



**ST. MARY'S UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
MBA PROGRAM**

**AN ASSESSMENT OF EMPLOYEE'S PERCEPTION ABOUT  
ORGANIZATIONAL CULTURE AND PERFORMANCE  
MANAGEMENT PRACTICE: THE CASE STUDY IN  
MANAGEMENT SCIENCES FOR HEALTH IN ETHIOPIA**

**BY**

**ADDIS ALEMAYEHU TESSEMA**

**NOVEMBER 2014  
ADDIS ABABA, ETHIOPIA**

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**ADDIS ALEMAYEHU TESSEMA  
SGS/0002/2005**

**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL  
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ADDIS ABABA, ETHIOPIA**

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**APPROVED BY BOARD OF EXAMINERS**

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**Dean, Graduate Studies**

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**Signature**

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**Dr. Mulugeta Abebe, (PHD), Advisor**

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**Signature**

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**External Examiner**

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**Signature**

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**Internal Examiner**

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**Signature**

## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of my Advisor, Dr. Mulugeta Abebe. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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**Name**

**St. Mary's University, Addis Ababa**

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**Signature**

**November 2014**

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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**Advisor**

**St. Mary's University, Addis Ababa**

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**Signature**

**November 2014**

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## Acronyms/Abbreviations

CRDA:	Christian Relief and Development Association
ENHAT-CS:	Ethiopia Network for HIV/AIDS Treatment, Care and Support Project
FMHACA:	Food Medicine Health Administration and Control Authority
FHE3:	Financing the Delivery of Efficient, Effective, and Equitable Primary Health Care Services Project
HEAL TB:	Help Ethiopia Address Low TB Performance Project
HRH:	Strengthening Human Resources for Health Project
HRM:	Human Resources Management
LMG:	Leadership, Management, and Governance Project
MOH:	Ministry of Health
MSH:	Management Sciences for Health
NGO:	Voluntary organizations established with the commitment to help disadvantaged or marginalized sectors of society;
PFSA:	Pharmaceutical Fund and Supply Agency
PMP:	Performance Management Practice
PPRD:	Performance Plan Review and Development
SCMS:	Supply Chain Management System Project
SIAPS:	Systems for Improved Access to Pharmaceuticals and Services Project
TBCARE:	TB Collaboration and Coordination Access to TB services for all people Responsible and Responsive Management Practices Evidence-based M&E
RHB:	Regional Health Bureau
USAID	United States Agency for International Development
WoHO:	Woreda Health Office
UHC :	Universal Health Coverage Project
ZHB :	Zonal Health Bureau

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## *Abstract*

*The purpose of this study was to assess the perception of employees about the relationship between organizational culture with four components named Involvement, Consistency, Adaptability and Mission and performance management practice in Management Sciences for Health- Ethiopia. In addition, the aim was to identify how employees perceive organizational culture in the existing performance management practices. In this study, primary data was collected through questionnaire with sample size of population of 100 employees. The sample includes employees located at regional offices and it consists of both male and female employees of MSH. The gathered data was statically analyzed with SPSS. In the analysis Pearson Correlation was used in order to determine the relationship between the two components. The result shows that there is a positive relationship between organizational culture and performance management practice in MSH. The statistical analysis reflected that Consistency and Adaptability have better correlation to performance management practice in MSH. On the other side Involvement and Mission have weaker relationship with performance management practice. Finally, this thesis concludes that organizational culture influences the performance of an organization.*

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Organization in order to carry out the intended goal successfully, revisiting their human resource management is found to be useful. Among the key factors for organizations to foresee success, sound organizational culture and strong performance management practices are considered vital to manage human resources. It has been a while since researchers have recognized both direct and indirect relationship of culture and performance in determining organizations performance.

Organizational Culture is defined by Denison and Neale (2008) as the underlying values, beliefs and principles that serve as a foundation for an organization's management system, as well as the set of management practices and behaviors that both exemplify and reinforce those basic principles. As the concept of organizational culture is very broad, there exist different definitions; in this research Denison definition is applied. According to Denison (2008), organizational culture is explained as it reflects significant impact on the performance and effectiveness of organizations. Hence, strong organizational culture is directly related to the expected level of result.

*“Several studies reported that the most frequently cited reason given for failure was a neglect of the organization’s culture Cameron and Quinn (2011)”*. This implies that much attention was not given to organizational culture in order to support organizations performance and it is considered as a recent popular concept in the field of management and organizational theory.

Performance management practice is a more comprehensive approach to manage human resource in an organization. As mentioned by Ehtesham, Muhammad & Muhammad (2011) performance management practices include agreeing on which objectives to achieve, allocating decision rights, and measuring and evaluating performance in organizations. Performance

management system is a practice that involves planning, reviewing and performance development of employees in an organization. The probability of having a good performance in an organization can possibly be through strong culture. This reflects that high level of performance is directly related with strong organizational culture. Organizations tend to satisfy their employees by giving attention to their culture and performance management practice in order to retain their employees.

This study focuses on the organizational culture and performance management as a determinant factor for the organizations performance. The researcher reviewed the two common organizational culture models developed by O'Reilly et al. and Dension. Both models are suitable to measure how organizational culture affects organizational performance. However, the researcher is interested and preferred to conduct the research with Dension's model as it is detailed and easy to implement and typically used to diagnose cultural problems in organizations. The four general components applied in this model are Mission, Adaptability, Involvement and Consistency.

The purpose of this study is to reveal interpretation of MSH's cultural factors and the relationship to performance management practice. Mainly, to identify how MSH can achieve high level of efficiency in the work it does. Knowing subconsciously that culture matters, especially on how MSH- Ethiopia employees respond to a changing environment, how they see connection between the work they do with the goal of MSH-Ethiopia, and how they prioritize values and systems.

Every organization has a culture, hence the researcher was triggered to conduct this study based on the experience over the past six years in MSH-Ethiopia. Simply, the researcher was suspicious and interested to recognize perception of targeted groups in regards to the culture and performance management practice.

## 1.2 Background of the Study Area

According to MSH employee manual (2011), Management Sciences for Health (MSH) is a nonprofit international health organization composed of more than 2,000 people from 73 nations. MSH history goes back to the early 1970s. It was during 1971, the founder Dr. Ron O'Connor was mentored by a Japanese physician working in Nepal, Dr. Noboru Iwamura. Dr. O'Connor witnessed an enormous gap between the health technologies he was studying in medical school and what was available to the people of Nepal. Dr. Noboru's practical, respectful, humanizing approach shaped MSH's approach and values.

MSH's mission is to save lives and improve the health of the world's poorest and most vulnerable people by closing the gap between knowledge and action in public health. Together with partners, MSH focuses are helping managers and leaders in developing countries to create stronger management systems that improve health services for the greatest health impact.

As indicated on the employee hand book, MSH takes an integrated approach in building high-impact sustainable programs that address critical challenges in leadership, health systems management, health service delivery, human resources, and medicines. MSH works collaboratively with health care policymakers, managers and the private sector to increase the efficacy, efficiency, and sustainability of health services by improving management systems, promoting access to services, and influencing public policy (MSH employee manual, 2011).

In Ethiopia, MSH has been saving lives and improving health since 2003, in the areas of HIV/AIDS care, treatment and support; tuberculosis; malaria; pharmaceutical systems strengthening; supply chain management; and leadership and management (MSH employee manual, 2011). Currently, there are nine projects working within MSH, and out of which 99% receive fund from United States Agency for International Development (USAID).

These nine projects work in collaboration with Ministry of Health (MOH), Food Medicine Health Administration and Control Authority (FMHACA): Pharmaceutical Fund and Supply Agency (PFSA), Regional Health Bureau (RHB) and Zonal Health Bureau (ZHB). For MSH, it

is prerequisite to maintain good relationship with partners, so that initial agreed standard could be delivered as planned.

In order to evaluate the performance of MSH-Ethiopia, organizational culture and performance management practice are the key influential factors. It is well recognized that organization's success indirectly depends on its existing culture and norm. MSH – Ethiopia has been giving attention to organizational culture and performance management practice as the main factor for its success. In order to foster productivity there is continuous effort to maintain and enhance the existing culture and performance management practice. Especial focus on supervision capacity-building practice has created a sense of need to shift to strong culture, continuity and unity. This is believed to deliver value and result and create a sense of identity to employees and provides unwritten and often unspoken guidelines for how to get along in MSH.

### **1.3 Statement of the Problem**

International NGO's first started to appear in Ethiopia in the 1960's CRDA (2006). As indicated on the CRDA (2006) NGOs fall into their own classification of development agencies where they play an important role in the provision of services where no government facilities exist; can develop and pilot innovative approaches on a small scale; and have a good track-record in promoting participatory development. Among the international organization in Ethiopia, MSH provides indispensable support to meet Ethiopia's immense development challenges particularly in the area of health sector. MSH- Ethiopia, in order to achieve its goal, needs to recognize opportunities and obstacles it is facing.

In spite of an increasingly diverse and global workforce, there is changing phenomena to the organization's culture. This changing environment has undeniable impact on the norms, values and beliefs that employees share in Management Sciences for Health. Particularly on the main components of cultural traits according to Denison and Neale (2008), named Involvement, Consistency, Adaptability, and Mission are to be considered as the key determinant of organizations performance.



In MSH the performance management practice is based on performance objective and result oriented approach. The practice is named Performance Plan Review and Development (PPRD) and it is composed of performance plan, review and development plan. PPRD is conducted twice yearly, during the May-August (annual performance evaluation) and December –January (Interim- evaluation). The May –August performance plan , review and development determine employees annual merit awards and will be in writing and become part of employee's file , while the December- January is a time to review set objectives and prioritize activities . In this performance plan review and development process, human resource department provides advice and coaching on how to describe performance and deliver feedback and is also responsible to follow up timeliness, existence of development plan and the ratings provided for each employee. This process has been experiencing challenges in terms of practicability in enhancing the productivity of employees. Basically, the key gaps identified are the effectiveness of performance development plan, consultative approach practice and compensation plan.

*“The reason organizational culture was ignored as an important factor in accounting for organizational performance is that it encompasses the taken - for - granted values, underlying assumptions, expectations, collective memories, and definitions present in an organization Cameron and Quinn (2011)”.*

In this research, the researcher is interested to identify employee’s perception and assumption on the relationship between organizational culture and performance management practice in their work environment. The dependent variable used in this study is performance management practice while the independent variable serves as organizational culture.

#### **1.4 Research Questions**

Based on the gaps mentioned above the following basic research questions were developed;

1. What is the relationship between organizational culture and performance practice in MSH-Ethiopia?

2. How do employees perceive organizational culture in supporting or hindering MSH's ability to achieve the organizational goal?
3. How can organizational culture and performance management practice contribute to achieve MSH's mission effectively towards saving life and improving the health of Ethiopians?

## **1.5 Research Objectives**

The primary objective of the study is to assess the influence of organizational culture and on the performance of MSH- Ethiopia. It tries to discover and determine relationship between components of organizational culture and performance management practices,

The study had the following specific objectives:

1. To identify the relationship between organizational culture and performance practice in MSH-Ethiopia
2. To realize perception of employees towards organizational culture and its effect on the existing performance of MSH-Ethiopia
3. To suggest possible options that can lead effective organizational culture and performance management practice in MSH-Ethiopia

## **1.6 Significance of the Study**

The researcher is interested in the organizational culture and performance management practice because it felt that this issue was ignored and no significant study has been made in the academic area especially in the institute. This study will enable the organization and the institute to understand and identify the conditions that hinder organizational performance, and as a result assist on how to design possible means to address this issue.

## **1.7 Scope of the Study**

This study investigated the relationship between the two variables (organizational culture and performance management practice), however, there might be other variables that can lead to effective organization. The study is based on a single organization, so it will not be able to provide other similar NGO's analysis, and it will be difficult to make comparison. Even though the researcher used Denison Organizational Culture model, few items were reduced and modified. Limited sample size was used in this study, due to location of employees, arrangement of employee's assignment, time constraint and service years of employees in MSH. In addition, the study is confined in Management Sciences for Health Ethiopia.

## **1.8 Limitation of the study**

The limitations in this research are;

1. There is no documented and retraceable data
2. This research depended on the perception of employees
3. The variables used are only those applied by Denison

## **1.9 Organization of the study**

This study consists of five chapters, Chapter one focuses on the introduction of the study, including the background of the study, organizations background, objectives of the study and major gaps and problems observed in order to conduct this study.

Chapter two emphasizes on the existing literature of organizational culture and performance management practice. It emphasizes on the impact of cultural issues, effects of strong organizational culture, the relationship between organizational culture and performance management practice and lastly about Denison model on organizational culture.

Chapter three focuses on how the research was designed and the type of methodology used to achieve the research objectives.

Chapter four covers data presentation and it shows the result of the relationship between organizational culture and performance management practice in MSH. Then the researcher summarizes the findings.

Chapter five summarizes the findings and develops conclusions and forwards recommendations for this study.

### 1.10 Definitions of Key Terms

In this section the researcher stated some of the key terms based on operational definition as follows;

**Mission:** Is a statement that provides answers to the question, why an organization exists?

**Management:** Involves planning organizing staffing, controlling and leading in order to achieve certain goal

**Performance:** It is the completion of a given duty measured against a given standard

**Culture:** It is the belief, customs, arts with the full range of learned human behavior patterns

**Organizational Culture:** Is the belief, principle, and underlying values that people learn over the time period within an organization

**Value:** It is a proper course of action or outcome and something worth to have. Value differs across nation, culture and individuals.

**Vision:** It is our perception of something that we want to reach out.

## CHAPTER TWO

### RELATED THEORIES

#### 2.1 The Concept of Organizational Culture

Organizational culture can be viewed in many ways, it has been defined by different writers and majority of them agree with the concept of culture as it refers to values, underlying assumption, expectations, and definitions that characterize organizations and its employees.

The definition of culture by Schein (2010) was as a pattern of shared basic assumptions learned by a group as it answered its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the right way to perceive, think, and feel in relation to those problems.

Schein (2010) summarized that *“understanding culture at any level now requires some understanding of all of the levels. National, ethnic, occupational, organizational, and microsystem issues are all interconnected.”*

Supporting Schein’s definition Denison and Neale (2008) found that organizational culture as the underlying values, beliefs and principles that serve as a foundation for an organization’s management system, as well as the set of management practices and behaviors that both demonstrate and reinforce those basic principles and these principles and practices stand because they have meaning for the members of an organization.

This was also supported with the idea that recent organizations have come to understand just how important the health of their culture is to their success. Chenot (2007) stated *“organizational culture as a system of meanings and knowledge that develop into learned standards”*. Then these created standards allowing employees to evaluate their own behavior in relation to others and, conversely, others’ behavior in relation to organizational standards. He

also explained that organizational culture is consists of traditional or historically selected ideas, behaviors and related values. This assumption was also supported by Cameron and Quinn (2011) as culture is a socially constructed attribute of organizations that serves as the social glue binding an organization together.

Generally, the above mentioned authors agreed with the concept of organizational culture as the norms, values, beliefs and assumption that employees share in their organization. Schein (2010) indicated that organizational culture focused on private, public, non-profit organizations and governmental organizations. He continued explaining that organizational culture has been explained as it has drawn themes from anthropology, sociology, social psychology, and cognitive psychology. He analyzed organizational culture by dividing it into three levels, namely artifacts, espoused beliefs and value and, basic underlying assumptions. The artifacts includes visible and feel able structures and processes, observed behavior and difficult to decipher, the espoused beliefs and values consist of ; ideals, goals, values, aspirations, ideologies, rationalizations and may or may not be congruent with behavior and other artifacts. While the basic underlying Assumptions consist of unconscious, taken - for - granted beliefs and values and determine behavior, perception, thought, and feeling. Then he summarized that each one alone might not make sense, the pattern explains the behavior and the success of the organization in overcoming its external and internal challenges. These means the visible arrangements incorporate stories, slogan, observable symbols, ceremonies, dress and physical settings. From his point of view, organizational culture attributes can be categorized into visible and invisible patterns that allow us to realize the comprehensive fundamental nature of organizations. These are very helpful in shaping the organization. These attributes were also found to be useful, in order to understand the culture of organizations even though there is the reality of dynamic natures in organizations.

### 2.1.1 The Effect of Strong Organizational Culture

When studying organizational culture, it always refers to the relationship and interaction within the organization as well as with the external environment. As there is clear distinction between “right” and “wrong”, there is also strong and weak culture in organizations. Schein (2010) highlights that organizational cultures will vary in strength and stability as a function of the length and emotional intensity of their actual history from the moment they were founded. This indicates that organizational culture doesn’t happen overnight, it is cultivated starting from the beginning and its strength might depend on it.

On the study made on the possible relationships between organizational culture and performance among Singaporean companies, Lee and Yu (2004) emphasized on the fact that “*Denison and Mishra (1995), utilizing a more rigorous methodology, discovered that cultural strength was significantly associated with short-term financial performance*”. In addition, the study also presented that Denison studied a suitable sample of 34 firms representing 25 different industries. He found that two indices, “*organization of work*” and “*decision making*”, were found to be significantly correlated with financial performance. Then he assures his finding by stating that “*the strength of the culture was predictive of short-term performance, when performance was defined with broad indicators like return on assets, return on investment and return on sales, etc*”.

Most popular literature argues that ‘good’ or ‘valuable’ cultures – often associated with ‘strong’ cultures – are considered by norms advantageous to the company, to partners or customers, and to mankind and by ‘good’ performance in general. The literature by Ogbonna and Harris (2000) suggests that culture will remain associated with superior performance only if the culture is able to familiarize to changes in environmental conditions. Hence, similarly it is also suggested that competitive and innovative cultures which are sensitive to external condition have a strong and positive impact on organizational performance. Emphasizing on the fact that the culture must not only be strong, but it must also have unique with exceptional character which is difficult to be imitated. Thus, dysfunctional culture is evident to reflect on the overall performance of the organization. Dysfunctional organizational culture can be characterized by lower effectiveness,

efficiency and performance as compared to other counterpart organizations. Therefore, having strong cultures is the reason for organizations to become successful.

## 2.2 The Concept of Performance Management

Performance management helps organizations to track individual employee contribution and performance against the organizational goals and to identify individual strength and opportunities for the future improvements and evaluate if the organizational goals are achieved or not. It is one of human resources management practices that involve employees in planning, training and development and appraisal system for the purpose of compensation which is one of the main factors to retain employees. Note in mind regular coaching and feedback is required on what is being accomplished and how the employee is performing throughout the year. Organizations use performance management practice as a useful approach to manage, to control, to improve and oversee accountability in the process of accomplish their goal.

Aguinis (2005) observes performance management as “*a continuous process of identifying, measuring and developing performance in organizations by linking each individual’s performance and objectives to the organization’s overall mission and goals*”. He emphasized on the statement that employees are the key competitive advantage for organization to be successful. Performance management has been identified as one of the method in which managers and employees review goals, planning for the future, and agree on the developmental plan.

Numerous studies have showed that performance of an organization highly depends on the performance of its employees. Schoonover (2011), described “*performance management as a result, the best performance evaluations should affirm and refine feedback provided throughout the year and look ahead to future accomplishments, opportunities, and development needs*”. It should be noted that there shouldn’t be surprise and mystery at the performance management period, there must be coaching and feedback thought the year.



### 2.2.1 Performance Management Practice

Many countries and at many governmental, private, public, non- governmental organizations there exist different performance management approaches. Performance management system being main part of human resources management, and at the same time, effective human resources management practice has the ability to strengthen the kinds of workplace, experiences and conditions employees will respond to in ways sought by organization. According to Pulakos (2004) “*the purposes for a given performance management system should be determined by considering business needs, organizational culture and the system’s integration with other human resource management systems*”. Hence, organizational culture determines the purpose for performance management system. Performance management systems consist of the four main components named activities, outputs, outcomes and quality. Depending on the purpose of organizations, their performance management system may vary.

Performance management system is important in order to fully engage employees in their job with clear understanding of what is expected of them.

In 2003, Anthony R.M, Ph.D indicated that performance management serves two very broad, but often opposing, goals, that is “*developmental and administrative*” goals. Under the administration goal salary increase, bonus, promotions, layoffs, demotions and transfers are incorporated and with the developmental goal the managers try to enhance employee motivation and ability by identifying the gap and search for solutions. Then Pulakos (2004) goes on to suggest on the fact that “*the purpose of performance management practice should be given weight*”. She gave an example by mentioning that performance management systems can support pay decisions, promotion decisions, employee development and reductions in force. Usually there is direct link between performance and pay. This is encouraged as it encourages employee to a higher level of performance. Performance-based compensation ties individual performance directly with specific organizational objectives. Of course, different organizations have different rating scale which shows the level of performance an employee has reached. The ratings will assist the organization to identify the level where an employee falls in order to compensate for his/ her achievement of objectives. Employee performance development plan engages

employees in developmental activities to develop their capabilities either to improve current job performance or preparing for further career advancement. Employee development plan policy is always the organization's responsibility as it encourages employees both in their professional and personal growth. Development plan is ongoing process prepared by the employee in partnership with his / her supervisor, focusing on the organization mission, objectives and employees career goals. The effectiveness of employee's development plan varies depending on the organization prioritization. Number of research studies has shown that performance enhancing cultures significantly outperformed those that did not focus on setting performance goals and holding member of organization employees accountable for meeting those objectives. It was also found to be one of the mechanisms in retaining employees in the human resource management.

The value of performance management has been identified as beneficial as it influence productivity, product or service quality customer satisfaction, financial performance and employee job satisfaction. Therefore, having effective performance management practice is necessary. There are various advantages of effective performance management practices at the same time there are number of disadvantages of poor performance management practices. Among the major advantages of effective performance management practices Pulakos(2004) described the followings ; employees tend to show an increase in motivation to perform , self-esteem is increased, managers gain insight about subordinates, organizational goals are made clear, employees become more competent, there is better and more timely differentiation between good and poor performer and organizational change is facilitated. These create a sense of belongingness to their organization.

On the other hand Pulakos (2004) has identified some of the disadvantages of poor performance management systems as; employees may quit due to results, self-esteem may be lowered, time and money are wasted, relationships are damaged, and motivation to perform is decreased. In order to make performance management successful, some of the key factors mentioned by Schoonover (2011) were as follows, to show what success is and what excellent performance looks like, alignment of anticipations produces a clear line of view, clearly expressed roles and

responsibilities, a specified process serves as a reliable roadmap and providing distributed information and ongoing supports creates ownership of the process.

Indeed, in order to achieve successful performance management practice, this is significant, showing an employee what success is, is part of fundamental induction a manager should exercise when a new employee assume a new role.

Effective performance management systems have a well scheduled process with defined roles and responsibilities for managers, employees and everyone in the organization. Consultative performance appraisal involves staff members in performance appraisal. This will allow employees to perform their best in their duties, obligations and rights and they will have the opportunity to make their views understood with senior management.

Therefore, organization must pay attention to implement effective performance management system in order to attain greater culture of fairness, equality, transparency, factor of motivation and to achieve their goal.

### **2.2.2 Performance Management Practice in MSH**

As it was indicated in MSH employee manual 2011, MSH has its own policy and procedure in managing performance of its employees. MSH understands that the effectiveness of the organization derives from the performance of each and every individual who works for the company worldwide. Its policies and systems linked to performance management, therefore apply to all employees in the US and overseas, including locally hired project staff. MSH Ethiopia is committed to recruiting and retaining staff recognized for their technical excellence, integrity and dedication, and who will collaborate with colleagues and clients on the basis of mutual respect and shared goals. In MSH both performance by objective and result oriented approach are used in order to translate business strategy into business result.

All MSH employees participate in the performance planning and review system. The performance planning and review policy and associated procedures provide the structure and guidelines for a formal planning and review process as well as for continuous informal supervision and ongoing communication throughout the year. The informal communication between supervisor and employee includes regular feedback about performance, coaching, and discussion of skills development opportunities. The formal performance planning and review component of the process is conducted jointly by the supervisor and the subordinate once in a year.

All performance plans, reviews and development are made in writing and become part of an employee's personnel file. According to MSH, the major steps in performance plan review and development are employee self-assessment, supervisor requests and receives 360 feedback, supervisor writes employee evaluations, rating given, having a short meeting both with the employee and supervisor, leadership team review the ratings ,then supervisor and employee write final comment on PPRD document.

Each individual is expected to develop meaningful annual performance goal that serves as a guide for prioritizing tasks. Then ratings will follow based on variety of inputs where sets of standards were met or not and feedback from colleagues. The ratings are used in order to provide employees with tangible reward. Currently MSH is using the below rating;

Exceptional	(E)
Goes Beyond	(GB)
Achieves Expectations	(AE)
Achieves Most	(AM)
Does Not Meet	(DN)

The performance review rating form the basis for determining annual merit awards of the employee. They are also a significant factor in decisions making on promotion and job assignments in internal process. All decisions and judgments made in connection with MSH's performance planning and review system is based on job-related factors.

Each employee has the right to examine the written review, correct inaccuracies, and make written comments. These comments will also be held in the employee's personnel file (MSH employee manual, 2011).

### **2.3 Relationship between Organizational Culture and Performance Management Practice**

Number of researchers has considerably examined the link between organizational culture and performance relationship. Supported by Schein (2010) in the managerial literature, there is often the implication that having a culture is necessary for effective performance, and that the stronger the culture, the more effective the organization is. One of the best studies of culture by Danison also indicated, organizational culture is frequently assumed as it is directly linked to the performance of an organization. This plainly describes that organizational culture is linked to performance in order to generate competitive advantage.

In a research made by Cooke and Meyer (2011) explained that most studies of these HRM system effects on performance give attention on different mixes of HRM practices, namely ones relevant to training and skill development, empowerment, compensation and performance-based pay, selection and staffing, employment security, and working conditions. However, since any set of HRM practices can be simulated, it is implied in this argument that the set of observable practices yield a set of unobservable principles, expectations, and rewards, which are manifested in what employees see and experience in their work areas and consequently respond to. It follows, therefore, that it is the uncertainty and complexity of workplace climate variables resulting from complex HRM systems that offer the potential for sustainable competitive advantages.

Lim (1995) explained that studies relating organizational culture to performance tend to differ in terms of the performance measures that are used, across the types of organization that are studied. He also mentioned about the two studies made that tries to disprove the existence of relationship between culture and performance, however they failed due to different reasons. According to Denison (1982),” *there is little solid evidence about the impact of an*

*organization's culture on performance.*" The evidence that does exist is rarely presented in a form that is convincing way to managers and executives and, therefore, these human resources issues often remain confusing. He summarized with the fact that, organizations with a participative culture not only perform better than those without such a culture, but the margin of difference that widens over time proposes a possible cause-and-effect relationship between culture and performance. This is not surprising, as the performance measures generally relate to the extent to which goals relevant to the specific organization are attained.

Due to these factors it is clearly considered that organizational culture has the potential to enhance organizational performance. Similarly it was shown by Lee and Yu (2004) "*Most organizational scholars and observers now recognize that organizational culture has a powerful effect on the performance and long - term effectiveness of organizations*".

Researchers suggest both strong organizational culture and performance relationship brings success to organization. There is no argument with the fact that organizational culture either strong or weak has a strong influence in the overall performance of organization. In other words, performance of an organization depends on the performance of its employees, and this leads to the need for efficient performance management practice.

It was found by Branham (2005) that "*89% of managers believe employees leave for more money, while 88% of employees actually leave for reasons having to do with the job, the culture, the manager or the work environment*". Effective organizations tend to stress on their managers to be more involved and committed in making performance management practice priority as part of their culture. This assumption proves that organizational culture motivates employees.

From the literature reviews mentioned above one can conclude that there is a reassurance with this approach becoming stronger and stronger through time.

### 2.3.1 Denison's model on Organizational Culture

Dr. Daniel Denison is a professor of Organizational Behavior at the University of Michigan Business School. The Denison model and research is based on over two decades of research linking culture to bottom-line performance measures such as profitability, growth, quality, innovation and customer and employee satisfaction. His studies focused on organizational culture and organizational effectiveness centered on behavioral based, was designed and created within the business environment, uses business language to explore business-level issues, is linked to bottom-line business results, is fast and easy to implement and is applicable to all levels of the organization.

The study made by Denison & Mishra (1995) attempted to show that the results of two studies which suggest that culture may indeed have an impact on effectiveness. They indicated that the four cultural traits named Involvement, Consistency, Adaptability and Mission showed significant positive association with a wide range of both subjective and objective measures of organizational effectiveness, as well as interpretable linkages between specific traits and specific criteria of effectiveness. These findings support one of the basic principles of many culture researchers that the cultures of organizations have an important influence on effectiveness of organization.

Denison and Neale (2008) emphasized on the fact that Denison model is a powerful tool that enables leaders, key stakeholders, and employees to understand the impact their culture has on the organization's performance and learn how to redirect their culture to improve organizational effectiveness. The research has examined a persistent relationship between four cultural traits of organizations namely Involvement, Consistency, Adaptability and Mission and business performance of organizations. The below explanation presents each traits with their definition as indicated on the Denison's facilitator guide.

1. **Mission:** This is characterized by defining a meaningful long-term direction for the organization. It allow us to answer the question, do we know where we are going?

Strategic Direction and Intent - Clear strategic intentions deliver the organizations purpose and make it clear how everyone can contribute .

Goals and Objectives - A clear set of goals and objectives can be related to the mission, vision, and strategy, and provide everyone with a clear direction in their work.

Vision - The organization has a shared view of a desired future state that expresses core values and captures the hearts and minds of the organization's people, while providing guidance and direction.

- 2. Adaptability:** This considers translating the demands of the business environment into action. This will allow us to answer the question, are we listening to the marketplace?

Creating Change - The organization is able to create adaptive ways to meet changing needs that enable it to read the business environment, quickly react to current trends, and anticipate future changes.

Partner Focus - The organization understands and reacts to their customer or partner, and anticipates their future needs. This reflects the degree to which the organization is driven by a concern to satisfy their customer or partner.

Organizational Learning - The organization receives and interprets signs from the environment into opportunities for encouraging innovation, gaining knowledge and developing capabilities.

- 3. Involvement:** This is characterized by building human capability, ownership, and responsibility. This will allow us to answer the question, are our people aligned, engaged, and capable?

Empowerment - Individuals have the authority, initiative, and ability to manage their own work and allowing them to experience a sense of ownership and responsibility toward the organization.

Capability Development - The organization continually invests fairly in the development of employees' skills in order to stay competitive and meet ongoing business needs.

Team Orientation - Value is placed on working cooperatively toward common goals for which all employees feel mutually responsible as the organization relies on team effort to get work done.



**4. Consistency:** This considers by defining the values and systems that are the basis of a strong culture. This will allow us to answer do we have the values, systems and processes in place to execute?

Coordination and Integration - Various functions and units of the organization are able to work together well to achieve common goals as organizational boundaries do not interfere with getting work done.

Agreement - The organization is able to reach agreement on serious issues and this includes both the underlying level of agreement and the ability to reconcile differences when they occur.

Core Values - Employees of the organization share a set of values which create a sense of identity and a clear set of expectations.

The Denison Organizational Culture Survey facilitator guide is designed to give a simple, yet comprehensive analysis of the culture of an organization by evaluating the underlying cultural traits and management practices that influence business performance and it is informative and intuitive model Denison and Neale (2008).

Denison theory of organizational culture implicitly explains the cultural traits of organizational performance, while performance management practices as the fundamental human resource management.

With the above findings in the literature, it becomes evident that there is a relationship between organization culture and performance management in organizations. Given the positive influence of organizational culture on the performance of the organizations it has been found as one of the important part of HRM. After reviewing comprehensive definition organizational culture and performance management it is revealed that every organization needs to revisit and explore its opportunities. Typically, strong organizational culture has the potential to influence the performance of an organization. Researchers have made it clear that a distinct organizational culture contributes to performance through enabling goal alignment with common culture makes it easier to agree upon goals as well as appropriate means for achieving them.

The traits employed by Denison were found to bring value for the organization. These shared values maintain guidelines and boundaries for the behavior of employees and how they react in their working environment.

## **2.4 Empirical Review**

The empirical literature on organizational culture and performance management practice evolved few decades back. From the literature review, there is a strong view that organizational culture lead to increased organizational performance. Organizational culture has been shown to be an important aspect of an organization, as it can, and does affect employee's behaviors, motivation and values.

Aftab, Rana and Sarwar (2012) considered Denison's four dimensions of organizational culture and role based performance in identifying the relationship. The link between the four components was shared in order to sustain the competitive corporate world. The result of the research concluded that culture of an organization has direct impact on the performance of employees.

Similarly, Denison's tool was attempted by Beidokhti and Ghaderi (2011) to identify the relationship of organizational culture and customer satisfaction in banking industry. Standard questionnaire of Denison organizational culture was applied then Cronbach Alpha ratio was used to obtain the questionnaire reliability of organizational culture and customer satisfaction. The final result indicated that there is positive relationship between organizational culture and customer satisfaction.

Denison's model was also applied in a case study in Pakistan with the aim to expand the base of knowledge and empirical test the relationship between organizational culture and performance management practice. The statistical result shows that adaptability and mission have significant positive values in correlation with PMP. The overall result indicated that organizational culture

and performance management practice are strongly associated with each other and should be complimentary Ehtesham et. al (2011).

On the study made by Pirayeh, Mahdavi and Nematpour (2011), the influence of organizational culture on the effectiveness of human resources in oil and gas production company was investigated. The results obtained from this research indicates that the company has desirable dimensions of organizational culture and that by using various statistical techniques it was confirmed that the organizational culture has an effect on effectiveness of employees.

Generally, the above mentioned empirical studies used the four cultural traits/ components in order to investigate the performance measures in the case studies. As to Denison's theory, it was found that each of the major traits / components promotes superior performance in an organization.

## **2.5 Conceptual Framework**

The Denison model allows studies to reveal the underlying belief and assumptions in recognizable and measurable ways that impact organizational performance. In this model there are four general dimensions named Mission, Adaptability, Involvement and Consistency. Each of these dimensions is further described by three sub dimensions. Denison's model suggests that organizations with a higher combined measure of the four culture traits show higher levels of performance which itself is the result of performance management.

This study considered organizational culture as a contextual factor of performance management. Performance management practice includes specifying which goal to achieve, clearly express roles and responsibilities, and employee development plan. Under PMP, the three major components named consultative performance evaluation, training effectiveness/ evaluation, performance based compensation were considered.

Therefore, cultural traits/ component of involvement, consistency, adaptability, and mission in organizations exert a significantly positive influence on performance management practices.

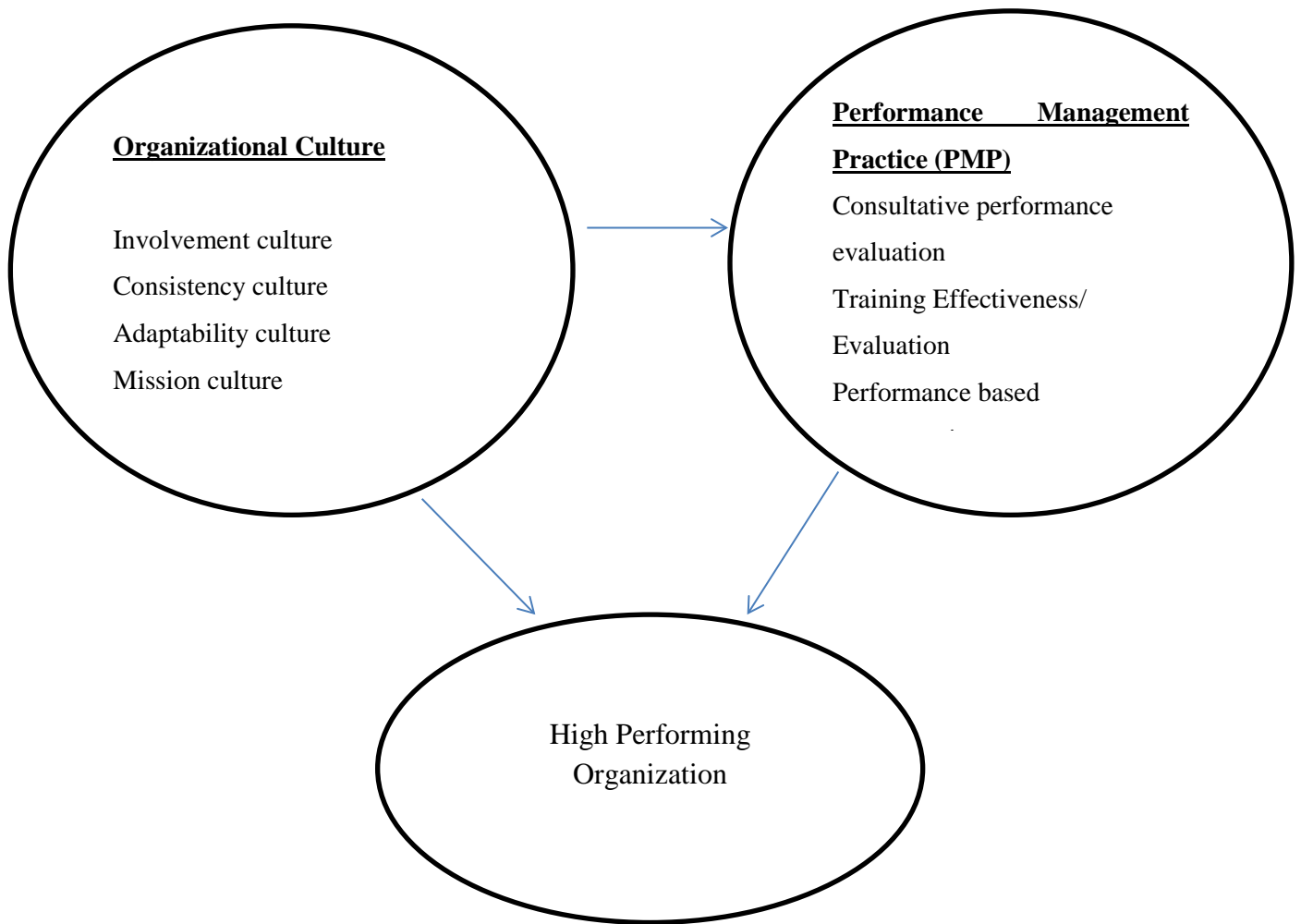


Figure 1. Conceptual Framework of organizational culture and performance management practice

Having sound organizational culture will lead to effective performance management practice and having both variables strong enhances the performance of an organization. The independent variable is the organizational culture while the dependent variable is performance management practice. *“Overall, there is a strong view in the literature that organizational culture leads to increased organizational performance, Ahmad (2012)”*.

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODS**

#### **3.1 Research Design**

This case study used both qualitative and quantitative methodology to determine how organizational culture (Independent variable) is associated with performance management practice (Dependent variable) in MSH. In order to address the objectives of this study standard questionnaire was used from Daniel Denison facilitator guide. The qualitative method was used to provide comprehensive perception of employee's beliefs and assumption on the study area. The quantitative method was applied to measure features of the variables in order to explain what is observed.

This study is based on descriptive and inferential statistics. Descriptive statistics was found to be helpful to describe how employees perceive the way things are and inferential statistics was found to be helpful to identify the relationship between the variables and to generalize the findings.

The qualitative analysis depended on the researcher observation and short answers from the questionnaire. Whereas the quantitative analysis utilized information gathered from the standard questionnaire developed by Denison. The organization cultural framework focuses on cultural traits of Involvement, Consistency, Adaptability, and Mission. While performance management practice includes Consultative Performance Appraisal, Training Effectiveness/Evaluation included items and Performance-based Compensation. Likert scale with anchors strongly disagree (=1) to strongly agree (=5) was used.

### 3.2 Data Source

The major source of data was obtained from human resources unit of MSH-Ethiopia. The researcher was able to review the list of employees that incorporate list of employee's name, project name, education background, gender, and years of experience and location of work. The instrument used to collect data was through survey questionnaire.

### 3.3 Population of this Study

This study considered Management Sciences for Health Ethiopia's regular full time active employees. Short term, intern and resigned employees did not participate in this study. The total number of employees recorded at the time of the study was 428. Out of the 428 employees the researcher arrived at 105 sample size and the remaining were eliminated. Therefore, this study did not include all MSH employees.

### 3.4 Data Collection Tools

The researcher used both qualitative and quantitative method as research instrument. Quantitative data was collected by using survey questionnaire, qualitative data was gathered through semi structured and open ended questions and lastly researcher's observation.

Primary data was gathered through standard questionnaire distributed to 105 employees in MSH. Secondary data was collected from different journals (*International Journal of Business and Commerce, Leadership & Organization Development Journal, Organization Science, and Journal of Managerial Psychology*), manual (*MSH employee manual*), books, web search and unpublished materials then researchers observation was incorporated.

The procedure in distributing the questionnaire to participants was through hard copy and soft copy to different parts of the regional offices. All research participants received standardized items either electronically or hard copy. Then the data was collected for data analysis on SPSS.

### 3.5 Sample and Sampling Technique

The sample size was taken from the existing population of 428 (see table 2 below) active regular full time employees in MSH- Ethiopia. The sample consists of both male and female employees. This study used purposive sampling technique. Due to the nature of the study, purposive sampling technique was found to be practical. The researcher chooses purposive or judgmental sampling technique in order to address the topic issue with high level of certainty.

The researcher sets criteria in order to exclude certain groups from the population. The criterions were education background, location of work and years of experience. The sample size includes those who acquired their first degree and above, who served MSH more than a year and those whose location of work is in MSH compound.

Based on the three criteria's, the below were not found to be a good fit for the survey;

First the sample size excludes those whose location of work is out of MSH compound; their total number is 85 (see Table 1 below). These include all HRH project staff, as the nature of HRH project is different from other projects, and employee's working station and priority of the project vary as per the agreement made with funding agency. HRH employees working station is in another NGO compound and MoH. In addition, those staffs seconded to government bureau, and whose seat is in government bureau were not considered to participate in this study. Therefore, the researcher found it disadvantageous to distribute the questionnaire to these groups.

Second, from the total number of employees out 428 employees, 96 of them were Diploma holders and below (see Table 1 below). To avoid bias and subjectivity in the findings of the study the researcher excluded this group.

Third, those employees whose service of employment is less than a year were excluded because they did not participate in the major yearly PPRD process. Their number is 36 and their level of understanding about the performance management in MSH is vague.

Sampling allocation is based on proportional method (see Table 1 below). To maintain the accuracy of the study, the number of participants from each project was determined by their number relative to the total number of staff in the project.

**Table 1: Number of employees excluded from this study**

Sr. No	Name of Project	Total number of Employees	Location of work outside MSH compound were excluded	Education background Diploma and below were excluded	Years of experience in MSH less than a year were excluded
1	Ethiopia Network for HIV/AIDS Treatment, Care and Support (ENHAT-CS)	123		31	2
2	Financing the Delivery of Efficient, Effective, and Equitable Primary Health Care Services (FHE3)	2			
3	Help Ethiopia Address Low TB Performance (HEAL TB)	107	17	30	20
4	Leadership, Management, and Governance (LMG)	16		2	4
5	Supply Chain Management System (SCMS)	100	32	22	6
6	Systems for Improved Access to Pharmaceuticals and Services (SIAPS)	53	16	11	4
7	Strengthening HR for Health (HRH)	19	19		
8	TBCARE	6	1		1
9	Universal Health Coverage (UHC) Project	2			
	<b>Total Number</b>	<b>428</b>	<b>85</b>	<b>96</b>	<b>37</b>

The questionnaire was distributed to hundred five employees sub divided into sub groups based on the number of projects available in MSH-Ethiopia. The total population belongs to the eight projects distributed to different part of Ethiopia, located in Addis Ababa, Bahir Dar , Tigray and Dessie.



**Table 2: Project name, sample size and total number of employees in MSH effective as of May 2014**

<b>Sr. No</b>	<b>Name of Project</b>	<b>Number of Employees</b>	<b>Sample</b>
1	Ethiopia Network for HIV/AIDS Treatment, Care and Support (ENHAT-CS)	123	45
2	Financing the Delivery of Efficient, Effective, and Equitable Primary Health Care Services (FHE3)	2	1
3	Help Ethiopia Address Low TB Performance (HEAL TB)	107	20
4	Leadership, Management, and Governance (LMG)	16	5
5	Supply Chain Management System (SCMS)	100	20
6	Systems for Improved Access to Pharmaceuticals and Services (SIAPS)	53	11
7	Strengthening HR for Health (HRH)	19	0
8	TBCARE	6	2
9	Universal Health Coverage (UHC) Project	2	1
	<b>Total Number</b>	<b>428</b>	<b>105</b>

### **3.6 Instruments of data collection and data collection method**

Primary data was collected with the help of questionnaire distributed to 105 employees in MSH, which included a mix of employees from different projects. Secondary data was collected from different journals, manual and unpublished materials and lastly researcher observation was used to increase the reliability of the study.

In the questionnaire, two categories of major variables were measured. The independent variable is organizational culture while the dependent variable is performance management practice. Likert scale was used in order to scale the response of participant according to their level of agreement and disagreement. For this study, Likert scale created opportunity for the researcher to judge the participants belief and assumption.

SPSS was used to categorize the summary report in order to evaluate the underlying cultural traits and performance management practices that currently exist in MSH.

The questionnaire used in this research includes Denison Organizational Culture Survey, questions on performance management practice in MSH and short answers, totally incorporating 40 items. The items were designed to be clear and easy to understand.

### 3.7 Reliability of the Study

Reliability of this study was tested on SPSS and it provided us the below information about the reliability score. This figure ensures the study is supported scientifically. Cronbach Alfa was calculated for this research on sample population of 100 and the results depicted has high level of internal consistency.

**Table 3: Reliability Statistics**

Cronbach's Alpha	N of Items
0.909	35

### 3.8 Method of Analysis

The data was entered on SPSS version 20 in order to draw the simple tabulations. These were used to describe the socio demographic characteristics of the research participant. In this study, Pearson correlation was used in order to explain the relationship between the variables, dependent (Performance Management Practice) and the independent (Organizational Culture). Pearson's correlation allows us how well the variables are related, their strength and direction of the linear relationship. The value or the correlation coefficient can range from -1 to +1, with -1 indicating a perfect negative correlation, +1 indicating a perfect positive correlation, and 0 indicating no correlation at all. Note that a variable correlated with itself will always have a correlation coefficient of 1.

The structured questionnaire used Likert scale in order to obtain research participants preference of agreement on the given statements. The participants indicated one of the choices given in order to tell their level of agreement. To present the data efficiently, the researcher assigned value to each response allowing it to represent a single character.

**Table 4: The meaning and value of research participant’s opinion**

	<b>Likert Scale</b>	<b>Scale</b>	<b>Weight of importance given to each scores</b>	<b>Value</b>
1	Strongly Agree	5	Very good practice	5
2	Agree	4	Good practice	4
3	Neither agree nor disagree	3	Not agree and disagree (not one of the two)	3
4	Disagree	2	Poor Practice	2
5	Strongly Disagree	1	Very poor practice	1

In order to get comprehensive analysis the researcher used Denison Organizational Culture Survey facilitator guide. Out of 40 items 35 items were structured and the remaining 5 were semi structured. Out of the 35 structured items 27 of them are regarding organizational culture and remaining 8 items are about performance management practice. Lastly five semi- structured short questions were included to encourage and to give opportunity to the participants. Result was presented as a summary report by relating organizational culture and performance management practice. Hence, the researcher was able to identify the significance of the relationship, at the same time it allows us to determine the extent of the relationship whether it is positive and negative, strong and weak association.

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

On this chapter the researcher presents the findings of the study, analyzes the findings and interprets on the results provided. In this research, the researcher used 40 relevant items. The questionnaire was given to hundred five 105 employees who are currently working in MSH, located in Addis Ababa, Bahir Dar, Tigray and Dessie where there is MSH regional office. However, one hundred of them filled the questionnaire completely, but the remaining 5 filled the questionnaire partially and their response was discarded.

#### 4.1 Characteristics of the Research Participants

Demographic information from the sample of the population was gathered through questionnaires. Out of the nine projects, the researcher conducted the study with eight projects, because HRH project staffs duty station is outside MSH compound. Research participant's project name, education backgrounds, gender, years of experience, location of work, and sample size is depicted below;

**Table 5: Name of Project and Sample**

Name of Project		Number of research participant
	ENHAT-CS	40
	FHE3	1
	Heal TB	20
	LMG	5
	SCMS	20
	SIAPS	11
	TB CARE	2
	UHC	1
	Total	100

When looking at the education level of the sample, all have acquired their first Degree.

**Table 6: Education level**

<b>Education Level</b>		<b>Number of number of participants</b>
	BA/BSc Degree	46
	MD	12
	MPH/MBA/MA/MSc	38
	MD+ MPH/MBA	4
	Total	100

Since the establishment of MSH 2003, the employee's stay in their job varies according to their stay with the project terms of assignment. The following table indicates the service year of the sample of population used for this study.

**Table 8: Years of experience in MSH**

<b>Years of experience</b>		<b>Number</b>
	1.00	4
	2.00	20
	3.00	16
	4.00	18
	5.00	19
	6.00	14
	7.00	4
	8.00	2
	9.00	1
	10.00	2
	Total	100

In the following table location of research participants is illustrated. The questionnaire was distributed to four regions of Ethiopia where MSH office is located. These representatives were selected as it is part of purposive sampling, and considering the total number of staff in the respective regions.

**Table 9: Location of Work**

<b>Location of Work</b>		<b>Frequency</b>
	Addis Ababa	55
	Bahir Dar	23
	Tigray	15
	Dessie	7
	Total	100

## 4.2 Presentation and Interpretation

This section presents the data that were analyzed using SPSS version 20 and the quantitative interpretation. The interpretation on the quantitative part was based on the value given to each response for both for Organizational Culture and Performance Management Practice items.

The overall picture of the four components/traits Involvement, Consistency, Adaptability and Mission and PMP are 3.63, 3.66, 3.42, 3.99 and 3.56 respectively.

**Table 10: Average Value of Each Major Components/ Characteristics**

<b>Main component / characteristics</b>	<b>Research Participants Average value</b>
Involvement	3.63
Consistency	3.66
Adaptability	3.42
Mission	3.99
PMP	3.56

As indicated in (see Table 10 above) Mission was found to be the highest as compared to other traits. This indicates that in MSH the organizational culture in strategic direction & intent, goals and objectives and vision is showing strength as compared to other components. Consistency was also found to be good as compared to the other traits. This shows that there is a core value, agreement and coordination and integration in MSH.

On the other side, Adaptability shows vulnerability as compared to other traits. This shows that there is more inward focus and having difficulties in responding to partners and usually having difficulty to respond to employees with new ideas. This may indicate that senior managers spend their time in controlling and managing short term performance, rather than leading change or thinking long term.

Table 10 (see above ) shows different averages given for each traits/ components, however, according to Denison and Neale (2008), in the facilitator guide, the four cultural traits measured has some natural contradictions by itself. However, in his research he has shown that an effective culture must be strong in all of the four main components. Therefore, employees were asked if MSH has effective organizational culture. This question was raised on the eleventh item and the total average opinion of the research participants score was 3.46 which is closer to good practice (see Table 4 above). This value is in between “*Not agree* and *disagree* (not one of the two)” and it is a “good practice”. This is difficult to say that there is a strong and effective organizational culture.

Among the item by item responses, participants were asked if there is an ethical code that guides their behavior and tells them right from wrong and the average score was 4.46 which can be considered as a good practice (see Table 4 above). This reflects that there is clear sense of identity consistent and clear set of expectation.

The lowest score identified in this study was on the idea raised on continuous investment in the skills of employees. The average score was 2.86 which is poor practice as indicated in (see Table 4 above) .This is a good indicator of the existence of poor attention given to capability development in MSH.

From personal observation, this reflects that there is general agreement that participants are aware about the business code of ethics and conduct that guides MSH. With this highest score,

the presence of ethical code in MSH is evidence that employees share a set of values and new employees are also provided with supportive information on MSH Code of Business Ethics. There is also document and online training that articulates the rules and laws that govern how MSH conducts its business and expects its staff and partners, agents and subcontractors to conduct them.

When asked if there is continuous investment in the skills of employee .Very poor practice was reflected. The research participant’s opinion on this issue was that they are disagreeing with this idea. This indicates that MSH is not giving attention in the area of capability development for its employees. However, some of the research participants indicated that there is a new effort in MSH especially since last year. The management has identified the essential areas for employee’s skill improvement for different group of employees at different level of education. The management has allocated budget and has given attention on how to proceed on this regard and special focus on employee’s personal development has been given priority. This has potential indication that employee’s confidence will be build and it is a starting point for MSH to fully utilize employee’s capacity.

**Table 11: Correlations between Organizational Culture and Performance Management Practice**

		Organization al Culture	PMP
Organizational Culture	Pearson Correlation	1	.615**
	Sig. (2-tailed)		.000
	N	100	100
Performance Management Practice	Pearson Correlation	.615**	1
	Sig. (2-tailed)	.000	
	N	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).



Based on the output of SPSS indicated on (see Table 11 below), according to Pearson correlation, we do not take the first column as it shows the correlation of the variable with itself, which is 1, that is a perfect positive correlation. In the next column we can see the association between the two variables as stated as 0.615 which is positive relationship. However, the association is not that strong, but it shows that there is a positive association between Organizational Culture and Performance Management Practice at a confidence level of 0.615. (see Table 11 below). The significance level or p-value is shown as .000, which is very low value that indicates a low probability of relationship between the two variables. The two asterisks reflects any coefficient that is significant at the .01 level.

This finding was also supported by the research conducted in Pakistan, Ehtesham et. al (2011). The abstract used similar facilitator guide and questionnaire in order to explore the relationship between the components of organizational culture and performance management practices.

**Table 12: Correlations between the Four Components of Organizational Culture and Performance Management Practice**

		Involvement	Consistency	Adaptability	Mission	PMP
Involvement	Pearson Correlation	1	.669**	.794**	.625**	.502**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	100	100	100	100	100
Consistency	Pearson Correlation	.669**	1	.577**	.554**	.532**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	100	100	100	100	100
Adaptability	Pearson Correlation	.794**	.577**	1	.603**	.560**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	100	100	100	100	100
Mission	Pearson Correlation	.625**	.554**	.603**	1	.507**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	100	100	100	100	100
PMP	Pearson Correlation	.502**	.532**	.560**	.507**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	100	100	100	100	100

\*\* . Correlation is significant at the 0.01 level (2-tailed).

From Table 12(see above) , each of the four organizational cultural components named Involvement, Consistency, Adaptability and Mission are positively associated with performance management practices at a Pearson correlation level of 0.502, 0.532, 0.560, 0.507. From these results we can see that PMP is related more with Consistency and Adaptability. Based on this result we can say that there is sufficient evidence to accept the fact that performance management practice is determined by the organizational culture in MSH. This finding measures the existing organizational culture influencing and having impact on performance management practice.

The semi- structured items is presented below;

When research participant were asked if employees resign from their job because of dissatisfaction with management decision, the majority of the participants, 53 % of them agree with this idea. Out of 53 % research participant 15 % of them did not state the reasons for their choice. The common opinions that were recognized by majority of participants were lack of attention from management, lack of fair promotion, lack of timely decision, lack of empowerment, and not being appreciated by the management.

Participants were asked if they are satisfied with performance management practice in MSH. About 66 % of the research participants are “satisfied”, 27% of the research participants are “No difference”, 4% confirmed that they are “dissatisfied” and 3% of them were “highly satisfied”. This indication is that the norm in regards to performance management practice is well regarded both by the employees and MSH management. This also signifies that MSH senior management is doing its best in order to control and evaluate if the organizational goals are achieved properly or not.

Employee’s opinions were examined if they are proud to be an employee of MSH. Out of the total research participants 95.5 % of them are proud to be MSH employee while the remaining 4.4 % of the research participants are not.

When asked about the reasonableness of rating of last year’s performance review plan and development, majority of them, 88.8% confirmed that it is logical to them. While 11% of them

were not happy about the rating they received. There is an evidence that the differing opinions are unavoidable when it comes to rating, however as the overall percentage is minimum it can be concluded that there is a good practice and that shows there is an agreement between the supervisor and subordinate in deciding rating for the performance review.

Participants were asked if they consider MSH having consistent organizational culture. Majority of research participant's 73.3% opinion reflected that there is consistent organizational culture that governs the way things are done in MSH. The remaining 24.4% did not feel that there is a reliable organization culture. This shows the level of organizational culture is not as strong as it seems.

In this study, the researcher observation was incorporated as the researcher feels it has positive impact in the study. All MSH employees are required to comply with MSH Code of Business Ethics and Conduct. All MSH employees must read and understand the code and there is annual certification that they sign confirming that they understand and are in compliance with the requirements in MSH Code of Business Ethics and Conducts, and this practice is considered as excellent.

MSH has a culture that is unique and applicable in the working environment. MSH's culture is composed of optimism, passion, and energy. Measuring the strength of its culture through practical experience especially the culture of team work, coordination within projects, capability development and sharing vision can be considered as good practice. Therefore, the level of organizational culture is not as strong as it is required.

All MSH employees participate on PPRD process. PPRD process is a continuous performance management practice throughout the year. This process has been supporting the organization to develop plan for closing the performance gap. However, the researcher has reservation on transparency, reliability and establishing level of employee performance against organizational standards. Hence, it is considered as a very good practice.

## CHAPTER FIVE

### SUMMARY OF THE FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of Findings

The main objective of this research was to investigate the relationship between organizational culture and performance management practice in MSH. The result of the research has indicated that there is a positive relationship between organizational culture and performance management practice in MSH. This positive relationship indicates that the culture of the MSH is influencing the effectiveness of MSH-Ethiopia.

The findings prove that the beliefs and assumptions of the four cultural traits Involvement, Consistency, Adaptability and Mission have relatively similar values when associated to performance management practice with the help of SPSS with Pearson's correlation. However, out of the four traits, Consistency and Adaptability have higher positive values in correlation with performance management practice. Under the Consistency, it shows that MSH is working actively by creating alignment of behavior and core values where by employees satisfaction is observed. In regards to Adaptability, having positive relationship with performance management practice the finding has reflected that MSH has the norm in giving priority to its partners and this fundamental practice is valued. However, as compared to each component the total average of the research participants' agreement was the lowest in this regard.

Following this, Involvement and Mission showed weaker correlation to performance management practice. Weaker Involvement tends to affect employee satisfaction, and they feel disconnected, unwilling to work with people outside of their immediate circle. While weaker Mission indicates that there is no clear sense of mission and this directly affects areas of performance, as research participants did not see MSH goals as meaningful in their day to day activity.

Based on item by item analysis, the highest and lowest score results were found. Accordingly, the highest score shows that it can be concluded that MSH has ethical code that guides MSH employees and it is well recognized by the participants in this research. This area of strength is caused by the yearly certification practice that all employees participate in. The lowest result was found to be lack of continuous investment in the skills of employees; this was one of the key factors ignored in the process of human resource management. Most research participants had agreed with fact that there is no investment made in developing employee's skill. This affects the decision making of employees in their day to day activity. This will not bring better innovative approach in the way things are done in MSH.

From the descriptive analysis, one of the major implication of this study was that majority of the participants are proud to be part of MSH. However, this feeling of belongingness is shaky as half of the research participants are highly concerned and have a fear on the decisions of the management.

Finally, this study has enhanced the understanding of organizational culture and performance management practice in MSH. Basically, this research implies that MSH has sound performance management practice. This reflects that performance management practice is determined by the existing culture. Participant's opinion on the practice of performance management practice in MSH was found to be positive and they were satisfied with the existing practice. The general impression of participants on the overall organizational culture of MSH is indicated as there is consistent organizational culture. Though, having positive organizational culture is not sufficient all alone it should be as effective as MSH is committed to do so.

## **5.2 Conclusion**

There is a strong view from the literature reviews that reveals the reliability of this study. The researcher is confident with the validity of Denison model. Human resources being the backbone of an organization, attention to organizational culture and performance management should be seen as organizations competitive advantage. Strong organizational culture tends to influence the performance of an organization.

This study sets out few significant findings in relation to organizational culture and performance management practice in MSH. Note in mind the extent of relationship between organizational culture and performance management practice vary depending on the relevant experience of the organization.

The primary objective of the study is to assess the relationship between organizational culture and performance management practice in MSH-Ethiopia. It was found that the relationship between the components of organizational culture and performance management practices as positive correlation, but it is not perfectly positive correlation. This means that there is a good practice , but it is not good enough.

With item by item concern, employee's perception about the strength of organizational culture in MSH- Ethiopia was found to be good result. However, there is reservation from the participants. The organizational culture should have been stronger in every corner so that it can create impact to influence MSH's performance.

Based on the questionnaire and personal observation the researcher found out the followings as highlighted below:

- 1. Involvement:** The finding shows weakest association with PMP. This association indicates that there is lack of responsiveness from MSH in terms of building its human capability, team orientation and continual investment in employee's skill.
- 2. Consistency:** This strongest result showed that there are committed employees who are motivated and are in control as associated with PMP.
- 3. Adaptability:** As associated with PMP the finding indicates MSH is doing great in translating the demands of the business environment into action. However, this is contradicts looking Adaptability separately without the correlation, it is the highest when we compare it with the other components average value of the participants response.

4. **Mission:** The finding shows weaker association with PMP. Dealing with the day to day activities without knowing where to go and without knowing the big picture is dangerous. Usually, this may lead as if goals are meaningless and long-term goals may not be inspiring to employees any more. However, this is contradicts looking Mission separately without the correlation, it is the highest when we compare it with participants response.
5. Half of the research participants are dissatisfied with management decision, and there is a sense of frustration among the staff members. This maybe a warning signal to possible high turnover. This is an indication that employees are lacking the feeling of belongingness, and that there is lack of transparency.
6. Performance management practice in MSH is perceived as very good practice. This practice includes involvement of direct report, colleague feedback and development plan. This is found to be a good culture that is well recognized in MSH.
7. There is an indication that employees tend to be proud of their organization. This directly increases employee's commitment and ownership. It also shows that MSH is showing an effort in order to retain its employees.
8. There is an agreement with fact that the rating given during PPRD process is reasonable. The input of subordinate is well considered with the supervisor and it is a joint decision on ratings. This practice also includes reward and recognition and is comprised of a variety of formal and informal methods, monetary and non- monetary. This indicated that the process enhance engagement of employees in their work that allow the management to avoid favoritism and conflict.
9. Majority of the research participants confirmed that there is a consistent organizational culture that they believe and stand for.

Based on the researcher observation, employees are confident about the code of ethics that guide MSH employees. It was observed that the overall strength of the organization culture is not that



strong. Finally, this study provided a good reason that MSH has a good practice in regards to execution of performance management.

Few of the gaps identified can be addressed through close follow-up and preparing a document that articulate rules and regulation to govern on how to do business in MSH.

### 5.3 Recommendations

Based on the forgoing of the study, it is observed that MSH's organizational culture is linked to bottom-line performance result. The cultural traits/components were found to bring value for MSH- Ethiopia. These shared values maintain plans and boundaries for the behavior of employees and how they react in their working environment.

Based on the findings of the study, MSH has to give focus on the below recommendations;

1. **Involvement:** Capable employees should be given a chance of promotion whenever there is competition. To facilitate and support in building teams so that each project is well aware about how work is done in other areas, and understand how they need to create value for money, value for their partner. This creates a sense of ownership and employees will have the responsibility for a better and greater commitment.
2. **Consistency:** MSH should maintain and enhance the confidence level of employees by including values and culture as regular part of their job. This can be provided on job trainings and technical trainings to all employees on regular basis. The coordination and integration level should meet the expected level to improve organizational performance.
3. **Adaptability:** This has impact on MSH effectiveness, and MSH is doing great in this aspect. However, MSH should improve the existing practice and should be able to create awareness on the activities it is doing with partner organization and activities within projects on a regular bases. There must be a regular meeting where employees from

different projects can share and learn new ideas, best practices with face to face discussion.

4. **Mission:** Reminding employees about the goals of MSH is one way, it can be done on review meetings and trainings. Orientation should be given on MSH strategic roadmap, mission and vision of MSH to newly hired employees before they start their job. This will help all to have clear set of goals and objectives and to have shared view of desired future MSH.
5. MSH needs to invest on the performance development plan of employees. MSH should give priority to employee's performance development plan in order to stay competitive and meet upcoming activities. Even though there is effort, it should be given prior attention as the capability of employees should be viewed as an important source of competitive advantage.
6. MSH should improve the existing challenge perceived by majority of the participants on how decisions are made with the management team. There must be open, transparent information flow throughout MSH. The management should provide timely response to different concerns raised by employees. The reward and the recognition practice should be based on clear and similar parameter for all employees

Human resources are said to be greatest assets of an organization. Despite the above mentioned problems, MSH needs to address its organizational culture and performance management practice hand in hand with its employees. MSH-Ethiopia should improve the existing culture by reinforcing common values, behavior patterns and practices, with many close connections between deeply held assumptions and visible concrete behaviors. Most importantly, by investing and making sure these are met through developing a control where it is required and ensures they are being applied.

In this study, contradictory results were observed which needs further studies to substantiate these findings and elaborate on the reasoning. Due to this factor, the researcher would like to recommend further research on this area.

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**St. Mary's University**

**MBA General Program**

**Survey Questionnaire for MSH Employees**

My name is Addis Alemayehu, student of post graduate at St. Mary's University. This questioner is designed to gather information for the purpose of research conducted on the relationship between organizational culture and practice performance management in Management Sciences for Health (MSH)-Ethiopia. I would like to assure you that the data collected through this questionnaire will be used for academic purposes and the anonymity of respondents shall be maintained.

I kindly invite you to answer the questions carefully, thanking in advance for your cooperation.

a. Education level

BA/BSc Degree

MD

above MPH/ MBA/ MA

b. Gender:

Male:

Female:

c. Years of experience at MSH\_\_\_\_\_

d. Location of work\_\_\_\_\_

We use 5 point scale ranging from Strongly Disagree to Strongly Agree. Please indicate how much you agree or disagree with each of the following statement: by circling the numerical value provided.

		<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neither agree nor disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
	<b>INVOLVEMENT</b>					
	<b>Empowerment</b>					
1	Decisions are usually made at the level where the best information is available?	1	2	3	4	5
2	Information is widely shared so that everyone can get the information he or she needs when it's needed?	1	2	3	4	5
3	Everyone believes that he or she can have a positive impact?	1	2	3	4	5

	<b>Team Orientation</b>					
1	Cooperation across different parts of the organization is actively encouraged.	1	2	3	4	5
2	Work is organized so that each person can see the relationship between his or her job and the goals of the organization.	1	2	3	4	5
	<b>Capability Development</b>					
1	The "bench strength" (capability of people) is constantly improving.	1	2	3	4	5
2	There is continuous investment in the skills of employees.	1	2	3	4	5
	<b>CONSISTENCY</b>					
	<b>Core Values</b>					
1	Ignoring core values will get you in trouble.	1	2	3	4	5
2	There is an ethical code that guides our behavior and tells us right from wrong.	1	2	3	4	5
	<b>Agreement</b>	1	2	3	4	5
1	It is easy to reach consensus, even on difficult issues.	1	2	3	4	5
2	There is a "strong" culture.	1	2	3	4	5
3	We seldom have trouble reaching agreement on key issues.	1	2	3	4	5
	<b>Coordination &amp; Integration</b>					
1	It is easy to coordinate projects across different parts of the organization.	1	2	3	4	5
2	There is good alignment of goals across levels.	1	2	3	4	5
	<b>ADAPTABILITY</b>					
	<b>Creating Change</b>					
1	The way things are done is very flexible and easy to change.	1	2	3	4	5
2	New and improved ways to do work are continually adopted.	1	2	3	4	5

	<b>Partner Focus</b>					
1	Partner input directly influences our decisions.	1	2	3	4	5
2	All members have a deep understanding of partner wants and needs.	1	2	3	4	5
3	The interests of the partner seldom get ignored in our decisions.	1	2	3	4	5
	<b>Organizational Learning</b>					
1	Innovation and risk taking are encouraged and rewarded.	1	2	3	4	5
2	Learning is an important objective in our day-to-day work.	1	2	3	4	5
	<b>MISSION</b>					
	<b>Strategic Direction &amp; Intent</b>					
1	There is a clear mission that gives meaning and direction to our work.	1	2	3	4	5
2	Our strategic direction is clear to me.	1	2	3	4	5
	<b>Goals &amp; Objectives</b>					
1	Leaders set goals that are ambitious, but realistic.	1	2	3	4	5
2	We continuously track our progress against our stated goals.	1	2	3	4	5
	<b>Vision</b>					
1	Our vision creates excitement and motivation for our employees.	1	2	3	4	5
2	We are able to meet short-term demands without compromising our long-term vision.	1	2	3	4	5

### Performance Evaluation

	<b>Consultative Performance Appraisal</b>	1	2	3	4	5
1	The supervisor will normally discuss the performance of his/her subordinates with them.	1	2	3	4	5
2	Performance appraisal includes the supervisor setting objectives and goals of subordinates for the period ahead in consultation with them.	1	2	3	4	5



<b>Training Effectiveness/Evaluation included items</b>						
1	My organization conducts systematic analysis to determine the needs for training programs	1	2	3	4	5
2	We conduct cost-benefit analysis to assess the effectiveness of our training programs	1	2	3	4	5
3	We evaluate our training programs to determine whether the training objectives are met.	1	2	3	4	5
<b>Performance-based Compensation included items</b>						
1	Job performance of an individual is very important in determining the earnings of employees in my company	1	2	3	4	5
2	Promotion is based primarily on seniority	1	2	3	4	5
3	Job performance of an individual is very important in determining the rating of an employee	1	2	3	4	5

1. Have you heard employee resigning from his/her job because of dissatisfaction with management decision?

Yes:  No:

If yes, please explain\_\_\_\_\_

2. I am satisfied with the performance management practice in MSH?

Yes:  No:

3. Do you feel that you are proud to be an employee of Management Sciences for Health?

Yes:  No:

4. In your opinion, last year's performance review plan and development rating is reasonable?

Yes:  No:

If no, please explain\_\_\_\_\_

5. In MSH is there consistent organizational culture that governs the way things are done?

Yes:  No: