to achieving customers' maximum satisfaction. Therefore, it is important for organisations to have specific objectives for each of these attributes. Such goals may include targeting increase market share; increase customer retention; increasing customer acquisition and increasing customer satisfaction".

Internal Business Process: Understanding how internal processes work will help the organisation achieve its objectives and to add the expected value to the products or services that the customers buy (Ivanov and Avasilcia, 2014).

This perspective focuses on the internal business results that lead to financial success and satisfied customers. The measures

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under this perspective include defect rate, response to customers' complaints, quality of after sales service, internal process bureaucracy, process completion time, quality and skill of staff and their level of motivation (Etim and Agara, 2011). Measures of internal processes deal with understanding the life-cycle of a project from launch (identification of customer's needs) to completion (customers satisfaction). Obigbemi, et al., (2016), claimed that;

"the learning, growth and innovation perspective deals with the ability of the company to offer new products and solutions to customers and improve its internal processes. As a result of changes in the competitive market environment, there is a need for more improvements to an organisation's existing products and processes and have the ability to introduce entirely new products with expanded capabilities".

Effectiveness of Non-Financial Performance Measures

The use of non-financial performance measures contributes to the success of an organisation. It enables managers to focus on issues like customers' satisfaction, employee participation, efficient internal business process, learning, growth and improvement and how these relate to the success of organisations' productivity. Non-financial performance measures provide an organisation with a strategic management system that creates a balance between operational goals and strategic goals. It enables an organisation to identify and promote new strategic initiatives, facilitates fine-tuning and amendments of strategy in the light of performance. It also ensures that effective decisions are made. A multidimensional performance measurement framework means that decision support can be enhanced at all levels of the organisation, (Jeffery, 2010; Moura, et al., 2015; Sahiti, et al., 2016).

It involves the use of different measures to collect and report information regarding the performance of an individual, groups or organisation. It also enables an enterprise to plan, measure, and control its performance according to a pre-defined strategy. The purpose of measuring performance is not only to know how a business is performing but also to enable the company to perform better towards serving its customers,

employees, owners and stakeholders effectively and efficiently. Further studies also emphasised how performance management is a valuable tool for obtaining information on both financial reports and internal operations of an organisation. (Okwo, Marire, 2012; Amen and Amir 2013). According to Kaplan and Norton (2010), performance measurement could either be financial or non-financial. However, many arguments have sprung up on how financial measures are not suitable for performance measurement due to its short-term objectivity and its inability of developing new strategies for managers to employ for maximum success; such scholarly arguments are seen in Kaplan and Norton (1992; 1993; 2001; 2010; Hofmann (2001). Under the non-financial performance metric, the most commonly used model is the balanced scorecard model (Maiga and Jacobs, 2003).

Anderson et al. (1993) stated that one of the non-financial performance meta indicators, customer satisfaction was positively associated with contemporaneous accounting return on investment. Said et al. (2003) examined the current and future performance consequences of incorporating nonfinancial measures in a set of performance metrics among U.S companies. Maiga and Jacob (2006) indicated that there is a positive relationship between benchmarking quality improvement and significant impact of quality improvement on related cost development significantly associated with profitability. A study by Lau (2015) who conducted a survey questionnaire on 103 large UK manufacturing organisations concluded that role clarity significantly mediates the relationship between non-financial measures and managerial performance, (Haldma and Laats, 2002; Mackay 2005).

DATA ANALYSIS AND INTERPRETATIONS

The data derived from the study were analysed and categorised into tables using simple percentage method. Furthermore, each of the questionnaire statement extensively discussed and supported by literature on the effectiveness of nonfinancial measures on Agro-allied Industries. The tables were further analysed using charts, percentages, and figures to examine, compare and categorise the results of the data collected using

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open coding. The aim of open coding is the development of categories of the data gathered from stakeholders of Dangote Sugar Refinery and Dangote Flour Mills. The Survey questionnaire comprised 12 statements representing the primary data sent to the stakeholders of the above companies.

A total of 80 survey questionnaire statements were sent to the companies via email attachment, and 50 were returned fully completed by the respondents. Table (A) below represents the results of the survey questionnaire statements presented in figures. While in table (B) the data's are categorised into percentages. We further analysed the data using charts to enable us present full categories. The statements were designed using modified Likert scale method on a 5-point scale of Strongly-agree, Agree, Disagree, Strongly-disagree to No-view shown in Table (B) below.

Table (A): Survey Questionnaire Statements Using Likert-Scale Methods

Statement	Strongly-agree	Agree	Strongly-disagree	Disagree	No view	Total
1	35	14	0	0	1	50
2	26	23	0	1	0	50
3	22	28	0	0	0	50
4	11	34	0	3	2	50
5	35	15	0	0	0	50
6	34	15	0	1	0	50
7	25	24	0	0	1	50
8	2	7	11	16	14	50
9	11	37	0	2	0	50
10	2	10	9	25	4	50
11	4	23	5	6	12	50
12	33	13	1	1	2	50

No. of respondents who completed each survey statement

Table (B): Percentages of Survey Questionnaire Statements

Statement	Strongly-agree (%)	Agree (%)	Strongly-disagree (%)	Disagree (%)	No view (%)	Total
1	70%	28%	0%	0%	2%	50
2	52%	46%	0%	2%	0%	50
3	44%	56%	0%	0%	0%	50
4	22%	65%	0%	6%	4%	50
5	70%	30%	0%	0%	0%	50
6	68%	30%	0%	2%	0%	50
7	50%	48%	0%	0%	2%	50
8	4%	14%	22%	32%	28%	50
9	22%	74%	0%	4%	0%	50
10	4%	20%	18%	50%	8%	50
11	8%	46%	10%	12%	24%	50
12	66%	26%	2%	2%	4%	50

The results of the respondents' views are represented by percentages (percentage)

LIKERT SCALE ANALYSIS OF SURVEY QUESTIONNAIRE

The results from the analysis of the survey questionnaire data are shown below in figures/charts (1) to (12) where the charts represent the issues and coding in each statement. The analysis demonstrates the effect of non-financial performance on Agro-Allied Industries (using Dangote Sugar Refinery and Dangote Flour Mills in Nigeria as a case study). Each statement is restated following the results of the views of the respondents. The results from the data analysis of the opinion of the 50 participants support the literature that the effectiveness of non-financial performance measure on managerial performances enhance the corporate performances of the Agro-Allied Industries in Nigeria.

Statement (1)

A quicker lead time delivery of products and services to customers' request increases patronage.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

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Statement (1) in fig. (1) Is about quick lead time on delivery of products and services to customers to increase patronage. The participants were asked to pick one which they believed was the best choice of answer, presented in Likert scale methods of strongly agrees to disagree strongly. As shown in the figure below, about 70% of the respondents strongly agree, and 28% of the participants agree with the statement.

This indicates that most of the respondents support the companies possesses and adequate lead time in delivering goods and services to customers. 2% of the respondents had no view as to the effectiveness of having a quicker lead time delivery of products and services customers' patronage. This shows that the company should not disregard this 2% and more should be done to enlighten them that having a quicker lead time delivery results into better performance. However, it is observed that none of the respondents disagreed with the statements indicating that a more rapid period of delivery does increase patronage as well as organisation's performance.

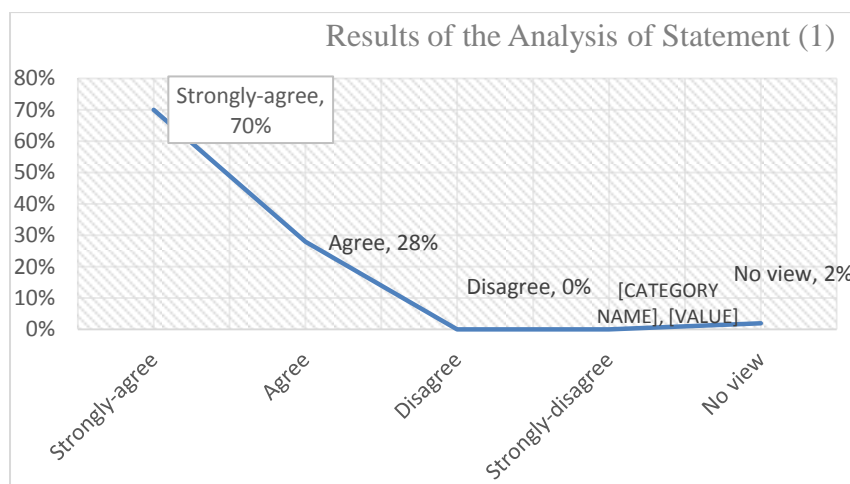


Fig. (1)

Statement (2):

Resolution to customer's complaints with dispatch to their satisfaction generates better performance.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

From the survey results, 52% of the respondents strongly agreed with the statement, while 46% agreed. This indicates that it is vital to take into consideration every complaint laid down by the customers and ensure that it is resolved very quickly. Such can serve as a determinant of the success of the firm because when customers see that their needs are taken into consideration first their level of patronage increases thereby increasing sales. Meanwhile, 2% of the remaining respondents disagreed that the statements were not entirely accurate. This could be as a consequence of the view that human wants are voracious. Not everything that the customer wants can be provided for and not every complaint that the customer make can be resolved. Considering every little complaint that the clients make might lead the organisation into a loss because while meeting customers' demands the organisation might incur some expenses that may be detrimental to the growth of the firm. However, Freeman (2004) claimed that customers provide the lifeblood of all companies in the form of revenue. Not putting their needs into consideration may hurt the business's performance.

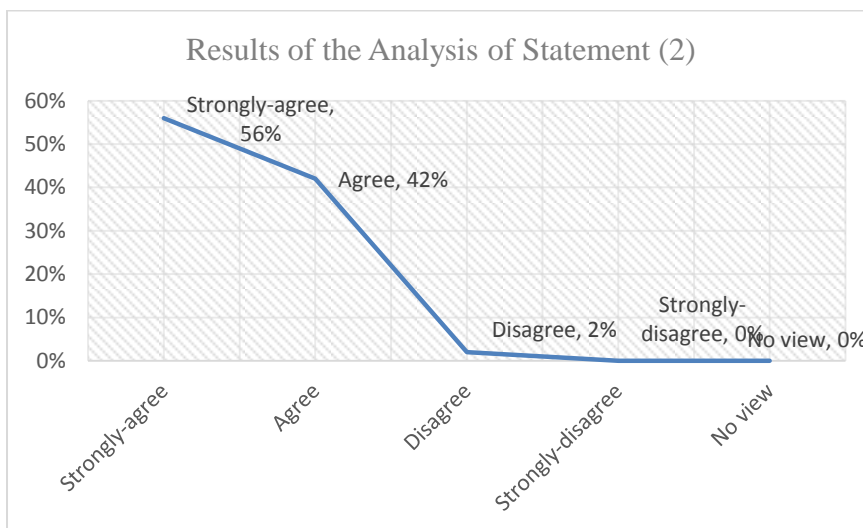


Fig. (2)

Statement (3):

Product offering that meets the functional requirement of final consumers enhances organisational performance.

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Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

The result of the analysis of the survey questionnaire statement (3) is represented below in (Fig. 3). This is regarding the importance of offering a product that meets the functional requirement of customers. The respondents were asked if they strongly agree or strongly disagree with the statement. Most of them, about 56% of the respondents agreed while 44% strongly agree that product offered to customers which fulfil the need and satisfaction of the customer do enhance organisational performance. This is the case as customers are more prone to purchase a product that satisfies their needs and requirements.

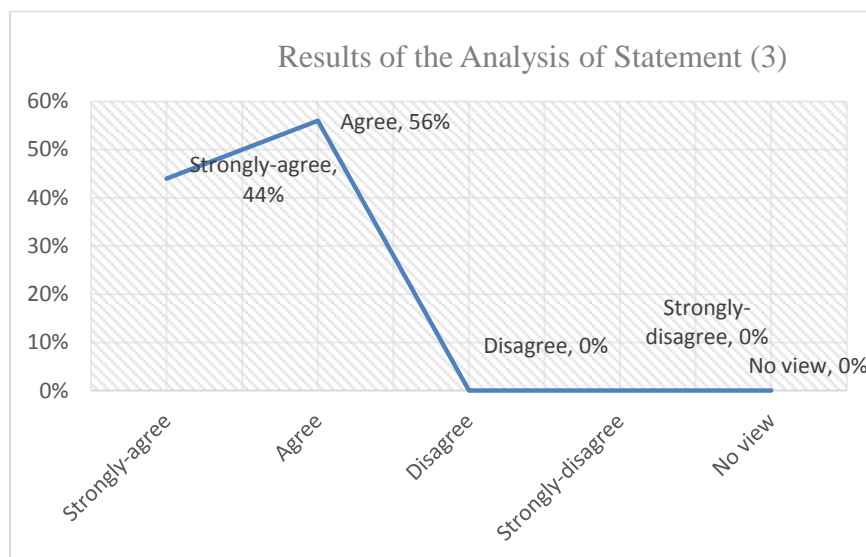


Fig. (3)

Statement (4):

New goods and services in our company often take us up against new competitors.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

For every company, there is need to have an advantage over one's competitors, and this could be in the form of provision of new products and services which provide the basis for statement (4). The participants who strongly agree and agree

with the statement represent 87% (22% for strongly agree and 65% for agree). This indicates that new products and services equal to having new competitors in the market and it, therefore, becomes vital for companies who introduce new products/services into the market to strategise ways by which such products/service would gain a significant market share. However, 6% of the respondents disagree, and 4% had no view one way or the other. It may be because some companies no matter how many new products or services introduced into the market may still have no edge against their competitors. The companies under study, Dangote Sugar Refinery Ltd and Dangote Flour Mills are market leaders in Nigeria, but there are still issues facing these companies.

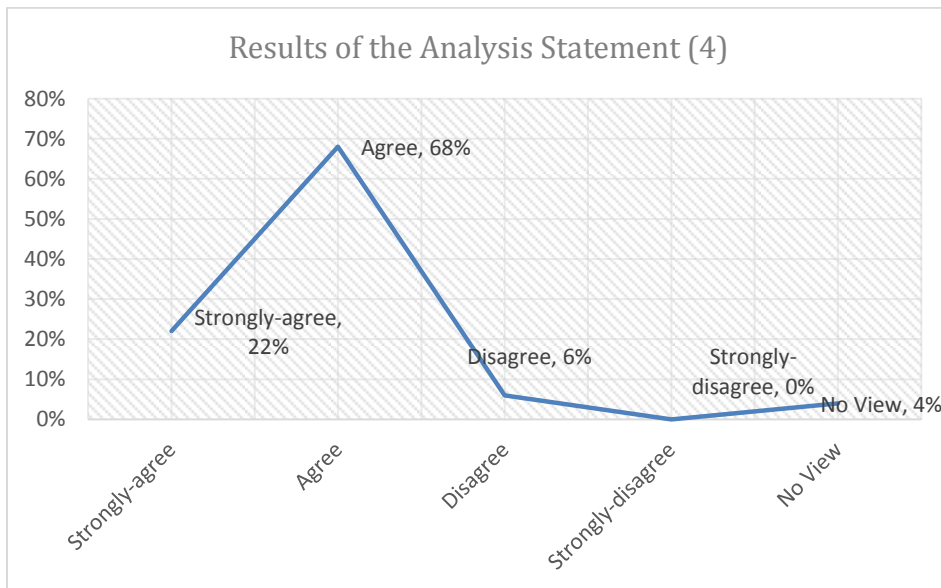


Fig. (4)

Statement (5):

Extensive training on an employee specific duty can enhance organisational performance.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

The result of the statement (5) is analysed and shown below in (Fig. 5) on the issue of employee training and development and how this will enhance the organisation’s performances. As can be seen from (Fig 5) below 70% of the respondents strongly agreed while 30% agreed with the statement that training of

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employee would increase organisational performance. This result support what Victor and Jonathan (2013), stated in their study that employee training and workforce development is very vital to job productivity and organisational performance. Employee training has an important variable in increasing corporate productivity. (Singh and Pattanayak2014).

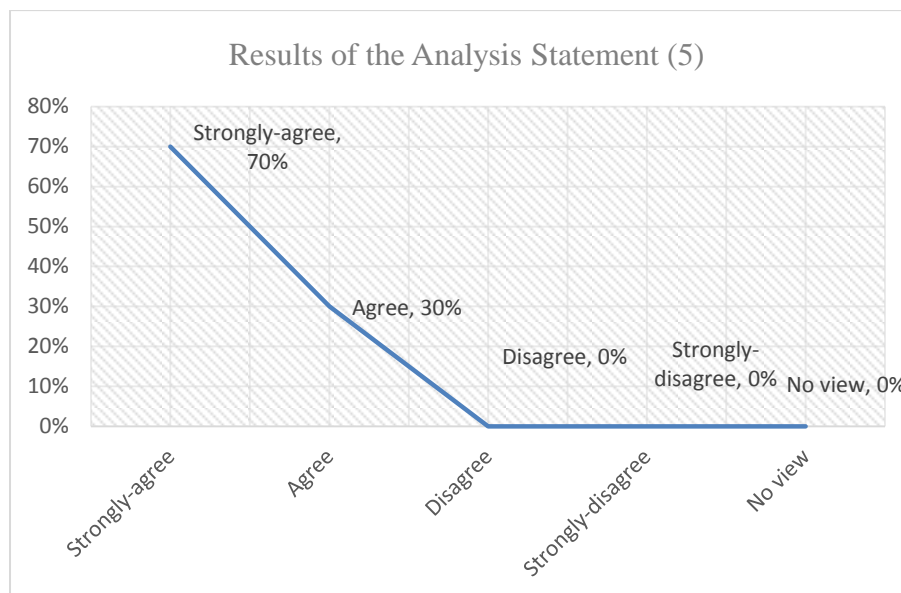


Fig. (5)

Statement (6):

An increase in salary and bonuses to employees enhances corporate performance.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

The question of salary increases and the giving of overtime bonuses as an incentive to encourage employees to achieve an increase in organisational performance is quite important both to employees and the organisation. The results from the analysis of the participants' view in (Fig.6) shows that 68% of the respondents strongly agreed with the statement (6), and 30% agreed while only 2% disagree on the issues of employee salary and financial reward. Therresult indicates that increase in wages, overtime bonuses and financial compensation enhanced organisational performance. As the results in (Fig. 6) shows, 68% of the respondents strongly agreed with the statement, and another 30% of the survey participants agreed with the

declaration while 2% disagreed with the declaration. It indicates that increase in salary and other benefits enhance organisational performance.

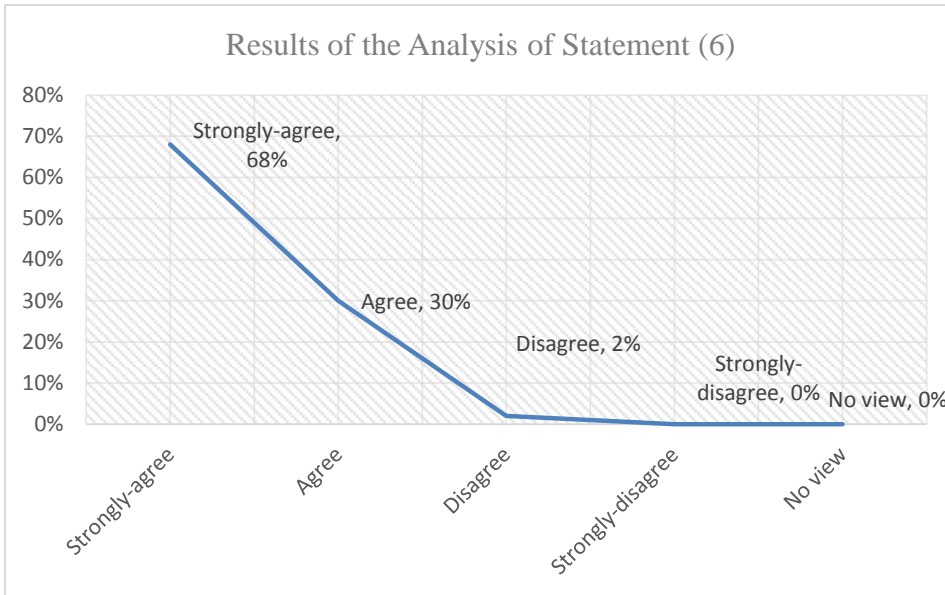


Fig. (6)

Statement (7):

Understanding one’s competitors help in creating new and better ideas that allow a company to have an advantage over them. Ans: Strongly-agree; Agree; No-view; Disagree; Strongly-disagree

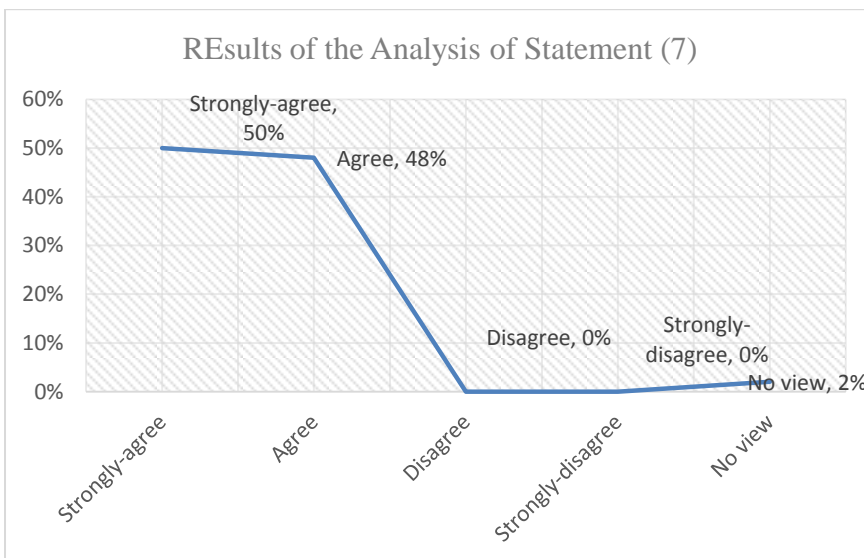


Fig.(7)

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Statement (7) deals with the issue of understanding one's competitor and its importance comparative advantage over their competitors. As shown in (Fig. 7) above 50% of the respondents strongly agree with another 48% agreeing with the statement indicating that there is a need for companies to understand its competitors which help them gain an edge over them. 2% of the respondents had no view whatsoever. Overall, the result shows that companies can improve their performance by having competitive advantage over one's competitors in the market

Statement (8):

The issue of effective performance measurement is not necessary for Agro-allied Industries.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

This section of the analysis focused on the importance of having an effective performance measurement. The results of the data collected revealed that minority of the respondents (18%) answered in affirmative (4% for strongly agree and 14% for agree). While the majority of about 54% (32% for disagreed and 22% for strongly disagree) were on the view that organisations that do not have a valid performance measurement will not be able to achieve maximum success. Mean while, the latter category of respondents (2%) had no view whatsoever about the validity of the statement.

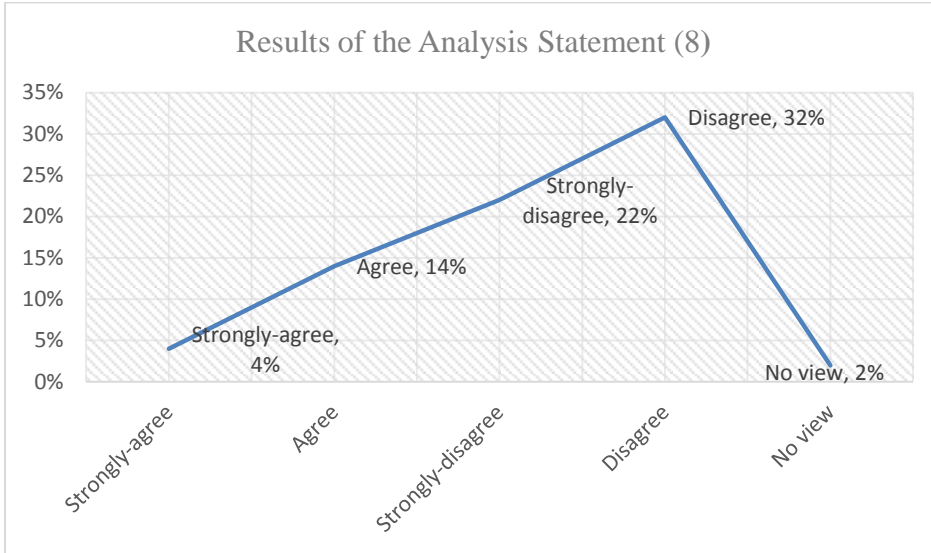


Fig. (8)

Statement (9):

There is need to balance customers’ requirement from the company and shareholders value to enhance organisational performance.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

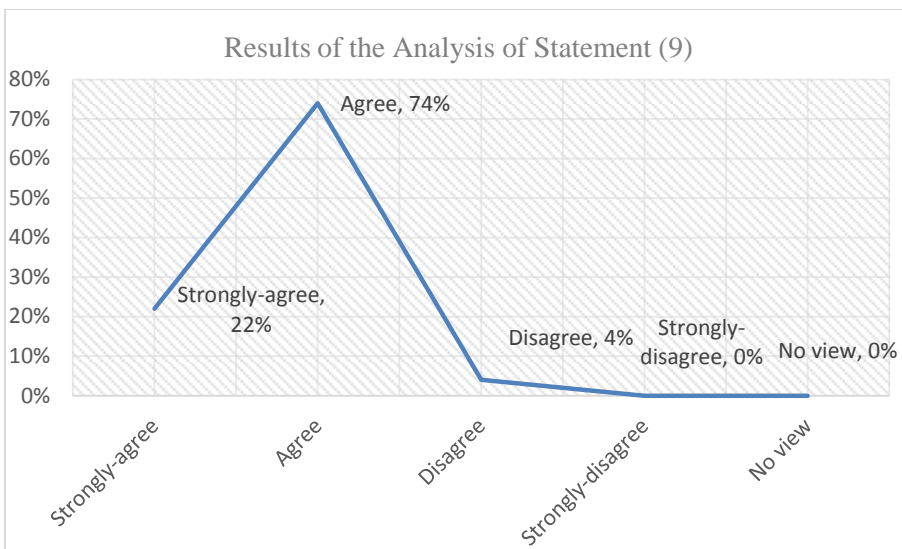


Fig. (9)

The issue of having a balance between customers’ requirement from the company and shareholders value is very critical towards enhancing organisational performance (Fig. 9) above shows the result of the analysis. As could be seen, 22% of the

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respondents strongly agree, and 74% agree with the statement (9). This shows that the company under study supports the issue of having a balance between shareholders' value and fulfilment of customers' requirement. The remaining 4% of the respondents disagree with the statement. However, from the overall result, the issue of creating a balance between customers' requirement and shareholders value is vital towards enhancing organisational performance. The result is supported by research studies on customer satisfaction and customer loyalty, (Anderson et al. 2014). Brady et al. (2001), claimed that increase in customer retention and customer satisfaction enhances future revenue (Fuller, et, al., 2005).

Statement (10):

Finance scheme that encourages customers to patronise brands does not lead to growth in sales volume.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree _____

Statement (10) deals with the issue of whether having a finance scheme that encourages customers to patronise brands lead to growth in sales volume or not. Fig. (10) below is the result of the survey analysis. About 4% of the respondents strongly agree, and another 20% of the respondents agree that finance scheme that encourages customers to patronise brands do not lead to growth in sales volume. However, from the result of the analysis, 18% strongly-disagree, 50% disagree representing 68% of the survey results with 8% of the respondents having no view which shows that finance scheme that encourages customers to patronise brands do leads to growth in sales volume. (Ibrahim and Murtala 2015).

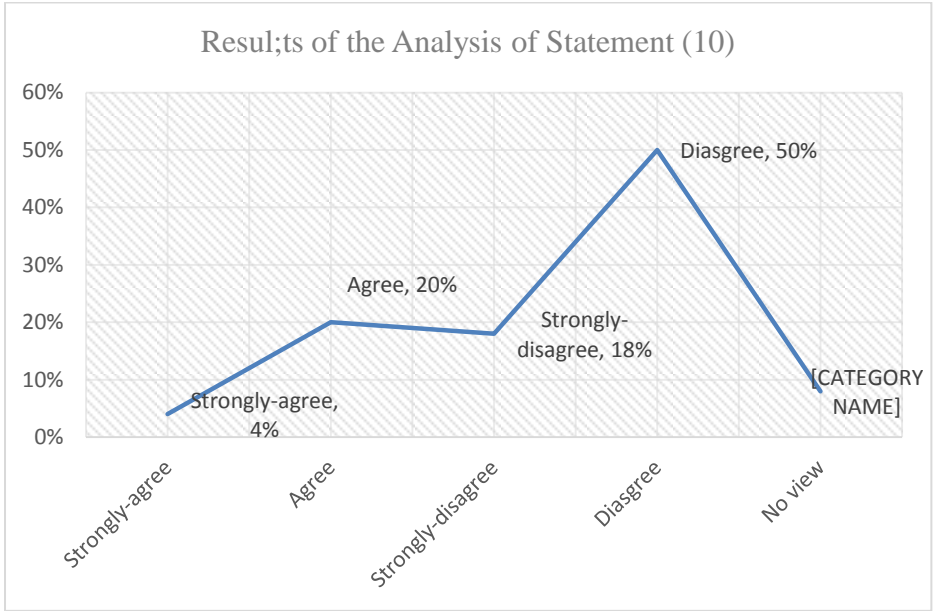


Fig. (10)

Statement (11):

Non-financial performance measures enable companies to track financial results while simultaneously monitoring progress in building the capabilities and acquiring the intangible assets they would need for future growth.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

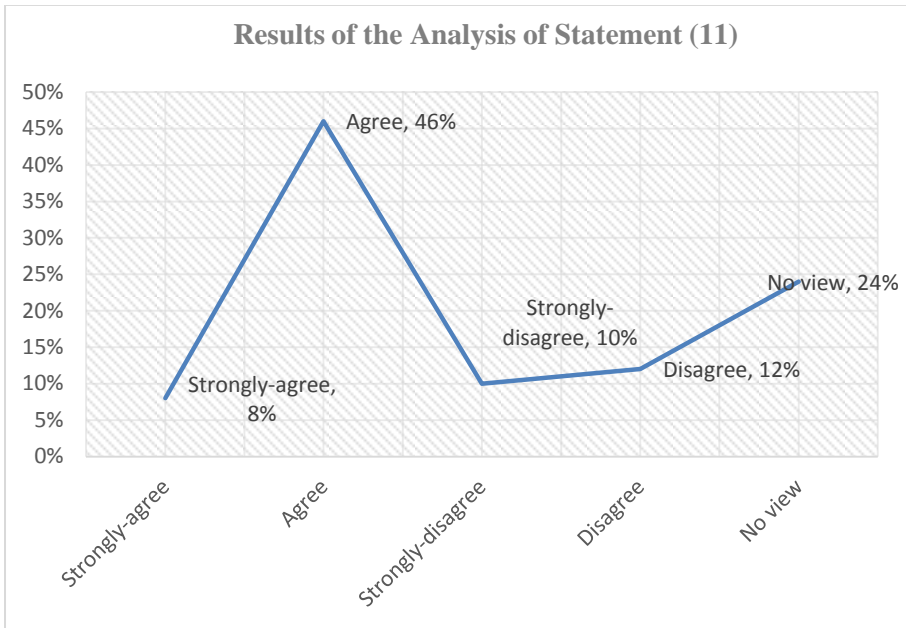


Figure (11)

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The result of data analysis for statement (11) is shown above in Fig. (11) with the 8% strongly agree and 40% agree that the use of non-financial measures enables a company to be multidimensional considering financial and non-financial performances. However, 10% of the respondents strongly disagree with the statement, and 12% oppose indicating that some of still believe its financial results can best measure company performance. The result shows that 24% of the respondents have the no view on the issues. The long-term survival of a business is dependent upon meeting market needs through a long-term value creation process (Khim and Hian, 2001). The traditional method of performance measurement has been criticised for being too narrowly focused on financial figures and functional level performance failing to capture organisational long-term business success.

Statement (12):

Some claim that customers are the Kings without which you have no business.

Ans: Strongly-agree; Agree; No view; Disagree; Strongly-disagree

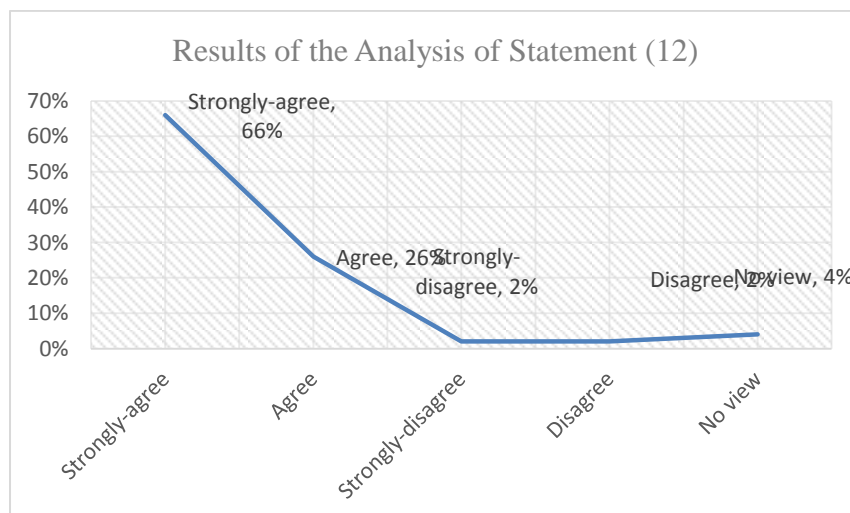


Fig. (12)

The result findings in (Fig. 12) above show that majority of the respondents (92%) (66% strongly agree and 26% agree) support the fact that customers are the kings in business. The finding is consistent with the view that many companies

focused on the needs of their stakeholder groups. However, 4% of the respondents (2% for strongly disagree and 2% disagree), believed the clients are no kings and business can still function without them. The latter category of respondents (4%) had no view about the statement. There is a school of thought that 'the customer is always right. Every organisation depends on their customers' perception to run their business and satisfying their needs could enhance business performances.

CONCLUSION AND RECOMMENDATIONS

The key to achieving maximum success in an organisation has an effective performance measurement system. Companies often use a traditional approach to performance measurement using only financial measures. However, there are some limitations to its effectiveness as it does not consider nonfinancial issues such as product quality, customers satisfaction, employee participation, internal and business process. Given this, the use of non-financial measures become vital as it covers both financial and non-financial aspect of an organisation creating a balance between operational goals and strategic goals towards long term success. This study was carried out to assess whether there is a positive relationship between non-financial performance measures and performance of Agro-allied Industries.

CONCLUSION

Every business enterprise is driven towards maximisation of profit because without profit a business cannot survive. In ensuring that this is achieved, it is, therefore, becomes essential for companies to measure their performance. Effective performance measurement has been seen to be very active in every business organisation both for short term and long-term success. The traditional method has been predominantly used to measure a company's performance; however, many research studies have argued that this approach is limited and does not show the actual result of one's performance as it solely focuses on financial figures and functional level performance failing to capture organisational long-term business success. Recently, many firms have begun making use of several other methods;

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such methods are referred to as the non-financial performance measures. These methods are very effective as they do capture not only the financial aspect of an organisation but also the non-financial aspect, they are said to be multi-dimensional. Nonfinancial performance measures cover specific areas such as customers' satisfaction, employee participation, internal business perspective, innovation and learning, competitors, shareholders' value as well as the financial records of the firm. It helps to align both the internal and external factors towards ensuring maximum long-term success.

The effective performance measurement is necessary for Agro-allied Industries. It contributes to the future growth of Agro-allied Industries as it combines both financial records of the company and nonfinancial factors in measuring performance. It supports the statement that useful performance measurement is the key to ensuring that an organisation strategy is successfully implemented. Without it, so many organisations would not be able to achieve maximum success in a long run. It focuses on monitoring an organisation's effectiveness to ensuring that it fulfils its predetermined goals or its stakeholders' requirements. Performance measurement, if correctly used, offers the potential for managers to understand which of the activities undertaken generates revenues that exceed costs (Meyer, 1994). The finding from this study shows that there is a meaningful relationship between non-financial performance measures and performance of Agro-allied Industries. Our finding supports the literature of Lau (2015) that role clarity significantly mediates the relationship between non-financial measures and managerial performance. The finding also supports Okwo (2012) that nonfinancial performance measurement is significant as it includes financial and non-financial measures towards the achievement of both short-term and long-term objectives of the company.

RECOMMENDATIONS

The issue of effective performance measurement is of vital importance towards increasing the future growth of businesses. There is a need for businesses to employ nonfinancial performance measures to have a better understanding of these

measures and enlighten its employees about its importance towards achieving maximum long-term success. In this effect, we recommend some policy responses below:

- There is the need for companies to implement proactive measures that will enlighten its workers more on the importance of having an effective performance measurement in place within the enterprise, and focus on activities that benefit it, shareholders and stakeholders, likewise.
- Companies should not only focus on its financial records to measure performance but also to consider other factors such as customer satisfaction, employee participation, product quality, a resolution to customers' complaint, amongst others.
- Agro-allied Industries should analyse their strengths and weaknesses and the opportunities that await them and the major threats that they will face in the competitive market. This helps them to gain an edge over their competitors.
- The organisation should aim at meeting the needs of their stakeholders which in the long-run will contribute to shareholders wealth.

AREAS FOR FURTHER STUDY

This study focused on the effectiveness of nonfinancial performance measures on managerial performance in Agro-allied industries. However, further research can be carried out in the following areas: Study on the relationship between non-financial performance measures and corporate profitability. The impact of non-financial performance measures in the banking sector in Nigeria and comparative study of financial performance and nonfinancial performance.

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