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To cite this article: Min Young Kim & Sung Min Park (2016): Antecedents and outcomes of acceptance of performance appraisal system in Korean non-profit organizations, Public Management Review, DOI: 10.1080/14719037.2016.1195436

To link to this article: http://dx.doi.org/10.1080/14719037.2016.1195436

Published online: 22 Jun 2016.

Article views: 45

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Antecedents and outcomes of acceptance of performance appraisal system in Korean non-profit organizations

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ABSTRACT

This study identifies the antecedents of non-profit public service motivation (NPSM) and employee outcomes using Korean non-profit acceptance of performance appraisal system (APAS) survey data. We test an NPSM model and examine the concept through public service motivation (PSM) in the non-profit sector. We then apply findings on work motivation, PSM, and performance appraisal systems to quantitative research and test several hypotheses concerning how (1) the non-profit sector’s APAS affects and uniquely shapes non-profit workers’ motivation, (2) NPSM relates to organizational trust, and (3) organizational characteristics affect Korean non-profit employees. We discuss our findings’ implications for non-profit theory and practice.

KEYWORDS Public service motivation (PSM); non-profit Service Motivation (NPSM); acceptance of performance appraisal system (APAS); person-environment fit (P-E fit); organizational trust

Introduction

In recent years, public service has broadened beyond work directly for the government to include other forms of employment that serve the community. This change has manifested in an increasing interest in governance rather than just government (Brinkerhoff and Brinkerhoff 2002). The traditional public service model delivered to citizens by government employees and protected by civil service provisions applies only to modern public administration in very limited settings. Most public service is delivered through contracts carried out by non-profit organizations (NPOs) that share some but not all of the characteristics of traditional public service (Park and Word 2012). Additionally, Moore (2000) argued that NPOs and public organizations pursue ‘creating public value’ (191) in providing high-quality public service while for-profit organizations pursue ‘maximizing shareholder wealth’ (p.191) in creating products and services. Other scholars suggested that NPOs and public organization employees have similar behaviour patterns and are more concerned with social well-being (Chen, Ren, and Knoke 2014). Thus, examinations of public service motivation...
(PSM) have tended to focus on non-profit human service workers and managers (Lyons, Duxbury, and Higgins 2006; Word and Carpenter 2013).

Very few studies probed the unique dimensions of job choice or work motivation in the non-profit sector (e.g. Word and Carpenter 2013; Park and Word 2012). Hansmann (2006) found that non-profit employees are more committed to producing high-quality community goods and services given their dedication to intrinsic values. Recently, Word and Park (2009) suggested that public and non-profit sector work is unique, finding that non-profit managers are more involved in their jobs than are public sector managers. These findings are somewhat counterintuitive because theories based on economic rationality (e.g. rational choice, new public management, principal–agent theories) suggest that workers in both sectors lack ownership or profit incentives (Kim and Mahoney 2005) and thus have weaker incentives to make efforts beyond their required job duties. Thus, we wonder what drives non-profit managers to work longer hours and display greater job involvement than their public sector counterparts. Previous research suggested that important organizational factors in public organizations, including incentives, motivation, rules and regulations, strategies, processes, and work environments, might differ widely from those in both for-profit and non-profit agencies, producing observed differences in job involvement and work habits (Rainey 2009). In addition, Tschirhart et al. (2008) suggested that non-profit sector employees are more mission- and goal-driven and that unique contextual, institutional, and emotional factors motivate and shape them differently from other sector employees.

This project not only extends current research to Korean non-profit employees but also contributes to identifying the nature and antecedents of non-profit public service motivation (NPSM) in the non-profit sector and the resulting organizational outcomes for employees. Using various theoretical lenses, such as self-determinant theory, social cognitive theory (SCT), person–environment fit (P-E fit) theory, and PSM theory, we attempt to verify acceptance of performance appraisal systems (APAS). We interpret the effects of APAS on individual behaviour and attitudes cautiously. Developing an effective definition of APAS and motivating employees to achieve organizational missions and values can be seen as creating and diffusing trust in Korean society beyond NPOs. We address the need to investigate the function of APAS in order to fill a research gap and contribute to the development of a more comprehensive APAS model for NPOs. We also examine the effect of the acceptance of external intervention (i.e. performance appraisal systems) that could lead to the crowding in of an employee’s motivation in Korean NPOs (Frey and Jegen 2001).

Although the literature is rich with examinations of employment in other sectors, research on non-profit human resources (HR) has focused on issues related to incentives and compensation and volunteer management practices (Ben-Ner, Ren, and Paulson 2011; Chen, Ren, and Knoke 2014). Non-profit management research’s focus on issues other than human resource management (HRM) is not surprising given the small size and relative informality of many non-profits, which lack formal HR departments or functions (Ban, Drahnak-Faller, and Towers 2003). This lack of formality may be responsible for the shortage of research on the unique aspects of and issues in non-profit HRM and non-profit employees’ motivation. A deeper examination of this motivation provides a clearer understanding of the professional and organizational changes that affect NPOs.
The Korean Civil Act defines NPOs as ‘associations or foundations relating to science, religion, charity, art, social intercourse, or otherwise relating to enterprises not engaged for profit or gain’. According to the Statistical Yearbook of National Taxation, the number of NPOs increased from 10,329 in 1993 to 21,372 in 2013. Donations to NPOs (their only source of funds) also consistently grew, from approximately $3.40 billion in 2001 to $9.52 billion in 2013. As the quantity and quality of NPOs in Korea have grown, donations and voluntary activities have revitalized accordingly (Son and Park 2008). Therefore, awareness of NPOs has increased, and NPOs are expected to expand their businesses into broader public services, including social welfare services. However, NPOs must resolve several problems to efficiently perform their socioeconomic roles, including guarding against failure to perform as a public services supplier. They need to earn significant trust from the public in the form of voluntary private donations to secure the financial sources required to implement public interest activities. Additionally, NPOs have consistently been censured for lacking efficiency and expertise.

Removing obstacles to private donations for charitable activities requires NPOs to enhance the transparency of their operations. Enhancing expertise is another important task NPOs must perform to secure the same degree of efficiency that corporations have (Son and Park 2008). Performance appraisal systems (PAS) can be used as a tool to enhance social accountability in Korean NPOs. At the end of every year, each NPO conducts a self-evaluation designed by the government or organization that is open to the public; PAS confirms whether relationships among the parties are accountable, including between citizens and the government, citizens and corporations, corporations and the government, and civic groups and interested parties.

In addition, NPOs recognize that they should resolve their problems – such as an inability to serve charitable purposes, collectivity, paternalism, and lack of expertise – via their own managerial mechanisms to prevent failure and enhance their efficiency as suppliers of social services. To ensure this, the human resource development (HRD) programme for NPOs needs to improve employee capacity and service quality. Thus, the government or private sector, as social service sponsors, should provide training (e.g. core capacity training for social services, accounting training, leadership training) to NPOs. Overall, NPO governance systems for establishment, operation, and monitoring should be reformed to enable NPOs to more effectively perform their roles by enhancing transparency, accountability, and expertise.

**Theoretical framework and hypotheses**

**Overarching theoretical framework**

Mission-driven organizations, such as NPOs (Park and Word 2012) envision protecting and promoting the well-being of humans, rather than earning profits, as their core purpose. They seek to extend beyond shareholders’ profits by pursuing societal goals, public service missions, and social contributions. Therefore, understanding how people in mission-driven organizations can manage their motivation and trustworthy relationships improves not only the NPOs themselves but also society as a whole. Given these sectoral and philosophical peculiarities, we thus posit that organizational congruence, system acceptability, and work motivation matter significantly...
when managing people and organizations. This statement is particularly true of NPO employees, who might possess more normative, relational, altruistic, philanthropic, and affective vocational ethics and values.

**Self-determination theory**

Self-determination theory (SDT) provides a theoretical framework for understanding human motivation and underlines the significance of inward human systems functioning as resources for behavioural and personal regulation and development (Ryan, Kuhl, and Deci 1997). According to SDT, all individuals have innate tendencies to grow and develop to their full potential. Three basic psychological conditions are essential for intrinsic motivation (the most autonomous form of motivation): autonomy, competence, and relatedness (Deci and Ryan 2000). People’s autonomy need is satisfied when they experience ownership of their behaviour and act with a sense of volition (Deci and Ryan 2000). People’s competence need can be satisfied when they achieve desired outcomes, meet performance standards, and manage challenges (Vansteenkiste et al. 2007). Finally, people’s relatedness need is satisfied when they are connected with and cared for by others (Vansteenkiste et al. 2007). Accordingly, SDT research has addressed whether the processes of human motivation are (1) truly influenced by self-determination and (2) related to specific organizational conditions and social/environmental factors, such as rewards and discipline, work environment and culture, and organizational communication.

The SDT suggests several types of motivation, ranging from a motivation (i.e. the inability or unwillingness to participate in normal social situations) to extrinsic and intrinsic motivations. The cardinal factor that determines the characteristic of each motivation type is autonomy (among autonomy, competence, and relatedness), a fundamental element reflecting an ‘inner endorsement of one’s actions, the sense that they emanate from oneself and are one’s own’ (Deci and Ryan 1987, 1025). According to SDT, intrinsic motivation is the ‘motivational instantiation of the proactive, growth-oriented nature of human beings, which is the basis for learning and development’ (Park and Word 2012, 709); thus, the intrinsically motivated tend to self involve in fun or challenging situations rather than be influenced by external environments, pressures, or rewards. Furthermore, SDT divides extrinsic motivation into four categories of regulation or motivation, each of which could be differently affected by external and contextual factors, sorted in order from least to most autonomous: (1) external, (2) introjection, (3) identification, and (4) integration (Ryan and Deci 2004). The third and fourth types (identification and integration) are characterized by high degrees of autonomy and a full scope of ‘autonomous’ regulations and ‘internal’, or perceived, loci of causation. These types of extrinsic motivation are regarded as autonomous and as containing characteristics very similar to those of intrinsic motivation. Individuals motivated in this manner are thus presumed to be highly self-reliant and self-determined, as are intrinsically motivated individuals (Vandenabeele 2007).

**Non-profit service motivation**

The issues of service delivery, fundraising, outcomes, volunteering, and other management concerns unique to the non-profit sector are frequent research topics (Word and Carpenter 2013). Additionally, NPOs’ small size and less formalized
organizational characteristics have led to a shortage of research on the unique issues facing HRM in the non-profit sector (Ban, Drahak-Faller, and Towers 2003). A closer examination of non-profit service motivation (NPSM) is necessary to understand the unique features of the sector’s workforce and their motivations, as well as the unique challenges faced in attempting to manage non-profit service employees (Rainey 2009). Many public services are now delivered through contracts carried out by either for-profit or NPOs that have some but not all of the characteristics of traditional public services (Word and Park 2015). Recent examinations of PSM tended to investigate non-profit human service workers and managers without exploring the possible underlying differences between the sectors (Word and Park 2009; Word and Carpenter 2013). We believe that the similarities in motivation between public and non-profit employees justify our use of a modified version of Perry’s (1996) scale to examine NPSM (Park and Kim Forthcoming; Word and Carpenter 2013). However, we draw on these various and diverse perspectives on PSM and NPSM, particularly in the Korean context, to define NPSM as ‘intrinsically and voluntarily driven attitudes and dispositions that lead to more service delivery, fundraising, and volunteering activities in non-profit agencies’.

Using SDT, we categorized three NPSM dimensions/components into two types of motivation: intrinsic (affective and normative motives, which are more autonomous) and extrinsic (rational motives, which are more controlled). Considering the Korean bureaucratic context and by importing the SDT/NPSM framework, we posit that the rational motivation of Korean non-profit employees should be similar to the construct of extrinsic or continuance motivation and that normative and affective motivation in Korean NPOs can be mirrored as intrinsic motivation. This research empirically examines work motivation in the Korean non-profit sector and proposes a specific NPSM model developed using the PSM concept.

**Acceptance of PAS and NPSM**

First, the APAS management proposed in this study has been approached from aspects of management that are essential to operations. Second, the APAS outcomes have been approached from the instrumental aspect, which represents employees’ participation in PAS operations, fairness, and transparency, and the predictability and use of PAS outcomes. Numerous studies on how performance indicator characteristics affect the acceptance of an appraisal show that acceptance is higher for performance appraisal indicators that are more specific clear, and easy to interpret. Finally, the acceptance of performance appraisal indicators is approached through the following factors: validity, strategic relevance, compositional congruence, objectivity, and understandability.

Research has shown that work environments and institutional mechanisms are important in shaping or reducing employees’ PSM (Houston 2011; Vandenabeele 2011). Similarly, an employee’s PSM is well established through organizational, structural, and cultural factors (Brewer and Ritz 2013). Recent studies investigated whether the effects of PSM relate to the degree to which employees believe that their work provides sufficient opportunities to satisfy their desire to serve others (Vandenabeele 2009).

To test the value of social services, NGOs are designing PASs that ask employees a series of questions about the degree to which they believe that their efforts benefit the
lives of others (Grant 2008). Research on capitalizing on the positive effects of PSM can be divided into two related motivational constructs and processes: PSM cultivation (processes of developing and sustaining PSM levels) and PSM activation (processes of igniting and spreading PSM levels; Pedersen 2015). Managers of NPOs may enhance the effectiveness of their organization using a combination of related strategies and practices – some directed at PSM cultivation and others at activating NPO employees’ already present PSM in the work environment (Pedersen 2015). We postulate that three dimensions of APAS as cultivators of high NPSM are crucial factors for fostering NPSM in the Korean NPO context. We thus posit that employees who perceive the fairness and validity of a PAS are more likely to be motivated to act when their work actually benefits others. These arguments are consistent with SCT in that an employee’s self-efficacy is contingent on satisfying his or her expectations and goals. We thus propose the following hypothesis:

Hypothesis 1: APAS is positively related to rational, norm-based, and affective NPSM.

**P-E fit (person-job fit (P-J fit) and person-organization fit (P-O fit)), APAS, and NPSM**

Empirical evidence has confirmed that employees who perceive greater value congruence with their organization experience significant job satisfaction (Quratulain and Khan 2015), organizational commitment, intention to remain (Silva, Hutcheson, and Wahl 2010), employee performance (Kristof et al. 2005), and organizational citizenship behaviour (Vogel and Feldman 2009).

Following the P-E fit perspectives, we posit that the compatibility between a non-profit employee and the work environment significantly influences APAS. Thus, non-profit employees whose primary value orientations are consistent with non-profit service (e.g. self-sacrifice, social equity, public interest, civic responsibility) are more willing to perform their jobs and tasks and pursue mission congruence (e.g. prosocial and altruistic values). Hence, they are more likely to positively perceive and accept their non-profit organization’s PAS. Similarly, the literature on PSM generally supports the P-E fit model, assuming that ‘the greater an individual’s PSM, the more likely the individual will be to seek membership in a public organization’ (Perry and Wise 1990, 370). To explore this link, this research develops and tests a model that links P-E fit, APAS, and NPSM. The inference is that NPO employees with greater congruence between their job and organization will tend to positively perceive and accept the management systems (e.g. performance evaluation systems) within NPOs. Thus, if the job experience is positive and provides a good match between the individual and the organization, this experience should positively affect NPSM. Scholars have found that, in the case of a low P-E fit, morale is mitigated and negative attitudes about organizations are pronounced, which might also negatively influence the acceptability of performance appraisal systems.

Recent studies (Coursey et al. 2011; Word and Park 2009) have suggested that non-profit employees are also attracted to work for a mission that values public service and that personally motivates their work. In line with this notion, Quratulain and Khan (2015) argued that NPSM could be the result of P-O fit. Other research
results show that organizational socialization and acceptance of process (e.g. work environments and organizational features, job demands-resources) could either promote or reduce employee PSM (Bakker 2015; Pedersen 2015). Using SDT, we focus on the mediating role of APAS between P-J fit and P-O fit and NPSM. In particular, SDT predicts that autonomy-supportive contexts positively affect the degree to which individuals satisfy their need for competence, autonomy, and relatedness; thus, APAS fully mediates fit and NPSM through more autonomy, competence, and relatedness supportive contexts, such as a high level of APAS. We therefore posit that P-E fit indirectly influences NPSM by elevating the acceptability of PAS. We thus propose the following:

Hypothesis 2a: P-E fit (measured as P-O and P-J fit) are positively related to APAS.

Hypothesis 2b: APAS mediates between P-E fit and rational, norm-based, and affective NPSM.

**APAS, NPSM, and organizational trust**

Process theory suggests that the organizational environment influences PSM through socialization, effective organization–personal communication, and performance evaluation feedback (see Paarlberg, Perry, and Hondeghem 2008). In turn, employees with higher PSM are expected to experience positive employee behavioural inclinations (Homberg, McCarthy, and Tabvuma 2015) and organizational outcomes (Bellé 2013). Therefore, we anticipate that NPSM may mediate the APAS–employee outcome relationship (Mostafa, Gould-Williams, and Bottomley 2015). We use the SCT framework to examine the relationship among APAS, NPSM, and organizational trust. The SCT states that self-efficacy is an important function for ensuring human motivation, affect, and action. Self-efficacy intervenes through a cognitive, motivational, and affective selection process, such as affective arousal and thinking patterns (Bandura 2011). In the cognitive process, self-efficacy forms thought patterns affected by self-aid or self-hindrance. Therefore, the organizational environment determines the efficacy-activated process. An individual’s self-efficacy also affects the selection of environments. Specifically, we probe a set of crucial determinants that might foster intrinsically and voluntarily driven motivations (e.g. NPSM) and thus increase the effects of NPSM to significantly influence organizational outcomes in the non-profit sector.

Organizational trust is shaped, developed, or diminished through various reciprocal and social contexts, such as information exchange, interpersonal communications, social interactions, and networks (Park 2012). Employees’ organizational trust is recognized as important to organizations because organizational effectiveness outcomes (e.g. managerial accountability, in-role performance) are accomplished only through adequate trust in organizations; this trust must be associated with an organizational commitment that makes employees share the organization’s values and gain a personal sense that the agency’s mission is important (Park, Park, and Ryu 2013). Ruscio (1996) categorized the competing approaches to trust research into two groups: a calculative approach based on the logic of consequences and a non-calcultative approach based on the logic of appropriateness. The calculative approach assumes that trusting and being trustworthy are motivated by self-interest or well-
being, while the non-calculative approach regards trust as a matter of ethics instead of a strategy for maximizing one’s utility (Ruscio 1996).

In this study, we posit that NPSM could result in greater trust when employees possess prosocial and altruistic motivations to serve the public through their work. When individuals define themselves primarily as givers, they seek to maintain their prosocial identities as one of the ‘most important motives, values, and guiding principles in life’ (Grant, Dutton, and Rosso 2008, 900). Because non-profit employees are significantly motivated by a desire to serve the public interest (Park 2012), their trust is distinct from that occurring in private exchanges between individuals and market exchanges between organizations. Accordingly, trust follows not the logic of consequences but the logic of appropriateness, which implies that trust is determined by social and moral relations: trust is a moral affirmation that is indispensable to moral self-definition, good character, and moral judgment (Yang 2005). Our study provides a statistical analysis of the relationships between employees’ organizational trust and their acceptance of PAS. Thus, we propose the following hypothesis:

Hypothesis 3a: APAS is positively related to organizational trust.

Employees of NPOs are strongly motivated to perform meaningful public, community, and social service – activities vitally important to society. This public service ethic is thought to foster work behaviour that is consistent with the public interest and that enhances the level of performance accomplishment. Numerous studies have examined the meaning and role of PSM (a non-profit employee’s psychological and emotional state) and its influence on organizational outcomes. As an antecedent factor, PSM was shown to be positively related to job satisfaction and organizational commitment (Vandenabeele 2009), and to affect performance and turnover intention (Park and Rainey 2008). In the Korean context, Cho and Shin (2011) found that employees with high PSM tended to put their organizations’ interests before their own, thus enhancing organizational performance, as was shown empirically. PSM motivation is characterized as reliance on intrinsic rewards over extrinsic rewards. Intrinsic rewards, such as a sense of accomplishment and self-worth (Houston 2000), are derived from the satisfaction obtained from performing a task. Similarly, motivation hygiene theory suggests that intrinsically or internally motivated employees are more willing to recognize the social values of streamlined communications, high standards of integrity, equitable treatment, and psychological attachment. Hence, they are more likely affectively to trust organizational constituents. Park (2012) found that organizational trust was affected by employees’ intrinsic motivation, such as PSM.

Although the literature and surveys on PSM are growing, limited attention has been paid to the direct relationship between PSM or NPSM and organizational trust. Several studies have shown that organizational attitudes and perceptions were affected by factors, such as personal attitude, job characteristics, and work environment (Moynihan and Pandey 2007). PSM has been shown to improve organizational performance, job satisfaction, organizational commitment, and turnover intention, which are indicative of the relationship between PSM (personal variable) and both organizational and interpersonal trust (organizational variables). Therefore, we propose that NPSM is positively and significantly associated with organizational trust. In particular, Korea’s unique relationship-centred, hierarchical, and group-oriented organizational culture is understood to be somewhat affective. Therefore, NPSM in its norm-based, affective, and rational
dimensions is expected to affect trust differently than has been seen in other cultures. Therefore, following previous PSM studies and given Korea’s organizational culture, this study proposes the following hypotheses on the differing effects on trust of norm-based and affective motives (intrinsic, altruistic, and transformational value-oriented) versus rational motives (extrinsic, selfish, power, and exchange value-oriented):

Hypothesis 3b: Norm-based and affective NPSM are related to organizational trust more positively than is rational NPSM.

Hypothesis 3c: The three types of NPSM mediate between APAS and organizational trust.

Research methods

Based on previous research findings, a heuristic research model was constructed (see Figure 1) illustrating the relationship among antecedents, mediators, and consequences in the Korean non-profit sector. Antecedent variables comprise P-J fit and P-O fit. APAS and NPSM are designated as mediators, and organizational trust is designated as an outcome variable. This study also used several control variables for organizational trust – individual characteristics, such as gender, age, education level, and years of NPO experience.

Samples and descriptive statistics

The empirical portion of this study utilizes our primary data drawn from the Korean Nonprofit Acceptance of Performance Appraisal System Survey, conducted from May to August 2013, which includes 400 respondents and had a response rate of 49 per cent. Participants were informed that all information collected would remain confidential. Of the 815 distributed questionnaires, 400 were collected and used for this study. To ensure the presence of key subgroups within the sample, a stratified quota sampling method was used. To obtain a stratified sample of Korean non-profit employees, we divided the entire target population into four PAS types: (1) Ministry of Safety and Public Administration (MOSPA), (2) Seoul Metropolitan Government, (3) Ministry of Gender Equality & Family (MOGEF), and (4) Ministry of Health & Welfare & Self Evaluation Organizations (MW). Table 1 provides the distributions among the socio-demographic characteristics of the sample.

Analysis and results

First, we employed exploratory factor analysis and confirmatory factor analysis (CFA) to operationalize the variables and confirm latent constructs from the relevant survey questions. Second, we adopted a full structural equation model (SEM) (i.e. measurement model with a path model) to confirm the total direct and indirect effects of the main variables, test the interrelationships among variables, and assess the relative strength of each variable. Third, we designated APAS and NPSM as the key mediators in the SEM and hypothesized that the three types of NPSM among Korean non-profit organization employees are influenced by the effects of APAS and increased organizational trust. In addition,
Table 1. Descriptive statistics.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Frequency (%)</th>
<th>Variables</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>109 (27.3)</td>
<td>High school</td>
<td>16 (4.0)</td>
</tr>
<tr>
<td>Female</td>
<td>284 (71.0)</td>
<td>College</td>
<td>18 (4.5)</td>
</tr>
<tr>
<td>Missing</td>
<td>7 (1.7)</td>
<td>Masters and doctorate</td>
<td>205 (51.3)</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td>Others</td>
<td>10 (2.5)</td>
</tr>
<tr>
<td>20s</td>
<td>82 (20.5)</td>
<td>Missing</td>
<td>11 (2.6)</td>
</tr>
<tr>
<td>30s</td>
<td>130 (32.5)</td>
<td>Job tenure</td>
<td></td>
</tr>
<tr>
<td>40s</td>
<td>102 (25.5)</td>
<td>1 month–3 years</td>
<td>174 (43.5)</td>
</tr>
<tr>
<td>50s</td>
<td>61 (15.3)</td>
<td>3–5 years</td>
<td>81 (20.3)</td>
</tr>
<tr>
<td>Over 60s</td>
<td>10 (2.5)</td>
<td>5–10 years</td>
<td>91 (22.8)</td>
</tr>
<tr>
<td>Missing</td>
<td>15 (3.7)</td>
<td>10–15 years</td>
<td>36 (9.0)</td>
</tr>
<tr>
<td><strong>NGO category</strong></td>
<td></td>
<td>Missing</td>
<td>10 (2.4)</td>
</tr>
<tr>
<td>Service delivery</td>
<td>206 (51.5)</td>
<td>More than 15 years</td>
<td>8 (2.0)</td>
</tr>
<tr>
<td>Capacity building</td>
<td>90 (22.5)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policy influence</td>
<td>104 (26.0)</td>
<td>Missing</td>
<td>10 (2.4)</td>
</tr>
</tbody>
</table>

Valid N = 400

Table 2. Verification of reliability.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Item</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Cronbach’s α</th>
</tr>
</thead>
<tbody>
<tr>
<td>P-J fit</td>
<td>4</td>
<td>5.830</td>
<td>.906</td>
<td>.903</td>
</tr>
<tr>
<td>P-O fit</td>
<td>4</td>
<td>5.584</td>
<td>1.142</td>
<td>.932</td>
</tr>
<tr>
<td>APAS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial</td>
<td>3</td>
<td>5.488</td>
<td>1.025</td>
<td>.886</td>
</tr>
<tr>
<td>Result-based</td>
<td>6</td>
<td>4.859</td>
<td>1.091</td>
<td>.944</td>
</tr>
<tr>
<td>Index-based</td>
<td>5</td>
<td>4.880</td>
<td>1.025</td>
<td>.938</td>
</tr>
<tr>
<td>NPSM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rational NPSM</td>
<td>3</td>
<td>3.349</td>
<td>1.131</td>
<td>.774</td>
</tr>
<tr>
<td>Norm-based NPSM</td>
<td>4</td>
<td>5.465</td>
<td>.976</td>
<td>.809</td>
</tr>
<tr>
<td>Affective NPSM</td>
<td>4</td>
<td>4.851</td>
<td>1.089</td>
<td>.862</td>
</tr>
<tr>
<td>Organizational trust</td>
<td>5</td>
<td>5.345</td>
<td>1.141</td>
<td>.919</td>
</tr>
</tbody>
</table>
we proposed that APAS is influenced by P-J fit and P-O fit and increases NPSM. Finally, we proposed that APAS increases organizational trust. Moreover, to assess whether APAS and NPSM mediate the effects of a set of antecedents on outcome variables, we used a Sobel’s Z statistic test.

**Reliability tests**

Internal consistency analysis was performed to verify the reliability of each variable that comprised the research model. The results showed that the Cronbach’s α for all constructs was greater than 0.6, which validates the reliability of the measuring tool (see Table 2).

**CFA results**

**Three-factor NPSM model**

We employed a second-order CFA model of rational, norm-based, affective NPSM, which indicated that the three latent NPSM constructs are significantly salient and distinct (see Figure 2). An NPSM composite construct (a second-order factor) is significantly and positively explained by rational, norm-based (C. R. = 2.47), and affective NPSM (C. R. = 6.47). Second, the latent constructs of rational, norm-based, and affective NPSM (second-order factors) are positively related to each other. These results imply that the three types of NPSM can be recognized as important characteristics of NPOs in Korea.

The R² values for each variable are moderate to high, indicating that the variance in the indicators is relatively well measured and explained by the latent factors. Several goodness-of-fit indices (see Figure 3) show that the fit of the three-factor measurement model is acceptable. For example, the comparative fit index (CFI) is .97 (greater than .90 is acceptable), and the root mean square error approximation (RMSEA) is .061 (less than .08 is acceptable). This proposed model of the three types of NPSM in Korean NPOs is thus a good fit to the data, supporting the construct validity of a second-order measurement model.

**Three-factor APAS model**

We also employed a second-order CFA model of managerial, result-based, index-based APAS indicating that all three latent APAS constructs are significantly salient and distinct (see Figure 3). An APAS composite construct (a second-order factor) is significantly and positively explained through managerial APAS, result-based APAS (C. R. = 1.89), and index-based APAS (C. R. = 1.79). Second, the latent constructs of managerial, result-based, and index-based APAS (second-order factors) are positively related to each other. The results imply that the three types of APAS are recognized as important characteristics of NPOs in Korea. The R² values for each variable are moderate to high, indicating that the latent factors measure and explain the variance in the indicators relatively well. Several goodness-of-fit indices (see Figure 4) show that the fit of the three-factor measurement model is acceptable. For example, the CFI is .98 (greater than .90 is acceptable), and the RMSEA is .060 (less than .08 is acceptable). This proposed model of the three types of NPSM in Korean NPOs is thus a good fit with the data, supporting the construct validity of a second-order measurement model.
Correlations results

We examined the correlation relationships between three antecedents, the three types of NPSM, APAS, and organizational trust. As Table 3 indicates, the organizational trust variable is significantly correlated with P-J fit, P-O fit, the three types of APAS, and norm-based and affective NPSM. Norm-based and affective NPSM are significantly correlated with P-J fit, P-O fit, and the three types of APAS. In addition, affective NPSM is significantly and positively correlated with norm-based NPSM, whereas rational NPSM is not significantly correlated with norm-based or affective NPSM. Finally, the variables for the three types of APAS are significantly and positively correlated with P-J fit and P-O fit.

SEM results

Total and direct effects

In the final phase of the analysis, we employed an SEM, which indicated that the antecedents, mediators, and consequent variables are directly and indirectly related to one another in a meaningful manner. Figure 4 and Table 4 show that P-J fit and P-O fit directly, significantly, and positively influence APAS (P-J fit...
β = .189***, P-O fit β = .206***). Second, APAS directly, significantly, and positively influences norm-based NPSM (β = .315***), positively influences affective NPSM (β = .568***), and positively influences organizational trust (β = 1.233***). The effect of APAS on rational NPSM was less significant than norm-based NPSM and affective NPSM (β = .074). Finally, norm-based NPSM is directly, significantly, and positively associated with organizational trust (β = .419**). Similarly, the effect of rational NPSM on organizational trust was less significant than norm-based NPSM (β = .059). The overall results suggest that our APAS, NPSM-attitudinal-behavioural outcome model is well defined and accurate for the hypotheses. Finally, this study controlled for the influences of gender, age, education, and job tenure on the respondents’ level of organizational trust. The results indicated that gender directly, significantly, and positively influences organizational trust (β = .198**). Thus, we anticipate that female employees of NPOs have greater trust in their organization than male employees do. In other words, female NPO employees have a positive perception of their organization. Each research hypothesis was confirmed, except for that assuming a relationship among APAS, NPSM, and the set of antecedents, mediators, and outcomes.

### Overall CFA model fit indices

<table>
<thead>
<tr>
<th>Model</th>
<th>df</th>
<th>$X^2$</th>
<th>$X^2/df$</th>
<th>RFI</th>
<th>NFI</th>
<th>IFI</th>
<th>CFI</th>
<th>RMSEA</th>
<th>RMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suggested</td>
<td>70</td>
<td>170.694</td>
<td>2.438</td>
<td>&gt;0.90</td>
<td>&gt;0.90</td>
<td>&gt;0.90</td>
<td>&gt;0.90</td>
<td>&lt;0.08</td>
<td>&lt;0.08</td>
</tr>
</tbody>
</table>

**Figure 3.** Second-order three-factor APAS model.

β = .189***, P-O fit β = .206***). Second, APAS directly, significantly, and positively influences norm-based NPSM (β = .315***), positively influences affective NPSM (β = .568***), and positively influences organizational trust (β = 1.233***). The effect of APAS on rational NPSM was less significant than norm-based NPSM and affective NPSM (β = .074). Finally, norm-based NPSM is directly, significantly, and positively associated with organizational trust (β = .419**). Similarly, the effect of rational NPSM on organizational trust was less significant than norm-based NPSM (β = .059). The overall results suggest that our APAS, NPSM-attitudinal-behavioural outcome model is well defined and accurate for the hypotheses. Finally, this study controlled for the influences of gender, age, education, and job tenure on the respondents’ level of organizational trust. The results indicated that gender directly, significantly, and positively influences organizational trust (β = .198**). Thus, we anticipate that female employees of NPOs have greater trust in their organization than male employees do. In other words, female NPO employees have a positive perception of their organization. Each research hypothesis was confirmed, except for that assuming a relationship among APAS, NPSM, and the set of antecedents, mediators, and outcomes.
Mediating effects

We used the Sobel Z statistic test to assess whether APAS mediated the effects of the P-J fit and P-O fit of NPOs’ employees in Korea on the three types of NPSM and whether NPSM mediated the effects of APAS on organizational trust (see Table 5). Norm-based NPSM was indirectly but meaningfully influenced by P-J fit (test statistic = 2.5489) and P-O fit (test statistic = 3.0753), as mediated by APAS.
Similarly, affective NPSM was indirectly but meaningfully influenced by P-J fit (test statistic = 2.7942) and P-O fit (test statistic = 3.5378), as mediated by APAS. Organizational trust was indirectly and positively influenced by APAS and mediated by norm-based NPSM (test statistic = 2.2293). Thus, we believe that the analysis of the indirect effects specified and clarified the relationship between the antecedents and consequent variables of this study. The results of the path analyses and the Sobel test indicate that our research hypotheses were confirmed.

**Conclusions and implications**

**Theoretical implications**

The topic of this study, NPSM and APAS in the non-profit sector, is important because of the essential relationship between APAS and/or NPSM and individual and organizational performance. Although many studies have investigated the antecedents and consequences of APAS, most have centred on the acceptability of PAS in business sectors. The theoretical and practical inquiries of this study are inspired by the notion that the success of an organization’s PAS may be contingent on employees’ perception of the system – specifically, whether employees have positive views of it (e.g. whether employees are willing to accept PAS as fair, effective, and appropriate).
The results of this study indicate that APAS is an important cultivator, activator, and mediator in Korean non-profit agencies in increasing their employees’ NPSM and organizational trust. This study also shows that P-J fit and P-O fit are significantly and positively associated with APAS and that these factors indirectly affect NPSM and organizational trust. Specifically, the CFA model illustrates that, first, similar to patterns in the public sector, APAS in Korean non-profit agencies is composed of the three distinct constructs of managerial, result-based, and index-based acceptance. The results suggest that these three dimensions are most valid and reliable for increasing and facilitating the acceptability of PAS among non-profit employees. Second, from the NPSM CFA model, three sub-constructs of NPSM (i.e. rational, norm-based, and affective) were confirmed, implying the possibility that a traditional PSM scale could be conceptually and empirically valid in delineating the main constructs of pro-social work motivation in the non-profit sector (Perry and Vandenabeele 2015).

The results of this study also show that APAS and norm-based NPSM positively affect employee trust in an organization. The findings suggest that organizations may increase trust by developing stronger ethical and normative standards. Furthermore, rational NPSM has a positive effect on organizational trust, whereas affective NPSM does not imply that employees’ trust in an organization should be understood in the context of both calculative and non-calculative approaches. In other words, trust affects two main areas: professional and personal. Professional relationships are normally task-oriented and aimed at achieving objectives, whereas personal relationships deal more in the social or emotional realm and focus on the relationship itself (Lewicki and Wiethoff 2000). To confirm whether the three types of NPSM are associated with different types of organizational trust, future studies must draw on the findings of this research and examine the relationship between NPSM and organizational trust by distinguishing between two fundamental forms of trust: (1) cognition-based trust, grounded in sharing a rational and cognitive process, and (2) affection-based trust, grounded in the emotional, relational, and social identification process within an organization.

**Practical and managerial implications**

This study offers both practical and managerial implications. First, from a P-E fit perspective, a close correspondence should exist between organizations’ missions and their individual employees’ goals. As previous studies have revealed, employees who experience strong mission congruence tend to have positive work-related attitudes (e.g. regarding APAS). Whereas past personnel administration systems have focused on the recruitment, utilization, and maintenance of the workforce, strategic human resource management (SHRM) has attempted to achieve organizational goals by implementing strategic workforce planning and successful management strategies (Wright and Pandey 2008). This study asserts that SHRM enhances the level of P-O or P-C fit and, ultimately, facilitates the congruence of an employee’s beliefs and values through the culture and values of the organization. Under the SHRM rubric, to increase the congruence of the mission, public managers should ensure that employees participate in setting performance objectives. Increased participation in decision-making allows employees to accept and contribute to agency missions.
processes – both of which use participatory and bottom-up techniques – improve social communication, clarify job performance expectations, and enhance employees’ commitment to achieving their goals.

Second, the results of the SEM analysis showed that P-E fit is indirectly related to NPSM and organizational trust through APAS for non-profit employees. Central to APAS is whether the established system provides its employees the appearance of fairness, clarity, and validity. Even when non-profit agencies have developed and equipped the most technically sophisticated and well-designed performance appraisal instruments, employees who perceive a PAS as poorly managed are unlikely to accept it; instead, the PAS will be rejected as illegitimate and invalid (Gabris and Ihrke 2000). Moreover, to enhance organizational trust among non-profit employees in Korea, stronger norm-based NPSM should be required. Normative values within a non-profit agency are essential to cultivating trust. Future research should include other sets of outcome variables, such as productivity and effectiveness, to test whether they also serve as meaningful antecedents.

Finally, our sample is not large. Because of this data limitation, this study does not test the specificity of the different PSM dimensions between public and non-profit employees. However, this study provides empirical evidence of the behavioural implications of the NPSM effect on non-profit employees. This research suggests that selecting individuals with norms consistent with PSM is a powerful management tool for increasing organizational performance in NPOs beyond that of public sectors. Hence, understanding NPSM contributes to enhancing organizational performance in non-profit sectors by helping organizations better manage their employees (e.g. APAS). The findings of this study suggest that the behavioural implications of PSM could apply and verify NPO employees’ intrinsic motivation. The current dichotomous approach to research on the effects of PSM on NPOs does not consider the differing patterns of PSM between government and non-profit employees.

**Limitations and future research**

Despite the important contributions of this research, it also has limitations. First, the cross-sectional design does not offer a clear cause-and-effect relationship; thus, conclusions regarding causal connections among variables require caution. Further qualitative research is needed to shed light on what happens in Korean non-profit agencies. Although we use quantitative data for several observations, closer analysis of the causal mechanism would clarify the roles of crucial variables, such as NPSM, leadership, and APAS. Second, the individual analysis based on self-reported data cannot avoid the common method bias. Using Harman’s single-factor test, we found that common method variance is not significant in this study; however, future researchers must collect panel data from multiple sources and at multiple locations to reduce the potential bias. Further research on the ‘antecedent–APAS–mediator–outcome model’ is expected to overcome these shortcomings by using panel data and both comparative and time-series research designs as well as by obtaining more objective performance and effectiveness indicators. Future research might include supervisor-rated scales of subordinate work outcomes, such as work performance and managerial accountability, to address these
concerns and firmly establish whether strong NPSM might lead to positive behavioural outcomes for non-profit employees.

Other relevant issues that comprise the full scope of APAS and NPSM also require future research. Investigating APAS and NPSM as prerequisites for improved organizational performance and effectiveness is a possible objective of future study. Non-profit employees’ varying attitudes and behaviours according to different structural and cultural relationships within non-profit agencies warrant more rigorous and systematic research using in-depth case studies or content analyses. Advanced longitudinal data analyses, such as latent growth curve modelling (e.g. to analyse whether and how the level of NPSM and APAS has shifted during the period of study and when the shift occurred), would also deepen understanding of the issue.

Notes

1. For example, Kim and Rubianty (2011) investigated the relationship between the perceptions of PAS and employee intrinsic motivation and found that public employees’ intrinsic motivation or intrinsic reward orientation is significantly and positively associated with the perceived procedural fairness of PAS. Rahman (2006) found that employees report high job satisfaction even if they receive low results on their performance appraisals as long as sufficient explanation and proper feedback is provided for the results. Similarly, employees are likely to express more favourable reactions towards PAS in their organizations even when receiving lower evaluations if they feel that they are treated fairly.

2. In this way, organizations supposedly possess a high level of NPSM, which provides employees with a platform or a channel for fulfilling their destiny in doing this type of work (Bunderson and Thompson 2009). Therefore, mission-driven NPOs create opportunities for employees with high degrees of NPSM to cultivate more trustworthy organizations. Based on Katz and Kahn (2001), to make organizations function effectively, employees should perform the tasks they are supposed to do and must maintain trustworthy relationships with other employees and the organization. Therefore, organizational trust can be a crucial proxy for factors affecting organizational effectiveness.

3. The initial sample (400 employees) was randomly selected with equal probability of selection for all members of the target group – those who conducted performance appraisals – to minimize bias. The effective sample size of 400 is much larger than the common estimates of what is needed to produce stable and robust measures for CFA, SEM, and regressions. Our model includes eleven observed variables, which is a sufficient sample size for supporting the number of observed variables according to two different rules of thumb (a commonly used rule is that a sample needs to contain at least fifty more than eight times the number of variables in the model or fifteen cases per observed variable (Stevens 1996). Although the overall distribution pattern of the current sample appears consistent with that of the NPO data (the entire NPO population is approximately 21,372 organizations), as a methodological limitation, the NPO employees’ gender, age, education, and job tenure are well represented in the sample. In other words, the sample is adequately distributed in terms of the proportion of real-world NPO employee characteristics. This difference might be partially the result of the relatively small size of the sample.

4. Measurement of the three types of APAS occurs as follows. Managerial APAS: A performance evaluation system is necessary to run the organization; a performance evaluation system is necessary for the good operation of institutions. Result-based APAS: The institutional system is arranged to enable organization members to participate in operating the performance evaluation system. The opinions of organization members are well reflected in the operation of the performance evaluation system. Index-based APAS: Detailed evaluation items well represent the items required to evaluate the organization’s management capability. The performance evaluation is suitable as a criterion for evaluating my job activities.
Disclosure statement

No potential conflict of interest was reported by the authors.

Funding

This work was supported by the National Research Foundation of Korea Grant funded by the Korean Government (NRF-2013S1A3A2055042).

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