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Impact of Vision, Strategy, and Human Resource on Nonprofit Organization Service Performance

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Abstract

Non-profit Organizations (NPOs) have become a third party of concatenation with government, and business community. Numerous NPOs involved mostly their activities in cross-organizational cooperation with the governments and the private enterprises. However, due to the ambiguous marketing and vague organizations' vision, NPOs faced challenges in accessing more funds. This study explores the causal relationships among of organizational vision, management strategies, and human resource management on NPOs' service performance in order to discover the reasonable management methods. This study combined the interview and structural relationship method (SEM) to explore the relationships of vision, strategies, human resource and service performance on NPO management. A total of 529 participants from five NPOs volunteered to participate in the study. All of them are employees whose works are related to foreign affairs. Questionnaires were used to collect the quantitative data, and AMOS software was used for the SEM analysis. Interview results showed that because of the limitation of funds, NPOs must maintain their excellent quality in services, and in advance, focus on maintaining the best public image to get additional funds from the government and other enterprises. Internally, they must focus on the management efficiency and make innovative business strategies to ensure a good impression. For human resource management, based on the different characteristics and willingness of employees in jobs, NPOs should assign suitable works for individuals in order to keep the organization's morale and coherence. Furthermore, based on the SEM, the organization's vision has a positive significant impact on management strategies, and management strategies have a positive significant impact on human resource management. However, the vision, strategies and human resources have no noticeable influence on service performance in NPOs.

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1. Introduction

A nonprofit organization (NPO) is a group that supports causes of public concern on a not-for-profit basis, typically in the arts, charity, education, politics, public policy, religious issues, scholarship, and the environment. They serve to fill the gaps between social needs and government supplies (Anthony and Young, 1993). The nonprofit organization concept originated in the United States. The main objective of NPOs is to provide the services that neither the public nor private sector can provide. However, NPOs have recently grown due to rapid economic development and social change as well as the public's increasing dissatisfaction with the social welfare provided by governments.

Drucker (1990) pointed out that NPOs have become a major social trend and are now the third sector of concatenation, along with government (the first sector) and general industry (the second), highlighting NPOs' importance. However, NPOs' ambiguous market segmentation and vague development position have created a crowding-out effect. Obtaining staff and accessing funds in order to operate and grow has become a major challenge for NPOs. Meanwhile, improved living standards have raised public expectations of NPOs' managerial performance and customer satisfaction (Winand et al., 2013). The peer competition, funding shortfall, and sustainable resource management issues that NPOs must face have also challenged their management. The impacts of these challenges on NPOs have compromised their delivery of important social services as well as their operational effectiveness and efficiency. Thus, NPOs need managerial concepts that will lead to implementation strategies for achieving their objectives.

Recent NPO management theories have been drawn from traditional industrial or business fields and applied almost mechanically. Whether theories drawn from for-profit fields can be applied to the management of non-profit organizations is arguable. This study determines the best management procedures for NPOs, specifically those working in foreign affairs, by investigating the effects of organizational vision, business strategy, and human resource management on NPOs' managerial performance. The findings are expected to have practical implications and drive future research.

2. Literature review

2.1. *Managing performance in NPOs*

The performance of an NPO's management will affect not only its survival but also its donations. Therefore, improving NPOs' performance and service quality has become a crucial task. As in a business, an NPO's operations are required to produce benefits; however, NPOs depend on their service partners and service content for the generation of results, which is generally regarded as their main characteristic (Aviv et al., 2006). Bush (1992) contended that NPOs can find more appropriate administrative values in the traditions of the voluntary sector than in the competition-based management approach inherent in private sector administrative theory and practice. As NPOs are legally and ethically constrained from assigning their revenues to their owners or shareholders, NPOs are simultaneously independent, public, and private. Thus, for-profit organizations and NPOs differ in the way they manage themselves.

Many scholars have indicated that NPO effectiveness is multidimensional and irreducible to a single measure (Herman and Renz, 1999; Sowa et al., 2004; Perkins and Fields, 2010). Baruch and Ramalho (2006) measured organizational outcomes, commonly reported as either organizational effectiveness or organizational performance (OEP). Venkatraman and Ramanujam (1986) divided organizational performance into three main categories: financial performance, task performance, and organizational effectiveness. In their results, a proposed set of multidimensional and universal criteria for measuring NPO performance was accepted as valid. This study uses their proposed organizational performance model to investigate NPOs' performance outcomes.

2.2. *Shared organizational vision in NPOs*

Vision is an organizational aim that guides strategy, policies, and tasks; it is also a key source of cultural formation and sustainable management. Vision plays a crucial role in an enterprise's development, acting as a bright

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