

The Decoupling of Performance-based Human Resource Management policies in Korean Public Organizations

Jang Hoon Chung ^a, Il Kyoung Kim ^b, Yong Suk Jang ^c

^{a,c} Department of Public Administration, Yonsei University, 262 Seongsanno, Seodaemun-gu, Seoul, Korea, 120-749. ^a fataldose21@naver.com, ^c yongsukjang@yonsei.ac.kr

^b Department of Business Administration, Yonsei University, 262 Seongsanno, Seodaemun-gu, Seoul, Korea, 120-749. ichikyo@yonsei.ac.kr

Abstract

This study uses a representative sample of 214 Korean public organizations to examine the decoupling of a performance-based human resource management (HRM) policies. The aim is to analyze the dynamics for the decoupling of policies, drawing on hypotheses from strategic choice, neo-institutional, and organization identity explanations. The findings suggest that the adoption and decoupling of performance-based HRM policies are influenced by the characteristics of the organization's responsiveness to external environment (an institutional explanation) and the organization's members' collective understanding (an organizational identity explanation). While Public organizations adapting HRM Policies to confirm the legitimacy of institutional environment are more likely to decouple them, Public organizations with clear organizational identity (publicness) are more likely to decouple implementing of performance-based HRM policies. We argue that the consolidation of "publicness" which the preconsideration for minimizing the decoupling of performance based HRM policies and successfully implementing a high performance based HRM policies in Korean public organizations.

Introduction

Many Changes occurred in human resource management (HRM) practices in Korean public organizations since the economic crisis in 1997. At the heart of these changes is the performance based HRM system. Contrary to traditional seniority based HRM, the performance based HRM system is the HR practices that focus on individual and/or group performance in evaluation and compensation. There has been much debate on the effects of performance based HRM system in Korean public organizations. Scholars have argued that performance based HRM system have negative side-effects on productivity and individual performance because it did not match with Korean public organizations' context and the overall level of motivation of individual employees.

If so, why does not performance based HRM system work in Korean Public Organizations? So far, no definitive answer has been given to this question. This paper thus attempts to outline an alternative perspective on the negative effects of the performance based

HRM system. It is “decoupling” that is a gap between organizational policies and everyday practice.

Neo-institutionalist scholars emphasize that this decoupling of policy from practice allows organizations to adopt new policies or structures that are socially sanctioned while buffering internal routines or technical activities from significant change (Meyer & Rowan, 1977). From this perspective, decoupling is expected, functional, and perhaps more likely to occur in organizations that are responsive to institutional pressures for the adoption of new policies and structures but do not experience strong local, internal pressures for those changes (Oliver, 1991).

Additionally, this study attempts to analyze the relationship between decoupling and organizational identity. Organizational identity is portrayed as that which is core, distinctive, and enduring about the character of an organization (Gioia, Scuhltz, & Corley, 2000). Its typical definition is an organization’s members’ collective understanding of the features presumed to be central and relatively permanent, and that distinguish the organization from other organizations. For the reason, we will see how organizational identity affects the decoupling of organizations. More specifically, the contemporary businesslike changes in the public organizations tend to diminish its identity “publicness”. Because of ambiguous publicness, public organizations choose the decoupling or “window dressing” that is not implemented in a meaningful way.

This study used a representative sample of 214 Korean public organizations to examine the decoupling of a number of performance based human resource management (HRM) policies. The aim is to analyze the decoupling of policies, drawing on hypotheses from neo-institutional, and strategic HRM explanations. The second aim is to analyze the effect of organizational identity associated with decoupling of performance based HRM policies.

Our findings suggested that the adoption of performance based HRM policies is influenced by the organization’s responsiveness to the external/institutional environment not as a strategic choice. The more organization is sensitive to external environment, the more organization has decoupling. Also, this study confirmed that performance based HRM systems which identically definite public organization has actually less decoupling. A tighter integration of clearly public identity into performance based HRM policies was associated with less decoupling. After these discussions, this study suggests the consolidation of “publicness” which the preconsideration for minimizing the decoupling of performance based HRM policies and successfully implementing a high performance based HRM policies in Korean public organizations.

Research Background

In one of the earliest contributions to the development of what is known as institutional theory, Meyer and Rowan (1977) proposed that while organizations often adopt formal policies that display conformity to socially constructed purposes, they may decouple these formal policies from actual practices in the organization to buffer internal routines from external uncertainty. The organizations that decoupled the formal policies enhance flexibility while still maintaining legitimacy with important external constituents. Although the decoupling of organizations is well known and many case studies exist, there are relatively few quantitative studies of organizations that consider the conditions under which there is more or less decoupling. Westphal and Jajac’s research (1994, 2001) is an important exception. Westphal and Jajac (1994) argue that organizations are more likely to adopt but not use pay-for-performance system for top executives when the CEO is relatively powerful compared to the board of directors and when the organization is a later adopter of this system. Their argument about decoupling of pay-for-

performance system is bolstered by their study that organizations with announced stock buyback programs actually buy back less stock when the CEOs are more powerful as well as when the organization has decoupled financial programs from practice (Westphal & Jajac, 2001).

Within research field of the Korean public organization, there has been increased attention to implementation of organizational management that are supposed to be “performance based” and their limited utilization in practice (e.g. Cha & Choe, 2003; Park, 2008; Jang, Chung, & Jo, 2008). Scholars argued that performance based HRM system have negative side-effects on productivity and individual performance because it did not match with Korean public organizations’ context and the overall level of motivation of individual employees.

If so, why does not performance based HRM system work in Korean Public Organizations? In the present study, we propose that this phenomenon may be organization’s decoupling to buffer internal routines from external uncertainties. Our work focuses on the organizational and environmental level and provides an empirical analysis of the decoupling of performance based HRM policies in Korean public organizations.

Theory and Hypothesis

What explains the decoupling of performance based HRM policies in Korean public organizations? We review strategic choice, neo-institutionalist and organizational identical perspectives on this question and outline hypotheses associated with each perspective.

First, we used two prominent theoretical perspectives in this research, strategic choice and neo-institutional perspectives to conceptualize organizational response to external pressures. Interestingly, advocates of each perspective view organizational response in very different ways, and the hypothesized antecedents of that response vary accordingly.

Second, we focused the organizational identity. In recent years identity has become the subjects of rather intensive organizational study because this concept is dealing with organizational issue and because can lend insight into the decoupling of organizations. Organizational identity has acquired the status of key concepts employed to describe organizational behavior to adopt and implement performance-based HRM policies. Consequently, we begin with a general description of each perspective and then proceed to specific explanations and predictions regarding decoupling of HRM policies.

Strategic choice as rationale

The strategic choice perspective (Child, 1972) focuses on the actions that organizations take to adapt to an environment as an explanation for organizational outcomes. It argues that purposeful actions abound in organizations have substantial leeway in shaping their own fates (Judge & Zeithaml, 1992). The perspective focuses on organizational behavior that possesses the discretion to act of its own free will. Therefore, we suggest that adoption of performance-based HRM policies as rational managerial choices is negatively related to decoupling of organizations. In other words, there is no gap between policy and practice. Korean public organizations recognize that influence of current global context characterized business-like reform has increased, often generalized as New Public Management, and needs to overcome public sector inefficiencies.

Within organization, strategic adoption of performance-based HRM policies is guided by needs and motives of efficiency, effectiveness and profitability (Conner, 1991; Oliver, 1997). The needs of introducing innovation may create pressure to adopt innovative systems. (Aiken &

Alford, 1970). Also, increase of external competition is important strategic factors that impact organizations. Miles and Snow (1978) document that strategic choice perspective focuses on organizations' ability to create and manage the organizations' task environment. Thus, Organizations will be most likely to pursue the performance-based pay system when external competition is strong, task environment is uncertain.

Finally, one of strategic solution is contracting out to overcome public organizations inefficiencies and minimize budget deficit. Contracting out is now fairly common at the state and local government levels in Korea since the economic crisis in 1997 and has been recommended as a way to reduce public sector's cost (Savas, 1982; Osborne & Gaebler, 1992). Therefore, from the strategic choice perspective, the contracting out is the outcome of discretionary rational managerial choice, selective resource accumulation. Our contention is that organizations with experience of contracting out on the specific functions may be more motivated to make performance oriented change, since it has been observed that the public service reforms have used private sector values as strategic reforms. In accordance with this perspective, we can suggest these following hypotheses:

Hypothesis 1: Public organizations strategically adapting HRM Policies are less likely to decouple them.

Hypothesis 1a: Organizations that are positively focused on organizational innovation are less likely to decouple the performance-based HRM policies.

Hypothesis 1b: Organizations recognizing the rapid change of economic environment are less likely to decouple the performance-based HRM policies.

Hypothesis 1c: Organizations that have contracted out are less likely to decouple the performance-based HRM policies.

Neo-institutionalism as legitimacy

From the neo-institutional perspective, organizations operate within a social framework of norms, value, and taken-for-granted assumptions about what constitutes appropriate behavior. The neo-institutional view addresses the issue of how and why organizational structures and processes come to taken for granted and the consequences of this institutionalization process (Meyer & Rowan, 1977). The key idea behind institutionalization is that much organizational action reflects a pattern of doing things that evolves over time and becomes legitimized within an organization and an environment (Pfeffer, 1982; Judge & Zeithaml, 1992).

Scholars have examined variable responsiveness to institutional pressures, especially which organizations adopt newly legitimized policies. A number of research on management practices shows that organizations are more likely to adopt policies that are socially desirable if organizations are larger (Osterman, 1995), if they are public organizations (Ingram & Simmons, 1995; Frumking & Galaskiewicz, 2004), and if they carefully monitor the management advice literature and current practices of peers and competitors (Greenwood, Suddaby & Hinings, 2002).

Organizations are likely to respond to coercive pressure from other organizations (DiMaggio & Powell, 1983). Particularly, isomorphic change of the organizational structure acquires legitimacy when organizations are dependent on other organizations for critical resources like funding or personnel. Also, larger organizations are more visible to outsiders, including the press as well as customers and constituents. Larger organizations may be more likely to have the financial capability to respond to the external environment in the sanctioned ways (Baek, Kelly & Jang, 2008). They are exposed to more direct regulation (i.e. total equity

investment ceiling system). Therefore, larger organizations that are more visible to outsiders are more likely to adopt policies to enhance their legitimacy. In addition, organizations sensitive to normative pressure are inclined to adopt socially desirable policies (Meyer & Rowan, 1977; DiMaggio & Powell, 1983). Organizations acquire legitimacy from external environments by complying with this normative pressure (Strang & Meyer, 1993).

But neo-institutionalist scholars emphasize that decoupling is likely to occur when demands of institutional legitimacy appear to conflict with other organizational goals (Meyer & Rowan, 1977; Zucker, 1987). Technical activities and demands for efficiency create conflict and inconsistencies in organization's action to conform to the legitimated policies. Therefore, organizations choose the solution "decoupling" to these inconsistencies. A decoupled structure or policy provides the appearance of conformity to external expectations while making it easy to insulate much or the organization from expectations. Thus, decoupling enables organizations to buffer from the inconsistencies of legitimized policies.

Given the importance of decoupling to neo-institutional theories, we can suggest that such decoupling is likely to occur when organizations adopt legitimized formal policies, responding to external pressure. According to these arguments, we can suggest the following hypotheses on decoupling of performance based HRM policies in Korean public organizations.

Hypothesis 2: Public organizations adapting HRM Policies to confirm the legitimacy of institutional environment are more likely to decouple them.

Hypothesis 2a: Organizations under more control of upper level organization are more likely to decouple the performance-based HRM policies.

Hypothesis 2b: Larger organizations are more likely to decouple the performance-based HRM policies.

Hypothesis 2c: Organizations that report being sensitive to normative pressures are more likely to decouple the performance-based HRM policies.

Publicness as organizational identity

Public organizations have 'publicness' that are subjected to play an active role to address social demand, serve the public interest (Rainey, 1989). In the academic and practical discourse on public organizations, the "publicness" of public organizations used to be a common concern, especially with regard to its unique representation of public organizations compared to private organizations. Coursey and Bozeman (1990, 532) went further to make the following comment: "there is no more important concern to public organization theory than the nature of 'public' in public organizations."

However, in recent years, public organizations have undergone market-oriented reform, especially under the influence of current global context characterized by the market forces and the policies toward privatization, and liberalization. Haque (2001) has criticized that the recent business-like public organization reform has created a serious challenge to such publicness. More specifically the recent change (e. g. performance based HRM) in the public organization tend to diminish its publicness.

The challenge to publicness posed by the business-like public reform, especially in terms of replacing public norms (citizenship, representation, equality, and justice) with market values (competition, productivity, and profitability) is likely to worsen the existing "identity ambiguity" of public organization.

This study attempts to analysis the relationship between decoupling and organizational

identity. Identity at the organizational level refers to insiders' answers to self-reflective questions about what is central to their organization's existence, such as "Who are we as an organization?" or "Who do we want to be as an organization?" (Albert and Whetten, 1985). Also, organizational identity is portrayed as that which is core, distinctive, and enduring about the character of an organization (Gioia, Scuhltz & Corley, 2000). Its typical definition is an organization's members' collective understanding of the features presumed to be central and relatively permanent, and that distinguish the organization from other organizations. For the reason, we will see how organizational identity affects the decoupling of organizations. More specifically, the contemporary businesslike changes in the public organizations tend to diminish its identity "publicness". Because of ambiguous publicness, public organizations choose the decoupling or "window dressing" that is not implemented in a meaningful way.

One of the primary contributions of identity ambiguity research is Simons and Ingram's study. During the 1980s and 1990s, many American food cooperatives sacrificed core principles such as democratic management in response to perceive pressure from the external environment. The adopting business-like reform of American food cooperatives not only failed to satisfy constituents who wanted managerial efficiency, but also undermined support from traditional sources, particularly cooperatives that maintained democratic principles (Simons & Ingram, 2004). Thus, ambiguity of organizational identity may undermine the organization's survival. Therefore we expect that, because the recent business-like change in the public organizations has created a serious challenge to such publicness as organization identity, these public organizations are more likely to decouple the performance-based HRM policies. We suggest these hypotheses:

Hypothesis 3: Organizational identity is related to decoupling in the performance-based HRM policies adopting and implementing.

Hypothesis 3a: Public organizations with clear organizational identity (publicness) are more likely to decouple implementing of performance-based HRM policies.

Methods

Data and Sample

We analyze the 2005 Workplace Panel Survey collected by the Korea Labor Institute, a government-funded policy research organization. Public and private Organizations were sampled in 2005 and are to be surveyed biannually for several years. The goals of the survey are to understand the contemporary employment structures and labor demand in Korean Organizations and to assess the human resources policies of organizations in order to inform government policy. Eligible organizations are private sector workplaces with 30 or more employees as well as a sample of public sector organizations. A total of 290 public organizations participated in the Workplace Panel Survey and our analytic sample is 214 public organizations that have no missing data on the variables used in our analysis.

Dependent Variables

Many changes occurred in human resource management practices in Korean organizations since the 1997 economic crisis. At the heart of these changes is the performance based HRM policies. Contrary to traditional seniority based HRM policies, performance based HRM policies are the HR practices and system that focus on individual and/or group performance in evaluation and reward (Yu & Park, 2007).

<Table 1: Traditional seniority based HRM and performance based HRM practices in Korea>

	Seniority based HRM	Performance based HRM
Recruitment Selection	<ul style="list-style-type: none"> ▪ Mass recruitment from new graduates ▪ Generalist oriented 	<ul style="list-style-type: none"> ▪ Recruitment on demand ▪ Selection based on specialty & creativity
Evaluation	<ul style="list-style-type: none"> ▪ Seniority based (age & tenure) appraisal 	<ul style="list-style-type: none"> ▪ 360° appraisal ▪ Performance based ability
Reward	<ul style="list-style-type: none"> ▪ Seniority based (age & tenure) salary class system ▪ Monthly salary ▪ Promotion by seniority 	<ul style="list-style-type: none"> ▪ Annual salary based merit pay ▪ Promotion by performance/outcome
Retirement	<ul style="list-style-type: none"> ▪ Job security (lifetime job) ▪ No service for leavers 	<ul style="list-style-type: none"> ▪ Early retirement ▪ Outplacement activities

Source: Bae & Rowley (2003), p85.

To explore why performance based HRM does not system work in Korean Public Organizations, We focus on “Evaluation” and “Reward” among the core categories of performance based HRM Policies. The emphasis in “Evaluation” and “Reward” is because individual and/or group evaluation and reward are the core elements in performance based HR practices (Yu & Park, 2007). The notions of evaluation and reward are composed of several elements including: (1) Evaluation of performance (2) Annual based merit pay systems (3) Payment by result systems.

<Table 2: Sub performance based HRM policies as of 2005 Workplace Panel Survey >

	Performance based HRM	Sub performance based HRM practices
1	Evaluation of performance	▪ 360-degree appraisal
2		▪ Management by objective
3		▪ Differential allowance for managers on appraisal
4		▪ Differential allowance for ordinary employees on appraisal
5		▪ Connection between job competency development and appraisal
6		▪ Dismissal on appraisal
7		▪ Release of appraisal results
8	Annual based merit pay systems	▪ Annual salary systems
9		▪ Application of annual based merit pay to all employees
10		▪ Distinction between basic salary and performance based salary
11	Payment by result systems	▪ Distinction between fixed bonus and performance based bonus
12		▪ Development of equation to calculate performance based bonus

Using three notions of evaluation and reward, we model the number of performance based HRM policies decoupled by a given organization based on a question asking about formal management policies (i.e. those prescribed in the rules of employment). Organizations are included in the analysis of decoupling if they respond “We adopted and implemented the performance based HRM policies in evaluation and reward.” Respondents were read a list of HRM policies related to performance based pay and evaluation systems and answered whether each was implemented as management policy, or not. We create a scale adding of decoupled policies (0-12). Organizational practices are assessed by the responses to a question asking “What policies are put to practical use, among the twelve HRM policies related to evaluation and

pay?” We model the extent of decoupling of performance based HRM by subtracting the number of policies that are actually put into practice from the number of policies adopted.

Independent Variables

Descriptive statistics are provided in the Appendix Table. The measures associated with strategic choice explanations are: the needs of innovation, the recognition to external competition, and the experience of contracting-out. The needs of innovation measured (by a survey question) as the extent of organizations’ recognition whether the organizations are subjected to innovate, or not. The recognition to external competition is measure whether organizations are under the influence of huge external competition. The experience of contracting-out is coded when organization promoted contracting out since the economic crisis in 1997.

The measure for the extent of upper level controls is the sum of responses about extent of upper level organization’s control. This question include whether the upper level organization controls the number of total employees, the number of employees by class, or the number of non-regular employees in lower level organization’s personnel management. We create a scale adding of the extent of controls (1-3). The more this value increase, the more extent of upper level controls has. The measures for other hypotheses associated with neo-institutionalist claims are whether the organizations is restricted by total equity investment ceiling system and groups restricted for cross shareholding and guarantee of an obligation. The total equity investment ceiling system and the restriction of cross shareholding and guarantee of an obligation are intended to limit the expansion of conglomerates in Korea. Therefore, organizations covered by these restrictions are those that are members of the largest Korean business groups. The indicator of sensitivity to normative pressure is measured by the factor scores of responses to five questions about the organization’s sensitivity to professional norms ($\alpha = 0.65$). These question included whether the workplace subscribes to more than one HR manazines, whether the person in charge or HR regularly attends conferences with representatives from other organizatinos, whether the organization received information from HR professional association and conferences, whether the workplace uses strong corporations as model for improving HR practices, and whether the workplace has worked with consulting firms.

We measured public organizational identity in terms of the publicness (dichotomous). If organizations have a proclivity toward strengthening publicness, the organizational identity is coded as a clear publicness. When the organization has a proclivity toward strengthening profitability, the organization identity is coded as an ambiguous publicness. We also measured that public organizational identity as organization’s future intention. The organizations that maintain their publicness in the future are coded as toward publicness, whereas the others that change their publicness into profitability are coded as toward profitability.

Control Variables

Our models include several additional variables such as organizational size as measured by the number of employees, age of the organization, turnover rates, the percentage of the workforce with a professional position, and unionization.

Bigger organizations are more likely to adopt more performance-based HRM policies due to their capacity and slack resources to implement more human resource policies and initiatives (Rogers, 1995). Therefore, organizational size has the possibility of factor to adopt and implement successively human resource policies that is no gap between policy and practice. We use number of total employees to measure the organizational size and use natural logarithm of

variable. Older organizations are less likely to adopt and implement performance-base HRM policies as part of a general inertia (Hannan & Freeman, 1989). On the contrary, Aiken and Alford (1970) argued that older organizations are more likely to have innovation than younger organizations due to the cumulative experience to implement effectively HRM policies. Therefore, older organizations may be more or less likely to adopt and implement HRM policies. The age of organization is measured by the year of the organization's founding.

In addition, organizations with low turnover rate are more likely to adopt performance-based policies. Bennett, Blum, and Roman (1994) reported that organization with low turnover were more likely to adopt innovative system, since it makes more sense to invest in an innovative system if employees stay long enough to return the investment the organization has made. We use turnover rate measured by a survey question. The percentage of the workforce with a professional position is related to adoption of competitive compensation systems. With increased structural complexity there is an increase in professionals who handle specialized tasks. These professionals may seek new solutions for more efficient techniques to accomplish their organizational goals (Baldrige & Burnham, 1975). This reality suggests that Korean public organizations that rely more on highly skilled workers and particularly those with a large number of professionals may provide practice more generous performance-based policies. Our indicator of percentage of the workforce with a professional position is based on survey question. We also control for unionization with binary variable indicating whether organization has union or not. Unionization has had negative effects on performance-based policies. Unions may oppose the performance-based pay system (Perry & Porter, 1982). We measure unionization with a simple dichotomous response to the question "Is there a union in your organization?"

Model and Estimation

The extent of decoupling of adoption of performance based HRM policies is analyzed in this paper. Traditional ordinal least square (OLS) regression assumes that dependent variable is a continuous and has a normal distribution and OLS analysis of the count data that we have yields inefficient, inconsistent and biased estimates (Long, 1997). A Poisson model is sometimes used to analyze to count data, but it assumes that mean is equal to the variance of observed distribution and our count data exhibit over-dispersion. Therefore, we use Negative Binomial Regression Model (NBRM) in this paper. Negative Binomial Regression Model allows the variance to exceed the mean and accommodates this over-dispersion by adding a stochastic component to the model (Beck & Tolnay, 1995; Baek, Kelly & Jang, 2008). This model calculates coefficient estimates through maximum likelihood method. The Negative Binomial Regression Model equation can be written as the log-linear model:

$$\ln Y_i = X_i\beta + \varepsilon_i$$

In the notation above, $\ln Y_i$ denotes the natural logarithm of the expected value of the dependent variable; X_i represents a matrix of covariates and β represents the regression coefficients for this model. The error term ε_i allows for unexplained randomness in $\ln Y_i$. Coefficients in Negative Binomial Regression are interpreted as the difference between the logs of expected counts (Long, 1997).

Results

< Table 3: Statistical Results on Decoupling of Performance Based HRM Policies in Korean Public Organizations >

Variables		Model 1	Variables	Model 2
Strategic Choice	Needs of Innovation	-.078(.068)	Needs of Innovation	-.078(.068)
	Recognition to External Competition	.050(.072)	Recognition to External Competition	.046(.070)
	Experience of Contracting Out	-.059(.069)	Experience of Contracting Out	-.056(.070)
Institutional Theory	Extent of Upper Level Control	.100(.046)**	Extent of Upper Level Control	.100(.046)**
	Big Organization	-.042(.128)	Big Organization	-.042(.129)
	Sensitivity to Normative Pressure	.100(.042)**	Sensitivity to Normative Pressure	.092(.043)**
Organizational Identity	Clear Publicness	-.178(.042)*	Clear Publicness X Toward Publicness	-.204(.094)***
	Ambiguous Publicness	.003(.098)	Clear Publicness X Toward Profitability	-.073(.141)
			Ambiguous Publicness X Toward Publicness	.019(.093)
			Ambiguous Publicness X Toward Profitability	-.016(.096)
Control Variables	Logged Size	.071(.027)***	Logged Size	.071(.027)***
	Logged Age	-.035(.050)	Logged Age	-.035(.050)
	Turnover Rate	-.160(.123)	Turnover Rate	-.157(.124)
	Professionals Rate	-.001(.003)	Professionals	-.001(.003)
	Union	.063(.079)	Union	.059(.079)
N		214	N	214
Constant		1.270(.193)***	Constant	1.275(.187)***

▪ Values are unstandardized regression coefficients with standard errors in parentheses.

*P<.1

**P<.05

***P<.01

The results of the analysis are presented in Table 3 for models of the decoupling of performance based HRM policies.

Model 1 indicates that the decoupling of performance based pay and evaluation systems is influenced by both the characteristics of the organization's responsiveness to the external environment (a neo-institutional explanation) and the ambiguous identity (organizational identity explanation). The coefficients for decoupling of performance based HRM policies do not support Hypothesis 1a, 1b, and 1c. The results of model 1 indicate that adoption of performance-based HRM policies in Korean public organizations is not the rational managerial choices. Therefore,

we suggest that innovations of the public organizations only pursue to ensure the social legitimacy, not to act of their own free will. This implies that the public organizations follow the mimetic process without a rational choice.

Model 1 also reveals that the decoupling of performance based HRM policies is associated with concerns about strong control of upper level organizations (Hypothesis 2a) and institutional norms (Hypothesis 2c). But, Hypothesis 2b fail to support that the largest organizations are more likely to decouple a performance based personnel managements due to their visibility in Korean society. As we expected, the organizations under more control of upper level organization are more likely to decouple the performance based HRM policies due to their response to coercive pressure form upper level organization (i.e. central government mandate). In addition, organizations that are sensitive to professional norms (as measured by receipt of professional media and ties to professional associations and consultants) are more likely to decouple performance based HRM policies. The adoption of performance based HRM policies in public organizations results from pressure exerted on organizations by upper level organization which have a coercive power, and sensitivity to professional norms. But, the organizations' everyday practices create inconsistencies in organizations' action to conform to institutional pressure. Therefore, organizations choose the solution "decoupling" to these inconsistencies.

However, the result of Model 1 fails to support Hypothesis 3a. The result shows that clear publicness as public organizational identity significantly reduces the decoupling of performance based HRM. This suggests that there is no gap between performance based policy and practice in public organizations with clear publicness.

In Model 2, we added interaction terms to show their explanatory power for testing Hypothesis 3a. The interactions between the existing organization's publicness and future-oriented publicness are negative and statistically significant. The result does not support Hypothesis 3a. The more the organizations have clear publicness at present and in the future, the more the organization implement performance based HRM policies properly. There is central finding in this study: it might suggest that public organizations with clear identity "publicness" put the performance based HRM policies into everyday practice.

Conclusion

We began by noting that despite the debate on the negative effects of performance based HRM policies in Korean public organizations, there is very little theoretical or empirical research that seeks to explain when it is more or less likely to be observed. Our research has attempted to add to our understanding of this issue. We found that decoupling occurs when the organizations adopt the HRM policies to confirm the legitimacy of institutional environment.

In terms of the antecedents of decoupling, we argue that the clear publicness as organizational identity is a significant predictor of preventing decoupling of performance based HRM policies. The greater the organizations' clear publicness, the greater the smaller the extents to which organizations decouple the practices from formally adopted performance based HRM policies, so that there is closer alignment of policy and practice. This finding is consistent with the view that recent businesslike reforms in public sector have led to the erosion of publicness (Haque, 2001). This implies the need for a more cautious and rational approach to new initiatives.

We suggest that the tighter integration of clearly public identity into performance based HRM policies was associated with less decoupling. Thus, the consolidation of "publicness" is antecedents for minimizing the decoupling of performance based HRM policies and for

implementing a high performance based HRM policies in Korean public organizations.

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Appendix: Descriptive Statistics of Independent and Dependent Variables in Decoupling

	Variables	Frequency	Mean	S.D	Maximum	Minimum
Independent Variables	Needs of Innovation	214	.65	.48	0	1
	Recognition to External Competition	214	.30	.46	0	1
	Experience of Contracting Out	214	.38	.49	0	1
	Extent of Upper Level Control	214	1.41	.66	1	3
	Big Organization	214	.07	.26	0	1
	Sensitivity to Normative Pressure	214	.004	.78	-1.05	1.47
	Clear Publicness	214	.37	.49	0	1
	Ambiguous Publicness	214	.50	.50	0	1
	Clear Publicness X Toward Publicness	214	.31	.46	0	1
	Clear Publicness X Toward Profitability	214	.07	.25	0	1
	Ambiguous Publicness X Toward Publicness	214	.22	.41	0	1
	Ambiguous Publicness X Toward Profitability	214	.20	.40	0	1
	Logged Size	214	5.44	1.46	3.09	10.43
	Logged Age	214	2.84	.72	1.13	4.65
	Turnover Rate	214	11.13	12.81	0	92.86
	Professionals Rate	214	.21	.28	0	.99
Union	214	.66	.47	0	1	
Dependent Variables	Number of Decoupling of performance based HRM Policies	214	4.88	2.12	0	10