

Does Managing Performance Really Pay? Determinants and Outcomes of Performance Management in the Local Government*

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Performance management may drive public organizations towards higher individual and organizational effectiveness. This study seeks an insight into the role of organizational innovativeness in enhancing performance management and its mediating role on predicting organizational citizenship behavior (OCB) among local government employees. The study also explored the moderating role of organizational culture, goal clarity and high performance work barriers on the relationship between performance management and OCB. The data for the research variables were taken from the 2016 Public Employee Perception Survey collected on August 2016 by the Korea Institute of Public Administration. The results from the structural equation modeling supported the positive and significant relationship between organizational innovativeness and performance management. The research also supported the mediating role of performance management as well as the positive moderating roles of organizational culture and goal clarity. The study's theoretical and practical implications and directions for future research are discussed.

Key words: Organizational innovativeness, performance management, organizational citizenship behavior, goal clarity, organizational culture, high performance work barriers, Korean local government

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I . INTRODUCTION

Analyzing the state or government system is usually focused on the central agencies (Carroll, 2009; Leicht & Jenkins, 2007). However, the contemporary reform values have brought fundamental changes such as the shift of major responsibilities to the local government sector. The national government decentralized responsibilities to regional or local government units (i.e., provinces, cities, municipalities, and village/barangay) (Brenner, 2009; Lobao, Martin, & Rodriguez-Pose, 2009). Whether by choice or by mandate, the local government performs wide-ranging functions that are directly related to the peace and order, social welfare, environmental cleanliness, and socio- economic development, and among others.

Many contemporary public sector organizations are giving serious emphasis on the performance management in improving organizational and employee performance—both task and contextual as well as cognitive, affective, and conative outcomes (Borman & Motowildo, 1993). From the beginning of the twenty-first century, performance management is at the core of public sector reforms to improve public sector performance by introducing private sector management practices (Moynihan, 2008; Pollit & Bouckaert, 2004). The introduction of performance management in the public sector came with various conceptions such as result-driven government, outcome-oriented management, new managerialism and marketization, management-by objectives and results (Christensen, Laegreid, & Stigen, 2006; Moynihan, 2006). Regardless of definition, conception, labels, or strategies, performance management is directed towards enhancing performance of public sector organizations and producing results and public value (Behn, 2002). In essence, there is a paradigm shift from process and input-oriented and results-oriented performance management (Hvidman & Andersen, 2013). Behn (2002) defined performance management as “the collection of organizational, managerial, and leadership strategies that are designed to get the people within a public agency-and their essential collaborators-to achieve specific public purposes” (p. 18).

In this article, we focus on performance management and determine its important determinant and outcome in the local government sector. There has been continuous discussion on the role of performance management in the public sector. Scholars and practitioners argue on whether performance management system supplants organizational values (Radin, 2006; Van Dooren, 2014). Thus, a continuous research on the relationship between organizational level factors, multiple organizational values, individual level and performance management is relevant (see also, Haines & St-Onge, 2012). In the same vein, although the role of performance management as an intervener or direct influencer on organizational and individual outcomes has been studied (see, for example, Rainey & Ryu, 2004), the study has to move towards various levels of government.

In our study, we seek to make a number of contributions. First, the study seeks to determine the relationship of OI on PM, a very important public management reform effort in the public sector (Moynihan, 2006). Second, the study intends to address the scant literature establishing the intervening role of performance management within a local government organization where OI and organizational values and systems interact in affecting individual affective values (O'Toole & Meier, 1999). The third contribution is to add to the growing evidence on the mechanism into which various organizational management factors may interact with managerial practices that may enhance or diminish outcomes such as OCB (Walker, Boyne, & Brewer, 2010). We looked at these issues focusing on the Korean local government units with data collected from a nation-wide survey of government employees. We tested our hypotheses through structural equation modeling (SEM) technique.

In the next section, we presented the context of the study. This is followed by the theory section and our hypotheses. We then presented our methods and results. Finally, we discussed the results and outlined the important implications we derive from the study.

II. CONTEXT OF THE STUDY

1. Performance Management in the Local Government

The literature on performance management in the local government has a vast resource on measuring performance (see, for example, Boyne, 2002) for this has been the primordial concern of the government. Government must measure and determine the quality of performance based on various yardstick for their functions or services (Behn, 2002); and to look at the efficiency and the output of performance (Hatry, 2002; Ingraham, 2005; Piotrowski & Rosenbloom, 2002). Studies have advanced beyond the output measures in enhancing the effectiveness and efficiency of performance measures (Ammons & Rivenbark, 2008). Among the prevailing issues that have been discussed in the literature is the measurement of performance and the appropriate performance measurement approach to employ (Boland & Fowler, 2000). The local government performance management pays less attention to the critical factors in achieving a long-term and sustained organizational development through innovation, process improvement, and learning (Kloot & Martin, 2000). There is also, however, scant literature that details the compelling impact of innovation on performance management (Walker et al., 2010) and other internal organizational characteristics, such as organizational culture and among others (Mol & Birkinshaw, 2006).

2. Performance Management in the Korean Local Government

South Korea's government performance management evaluation system can be traced from the implementation of 1961 Policy and Program Assessment System (PPAS) (Hur, 2013) which is put under the supervision of the prime minister's planning and coordination office and remained until 1981(Yang & Torneo, 2016). The evaluation system seeks to assess and monitor the country's economic growth and development—looking at the economic policies of the country based on the five-year economic development plan. Subsequent changes and improvements

were made on the performance management system of the Korean government in the 2000s. The government adopted the 2001 Framework Act on Government Performance Evaluation (FAGPE) which focuses on enhancing government's efficiency, effectiveness, and accountability; and later on, expanded through the 2006 FAGPE which provided a comprehensive system that incorporated performance management and evaluation in the public sector. All prior enactments on government performance management and evaluation were later on systematized and integrated under the Government Performance Evaluation Committee (GPEC) (Yang & Torneo, 2016).

Under the government performance management and evaluation system, the Ministry of Public Administration and Security (MOPAS; now Ministry of Public Safety and Security (MPSS)) is in charge of assessing the regional and local governments' performance limited to the affairs that were entrusted by the national government which is divided into joint and individual evaluation.¹⁾ Results of the evaluation by the central government will later be forwarded to the GPEC. The regional and/or local governments must also engage into self-evaluation, thus must organize a committee that will conduct such evaluation. The evaluation methods include online performance evaluation, on-the-spot review/evaluation, and final review on performance ("Korea's Government Performance", 2013, p. 123). Based on the identified performance indicators, the committee will make the evaluation in view of the records uploaded by the local government in a virtual policy studio used solely for the evaluation. The on-the-spot interview or evaluation can be used when there are protests or objections from the local governments' evaluation.

1) The central government agency (i.e., MOPAS) convenes evaluation team that will jointly conduct the evaluation process. It will be composed of over 100 experts from the academe, research institutes, and NGOs and divided into nine subgroups (i.e., administrative management, social welfare, health and hygiene affairs, regional economy, culture and tourism, environment and forestry, security management, and key public policies ("Korea's Government Performance", 2013).

Ⅲ. THEORY

1. Performance Management (PM)

The typical elements of performance management comprise a number of performance standards—i.e., performance appraisal, reward mechanisms, performance reviews (Armstrong & Baron, 2005). From Ammons and Roenigk's (2015) performance management doctrine, performance management practices can be gleaned from the adoption of performance standards that emphasize outcomes and useful performance information, strategic planning, devolution of decision-making authority, and implementation of various incentives and rewards as well as sanctions in relation with performance.

Performance management practices include various organizational and managerial activities which may involve performance planning (i.e., integrating organizational strategy, objectives, and work unit objectives), coaching, performance monitoring, training and development, reinforcing effective behavior, and performance appraisal (Spencer & Spencer, 2008). The results of performance appraisal can provide useful information for judging (or judgmental approach) and coaching (or developmental approach). PMS results can help determine or fix performance-based-pay, succession planning, or disciplining employees. While in the coaching side (developmental), it involves development efforts such as training, mentoring, and other interventions that can possibly enhance employee competencies; and career path planning for future job assignments that are designed to introduce specific experiences and/or competencies. Performance appraisal leads to organizational decisions regarding promotion and pay-allocational decisions while results of an unsatisfactory appraisal lead to disciplinary action or rejection of reward, incentives, and among others (see also, Bonner & Sprinkle, 2002; Park & Ugaddan, 2015).

2. Organizational Innovativeness (OI)

Organizational innovativeness includes organizational and individual orientation towards innovation (Hurley & Hult, 1998). Organizational innovation (or management innovation) includes the employment of novelty in an organization that influences organizational change (Birkinshaw, Hamel, & Mol, 2008). It is also referred to as the “creation of a new management practice, process, or structure that changes the state of the art” (Agarwal, Goran Roos, & Green, 2015, p. 15). On the other hand, individual innovation refers to the innovative orientation viewed at the level of an individual (Shavinina, 2003). Someone who is innovative is not afraid to try new things or a deviation from the status quo aimed at improving and facilitating tasks. Several studies have demonstrated that both organizational innovative orientation (OIO) and individual innovative orientation (IIO) are influenced by leadership styles such as transformational leadership (Gumusluoglu & Ilsev, 2009), empowering leadership (Zhang & Bartol, 2010), intrinsic task motivation (Amabile, 1997), supportive supervision (Oldham & Cummings, 1996), and organizational culture and climate, which include organizational trust, open communication, diversity, organizational values, innovation and change, and rewards (Hollingsworth, 1989).

3. OI and PM

The notion of performance management for public managers highlights cyclical management processes that include formulation of objectives, generation of performance information, and use of information for decision making (Moynihan, 2008). In a human resource management perspective, performance management refers to the efforts of improving the employee performance through various strategies of performance planning, evaluation, motivation, and sanctions—judging and coaching (Spencer & Spencer, 2008). For human resource manager, performance management entails a continuing process of identifying, measuring, managing, and developing of performance (Berman, Bowman, West, & Van Wart

2012). Klinger and Nalbandian (2003) pointed that the shift towards a strategic management, “public agencies have come to view human resources management in more of a strategic light—looking for the connections between human resources policies and management and agencies and goals and objectives, performance management has become at least as important as position management” (p. 261). Any deliberate organizational and managerial interventions affecting employee performance falls under the purview of performance management (Klinger & Nalbandian, 2003).

OI can further the performance management process by introducing new approaches to managing performance (Walker et al., 2010). The desired and intended outcomes of OI and PM lead to individual and organizational effectiveness. For example, the enactment and introduction of innovations may enhance work performance which may influence the PM process. Therefore,

Hypothesis 1: Organizational innovativeness is positively related with performance management.

4. OI and OCB

The concept of OI identifies a relatively unexplored area in public management (Walker et al., 2010). Organizational innovativeness or creativeness is the creation of a valuable, useful new product, service, idea, procedure, or process by individuals working together in a complex social system. According to Woodman and colleagues (1993), “organizational innovativeness can be interpreted as the creation of a valuable, useful new product, service, idea, procedure, or process by individuals and organization working together in a complex social system” (p. 23). It is, therefore, the commonly accepted definition of creative behavior, or the products of such behavior placed within an organizational context. We frame the definition of organizational innovativeness as a subset of the broader domain of innovation. Similarly, even though innovation may produce the new product, service, idea, or process that is implemented through innovation (Amabile, 1997),

innovation can also include the adaptation of preexisting products or processes, or those created outside of the organization. In the process, the organizational innovativeness and OCB are likely to require resources associated with individual experiences and motivation (Eschleman, Madsen, Alarcon, & Barelka, 2014). Therefore,

Hypothesis 2: Organizational innovativeness is positively related with OCB.

5. PM and OCB

Condrey (2005) argued that performance appraisal is a decision-making tool that is critical in providing objective information for rational policy actions. The judgmental strategies employ employee motivation mechanisms such as performance-based pay, succession planning, or discipline employees. Condrey (2005) also stated that judgmental purposes adhere to the management system, or command-and-control, model of authority and are explicitly linked to extrinsic rewards and punishments (p. 500). While developmental strategies include coaching, mentoring, training and development, and career pathing. It also emphasizes on determining the potentials of an individual—enhancement of competencies, knowledge, skills, and abilities (Condrey, 2005; Park & Ugaddan, 2015).

Linking PM with OCB can be explained through the resource-based theory (RBT). The RBT argues that an organization has the capability to create competitive advantage and high performance with the available and subset of resources. If the organization has the necessary mechanism and resources for employees to be more engaged in their work, for example, leadership and organizational support on performance through effective PM (e.g., incentive system, HRD interventions), the higher chances of enhancing OCB. Therefore,

Hypothesis 3: Performance management is positively related with OCB.

Hypothesis 4: Performance management mediates the relationship between organizational innovativeness and OCB.

6. Moderating Role of Organizational Culture

Examination of the literature on organizational culture is likely to reveal that it is one of the critical concepts in the field of public management that influence the performance and other organizational factors (Ogbonna & Harris, 2000). Organizational culture is the shared meaning of the organization encompassing various assumptions on the internal and external circumstances where the organization operates (Rainey, 2014). Rainey (2014) argued that there are three levels where organizational culture can be observed: 1) artifacts (i.e., dress codes, organizational records, philosophy); 2) values (i.e., norms, ideologies, charters); and 3) assumptions (i.e., perceptions, thought processes). Although organizational culture is an important public management concept, it must not be treated as an encompassing factor within an organization in order not to reduce its relevance as an analytical tool. Consistent with Uttal and Fierman (1983), organizational culture is a behavioral norm and shared values developed through its interaction with other organizational dimensions (e.g., organizational structure, organizational control system). Organizational structure can be a factor for an organization to fail in implementing changes (Linnenluecke, Russell & Griffiths, 2009) because of an organization's failure to adjust towards an effective and efficient mechanism to implement any organizational change (Jarnagin & Slocum, 2007). Prior studies held that organizational culture may influence employee's job satisfaction, turnover, organizational performance, and organizational environment (Sriramesh, Grunig, & Buffington, 1992).

From the competing values model of Quinn & Rohrbaugh (1983) that incorporates two sets of competing values (i.e., control system which refers to structure, stability, and change; and organizational and people system which refers to variations on organizational focus), Quinn and Kimberly (1984) identified four types of culture that may be prevalent in an organization such as, rational culture, hierarchical culture, developmental, and group culture. In this work, organizational culture typically is defined as a complex set of values, beliefs, assumptions, and symbols that define the process how an organization conducts its

business. Clearly, culture has a persistent influence on employees' behavior and also defines how an organization may interact with others. Therefore,

Hypothesis 5: Organizational culture (a. group, b. developmental, c. hierarchical, d. rational cultures) positively moderates the relationship between performance management and OCB such that the relationship is stronger when organizational culture is high rather than low.

7. Moderating Role of Goal Clarity

The successful communication of organizational, managerial, and individual goals leads to higher performance (Moynihan & Pandey, 2004). The arguments laid in the goal theory provides as an explanation on the relationship employee's goal clarity with their motivation and performance; and the path-goal theory that argues leaders' display of effective management and leadership behavior may enhance positive employees' behavior in the organization. For example, leaders displaying an engaging role with the subordinates may enhance the feedback and constructive improvement of performance (Peterson & Hicks, 1996) and provide clearer goals in the organization. Therefore,

Hypothesis 6: Goal clarity positively moderates the relationship between performance management and OCB such that the relationship is stronger when the employees perceive high goal clarity than when they perceive it low.

8. Moderating Role of High-Performance Work Barriers

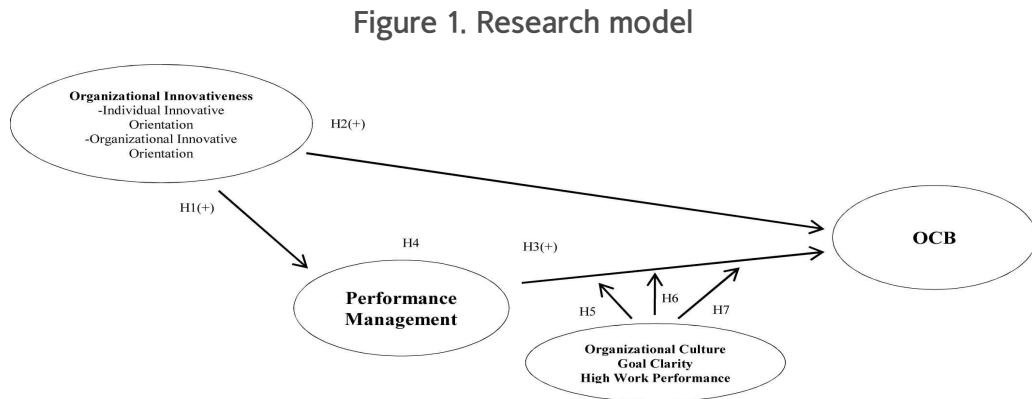
The high-performance work system is the interplay of a broad set of managerial (or HRM) practices to achieve organizational goals, enhance organizational effectiveness, and bolster organizational competitiveness (Macky & Boxall, 2007; Becker & Huselid, 2006; Bartram, Stanton, Leggat, Casimir, & Fraser, 2007). These kinds of practices also called high commitment HRM practices (Gould-Williams & Davies, 2005; Whitener, 2001), high organizational involvement (Guest, 2011), and

high performance work organization (Godard & Delaney, 2000). Pfeffer (2007) posited that “high commitment” human resource practices lead to better organizational performance. HPWS seek to increase employee empowerment, enhance knowledge, skills, and abilities (KSA), elicit organizational commitment and high organizational involvement so that individuals may maximize empowerment and self-regulated behaviors (Boxall & Mackey, 2007). While there are no agreed organizational components or practices, empirical research in this field suggests extensive training and development, performance-based pay; equitable reward system, employee empowerment, careful staffing, and other related practices may comprise HPWS (Boxall & Mackey, 2009; Wright, Gardner, & Moynihan, 2003).

However, high performance work issues may emanate from work-related disagreement between employees, groups, and the system within the organization. For example, there is an inevitable individual conflict on how a certain work is to be done, organizational boundary or jurisdictional issues (e.g., tasks, work assignments, etc.) personal rivalries or jealousies, personality differences, a struggle for favor and power, mutual dislike, and among others. Personal conflicts are usually severed by poor communication, conflicting values, and interests, and limited resources in an organization (Myatt, 2012) which in some ways requires the intervention of organization leadership and effective performance management (see Billikopf, 2014). Individual conflicts are also attributed to some cultural differences and individual personality which may not be compatible with other employee’s personality and organizational norms and practices (Argyris, 1957). Therefore,

Hypothesis 7: High performance work barrier negatively moderates the relationship between performance management and OCB such that the relationship is stronger when the HPWB is low rather than low.

Figure 1. shows the research model of the study.



IV. METHODS

1. Sample and Data

The data come from the 2016 Public Employee Perception Survey collected in August 2016 by the Korea Institute of Public Administration among central and local government civil servants – i.e., administrative, technical employees. The survey intends to determine the perception and awareness of respondents on organizational, managerial, and individual factors affecting the general organizational effectiveness and efficiency. Respondents were reached via email and were reminded by sending the survey by post to increase the response rate. The survey was able to cover 42 central administrative agencies and 17 local government units. A total of 2,070 informants validly responded to the survey: 1,340 (64%) from the central administrative agencies; 730 (35.3%) from the local government units. Focusing on the local government employees, the study utilized the data collected from the local government units and excluded information from central agencies informants. Table 1 shows the detailed characteristics of the sample.

Table 1. Sample characteristics(n = 730)

<i>Variables</i>	<i>%</i>
Gender	
Male	65.6
Female	34.4
Age (years)	
20-29	6.2
30-39	34.8
40-49	40.4
50 and above	18.8
Marital Status	
Single	20.4
Married	79.2
Widowed	.4
Separated	0
Current Position	
Grade 9	5.3
Grade 8	6.7
Grade 7	37.9
Grade 6	30.5
Grade 5	14.2
Grade 4	4.4
Grade 3	.8
Grade 2	0
Grade 1	0
Current Educational Attainment	
High School or less	3.2
College (2-3 years)	8.4
Bachelor's Degree	68.2
Master's Degree	18.1
Doctorate	1.5

2. Measures

Performance management has several components. First, it guarantees the better understanding on how employees contribute in achieving organizational goals. Second, the leaders know how well the employees work and fairly evaluate performance. Third, it ensures an effective performance feedback mechanism for better performance. Last, the serious attention by the organization on effectively

managing low performing employees in the organization. The Cronbach's α for the six items is .92.

Organizational innovativeness was measured through two dimensions. First, organizational innovative orientation ($\alpha = 0.86$, three items) which describes the organization's flexibility and instant response to change, risk-taking for innovation, and positive perception on organizational change. Second, individual innovative orientation ($\alpha = 0.87$, two items) which includes the creation of new ideas, apply the original and new way of performing job and develop new ideas in to solve problems that may arise during work (see also, Venkatesh & Bala, 2012).

Organizational citizenship behavior (OCB) was measured by five survey items that explore employee's caring and helpful behavior towards co-workers, engaged at work, proactive, and observe informal rules and maintains order in the organization (see also, Lee & Allen, 2002) ($\alpha = 0.82$, five items).

Organizational culture adopted the dimensions as proposed by Quinn and Kimberly (1984): group culture which emphasizes the organization's orientation towards teamwork, participation, and cooperation ($\alpha = 0.80$); development culture which underline the organization's efforts on creativity, innovation, and development ($\alpha = 0.85$); hierarchical culture underscores the organization's emphasis on stability, compliance with rules, formalities, control, and information ($\alpha = 0.79$); and rational culture emphasizes goal-orientation and achievement, competitiveness and performance ($\alpha = 0.76$).

Goal clarity was measured by five survey items identical to Rainey(2014) and Wright's (2003) scale. Sample survey items include statements like "I clearly know the organizational goals and organization", "Our organization has a clear precedence among organizational goals", and "The achievement level of our organization last year can be measured objectively" ($\alpha = 0.87$, five items).

High-performance work barrier was measured using a 10-item which explores employee's perception on several obstacles to achieving high performance. Sample survey items are "Priority of frequently changing task", "Complex organizational procedures", "Lack of smooth communication between upper and lower staff", "Unreasonable deadlines", and "Lack of support for work and family balance" ($\alpha =$

0.85, ten items).

Controls including gender, age, educational attainment, and position were controlled on the performance management and OCB (see Moynihan & Pandey, 2004). For parsimony, results were reported “control free” (see also Williams, Vandenberg, & Edwards, 2009).

Table 2. provides descriptive statistics and correlations of variables

Variables	M	SD	1	2	3	4	5	6	7	8	9	10
1. PM	3.249	0.680	1									
2. IIO	3.297	0.739	.499**	1								
3. OIO	3.118	0.707	.588**	.605**	1							
4. OCB	3.530	0.457	.423**	.486**	.359**	1						
5. Goal Clarity	3.435	0.629	.524**	.481**	.498**	.520**	1					
6. Group Culture	3.561	0.636	.646**	.521**	.607**	.479**	.576**	1				
7. Developmental Culture	3.410	0.644	.570**	.512**	.592**	.470**	.576**	.964**	1			
8. Hierarchical Culture	3.592	0.547	.554**	.518**	.465**	.554**	.509**	.742**	.619**	1		
9. Rational Culture	3.554	0.467	.437**	.416**	.384**	.684**	.548**	.660**	.719**	.684**	1	
10. HWP Barriers	2.965	0.562	-.371**	-.181**	-.270**	-.079*	-.280**	-.199**	-.181**	-.070	0.065	1

*. Correlation is significant at the 0.05 level (2-tailed). Note: Performance management (PM); organizational innovative orientation (OIO), individual innovative orientation (IIO), organizational citizenship behavior (OCB), high work performance (HWP)

**. Correlation is significant at the 0.01 level (2-tailed).

3. Analysis

We used structural equation modeling (SEM) technique to estimate the hypothesized model. The validation of the measurement model was performed through confirmatory factor analysis (CFA). CFA is capable of assessing psychometric properties for accepting models, which may strengthen reliability and convergent validity of factors. Results of CFA (i.e., covariance between factors, indicator loadings, indicator's measurement error) may indicate convergent and discriminant validity of constructs (Kline, 2005). The overall fit of the measurement model was determined by a combination of fit indices such as comparative-fit index (CFI), incremental fit index (IFI), standard root mean square residual (SRMR),

and root mean square error of approximation (RMSEA) (Hu & Bentler, 1995). The structural model contains one exogenous variable (OI) with two dimensions (OIO and IIO) and two endogenous variables (PM and OCB). We used structural equation model to test (1) the mediation effect of PM in the relationship between OI and OCB; and (2) the moderation effect of organizational culture, goal clarity, and high work performance barriers in the relationship of PM and OCB and between OI and OCB.

V. RESULTS

1. Measurement Model

The results of CFA confirm the measurement model that includes four first order factors (OIO, IIO, PM, and OCB). As stated above, the OI was conceptualized and measured as two-dimensional factor but the validation was performed in the first-order model due to saturation of the second-order model. The measurement model exhibited acceptable $CMIN/Df = 3.47$ and acceptable $PClose = .02$. The incremental fit indexes ($CFI = .97$, $IFI = .96$) are excellent and exceeded the recommended cut-off value of .90 (Hu & Bentler, 1995). The absolute fit indexes ($SRMR = .04$, $RMSEA = .05$) are excellent and satisfied the recommended less than .08 and .06, respectively.

Besides the Cronbach's alpha values which ranged from .82 to .92, the factors loaded distinctly and independently among each other with factor loadings from .61 to .87, satisfying the recommended minimum value of .50. For the four latent constructs, the convergent validity as examined through the composite reliability which exceeded the minimum value recommended of .70 (Werts, Linn, & Jöreskog, 1974). The extracted AVE [average variance extracted] for the three latent constructs (PM, OIO, and IIO) exceeded the minimum threshold of .50 but the AVE value of OCB is .498 (almost .50). Malhotra and Dash (2011) argue that AVE is very strict and reliability can be established through CR alone.

Last, the discriminant validity was determined by estimating the square root of the extracted AVE of each latent constructs. The results revealed that the values are higher than the corresponding interconstruct correlations, thus achieving a discriminant validity of the latent constructs (Fornell & Larcker, 1981). Table 3 provides the model validity measure.

Table 3. Model validity measure

	CR	AVE	MSV	MaxR(H)	a	b	c	d
PM (a)	0.928	0.686	0.375	0.939	0.828			
OCB (b)	0.831	0.498	0.233	0.843	0.382	0.706		
OIO (c)	0.866	0.683	0.482	0.868	0.613	0.35	0.827	
IIO (d)	0.867	0.765	0.482	0.867	0.519	0.482	0.694	0.875

2. Structural Model

The mediation and moderation hypotheses were jointly tested through structural equation model. First, applying the maximum likelihood method, the hypothesized partial mediation model had adequate fit to the data: CMIN/Df = 3.25, CFI = .956, SRMR = .056, RMSEA = .056 and PClose = .049. Figure 2 provides the regression estimates for each of the paths in the model, significance level, and the explained variance (R^2). The results show that Hypothesis H1 was supported as the path coefficient between OI and PM is positive and significant ($B = .67$, $p < .001$). Also, the extracted path coefficient between OI and OCB is positive and significant ($B = .44$, $p < .001$), supporting Hypothesis H2. However, the path coefficient between PM and OCB is not significant ($B = .08$, $p > .01$), thus Hypothesis H3 was not supported. OI explains 48% of variance in PM.

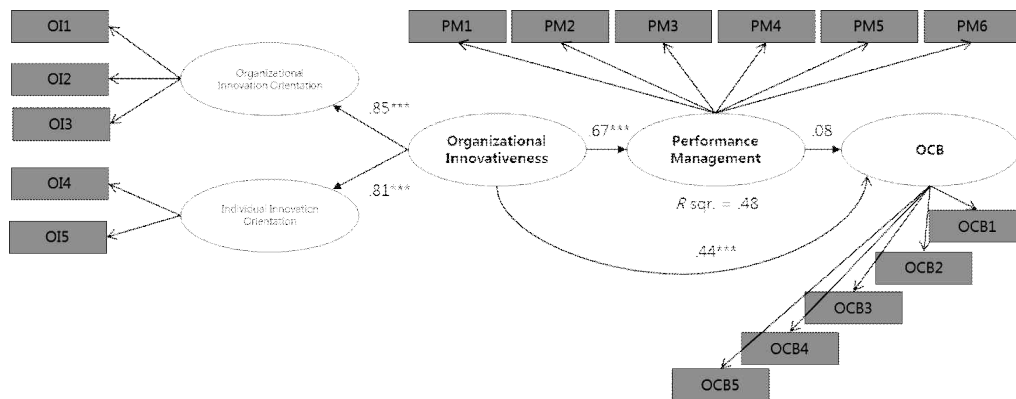
3. Mediation and Moderation Testing

The study also tested for the indirect effects of OI through PM on OCB. The results of the bootstrapping analysis in AMOS reveals that OI indirectly affects OCB ($B = .19$, $p < .01$) suggesting a partial mediation. This finding support Hypothesis H4.

The results of moderation analysis show that the interaction term of the predictor 'PM' x the moderator 'organizational culture' (i.e., group, developmental, hierarchical, and rational culture) was significantly positive for predicting OCB: group culture x PM ($B = .14, p < .001$); developmental culture x PM ($B = .15, p < .001$); hierarchical culture x PM ($B = .09, p < .001$); and rational culture x PM ($B = .08, p < .001$), thus Hypothesis H5 was supported. The results also support Hypothesis H6 proposing the significant and positive interaction effect of 'PM' x and the moderator 'goal clarity' on OCB ($B = .06, p < .05$). Last, the interaction terms of 'PM' x and the moderator 'high work performance barrier' were significantly negative for predicting OCB ($B = -.12, p < .001$), thus Hypothesis H7 was supported.

The study also employed a simple slope test²⁾ following the Preacher, Curran and Bauer (2006) approach. The pattern of interaction between PM and the moderators were further verified by looking at the relationship between PM and OCB at high

Figure 2. Coefficients for the hypothesized model



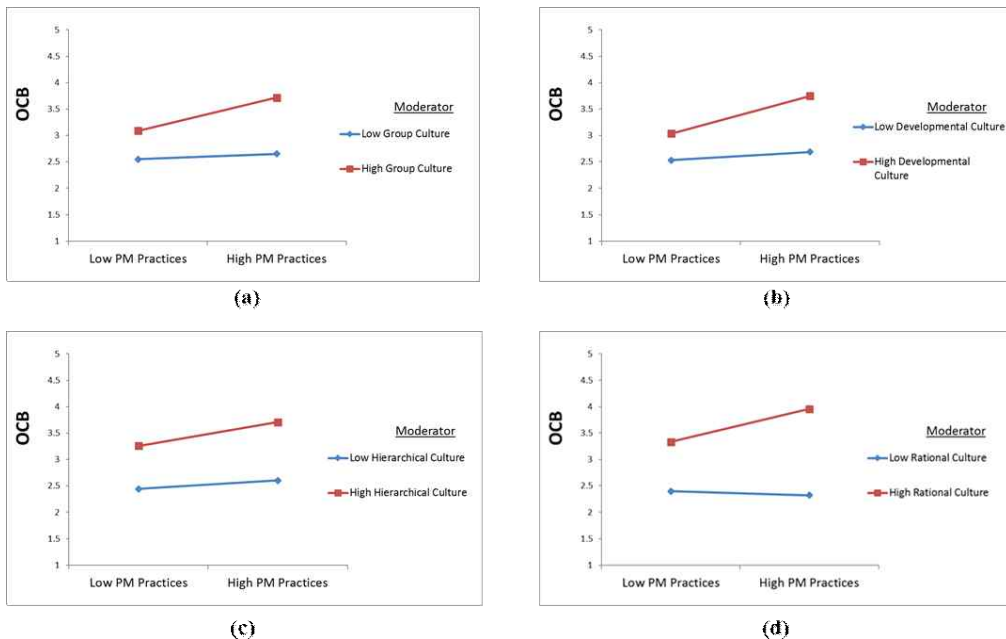
Note: * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$. Values are at standardized coefficients.

- 2) It is common in social science studies involving a test on the multiplicative moderation effects of two or more variables to some lower order outcomes (see Cohen, 1978). When the multiplicative term has a significant effect, it may be decomposed or further verified through a simple slope test through various statistical software, such as SPSS, Stata, and among others. The test may provide a better understanding on the structure that can be reflected in a relationship (Aiken & West, 1991; Preacher, Curran, & Bauer, 2006).

and low values of the moderators (Aiken, West & Reno, 1991). The plotted interaction in Figure 3(a) displayed that PM enhanced OCB when group culture was high (simple slope = .51, $p < .01$) as against low (simple slope = .20, $p < .01$).

Figure 3(b) revealed that PM enhanced OCB when developmental culture was high (simple slope = .67, $p < .01$) versus low (simple slope = .24, $p < .01$). Also, Figure 3(c) shown that PM enhanced OCB when hierarchical culture is high (simple slope = .57, $p < .01$) as against low (simple slope = .32, $p < .05$). Last, Figure 3(d) displayed that PM enhanced OCB when rational culture was high (simple slope = .73, $p < .01$) versus low (simple slope = .24, $p < .01$). These findings from the simple slope analyses for organizational culture lent evidence for Hypothesis H5.

Figure 3. Moderating effect of organizational culture
(a. group, b. developmental, c. hierarchical, and d. rational cultures)
for the PM-OCB relationship.



As shown in Figure 4, PM enhances OCB when goal clarity was high (simple slope = .49, $p < .01$) as against low (simple slope = .22, $p < .01$), supporting

Hypothesis H6. Lastly, the plotted interaction in Figure 5 revealed that PM enhanced OCB when high work performance barrier was low (simple slope = .53, $p < .01$) and dampens OCB when high work performance barrier was high (simple slope = -.14, $p < .05$), giving support for Hypothesis H7.

In sum, the mediation and moderation analyses confirmed our hypotheses. Recall that a mediating variable is needed for the association of two other variables, while a moderating variable influences the strength and/or direction of relationship of two variables (Donaldson, 2001). As the results suggest, there is an evidence to say that OI influence OCB via PM (in short, PM comes between and/or links OI and OCB). Organizational culture factors, goal clarity, and high-performance work barriers were confirmed to have a significant moderating role in predicting the influence of PM on OCB. Though the findings from mediation analysis is relevant, the total effect is relatively small to OCB. The moderating variables have strong effects that alters the relationship of PM and OCB.

Figure 4. Moderating effect of goal clarity for the PM-OCB relationship.

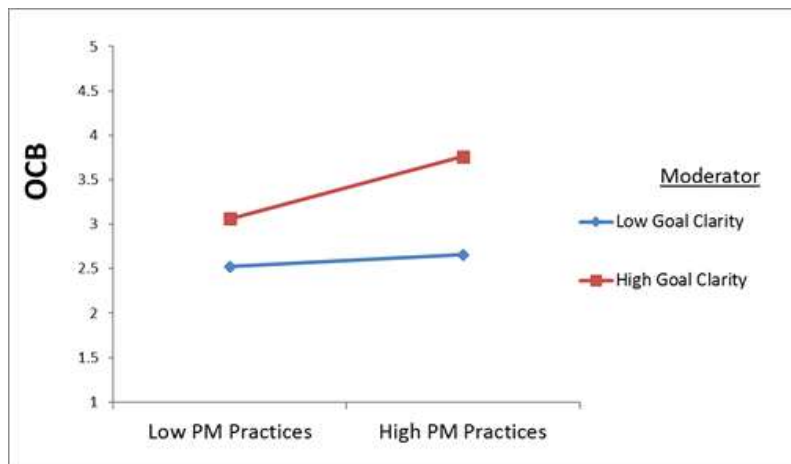
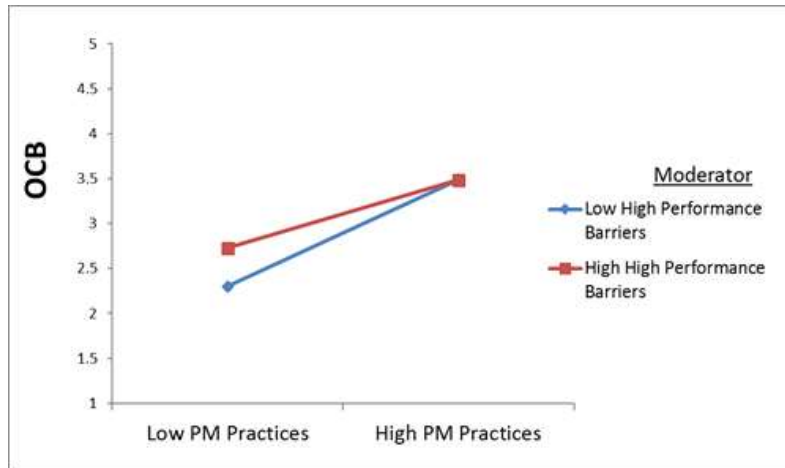


Figure 5. Moderating effect of high work performance barrier for the PM-OCB relationship.



VI. DISCUSSION AND CONCLUSION

In this study, we have examined the effects of organizational innovativeness on PM and OCB. We also explored the mediating role of PM as well as the moderating role of organizational culture, goal clarity, and high performance work barriers on the predictive capacity of PM on OCB. Using a sample of local government employees in Korea, we employed structural equation modeling approach to test our hypothesized model. The main findings of the study revealed that (1) organizational innovativeness directly affects PM and OCB, (2) PM partially mediates the effect of organizational innovativeness on OCB, (3) PM enhanced OCB when organizational culture (group, developmental, rational, and hierarchical culture) and goal clarity are high, and (4) PM enhanced OCB when high performance work barrier is low. Although our model proposed and tested partial mediation of organizational innovativeness-PM-OCB, previous research has not explored the possible mechanism into which innovativeness can influence other affective individual outcomes via PM such as job satisfaction, job commitment, and organizational commitment. Thus, these

findings suggest for the need to conduct more research to establish compelling evidence on the determinant capacity of organizational innovativeness on PM and expand the outcome variables into work motivation factors.

There are spots of finding from previous studies that introduced the link between innovation-treating innovation in the context of management-and performance management (see Walker et al., 2010). It shows a proof that innovation can come in various conceptualization and forms in the organization. Management innovation and the organizational innovativeness as suggested in this study characterized innovation in two different but related themes. In Walker and colleagues (2010) paper, they posited management innovation as an information technology and administrative innovation. While in the extant study, organizational innovativeness was dimensioned into organizational innovative orientation and individual innovation orientation. Although the two studies may appear to be different, the patterns of enactment or adoption of the behavior could invite common determinants and outcomes in the organization. This research, however, has advanced a discourse on the research stream in the adoption of innovative principles and behaviors and their distinct influence on performance management in the local government arena.

This study supported the varying effects of four types of organizational culture types: group, developmental, hierarchical, and rational culture. Competing Value Model proposed by Quinn and Kimberly (1984) does not estimate cultural superiority but regards different cultures as coexistence. The findings of this study confirmed that four types of culture played an important role as a moderator between PM and OCB. For future research, it will be interesting to underscore and determine the dominant Korean public sector culture that may influence performance management and organizational performance. Also, identify whether there are cultural differences between local government officials and central government officials. The more in-depth research on these issues may convey additional practical implications to the public HR managers. For example, specified and customized cultural development programs on the basis of agency characteristics should be essential to maximize the effects of PM toward positive

organizational behaviors.

The significant moderating effects of goal clarity corroborated goal theory and path-goal theory that as hypothesized in hypotheses 6, local officials with a clear goal tend to have more OCB than others with a low level of goal clarity do. Based on the theories and current findings, future research could investigate further questions: 1) What are the important managerial skills to effectively and efficiently manage employees towards goal clarity and/or goal congruence?, 2) How can public organization achieve high goal congruence with employees?, and, 3) Does goal clarity have meaningful effects on all officials in public sector? In order to respond to these questions, HR managers need to devise a more sophisticated management by objectives (MBO) evaluation tools and systems by which public employees are supposed to maintain or boost the level of goal congruence and goal-driven spirits within an organization.

Lastly, it has a theoretical implication for high performance work system research. The result of high-performance work barriers moderating effect between PM and OCB confirmed HPWS is statistically and meaningfully related to OCB. Ko and Smite-Walter (2013) found the positive relationships between HRM practices and OCB/organizational commitment/job involvement in the public sector. For future research, we should extend future research model by verifying impacts of HPWS with organizational outcomes in a way that contributes to suggesting meaningful practical lessons with public managers and employees. The local government performance management is a combination of an external and internal review of performance. These approaches to performance evaluation and management are essential in looking at the holistic contribution of the local government in the economic development and country's growing industrialization. However, the organizational and individual level performance may help understand the peculiarities of the local government performance management system—its efficiency and effectiveness in achieving the goals of the government. The transitional development of performance management system in the Korean government—centralized to top-down to democratize and merit based—may cause tensions and contradictions with the implementation and adoption of

NPM-based approaches because of some cultural characteristics that are distinctively Korean (e.g., high regards of age and seniority in the public-sector organizations). For example, the recent discussions on how to incorporate the values and roles of deliberative democracy and collaborative governance in public performance management arena should be more highlighted. In a similar vein, social and public values could be regarded as crucial elements in designating performance management indicators to effectively assess the local governance performance.

As the study suggests, organizational culture enhances the influence of performance management on affective individual behavior such as OCB. The group, development, rational and hierarchical culture can be strengthened with various organizational activities that may boost their practice and observance in the organization. For example, HR managers can implement a regular socialization and adopt an innovative orientation process in which all employees may take part.

The organization should increase employee awareness on innovative efforts and creative activities of the organization. The organization should remove barriers in fostering innovation and creativity as it enhances performance management in the local government sectors. For example, define the problem correctly, support innovation, and encourage knowledge sharing (Denhardt, Denhardt, & Aristigueta, 2012). In the same vein, while organizational innovativeness may enhance performance management, high work performance barriers may reduce the positive impact of performance management. HR managers at the local government sector may initiate selection of a right individual that may complement the knowledge, skills, and abilities of other employees. Despite complexities in an organization, the ability of the employees to work as a collegial body may reduce tensions. A free flow of information and frequent reverent interactions between employees and leaders may also diminish the negative impacts of unavoidable contradictions in the organization. Leaders in the local government should make extra efforts to give their subordinates clear goal so as to lead to better organizational outcomes. Certain types of effective leadership development programs and courses should be prioritized in a way that

communicate with municipal and provincial training institutes (e.g., LOGODI) as well as collaborates with local communities and stakeholders.

Although these findings provide straightforward and important implications for local public sector organizations, the results must be interpreted with caution and discussed within the boundaries of the limitations of the study, which reveal a clear need for further research. For example, the analyzed data were cross-sectional, which might provide speculative causal relationships or a sense of reverse causality. Thus, employing objective, longitudinal, and multi-source data might reduce subjective interpretations of the results. The data were prone to common method or social desirability biases, which might lead to inflated observed correlations or relationships. The consequences of self-report data could be reduced with data collected from multiple sources for the dependent and independent variables. To validate the findings and to generalize the lessons from this study, we also plan to continue this study through employing an experimental or quasi-experimental design by which we expect to obtain additional set of theoretical and practical caveats on performance management in the local government sector.

Finally, although this study's findings are consistent with the results of previous studies conducted in different contexts, the data employed by the study were limited to Korean public sector organizations. This sampling limits the generalizability of the results and findings. Nevertheless, we are confident that extending the research across cultural and public sector settings would provide relevant and consistent findings.

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- 2016 Public Employee Perception Survey collected in August 2016 by the Korea Institute of Public Administration

Appendix

Construct Measures

● Organizational Innovativeness

Organizational Innovative Orientation (OIO) (Cronbach's $\alpha = 0.86$, three items)

- Our organization is flexible and responds instantly to change
- Our organization accepts some risk for innovation.
- Change in our institution usually has a positive effect

Individual Innovative Orientation (IIO) (Cronbach's $\alpha = 0.87$, two items)

- I try to create/apply a new and original way of doing business
- I develop new ideas to solve problems that arise during work

● Performance Management (Cronbach's $\alpha = 0.92$, six items)

What do you think of the following statements regarding the performance management of the organization?

- Help me better understand how I contribute to organizational goals
- Leader know how well I do my work
- Leader is evaluating my performance fairly
- I am regularly receiving feedback from my boss about my performance
- Feedback from my supervisor helps me to improve my performance
- Our organization effectively manages low-performing employees

● Organizational Citizenship Behavior (Cronbach's $\alpha = 0.82$, five items)

What do you think of the following statements regarding organizational citizenship behavior?

- I help absent colleagues/colleagues with high workloads
- I listen to my colleagues' problems/worries
- I do not ask for help in my job
- I consult with my supervisor in advance if I encounter something impossible.
- I observe informal rules for maintaining order

● Organizational Culture

Group Culture (Cronbach's $\alpha = 0.80$, two items)

- Our institution emphasizes participation, cooperation, trust and the development of the members' ability
- Our organization places importance on organization teamwork.

Developmental Culture (Cronbach's $\alpha = 0.85$, two items)

Our organization emphasizes creativity, innovation, and challenge

Our organization places emphasis on employees' intuition/insight, growth/resource acquisition to solve new challenges

Hierarchical Culture (Cronbach's $\alpha = 0.79$, two items)

- Our organization emphasizes stability, consistency, and compliance with rules
- Our institution places importance on documentation, responsibility, control, and information management.

Rational Culture (Cronbach's $\alpha = 0.76$, two items)

- Our organization emphasizes planning, setting goals, and achieving goals
- Our organization places importance on competitiveness and performance.

● **Goal Clarity** (Cronbach's $\alpha = 0.87$, five items)

What do you think of the following statements regarding the organizational goals of your organization?

- I clearly know the organizational goals of our organization
- Our organization has a clear precedence among organizational goals
- Organizational goals provide clear guidance for performing tasks.
- I know clearly how responsibilities are linked and how to achieve organizational goals
- The achievement level of our institution last year can be measured objectively

● **High Work Performance Barrier** (Cronbach's $\alpha = 0.85$, ten items)

What do you think of each of the following in relation to the main obstacles to achieving high business results?

- Priority of frequently changing tasks
- Complex business procedures
- Lack of smooth communication between upper and lower/staff
- Insufficient cooperation between departments
- Insufficient personnel
- Unreasonable deadlines
- Lack of support for work/family compatibility
- Lack of expertise due to frequent personnel movements
- Unnecessary related laws
- lack of authority

Note: The authors translated from Korean to English the representative survey items extracted from the 2016 Public Employee Perception Survey of the Korea Institute of Public Administration.

Reginald Ugaddan: 성균관대학교 국정전문대학원 박사과정을 수료하고, 현재 공공인재개발연구센터 연구원으로 재직 중이다. 주요 관심분야는 공공 인적자원관리 (Public HRM), 공공관리론(public management), 공공리더십(public sector leadership), 조직 행동(organizational behavior) 등이다. 최근 논문으로는 “Quality of leadership and public service motivation: A social exchange perspective on employee engagement(2017)”, “Do Trustful Leadership, Organizational Justice, and Motivation Influence Whistle-Blowing Intention? Evidence from Federal Employees. Public Personnel Management(Forthcoming)” 등이 있다(rgu1216@skku.edu).

이혜림(李惠林, Healyim Lee): 성균관대학교 국정전문대학원 석사과정에 재학 중이며, 현재 공공인재개발연구센터 연구원으로 재직 중이다. 주요 관심분야는 조직인사관리, 공공 인적자원관리, 공직봉사동기(Public Service Motivation) 등이다(healyim2@skku.edu).

문상호(文相皓, Sangho Moon): 미국 University of Wisconsin-Madison에서 경제학 박사학위를 취득하고 테네시 주립대학교(Tennessee State University)의 정책학 조교수로 근무하였다. 현재 성균관대학교 사회과학대학 행정학과/국정전문 대학원 교수로 재직 중이며, 주요 관심분야는 재정 및 복지정책, 의료정책, 정책계량분석 등이다. 최근 논문으로 “노인 1인 가구의 취업 결정요인 예측: 탐색적 데이터마이닝의 활용과 적용”(한국정책학회보, 2016), “한국 장애인고용 정책의 효과성 평가”(한국정책학회보, 2016), “가계부채 증가의 영향요인에 관한 연구:한국복지패널(KOWEPS) 자료를 활용한 데이터마이닝 분석” (한국정책학회보, 2017) 등이 있다(smooon@skku.edu).

박성민(朴盛民, Sungmin Park): The University of Georgia에서 행정학 박사학위를 취득하고, 현재 성균관대학교 사회과학대학 행정학과/국정전문 대학원에서 부교수로 재직 중이다. 주요 관심 분야는 인적자원관리 및 인적자원개발, 인사혁신, 행정관리, 정책 PR 등이다. 최근 논문으로는 “교육훈련이 개인 및 조직 차원의 전이효과 기대감에 미치는 영향 연구: 국가공무원인재개발원 신입관리자 교육훈련 사례를 중심으로 (2018)”, “중앙행정기관 인사혁신 가치의 보편성과 특수성에 관한 연구(2017)”, “Do Reform Values Matter? Federal Worker Satisfaction and Turnover Intention at the Dawn of the Trump Presidency(2017)” 등이 있으며, 최근 저서로는 “한국형 인재양성 모형1: 공공부문편 (상·하) (2017)”, “인사혁신론: 이론과 실제(2017)” 등이 있다(sm28386@skku.edu).