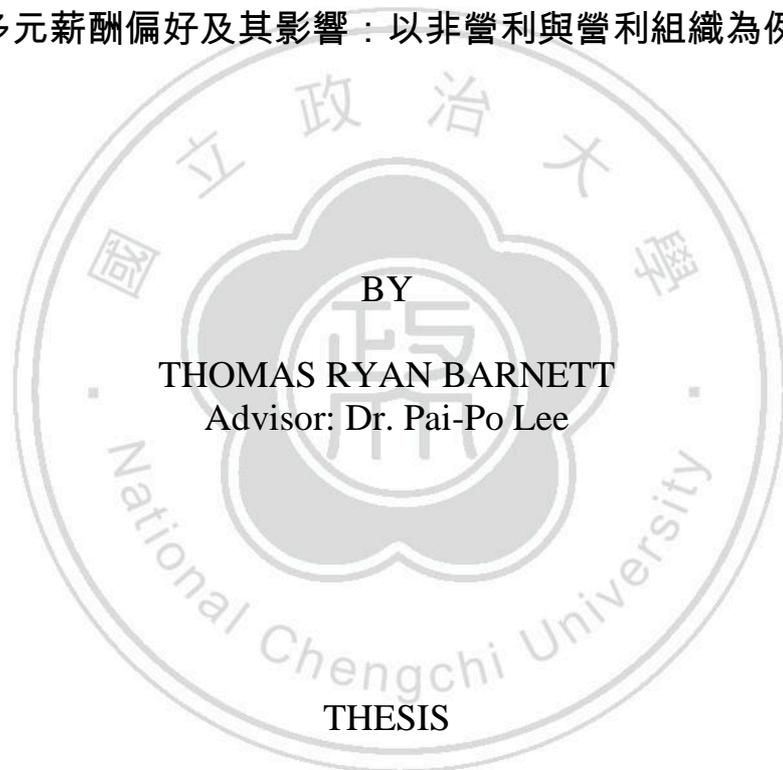


International Master's Program in International Studies  
National Chengchi University  
國立政治大學國際研究英語碩士學位學程

**Variable Pay Preferences Between Sectors:  
Nonprofit and For-profit Applicant Attraction to Differing  
Compensation Systems**

多元薪酬偏好及其影響：以非營利與營利組織為例



BY

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THESIS

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## ABSTRACT

One of the more contentious developments in the nonprofit sector has been the growing relevance of incentive plans that link pay with performance outcomes. Invoking the same repurposed applications of Spence's signaling theory (1974) used in prior person-organization (P-O) fit literature, this study assumes that advertising pay-for-performance (PFP) has a signaling effect in which organizational values are communicated to job seekers. Prospective applicants are thought to make initial application decisions based on the perceived (in)congruence between their personal values and those of the organization. Empirical support for this process has been demonstrated repeatedly in for-profit sector contexts, but the conceptual intersection between applicant attraction in the nonprofit sector and advertised PFP measures has been virtually left untouched. This leaves an open empirical question as to whether PFP incentive offers significantly affect applicant attraction in the third sector. This experiment compares nonprofit and for-profit sector applicant attraction to randomized job descriptions with various bonus incentive offers. It is expected that nonprofit applicants, hypothesized as more intrinsically motivated and allocentric (collectivistic) than private sector workers, are comparatively less attracted to employment that entails individual PFP incentives relative to for-profit applicants. It is further hypothesized that nonprofit applicants are less likely to expect performance bonuses if incentives of that sort are not explicitly mentioned in a job posting.

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# Chapter 1

## Introduction

Chapter 1 provides an overview of the current study, beginning with three subsections together comprising the introductory research background. The first subsection touches on the growing relevance of nonprofit organizations worldwide, followed by a discussion on the trending use of pay-for-performance (PFP) incentives in the nonprofit sector. The third subsection introduces the research issue and research questions driving the study. Section 1.2 poses the research questions, while section 1.3 details the research purpose and potential significance of the study. The final section outlines the structure of the entire study.

### 1.1 Research Background

#### Growing Relevance of Nonprofits

Coinciding with the close of the Cold War era, nonprofits in the last few decades have carved out a distinct reputation as the preferred entities through which the state and for-profit firms “fill the gaps” in society.<sup>1</sup> If it is indeed true that philanthropy is the “market for all those people for whom there is no other market coming,”<sup>2</sup> the exponential growth in domestic and transnational nonprofits is a testament to the international community’s endorsement of the sector.<sup>3</sup> Worldwide registration of International Non-governmental Organizations (INGOs) doubled more than twice over from 1960 to 1996,<sup>4</sup> with particularly robust growth in the transnational and disaster relief aid. As the 20<sup>st</sup> century drew to a close, P.J. Simmons noted in a 1998 edition of *Foreign Policy* that “...there is widespread agreement that [NGO] numbers,

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<sup>1</sup> Twigg, John. "Filling Gaps and Making Spaces: Strengthening Civil Society in Unstable Situations." 2005, 116. <http://baringfoundation.org.uk/wp-content/uploads/2014/10/Fillinggaps.pdf>.

<sup>2</sup> Pallota, Dan. "The Way We Think about Charity Is Dead Wrong." Speech, TED, November 11, 2013. [http://www.ted.com/talks/dan\\_pallotta\\_the\\_way\\_we\\_think\\_about\\_charity\\_is\\_dead\\_wrong?language=en](http://www.ted.com/talks/dan_pallotta_the_way_we_think_about_charity_is_dead_wrong?language=en).

<sup>3</sup> Cooley, Alexander, and James Ron. "The NGO Scramble: Organizational Insecurity and the Political Economy of Transnational Action." *International Security* 27, no. 1 (2002): 6. doi:10.1162/016228802320231217.

<sup>4</sup> *Ibid.*, 10.

influence and reach are at unprecedented levels,” partly because “the UN and nation-states are depending more on NGOs to get things done.”<sup>5</sup> Nonprofits at present are harnessing the dynamics of globalization to their advantage, but along with the acceleration of benefits fueled by technology and globalization, these potent global forces have likewise begun to shape organizational structures and behaviors in the third sector.<sup>6</sup>

### Pay-for-performance in the Nonprofit Sector

For-profit management practices and techniques are now ubiquitous in many nonprofits, including marketing analysis, budgeting techniques and other forms of professionalization (i.e. adhering to for-profit procedural standards) in accounting, monitoring, and evaluation.<sup>7</sup> Perhaps one of the more contentious developments has been the introduction of incentive plans that link performance outcomes with pay—arrangements rather uncommon in the sector until recently. But within the last couple of decades, organizations of all stripes have adopted the “incentives revolution”<sup>8</sup> embraced by a number of academic disciplines.<sup>9</sup> No longer exclusive to the for-profit and public sectors, pay-for-performance (PFP hereafter) plans are no longer altogether uncommon in nonprofit organizations.<sup>10</sup> According to one nonprofit recruiting agency, about 25% of the third sector now offer pay-for-performance

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<sup>5</sup> Simmons, P. J. "Learning to Live with NGOs." *Foreign Policy*, September 22, 1998, 112. <http://www.jstor.org/discover/10.2307/1149037?uid=3739216&uid=2134&uid=2&uid=70&uid=4&sid=21106251876891>.

<sup>6</sup> Lindenberg, Marc, and J. P. Dobel. "The Challenges of Globalization for Northern International Relief and Development NGOs." *Nonprofit and Voluntary Sector Quarterly* 28, no. 4 (1999): 7-8. doi:10.1177/089976499773746401.

<sup>7</sup> Speckbacher, G. "The Use of Incentives in Nonprofit Organizations." *Nonprofit and Voluntary Sector Quarterly* 42, no. 5 (2013): 1007. doi:10.1177/0899764012447896.

<sup>8</sup> Miller, Gary J, and Whitford, Andrew. "The Principal's Moral Hazard: Constraints on the Use of Incentives in Hierarchy." *Journal of Public Administration Research and Theory: J-PART* 17, no. 2 (2007): 214. doi:10.1093/jopart/mul004.

<sup>9</sup> Cadsby, C. B., F. Song, and F. Tapon. "Sorting And Incentive Effects Of Pay For Performance: An Experimental Investigation." *Academy of Management Journal* 50, no. 2 (2007): 387. doi:10.5465/amj.2007.24634448.

<sup>10</sup> Theuvsen, Ludwig. "Doing Better While Doing Good: Motivational Aspects of Pay-for-Performance Effectiveness in Nonprofit Organizations." *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations* 15, no. 2 (2004): 118. doi:10.1023/B:VOLU.0000033177.16367.e3.

schemes to their upper management.<sup>11</sup> Because nonprofits have historically operated under a unique set of statutory constraints, including one of “nondistribution” prohibiting individuals from diverting donor dollars for personal enrichment,<sup>12</sup> the trending use of PFP plans in the sector is garnering significant academic interest.<sup>13</sup> For example, support for the actual motivational effectiveness of PFP is generally mixed. Considerable speculation surrounds the transferability of these incentive plans to a sector where financial gain is less often prioritized.<sup>14</sup> However, nonprofits pose a similar rationale for implementing these measures as private sector companies, in which the primary benefits to the organization are twofold—motivating existing employees and serving as something of a personnel sorting mechanism. Although research on the latter is less developed according to Gerhart and Rynes, early empirical work suggests that these sorting influences may be equally as crucial.<sup>15</sup> The filtering effect is thought to impact both existing employees and the workforce as a whole, not only communicating organizational values internally, but also signaling to potential applicants in the hopes of attracting top performers.

#### Pay-for-performance and Recruitment

Attracting and retaining the best human capital has become a primary objective for virtually all organizations in the modern era,<sup>16</sup> and it stands to reason that these organizations take notice of how sorting effects impact the recruitment process. An enormous amount of time and resources are poured into the recruitment process

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<sup>11</sup> Rocco, James E. "DRG - Making Incentive Compensation Plans Work in Non-Profit Organizations." <http://www.drgnyc.com/tips/incentive.html>.

<sup>12</sup> Hansmann, H. B. "The Role of Nonprofit Enterprise." *The Yale Law Journal* 89, no. 5 (1980): 838.

<sup>13</sup> Barragato, Charles A. "Linking For-Profit and Nonprofit Executive Compensation: Salary Composition and Incentive Structures in the U.S. Hospital Industry." *Voluntas: International Journal of Voluntary and Nonprofit Organizations* 13, no. 3 (2002): 302-03. Accessed November 12, 2014.

<sup>14</sup> Speckbacher, 1006-025

<sup>15</sup> Gerhart, Barry A., and S. Rynes. *Compensation: Theory, Evidence, and Strategic Implications*. Thousand Oaks, CA: Sage, 2003. 260.

<sup>16</sup> Backhaus, Kristin B. "An Exploration of Corporate Recruitment Descriptions on Monster.com." *Journal of Business Communication* 41, no. 2 (2004): 115. doi:10.1177/0021943603259585.

precisely because organizations are acutely aware that success is at least partly attributable to the attraction, selection and retention of high-quality workers.<sup>17</sup> Across industries and sectors, companies are prioritizing the human resources aspect of the organization in the belief that human capital is vital to their competitive advantage.<sup>18</sup> Reflecting this reality is a corollary increase in the amount of research dedicated to recruitment topics in the last 30 years,<sup>19</sup> including organizational attraction theory and job search theory. Out of social psychology came one of the more salient theoretical strands regularly employed by the two interrelated disciplines—the importance of a congruence between personal characteristics and the characteristics of the company. A large body of seminal management and academic literature measure fit on a variety of cross-level constructs,<sup>20</sup> including person-organization (P-O) fit, a more concentrated variant that is part of the wider person-environment (P-E) construct. P-O fit posits the significance of organizational values that facilitate or frustrate perceived fit with individuals.<sup>21</sup> From this premise, numerous studies generally begin with the assumption that individuals experience varying levels of attraction to different jobs and organizational cultures based on a perceived fit, resulting in a sorting effect before the initial application decision. Studies in this academic vein often look to uncover the influences responsible for attraction and subsequent patterns of self-selection into various positions, including recruiter

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<sup>17</sup> Ployhart, R. E. "Staffing in the 21st Century: New Challenges and Strategic Opportunities." *Journal of Management* 32, no. 6 (2006): 869. doi:10.1177/0149206306293625.

<sup>18</sup> Turban, Daniel B., and Daniel W. Greening. "Corporate Social Performance And Organizational Attractiveness To Prospective Employees." *Academy of Management Journal* 40, no. 3 (1997): 658. doi:10.2307/257057.

<sup>19</sup> B Breaugh, J. "Research on Employee Recruitment: So Many Studies, so Many Remaining Questions." *Journal of Management* 26, no. 3 (2000): 430. doi:10.1016/S0149-2063(00)00045-3.

<sup>20</sup> Billsberry, Jon. "Attracting for Values: An Empirical Study of ASA's Attraction Proposition." *Journal of Managerial Psychology* 22, no. 2 (2007): 134. doi:10.1108/02683940710726401.

<sup>21</sup> Robert, C., and S. A. Wasti. "Organizational Individualism and Collectivism: Theoretical Development and an Empirical Test of a Measure." *Journal of Management* 28, no. 4 (2002): 545. doi:10.1016/S0149-2063(02)00143-5.

personalities,<sup>22</sup> job description content,<sup>23</sup> organization website design,<sup>24</sup> organizational image,<sup>25</sup> and most relevant to this study—worker motivation. The effects of compensation systems on perceived attraction have been examined extensively in the literature, and prior authors found that pay and even bonus-related incentives are decisive sorting variables among for-profit firms many times over.<sup>26</sup> In fact, research suggests that PFP incentives are understood by applicants as one of the more obvious links between pay systems and organizational priorities.<sup>27</sup> In the absence of other information about organizational characteristics, applicants tend to view PFPs as particularly strong indicators. Research taking into account an applicant's attitudinal and motivational dispositions in relation to performance bonuses, however, is far less pervasive. Studies concerning the private or public sector dominate the literature, and similar studies have yet to be replicated concerning the trending use of PFPs in the nonprofit labor force. The conceptual intersection between nonprofit applicant attraction and PFP measures has been virtually left untouched, leaving an open empirical question as to whether PFP schemes can significantly affect applicant attraction in the third sector. Utilizing the person-organization (P-O) fit approach to applicant attraction, the present study seeks to add a measure of insight to this research gap by observing the differences in attraction to

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<sup>22</sup> Turban, Daniel B., Monica L. Forret, and Cheryl L. Hendrickson. "Applicant Attraction to Firms: Influences of Organization Reputation, Job and Organizational Attributes, and Recruiter Behaviors." *Journal of Vocational Behavior* 52, no. 1 (1998): 24-44. doi:10.1006/jvbe.1996.1555.

<sup>23</sup> Backhaus, 115.

<sup>24</sup> De Goede, Marije E. E. De, Annelies E. M. Van Vianen, and Ute-Christine Klehe. "Attracting Applicants on the Web: PO Fit, Industry Culture Stereotypes, and Website Design." *International Journal of Selection and Assessment* 19, no. 1 (2011): 51-61. doi:10.1111/j.1468-2389.2010.00534.x.

<sup>25</sup> Tom, Victor R. "The Role of Personality and Organizational Images in the Recruiting Process." *Organizational Behavior and Human Performance* 6, no. 5 (1971): 573-92. doi:10.1016/S0030-5073(71)80008-9

<sup>26</sup> For further examples, see Cadsby et al. (2007) Lazear (2000), and Paarsch and Shearer (1999)

<sup>27</sup> Kuhn, Kristine M. "Compensation as a Signal of Organizational Culture: The Effects of Advertising Individual or Collective Incentives." *The International Journal of Human Resource Management* 20, no. 7 (2009): 1635. doi:10.1080/09585190902985293.

various types of incentive bonus between both nonprofit and for-profit sector applicants.

## 1.2 Research Questions

The research questions begin by seeking to reaffirm a fundamental assumption that has been made by numerous scholars as to whether nonprofit applicant motivations and reasons for working in the sector are unlike those in other sectors—specifically the for-profit sector. The first research question is as follows:

1) Do nonprofit applicants prefer more intrinsically rewarding jobs than for-profit applicants?

The second question seeks to reaffirm another dispositional aspect of nonprofit applicants. By logical extension, it could be hypothesized that if nonprofit workers are drawn to the third sector altruistically, encased within those altruistic motivations are higher levels of allocentrism (collectivistic sentiments) rather than idiocentrism (individualistic sentiments). The precedent for measuring allocentrism and idiocentrism in an person-organization (P-O) fit context and its significance in organizational attraction is expounded in later sections. The second research question is as follows:

2) Do nonprofit applicants have more allocentric tendencies than for-profit applicants?

The third research question is very much concerned with applicant perceptions of fit toward what are thought to be organizational characteristics. Using what might be seen as a repurposed iteration of the person-organization (P-O) fit tradition; the third research question is as follows:

3) Do the hypothesized differences in motivational and attitudinal profiles between nonprofit and for-profit applicants affect their attraction to various bonus incentive systems?

And finally, because advertised incentive bonuses are known to have sorting effects on the workforce as a whole,<sup>28</sup> their explicit mention or lack thereof could have potential implications for applicant self-selection patterns. The strength of these sorting effects may depend on applicant expectations. If applicants generally believe that job descriptions are an accurate representation of the position being advertised, then sorting and self-selection would be more pronounced because the information provided is key to the initial decision to apply. However, if applicants find that employers tend to reveal pertinent information (e.g. bonus incentives) until later in the recruitment process, then the information provided may have less of an impact on the initial application decision. The fourth research question is as follows:

4) Are nonprofit applicants relatively less likely to assume that a position may entail performance bonuses even when a job description may not explicitly mention it?

### 1.3 Research Purpose and Potential Significance

Given the growing importance of nonprofits to U.S. employment, exemplified in the more than 10 million nonprofit sector jobs totaling 10.3% of U.S. private employment, recruitment research in a nonprofit sector context is becoming increasingly relevant. Although similar studies have been widely conducted in the for-profit sector, much of the literature addresses post-interview attraction despite recent evidence suggesting that pre-interview attraction may be a more decisive driver in applicant behavior.<sup>29</sup> The present study seeks to add a measure of insight to these budding developments, examining specifically pre-interview recruitment in the nonprofit sector.

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<sup>28</sup> Cadsby et al., "Sorting And Incentive Effects Of Pay For Performance: An Experimental Investigation."

<sup>29</sup> Turban, Daniel B. "Organizational Attractiveness as an Employer on College Campuses: An Examination of the Applicant Population." *Journal of Vocational Behavior* 58, no. 2 (2001): 293. doi:10.1006/jvbe.2000.1765

The purpose of this research is primarily threefold in nature and driven by four interrelated hypotheses. Each hypothesis contributes to the main thrust of the present study, which is to discern whether nonprofit applicants find pay-for-performance incentives less appealing than for-profit applicants. The hypotheses are tested using original survey data collected 173 respondents split between the non-profit and for-profit sector. Along with slight adjustments made by the author, the survey incorporates items and promptings from four previous studies in order to ensure internal validity and overall academic integrity.

First, this study intends to lend further empirical insight on nonprofit and for-profit applicant motivational and attitudinal dispositions. The first and second hypotheses address longstanding assumptions that nonprofit workers are more intrinsically driven and possess a more collectivistic mindset relative to for-profit workers, respectively.<sup>30</sup> These initial hypotheses lay the empirical groundwork for the primary purpose of the study—gauging perceived levels of fit between nonprofit workers and organizations offering pay-for-performance incentives.

Second, the study is principally intended to make an original contribution to person-organization (P-O) fit research—a theoretical construct that posits the importance of congruence between values held by the individual and values endorsed by the organization. In the context of recruitment, low levels of fit are well documented to have detrimental effects on organizational longevity, whereas high levels of fit are associated with increased organizational longevity.<sup>31</sup> The third hypothesis examines the relationship between personal dispositions and attraction to advertised bonus incentives.

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<sup>30</sup> For intrinsic examples, see Leete (2000). For allocentrism and idiocentrism, see Robert and Wasti (2002).

<sup>31</sup> Morley, Michael J. "Person-organization Fit." *Journal of Managerial Psychology* 22, no. 2 (2007): 111. doi:10.1108/02683940710726375.

Third, this study explores applicant expectations in encountering pay-for-performance arrangements in their respective sectors. Testing the fourth hypothesis on applicant expectations is intended to provide further insight on prospective P-O fit both before and after the initial application decision. As discussed previously, a disparity between applicant expectations and the reality of the compensation systems being offered may also lead to low levels of fit and misfit.

Drawing on prior literature, the multiple hypotheses form the following conceptual chain of logic: it is expected that nonprofit applicants, hypothesized as more intrinsically motivated and allocentric (collectivistic) than private sector workers, will be less attracted to employment that entails individual PFP incentives relative to for-profit applicants. Moreover, in the event that performance bonuses are not listed in the original job posting, nonprofit sector applicants are further hypothesized to be less likely than for-profit applicants to assume that a position entails performance bonuses.

Several authors warn against making generalizations with this type of analysis,<sup>32</sup> especially when using manipulated descriptions rather than real-world job postings.<sup>33</sup> However, the initial results regarding the motivational profile of nonprofit workers may reaffirm assumptions in the academic literature and could potentially inform human resource practices in the third sector. The effects of PFP incentives on person-organization fit may constitute a more novel academic contribution in an area of study that has been virtually uncharted until recently. On a practical level, the attraction results provide insight for recruitment professionals considering the use of

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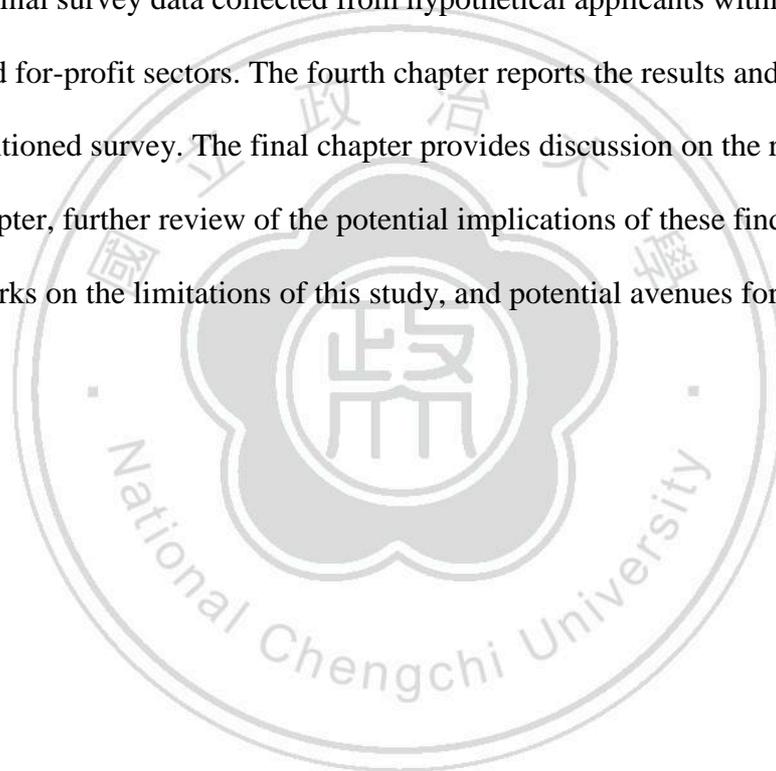
<sup>32</sup> For examples, see Bowers (1973), Schneider (1987), Gomes and Neves (2011), Billsbery (2007).

<sup>33</sup> Billsbery, 134.

PFP incentives and for those who may choose to delay disclosing these incentive plans until later in the recruitment process.

#### 1.4 Thesis Outline

Chapter 2 proceeds with a literature review, detailing first the growing relevance of PFP plans and then the theoretical underpinnings for the practice. The conceptual foundations upon which the hypotheses were formed are further discussed in subsequent subsections. Chapter 3 lays out the methods for addressing the hypothesis, utilizing original survey data collected from hypothetical applicants within both the nonprofit and for-profit sectors. The fourth chapter reports the results and analysis of the aforementioned survey. The final chapter provides discussion on the results of the previous chapter, further review of the potential implications of these findings, closing remarks on the limitations of this study, and potential avenues for future research.



## Chapter 2:

### Literature Review

#### 2.1 Primer on Nonprofit Organizational Characteristics

The third sector is generally distinguished from the others as a space where nonprofits can help overcome market failures by providing essential goods and services without government procurement or for-profit subsidies. Nonprofits in their most potent form can fill in the gaps left by the state and private firms—in some areas existing as the only entities capable of meeting basic public needs. Nonprofits are given special privilege to fill this void primarily through tax exemptions and the unique ability to provide tax-deductions for contributors.<sup>1</sup> Among the advantages associated with these privileges, nonprofit organizations can offer goods and services that may be loss-making for other firms. In this way, some of the more vital needs of society are addressed that might otherwise have been neglected. The term “nonprofit” is not *ipso facto* in that these entities cannot make a profit, but contrary to their for-profit counterparts, the law precludes the reallocation of resources away from the public good for personal enrichment. Hansmann’s seminal work in 1980 identifies this “nondistribution constraint” as a commitment device that signals trust and reassurance in a way that entities of other sorts are unable to match.<sup>2</sup> Nonprofits depend on this competitive advantage because they generally exist in “...service areas characterized by externalities, uncertainty, information asymmetries, adverse selection and consumer trust.”<sup>3</sup> According to Frumkin and Keating, nonprofits can attribute much of their success to non-distribution constraint signaling and the apparent preference consumers may have for organizations that are not always

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<sup>1</sup> Frumkin, Peter, and Elizabeth K. Keating. "The Price of Doing Good: Executive Compensation in Nonprofit Organizations." *Policy and Society* 29, no. 3 (2010): 271. doi:10.1016/j.polsoc.2010.07.004.

<sup>2</sup> Hansmann, 858, 863.

<sup>3</sup> Frumkin, Peter, and Elizabeth K. Keating. *The Price of Doing Good: Executive Compensation in Nonprofit Organizations*. Working paper no. 02-11. Northwestern.edu, n.d. 4. Web. 07 July 2014. 4.

beholden to the profit motive. As nonprofit daycares can attest, “many parents prefer to have their children’s care governed by factors other than the bottom line.”<sup>4</sup> The Internal Revenue Service (IRS) and most other government agencies worldwide have codified the non-distribution constraint by formally restricting excessive pay for nonprofit employees. IRS statutes maintain that compensation should not go beyond the pay structures of similar entities, “the value that would ordinarily be paid for like services by like enterprises under like circumstances.”<sup>5</sup> Punishments for compensation infractions are generally resolved with fines, and in some extreme instances, revoking tax-exempt status.

## 2.2 Pay-for-performance in the Nonprofit Sector

Nonprofits have traditionally been put off by linking pay to performance outcomes (especially increased earnings) for fear of legal repercussions and potentially undercutting public trust in the organization. But in the last few decades, incentive compensation has become common in nonprofits as part of a wider trend toward management techniques previously dominated by the private sector.<sup>6</sup> Many nonprofits have correspondingly taken on something of a for-profit mentality toward the market, reshuffling their organizations to resemble multi-national corporations. However, the push to professionalize is not solely attributable to changing competitive environments. Governments are likewise responsible for shaping nonprofits. Demanding greater levels of accountability from NGOs, for example, typically means more professionalization. But regardless of what compels nonprofits to engage in institutional isomorphism, the academic consensus converges on a

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<sup>4</sup> Ibid., 4.

<sup>5</sup> "Publication 557." October 2013.

[http://www.irs.gov/publications/p557/ch05.html#en\\_US\\_2013\\_publink1000200438](http://www.irs.gov/publications/p557/ch05.html#en_US_2013_publink1000200438).

<sup>6</sup> Dart, Raymond. "Being "Business-Like" in a Nonprofit Organization: A Grounded and Inductive Typology." *Nonprofit and Voluntary Sector Quarterly* 33, no. 2 (2004): 290. doi:10.1177/0899764004263522.

reality where for-profit management techniques are here to stay in the third sector.<sup>7</sup> Prescriptive academic literature abound envisions translating business acumen into social utility at the hands of “social entrepreneurs” and more “business-like” organizational strategies.<sup>8</sup> Although business practices were never a completely foreign concept to nonprofits, much of the sector is undoubtedly becoming more business-like than ever before. Without delving too far into the voluminous amount of literature dedicated to defining exactly what being “business-like” means,<sup>9</sup> according to Dart, nonprofit activity broadly defined as “... an interconnected nest of pro-social and voluntaristic values and goals with few references to the means and structures by which these values are enacted” is being infused with business-like practices considered “...to be those characterized by some blend of profit motivation, the use of managerial and organization design tools developed in for-profit business settings, and broadly framed business thinking to structure and organize activity.”<sup>10</sup> Implementing PFP incentives would certainly be categorized as a more business-like shift in organizational motivation techniques, and similar to private firms, nonprofits are well aware of the pressing need to attract high quality human capital.<sup>11</sup> In fact, PFP arrangements have become increasingly common in the repertoire of nonprofit human resources management.<sup>12</sup> Nonprofit executives and higher management most often see merit-based pay, though it is not strictly limited to those at the top. Several authors have argued that the best nonprofit workers should be paid with respect to performance outcomes in order to ensure their attraction and retention.<sup>13</sup> This

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<sup>7</sup> Ibid., 290.

<sup>8</sup> Ibid., 290.

<sup>9</sup> Ibid., 292.

<sup>10</sup> Ibid., 294.

<sup>11</sup> Letts, Christine, William P. Ryan, and Allen Grossman. *High Performance Nonprofit Organizations: Managing Upstream for Greater Impact*. New York: Wiley, 1999.

<sup>12</sup> Theuvsen, 120.

<sup>13</sup> Frumkin, Peter, and Elizabeth K. Keating. *The Price of Doing Good: Executive Compensation in Nonprofit Organizations*. Working paper no. 02-11. 8.

familiar argument borrowed from pay-for-performance and incentive advocates in the for-profit sector rests upon the assumption that linking pay with performance is an effective motivational tool.<sup>14</sup> Frumkin and Keating point out that implicitly equivocating nonprofit and for-profit organizations constitutes a theoretical bridge too far—the motivational merits of which have yet to convince quite a few scholars. The following section elaborates on the theoretical underpinnings for merit-based incentives and subsequently the trending appearance of PFP arrangements in the nonprofit sector.

### 2.3 PFP Theoretical Foundations - Microeconomics and Social Psychology

Motivation simply defined is having the impetus to do something. An unmotivated individual does not feel compelled to pursue an end, while motivated individuals conversely are active in that respect.<sup>15</sup> It is widely believed that incentives should be used to leverage motivation and typically organizations utilize incentives to stoke motivation, furnish signals for self-selection to the labor force, communicate organizational goals, and channel workers toward those specified goals. PFP policies incentivize individual or group performance through pecuniary rewards. For nonprofit organizations, PFP measures usually take the form of monetary bonuses for achieving qualitative or quantitative organizational goals. Justifications for PFP plans have surfaced in a wide range of disciplines, but are often based in microeconomic and social psychology theory.<sup>16</sup> Microeconomics traditionally centers on explicit incentives and explains merit-based pay in the language of principle-agency and relative price effects for utility maximizing individuals. According to Speckbacher, tensions in this relationship arise because the desired outcome performed by the agent

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<sup>14</sup> Theuvsen, 120.

<sup>15</sup> Ryan, Richard M., and Edward L. Deci. "Intrinsic and Extrinsic Motivations: Classic Definitions and New Directions." *Contemporary Educational Psychology* 25, no. 1 (2000): 54. doi:10.1006/ceps.1999.1020.

<sup>16</sup> Theuvsen, 120.

impacts the principal's utility. However, in many cases, the principal has very little information beyond the outcome to judge the agent's performance. Most of the agent's actions preceding the outcome are unobservable and the principal must also consider other random environmental variables that could have affected the outcome. This ambiguity favors the agent because reduced effort is largely undetectable, and it would appear to be in the agent's interests to shirk making an effort. Therefore, the principal and agent are assumed to have interests that are at odds with one another.<sup>17</sup> Rather than heightening supervision to resolve these tendencies, incentivizing expected outcomes essentially raises the agent's opportunity costs for undesirable behavior, consequently saving the principal valuable resources and energy in not having to monitor and evaluate agents nearly the extent that they otherwise would have.<sup>18</sup> Incentives are believed to resolve the classic concerns of principal-agent information asymmetry (in which principal is never completely aware of what the agent intends to do without an round-the-clock supervision) because "...much of the work of controlling subordinate behavior can be left up to the subordinate's [own] self-interest."<sup>19</sup> The same goes for the wealth of agency models that emphasize incentive measures designed to induce truth-telling from the agent.<sup>20</sup> Accordingly, proponents in economics and management scholarship are bullish about using incentives to overcome principal-agency dilemmas.<sup>21</sup> However, interpreting incentives through principal-agent dynamics is not without its detractors,<sup>22</sup> of whom often times find the framework wanting without important insights from other

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<sup>17</sup> Speckbacher, 1008.

<sup>18</sup> Theuvsen, 120.

<sup>19</sup> Whitford, 214.

<sup>20</sup> Speckbacher, 1009.

<sup>21</sup> Rynes Gerhard Parks, 581.

<sup>22</sup> Kerr, Steven. "On the Folly of Rewarding A, While Hoping for B." *Academy of Management Journal* 18, no. 4 (1975): 769-83. doi:10.2307/255378.

academic disciplines.<sup>23</sup> For example, as Gibbons notes in “Incentives in Organizations,” principal-agency models assume that performance outcomes can be observed, quantified and measured. Absent these assumptions, merit-based plans “can lead to distorted incentives.”<sup>24</sup> And indeed, incentive theory scholars are inclined to believe, “the social psychology of compensation is important [as well], because if the principal infers wrong motivations about the agent, compensation packages can be misdirected.”<sup>25</sup> Microeconomics is somewhat limited by only distinguishing differing capabilities between individuals, while social psychology considers differing personal qualities.<sup>26</sup> The predictive power of agency theory in particular is frequently called into question,<sup>27</sup> for which more probabilistic and ideational explanations exist.

## 2.4 Contributions From Social Psychology

### Measures of Fit

The social psychology discipline offers a number of theoretical frameworks to explain the empirically observed effects of incentive schemes on work motivation.<sup>28</sup> An approach with demonstrable empirical validity, and that which forms the foundation of this study, is the perceived importance of objective and/or subjective congruence between the individual and the organization. Many have adopted this line of reasoning,<sup>29</sup> usually under the auspices of Schneider’s attraction-selection-attrition (ASA) framework, which serves as the most widely employed theoretical anchor for

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<sup>23</sup> Larkin, Ian, Lamar Pierce, and Francesca Gino. "The Psychological Costs of Pay-for-performance: Implications for the Strategic Compensation of Employees." *Strategic Management Journal* 33, no. 10 (2012): 1195. doi:10.1002/smj.1974.

<sup>24</sup> Gibbons, Robert. "Incentives in Organizations." *Journal of Economic Perspectives* 12, no. 4 (1998): 115-32. doi:10.1257/jep.12.4.115. as cited in Speckbacher, "The Use of Incentives in Nonprofit Organizations."1009.

<sup>25</sup> Arnolds, C.a., and Christo Boshoff. "Compensation, Esteem Valence and Job Performance: An Empirical Assessment of Alderfer's ERG Theory." *The International Journal of Human Resource Management* 13, no. 4 (2002): 699. doi:10.1080/09585190210125868.

<sup>26</sup> Gerhart and Rynes, 260.

<sup>27</sup> Larkin et al., 1196.

<sup>28</sup> Rynes et al., 581.

<sup>29</sup> Gerhart and Rynes, 260.

applicant attraction research.<sup>30</sup> Billed as part of the interactionist processing metatheory by Ehrhart and Ziegert,<sup>31</sup> ASA posits a subjective fit between individuals and organizations whereby different types of applicants are attracted to different types of organizations. In other words, “people make the place” according to Schneider.<sup>32</sup> The emphasized importance of person-organization (P-O) fit in the attraction process is the defining characteristic in theories of this sort, in which “...compatibility between people and organizations [] occur[] when (a) there is a similarity or match of some attribute and/or (b) one entity provides what the other wants or needs.”<sup>33</sup> Applicants will self-select into organizations in congruence with their personal values, thereby shaping and eventually perpetuating the behavior of the organization. Employees unable to find the proper fit within the organization self-select themselves out, serving to further preserve organizational values.<sup>34</sup> The forerunner to Schneider’s framework is John L. Holland’s eminent theory of vocational personalities and work environments, asserting that vocational choice is relies on the person-environment interaction and that the environment is characterized by the personalities of those who compose it.<sup>35</sup> Prior to Holland’s contribution, Vroom and Tom had already demonstrated the importance of the work environment in attracting individuals. Vroom’s expectancy theory places the instrumental considerations on the part of individuals as a primary behavioral driver, while Tom’s finding confirmed that people gravitate toward organizations who share

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<sup>30</sup> The term “attraction research” is employed by Ehrhart and Ziegert (p.907) in Ziegert, Jonathan C., and Karen H. Ehrhart. “Why Are Individuals Attracted to Organizations?” presumably as shorthand for applicant attraction in the workforce.

<sup>31</sup> Ehrhart, K. H. “Why Are Individuals Attracted to Organizations?” *Journal of Management* 31, no. 6 (2005): 906-07. doi:10.1177/0149206305279759.

<sup>32</sup> Schneider, Benjamin. “The People Make The Place.” *Personnel Psychology* 40, no. 3 (1987): 450. doi:10.1111/j.1744-6570.1987.tb00609.x.

<sup>33</sup> Kristof, Amy L. “Person-Organization Fit: An Integrative Review Of Its Conceptualizations, Measurement, And Implications.” *Personnel Psychology* 49, no. 1 (1996): 1-49. doi:10.1111/j.1744-6570.1996.tb01790.x. as cited in Ziegert, Jonathan C., and Karen H. Ehrhart. “Why Are Individuals Attracted to Organizations?” 906.

<sup>34</sup> Schneider, 442.

<sup>35</sup> *Ibid.*, 441.

a similar “personality” to their own.<sup>36</sup> ASA is grounded in the similar epistemological assumptions of Jean Piaget on both cognitive psychology and development—presupposing the inseparability of individuals and their situation.<sup>37</sup> Contrary to the dominant theories of interactional psychology of the late 1960s and early 1970s where circumstances were believed to dictate behavior,<sup>38</sup> Schneider maintains that ASA as a continuously reinforcing cycle characterizes the entire lifespan of an individual’s interaction with a chosen work environment:

In reality the way it looks is a result of the people there behaving the way they do. They behave the way they do because they were attracted to that environment, selected by it, and stayed with it. Different kinds of organizations attract, select and retain different kinds of people, and it is the outcome of the ASA cycle that determines why organizations look and feel different from each other.<sup>39</sup>

Although the ASA framework is “purposefully vague” in measuring attraction,<sup>40</sup> Schneider notes that many empirical findings in vocational psychology had already demonstrated the ASA framework at the time.<sup>41</sup> Cable and Judge in a 1996 longitudinal study of 96 job seekers similarly posited a central role for P-O fit in organization attraction and point to a growing body of concurrent empirical work.<sup>42</sup> Ehrhart and Ziegert’s meta-analysis additionally cite numerous studies in attraction

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<sup>36</sup> Tom, Victor R. "The Role of Personality and Organizational Images in the Recruiting Process." as cited in Schneider 441

<sup>37</sup> Schneider, 439.

<sup>38</sup> Ibid., 439-40.

<sup>39</sup> Ibid., 440.

<sup>40</sup> Ehrhart and Ziegert, 907.

<sup>41</sup> Schneider, 441.

<sup>42</sup> Cable, Daniel M., and Timothy A. Judge. "Person–Organization Fit, Job Choice Decisions, and Organizational Entry." *Organizational Behavior and Human Decision Processes* 67, no. 3 (1996): 294. doi:10.1006/obhd.1996.0081.

research with theoretical components that either directly mention ASA or incorporate a framework under the similarity-attraction paradigm.<sup>43</sup>

### Intrinsic and Extrinsic Motivation

Among the numerous contributions furnished by social psychology, studies revealing the complexities of individual motivation have been indispensable to incentive theory.

In many instances, these insights serve as an extension on the principal-agent tradition by probing to what degree the principal understands how best to motivate the agent.<sup>44</sup> Bem's self-perception theory (1967) along with Ryan and Deci's

Cognitive Evaluation Theory (1985) are widely credited as the theoretical foundations emphasizing the vital role of personality types—specifically the implications of motivation existing in diverse forms. Rynes, Gerhart and Parks find that the influence of Cognitive Evaluation Theory (CET) both in practice and as an important theoretical foundation for other disciplines is growing at an exceptional pace.<sup>45</sup> The widespread proliferation of this framework and a parallel theoretical development in economics has highlighted the need for considering personality variables in relation to incentive research. Findings on the intrinsic enjoyment individuals feel in performing certain tasks have moved incentive theory beyond the plainly visible—shifting the focus from the traditional emphasis on external cues to questions of how to manage intrinsic motivation and the related desire for inducing motivation through implicit incentives. Behavioral economic models previously assumed that non-incentivized work equated to “effort...at the lowest possible level.”<sup>46</sup> Since the input of alternative disciplines came to the fore, incentives literature has found overwhelming evidence “that people engage in many tasks and

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<sup>43</sup> Ehrhart and Ziegert, 906.

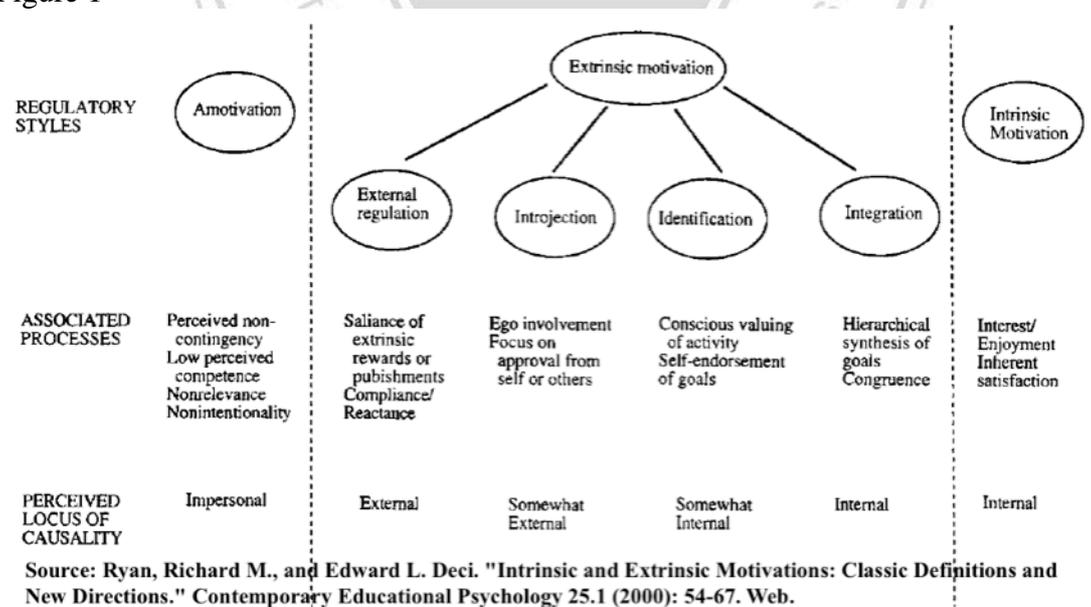
<sup>44</sup> Arnolds and Boshoff, 699.

<sup>45</sup> Rynes et al., 576-77.

<sup>46</sup> Kreps, D. M. "The Interaction between Norms and Economic Incentives: Intrinsic Motivation and Extrinsic Incentives." *American Economic Review* 87 (1997): 359-64. as cited in Speckbacher 1010

activities because they enjoy them. Tasks that are inherently satisfying create an intrinsic reward for those performing them.”<sup>47</sup> Deci and Ryan’s widely employed and empirically substantiated Self-Determination Theory (SDT), a theoretical extension of CET, presupposes that individuals have a wealth of potential for intrinsic motivation that can either be facilitated or undermined by environmental factors. Furthermore, the authors found that motivation resembles nothing like “a unitary phenomenon.”<sup>48</sup> People differ in not only in the quantity of motivation they have, but also the type and how the interplay of those variables affects their performance. While intrinsic enjoyment is characterized by the inherent enjoyment of performing a certain task, extrinsic motivation, on the other hand, is characterized by instrumentality, of “attain[ing] a separable outcome.”<sup>49</sup> And unlike intrinsic motivation, according to Deci and Ryan’s subtheory of Organismic Integration Theory (OIT), extrinsic motivation is further partitioned into four overlapping and yet distinct forms (see figure 1).

Figure 1



<sup>47</sup> Fehr, Ernst, and Armin Falk. "Psychological Foundations of Incentives." *European Economic Review* 46, no. 4-5 (2002): 687-724. doi:10.1016/S0014-2921(01)00208-2. as cited in Speckbacher, 1010.

<sup>48</sup> Ryan and Deci, 54.

<sup>49</sup> Ryan and Deci, 60.

The most pronounced distinction between the four is autonomous versus controlled motivation. More autonomously held values tend to fall closest to actual intrinsic enjoyment. The closest form of extrinsic motivation on Deci and Ryan's continuum is *integrated regulation*,<sup>50</sup> although the MAWS (Gagné et al. 2010) subscales used in this study omit measures of integrated regulation because it is apparently difficult to psychometrically distinguish from identification.<sup>51</sup> Congruence between external requirements and one's personal values and needs necessitates integration of this sort, "the more one internalizes the reasons for an action and assimilates them into the self, the more one's extrinsically motivated actions become self-determined."<sup>52</sup> However similar to intrinsic motivation this absorption of values may seem, the integration is nonetheless achieved in pursuit of a separable outcome. The instrumentality has yet to be completely removed from the beliefs and actions of the individual. Further along the motivational continuum lies *identification*—a less autonomous form of motivation. With identification comes the interpretation of values having a personal significance, typically in relation to the pursuit of an end. For example, finding satisfaction in joining a speech club because it may hone one's public speaking skills for corporate presentations. Falling under the subcategory of more "controlled" motivations is *introjected regulation*. Regulation is still internally driven, however, it largely originates from external forms of pressure, such as guilt, anxiety and pride. The least autonomous of the motivational forms is *external regulation*. Behaviors stemming from this form of motivation are induced by various external rewards and punishments. Imposing PFP is typically associated with external regulation, the

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<sup>50</sup> Italicized in the original by Ryan and Deci (2000).

<sup>51</sup> Gagné et al., 631.

<sup>52</sup> Ryan and Deci, 62.

furthest motivational form from intrinsic enjoyment according to Deci and Ryan's continuum.<sup>53</sup>

### Motivation Types and Reward Systems

Years before Cognitive Evaluation Theory was formally introduced, the exceptional theoretical distance between intrinsic motivation and external regulation had already been explored by scholars in a number of disciplines. That is, external regulation measures were found to have a “crowding-out” or adverse effect on intrinsic motivation,<sup>54</sup> including performance-based rewards.<sup>55</sup> Though studies to the contrary have since found “crowding-in” and “crowding-neutral” effects,<sup>56</sup> ensuring that CET enjoys only mixed empirical support, a meta-analytic survey suggests that, “virtually every type of expected tangible reward made contingent on task performance does, in fact, undermine intrinsic motivation.”<sup>57</sup> On the whole, studies tend to find that external regulation is detrimental to already existing intrinsic motivation. While it may be true that PFP could potentially engender numerous and overlapping motivational forms, its primary use as an external inducement for behavior carries important practical implications. Contrary to the prevalent external rewards-driven ethos of behavioral psychologists in the 1950s,<sup>58</sup> the motivation types harbored in the individual *a priori* became increasingly relevant, particularly with regard to the design of external incentive plans.

From that, social psychology has had quite a bit to say on “implicit” and “explicit” incentives tailored for different types of motivation.<sup>59</sup> Implicit incentives exist almost

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<sup>53</sup> Deci, Edward L., and Richard M. Ryan. "Self-determination Theory: A Macrotheory of Human Motivation, Development, and Health." *Canadian Psychology/Psychologie Canadienne* 49, no. 3 (2008): 182. doi:10.1037/a0012801.

<sup>54</sup> Theuvsen, 125.

<sup>55</sup> *Ibid.*, 125.

<sup>56</sup> *Ibid.*, 125.

<sup>57</sup> Ryan and Deci, 59.

<sup>58</sup> Ryan and Deci, 62.

<sup>59</sup> Simon, H. "A Formal Theory Model of the Employment Relationship." *Econometrica* 19, no. 3 (1951): 293-305.

part and parcel with human interaction in the workplace as a set of immaterial rewards and punishments for individual behavior, also understood as “informal agreements secured by reputation and trust.”<sup>60</sup> Potential for promotion, private and public recognition, enhanced job-related autonomy and even praise or admonition from superiors serve as examples of implicit incentives. Explicit incentives have a more formal basis for motivating employees. Typically, these terms are contractual and take the form of material rewards and punishments. Merit-based pay falls in the latter category of organizational incentives, as external and material measures meant to induce higher levels of effort.

#### Person-Organization Fit and Applicant Sorting

The study of PFP as a whole is characterized by two interconnected processes— incentive effects on employee motivation and a sorting effect in which PFP policies impact the attraction, retention and selection practices of an organization.<sup>61</sup> Gerhart and Rynes note that the latter is likely to have significant implications, and although other disciplines within psychology are beginning to recognize the importance of sorting effects,<sup>62</sup> economics has not produced nearly as much research on the subject.<sup>63</sup> One of the few exceptions remains Edward P. Lazear’s economic models in “Salaries and Piece Rates” (1986) outlining these sorting tendencies, which were later substantiated in a 2000 by the same author.<sup>64</sup> Sorting and selection through PFP is generally understood to shape the workforce by communicating certain signals about the nature of the organization. Potential applicants interpret these signals differently from one another (due to risk perception among other things) and choose whether to

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doi:10.2307/1906815 as cited in Speckbacher, 1021

<sup>60</sup> Speckbacher, 1007.

<sup>61</sup> Rynes et al., 582.

<sup>62</sup> Gerhart and Rynes, 260.

<sup>63</sup> Ibid., 260.

<sup>64</sup> Lazear, Edward P. "Performance Pay and Productivity." *American Economic Review* 90, no. 5 (2000): 1347-348. doi:10.1257/aer.90.5.1346.

approach the organization or not (self-select) should there be a vacancy.

Organizations use these incentives as a means to filter unsuitable candidates out of consideration before a resume is even sent.<sup>65</sup> If it is true that an information asymmetry exists regarding an applicant's true abilities (as it does in practice) whereby the organization has no idea how productive (s)he will be at the outset, pay-for-performance measures can bring highly skilled and motivated individuals to the fore by offering the potential for considerable earnings. Workers who realize their own low motivation and/or low productivity levels should be repelled from PFP measures and remain content with a fixed salary.<sup>66</sup> PFP sorting effects have been empirically observed throughout the entire ASA process, beginning with attraction. Placing PFP as a primary driver of applicant sorting has already occurred to Cadsby, Song and Tapon in a 2007 study that found more productive employees are attracted to pay-for-performance plans, while more risk-averse employees are more likely to prefer fixed compensation.<sup>67</sup> These results mirror the findings of the Lazear study seven years previously, and though more research is needed on the sorting effects of PFP specifically, the academic consensus on sorting and selection seems to be that different individuals respond strongly to different compensation schemes.

#### The Motivational Orientation of Nonprofit and For-profit Applicants

Because varying levels of intrinsic and extrinsic motivation are clearly context-dependent and have much to do with the relationship between individual dispositions and external inputs, it has naturally been asserted that certain jobs attract more intrinsically motivated individuals relative to others. A similar line of reasoning has even extended to differences between entire organizations, industries and even

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<sup>65</sup> Rynes et al., 582.

<sup>66</sup> Lazear, Edward P. "Salaries and Piece Rates." *The Journal of Business* 59, no. 3 (1986): 412-14.  
doi:10.1086/296345.

<sup>67</sup> Cadsby et al., 387.

sectors of the workforce.<sup>68</sup> The relatively recent introduction of PFP to nonprofits necessarily entails a certain friction with the commonly held assumptions about motivation the sector. PFPs constitute an external reward system designed for the extrinsically motivated, and yet these systems have been increasingly adopted by a sector thought to be driven primarily by intrinsically motivated workers.<sup>69</sup> Widely cited literature by Hansmann and Rose-Ackerman theorized the importance of intrinsic motivation for nonprofit employees rather than the prioritization of profit seeking.<sup>70</sup> A number of studies side with Hansman and Rose-Ackerman, empirically.<sup>71</sup> In a *Quality of Employment* survey dating back to 1977, Mirvis and Hackett found that relative to other sector employees, nonprofit workers reported higher satisfaction on intrinsic indicators and were more likely to value their work over money.<sup>72</sup> A Rawls et al. meta-analysis study similarly concluded that pecuniary rewards were of less value to nonprofit sector employees.<sup>73</sup> Despite the strong diversity of nonprofits, including semi-public and commercialized nonprofits, empirical studies abound have supported the notion that nonprofit employees are generally motivated by factors other than monetary rewards.<sup>74</sup> In light of these and other similar findings, the potential tensions associated with introducing performance-based rewards are of particular interest for motivational scholars. Theuvsen notes that the tensions are not strictly limited to the existing nonprofit workforce, but also recruitment, "...it is unlikely that nonprofit organizations have

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<sup>68</sup> Chen, C.-A. "Explaining the Difference of Work Attitudes Between Public and Nonprofit Managers: The Views of Rule Constraints and Motivation Styles." *The American Review of Public Administration* 42, no. 4 (2012): 437. doi:10.1177/0275074011402192.

<sup>69</sup> Leete, Laura. "Wage Equity and Employee Motivation in Nonprofit and For-profit Organizations." *Journal of Economic Behavior & Organization* 43, no. 4 (2000): 424. doi:10.1016/S0167-2681(00)00129-3.

<sup>70</sup> *Ibid.*, 428.

<sup>71</sup> Theuvsen, 13.

<sup>72</sup> Mirvis, Philip H. "The Quality of Employment in the Nonprofit Sector: An Update on Employee Attitudes in Nonprofits versus Business and Government." *Nonprofit Management and Leadership* 3, no. 1 (1992): 23. doi:10.1002/nml.4130030104.

<sup>73</sup> Rawls, James R., Robert A. Ullrich, and Oscar Tivis Nelson. "A Comparison Of Managers Entering Or Reentering The Profit And Nonprofit Sectors." *Academy of Management Journal* 18.3 (1975): 620. Web.

<sup>74</sup> Leete, 428.

mainly attracted those employees who systematically react to extrinsic rewards, i.e., income maximizers and status-oriented employees.”<sup>75</sup> The central appeal of the nonprofit sector for many, according to Theuvsen, was partly due to the absence of external prods and the relatively egalitarian nature of the organizations.<sup>76</sup> Nonprofit job applicants were therefore attracted intrinsically to the sector. It is on the basis of these and other similar claims that the first hypothesis is asserted—nonprofit applicants are expected to be more concerned with the intrinsic appeal of a job opportunity. Analogously, for-profit applicants are expected to be more concerned with extrinsic appeal of a given job opportunity:

Hypothesis 1: Intrinsically satisfying work is more important for nonprofit job applicants than for-profit job applicants.

This study gleans insight on non-profit and for-profit applicant motivations using 12 items from the Motivation at Work Scale (MAWS) developed by Gagne et al. An extensive precedent for comparing attitudes and motivation between sectors exists—most of which involve differences between the private and public sector. The nonprofit sector is largely under-researched in this respect,<sup>77</sup> though some examples in addition to the aforementioned literature include the rigorous Vinokur-Kaplan et al. (1994) study comparing job satisfaction and the retention of workers across the three sectors,<sup>78</sup> the Goulet and Frank (2002) study compares organizational commitment between all three sectors,<sup>79</sup> Leete (2000) explores questions of wage-equity between the nonprofit and for-profit sector based upon US Census market labor data,<sup>80</sup> and

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<sup>75</sup> Theuvsen, 128.

<sup>76</sup> Ibid., 128.

<sup>77</sup> Leete, 438.

<sup>78</sup> Vinokur-Kaplan, Diane, Srinika Jayaratne, and Wayne A. Chess. "Job Satisfaction and Retention of Social Workers in Public Agencies, Non-Profit Agencies, and Private Practice." *Administration in Social Work* 18, no. 3 (1994): 93-121. doi:10.1300/J147v18n03\_04.

<sup>79</sup> Goulet, L. R., and M. L. Frank. "Organizational Commitment across Three Sectors: Public, Non-profit, and For-profit." *Public Personnel Management* 31 (2002): 201-10. doi:doi: 10.1177/009102600203100206.

<sup>80</sup> Leete, Laura. "Wage Equity and Employee Motivation in Nonprofit and For-profit Organizations." 2000.

Chen (2012) compares work attitudes as a proxy for motivation between public and nonprofit managers. Perhaps because PFPs have not been a particularly prominent fixture in nonprofit compensation systems, existing literature thus far has yet to include the nonprofit sector in addressing the relationship between the motivational and attitudinal characteristics of individuals and their attraction to PFP incentives. This between-subject study of nonprofit and for-profit sector applicants seeks to make an original contribution by reaffirming prior findings on motivation types found within each sector respectively and test for whether these dispositions impact applicant attraction to incentive bonuses advertised in job listings.

#### Value Perspectives - Allocentrism and Idiocentrism

As previous research using cross-level constructs (e.g. P-O fit, P-E fit) can attest, revealing the needs and values of individuals is essential to successful employee recruitment and retention practices. Jeavons (1992) considers nonprofit organizations as largely values-driven, and therefore investigating the role that values have to play in the sector is of particular importance.<sup>81</sup> Whether workers are intrinsically or extrinsically motivated at any given time is dependent upon what is valued by the individual. Mason (2006) cites Rokeach's (1975) definition of a value as, "an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence." Personal values are often understood in the literature as the basis for behavior, gradually reifying feelings of identity with consistent reinforcement.<sup>82</sup> In P-O fit literature that measures fit levels with value-based dimensions, the connection between values and predicted behavior is seen as crucial for recruitment and

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<sup>81</sup> Jeavons, Thomas H. "When the Management Is the Message: Relating Values to Management Practice in Nonprofit Organizations." *Nonprofit Management and Leadership* 2, no. 4 (1992): 403-17. doi:10.1002/nml.4130020407.

<sup>82</sup> Macy, G. "Outcomes of Values and Participation in Values Expressive Non-Profit Agencies." *Journal of Behavioral and Applied Management* 7, no. 2 (2006): 166.

management practices in every sector. In addition to studies that have recognized the “humanistic” or intrinsically driven behaviors of nonprofit workers, this study also seeks to reaffirm the collectivistic value set thought to be prevalent in nonprofit workers throughout the third sector. A number of prior studies have similarly measured for allocentric (collectivistic) and idiocentric (individualistic) values in cross-level constructs of fit. In fact, this approach has gained traction in a diverse array of social science contexts.<sup>83</sup>

Allocentrism is characterized by interconnectedness, interdependence and a strong sense of belonging to a group. More allocentric-minded individuals are capable of consistently placing the needs of the group ahead of individual needs. Idiocentrism understood in terms of self-reliance, independence, stratification and even competition between individuals. More idiocentric-minded individuals are concerned with the meaning of outcomes in relation to themselves.<sup>84</sup> This study uses 8 items from Triandis and Gelfand (1998), which assert that allocentrism and idiocentrism should not be placed dichotomously on a two-dimensional continuum, but instead interpreted as polythetic constructs. In other words, individuals may possess both sets of qualities all at once, but the expression or activation of each tendency is context-dependent. Triandis and Gelfand further posit that allocentrism and idiocentrism (phrased in terms of individualism and collectivism) are vertical and horizontal in nature. This addition is seen by the authors as “a viable and important distinction” to be had.<sup>85</sup> The emphasis lies in the difference between patterns of vertical and horizontal social relationships in which, “generally speaking, horizontal patterns assume that one self is more or less like every other self. By contrast, vertical patterns

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<sup>83</sup> Triandis, Harry C., and Michele J. Gelfand. "Converging Measurement of Horizontal and Vertical Individualism and Collectivism." *Journal of Personality and Social Psychology* 74, no. 1 (1998): 118. doi:10.1037//0022-3514.74.1.118.

<sup>84</sup> Robert and Wasti, 546.

<sup>85</sup> Triandis and Gelfand, 118.

consist of hierarchies, and one self is different from other selves.”<sup>86</sup> For example, a person exhibiting primarily horizontal individualism (HI) may desire to be differentiated from their peers, to be seen as “unique” in some way, with no particular interest in being distinguished in any way. Vertical individualism (VI), on the other hand, is expressed by an individual’s pursuit of recognition and high status. Horizontal collectivism (HC) is characterized by feelings of solidarity with individuals similar to oneself, whereas vertical collectivism (VC) is embodied in a willingness to make personal sacrifices for the sake of the in-group and willingness to submit to the authorities of the in-group. Figure 2 provided by Triandis and Gelfand (1998) furnishes additional examples along with further attributions to previous scholars who have contributed to the individualism and collectivism research paradigm.<sup>87</sup>

Figure 2

*Relation of Horizontal and Vertical Individualism and Collectivism to Other Typologies*

Dimension	Collectivism	Individualism
Vertical self	Self different from others	Self different from others
Fiske (1992)	Communal sharing	Market pricing
Rokeach (1973)	Authority ranking	Authority ranking
	Low freedom	High freedom
	Low equality	Low equality
	Communalism (e.g., China)	Market democracy (e.g., France)
Horizontal self	Self same as others	Self same as others
Fiske (1992)	Communal sharing	Market pricing
Rokeach (1973)	Equality matching	Equality matching
	Low freedom	High freedom
	High equality	High equality
	Communal living (e.g., kibbutz)	Democratic socialism (e.g., Norway)

Source: Triandis, Harry C., and Michele J. Gelfand. "Converging Measurement of Horizontal and Vertical Individualism and Collectivism." *Journal of Personality and Social Psychology* 74.1 (1998): 119. Web.

A long precedent for measuring individual allocentrism and idiocentrism in cross-level fit analyses exists as well. For example, Macy (2006) measured the humanist (intrinsic), individual and collective dispositions of individuals in determining levels of fit in their working environment. Likewise, Hayden and Madsen (2008) use these three value perspectives to predict job satisfaction and future turnover intentions in

<sup>86</sup> Ibid., 119.

<sup>87</sup> Ibid., 119.

the nonprofit sector. The rationale in measuring for these conceptual complementarities is captured by Mason (1996) cited in Macy (2006), "People work with nonprofits to fulfill their expressive hunger for relatedness, rootedness, affection, approval, admittance, security, esteem, affiliation and other expressive activities."<sup>88</sup>

The second hypothesis is asserted with this values-based P-O fit paradigm in mind:

Hypothesis 2: Nonprofit applicants have a more allocentric mindset when it comes to the workplace compared to the for-profit sector applicants

Nonprofit Applicants and Organizational Attraction

Far too little is understood about initial application decisions in job search theory,<sup>89</sup> even at a time when human capital is increasingly recognized as the lifeblood of an organization where "...the ultimate cost of failure to attract applicants may be organizational failure."<sup>90</sup> The immediate implications are financial in that compensation typically constitutes 65% to 70% of total production costs for U.S. firms on top of the substantial resources dedicated to recruitment.<sup>91</sup> Scholars have consequently stressed the importance of the initial application stage in recruitment precisely because it represents one of the earliest manifestations of attraction and preference on the part of the individual.<sup>92</sup> Choices as to whether to pursue employment necessarily entail opportunity tradeoffs. Pursuing a job lead in one instance could very well leave the applicant devoid of opportunities elsewhere. In this sense, organizations could enrich the applicant pool by understanding this decision-making process. Although research has shown word-of-mouth to be a very potent

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<sup>88</sup> Macy, 165.

<sup>89</sup> Barber, Alison E., and Mark V. Roehling. "Job Postings and the Decision to Interview: A Verbal Protocol Analysis." *Journal of Applied Psychology* 78, no. 5 (1993): 845. doi:10.1037//0021-9010.78.5.845.

<sup>90</sup> Ibid., 845.

<sup>91</sup> Cadsby et al., 387.

<sup>92</sup> Barber and Roehling, 845.

matching tool,<sup>93</sup> organizations also favor recruitment advertising as a means to attract applicants. In fact, the use of well-known online recruitment services (e.g. Monster.com, Indeed.com) has flourished into a multibillion-dollar industry in its own right.<sup>94</sup> Search theory and organizational attraction research is thus tasked with mapping out the influences that precede the initial application decision and frequently explore the role of recruitment advertising in the process. Within the person-organization literature on recruitment especially, the applicant's interaction with information provided in job listings receives the bulk of attention. Studies on applicant attraction to job listings have explored a range of influences; the most relevant to this study is the impact of salary and benefit offers. Attraction research often invokes Spence's (1974) signaling theory, which when applied to recruitment holds that in the absence of key information about an organization, applicants will respond strongly to available cues.<sup>95</sup> For example, Gregory et al. (2013) found that even website reflected upon the attractiveness of the organization itself.<sup>96</sup> Based on signaling theory logic, a considerable amount of person-organization cross-level analyses have explored the fit between individuals and perceived organizational culture. This line of reasoning holds that applicants infer about organizational culture with help from various cues within job descriptions. PFP bonuses in particular have been singled out as the "most obvious" indicator to job applicants about the nature of an organization's culture.<sup>97</sup> As opposed to fixed salary and benefit offers, PFP bonuses consist broadly of merit-based pay for individual performance and/or group

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<sup>93</sup> Hu, Changya, Hsiao-Chiao Su, and Chang-I Bonnie Chen. "The Effect of Person-organization Fit Feedback via Recruitment Web Sites on Applicant Attraction." *Computers in Human Behavior* 23, no. 5 (2007): 2513. doi:10.1016/j.chb.2006.04.004.

<sup>94</sup> Backhaus, 116.

<sup>95</sup> Kuhn, 1634.

<sup>96</sup> Gregory, Christina K., Adam W. Meade, and Lori Foster Thompson. "Understanding Internet Recruitment via Signaling Theory and the Elaboration Likelihood Model." *Computers in Human Behavior* 29, no. 5 (2013): 1956. doi:10.1016/j.chb.2013.04.013.

<sup>97</sup> Kuhn, 1635.

performance. Kuhn (2009) found that applicant perceptions of organizational culture are influenced by performance bonus information in job listings. Manipulating compensation systems between job descriptions (either fixed-pay, individual incentive bonuses or group incentives) resulted in assumptions being made about the culture of the organization. For example, organizations offering individual bonuses were perceived as having a more individualistic organizational culture.<sup>98</sup> The third hypothesis rests on the assumption that an applicant's personal allocentric or idiocentric dispositions will mediate attraction to an organization based upon perceived organizational characteristics. These characteristics are presumably signaled by compensation manipulations. Support for sorting effects related to compensation systems is strong,<sup>99</sup> although aside from the Lazear and Cadsby, Song and Tapon studies, mention of PFP incentives specifically as a cause is sparse.<sup>100</sup> An empirical study of this sort considering the nonprofit sector appears nonexistent. The main thrust of this study lies in the third hypothesis to address this research gap:

Hypothesis 3: Individual pay-for-performance incentive bonuses are less attractive to nonprofit applicants than for-profit applicants

Hypothesis 3.1: Collective pay-for-performance incentive bonuses are more or less equally attractive to nonprofit job applicants and for-profit applicants

Hypothesis 3.2: Fixed pay arrangements are more attractive to nonprofit applicants than for-profit applicants

## 2.5 Performance Bonuses and the Potential Signaling Void

An additional sorting mechanism concerning attraction to nonprofit organizations could potentially be the effects of "industry culture stereotypes" posited by De Goede,

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<sup>98</sup> Ibid., 1641-1642.

<sup>99</sup> Cadsby et al., 387.

<sup>100</sup> Kuhn, 1635.

Van Vianen and Khele. Person-industry (P-I) fit is an extension of person-environment cross-level analyses in which job-seekers are not thought of as *tabula rosa* before undertaking a job search, but instead have preconceptions about individual companies and the sectors in which these organizations operate. Once again invoking Spence's (1974) signaling theory, when lacking familiarity with an organization, job-seekers often make assumptions about organizations they encounter by defaulting to industry stereotypes.<sup>101</sup> This mental 'schemata' anchors a job-seeker's perception while searching,<sup>102</sup> influencing the subsequent information learned throughout the process. As nonprofits in the modern era become more professionalized and increasingly consider variable pay of one sort or another, applicants may be surprised to learn that nonprofit positions entail PFP plans. Clarifying the preconceptions held by nonprofit applicants is also a worthwhile pursuit for recruitment and management professionals wanting to avoid low or even nonexistent levels of fit. Chatman and Barsade (1995) define "low fit" as a situation in which an individual feels that an organization does not share the same values. An even more incongruous matching might constitute "misfit" between individuals and the organization—a situation where a set of values strongly endorsed by the individual are thought to be diametrically opposed to those of the organization.<sup>103</sup> Therefore, avoiding situations in which the values of the organization may be misrepresented or concealed from the applicant would seem to be in the best interest of fit. Understanding applicant preconceptions about PFPs between sectors is one way to minimize the potential for situations of low fit or misfit. If PFP plans are not explicitly mentioned in a nonprofit job listing, and assuming nonprofit sector

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<sup>101</sup> De Goede et al., 51.

<sup>102</sup> Ibid., 52.

<sup>103</sup> Robert and Wasti, 548.

applicants begin job searching with the industry stereotype that nonprofit organizations do not (or are not allowed to) offer bonus incentives, an uncomfortable clash of values may ensue once the applicant is informed of the incentive arrangements. The fourth hypothesis aims to find evidence of industry stereotypes in the preconceptions about bonus incentives held by nonprofit and for-profit applicants: Hypothesis 4: Assuming job applicants are searching within their preferred sector, if a job posting does not explicitly mention pay-for-performance bonuses, nonprofit applicants are less likely to believe that the position will entail performance bonuses than for-profit applicants.

Failing to mention PFP arrangements in the ads likely removes a demonstrated sorting mechanism and could have important practical implications for the growing number of nonprofits attempting to induce higher employee performance.

Much of the pay-for-performance literature stresses the differences between the intrinsic motivation, extrinsic motivation and amotivation of workers,<sup>104</sup> which is highly correlated with the employee's fit with an organization.<sup>105</sup> In fact, the proliferation of PFP measures within the nonprofit sector has produced documented incongruences between the majority intrinsically motivated nonprofit workforce and relatively new extrinsic measures meant to stoke motivation. A growing number of studies have already explored these budding dynamics with mixed results,<sup>106</sup> some of which have found a negative correlation between the introduction of extrinsic reward initiatives and employees favoring intrinsic motivation.<sup>107</sup> Given that these sorts of tensions are known to surface in the third sector, explicitly signaling to individuals of a certain kind—namely those driven largely by extrinsic motivations—should be

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<sup>104</sup> Ryan and Deci, 61.

<sup>105</sup> Frey, B. S., and R. Jegen. "Motivation Crowding Theory: A Survey of Empirical Evidence." *Journal of Economic Surveys* 15, no. 5 (2001): 589.

<sup>106</sup> Speckbacher, 1010.

<sup>107</sup> Speckbacher, 1006-025

prioritized by certain nonprofits. Since PFP arrangements are meant to attract more extrinsically motivated people, unattached workers of this sort might be missing essential information that would facilitate the kind of self-selection. Many of those organizations may be missing out on exactly the type of individuals their policies are designed to attract and motivate.

## Chapter 3

### Methodology

Despite promising findings inside and outside of the laboratory, there remains only a handful of empirical cases for PFP sorting effects on the for-profit workforce,<sup>1</sup> and the phenomenon has been left virtually untouched regarding the nonprofit sector. In the private sector, support sorting comes from a 1997 study of corporate human resources records concluding that highly motivated individuals were more likely to leave the firm if their exceptional was not met with a corresponding increase in pay.<sup>2</sup> Harrison et al. (1996) demonstrated complementary findings in which employees with lower motivation were more likely to stay when performance and pay were weakly associated.<sup>3</sup> The previously mentioned study on sorting effects in the Safelight Glass Corporation is understood as “exceptionally important”<sup>4</sup> partially due to Lazear’s ability to tease out conclusive findings in a “real world” context.<sup>5</sup> The quantitative data under examination in this instance proceeds in a quasi-laboratory setting, in which potential applicants rate the attractiveness of a fictional job

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<sup>1</sup> Cadsby Song Tapon, 388.

<sup>2</sup> Trevor, Charlie O., Barry Gerhart, and John W. Boudreau. "Voluntary Turnover and Job Performance: Curvilinearity and the Moderating Influences of Salary Growth and Promotions." *Journal of Applied Psychology* 82, no. 1 (1997): 44-61. doi:10.1037//0021-9010.82.1.44.

<sup>3</sup> Harrison, David A., Meghna Virick, and Sonja William. "Working without a Net: Time, Performance, and Turnover under Maximally Contingent Rewards." *Journal of Applied Psychology* 81, no. 4 (1996): 331-45. doi:10.1037//0021-9010.81.4.331.

<sup>4</sup> Cadsby et al., 388.

<sup>5</sup> Lazear, Edward P. "Performance Pay and Productivity," 1347.

description similar to those found at a typical e-recruitment website.<sup>6</sup> As other scholars in attraction and searching have readily conceded, many of the conclusions reached in controlled settings are difficult to generalize.<sup>7</sup> Although no method is without faults, obtaining quantitative data inspired by real job postings from e-recruitment websites may translate into more generalizable implications for nonprofit organizations and job seekers.

### 3.1 Participants

In order to detect an effect size of 0.25 (a medium effect size for 2 ANOVA factors) it was determined that at least 158 respondents would be needed.<sup>8</sup> Participants were 173 potential job applicants divided into two subsamples—the nonprofit sector and for-profit sector (86 nonprofit and 87 for-profit respondents). A convenience sample of participants that self-identified as job searching applicants or future applicants in their respective sector were informed that the online survey, which offered a chance to win a random drawing of \$20 US (\$600 NTD) and was distributed primarily by email and Facebook, investigated motivational tendencies and organizational attraction in the workplace. Among the 173 participants, 123 identified as female, 48 identified as male and 2 chose not to disclose their gender. All age ranges were represented from 18-24 to 65-74, with most participants (77) coming from the 18-24 category. The second-most represented age range was 25-34 (66). The majority of participants self-identified nation of origin was either the U.S. or Taiwan (30.06% and 32.27%, respectively), with a host of other countries comprising rather minute percentages of the sample set. An overall majority of participants (51.45%) currently hold at least a bachelor's degree, followed by master's degree graduates (23.70%)

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<sup>6</sup> Kuhn, 1638.

<sup>7</sup> Cadsby et al., 401.

<sup>8</sup> Cohen, Jacob. *Statistical Power Analysis for the Behavioral Sciences*. Hillsdale, NJ: L. Erlbaum Associates, 1988. <<http://www.statmethods.net/stats/power.html>>.

coming in at a distant second. An overall majority of participants were also students (52.60%) with a mean of 7.6 years of work experience.

### 3.2 Manipulation and Procedure

Participants were initially directed to either the for-profit or non-profit portion of the survey according to their preference, and then completed socio-demographic questions. The individual characteristics section of the survey included forward-looking and hypothetically phrased items from the Gangé et al. (2010) MAWS scale, items from the Triandis and Gelfand (1998) allocentrism and idiocentrism scale, and the items chosen by Gomes and Neves (2011) on attraction from Highhouse (2003). The survey closed with a question on the likelihood of expecting a performance bonus plan if not explicitly mentioned in the job posting (Appendix 1). Participants in both survey types were randomly assigned one of three fictitious job descriptions (meaning that participants could receive one of six different advertised job descriptions in a 2x3 survey design), all of which were nearly identical with the sole exception being the experimental manipulation of compensation offers. Because of the unassailable dominance of web-based recruiting in recent years,<sup>9</sup> and to avoid the well-documented effects of individual corporate websites as a recruitment medium,<sup>10</sup> this survey asked the participants to imagine the job listing as if it were posted on a widely used e-recruitment website rather than a website hosted an organization. Wording from Kuhn and Yockey (2003) and Kuhn (2009) was

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<sup>9</sup> Backhaus, 117.

<sup>10</sup> Cober, R. T., D. J. Brown, L. M. Keeping, and P. E. Levy. "Recruitment on the Net: How Do Organizational Web Site Characteristics Influence Applicant Attraction?" *Journal of Management* 30, no. 5 (2004): 623-46. doi:10.1016/j.jm.2004.03.001. as cited in De Goede et al. "Attracting Applicants on the Web: PO Fit, Industry Culture Stereotypes, and Website Design."

incorporated for the fictitious job description along with additional information meant to make the advertisement more realistic.<sup>11</sup> The exact question wording is as follows:

Imagine that you are using an e-recruitment website (e.g. Monster.com, Indeed.com, idealist.org) to search for a full-time job in the your chosen (for-profit) nonprofit field. During this time, you come across the job description of Organization X, a (for-profit) nonprofit organization located in a relatively convenient location for you. The duties and responsibilities required of the position match your expectations and you estimate that your chances for promotion and regular cost-of-living pay increases would be reasonable—roughly the equivalent of the market standard. Upon reading the compensation section provided by the company, please indicate your level of attraction and intent to apply to the position according to the scale below:

At Organization X our vision is clear – to be the best. We anticipate community needs and deliver superior products and services that genuinely improve people’s lives. This is the place for people who want to be center stage in one of the world’s most fascinating and dynamic industries. We want extraordinary people who share our passion for the industry and our vision for success. Organization X offers stimulating and challenging careers, and [*compensation manipulation*].

There are many fantastic benefits to a career at Organization X. In addition to working to affect positive change in the health and lives of thousands, Organization X offers its employees a competitive salary

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<sup>11</sup> Kuhn, 1638. and Kuhn and Yockey, "Variable Pay as a Risky Choice: Determinants of the Relative Attractiveness of Incentive Plans." *Organizational Behavior and Human Decision Processes* 90, no. 2 (2003): 326. doi:10.1016/S0749-5978(02)00526-5.

and a stimulating work environment with comprehensive benefits including medical, dental, life insurance, flexible spending accounts, 403(b) and 401(k), generous paid time off, onsite Wellness facilities, and educational assistance.

If you want to make a difference in the lives of thousands of people and if the position speaks to your capabilities, experience and commitment to improve our mission, this is the place for you!

The three compensation manipulation versions spread across the two sectors consisted of an individual performance bonus, a collective performance bonus, and a description with a fixed salary. Participants randomly assigned to these versions would have seen one of these three possibilities:

Individual performance: *...and we reward our top-performing employees at each level with bonuses of up to twenty percent of salary.*

Collective performance: *...and we reward employee teams that demonstrate excellent performance at each level with bonuses of up to twenty percent of salary.*

Fixed Salary: *...Organization X offers its employees a competitive salary...*

The percentage bonus of 20% offered in the simulated job descriptions is deliberately on the high end of average findings from an unofficial survey of more than 60 nonprofit organizations conducted by a major HR consulting firm. Performance bonuses ranged from 5-10% of annual income for staff and non-management to 30-50% for CEOs. Supervisory staff typically received 5-15%, middle management 10-20%, senior management 15-30%, and executive management 20-40%.<sup>12</sup> Additional support for the hypothetical amount was further informed by another informal poll of

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<sup>12</sup> "Astron Solutions HR Interview." Online interview. 31 Mar. 2015.

more than 20 nonprofit organizations by a website that regularly polls for salary comparisons on an estimated 15,000 jobs in 3,000 different industries.<sup>13</sup>

Participants read one of the randomized descriptions, then evaluated the five items from Highhouse (2003) on attraction to the organization based on the fictitious description.

### 3.3 Measures

The heterogeneous spread of Likert scales used in the previous studies (Gomes and Neves five-point scale, Gagné et al. seven-point scale and Triandis and Gelfand nine-point scale) were converted into a more traditional seven-point scale across the entire survey. Unless otherwise indicated, items were measured using a seven-point scale ranging from 1= Strongly disagree to 7 = Strongly agree.

Psychometric scales from three separate journal publications comprised the work motivation, horizontal allocentrism and idiocentrism, organizational attractiveness and intention to apply to a job vacancy measures.

*Work motivation.* Twelve items from Gagné et al. (2010) known as the Motivation at Work Scale (MAWS) split between four subscales (Intrinsic, Identified, Introjected and Extrinsic) were used to measure the orientation and level of intrinsic and extrinsic motivation possessed by the hypothetical potential applicants. MAWS was designed by Gagne et al. as a psychometric incarnation of Deci and Ryan's self-determination theory (SDT).<sup>14</sup> Gagne et al. (2010) found these statistical constructs held after polling 1,644 workers across two different languages,<sup>15</sup> in which the reliabilities ranged in their English study from  $\alpha = .69$  to  $.89$  across the four

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<sup>13</sup> "Non-Profit Organization Salaries - Non-Profit Organization Salary Survey - PayScale." Non-Profit Organization Industry Salary, Average Salaries. Accessed 2015.  
[http://www.payscale.com/research/US/Industry=Non-Profit\\_Organization/Salary](http://www.payscale.com/research/US/Industry=Non-Profit_Organization/Salary).

<sup>14</sup> Gagné et al., 642.

<sup>15</sup> Ibid., 629.

subscales.<sup>16</sup> While  $\alpha = .69$  may be adjudged as not particularly robust, lower reliabilities could be considered acceptable when it comes to measures of abstract broad social values.<sup>17</sup> Items include: “Because this job would fit my personal values.”

*Horizontal allocentrism and idiocentrism.* Eight items from Triandis and Gelfand (1998) were used to measure both the horizontal allocentric and horizontal idiocentric dispositions possessed by the respondents.<sup>18</sup> A more expansive selection of the Triandis and Gelfand (1998) scale was used by Kuhn (2009), in which the allocentrism scale achieved a reliability of  $\alpha = .78$  and idiocentrism achieved a scale reliability of  $\alpha = .72$  in that study.<sup>19</sup> Items include: “I’d rather depend on myself than others.”

*Organizational attractiveness.* Three items from Highhouse (2003) were used to measure organizational attractiveness. The items selected were those of the highest factor loading as determined by Gomes and Neves (2011). Items include: “I find this a very attractive company.”

*Intention to apply to a job vacancy.* Two items from Highhouse (2003) were used to measure organizational attractiveness. The items selected were those of the highest factor loading as determined by Gomes and Neves (2011). Items include: “If I were searching for a job, there would be a strong probability of applying to this offer.”

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<sup>16</sup> Alpha coefficients for Intrinsic (.89), Identified (.83), Introjected (.75), and Extrinsic (.69)

<sup>17</sup> Singelis, T. M., H. C. Triandis, D. P. S. Bhawuk, and M. J. Gelfand. "Horizontal and Vertical Dimensions of Individualism and Collectivism: A Theoretical and Measurement Refinement." *Cross-Cultural Research* 29, no. 3 (1995): 240-75. doi:10.1177/106939719502900302.

<sup>18</sup> Triandis and Gelfand, 120.

<sup>19</sup> Kuhn, 1639.

## Chapter 4

### Results and Discussion

#### 4.1 Socio-demographic Descriptive Statistics

The four hypotheses were tested via several statistical analysis methods using STATA, including chi-square, t-test, Mann-Whitney U, Kruskal-Wallis and Analysis of Variance (ANOVA). For the socio-demographic results that could be compared, Pearson's chi-square analysis of independence was conducted.<sup>1</sup> In comparing both sectors, the relation between age groups  $\chi^2(5, N = 173) = 5.10, p = .40$ , educational levels  $\chi^2(7, N = 173) = 6.23, p = .072$ , and work experience  $t(171, N = 173) = 8.40, p = .30$  were not found to be significant at the 95% level. The only statistically significant difference found was in gender distribution  $\chi^2(2, N = 173) = 11.26, p < .001$ , in which women far outnumbered men in the non-profit group (83%) compared to the for-profit group (60%). The disproportionate amount of women in the combined sample population applicants and the overwhelming percentage (83%) in the nonprofit subsample is a source for potential bias to be discussed subsequently in Chapter 5. Alpha coefficients measuring for internal consistency among the integrated subscales are provided in Table 1. Out of seven coefficients spread among three subscales, only two (identification and allocentrism) fall below .80, but remain above the .70 standard understood as "acceptable" for the social sciences.<sup>2</sup> Two of the subscales (intrinsic/extrinsic and allocentrism/idiocentrism) were also deemed acceptable above the .70 standard.

**Table 1. Cronbach's Alpha of the Measures**

Scale	N	Cronbach's alpha
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<sup>1</sup> Kremelberg, David. "Pearson's R, Chi-square, T-Test, and ANOVA." In *Practical Statistics: A Quick and Easy Guide to IBM SPSS Statistics, STATA, and Other Statistical Software*, 120-28. Los Angeles: SAGE Publications, 2011.

<sup>2</sup> George, Darren, and Paul Mallery. *SPSS for Windows Step by Step: A Simple Guide and Reference*, 11.0 Update. 4th ed. Boston: Allyn and Bacon, 2003.

<b>Intrinsic/Extrinsic Scale</b>	12	.783
Intrinsic	3	.882
Identification	3	.777
Introjected	3	.848
Extrinsic	3	.912
<b>Allocentrism/Idiocentrism</b>	8	.728
Allocentrism	4	.778
Idiocentrism	4	.805
<b>Attraction</b>	5	.966

As seen in Table 1 above, the Cronbach's alpha values for the study are at least acceptable. The intrinsic/extrinsic scale composed of the four subscales recorded a Cronbach's alpha of .78. The allocentrism and idiocentrism scale recorded a Cronbach's alpha of .73, while attraction scored the highest of the psychometric scales with a .97 value.

#### 4.2 Hypothesis 1

Hypothesis 1: Intrinsically satisfying work is more important for nonprofit job applicants than for-profit job applicants.

The intrinsic and extrinsic motivational profiles of nonprofit and for-profit applicants were assessed by the complete Gagné et al. (2010) MAWS scale, which subdivides intrinsic and extrinsic measures into four subscales according to the Ryan and Deci SDT (1985) model. Each subscale was analyzed using an independent t-test or the more conservative non-parametric equivalent (the Mann-Whitney U test) depending on conditions of normality,<sup>3</sup> beginning with the intrinsic motivation subscale.

Nonprofit applicants (N = 86) generally scored higher on psychometric measures of intrinsic motivation M = 16.91 (SD = 2.84). By comparison, for-profit applicants generally scored lower on psychometric measures of intrinsic motivation M = 14.06 (SD = 3.24). To discern the statistical significance of the discrepant mean values, an

<sup>3</sup> Billiet, Paul. *The Mann-Whitney U-test -- Analysis of 2-Between-Group Data with a Quantitative Response Variable*. 2003. <http://psych.unl.edu/psycrs/handcomp/hcman.pdf>.

independent t-test assuming equal variance was performed as to whether intrinsic enjoyment in the workplace is more important for nonprofit applicants when compared to for-profit sector applicants. Prior to conducting the t-test, the assumption of normality was evaluated and confirmed with distributions associated with a respective skew and kurtosis of .02 and .35,  $p = .05$ . The assumption of homogeneity of variances was tested and satisfied via Levene's  $F$  test,  $F(171) = 1.75$ ,  $p = 0.19$ .<sup>4</sup> The independent samples t-test was associated with a statistically significant effect  $t(171) = 6.15$ ,  $p = 0.00$ . The difference in means between nonprofit and for-profit applicants is statistically significant, with nonprofit applicants definitively preferring intrinsic enjoyment in the workplace as compared to for-profit applicants. A graphical representation of the means and the 95% confidence intervals can be found in Table 2.

**Table 2. Student's t-test comparing nonprofit and for-profit applicant intrinsic motivation levels**

Group	n	M	SD	t	df	p
Nonprofit	86	16.90698	2.8351902	6.1494	171	$p < .001$
For-profit	87	14.05747	3.2434418			

Nonprofit applicants ( $N = 86$ ) likewise scored higher in the identification subscales  $M = 17.26$  ( $SD = 2.77$ ). For-profit applicants generally scored lower in the identification subscales  $M = 15.26$  ( $SD = 3.43$ ). To discern the statistical significance of the discrepant mean values, a Mann-Whitney U test (a non-parametric t-test analogue) was performed as to whether identification aspects of motivation were stronger in nonprofit applicants in comparison with for-profit applicants. The Mann-Whitney U test was preferred to a standard t-test because assumptions of normality were rejected with respective skew and kurtosis levels of .00 and .40,  $p = .01$ . As

<sup>4</sup> Schmider, Emanuel, Matthias Ziegler, Erik Danay, Luzi Beyer, and Markus Bühner. "Is It Really Robust?" *Methodology: European Journal of Research Methods for the Behavioral and Social Sciences* 6, no. 4 (2010): 147-51. doi:10.1027/1614-2241/a000016.

illustrated in Table 3, the Mann-Whitney U test was associated with a statistically significant effect ( $U = 2462.50$ ,  $p < .001$ ). The difference between nonprofit and for-profit applicants is statistically significant. Nonprofit applicants are more likely to be motivated by feelings of identification associated with the job.

**Table 3. Mann-Whitney U test results comparing nonprofit and for-profit applicant identification motivation levels**

Ranks				
Group	n	M	SD	Sum of Ranks
Nonprofit	86	17.255814	2.766123	8760.5
For-profit	87	15.264368	3.431929	6290.5

Test Statistics	
Mann-Whitney U	2462.50
Z	3.907
Asympt. Sig. (2-tailed)	0.0001

The differences between applicants in either sector, however, were not statistically significant according to the subscales of introjection. Nonprofit applicants ( $N = 86$ ) scored nominally lower in the introjection subscales  $M = 10.09$  ( $SD = 4.78$ ). For-profit applicants, on the other hand, scored nominally higher in the introjection subscales  $M = 11$  ( $SD = 4.46$ ). A Mann-Whitney U test was performed as to whether introjection aspects of motivation were stronger in nonprofit applicants in comparison with for-profit applicants. The Mann-Whitney U test was performed over a standard t-test because assumptions of normality were rejected with respective skew and kurtosis levels of .87 and .00,  $p < .001$ . As illustrated in Table , the independent samples Mann-Whitney U test was not associated with a statistically significant effect ( $U = 4195$ ,  $p = 0.17$ ). Therefore, there was no statistically significant difference between nonprofit applicants and for-profit applicants in this regard.

**Table 4. Mann-Whitney U test results comparing nonprofit and for-profit applicant introjected motivation levels**

Ranks				
Group	n	M	SD	Sum of Ranks
Nonprofit	86	10.093023	4.7764814	7028

For-profit	87	11	4.4591166	8023
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Test Statistics	
Mann-Whitney U	4195
Z	-1.382
Asympt. Sig. (2-tailed)	0.1670

Nonprofit applicants (N = 86), however, scored significantly lower than for-profit applicants on the extrinsic motivation subscales M = 8.89 (SD = 4.58). For-profit applicants generally scored much higher comparatively in the extrinsic motivation subscales M = 14.36 (SD = 3.79). A Mann-Whitney U test was performed as to whether extrinsic motivation is nonprofit applicants in comparison with for-profit applicants. The Mann-Whitney U test was performed over a standard t-test because assumptions of normality were rejected with respective skew and kurtosis levels of .46 and .00,  $p < .001$ . The independent samples Mann-Whitney U test shown in Table 5 revealed a statistically significant difference (U = 6094,  $p < .001$ ). Nonprofit applicants are far less likely to be motivated by extrinsic means than for-profit applicants.

**Table 5. Mann-Whitney U test results comparing nonprofit and for-profit applicant extrinsic motivation levels**

Group	n	Ranks		Sum of Ranks
		M	SD	
Nonprofit	86	8.8953488	4.5762278	5129
For-profit	87	14.356322	3.7879153	9922

Test Statistics	
Mann-Whitney U	6094
Z	-7.158
Asympt. Sig. (2-tailed)	0.0000

#### 4.3 Hypothesis 2

Hypothesis 2: Nonprofit applicants have a more allocentric mindset when it comes to the workplace compared to the for-profit sector applicants

Nonprofit applicants (N = 86) generally scored higher on psychometric measures of allocentrism M = 21.51 (SD = 3.70). By comparison, for-profit applicants generally

scored lower on psychometric measures of allocentrism  $M = 20.26$  ( $SD = 3.75$ ). In order to verify whether the mean scores translate into a statistically significant difference, a Mann-Whitney U test was performed as to whether nonprofit applicants generally have a more allocentric mindset when it comes to the workplace when compared to for-profit sector applicants. The Mann-Whitney U test was performed over a standard t-test because assumptions of normality were rejected with respective skew and kurtosis levels of .00 and .00,  $p < .001$ . The independent samples Mann-Whitney U test reflected in Table 6 was associated with a statistically significant effect ( $U = 2987$ ,  $p = 0.02$ ). Therefore, the difference in means between nonprofit and for-profit applicants is statistically significant, with nonprofit applicants possessing a more allocentric mindset than for-profit applicants.

**Table 6. Mann-Whitney U test results comparing nonprofit and for-profit applicant allocentrism value levels**

Group	n	Ranks		
		M	SD	Sum of Ranks
Nonprofit	86	21.511628	3.699743	8236
For-profit	87	20.264368	3.7492938	6815

Test Statistics	
Mann-Whitney U	2987
Z	2.298
Asympt. Sig. (2-tailed)	0.0216

Analogously, for-profit applicants scored higher on measures of individualism  $M = 19.57$  ( $SD = 4.19$ ) in comparison to nonprofit applicants  $M = 18.02$  ( $SD = 4.73$ ). The Mann-Whitney U test was performed over a standard t-test because assumptions of normality were rejected with respective skew and kurtosis levels of .00 and .07,  $p < .001$ . As shown in Table 7, the difference between the means was also confirmed as statistically significant after running the Mann-Whitney U test ( $U = 4548.5$ ,  $p = 0.01$ ). This confirms that the difference in workplace mindset not only manifests in

allocentric measures, but also scores related to individualism. For-profit applicants are significantly more individualistic than nonprofit applicants.

**Table 7. Mann-Whitney U test results comparing nonprofit and for-profit applicant individualism value levels**

Ranks				
Group	n	M	SD	Sum of Ranks
Nonprofit	86	18.023256	4.7303196	6674.5
For-profit	87	19.574713	4.186446	8376.5

Test Statistics	
Mann-Whitney U	4548.5
Z	-2.460
Asympt. Sig. (2-tailed)	0.0139

#### 4.4 Hypothesis 3

Hypothesis 3: Individual pay-for-performance incentive bonuses are less attractive to nonprofit applicants than for-profit applicants

Hypothesis 3.1: Collective pay-for-performance incentive bonuses are more or less equally attractive to nonprofit job applicants and for-profit applicants

Hypothesis 3.2: Fixed pay arrangements are more attractive to nonprofit applicants than for-profit applicants

To directly test hypothesis 3 as to whether nonprofit applicants prefer individual bonuses less than for-profit applicants, a Mann-Whitney U test was conducted with nonprofit applicants and for-profit applicants as two between-groups independent variables. Table 8 reports the descriptive and test statistics compared by group. It was found that nonprofit applicants (M= 24.90, SD= 8.28) had a slightly lower level of attraction than for-profit applicants (M=25.93, SD=7.03). The Mann-Whitney U test was conducted to determine whether the aforementioned disparities in the mean attraction to job descriptions with individual bonuses were statistically significant, chosen once again over a standard t-test because assumptions of normality were rejected with respective skew and kurtosis levels of .00 and .03,  $p < .001$ . Table 8

reflects the difference between the means was not confirmed as statistically significant after running the Mann-Whitney U test ( $U = 423.5$ ,  $p = 0.78$ ) and does not support hypothesis 3. No significant difference was detected between nonprofit and for-profit applicant attraction to job descriptions offering individual performance-based bonuses.

**Table 8. Mann-Whitney U test results comparing nonprofit and for-profit applicant attraction to job descriptions offering individual incentives**

Ranks				
Group	n	M	SD	Sum of Ranks
Nonprofit	29	24.89655	8.282274	823.5
For-profit	28	25.92857	7.033931	829.5

Test Statistics <sup>a</sup>	
Mann-Whitney U	423.5
Z	-0.280
Asympt. Sig. (2-tailed)	0.7793

<sup>a</sup> Mann-Whitney U test

Another Mann-Whitney U test was conducted to directly address hypothesis 3.1, in which no difference was expected in attraction to collective bonus offers between nonprofit applicants and for-profit applicants. Table 9 reports the means and standard deviations compared by group. It was found that nonprofit applicants ( $M = 29.10$ ,  $SD = 4.15$ ) had a higher level of attraction than for-profit applicants ( $M = 26.83$ ,  $SD = 5.97$ ). The Mann-Whitney U test was determined as the most appropriate method for assessing the statistical significance of the dissimilar means because assumptions of normality were rejected with respective skew and kurtosis levels of .00 and .03,  $p < .001$ . Nonprofit applicant and for-profit applicant mean attraction levels were not confirmed as statistically significant at a 95% level, but were at the 90% level after running the Mann-Whitney U test ( $U = 326.5$ ,  $p = 0.10$ ). Relative to for-profit applicants, this indicates a comparatively higher level of attraction on behalf of nonprofit applicants for job descriptions offering collective performance-based bonuses.

**Table 9. Mann-Whitney U test results comparing nonprofit and for-profit applicant attraction to job descriptions offering collective incentives**

Ranks				
Group	n	M	SD	Sum of Ranks
Nonprofit	29	29.103448	4.1519774	978.5
For-profit	30	26.833333	5.9658993	791.5

Test Statistics <sup>a</sup>	
Mann-Whitney U	326.5
Z	1.669
Asympt. Sig. (2-tailed)	0.0951

<sup>a</sup>. Mann-Whitney U test

The Mann-Whitney U test was also chosen to address hypothesis 3.2, in which the expected result is a preference on the part of nonprofit applicants toward job descriptions with fixed salary offers relative to for-profit applicants. Table 10 reports descriptive and test statistics. It was found that nonprofit applicants (M= 28.07, SD= 5.44) had a higher mean level of attraction than for-profit applicants (M=25.93, SD = 4.42). The Mann-Whitney U test was the most appropriate way to determine the statistical significance of the dissimilar means because assumptions of normality were rejected with respective skew and kurtosis levels of .00 and .03,  $p < .001$ . Nonprofit applicant and for-profit applicant mean attraction levels were not confirmed as statistically significant at a 95% level, but were at the 90% level after running the Mann-Whitney U test ( $U = 296$ ,  $p = 0.08$ ). This suggests a slightly significant preference on the part of nonprofit applicants toward fixed salary offers when compared to for-profit applicants.

**Table 10. Mann-Whitney U test results comparing nonprofit and for-profit applicant attraction to job descriptions with fixed-pay offers**

Ranks				
Group	n	M	SD	Sum of Ranks
Nonprofit	28	28.071429	5.4360155	922
For-profit	29	25.931034	4.4153226	731

Test Statistics <sup>a</sup>	
Mann-Whitney U	296
Z	1.767
Asympt. Sig. (2-tailed)	0.0771

<sup>a</sup>. Mann-Whitney U test

#### 4.5 Additional Statistical Results

Within-sector differences in applicant attraction were also examined in order to grasp a better understanding of the results. Beginning first with the preferences of the nonprofit sector, Table 11 reports the descriptive statistics for nonprofit applicant attraction across the three manipulated compensation types. The results numerically suggest that nonprofit applicants (N = 86) would prefer collective bonuses M = 29.10 (SD = 4.15) and fixed salaries M = 28.07 (SD = 5.44), rather than individual bonuses M = 24.90 (SD = 8.28). In order to ascertain the statistical significance of these results, a Kruskal-Wallis test (the non-parametric equivalent to the one-way ANOVA) was conducted. The Kruskal-Wallis test was the most appropriate way to determine the statistical significance of the dissimilar means because assumptions of normality were rejected with respective skew and kurtosis levels of .00 and .03,  $p < .001$ .<sup>5</sup> Regarding the nonprofit subsample relationship between the three different job descriptions, the Kruskal-Wallis test did not yield a statistically significant effect,  $\chi^2(2, N = 86) = 3.53, p = 0.17$ . Thus, the null hypothesis of no difference in reaction to all three job descriptions presented was not rejected. It would appear that applicants do not have statistically significant preferences to the various compensation manipulations.

**Table 11. Kruskal-Wallis test analysis on nonprofit applicant attraction to job descriptions with randomized compensation types**

Randomized Job Description Type	n	M	SD	Rank Sum
Individual Bonus	29	24.89655	8.282274	1069.00
Collective Bonus	29	29.10345	4.151977	1421.50
Fixed Salary	28	28.07143	5.436016	1250.50

<sup>5</sup> Hecke, T. Van. "Power Study of Anova versus Kruskal-Wallis Test." *Journal of Statistics and Management Systems* 15, no. 2-3 (2012): 241-47. doi:10.1080/09720510.2012.10701623.

Test Statistics <sup>a</sup>	
Chi-Square	3.526
df	2
Asympt. Sig.	0.1716

<sup>a</sup>. Kruskal-Wallis test

Analysis of Variance (ANOVA) was also fit to determine whether the results are statistically significant.<sup>6</sup> Regarding the nonprofit subsample (N = 86) relationship between the three different job descriptions, the independent between-subject ANOVA yielded a statistically significant effect,  $F(2, 83) = 3.61, p = 0.03$ . Thus, according to the ANOVA and contrary to the Kruskal-Wallis test above, the null hypothesis of no difference in reaction to all three job descriptions presented was rejected. Nonprofit applicants would then appear to have statistically significant preferences to the various compensation manipulations.

**Table 12. ANOVA results on nonprofit applicant attraction to job descriptions with randomized compensation types**

Test Statistics <sup>a</sup>			
n	df	F	Sig.
86	2	3.61	0.0314

<sup>a</sup>. ANOVA test

Because the underlying results conflicted (although the non-parametric tests are more conservative models), the nature of the differences between the means collected from the nonprofit sector was evaluated further with post-hoc, paired Mann-Whitney tests. The Mann-Whitney U test was chosen for the paired comparisons because assumptions of normality were rejected with respective skew and kurtosis levels of .00 and .03,  $p < .001$ . The first follow-up, two-sample comparison listed in Table 11 between individual bonus offers (N = 29, M = 24.90, SD = 8.28) and collective bonus offers (N = 29, M = 29.10, SD = 4.15) revealed a statistically significant

<sup>6</sup> Kremelberg, 136-39.

contrast in preference for collective bonuses ( $U = 536, p = 0.07$ ) at the 90% confidence level. The second follow-up pairwise comparison between individual bonus offers ( $N = 29, M = 24.90, SD = 8.28$ ) and fixed salary offers ( $N = 28, M = 28.07, SD = 5.44$ ) did not determine a statistically significant contrast ( $U = 483, p = 0.22$ ). The third pairwise comparison between collective bonus offers ( $N = 29, M = 29.10, SD = 4.15$ ) and fixed salary offers ( $N = 28, M = 28.07, SD = 5.44$ ) also yielded no statistically significant difference ( $U = 361.5, p = 0.47$ ). This bodes well for hypothesis 3 that nonprofit applicants are somewhat more averse to individual bonus offers, preferring instead to be rewarded based on collective performance.

**Table 13. Mann-Whitney U paired analysis comparing nonprofit attraction to randomized job description types**

Randomized Job Description Type	n	M	SD	Job Description Pairs	p
Individual Bonus	29	24.89655	8.282274	Individual - Collective	0.0677
Collective Bonus	29	29.10345	4.151977	Individual - Fixed	0.2160
Fixed Salary	28	28.07143	5.436016	Collective - Fixed	0.4663

Regarding preferences only within the for-profit sector, it would appear that none of the job descriptions were particularly favored over the others, according to the numerical mean values recorded of that sector. In order to test the statistical significance of these results in relation to the three subhypotheses, a Kruskal-Wallis test was conducted. In the for-profit subsample ( $N = 87$ ) relationship between the three different job descriptions, the Kruskal-Wallis test did not yield a statistically significant effect,  $\chi^2(2) = .86, p = 0.65$ . Thus, the null hypothesis of no difference in reaction to all three job descriptions presented was not rejected. In other words, for-profit applicants on average do not have a particular preference as to the type of compensation offered.

**Table 14. Kruskal-Wallis test analysis on nonprofit applicant attraction to job descriptions with randomized compensation types**

Randomized Job Description Type	n	M	SD	Rank Sum
Individual Bonus	28	25.92857	7.033931	1231.00
Collective Bonus	30	26.83333	5.965899	1410.50
Fixed Salary	29	25.93103	4.415323	1186.50

Test Statistics <sup>a</sup>	
Chi-Square	0.861
df	2
Asympt. Sig.	0.6502

<sup>a</sup>. Kruskal-Wallis test

In order to test additional between-subject effects, another two analyses of covariance (ANCOVAs) were fit to determine whether intrinsic motivation and allocentrism were behind sector differences in attraction to the various compensation systems. Regarding the relationship between intrinsic motivation and the attraction levels to job descriptions factor for the entire sample set (N =173), the ANCOVA showed a main effect of intrinsic motivation levels on job description attraction,  $F(3, 167) = 4.37, p < 0.01$ . This would suggest that levels of intrinsic motivation have a statistically significant effect on attraction to job descriptions with differing compensation types.

**Table 15. ANCOVA concerning intrinsic motivation effect on levels of attraction to job descriptions**

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Model	124828.331 <sup>a</sup>	6	20804.722	597.521	.000
Job Description	3084.204	3	1028.068	29.527	.000
Job Description * Intrinsic	456.880	3	152.293	4.374	.005
Error	5814.669	167	34.818		
Total	130643.000	173			

a. R Squared = .955 (Adjusted R Squared = .954)

Parameter estimates for each of the coefficients revealed a positive association between intrinsic motivation levels on attraction to job descriptions with individual (b = .523, p = 0.02) and collective bonuses (b = .663, p < 0.01) at the 95% confidence

level. There appears not to be an association, however, between intrinsic motivation and fixed pay. Each unit increase in the intrinsic scale translates into a .523 increase in attraction to job descriptions with individual bonus incentives and a .633 increase in attraction to job descriptions with group bonus incentives. Therefore, intrinsic motivation levels seem to play a central role in applicant attraction between the two sectors.

**Table 16. Parameter Estimates of ANCOVA concerning intrinsic motivation effect on levels of attraction to job descriptions**

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Individual Bonus	17.315	3.528	4.907	.000	10.349	24.281
Collective Bonus	17.195	4.068	4.227	.000	9.164	25.225
Fixed Pay	24.886	3.644	6.828	.000	17.691	32.081
Individual Bonus * Intrinsic Level	.523	.222	2.351	.020	.084	.962
Collective Bonus * Intrinsic Level	.663	.246	2.692	.008	.177	1.149
Fixed Pay * Intrinsic Level	.143	.242	.589	.557	-.335	.621

The ANCOVA concerning the relationship between allocentrism and attraction levels to job descriptions for the entire sample set (N =173), the ANCOVA found a statistically significant effect of allocentrism on job description attraction,  $F(3, 167) = 2.64, p = 0.05$ . This would suggest that levels of allocentrism motivation have a statistically significant effect on attraction to job descriptions with differing compensation types.

**Table 17. ANCOVA concerning allocentrism on levels of attraction to job descriptions**

Source	Type III Sum	df	Mean	F	Sig.
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	of Squares		Square		
Model	124659.967 <sup>a</sup>	6	20776.661	579.924	.000
Job Description	1974.692	3	658.231	18.373	.000
Job Description * Collectivism	288.517	3	96.172	2.684	.048
Error	5983.033	167	35.827		
Total	130643.000	173			

a. R Squared = .954 (Adjusted R Squared = .953)

Table 18 shows that parameter estimates for each of the coefficients revealed a positive association between allocentrism on attraction to job descriptions with individual bonuses ( $b = .434$ ,  $p = 0.03$ ) at the 95% confidence level. There does not appear to be an association between allocentrism and group bonuses or fixed pay. Each unit increase in the allocentrism scale translates into a .434 increase in attraction to job descriptions with individual bonus incentives, which is somewhat counterintuitive considering the hypothesis and the previous findings related to sector characteristics and preference.

**Table 18. Parameter Estimates of ANCOVA concerning allocentrism effects on levels of attraction to job descriptions**

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Individual Bonus	16.387	4.275	3.833	.000	7.948	24.827
Collective Bonus	20.620	4.853	4.249	.000	11.038	30.202
Fixed Pay	22.133	4.679	4.730	.000	12.895	31.371
Individual Bonus * Allocentrism	.434	.202	2.146	.033	.035	.833
Collective Bonus * Allocentrism	.333	.217	1.530	.128	-.097	.762
Fixed Pay * Allocentrism	.245	.233	1.052	.295	-.215	.705

#### 4.6 Hypothesis 4

Hypothesis 4: Assuming job applicants are searching within their preferred sector, if a job posting does not explicitly mention pay-for-performance bonuses, nonprofit applicants are less likely to believe that the position will entail performance bonuses than for-profit applicants.

Although the percentage of non-profit applicants who would generally assume that a position entails incentive pay without explicit mention of performance bonuses was very low (14%) versus for-profit applicants (24%), and the percentage of nonprofit applicants who would not generally assume incentive pay is higher (37%) than for-profit applicants (30%), further statistical analysis was required to show that these differences were statistically meaningful. A chi-square analysis on these subjective likelihood estimates between the two subsamples yielded that there was no statistically meaningful difference between them,  $\chi^2(172, N = 173) = 3.12, p = .21$ . Despite convincing disparities between the non-profit and for-profit applicants able to give a definitive answer to the question, the results may have been rendered inconclusive because the survey allowed for “maybe” as an option. This severely limited the sample set of definitive answers (more than 40% of each sector were undecided), thereby exaggerating the perceived differences between applicants in both sectors.

## Chapter 5

### Conclusions and Recommendations

Through the distribution of an online survey to 173 participants (86 nonprofit applicants and 87 for-profit applicants), the relationship between dispositional profiles and attraction to differing compensation types was addressed. More specifically, this study sought to uncover the potential reactions of nonprofit applicants to the growing relevance of performance-based pay in the nonprofit sector. Multiple hypotheses presented in this study formed a conceptual chain of logic that empirically reexamined previous conclusions reached in motivation, recruitment, and person-organization (P-O) research. Nonprofit applicants, hypothesized as more intrinsically motivated and allocentric (collectivistic) workers, were expected to be less attracted to individual performance-based incentives offered in job descriptions when compared to for-profit applicants. Non-profit applicants were also thought to be less likely to expect that an advertised position would have performance bonuses if incentive plans of that sort were not explicitly mentioned.

Despite suggestions that choice is more realistic and comparative judgments may have more predictive power than attraction ratings,<sup>1</sup> this study was robust enough to produce a number of statistically significant results. The first hypothesis sought to find palpable distinctions in the motivational profiles of nonprofit and for-profit applicants, particularly in motivation levels and orientations defined within the context of Ryan and Deci's SDT continuum.<sup>2</sup> Based upon the informed conjecture of Hansman (1980), Rose-Ackerman (1996), Theuvsen (2004) among others, nonprofit applicants were expected to value intrinsic enjoyment in the workplace more so than for-profit applicants, in line with conclusions that "their work is more important to

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<sup>1</sup> Kuhn, 1641.

<sup>2</sup> Ryan and Deci, 54.

them than the money they earn”<sup>3</sup> and “...nonprofit organizations [are] more attractive for loyal employees who identify themselves with the organizational goals.”<sup>4</sup> The independent t-test conducted on the survey results of this study supported the first hypothesis drawn from prior conclusions reached in the literature. Nonprofit applicants scored significantly higher on the MAWS (Gagné et al. 2010) subscales measuring intrinsic motivation and a form of extrinsic motivation (identification) that lies closer to intrinsic motivation on the SDT continuum. This suggests that not only do non-profit applicants value intrinsic enjoyment in the workplace more than their for-profit counterparts, but there are also strong feelings of identification included with that type of work. This finding aligns with the Gagné et al. (2010) conclusions that different motivations drive individuals in various kinds of work.<sup>5</sup> In the language used by Ryan and Connell (1989), the “perceived locus of causality”<sup>6</sup> is more likely to be internalized in the average nonprofit worker than in the average for-profit worker. In other words, nonprofit workers are comparatively more motivated by internal rather than external drivers, finding work inherently enjoyable and essential to advancing the values and beliefs they identify with. Introjected regulation (internalized pressure from an external source) and extrinsic motivational factors do not seem to be of any particular importance to nonprofit applicants as well. These conclusions largely concur with the existing literature and perhaps underline the importance of nonprofit recruitment in continuously appealing to the internalized beliefs and values of nonprofit applicants and existing employees. Although this study has limitations that could limit the generalizability of the results, including a

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<sup>3</sup> Mirvis, 7.

<sup>4</sup> Theuvsen, 128.

<sup>5</sup> Gagné et al., 640.

<sup>6</sup> Ryan, Richard M., and James P. Connell. "Perceived Locus of Causality and Internalization: Examining Reasons for Acting in Two Domains." *Journal of Personality and Social Psychology* 57, no. 5 (1989): 749-61. doi:10.1037/0022-3514.57.5.749.

lack of typological distinctions between organizations in either sector,<sup>7</sup> recruitment professionals may be able to extrapolate a number of practical implications. To this end, according to Leete (1999), nonprofits should have a healthy interest in “rely[ing] more heavily (than for-profit organizations) on practices that strengthen intrinsic motivation, improve adherence to group norms, and organizational pride.”<sup>8</sup>

Consistent with Leete’s interpretation, for-profit applicants were found in this study to possess a more extrinsically oriented motivational focus, which could justify the use of external incentives by for-profit firms looking to inducing higher levels of performance.

The second hypothesis was based on prior research supporting the logical extension that nonprofit work largely entails caring for others and that more allocentric (collectivistic) people would likely choose to work in the nonprofit sector.<sup>9</sup> The Mann-Whitney U test not only confirmed that nonprofit applicants generally display higher levels of horizontal collectivism (a non-hierarchical, group-based concern for others), but also the corresponding assertion that for-profit applicants display comparatively higher levels of horizontal individualism (an individualistic mindset regarding coworkers and peers). This reflects the sound internal consistency of the subscales and finds marked differences similar to Triandis and Gelfand (1998) between individuals that score high on horizontal individualism and horizontal collectivism.<sup>10</sup> Although the first two are antecedent hypotheses to be folded into the third, they nonetheless provide potential takeaways for nonprofits and recruitment professionals. Aside from the more general appeals by Leete (1999) for nonprofit organizations to nourish the largely intrinsic and allocentric dispositions of their

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<sup>7</sup> Theuvsen, 3.

<sup>8</sup> Leete, 428.

<sup>9</sup> See Mason (1996), Macy (2006), Hayden and Madsen (2008).

<sup>10</sup> Triandis and Gelfand, 123.

employees, recruitment professionals may also find success in crafting recruitment messages in job descriptions or otherwise that cater toward the existing sympathies and allegiances harbored by potential applicants. This study suggests that perhaps nonprofit recruitment material that is external-reward heavy may be less effective. Research specific to the nonprofit sector on applicant attraction is severely lacking, and more interest in this subject matter may become increasingly relevant as nonprofits continue to proliferate worldwide.

The third hypothesis makes a tripartite person-organization fit prediction regarding the difference in attraction levels between nonprofit and for-profit applicants to individual performance bonuses. Because individual, performance-based incentives often constitute an extrinsic incentive that cause “crowding-out” complications (extrinsic pursuits supplanting natural intrinsic motivation)<sup>11</sup> and the individualistic nature of awarding bonuses to top performers would seem counter to the average nonprofit applicant’s allocentric sensibilities,<sup>12</sup> hypothesis 3 posited that nonprofit applicants were expected to exhibit lower levels of attraction to job descriptions offering individual bonus incentives. Support for this line of reasoning was not found in the Mann-Whitney U analysis conducted on the relationship between nonprofit and for-profit preferences. Conclusions drawn from further analyses on within-sector nonprofit preference, however, were decidedly mixed. A Kruskal-Wallis (the non-parametric equivalent to the one-way ANOVA) analysis did not find any statistical significance in preference among the three compensation types offered in the job descriptions. In contrast, a subsequent independent ANOVA did find a statistical significance in nonprofit applicant preferences. Due to the violated assumptions of normality in all variables of this study except intrinsic motivation, the Kruskal-Wallis

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<sup>11</sup> Speckbacher, 1006-025.

<sup>12</sup> Macy, 165.

analysis is likely a more conservative and accurate approximation.<sup>13</sup> An additional paired Mann-Whitney U test analysis found some support for within-sector nonprofit preferences for collective bonus and fixed salary offers. According to this set of analyses, while nonprofit applicants may not have an obvious aversion to individual bonus incentives when compared to for-profit applicants, alternative compensation schemes (collective performance-based incentives and fixed-pay) are more attractive at a 90% confidence level. On the whole, the striking similarity in mean attraction toward individual performance-based bonuses may have much to do with similar feelings between the two groups regarding risk perception. The last two subsequent ANCOVAs in section 4.5 confirmed the importance of intrinsic motivation to job description attraction in regards to individual and group bonuses. A counterintuitive finding with the second ANCOVA, however, found that allocentrism was positively associated with attraction to individual bonuses. These findings contextualize the sector preference results found in the previous analyses and illustrate that intrinsic motivation is likely to be the most potent force in attraction to the hypothetical job descriptions provided.

While the likelihood of having more intrinsically motivated workers is greater in the nonprofit sector, which perhaps raises the chances of adulterating that inherent drive,<sup>14</sup> nonprofit applicants may have similar perceptions of risk as for-profit workers for a number of reasons. Nonprofit applicants may share similar feelings regarding the possibility of individual bonuses producing crowding-in, crowding-out and crowding-neutral effects, could harbor unrealistic optimism about their own personal abilities,<sup>15</sup> or even find individual performance bonuses as something of a

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<sup>13</sup> Hecke, 242.

<sup>14</sup> Ryan and Deci, 59.

<sup>15</sup> Taylor, Shelley E., and Jonathon D. Brown. "Illusion and Well-being: A Social Psychological Perspective on Mental Health." *Psychological Bulletin* 103, no. 2 (1988): 193-210. doi:10.1037//0033-2909.103.2.193.

secondary issue. Risk-perception in compensation systems has been explored in depth throughout a variety of disciplines, but a tailored analysis of the difference between non-profit and for-profit applicant risk perceptions of differing compensation systems could be a very fruitful topic for future research. Hypothesis 3.1 was also overturned by a Mann-Whitney U test at a 90% significance level, in which nonprofit applicants showed distinctly more interest than for-profit applicants in receiving collective bonuses. These results stand in direct contrast to those similar to Kuhn and Yockley (2003), who found that “...people are more willing to accept variable pay offers when the performance basis is individual rather than collective.”<sup>16</sup> Kuhn and Yockley (2003) did not distinguish between sectors, which may illustrate the reversal in findings when respondents are asked to identify their line of work. According to the results of this study, specific types of respondents from a particular sector (nonprofit) produced the most noticeable differences in preference. Hypothesis 3.2 was validated with a similar result at a 90% significance level. The Mann-Whitney U comparing attraction to fixed pay between both sectors found that nonprofit applicants were also relatively more attracted to job descriptions that simply offered a “competitive salary” than for-profit applicants. Most notably, this study demonstrated not only that nonprofit and for-profit applicants differ in preferences to particular compensation systems, but also the additional analysis on nonprofit applicants shed light on the nuances of what attracts the workforce in the third sector. Overall, nonprofit applicants share a similar level of attraction to individual bonuses with for-profit applicants, but on average seem to prefer collective bonuses or even fixed salaries. The final hypothesis was nullified by the overwhelming response by both sets of

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<sup>16</sup> Kuhn and Yockey (2003).

applicants of being entirely unsure about whether advertised positions entail PFP without explicitly mentioning incentive-based bonuses. The potential for considerable risk remains, however, in not disclosing incentive-based pay at the outset, especially for nonprofit organizations that find success in appealing to the intrinsic values of prospective applicants. Given that 86% of nonprofit applicants did not expect an advertised nonprofit position to entail PFP arrangements, and factoring in the academic literature on crowding out effects, the utmost care is required on the part of nonprofits to craft incentive bonus plans capable of enhancing performance without squelching intrinsic passion for the cause. Mounting evidence suggests that rather than satisfaction with pay levels, compensation systems play a central role in sustaining successful recruitment and retention practices.<sup>17</sup>

### 5.1 Limitations

This study intended to make the hypothetical job descriptions realistic through the integration of the Kuhn and Yockley (2003) and Kuhn (2009) experimental designs,<sup>18</sup> along with the insertion of actual job description copy. Respondents were asked to express their attraction to the job description *ceteris paribus*, thereby suspending a handful of considerations that otherwise would have had a major impact on attraction levels. For instance, prior attraction research explored organizational reputation as a key factor in initial applicant decisions.<sup>19</sup> Additionally, the experimental design would have been enhanced by a sample population engaged in the process of job searching rather than responding as hypothetical applicants. Some deviation from hypothetical responses is to be expected, however, research has shown that choices

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<sup>17</sup> Miceli, Marcia P., and Paul W. Mulvey. "Consequences of Satisfaction with Pay Systems: Two Field Studies." *Industrial Relations* 39, no. 1 (2000): 62-87. doi:10.1111/0019-8676.00153.

<sup>18</sup> Kuhn, 1638. and Kuhn and Yockley, 326.

<sup>19</sup> Turban, Daniel B., Monica L. Forret, and Cheryl L. Hendrickson. "Applicant Attraction to Firms: Influences of Organization Reputation, Job and Organizational Attributes, and Recruiter Behaviors." *Journal of Vocational Behavior* 52, no. 1 (1998): 24-44. doi:10.1006/jvbe.1996.1555.

within the hypothetical realm are largely indicative of true behavior.<sup>20</sup>

The sample population itself is extraordinarily heterogeneous, which may challenge any claims of generalizability. However, researchers have previously lamented at the sheer volume of studies entirely composed of undergraduate and graduate students based in U.S. universities. An optimistic interpretation of the similarity in results between this study and previous studies conducted in the U.S. suggest that perhaps the dispositional profile of nonprofit workers are somewhat generalizable across nations and even cultures. Interpreted another way, the sample population of this study may simply constitute a cocktail of mixed cultural representations that could have biased the results. Triandis and Gelfand (1998), for instance, found clear differences in idiocentrism and allocentrism between cultures, including those within the western and non-western dichotomy.<sup>21</sup> Considering that the majority of participants self-identified nation of origin was either the U.S. or Taiwan (30.06% and 32.27%, respectively), and the remainder represented a host of other countries, distinct variances between western and non-western applicants may have been expressed in the results. The study was able to draw, however, statistically significant conclusions that appear to hold despite the cultural heterogeneity of the respondents. An additional concern regarding the sample population is that the extraordinary and statistically significant (83%) amount of female respondents might be symptomatic of a gender-based participation bias, if it were the case that women more generally are willing to participate in a survey. Previous studies have found that affluent young men are most likely to respond to web-based surveys,<sup>22</sup> but this trend appears to

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<sup>20</sup> Wiseman, David B., and Irwin P. Levin. "Comparing Risky Decision Making Under Conditions of Real and Hypothetical Consequences." *Organizational Behavior and Human Decision Processes* 66, no. 3 (1996): 241-50. doi:10.1006/obhd.1996.0053.

<sup>21</sup> Triandis and Gelfand, 125.

<sup>22</sup> Pamlquist, J., and A. Stueve. "Stay Plugged in to New Opportunities." *Marketing Research* 8, no. 1 (Spring 1996): 13.

reverse when considering college-aged respondents.<sup>23</sup> Nearly half of the entire sample population (45%) were among the 18-24 age bracket and more than half (51%) are either pursuing or currently hold a bachelor's degree. In line with the Underwood et al. (2000) findings, this heavy socio-demographic concentration may account for the higher level of female respondents. Gender differences in the participation of this study may also be attributable to the disproportionate amount of women actually working within the non-profit sector. Several studies have found that not only do women tend to gravitate to the nonprofit sector, but also occupy more high-level positions than in other sectors.<sup>24</sup> Consequently, as it relates to this study, the relatively high levels of intrinsic motivation and allocentrism in nonprofit applicants could be influenced by gender differences between the subsample populations (although the majority of the for-profit subsample was also female). Further exploring the relationships detailed in this study with additional emphasis on gender comparisons would likely constitute valuable avenues for future research as well. Despite the limitations of this study, the marked sensitivity to differing compensation types among nonprofit applicants illustrates a need for mainstream P-O fit and attraction research to examine the particulars associated with recruitment in the third sector.

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<sup>23</sup> Underwood, D., H. Kim, and M. Matier. "To Mail or to Web: Comparisons of Survey Response Rates and Respondent Characteristics." Paper presented at the 40th Annual Forum of the Association for Institutional Research, OH, Cincinnati, May 21, 2000.

<sup>24</sup> Halpern, R. Workforce Issues in the Nonprofit Sector Generational Leadership Change and Diversity. Publication. February 2006.  
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## Appendix A: Questionnaire for Participants

Which type of job are you most likely to pursue in the future?
<input type="radio"/> A non-profit sector position (e.g. Red Cross, community center)
<input type="radio"/> A for-profit (private) sector position (e.g. Microsoft, small business)
<input type="radio"/> Neither (e.g. government, military)

Please enter your contact information, you may be notified regarding the \$20 US (600 NTD) random drawing
<input type="radio"/> Name
<input type="radio"/> Email
<input type="radio"/> Phone

The first letter of my last name is among...
<input type="radio"/> A-H
<input type="radio"/> I-Q
<input type="radio"/> R-Z

Age: What is your age?
<input type="radio"/> 18-24
<input type="radio"/> 25-34
<input type="radio"/> 35-44
<input type="radio"/> 45-54
<input type="radio"/> 55-64
<input type="radio"/> 65-74
<input type="radio"/> 75-older

Sex/Gender: I identify my gender as...
<input type="radio"/> Female
<input type="radio"/> Male
<input type="radio"/> Trans*
<input type="radio"/> Other
<input type="radio"/> I prefer not to disclose

Nation of Origin: What is your birthplace/nation of origin?
➤ Select Country

Education: What is the highest degree or level of school you have completed? If currently enrolled, highest degree received
<input type="radio"/> No schooling completed
<input type="radio"/> Primary school to 8th grade
<input type="radio"/> Some high school, no diploma
<input type="radio"/> High school graduate, diploma or the equivalent (for example: GED)
<input type="radio"/> Some college credit, no degree
<input type="radio"/> Trade/technical/vocational training
<input type="radio"/> Associate degree
<input type="radio"/> Bachelor's degree

<input type="radio"/> Master's degree
<input type="radio"/> Professional degree
<input type="radio"/> Doctorate degree

<b>Employment: Which of the following best describes your employment status?</b>
<input type="radio"/> Employed for wages
<input type="radio"/> Self-employed
<input type="radio"/> Out of work and looking for work
<input type="radio"/> Out of work but not currently looking for work
<input type="radio"/> A homemaker
<input type="radio"/> A student
<input type="radio"/> Military
<input type="radio"/> Retired
<input type="radio"/> Unable to work

<b>Work experience: How many years of work experience do you have?</b>
➤ Select the number of years

Using the scale below, please indicate for each of the following statements to what degree they presently correspond to one of the reasons for which you would like a job in the nonprofit sector:							
	Not at all	Very little	A little	Moderately	Strongly	Very strongly	Exactly
Because I would have fun doing my job							
For the moments of pleasure that this would job bring me							
I would like this job because it would allow me to reach my life goals							
Because this job would fulfill my career plans							
Because this job would fit my personal values							
Because I would have to be the best in my job, I would have to be a "winner"							
Because my work is my life and I don't want to fail							
Because my reputation depends on it							
Because this would job afford me a certain standard of living							
Because it would allow me to make a							

lot of money							
I would do this job for the paycheck							
Because I think that I would enjoy this work very much							

Using the scale below, please indicate for each of the following statements to what degree they presently correspond to your general attitude in the workplace:							
	Not at all	Very little	A little	Moderately	Strongly	Very strongly	Exactly
I'd rather depend on myself than others.							
I rely on myself most of the time; I rarely rely on others.							
I often do "my own thing."							
My personal identity, independent of others, is very important to me.							
If a coworker gets a prize, I would feel proud.							
The well-being of my coworkers is important to me.							
To me, pleasure is spending time with others.							
I feel good when I cooperate with others.							

Imagine that you are using an e-recruitment website (e.g. Monster.com, Indeed.com, idealist.org) to search for a full-time job in the your chosen nonprofit field. During this time, you come across the job description of Organization X, a nonprofit organization located in a relatively convenient location for you. The duties and responsibilities required of the position match your expectations and you estimate that your chances for promotion and regular cost-of-living pay increases would be reasonable—roughly the equivalent of the market standard. Upon reading the compensation section provided by the company, please indicate your level of attraction and intent to apply to the position according to the scale below:

*At Organization X our vision is clear – to be the best. We anticipate community needs and deliver superior products and services that genuinely improve people’s lives. This is the place for people who want to be center stage in one of the world’s most fascinating and dynamic industries. We want extraordinary people who share our passion for the industry and our vision for success. Organization X offers stimulating and challenging careers, and [bonus manipulation].*

*There are many fantastic benefits to a career at Organization X. In addition to working to affect positive change in the health and lives of thousands, Organization X offers its employees a competitive salary and a stimulating work environment with comprehensive benefits including medical, dental, life insurance, flexible spending accounts, 403(b) and 401(k), generous paid time off, onsite Wellness facilities, and educational assistance.*

*If you want to make a difference in the lives of thousands of people and if the position speaks to your capabilities, experience and commitment to improve our mission, this is the place for you!*

Using the scale below, please indicate for each of the following statements to what extent you agree with the statement regarding your attraction level and intention to apply if you were to the job posting above:							
	Completely disagree	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree	Completely agree
For me, this organization would be a good place to work							
I find this a very attractive organization							
This organization is attractive to me as a place for employment							
If I were							

searching for a job, there would be a strong probability of applying to this offer							
If I were searching for a job, I would apply to this organization							

If a job description does not explicitly mention performance bonuses, would you think the job entails this type of incentive?
<input type="radio"/> Yes
<input type="radio"/> No
<input type="radio"/> Maybe

