

DEVELOPMENT OF A PERFORMANCE MANAGEMENT SYSTEM FOR NON-PROFIT VOLUNTARY ORGANIZATIONS

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Abstract

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A performance management system (PMS) is a framework designed to help organizations manage and improve performance. While models such as the balanced scorecard (BSC) are commonly used, their direct application to non-profit voluntary organizations (NPVOs) is often inappropriate due to the unique characteristics of these organizations, including voluntary membership and non-financial objectives. Research on PMS specifically tailored to NPVOs remains limited. This study aimed to develop a PMS model suited to the needs of NPVOs. A qualitative approach was adopted, involving semi-structured interviews with five experts, comprising academics in operations and performance management and practitioners from non-profit organizations (NPOs). The study resulted in a concept map highlighting key PMS components: organizational mapping, process management, and output. One of the significant contributions of this research is the proposal to replace the traditional financial perspective with a stakeholder perspective in PMS design for NPVOs. The findings offered practical guidance for NPVOs in designing a comprehensive and context-appropriate PMS, and also contributed to the academic discourse by addressing a gap in the literature. This study is relevant for researchers and practitioners seeking effective tools for performance management in mission-driven, volunteer-based organizations.

Keywords: Balanced Scorecard, Non-Profit Organizations, Non-Profit Voluntary Organization PMS Components, Performance Management System, PMS

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1. INTRODUCTION

A performance management system (PMS) is a comprehensive framework utilized within organizations to analyze and enhance the effectiveness of management control systems (Mdhlalose, 2023).

This framework encompasses critical components such as performance planning, feedback, evaluation, training, development, and rewards. The primary objective of PMS is to enable organizations to achieve their goals efficiently through a structured and measurable approach to performance

management (Otley, 1999). In the corporate sector, PMS frameworks are integral to optimizing employee performance. Research and experimental designs aimed at measuring employee performance often focus on factors such as motivation, organizational commitment, and employee incentives (Darmin et al., 2021). The effective implementation of PMS has consistently demonstrated its ability to boost productivity across industries. This enhancement is realized through the establishment of clear performance planning, the provision of regular and constructive feedback, periodic evaluations that promote continuous improvement, targeted training programs to enhance skills, and the recognition of outstanding performance via incentives or promotions, thereby fostering motivation and driving superior employee outcomes (Siraj & Hågen, 2023).

PMS offers a range of models tailored to meet the specific needs and goals of organizations. Among these, the balanced scorecard (BSC) stands out as one of the most widely adopted frameworks for measuring performance (Fatima & Elbanna, 2020). BSC evaluates organizational performance across four interrelated perspectives, ensuring a comprehensive and balanced approach. The financial perspective emphasizes the efficient and effective utilization of resources, driving cost management and profitability. The customer perspective focuses on enhancing stakeholder satisfaction by delivering high-quality services and products. The learning and growth perspective prioritizes the development of organizational capabilities and the integration of innovative practices to foster continuous improvement. Lastly, the internal process perspective concentrates on streamlining operations, bolstering the organization's reputation, and creating a competitive advantage by differentiating its offerings from those of competitors (Abu Jaber & Nashwan, 2022). This holistic approach ensures that organizations align their strategic objectives with performance metrics, driving sustained growth and success.

Common PMS models, such as the BSC, offer valuable frameworks for non-profit organizations (NPOs), organizations with financial constraints, where surplus funds cannot be distributed or shared with those in control but must be reinvested into social objectives (Treinta et al., 2020). However, they require adjustments to align with the unique characteristics and goals of these organizations. Unlike traditional applications, BSC in NPOs begins by prioritizing the mission and vision, placing them at the core of the performance framework (Chen, 2010). This is followed by the financial and customer perspectives, with the internal process perspective integrating elements of innovation and learning.

A key emphasis of the BSC in NPOs is on optimizing operational costs and maximizing benefits to enhance organizational quality and competitive advantage (Chen, 2010). Martelo et al. (2016) further highlight that the financial perspective within the BSC for NPOs should address funding and financial stability as crucial strategies for sustainable growth. This approach underscores the importance of securing diverse and stable funding sources, which bolsters the organization's capacity to independently manage its activities. Strengthening financial resilience not only supports operational continuity but also enhances the organization's appeal to potential volunteers, fostering greater community engagement and participation (Clausen, 2022).

Generally, NPOs such as schools and hospitals still provide compensation (salaries) to their members, as compensation is used as one of the efforts to enhance performance. Differently, non-profit voluntary organizations (NPVOs), such as blood donation centers, food banks, waste management initiatives, and environmentally-focused communities, prioritize delivering societal or environmental benefits through voluntary contributions. A special feature of NPVOs is that they operate without distributing financial compensation, instead relying on the intrinsic motivation of participants to achieve high performance. Despite their varied specific objectives, NPVOs are unified by a shared social mission, which complicates the development of standardized performance metrics capable of accurately capturing the diverse value these organizations generate (Treinta et al., 2020).

NPVOs can be classified into two main categories based on their structural composition; some employ paid staff while also engaging volunteers but lack formal membership, whereas others are either member-based or entirely volunteer-driven, with no paid personnel (Smith, 2015). NPVOs that operate solely on a volunteer basis often enjoy an advantage in member recruitment, as they are not burdened with the financial obligation of offering compensation. However, this structural model presents significant challenges in terms of driving sustained organizational performance.

Despite the extensive application of PMS in profit-oriented organizations, limited attention has been given to PMS models that align with the unique characteristics of NPVOs, particularly those driven entirely by volunteer engagement and intrinsic motivation. This gap is critical, considering that NPVOs play a significant role in addressing social and environmental issues without relying on financial incentives. Therefore, this study is significant in contributing to both academic literature and practical application by offering a context-specific PMS model for NPVOs. Research on the strategies required to boost performance in NPVOs remains scarce. This study seeks to explore effective approaches that NPVOs can adopt to sustain high performance, even in the absence of direct financial compensation typically associated with paid employment.

To achieve this objective, this study adopts a qualitative research methodology by conducting semi-structured interviews with five participants. The methodology follows Kvale's seven stages of interviewing, providing a structured yet flexible framework for in-depth exploration of the research topic (Kvale & Brinkmann, 2009).

The main contribution of this study is the development of a conceptual PMS model specifically tailored for NPVOs. The model comprises three core components: organizational mapping, process management, and output. Notably, this research proposes the replacement of the traditional financial perspective with a stakeholder perspective, reflecting the values and performance outcomes relevant to voluntary, mission-driven contexts.

The structure of this paper is organized as follows. Section 2 presents a literature review on PMS, NPVOs, and organizational performance. Section 3 describes the research methodology adopted in this study. Section 4 discusses the results and outlines the proposed PMS model for NPVOs,

including key components and implementation strategies. Finally, Section 5 concludes the study and provides suggestions for future research.

2. LITERATURE REVIEW

2.1. Performance management system

A performance management system is a comprehensive framework that organizations use to assess and optimize the operations of their management control systems. This framework encompasses key components such as performance planning, feedback, assessment, training, development, and rewards, all aimed at aligning individual and organizational performance with strategic objectives. The primary purpose of a PMS is to enable organizations to effectively achieve their goals by ensuring that performance is measured, directed, and continually improved (Otley, 1999).

The implementation of PMS begins with the formulation of a strategic plan that clearly defines the organization's roles, competencies, and overarching objectives. This plan serves as the foundation for operationalizing strategies and aligning them with day-to-day activities. Following this, PMS focuses on translating strategic goals into actionable steps, identifying key drivers, and creating targeted improvement plans to foster high performance across all levels (Hristov et al., 2021). By systematically tracking progress and refining processes, PMS ensures sustained organizational success.

2.2. Non-profit voluntary organizations

Research by Treinta et al. (2020) highlights that not all NPOs are inherently charitable, and there is a lack of consensus regarding the terminology and classification of NPOs. The diversity of terms used to describe these organizations, such as "third-sector organizations", "non-governmental organizations", "civil society organizations", "public organizations", "social enterprises", "social entrepreneurship", and "voluntary organizations", reflects the varied typologies within the non-profit sector. Despite this variation, all these organizations share a common social mission, even though they may pursue distinct, specific objectives. This diversity presents a challenge in developing standardized measures to capture the value and impact across such a wide array of organizations, each with its unique goals and approaches.

Treinta et al. (2020) further define NPOs as entities operating under financial constraints, where any surplus funds cannot be distributed among those who manage the organization. Instead, these funds must be reinvested to further the organization's social objectives. However, in response to political pressures, legal requirements, and the growing demands of stakeholders, many non-profits are increasingly adopting entrepreneurial strategies and business models. These strategies enable them to enhance their competitiveness, improve operational transparency, and better align with the evolving expectations of their stakeholders.

NPOs share many similarities with non-governmental organizations and civil society organizations, and are often considered part of the broader category of voluntary organizations (VOs). A VO is one in which individuals choose to

participate voluntarily, without any legal or external coercion. Unlike business organizations, which are primarily driven by the goal of profit generation, voluntary organizations are fundamentally established to serve a nonprofit purpose. VOs can be categorized into two structural types: associations and non-associational non-profits.

Voluntary associations are member-driven, where the highest authority lies with their members, who regularly elect top leaders such as board members, officers, and key executives, typically on an annual or biennial basis. In contrast, voluntary agencies (VolAgs) are usually governed by a board of directors or trustees who hold the highest authority. Unlike voluntary associations, VolAgs tend to have paid staff and frequently involve volunteers, but they do not operate with a membership structure. In these agencies, the board of directors or trustees plays a central role in maintaining leadership continuity by selecting or appointing new members as needed. Structurally, VolAgs often resemble business corporations or government agencies in their organization and operational approach (Smith, 2015).

2.3. Organization performance

Organizational performance refers to the tangible outcomes achieved by an organization in meeting its goals and fulfilling the expectations of its stakeholders. It is typically assessed using various indicators, such as financial performance, customer satisfaction, productivity, and innovation in operations, and is compared to the targets and expected results set by the organization. Organizational performance is shaped by a range of factors, with member motivation serving as a fundamental driver of success (Akerlele, 2023; Zubair et al., 2021).

According to self-determination theory (SDT) (Ryan et al., 2021), intrinsic motivation in individuals flourishes when the organization supports the fulfillment of essential psychological needs, including autonomy, competence, and relatedness. Individuals with intrinsic motivation are typically driven to engage in tasks not by external pressures or rewards, but by the inherent satisfaction and joy derived from the activity itself. Consequently, the effectiveness of an organization's PMS can be evaluated by examining how well it fosters an environment that meets these core needs, ultimately influencing organizational performance.

2.4. Toward a contextualized performance management system: Filling the void in non-profit voluntary organizations literature

Despite the growing interest in performance management, there is still a limited number of studies focusing specifically on PMS in NPVOs, particularly those without formal compensation structures. This literature gap highlights the need for a tailored PMS framework that accommodates the unique characteristics and motivational dynamics of NPVOs. To address this gap, the present study proposes a conceptual PMS model based on qualitative insights from both academic experts and practitioners, offering a comprehensive approach that incorporates mapping, process management, and output components relevant to the voluntary and mission-driven nature of NPVOs.

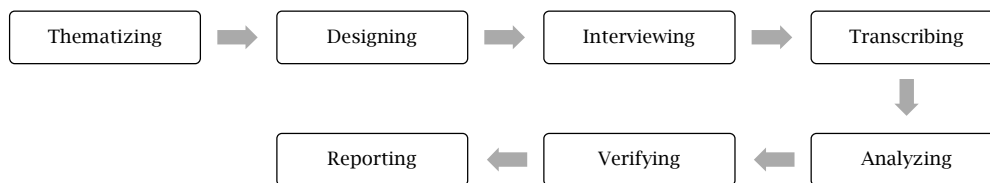
3. RESEARCH METHODOLOGY

This study adopted a qualitative research approach, utilizing semi-structured interviews in accordance with Kvale's seven stages of interviewing (Kvale & Brinkmann, 2009). Based on the study by Moser and Korstjens (2018), several guidelines can be considered when conducting qualitative research. These include Kvale and Brinkmann's (2009) guidelines on qualitative research interviews, Rubin and Rubin's (2005) responsive qualitative interviewing, Salmons' approach to online qualitative interviews, and the works of Barbour and Kitzinger (1999), as well as Kruger and Casey (2014) on research through Focus Group Discussions (FGDs). This study adopts the guidelines of Kvale and Brinkmann (2009) and Rubin and Rubin (2005);

however, Rubin and Rubin's (2005) approach carries a higher risk of being less structured and more susceptible to bias.

Therefore, data collection in this study follows Kvale's seven stages, which consist of thematizing, designing, interviewing, transcribing, analyzing, verifying, and reporting (Kvale & Brinkmann, 2009). This approach allows for a deeper interpretation of interview data by situating the findings within a broader context, offering a more comprehensive understanding of the phenomena under investigation. The research process began with the application of Kvale's seven stages, ensuring a systematic and structured approach to data collection and analysis. Each phase builds on the previous one, guiding the research in a logical progression. The sequence of these stages is visually represented in Figure 1, providing a clear framework for the study's methodology.

Figure 1. Kvale's seven stages



Source: Kvale and Brinkmann (2009, p. 97).

The participants in this study included experts in PMS, both academicians and practitioners from NPOs. To ensure the depth of information gathered, the participant pool was intentionally limited to no more than 15 individuals (Mweshi & Sakyi, 2020). All participants provided written consent prior to taking part in the study.

The sample population for this phase consisted of PMS experts (academicians and practitioners) focused on NPOs. Specifically, the research sample included two PMS academicians and three practitioners from NPOs. Participants were selected using a purposeful random sampling strategy, which allowed for the intentional inclusion of individuals whose experience and expertise were directly relevant to the research topic. This sampling approach ensured that the gathered data was both detailed and comprehensive, providing valuable insights into the study (Mweshi & Sakyi, 2020).

The initial step involves thematizing to define the research topic, establish the background, and outline the research approach. Following this, the research design is meticulously crafted, detailing the methodology and procedural framework. Data collection is conducted through semi-structured interviews, which are recorded in audio format for accuracy. Subsequently, the audio recordings undergo transcription to produce detailed text-based interview transcripts. These transcripts are then rigorously analyzed using NVivo 15, a qualitative data analysis software, to extract meaningful insights and patterns.

4. RESULTS AND DISCUSSION

4.1. Data collection preparation

The first stage of data collection in this study involved preparation, which encompassed both the thematizing and designing phases. Thematizing

refers to the initial step of defining the research's focus and direction. This stage includes drafting the research background, formulating the research problem, setting clear research objectives, outlining the study's theoretical framework, and identifying the potential contributions of the research. Thematizing ensures that the study is conceptually grounded and aligned with its intended outcomes.

Designing, on the other hand, focuses on the technical preparation necessary for effective research execution. This phase ensures that researchers establish a clear and structured research framework, detailing the methodology and procedural steps that will guide the study. The designing phase builds upon the initial conceptualization of the research, solidifying the framework for its implementation (Kvale & Brinkmann, 2009). While thematizing centers on conceptualizing the study, designing focuses on structuring the research process for successful execution.

4.2. Data collection

Data collection followed the thematizing and designing stages, progressing through two key phases: interviewing and transcribing. The interviews were semi-structured and conducted in two formats: face-to-face and written. The primary questions were carefully prepared in advance to ensure that the interviews were consistent with the research objectives and addressed key areas of inquiry.

Interviews were conducted with five participants, comprising two experts in PMS and three practitioners from NPOs. Four participants were interviewed in person (face-to-face), while one participant, unable to attend a direct interview, participated via written communication through email. This approach allowed for flexibility and ensured that all relevant perspectives were captured in alignment with the study's aims.

- The first participant was an expert in operations and performance management, bringing a wealth of knowledge in optimizing organizational processes and performance metrics.

- The second participant was an expert and practitioner from an NPVO focused on blood donation, offering valuable insights into the challenges and strategies of health-related non-profits.

- The third participant was an expert and practitioner from an NPVO specializing in archery, providing a unique perspective on performance management within sports-based organizations.

- The fourth participant was another expert in operations and performance management, contributing additional expertise in the design and implementation of performance improvement strategies.

- The fifth participant was an expert and practitioner specializing in waste management education and community development, working with Bank Sampah Bersinar Bandung, and offering specialized knowledge in environmental sustainability and community-driven initiatives.

The interviews were subsequently transcribed using Speechmatics, an advanced artificial intelligence speech recognition technology. The audio recordings were converted into text, ensuring that all responses were accurately captured. To maintain the integrity of the data, the transcriptions were carefully reviewed by replaying the audio recordings, allowing for precise interpretation of the participants' responses.

Transcription is more than a simple process of converting audio into text; it involves organizing the spoken content into coherent sentences that align with the specific research questions.

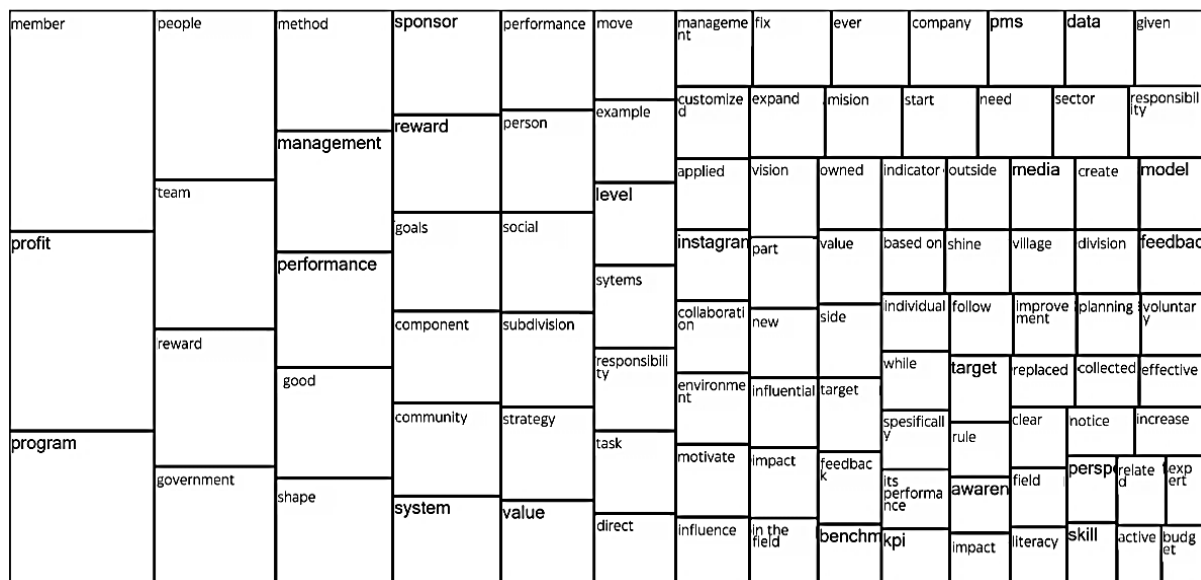
The transcriptions are not mere verbatim copies of the interviews, but rather interpretative constructions that add depth and value to the research process. Unlike quantitative survey data, the transcriptions serve as a means of analyzing the recorded words and sentences to derive meaningful insights and interpretations (Fink, 2000; Brinkmann, 2014). The summary of the key interview findings is presented in Table A.1 (see Appendix).

4.3. Data processing

Data processing begins once the research data has been collected. In this study, data processing encompasses two key stages: analysis and verification. The analysis stage involves inputting the transcribed interview data into qualitative data processing software for detailed examination. Simultaneously, verification is carried out by cross-referencing the responses of each participant to ensure consistency and accuracy.

To facilitate this process, NVivo 15 software was used. According to Kraiwatit et al. (2023), NVivo offers several advantages for qualitative data analysis, including robust data management capabilities, a variety of analysis tools, strong visualization features, support for team collaboration, and enhanced transparency and accuracy. The software also provides comprehensive learning resources for users. Once the transcriptions were entered into NVivo, the Word Frequency Query tool generated visual outputs such as a tree map and word cloud, which are presented in Figures 2 and 3. These visualizations aid in identifying key themes and patterns within the data.

Figure 2. Tree map



The PMS in the organizations studied is primarily implemented by its members, with the community as the intended beneficiary of various pre-designed programs. Additionally, the interview data revealed several key factors that motivate the organization's members to sustain their involvement and drive the organization forward. These factors include alignment with personal values, a clear understanding of the organization's vision, mission, and values, effective leadership, and opportunities for skill development. These motivations are essential to maintaining engagement and ensuring the organization's ongoing success.

The research revealed that a wide range of components are involved in the PMS of NPVOs. The arrangement of these components, reflecting their interconnectedness, is illustrated in the concept map presented in Figure A.1 (see Appendix). This model provides a structured framework for understanding how various elements of performance management can be effectively implemented within non-profit settings.

This stage is part of the reporting phase, aimed at presenting the findings in a clear and comprehensive manner. The findings of this study,

According to Tohidi et al. (2010), the foundation for developing strategic planning methods is rooted in the competitive environment, where strategic planning serves as a means to achieve organizational goals and vision while navigating competition. However, strategic planning itself is secondary to its implementation and execution. This aligns with the research by Kaplan and Norton (1996) on strategy and processes through the four perspectives of the BSC: financial, customer, internal business processes, and learning and growth. Building on this, this study explores the concept map from strategic planning through to strategy execution. The concept map highlights that the components of the PMS are categorized into three primary groups, as outlined below.

Mapping components represent the foundational steps that an NPVO must undertake. This process involves understanding both the internal and external conditions of the organization and identifying areas that require improvement to support long-term objectives. Effective mapping is essential for strategy formulation, as it provides a clear pathway to achieving organizational goals. This approach aligns with the internal business process perspective in the BSC, which focuses on preparing the organization to achieve financial objectives. However, unlike the BSC's internal business process perspective, which emphasizes mapping customer relationships, the PMS concept map for non-profits extends the mapping to include both internal and external organizational factors.

1) Environmental mapping: This involves analyzing external factors that influence the organization, including market trends, regulatory conditions, and the broader social, political, and economic environment. Environmental mapping also helps identify other organizations, both similar and cross-sector, creating opportunities for strategic collaborations that can enhance the organization's ability to meet its goals.

3) Performance measurement mapping: This phase focuses on defining key performance indicators (KPIs) that will serve as benchmarks for assessing the organization's performance. By establishing clear and measurable KPIs, organizations can track progress, identify areas for improvement, and ensure alignment with overall objectives and outcomes.

In accordance with Oliveira et al. (2021), identifying organizational deficiencies, assessing internal capabilities, and understanding external opportunities for integration are essential for an organization's success. The insights gained through mapping directly influence subsequent steps in process management, guiding decisions in areas such as organizational design, implementation, and ongoing monitoring. For an NPVO, understanding its current position and capabilities is critical for making informed, strategic decisions that align with its long-term goals and ensure sustainability. This foundational knowledge enables the organization to effectively navigate challenges and capitalize on opportunities for growth and impact.

4.4.2. Process management

Process management is a systematic approach focused on designing organizational structures, overseeing the execution of activities, and continuously monitoring every program or initiative. The primary goal of process management is to ensure that all organizational activities are aligned from inception to completion, driving the organization toward its goals. To optimize process management, it is essential to facilitate innovation and foster continuous improvement, ultimately enabling the organization to achieve its objectives (Ahmad & Van Looy, 2020). As shown in Figure A.1, the concept map for PMS components includes three distinct areas within process management.

The first component is *organizational design*, which defines the structure and framework of the organization. The elements of organizational design become clear once mapping is completed. From the perspective of the BSC strategy map, organizational design falls under the internal business process perspective, while the organization's goals and objectives align with the customer perspective. Kaplan and Norton (1996) emphasize the importance of identifying targets and market segmentation as key elements in strategy development. However, the distinction between the BSC and the PMS concept map for NPVOs lies in the way targets are identified and non-profit segments are delineated. NPVOs are often formed around specific social issues or community needs, making it crucial to understand the segmentation early in the process. Thus, the concept map in this study recommends a focused approach to organizational design, incorporating the following components.

- **Organizational goals:** Well-defined organizational goals provide direction and purpose, ensuring that all activities align with the overarching objectives of the organization. These are shaped by a clear understanding of the organization's vision, mission, and core values. The organization's vision, mission, and values must be deeply ingrained in volunteers. Regular reinforcement of these elements through targeted events is crucial to sustaining their motivation and significantly influencing their decision to remain committed as volunteers, considering that the organization is driven by volunteers without financial compensation. This approach aligns with research by Ashfaq et al. (2021), which highlights how NPOs efficiently leverage volunteers' motivational drives and sustain their enthusiasm through human resources policies and practices to ensure continued contributions.

- **Strategy and planning:** Developing effective strategies and plans is essential for achieving

organizational goals. This phase involves crafting detailed action plans that are informed by the insights gathered during the mapping process, ensuring alignment with both internal capabilities and external opportunities.

- **Targets:** Establishing clear and measurable targets is critical to the organization's success. In this context, targets are focused on the broader community, emphasizing the impact the organization aims to achieve. Setting these targets ensures that all efforts are directed toward tangible outcomes that benefit the community and drive the organization's mission forward.

These three components play a crucial role in shaping governance, establishing the structures and mechanisms necessary to ensure optimal organizational performance. Effective governance should strike a balance, neither overly rigid nor excessively flexible. It should embrace a family-oriented approach, where the organization retains the agility to adapt and respond to emerging challenges. This agility is essential for the organization to not only survive but thrive in an environment marked by rapid change and uncertainty. As Baran and Woznyj (2020) highlight, fostering agility enables the organization to remain resilient, capitalize on new opportunities, and sustain long-term success amidst volatility.

The second component is the *implementation phase*, which translates the outcomes of the organizational design into action. This phase is critical, as it not only determines the direct impact on the community or target audience but also influences the long-term sustainability of the organization. From the perspective of the BSC strategy map, elements such as rewards, skill development, feedback, and collaboration align with the learning and growth perspective, which enables the organization to evolve, enhance its capabilities, and improve its value proposition. Kaplan and Norton (1996) argue that the learning and growth perspective emphasizes people, systems, and organizational processes. However, the PMS concept map for NPVOs places a greater emphasis on managing human resources. This focus stems from the reality that NPVOs may not always have the financial resources to offer monetary rewards, such as salary incentives, but still need to manage the pressures of workload and ensure staff and volunteer engagement. Therefore, the implementation phase in the PMS for NPVOs includes the following key elements:

- **Non-financial benefits:** These rewards can be categorized into tangible and intangible forms, with the type of reward tailored to the organization's capabilities. Different reward types elicit distinct responses from members, making it important to carefully consider the form of reward offered. As noted by Salehi et al. (2022), the functional resonance analysis method (FRAM) provides an effective way to evaluate the performance of rewards within a management structure, as various rewards produce varying impacts on organizational behavior.

- **Skill enhancement:** Enhancing the skills of organizational members through targeted training or self-development initiatives is critical. When financial rewards are not feasible, offering opportunities for personal and professional growth becomes essential. This can also be achieved through partnerships with external entities, enabling members to gain new knowledge and skills indirectly. By prioritizing skill enhancement, organizations can maintain a motivated and competent workforce.

• **Wider collaboration:** Managing both internal and external collaborations is essential for an organization's success. Fostering relationships with external partners is particularly important for amplifying the organization's vision, mission, and values, thereby enhancing its credibility and extending its reach within the community. Collaboration accelerates the spread of the organization's core messages while also providing valuable resources. This aligns with findings by Xia et al. (2024), which highlight that cross-organizational collaboration strengthens corporate innovation resilience in the digital era. Additionally, Oliveira et al. (2021) assert that collaboration fosters competitive advantages through resource and knowledge sharing, forming alliances, and building partnerships.

• **Positive feedback:** Gathering input from both internal and external sources is crucial for evaluation and continuous improvement. According to Kotiloglu et al. (2024), it is essential to account for national culture when developing performance feedback theory (PFT), as cultural context can influence the effectiveness and interpretation of feedback. By integrating diverse perspectives, organizations can refine their practices and enhance their overall performance.

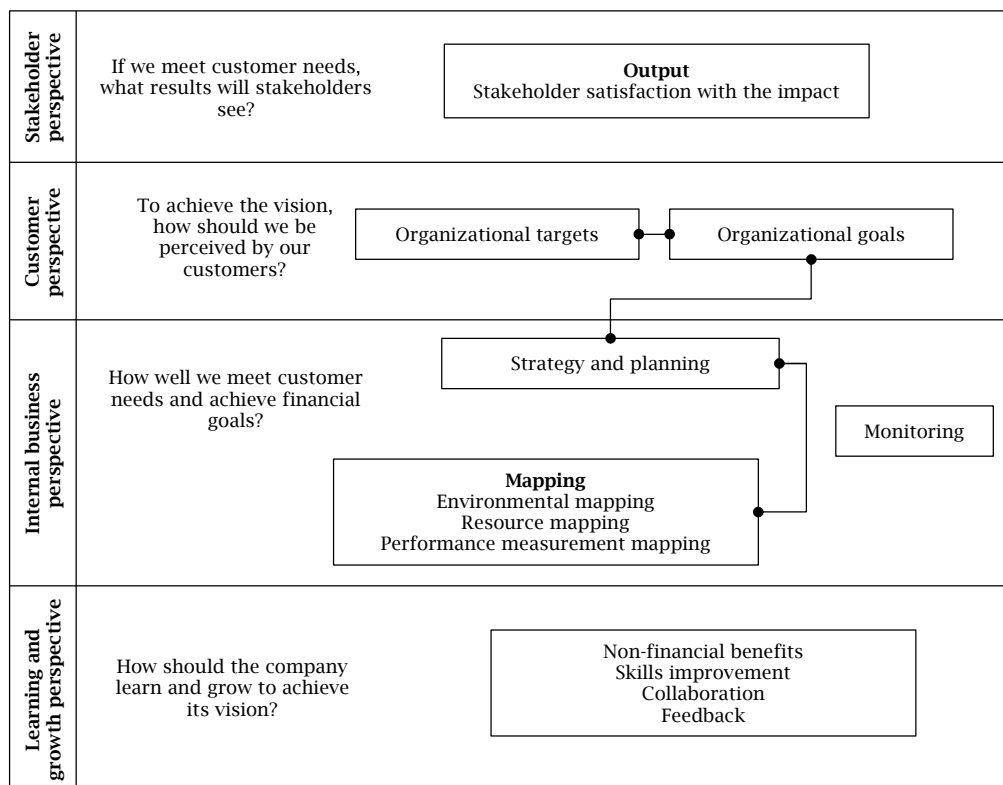
The final component in the process management framework is *monitoring*. Monitoring involves systematically tracking performance to ensure that organizational goals are being met and KPIs are accurately measured. In the context of the BSC strategy map by Kaplan and Norton (1996), monitoring can be associated with the internal business process perspective, as it provides valuable insights into potential areas for organizational

improvement. However, while the BSC emphasizes understanding consumer behavior through the internal business process perspective, the focus of monitoring in the PMS for NPVOs also extends to evaluating internal operations and performance, identifying inefficiencies, and fostering continuous improvement. By effectively monitoring performance, NPVOs can ensure that their strategies are being implemented successfully and make data-driven adjustments as needed.

4.4.3. Output

The final component of the PMS is the output or results, which serve as a measure of the organization's effectiveness. Output can be reflected in various ways, such as stakeholder satisfaction, which demonstrates the success of the impact created and the organization's ability to fulfill its mission. This outcome is closely tied to the mapping component, which provides a clear understanding of the organization's environment and the specific problems it aims to address. Accurate mapping, encompassing environmental factors, available resources, and performance metrics, forms the foundation for the organization to effectively address the identified issues and develop well-informed plans and strategies. The implementation of these plans is reinforced by a strategic execution phase that ensures minimal strain on the organization's members. Moreover, prioritizing collaboration with external partners is essential, as it strengthens the organization's capacity and resilience, further enhancing its ability to achieve sustainable, impactful results.

Figure 4. Illustration of a performance management system in non-profit voluntary organizations in the form of a balanced scorecard



Output is a crucial factor to consider when making decisions, as it provides clear, measurable performance indicators that offer valuable insights into the effectiveness of an organization's programs (Ramdani et al., 2024). The output represents the tangible outcomes or impacts that can be observed and quantified, serving as the final result of the organization's efforts. Additionally, the output reflects the organization's reputation, which influences its relationship with the community and other stakeholders. In Kaplan and Norton's (1996) research on the BSC strategy map, output aligns with the financial perspective. However, there is a key distinction: while businesses typically focus on financial goals such as profit, operational revenue, return on capital, and economic value added, an NPVO's output is often centered on societal impacts. These impacts may include a cleaner environment (in the environmental sector), food security for vulnerable populations (in the social sector), increased access to education (in the educational sector), or other outcomes specific to the organization's mission. Thus, the output in NPVOs reflects their unique goals and broader social contributions.

The PMS concept map for NPVOs, if illustrated in the form of a BSC, can be seen in Figure 4.

4.5. Strategy for implementing components of the performance management system in non-profit voluntary organizations

Organizations must develop strategies that effectively motivate individuals to enhance performance and contribute to achieving organizational goals. The analysis of interview data has identified several strategic recommendations for improving performance within NPVOs, as outlined below:

- Efforts to improve literacy improving literacy is crucial for raising public awareness on key issues such as health, environmental sustainability, and social rights. Enhanced literacy fosters a more informed and engaged society, capable of recognizing and addressing surrounding challenges. These efforts can be actualized by educating the public about the added value of the organization's programs, thereby encouraging broader participation and social change.

- Collaboration with diverse stakeholders to expand reach and impact, collaboration between NPVOs, government bodies, educational institutions, and the private sector is essential for amplifying the reach and impact of programs. Building strategic partnerships enables the optimal use of available resources, accelerates the achievement of organizational goals, enhances credibility and trust, and fosters innovation that leads to new solutions, ultimately driving the organization closer to its objectives.

- Adopting diverse approaches to effectively promote an organization's programs, it is vital to tailor the approach to the unique characteristics of the target audience. Recognizing that not everyone has equal access to technology, it is important to blend traditional social approaches, such as face-to-face meetings, community forums, and door-to-door outreach, with digital methods. This combination ensures that the program can engage a broader and more diverse segment of society, overcoming barriers to access.

- Flexible organizational programs tailored to community needs organizational programs should be designed with flexibility to cater to the specific needs and conditions of the target communities. This flexibility includes adapting content delivery methods, program formats, locations, and timing to better align with the local context and ensure greater relevance and effectiveness. By making these adjustments, programs are more likely to resonate with participants and achieve desired outcomes.

These strategies, when implemented effectively, will not only enhance performance within NPVOs but also foster a deeper connection with the communities they serve, ensuring sustainable and impactful results.

Integrating the components of the PMS with strategic initiatives is essential for optimizing organizational performance. By effectively optimizing PMS, organizations can enhance and sustain the motivation of their members, who are the primary drivers of success. This, in turn, ensures that organizational goals are met and performance outcomes are continuously improved. Motivation, particularly as it relates to individual life satisfaction, is crucial in this context. Rojas et al. (2023) challenge Maslow's hierarchy of needs by asserting that individuals do not always satisfy their life needs in a linear sequence. Instead, they seek a balance in fulfilling various needs, prioritizing those that contribute most to their overall life satisfaction. Therefore, when organizational activities align with the personal values and life satisfaction goals of its members, their motivation to engage and drive the organization forward remains strong. This alignment fosters an environment where both individual fulfillment and organizational success are inextricably linked, promoting sustained performance and achievement.

It is crucial for organizations to design strategies that effectively stimulate and enhance the motivation of their members. Organizational success is closely tied to optimizing the performance of its individuals, as their contributions drive overall outcomes (Liu et al., 2025). According to SDT (Ryan et al., 2021), strategies should focus on fulfilling three core needs: autonomy, competence, and relatedness.

- Autonomy involves providing individuals with the freedom to make decisions and take ownership of their actions.

- Competence emphasizes the need for individuals to feel capable and effective in accomplishing tasks, thereby boosting their confidence in their abilities.

- Relatedness speaks to the importance of fostering a sense of connection and building positive relationships among members.

When an organization creates an environment that supports these three fundamental needs, it fosters intrinsic motivation, where individuals engage in tasks not out of external pressure or the promise of rewards, but because they genuinely enjoy and find fulfillment in the activities themselves. By prioritizing these elements, organizations can cultivate a motivated, engaged, and high-performing workforce.

5. CONCLUSION

This study has successfully developed a PMS model specifically designed for NPVOs. The core components of the model (mapping, process management, and

output) are carefully tailored to address the unique characteristics of NPVOs, such as volunteer-based operations and non-financial motivations. The findings provide valuable practical insights for NPVOs seeking to enhance their performance management practices. From a theoretical perspective, this study contributes to the existing body of literature by expanding the understanding of PMS within the non-profit sector.

To promote transparency and strengthen the credibility of the research, the findings are presented both in thesis form and as a scientific article, accompanied by supporting appendices. Based on the results, the proposed PMS model can be directly implemented in NPVOs to improve organizational performance and help achieve their missions more effectively. Internal stakeholders, such as the board and volunteers, must ensure the presence of a PMS that supports organizational sustainability. Additionally, both internal and

external stakeholders should actively collaborate by aligning programs and sharing resources to complement one another in achieving shared goals, particularly in working with government entities that act as both regulators and donors.

The continuous application and refinement of this model are expected to help NPVOs optimize their resources, build strong partnerships within and across sectors, and enhance the social impact they generate. However, the study is not without limitations. The small sample size may restrict the generalizability of the findings. Therefore, future research could expand the participant base to include practitioners from a wider range of NPVO sectors, such as education, environment, and sports, and also explore the implementation of the model across various geographic and organizational contexts. These efforts would help validate and enrich the proposed model's applicability across the non-profit voluntary landscape.

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APPENDIX

Table A.1. Overall substance of the interview

<i>Aspect</i>	<i>Academic 1</i>	<i>Academic 2</i>	<i>Practitioner 1</i>	<i>Practitioner 2</i>	<i>Practitioner 3</i>
Definition of PMS	A system to control organizational performance by considering resources, environment, community, government policies, and competition.	Performance management to achieve organizational goals through vision, mission, and strategic objectives.	Not discussed	Not discussed	Not discussed
Difference between PMS in profit and non-profit sectors	Profit outcome: financial (profitability, liquidity); Non-profit: benefits for stakeholders and creation of added value.	Profit: focuses on financial outcomes; Non-profit: focuses on satisfaction and non-financial results.	Not discussed	Not discussed	Not discussed
Components required in PMS for the non-profit sector	Information technology	Ability to map environmental conditions, self-capabilities (resource ability), understanding performance metrics, process management, output, or impact.	Not discussed	Not discussed	Not discussed
Motivation for organizational members	Motivation through benchmarking, non-financial rewards, clarity of vision and mission, and direct benefits for members.	Motivation relates to the alignment of organizational values and long-lasting intangible rewards in the non-profit sector.	Through team discussions and organizational values.	Spiritual guidance (tarbiyah), skill scholarships, and public recognition as motivation.	Joint activities to strengthen member relations, clarity of goals, and organizational values as motivation.
Efforts to expand organizational reach	Cooperation with the government and sponsors, holding competitions to build credibility.	Organizational design must align with non-profit principles; involve stakeholders and peer organizations; and external cooperation is important.	Promotion through social media and branch relationships.	Organize training programs published via social media.	Educate the public about converting waste into economic value, promote on social media, and collaborate with government agencies to strengthen programs.
Feedback to members	Feedback in the form of non-financial rewards, such as recognition, certificates, and opportunities for skill improvement.	Personal approach to understand member constraints and reposition responsibilities if needed.	Feedback in the form of skill enhancement offers and certificates.	Feedback is more directed to members who fail to complete tasks properly, using a personal approach and reassigning responsibilities in case of negligence.	The division manager's approach to boost motivation; warnings are given to those who do not meet targets.

Figure A.1. Concept map of components of the performance management system for non-profit voluntary organizations

