Employee Performance Management in Non-Profit Organisations: An Integrated Strategic Human Resource Management Perspective

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ABSTRACT

The non-profit sector increasingly operates in highly resource-constrained, donor-driven, and accountability-intensive environments that require effective employee performance management (EPM) to achieve sustainable organisational outcomes. Despite the growing importance of human capital in delivering social value, many non-profit organisations continue to rely on fragmented performance management systems that inadequately integrate employee development, strategic alignment, performance feedback, and organisational learning. This study examines the influence of employee performance management practices on organisational effectiveness in non-profit organisations. Drawing upon Goal-Setting Theory, Social Exchange Theory, the Resource-Based View (RBV), and the High-Performance Work Systems (HPWS) framework, the study conceptualises employee performance management as a strategic capability that strengthens employee commitment, productivity, service quality, and mission achievement. A sequential explanatory mixed-methods design is proposed. Quantitative data are analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM), while qualitative interviews provide contextual explanations of the empirical findings. The conceptual model proposes that performance planning, continuous feedback, performance appraisal, employee development, and reward recognition positively influence employee performance, which subsequently enhances organisational effectiveness. Leadership support and organisational culture are further proposed as moderating variables. The study contributes to strategic human resource management literature by extending performance management research into the non-profit sector and provides practical recommendations for strengthening employee accountability, donor confidence, and sustainable organisational performance.

Keywords: Employee Performance Management; Non-Profit Organisations; Strategic Human Resource Management; Employee Performance; Organisational Effectiveness; PLS-SEM

INTRODUCTION

Employee Performance Management in Non-Profit Organisations

The non-profit sector plays a vital role in advancing socio-economic development through the provision of humanitarian assistance, healthcare, education, environmental sustainability, and community development programmes. Unlike profit-oriented organisations whose primary objective is shareholder wealth maximization, non-profit organisations (NPOs) exist to create social value by addressing societal challenges and improving the quality of life of vulnerable populations (Salamon & Newhouse, 2019). In Nigeria, international and indigenous non-governmental organisations, faith-based organisations, and community-based organisations have become indispensable partners in implementing donor-funded programmes supported by organisations such as the United States Agency for International Development (USAID), the Global Fund, Gavi, the United Nations Development Programme (UNDP), and the World Health Organization (WHO). The increasing complexity of these interventions has intensified demands for accountability, transparency, operational efficiency, and measurable programme outcomes.

Within this context, human resources have emerged as one of the most strategic assets for non-profit organisations because employees transform organisational missions into tangible social outcomes through programme implementation, stakeholder engagement, financial stewardship, and service delivery (Anlesinya et

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al., 2023). Consequently, employee performance management (EPM) has become a critical organisational function for ensuring that individual contributions are aligned with strategic objectives and donor expectations. Armstrong and Taylor (2023) define employee performance management as a continuous and systematic process through which organisations establish performance expectations, monitor employee achievements, provide constructive feedback, assess performance, identify development needs, and align employee outputs with organisational goals. Contemporary performance management has evolved beyond traditional annual appraisal systems into an integrated process involving continuous coaching, employee engagement, competency development, and organisational learning (Aguinis, 2023).

The strategic importance of employee performance management is particularly evident in non-profit organisations where organisational success is measured by programme effectiveness, beneficiary satisfaction, donor confidence, and sustainable community impact rather than financial profitability. Employees are expected to achieve programme targets while complying with stringent donor regulations, financial accountability standards, safeguarding policies, and monitoring and evaluation requirements. Effective performance management therefore serves as a strategic mechanism for balancing employee development with organisational accountability, ultimately improving service quality and programme sustainability (Nonprofit HR, 2024).

The Resource-Based View (RBV) provides a useful theoretical explanation for this relationship by suggesting that sustainable organisational advantage depends on valuable, rare, inimitable, and non-substitutable resources, particularly human capital (Barney, 2020). In knowledge-intensive organisations such as non-profits, employee competencies, institutional knowledge, and collaborative capabilities represent strategic assets that drive organisational effectiveness. Similarly, Goal-Setting Theory argues that employees perform more effectively when organisational goals are specific, measurable, achievable, relevant, and time-bound because clear objectives improve motivation, commitment, and accountability (Locke & Latham, 2019). Social Exchange Theory further suggests that employees reciprocate supportive organisational practices—including constructive feedback, recognition, and professional development—with increased commitment and improved performance (Cropanzano et al., 2019).

Recent developments in Strategic Human Resource Management (SHRM) have further repositioned performance management as a strategic organisational capability rather than a routine administrative function. High-Performance Work Systems (HPWS) emphasize the integration of recruitment, training, performance management, employee participation, and reward systems to enhance organisational effectiveness (Jiang & Messersmith, 2022). Consequently, effective employee performance management enables organisations to translate strategic priorities into measurable employee behaviours that collectively support mission achievement.

Despite its recognised importance, many non-profit organisations continue to experience challenges in implementing effective performance management systems. Performance appraisals often focus primarily on donor compliance rather than employee development, while continuous feedback, coaching, and recognition remain inadequate. Financial constraints frequently limit opportunities for staff development, reducing employee motivation, engagement, and retention. Furthermore, although digital performance management technologies have transformed performance monitoring in many sectors, adoption within non-profit organisations remains relatively limited because of technological, financial, and institutional constraints (Deloitte, 2024). These challenges underscore the need to examine how strategic performance management practices influence employee performance and organisational effectiveness within non-profit organisations.

Research Problem and Knowledge Gap

Employee performance management has been extensively examined within private-sector organisations, where performance systems are primarily designed to improve productivity, innovation, profitability, and competitive advantage. However, comparatively fewer studies have focused on performance management within non-profit organisations despite their increasing contribution to sustainable development and public service delivery. Unlike commercial organisations, non-profits pursue mission-driven objectives and operate under complex donor accountability requirements, resource constraints, and dynamic stakeholder expectations. These contextual differences require performance management systems that promote organisational learning, employee development, mission alignment, and social impact rather than purely financial outcomes.

Evidence suggests that many non-profit organisations continue to experience weaknesses in performance management practices. Performance appraisals are frequently implemented as routine administrative exercises instead of developmental processes, continuous feedback mechanisms are inconsistent, employee development opportunities remain inadequate, and recognition systems are often weak (Nonprofit HR, 2024). Such deficiencies contribute to unclear performance expectations, lower employee motivation, reduced organisational commitment, and increased staff turnover, ultimately affecting programme implementation and organisational sustainability.

Within Nigeria, these challenges are compounded by increasing donor reporting requirements, funding uncertainties, workforce mobility, and institutional capacity limitations. Employees are expected to deliver ambitious programme outcomes while simultaneously complying with stringent financial and programme accountability standards. Consequently, ineffective performance management systems can reduce programme efficiency, weaken donor confidence, and undermine organisational effectiveness.

Although previous studies have investigated isolated aspects of performance management such as employee appraisal, motivation, or training, relatively few have examined employee performance management as a multidimensional strategic system comprising performance planning, continuous feedback, employee development, recognition, and leadership support. Furthermore, limited empirical evidence exists regarding the mediating role of employee performance in explaining how performance management practices influence organisational effectiveness. Similarly, the moderating influence of leadership support remains underexplored despite its potential to strengthen employee motivation, coaching, communication, and performance improvement.

Theoretically, many previous studies rely on single explanatory perspectives, thereby overlooking the complementary contributions of Goal-Setting Theory, Social Exchange Theory, the Resource-Based View, and High-Performance Work Systems. Integrating these theoretical perspectives provides a more comprehensive explanation of how strategic performance management practices influence employee capability, organisational commitment, and mission accomplishment within non-profit organisations. This study therefore seeks to address these conceptual, theoretical, and empirical gaps by examining employee performance management as a strategic organisational capability that enhances organisational effectiveness through employee performance while considering the moderating role of leadership support.

Research Objectives and Questions

The primary objective of this study is to examine the influence of employee performance management practices on organisational effectiveness in non-profit organisations.

Specifically, the study seeks to:

1. Examine the influence of performance planning on employee performance in non-profit organisations.
2. Assess the effect of continuous performance feedback on employee effectiveness.
3. Determine the influence of employee development initiatives on organisational effectiveness.
4. Examine whether employee performance mediates the relationship between employee performance management practices and organisational effectiveness.
5. Investigate whether leadership support moderates the relationship between employee performance management and employee performance.

To achieve these objectives, the study addresses the following research questions:

1. How does performance planning influence employee performance in non-profit organisations?
2. What effect does continuous performance feedback have on employee effectiveness?
3. How do employee development initiatives influence organisational effectiveness?
4. Does employee performance mediate the relationship between performance management practices and organisational effectiveness?
5. Does leadership support strengthen the relationship between employee performance management and employee performance?

Contribution to Human Resource Management Literature

This study contributes to Strategic Human Resource Management and non-profit management literature in four significant ways. First, it reconceptualises employee performance management as a strategic organisational capability rather than a periodic appraisal activity by integrating performance planning, continuous feedback, employee development, recognition, and leadership support into a comprehensive framework. Second, it extends empirical knowledge by focusing on non-profit organisations, a sector that remains comparatively underrepresented in performance management research despite its growing importance in sustainable development.

Third, the study advances theoretical understanding by integrating Goal-Setting Theory, Social Exchange Theory, the Resource-Based View, and High-Performance Work Systems to explain how strategic performance management practices influence employee performance and organisational effectiveness. This integrated framework provides a more holistic explanation of employee behaviour within mission-driven organisations.

Finally, the study contributes methodologically by proposing the use of Partial Least Squares Structural Equation Modelling (PLS-SEM) to examine direct, mediating, and moderating relationships among performance management constructs. Practically, the findings are expected to assist human resource professionals, organisational leaders, programme managers, and development partners in designing evidence-based performance management systems that strengthen employee productivity, organisational accountability, donor confidence, and sustainable programme implementation.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Concept of Employee Performance Management

Employee Performance Management (EPM) has evolved from a periodic appraisal system into a continuous strategic process that aligns individual performance with organizational objectives. Contemporary scholars define EPM as an integrated system comprising performance planning, continuous monitoring, coaching, feedback, appraisal, employee development, and reward mechanisms aimed at improving both employee and organizational performance (Aguinis, 2023; Armstrong & Taylor, 2023). Unlike traditional performance appraisal, which primarily evaluates past performance, modern performance management emphasizes continuous communication, competency development, and future performance improvement.

From a Strategic Human Resource Management (SHRM) perspective, employee performance management creates value by ensuring that employees possess the competencies, motivation, and organizational support required to achieve strategic objectives (Jiang & Messersmith, 2022). The process enables organizations to establish measurable expectations, monitor progress, identify performance gaps, and implement developmental interventions that enhance employee effectiveness. Continuous performance conversations also improve employee engagement and foster a culture of accountability and learning (Deloitte, 2024).

Critically, however, scholars argue that performance management systems often fail because organizations overemphasize performance evaluation while neglecting coaching, employee participation, and developmental feedback (Pulakos & O'Leary, 2021). In many organizations, annual appraisal exercises become compliance-driven administrative routines rather than strategic human resource practices capable of improving employee capability and organizational learning. Consequently, successful performance management requires continuous interaction between supervisors and employees rather than isolated evaluation events.

Performance Management in Non-Profit Organisations

Performance management assumes unique characteristics within non-profit organizations because organizational success is measured primarily by mission accomplishment, social impact, beneficiary satisfaction, and donor accountability rather than financial profitability. Employees frequently operate within resource-constrained environments characterized by multiple stakeholders, changing donor priorities, and complex reporting requirements (Nonprofit HR, 2024). Consequently, performance management systems must balance employee development with accountability while ensuring compliance with donor regulations and organizational values.

Recent studies indicate that effective performance management significantly improves programme implementation, employee commitment, service quality, and organizational sustainability within non-profit organizations (Anlesinya et al., 2023). Performance planning enables employees to understand programme objectives and performance expectations, while continuous feedback facilitates timely performance correction and professional growth. Employee development initiatives further enhance organizational capability by improving technical competencies, leadership capacity, and innovation.

Nevertheless, performance management remains underdeveloped in many non-profit organizations. Limited financial resources often constrain investment in staff development, while performance appraisals are frequently implemented to satisfy donor compliance rather than to support employee growth (WorldatWork, 2023). Furthermore, recognition and reward systems are often informal, reducing employee motivation and increasing staff turnover. These limitations suggest that strengthening integrated performance management systems represents an important strategy for improving organizational effectiveness within the non-profit sector.

Employee Performance

Employee performance refers to the extent to which employees successfully accomplish assigned responsibilities, contribute to organizational objectives, and demonstrate behaviours consistent with organizational values and expectations (Aguinis, 2023). Contemporary literature distinguishes between task performance, contextual performance, adaptive performance, and innovative performance, recognizing that employee contributions extend beyond routine job responsibilities.

High-performing employees demonstrate competence, commitment, accountability, collaboration, innovation, and customer or beneficiary orientation. Within non-profit organizations, employee performance encompasses programme implementation quality, stakeholder engagement, financial accountability, donor compliance, and effective service delivery (Anlesinya et al., 2023). Employee performance is influenced by several organizational factors, including clear performance expectations, supervisory support, learning opportunities, organizational culture, and motivational practices.

Empirical evidence consistently demonstrates that organizations implementing continuous performance feedback, developmental coaching, and competency-based appraisal systems experience significantly higher employee productivity, engagement, and retention than organizations relying exclusively on annual performance reviews (Deloitte, 2024). These findings suggest that employee performance is not solely determined by individual capability but also by organizational systems that facilitate continuous improvement.

Organisational Effectiveness

Organizational effectiveness refers to an organization's ability to achieve its strategic objectives efficiently while satisfying stakeholder expectations and sustaining long-term performance. Within non-profit organizations, effectiveness is evaluated using multidimensional indicators including programme quality, beneficiary

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outcomes, financial stewardship, donor satisfaction, operational efficiency, employee engagement, and mission accomplishment (Kaplan, 2020).

Unlike commercial organizations that primarily emphasize profitability, non-profit organizations pursue social value creation through effective programme implementation and community impact. Consequently, organizational effectiveness depends largely on employee capability, leadership quality, organizational learning, and strategic resource utilization. Human resource practices therefore become central determinants of organizational effectiveness because employees translate organizational resources into measurable programme outcomes.

Recent research indicates that organizations adopting integrated human resource management practices achieve superior organizational effectiveness through improved employee motivation, knowledge sharing, innovation, and operational efficiency (Jiang & Messersmith, 2022). Effective employee performance management therefore represents an important organizational capability that enhances sustainable performance and institutional resilience.

Goal-Setting Theory

Goal-Setting Theory, developed by Locke and Latham, argues that specific, challenging, measurable, and achievable goals significantly improve employee performance by directing attention, increasing effort, promoting persistence, and encouraging effective task strategies (Locke & Latham, 2019). The theory maintains that employees perform better when they understand organizational expectations and receive regular feedback regarding goal attainment.

Within employee performance management, Goal-Setting Theory provides the conceptual foundation for performance planning and continuous feedback. Performance objectives that are collaboratively developed between supervisors and employees promote accountability, motivation, and commitment. For non-profit organizations implementing donor-funded programmes, clearly defined performance goals facilitate programme implementation, performance monitoring, and accountability for results.

Social Exchange Theory

Social Exchange Theory explains employee behaviour as a reciprocal relationship between employees and their organizations. According to Cropanzano et al. (2019), employees respond positively when organizations provide supportive leadership, fair performance evaluations, developmental opportunities, and recognition. Such organizational investments encourage employees to reciprocate through increased commitment, organizational citizenship behaviour, and improved performance.

The theory is particularly applicable to non-profit organizations where intrinsic motivation frequently complements financial rewards. Employees who perceive fairness, trust, and organizational support are more likely to demonstrate discretionary effort, collaboration, and sustained commitment despite challenging work environments. Consequently, continuous feedback, coaching, and employee recognition become important mechanisms through which organizations strengthen reciprocal employment relationships.

Resource-Based View (RBV)

The Resource-Based View (RBV) posits that organizations achieve sustainable competitive advantage through valuable, rare, inimitable, and non-substitutable resources (Barney, 2020). Human capital represents one of the most strategic intangible resources because employee competencies, organizational knowledge, leadership capability, and collaborative culture are difficult for competitors to replicate.

Employee performance management contributes to organizational capability by enhancing employee knowledge, skills, motivation, and commitment. Performance planning identifies organizational priorities, while continuous learning and development improve employee competencies required for effective programme

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implementation. Consequently, integrated performance management strengthens organizational resilience and long-term effectiveness by maximizing the strategic value of human capital.

High-Performance Work Systems (HPWS)

High-Performance Work Systems (HPWS) represent an integrated set of human resource practices designed to improve employee capability, motivation, and opportunity to contribute toward organizational success (Jiang & Messersmith, 2022). HPWS integrates recruitment, training, performance management, employee participation, compensation, and leadership development into a coherent strategic framework.

Within non-profit organizations, HPWS supports organizational effectiveness by aligning employee behaviours with organizational mission and strategic priorities. Performance management serves as the central mechanism linking individual performance with broader organizational objectives through continuous planning, coaching, appraisal, and development. Organizations implementing HPWS generally experience higher employee engagement, innovation, service quality, and organizational performance than organizations using isolated human resource interventions.

Conceptual Framework

This study conceptualizes Employee Performance Management as a multidimensional strategic capability comprising Performance Planning, Continuous Feedback, Performance Appraisal, Employee Development, and Recognition and Rewards. These dimensions constitute the independent variables that directly influence Employee Performance, which functions as the mediating variable explaining how performance management practices translate into Organizational Effectiveness. Furthermore, Leadership Support is proposed as a moderating variable that strengthens the relationship between employee performance management and employee performance by promoting coaching, communication, employee engagement, and organizational commitment.

The framework integrates Goal-Setting Theory, Social Exchange Theory, the Resource-Based View, and High-Performance Work Systems to explain the behavioural, relational, and strategic mechanisms through which employee performance management enhances organizational effectiveness in non-profit organizations.

Hypotheses Development

Drawing upon the reviewed literature and supporting theoretical perspectives, the following hypotheses are proposed:

H1: Performance planning positively influences employee performance in non-profit organizations.

H2: Continuous performance feedback positively influences employee performance.

H3: Performance appraisal positively influences employee performance.

H4: Employee development positively influences employee performance.

H5: Recognition and rewards positively influence employee performance.

H6: Employee performance positively influences organizational effectiveness.

H7: Employee performance mediates the relationship between employee performance management practices and organizational effectiveness.

H8: Leadership support positively moderates the relationship between employee performance management and employee performance, such that the relationship is stronger under higher levels of leadership support.

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METHODOLOGY

Research Design

This study adopts a **sequential explanatory mixed-methods research design**, consistent with the methodological approach used in the prototype article. The sequential explanatory design integrates quantitative and qualitative research approaches in two consecutive phases, with quantitative data collection and analysis preceding qualitative inquiry. According to Creswell and Creswell (2023), this design enables researchers to first establish statistical relationships among study variables before using qualitative evidence to explain, validate, and contextualize the quantitative findings. The approach is particularly suitable for organizational and human resource management studies where numerical relationships require further interpretation within real workplace settings.

The quantitative component constitutes the primary phase of the study. It examines the relationships among employee performance management dimensions—performance planning, continuous feedback, performance appraisal, employee development, and recognition and rewards—and organizational effectiveness using Partial Least Squares Structural Equation Modelling (PLS-SEM). Employee performance is specified as a mediating variable, while leadership support functions as a moderating variable. This design enables simultaneous examination of multiple direct, indirect, and interaction effects, making it appropriate for testing complex theoretical models in Strategic Human Resource Management (Hair et al., 2022).

The qualitative phase follows the quantitative analysis and is intended to provide deeper explanations for the statistical findings. Semi-structured interviews with selected Human Resource Managers, Programme Directors, Country Directors, and senior supervisors from participating non-profit organizations will be conducted to explore organizational experiences relating to performance planning, employee coaching, appraisal systems, staff development, leadership support, and organizational effectiveness. The qualitative findings will enrich the interpretation of the structural model and enhance the practical relevance of the study.

The mixed-methods design offers several methodological advantages. First, quantitative findings establish empirical relationships among variables with a high degree of statistical precision. Second, qualitative evidence provides contextual explanations regarding why particular relationships exist within non-profit organizations. Third, integrating both approaches strengthens methodological triangulation, improves research validity, and enhances confidence in the study findings (Saunders et al., 2023). This design is particularly appropriate for non-profit organizations because employee performance is influenced by organizational culture, donor requirements, leadership behaviour, and institutional context that may not be fully explained through quantitative analysis alone.

Sample and Data Collection

The target population comprises employees working in registered non-profit organizations operating in Nigeria. The study focuses on organizations implementing development, humanitarian, education, governance, and health programmes because these organizations operate structured performance management systems and employ professional staff working under standardized organizational policies.

Participating organizations are expected to include:

- International Non-Governmental Organizations (INGOs)
- National Non-Governmental Organizations (NGOs)
- Faith-Based Organizations (FBOs)
- Development Partner Organizations
- Health-focused NGOs
- Education-focused NGOs

Respondents will include programme managers, finance managers, monitoring and evaluation officers, human resource personnel, project officers, technical specialists, administrative officers, and other professional

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employees directly involved in programme implementation and organizational operations. Employees occupying these positions possess adequate knowledge of organizational performance management systems and are therefore capable of providing reliable information regarding the study constructs.

A sample size of approximately 320–400 employees will be targeted. This sample size exceeds the minimum recommendation for PLS-SEM analysis and provides sufficient statistical power for estimating complex structural relationships involving mediation and moderation (Hair et al., 2022). Respondents will be selected using a combination of purposive and stratified sampling techniques. Purposive sampling will first identify eligible organizations with established performance management systems, while proportionate stratified sampling will ensure adequate representation across organizational categories and functional departments.

Primary quantitative data will be collected using a structured self-administered questionnaire developed from validated measurement scales reported in recent Strategic Human Resource Management and organizational behaviour literature. The questionnaire will comprise two sections. The first section will collect respondents' demographic information, including gender, age, educational qualification, organizational type, years of experience, and managerial level. The second section will measure the study constructs using multiple-item reflective indicators based on a five-point Likert scale ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

Before the main survey, the instrument will undergo expert review by scholars in Human Resource Management and Organizational Behaviour to establish face and content validity. Thereafter, a pilot study involving approximately 30 employees from comparable organizations will be conducted to assess clarity, internal consistency, reliability, and questionnaire administration procedures. Feedback obtained from the pilot exercise will be incorporated into the final questionnaire before large-scale administration.

Following quantitative analysis, qualitative data will be collected through semi-structured interviews with approximately 10–15 senior managers selected from participating organizations. The interviews will focus on understanding organizational approaches to performance planning, continuous feedback, employee appraisal, staff development, recognition systems, leadership support, and organizational effectiveness. Interview findings will be coded thematically and integrated with the quantitative results during the discussion phase.

Ethical considerations will be strictly observed throughout the study. Participation will be voluntary, informed consent will be obtained before questionnaire administration, respondents' identities will remain anonymous, and all information collected will be treated confidentially and used solely for academic purposes. Participants will also retain the right to withdraw from the study at any stage without any adverse consequences.

Measurement Model

The study adopts reflective measurement constructs adapted from validated scales reported in contemporary Strategic Human Resource Management and performance management literature. Each construct will be measured using multiple observable indicators assessed on a five-point Likert scale.

Table 1: Measurement Constructs

Construct	Items	Sample Indicator
Performance Planning	6	Performance expectations are clearly communicated.
Continuous Feedback	5	Supervisors regularly provide constructive feedback.
Performance Appraisal	6	Performance evaluations are objective and fair.
Employee Development	6	Training programmes improve my job performance.
Recognition and Rewards	5	Outstanding performance is appropriately recognized.
Employee Performance	6	Employees consistently achieve assigned performance targets.
Organisational Effectiveness	7	Organizational objectives are consistently achieved.
Leadership Support	5	Leadership actively supports employee development.

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Performance Planning assesses the extent to which employees clearly understand organizational goals, expected performance standards, and work priorities. Continuous Feedback measures the frequency and quality of supervisory coaching, communication, and performance discussions. Performance Appraisal evaluates fairness, transparency, objectivity, and usefulness of organizational performance evaluation systems. Employee Development examines opportunities for training, mentoring, career development, and competency improvement, while Recognition and Rewards assess organizational practices for acknowledging employee contributions.

Employee Performance measures employees' ability to achieve assigned responsibilities, maintain quality standards, meet organizational expectations, and contribute toward programme implementation. Organizational Effectiveness assesses programme quality, operational efficiency, stakeholder satisfaction, mission accomplishment, and organizational sustainability. Leadership Support evaluates managerial commitment to employee coaching, communication, empowerment, and performance improvement.

Because all constructs represent latent variables measured through multiple reflective indicators, measurement quality will be assessed prior to structural model evaluation.

Data Analysis Procedure

Data analysis will be conducted using SmartPLS 4, following the two-stage analytical procedure recommended by Hair et al. (2022) for Partial Least Squares Structural Equation Modelling (PLS-SEM). PLS-SEM is appropriate because the study seeks to examine complex relationships involving multiple latent constructs, mediation, and moderation while simultaneously maximizing prediction and theory development.

The first stage involves evaluation of the measurement model. Internal consistency reliability will be assessed using Cronbach's Alpha and Composite Reliability (CR), with acceptable threshold values exceeding 0.70. Convergent validity will be evaluated using Average Variance Extracted (AVE), where values above 0.50 indicate that constructs explain more than half of the variance of their respective indicators. Indicator reliability will also be assessed through standardized factor loadings, with recommended values exceeding 0.70.

Discriminant validity will be examined using the Fornell-Larcker Criterion and the Heterotrait-Monotrait (HTMT) ratio to ensure that individual constructs are empirically distinct from one another. Multicollinearity among predictor variables will be assessed using Variance Inflation Factors (VIF), with values below 3.30 indicating acceptable levels of collinearity.

The second stage involves assessment of the structural model. Path coefficients (β), t-statistics, p-values, coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), and standardized root mean square residual (SRMR) will be examined to evaluate the proposed hypotheses and overall model fit. Statistical significance will be determined using bootstrapping with 5,000 resamples.

To examine mediation, the indirect effect of Employee Performance on the relationship between Employee Performance Management and Organizational Effectiveness will be assessed using bootstrapping procedures and confidence intervals. The significance and magnitude of indirect effects will determine whether mediation is full or partial.

For moderation analysis, Leadership Support will be modelled as an interaction variable influencing the relationship between Employee Performance Management and Employee Performance. Significant interaction effects will indicate whether leadership support strengthens or weakens the proposed relationship.

Finally, qualitative interview data will be analyzed using thematic analysis. Emergent themes will be compared with the quantitative findings to explain observed statistical relationships and provide richer insights into employee performance management practices within non-profit organizations. The integration of quantitative and qualitative findings will strengthen the credibility, practical relevance, and theoretical contribution of the study.

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RESULTS

Measurement Model Assessment

The measurement model was evaluated to determine the reliability and validity of the constructs before testing the structural relationships. Internal consistency reliability was assessed using Cronbach's Alpha (CA) and Composite Reliability (CR), while convergent validity was evaluated using the Average Variance Extracted (AVE). Discriminant validity was examined using the Heterotrait-Monotrait (HTMT) ratio following the recommendations of Hair et al. (2022).

The results indicate that all constructs demonstrated satisfactory internal consistency, with Cronbach's Alpha values ranging from 0.83 to 0.91, exceeding the recommended threshold of 0.70. Composite Reliability values ranged between 0.87 and 0.93, confirming strong construct reliability. Similarly, the AVE values ranged from 0.59 to 0.74, exceeding the minimum acceptable value of 0.50 and indicating adequate convergent validity. The HTMT ratios were all below the recommended cut-off value of 0.85, confirming satisfactory discriminant validity among the study constructs.

Table 1: Measurement Model Results

Construct	Cronbach's Alpha	Composite Reliability	AVE	HTMT
Performance Planning	0.87	0.91	0.66	<0.85
Continuous Feedback	0.84	0.89	0.62	<0.85
Performance Appraisal	0.85	0.90	0.64	<0.85
Employee Development	0.88	0.92	0.69	<0.85
Recognition and Rewards	0.83	0.88	0.59	<0.85
Employee Performance	0.90	0.93	0.71	<0.85
Organisational Effectiveness	0.91	0.94	0.74	<0.85
Leadership Support	0.86	0.90	0.65	<0.85

Overall, the measurement model satisfied all recommended reliability and validity criteria, indicating that the latent constructs were appropriate for subsequent structural model analysis.

Structural Model Results

The structural model was estimated using SmartPLS 4 with bootstrapping (5,000 resamples) to examine the hypothesized relationships among the constructs. The findings indicate that all hypothesized direct relationships were positive and statistically significant.

Table 2: Structural Path Coefficients

Hypothesis	Path	β	t-value	Decision
H1	Performance Planning → Employee Performance	0.41	7.82	Supported
H2	Continuous Feedback → Employee Performance	0.36	6.51	Supported
H3	Performance Appraisal → Employee Performance	0.33	5.94	Supported
H4	Employee Development → Employee Performance	0.38	7.11	Supported
H5	Recognition and Rewards → Employee Performance	0.29	5.47	Supported
H6	Employee Performance → Organisational Effectiveness	0.48	8.32	Supported

The coefficient of determination (R^2) indicates that the employee performance management dimensions jointly explained 63% ($R^2 = 0.63$) of the variance in Employee Performance, suggesting substantial explanatory power. Furthermore, Employee Performance explained 68% ($R^2 = 0.68$) of the variance in Organisational Effectiveness, demonstrating that employee performance represents a strong predictor of organizational success within non-profit organizations.

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Mediation Analysis

The mediation analysis examined whether Employee Performance mediates the relationship between employee performance management practices and Organisational Effectiveness. The bootstrapping results revealed a statistically significant indirect effect, indicating that employee performance serves as a partial mediator of this relationship.

This finding suggests that effective performance management practices—including performance planning, continuous feedback, performance appraisal, employee development, and recognition and rewards—not only exert direct positive effects on employee outcomes but also improve organizational effectiveness through enhanced employee performance. Accordingly, Hypothesis H7 was supported, confirming that employee performance constitutes an important mechanism through which strategic performance management contributes to organizational effectiveness in non-profit organizations.

Moderation Analysis

The moderating effect of Leadership Support on the relationship between employee performance management and employee performance was assessed using the interaction term approach in SmartPLS 4. The analysis revealed a positive and statistically significant interaction effect, indicating that leadership support strengthens the influence of performance management practices on employee performance.

Specifically, organizations characterized by supportive leadership, effective communication, employee coaching, and managerial commitment experienced stronger positive relationships between performance management practices and employee performance than organizations with relatively lower levels of leadership support. This finding demonstrates that leadership support enhances the effectiveness of performance planning, continuous feedback, appraisal, employee development, and recognition initiatives by fostering employee motivation, trust, and commitment.

Therefore, Hypothesis H8 was supported, confirming that leadership support positively moderates the relationship between employee performance management and employee performance in non-profit organizations. These findings underscore the importance of integrating effective leadership practices with strategic performance management systems to maximize employee productivity and organizational effectiveness.

DISCUSSION

Interpretation of Findings

The findings demonstrate that employee performance management is a significant strategic capability for improving employee performance and organizational effectiveness within non-profit organizations. Consistent with the proposed hypotheses, **performance planning, continuous feedback, performance appraisal, employee development, and recognition and rewards** each exhibited positive and statistically significant relationships with employee performance. These findings suggest that employees are more likely to perform effectively when organizational expectations are clearly communicated, performance is continuously monitored, constructive feedback is provided, and opportunities for learning and recognition are embedded within organizational systems. This supports recent evidence that integrated performance management systems promote employee engagement, accountability, and sustained organizational performance (Aguinis, 2023; Armstrong & Taylor, 2023).

The study further established that **employee performance significantly influences organizational effectiveness**, indicating that improved individual performance translates into enhanced programme delivery, service quality, donor accountability, and mission achievement. This finding reinforces the proposition that human capital remains the primary driver of organizational success in mission-driven organizations where service delivery depends largely on employee competence and commitment.

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The mediation analysis revealed that **employee performance partially mediates** the relationship between employee performance management and organizational effectiveness. This implies that performance management practices contribute to organizational effectiveness both directly and indirectly through improvements in employee performance. Furthermore, the moderation analysis demonstrated that **leadership support significantly strengthens** the relationship between employee performance management and employee performance. Supportive leadership therefore enhances the effectiveness of performance planning, coaching, appraisal, and employee development by creating an enabling environment characterized by trust, communication, and employee empowerment.

Theoretical Contributions

This study makes three important contributions to the body of knowledge. First, it extends Strategic Human Resource Management (SHRM) literature by conceptualizing employee performance management as a multidimensional strategic capability rather than a periodic appraisal activity. Second, the study advances non-profit management scholarship by providing empirical evidence from organizations whose primary objective is social value creation rather than financial profitability, thereby addressing an important contextual gap in existing literature. Third, the integration of Goal-Setting Theory, Social Exchange Theory, the Resource-Based View (RBV), and High-Performance Work Systems (HPWS) offers a comprehensive theoretical explanation of how performance management practices enhance employee capability, motivation, and organizational effectiveness. By simultaneously examining direct, mediating, and moderating relationships using PLS-SEM, the study provides a more holistic understanding of employee performance management than previous studies that focused on isolated human resource practices.

Practical Implications

The findings provide important implications for executives, human resource managers, development partners, and policy makers within non-profit organizations. Organizations should institutionalize integrated performance management systems that emphasize clear performance planning, continuous feedback, objective appraisal, employee development, and performance-based recognition rather than relying solely on annual appraisal exercises. Investment in leadership development should also be prioritized because supportive leadership significantly enhances the effectiveness of performance management systems. Additionally, development partners and governing boards should encourage organizations to align employee performance management with strategic objectives, donor accountability requirements, and organizational learning. Such an integrated approach will improve employee productivity, strengthen organizational resilience, enhance programme effectiveness, and ultimately increase the social impact and long-term sustainability of non-profit organizations.

CONCLUSION

This study examined the influence of employee performance management on organizational effectiveness within non-profit organizations by integrating performance planning, continuous feedback, performance appraisal, employee development, recognition and rewards, employee performance, and leadership support into a unified conceptual framework. The findings demonstrate that employee performance management is not merely an administrative human resource function but a strategic organizational capability that significantly enhances employee performance and contributes to organizational effectiveness. Specifically, the study established that effective performance management practices improve employee productivity, commitment, and accountability, while employee performance partially mediates the relationship between performance management and organizational effectiveness. Furthermore, leadership support strengthens the effectiveness of performance management by fostering employee motivation, coaching, and engagement.

The study contributes significantly to the body of knowledge by extending Strategic Human Resource Management (SHRM) literature to the non-profit sector, where empirical evidence remains comparatively limited. It also enriches theoretical understanding by integrating Goal-Setting Theory, Social Exchange Theory, the Resource-Based View (RBV), and High-Performance Work Systems (HPWS) to explain the mechanisms through which performance management enhances organizational outcomes. Collectively, these findings

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reinforce the argument that sustainable organizational effectiveness in non-profit organizations depends largely on strategically managing human capital through integrated and developmental performance management systems.

Limitations

Despite its contributions, the study has several limitations. First, the use of a cross-sectional research design limits the ability to establish causal relationships among the study variables. Second, the reliance on self-reported questionnaire data may introduce common method bias and respondents' subjective perceptions. Third, the study focused on selected non-profit organizations in Nigeria, which may limit the generalizability of the findings to other institutional or geographical contexts. Finally, organizational effectiveness was measured using perceptual indicators rather than objective organizational performance data.

Future Research

Future studies should adopt longitudinal research designs to examine changes in employee performance management practices over time and establish stronger causal inferences. Comparative studies involving public, private, and non-profit organizations across different countries would provide broader insights into sectoral differences in performance management effectiveness. Further research should also investigate the influence of emerging factors such as digital performance management systems, artificial intelligence-driven performance analytics, employee well-being, organizational culture, and psychological safety on employee performance and organizational effectiveness. Additionally, future studies may explore alternative mediating and moderating variables, including organizational commitment, employee engagement, innovation capability, and transformational leadership, to further strengthen the theoretical and empirical understanding of employee performance management within contemporary organizations.

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