



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

**PERFORMANCE MANAGEMENT PRACTICES  
AT “MANAGEMENT SCIENCES FOR HEALTH”  
THE CASE OF ETHIOPIA OFFICE**

**BY  
MAWARDI IBRAHIM**

**NOVEMBER, 2013  
ADDIS ABABA, ETHIOPIA**

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**MAWARDI IBRAHIM**

**A THESIS SUBMITTED TO ST. MARY’S UNIVERSITY, SCHOOL OF  
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## List of Acronyms

BSC	Balanced Scorecard
ENHATCS	Ethiopian Network for HIV/AIDS Treatment, Care and Support
HEAL TB	Help Ethiopia Address Low TB Performance
HFA	Human Resource for all
HRH	Human Resource for Health
LMG	Leadership Management and Governance
MSH	Management Science for Health
PA	Performance Assessment
PE	Performance Execution
PM:	Performance Management
PP	Performance Planning
PRR	Performance Renewal and Re-contracting
PPRD:	Performance Planning, Review and Development
PR	Performance Review
OS	Organizational Strategy
SCMS	Supply Chain Management Systems
SIAPS	System for Improved Access to Pharmaceutical and Services
TDR	Training Development and Reward

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## **ABSTRACT**

*Performance management system helps in aligning individual goals and objectives with those of the organization. The system engages employees and thereby directs them toward achieving the strategic goals of the organization. The purpose of this research study is to conduct an investigation at Management Science for Health Office, Ethiopia Branch to establish whether a performance management system would facilitate the achievement of the organization's strategic goals and objectives. Preliminary investigations showed that the organization is using a performance appraisal process which is not effective in facilitating the organization's strategic objectives. Based on the initial investigation, this study was undertaken. To achieve the goals of this study, 240 employees of the organization were presented with a questionnaire based on important key elements of performance management. Responses were received from 212 employees, of which 27 was from finance section, 6 from Human Resource section 49 from operation sections, and 130 from technical staff members. Their responses to the questionnaire were analyzed. In addition to the questionnaires, interview was conducted with the Human Resources Manager and information obtained through discussion was used as an input. Descriptive statistics was used mainly on the primary data collected, and using SPSS, the findings were analyzed.*

*The findings of the study showed that problems exist in the organization which impedes achievement of its strategic goals. A performance management system would assist the organization in many of these areas to overcome the identified problems. Based on the results of the study it was recommended that the management of the organization need to design and implement a performance management system to facilitate the achievement of the organization's strategic goals.*

### **Keywords:**

***Performance management, performance management practices***

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Performance Management is a systematic approach to improving individual and team performance in order to achieve organizational goal. Organizations implement Performance management system for various purposes and the process has different steps. One of the most important steps in the performance management system is performance appraisal (Armstrong, 2009).

Performance management should be evidence based. It is an analytical process in which the factors influencing performance are identified and this is not just about performance measures. Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exist for establishing shared understanding about what is to be achieved, and for managing and developing people in a way that increases the probability that it will be achieved in the short and longer term. It is owned and driven by line management. Performance management as practiced today incorporates processes such as management by objectives and performance appraisal that were first developed some time ago. 'Performance management is managing the business.' It is what line managers do continuously, not an HR-directed annual procedure. It is a natural process of management. Mohrman and Mohrman, (1995).

Performance management is much more than appraising individuals. It contributes to the achievement of cultural change and it is integrated with other key HR activities, especially

Human capital management, talent management, learning and development and reward management. Thus performance management helps to achieve horizontal integration and the 'bundling' of HR practices so that they are interrelated and therefore complement and reinforce each other. As an important part of a high-performance work system, it contributes to the development of more effective work systems that largely determine levels of Performance (Armstrong, 2009).

Performance management is a broader term than appraisal and, as a concept or philosophy, should ideally be a systematic approach that encompasses:

- Motivation of employees to perform;
- Vision by employers as to what performance standards they expect of employees;
- Ownership of management of performance at a variety of levels within organizations;
- Monitoring and measurement of the performance achieved by employee (Moharman and Moharman, 1995).

Performance management is the essential bridge between the strategic goals of the organization and the day-to-day priorities of teams and individuals. It is also the way in which an organization can gear its people development strategy to the needs of the business—defining the skills and competencies required for excellent performance and then creating performance development for individuals (IPD, 1997).

Performance management is a systematic approach to improving individual and team performance in order to achieve organizational goals. Performance management is the process of trying to bring the rewards which individuals desire into line with those required by the organization (Edis, 1995).

Performance management (PM) is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. It is the main vehicle by

which managers communicate what is required from employees and give feedback on how well they are achieving job goals (CIPD, 2009).

Performance management is creating a shared vision of the purpose and aims of the organization, helping each individual employee to understand and recognize their part in contributing to them and thereby managing and enhancing the performance of both individuals and the organization (Philips, 1997).

The Performance management process at “Management Science for Health “is a lengthy process. The performance appraisal form constitutes 8 pages. Some of the items in the performance management system are redundant and there is conflict between the supervisee and the supervisor during the review period. The office atmosphere during the review period is not good. The paper focuses in assessing the performance management practices starting from the prerequisite to renewal process. Areas that need correction were also be identified.

The study focuses in assessing the performance management practices of Management Science for Health (MSH).

## **1.2 Statement of the Problem**

Obviously, Performance Management is one of the most important activities of human resource management, and it is important to an organization, if it is properly assessed, in bringing to handle employees successfully to make effective and efficient on their job. It is observed that most organization often underutilize or misuse this tool to achieve their desired goals. In fact in many organizations poorly implemented performance management system is doing more harm than good (www.Success factors, 2013).

Performance management system plays an integral role in the employer’s performance management process as it translates the strategic goal into individual employee’s goals. Performance management is very useful in promoting and rewarding good performance. It is also helpful in identification of performance gaps and addressing issues in good time

MSH which is a not for profit organization, needs to and effective performance management process in order to be efficient, effective, stay competitive and to achieve its desired objective. The management process needs to

Currently MSH uses Performance Plan, Review, and Development (PPRD) cycle for its performance management process to look ahead, receive valuable feedback, and to put serious thought into performance plans and professional development. However, the PPRD is used as performance appraisal or review once a year and employees claim that there is no strong linkage between the organizations goals and individual goals. Furthermore, there is no clarity regarding what employees need to achieve to meet the organizations objectives.

During appraisal period there is always conflict and the amicable working relationship between the supervisor and the supervisee disrupted. The planning, execution and the assessment of the performance management system at MSH are not properly managed. The entire performance management practice needs to be re-assessed.

### **1.3 Research Questions**

Based on the previous statement of research problem, the following main research questions were formulated.

1. What kind of linkage exists between the organization's goal and employees individual roles?
2. What components of performance plan are included in MSH performance management system?
3. How do managers and employees at MSH execute the performance management system?
4. For what purpose did MSH uses performance appraisal results?

## **1.4 Objective of the study**

### **1.4.1 General Objective**

The general objectives of the study is to assess the performance management practices of MSH Ethiopia

### **1.4.2 Specific Objectives**

The specific objectives of the research are:

- To assess the kind of linkage that exists between the individual roles of employees and the goals of the organization.
- To determine the different components of performance plan.
- To describe the way managers and employees execute the performance management system.
- To assess sources employee dissatisfaction during performance review period.
- To assess the purpose of the performance appraisal at MSH

## **1.5 Operational Definition of Terms**

### ***Performance management***

Performance management is a systematic process of improving organizational performance by aligning individual employees' efforts to address organizational strategies and goals.

### **Performance Appraisal**

Performance appraisal is one of the most important stages of performance management and includes the planning, execution, assessment, of the performance of individuals in the organization.

## **1.6 Significance of the Study**

The study is significant to give feedback to employees, employers, other stakeholders and researchers about the organizations performance management practice of the organization. Performance management system helps employees of the organization by determining who shall receive merit increase, counsels on their improvement, training needs; promotion, and identifies those who should be transferred. Moreover, it helps to improves employees, job performance. Measuring and monitoring the performance management practices will improve the organizational performance by aligning individual goals towards organizational goals.

## **1.7 Scope/Delimitation of the Study**

The study was used to assess the performance management practices at MSH and provide recommendation for implementation. Due to time limitation, the impact to be realized as a result of the implementation of the recommendation in the performance of the organization was not reviewed and presented. The study did not include part time and contract workers.

Due to time limitation, the questionnaires were distributed to respondents only once and the trend shift in the performance management practices of MSH could not therefore be discussed.

## **1.8 Organization of Research Paper**

In the final paper, chapter one is devoted to introduction, under chapter two, related literature is reviewed; under chapter three the research designs as well as the methodology employed are discussed. Under chapter four, the results of the finding are being fully discussed and finally under chapter five, conclusion of the findings is summarized and recommendations are also forwarded.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Performance Management Defined

Performance management is a systematic process for improving organizational performance by developing the performance of individuals and teams. It is a means of getting better results by understanding and managing performance within an agreed framework of planned goals, standards and competency requirements. Processes exist for establishing shared understanding about what is to be achieved, and for managing and developing people in a way that increases the probability that it will be achieved in the short and longer term. It is owned and driven by line management (Armstrong, 2009).

Performance management is concerned with: aligning individual objectives to organizational objectives and encouraging individuals to uphold corporate core values; enabling expectations to be defined and agreed in terms of role responsibilities and accountabilities (expected to do), skills (expected to have) and behaviors (expected to be); providing opportunities for individuals to identify their own goals and develop their skills and competencies (Armstrong, 2009).

Performance management is “a continuous process of identifying, measuring and developing the performance of individuals”. Performance management primarily focuses on its employees to develop their capabilities (Aguinis, 2007).

Performance management system usually includes measures on both behaviors (what an employee does) and results (the outcomes of an employee’s behavior). In order to realize the purpose of performance appraisal, organization should carefully design appraisal system and implement accordingly (Aguinis, 2007).

According to Brumback (2003), performance management is based on four principles:-

- a) Tall performance
- b) Accountability

- c) Responsible empowerment
- d) Performance management

Performance management is assessment of personnel performance, feeds into career development, compensation and promotion, movement within the organization, and sometimes even termination of employment. Importantly it links the performance of the individual with the objectives of the organization. Assessment of individual performance through mechanisms such as the appraisal system are normally linked to training and development plans which enable people to improve performance and also develop abilities in new areas (Armstrong, 2009).

Performance management as practiced today incorporates processes such as management by Objectives and performance appraisal that were first developed some time ago. But its overall approach is significantly different. As Mohrman and Mohrman (1995) emphasize: 'Performance management is managing the business.' It is what line managers do continuously, not an HR-directed annual procedure. Performance management is the process of continuously attracting, developing and retaining talented employees. Performance management provides supervisors, tools for planning, supporting, counseling, mentoring, appraising and recognizing employee performance. One can learn how to effectively set measurable goals, build competencies, coach mentor, conduct performance appraisals and recognize accomplishments.

Performance Management Systems are so far the best available mechanisms for efficient and productive management and also Performance Management System aim is to create a high performance culture in which all members, managers or employee, takes responsibility for continuous improvement of business processes and also of their own skills (Armstrong, 2006).

Performance management is a planned management process consisting of communication among all working groups, task agreement, cooperative work design, output assessment,

feedback and positive reinforcement. Significant characteristics of performance management system which makes it one of the best practices are:

- Emphasis on front end planning rather than back end review
- Broader definition of performance
- Ongoing dialogue
- Performance appraisal practice
- Graphical rating scales.

(Aguinis, 2007).

Performance Management System approach believes that there are many other factors coupled with performance outcome and it is not only based on objective achievement which was main target of Management by Objective practice. In this approach 'sharing expectations' has changed the autocratic style of management into democratic (Wilson, 2004).

Managers can make it clear, what they actually want from their staff or each individual. Managers also make it understandable to all, what they expect from them in terms of good performance and how mutually they can contribute in organizational goals. On the other end employees can talk about how they should be managed, how they can give their best output. They can discuss the support or resources which they need from managers (Bascal, 1999).

Main focus of Performance Management System appears to be on consensus which was lacking in early practices where there was no discussion before writing the annual character report or setting objectives points and the positive relationship between performance management and better business performance (Aguinis, 2007).

It can communicate shared vision of organization, define expectations and reach consensus. It also enhances motivation, leads towards personal development plans, allows

people to monitor their own performance and of those who are responsible for this and encourage dialogue about various issues. The words performance measurement and performance management often used interchangeably, performance includes measurement based on key success factors to track achievement while performance management aims to react to the results of the measurement (Radnor, 2003).

## **2.2 Evolution of Performance Management**

Performance Management began around 60 years ago as a source of income justification and was used to determine an employee's wage based on performance. Organizations used Performance Management to drive behaviors from the employees to get specific outcomes. In practice this worked well for certain employees who were solely driven by financial rewards. However, where employees were driven by learning and development of their skills, it failed miserably. The gap between justification of pay and the development of skills and knowledge became a huge problem in the use of Performance Management. This approach of managing performance was developed in the United Kingdom and the United States much earlier than it was developed in Australia.

The current trend across the entire industry is shifting from performance measurement to performance management (Radnor & Barnes, 2007).

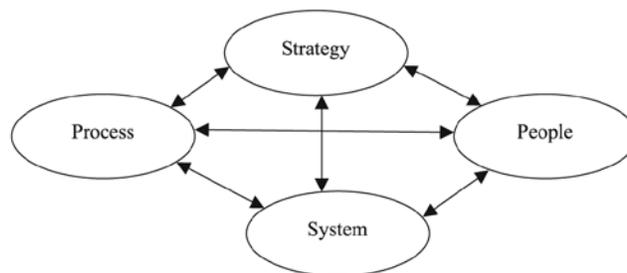
According to Koontz (1971), the first known example of performance appraisal took place during the Wei dynasty (AD 221–65) when the emperor employed an 'imperial rater' whose task it was to evaluate the performance of the official family. In the 16th century Ignatius Loyola established a system for formal rating of the members of the Jesuit Society. The formal monitoring systems, however, evolved out of the work of Frederick Taylor and his followers before the First World War. Rating for officers in the US armed services was introduced in the 1920s and this spread to the UK, as did some of the factory-based American systems. Merit rating came to the fore in the United States and the UK in the 1950s and 1960s. (IPD, 1997).

Management by objectives then came and largely went in the 1960s and 1970s, and simultaneously, experiments were made with assessment techniques such as behaviorally anchored rating scales. A revised form of results-orientated performance appraisal emerged in the 1970s and still exists today. The term performance management was first used in the 1970s but it did not become a recognized process until the latter half of the 1980s. In the late 1980s and early 1990s the dissatisfaction with traditional backward looking accounting based performance measurement system led to the development of balanced multi-dimensional performance measuring frame work (Radnor & Barks, 2007).

Kaplan and Norton (1996) outline that for successful implementation of the BSC

The organization needs to understand and state their strategic foundation. This strategy has then to be geared into measurable and balanced dimensions in four perspectives (Kaplan & Norton, 1996).

**Figure 1. The pyramid of Performance Management**



Reference: Performance Management in the public sector: Radnor 2003

Organizational diamond for performance management can help in giving the sense of direction for performance management.

**“Processes”** are the “nervous” system of the organization (Clarke, 1994). They can be considered to be the “harder” mechanics of the organization and described as the business processes as well as the structure of the firm (Radnor, 1999). By understanding and defining the processes within an organization it would be possible to develop ensure that a coherent set of performance measurement and appropriate targets that support the processes and vice versa.

**“People”** are the “blood and guts” of the organization (Clarke, 1994). The organizational factors represented here are largely concerned with training, motivation, culture and skills (Radnor, 1999). The people element is important in terms of the framework to ensure ownership, accountability and, improvement in the performance. People need to be trained to understand the purpose and impact of performance management. They should also be involved in creating and managing performance management (De Waal, 2002).

**“System”** relates to the actual performance measurement or performance management system itself. It needs to be realistic, measure and reinforce the right targets to ensure the appropriate behavior (De Waal, 2002). In other words there needs to be an understanding between, the structure and behavior that a performance management system drives. By understanding the various facets and ensuring that there is some balance between them in relation to performance management within the public sector it should be possible that it is not always be about developing targets, setting measures and measuring the process but rather about developing indicators, performance management and understanding the outcome to support the “organizational” needs.

**“Strategy”** can be defined as the direction of the organization. It refers to and supports the building block of bold aspirations (Radnor, 2003).

### **2.3 Performance Management Principle.**

Employees want direction, freedom to get their work done, and encouragement not control. The performance management system should be a control system only by exception. The solution is to make it a collaborative development system, in two ways.

First, the entire performance management process – coaching, counseling, feedback, tracking, recognition, and so forth – should encourage development. Ideally, team members grow and develop through these interactions. Second, when managers and team members ask what they need to be able to do to do bigger and better things, they move to strategic development (Egan, 1995).

According to Armstrong (2009), research conducted by Fletcher and Williams suggests four underlying principles of effective performance management systems, namely that:

- It is owned and driven by line management and not the human resources department;
- There is an emphasis on shared corporate goals and values.
- Performance management is not a packaged solution but something that has to be developed specifically and individually for each particular organization.
- It should apply to all staff, not just the managerial group.

Armstrong (2009) further expands on these principles as follows:

- Performance management translates corporate goals into individual, team, department and divisional goals;
- It helps to clarify corporate goals;
- It is a continuous and evolutionary process, in which performance improves over time;
- It relies on consensus and cooperation rather than control or coercion;
- It encourages self-management of individual performance;
- It requires a management style that is open and honest and encourages two way communications between superiors and subordinates;
- It requires continuous feedback;
- Feedback loops enable the experiences and knowledge gained on the job by individuals to modify corporate objectives;
- It measures and assesses all performance against jointly agreed goals;

- It should apply to all staff and is not primarily concerned with linking performance to financial reward.

## 2.4 Purpose of Performance Management

According to Aguinis, 2007 Performance management has a number of purposes including, Strategic, communication, development as well as organizational maintenance discussed below.

**Strategic:** It links the organization's goals with individual goals, thereby reinforcing behaviors consistent with the attainment of organizational goals.

**Administrative:** It is a source of valid and useful information for making decisions about employees, including salary adjustments, promotions, employee retention or termination, recognition of superior performance, identification of poor performers, layoffs, and merit increases.

**Communication:** It allows employees to be informed about how well they are doing, to receive information on specific areas that may need improvement, and to learn about the organization's and the supervisor's expectations and what aspects of work the supervisor believes are most important.

**Developmental:** It includes feedback, which allows managers to coach employees and help them improve performance on an ongoing basis.

**Organizational maintenance:** It yields information about skills, abilities, promotional potential, and assignment histories of current employees to be used in workforce planning as well as assessing future training needs, evaluating performance achievements at the organizational level, and evaluating the effectiveness of human resource interventions.

According to Armstrong (2009), an effective performance management process sets the foundation for rewarding excellence.

- By linking individual employee work efforts with the organization's mission and objectives, the employee and the organization understand how that job contributes to the organization.
- By focusing attention on setting clear performance expectations (results + actions & behaviors), it helps the employee know what needs to be done to be successful on the job. Through the use of objectives, standards, performance dimensions, and other measures it focuses effort. This helps the department get done what needs to be done and provides a solid rationale for eliminating work that is no longer useful.
- By defining job-mastery and career development goals as part of the process, it makes it very clear how the current position supports employee growth and the additional opportunities the employee needs to explore. Through regular check-in discussions, which include status updates, coaching, and feedback, it promotes flexibility, allowing the supervisor and the employee to identify problems early and change the course of a project or work assignment.
- By emphasizing that an annual appraisal should simply be a summary of the conversations held between the supervisor and the employee during the entire cycle, it shifts the focus away from performance as an "annual event" to performance as an on-going process. An effective performance management process, while requiring time to plan and implement, can save management and the employee time and energy. Most importantly, it can be a very effective motivator; since it can help both management and the employee achieve the best possible performance.

According to Aguinis (2007), the following characteristics are important ingredients of an ideal performance management system.

- Strategic congruence. The system should be congruent with the unit and organization's strategy.
- Thoroughness. The system should be thorough.
- Practicality. Good, easy- to –use systems.
- Meaningfulness. The system must be meaningful.
- Specificity .A good system should be specific
- Reliability. It is free from error
- Validity. The measures of performance should also be valid.
- Acceptability and fairness. Good system is acceptable and is perceived as fair.
- Inclusiveness. Good systems include input from multiple sources on an ongoing basis.
- Openness. Good systems have no secrets.
- Correctability.
- Standardization etc...

The successful implementation of a comprehensive performance management system can provide everyone the direction and support they need to enhance and improve their productivity and standards on a regular basis. Besides serving as important input to the organization's developmental efforts, performance management programs can also provide information for effective work force planning and compensation projections. A comprehensive performance management program allows managers to gain relevant and timely insights into their employees' goals, desires and abilities, thereby enabling them to execute better motivational strategies and fairer evaluation methods for each person as per his or her performance. For employees, a comprehensive performance management program can clarify their jobs, the expectation of managers from them, as well as the perception of managers regarding their performance for each task and responsibility. A good comprehensive performance management program also provides relevant and timely information for those organizational goals.

One purpose of performance management in regard to people development is that effective coaching can build an employee's confidence and commitment while resolving performance attitude problems on a just-in-time basis (James Rollo, 2001).

## **2.5 Performance Management Process**

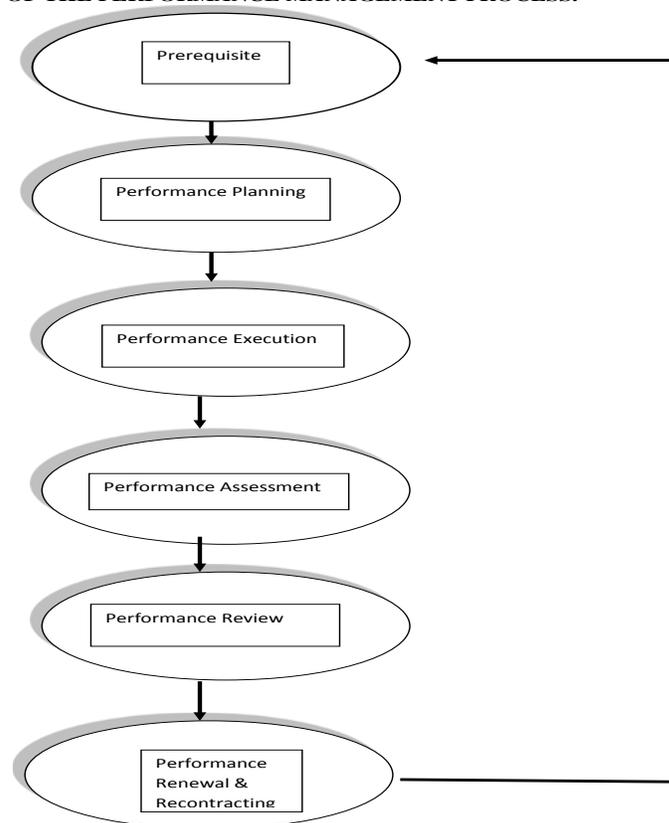
Performance management is a process for measuring outputs in the shape of delivered performance, compared with expectations expressed as objectives. In this respect it focuses on targets, standards and performance measures or indicators. But it is also concerned with inputs-the knowledge, skills and competencies required to produce the expected results. It is by defining these input requirements and assessing the extent to which the expected levels of performance have been achieved by using skills and competencies effectively that developmental needs are identified (Armstrong, 2001).

Performance management is a positive interaction between a coach and an employee working together to achieve maximum performance. The process involves the following:

1. Prerequisites
2. Performance Planning
3. Performance execution
4. Performance Assessment
5. Performance review
6. Performance renewal and contracting

**Figure 2. Flow of Performance Management**

**FLOW OF THE PERFORMANCE MANAGEMENT PROCESS.**



Source: Aguinis, 2007

Brumback (2003) contends that performance management has the following four phases

1. Setting target
2. Tending performance
3. Appraisal
4. Sanctioning

## 2.6 Key aspects in the performance management process

Workplace Performance Technologies ([www.workinfo.com](http://www.workinfo.com)) lists the key elements of the performance management process as follows:

- **It is a business process:**

It is about the everyday actions and behaviors people use to deliver the goals of the organization to meet customer needs, improve performance and themselves. It cannot be divorced from the management and business process of the organization. Performance management is not about a set of forms, the annual appraisal ritual, or the merit or bonus scheme.

- **It creates a shared understanding.**

There is a linkage between what is to be achieved and how it is achieved.

Individuals and teams need to have a common understanding of how their roles connect to the business mission and goals of the organization. To improve performance they also need to know what superior performance looks like and how to achieve it. Performance can be described as a set of tasks, goals, behaviors or results or any combination of these elements. The goals and tasks must be formalized into a performance agreement.

- **It is an approach to managing people :**

The focus of performance management is on connecting people to one another and to the larger organization and its values. The main emphasis is on how to get people to work together and support one another to achieve shared aims. In particular it puts the responsibility on managers to work effectively (through coaching and motivating) with those for whom they are accountable.

- **It increases the probability of organization health and durability:**

Performance management has a clear purpose. It is about delivering success for individuals, teams and the organization. By establishing a continuous management processes that delivers clarity, support, feedback, and recognition to all, leaders take a major step in sustaining performance, the performance management process, and organizational life span.

- **It is driven by Competencies :**

Competencies are the only common denominator that can be used across human resource system consistently. This assists both line managers and human resource professionals to measure and manage jobs and performance in an integrated way.

Performance Management is based on four key elements: Strategy, people, process and system which are all inter related (Radnor, 2003).

## **2.7 Performance management Cycle**

Performance depends on the motivation and ability of individuals, that is, they have to be willing to do the job, know how to do it, be able to do it, and have receive feedback on how they are performing in considering the cycle of performance management, it is useful to compare ideas from different authors and contrast their views (Fox, 2006).

According to Shultz et al (2003), the starting point of performance management is setting goals and measures and goes on to list the steps that form the performance management cycle and the cycle that consists of the following steps:

- **Clarify expectations**

This is the crucial first step in the performance management. It ensures that employees know what is expected of them. They must have a crystal clear

understanding, not only of what the objective means, but also of what is necessary to affect the measure associated with the objective. The initial meeting between manager and subordinate in the performance management cycle should be a discussion about setting performance objectives and measures. It should not be a briefing in which the manager tells the subordinate what his or her objective are, and then spends the rest of the time convincing the subordinate of the importance of achieving objectives.

- **Plan to facilitate performance**

The manager might ask the subordinate what he or she could do help the subordinate achieve his or her objectives. There are many instances in which the manager's intervention may be necessary due to the fact that subordinate may not have the authority or resources to make things happen.

- **Monitor performance**

There are many methods of monitoring performance of subordinates. One such method is referred to as managing by wandering around. If this is not possible, then the monitoring of performance may be achieved by regular meetings, telephone calls, written reports etc... Frequency of monitoring is a factor of the nature of the job and the seniority of the person being monitored.

- **Provide feed back**

It is critically important to provide feedback to subordinate on their performance. Such feedback serves the purposes of allowing for the manager to provide for consequences of performance and it allows the manager to redirect the efforts of the subordinate if necessary. One of the measurement tools, the balanced scorecard measures the organizations performance across four balanced perspectives financial, customers, internal business process and learning & growth (Kaplan & Norton, 1996).

- **Coach, council and support**

It performance monitoring reveals a serious deficit, and then the manager may have to coach the subordinate. This will consist of discussing the desired performance, and if necessary, modeling the performance for the subordinate, asking the subordinate to perform, and then giving critical feedback on the performance, until it is at the required level.

- **Recognize good performance**

Behavior that is positively reinforced is likely to recur, while behavior that is punished, or for which there are no consequences, is less likely to recur. Managers who seek to influence the performance of their subordinates need to ensure that good performance is followed by positive consequences.

- **Deal with unsatisfactory performance**

If a subordinate fails to perform as expected and this performance persists, then it may be necessary to start disciplinary procedures by starting performance improvement plan, the area the subordinate should improve, then standard must be offered every assistance to perform, including it necessary reassignment to a different position to help then remain employed.

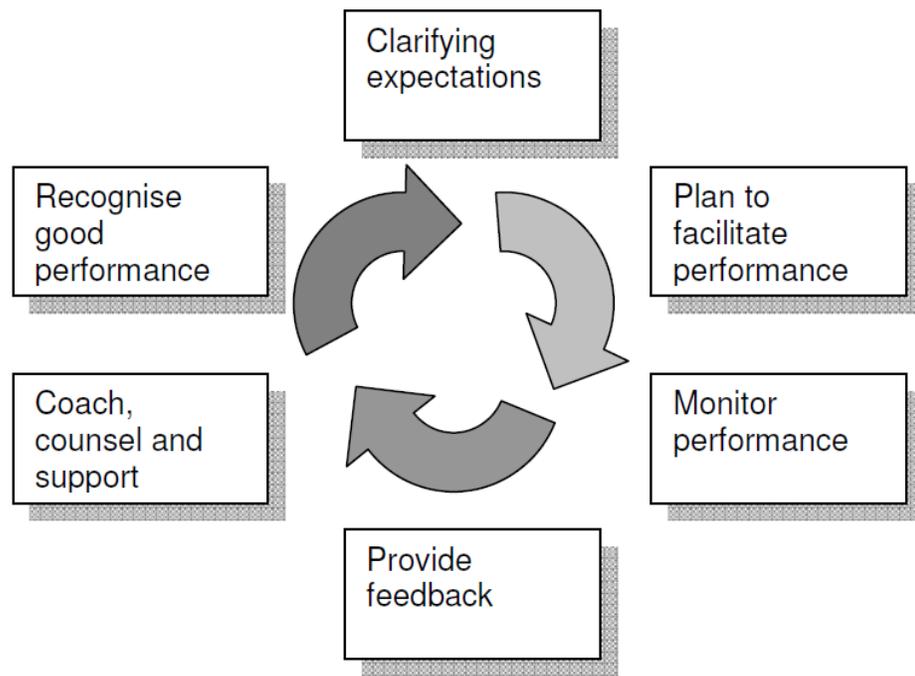
In terms of dealing with poor performance, the following steps should be followed:

- Ensure that employee knows that his or her performance is unsatisfactory;
- Check to see what employee's previous performance record is like;
- Revisit the performance objectives and ensure that subordinate knows what is required of him or her and what he or she need to do to perform adequately;
- Agree on a performance improvement plan;
- Agree on a process for follow up and review of the improvement plan, and consequence of non-performance
- Record the agreement in writing
- Monitor performance in terms of the agreement

One of the measurement tools, the Balanced Scorecard measures the organization's performance across four balanced perspectives: financial, customer, internal business process and learning and growth. (Kaplan & Norton, 1996).

**Figure 3. Performance Management Cycle**

**Performance management cycle**



Source Shultz et al (2003)

**2.8 Performance Management Benefit**

The use of performance management can be seen as a method designed to meet organizational goals. Measuring key performance indicator will improve operational effectiveness, ensure accountability and foster collaboration (Lemieux-Charles, et al, 2003).

Schultz ,(2003) believes that through performance management, the product of successful performers is a high performance company with an unmistakable profile that distinguishes

it from the mediocre. Osborne and Cowen in Schultz, (2004) list the key attributes that differentiate the culture of high performance companies as follows:

- High performance companies have a simple compelling vision for the future;
- They produce a ‘true believer mentality’ (whereby everyone believes in the vision of the company, certain that it will bring success);
- Three or four plain values guide the organization, such as self-confidence, speed and simplicity;
- Employees are proud of their company, but dissatisfied with their current performance learning from both every mistake and every success;
- The urge to earn and maintain peer respect is the greatest motivator
- Employees in a high performance company expect that long term relationships will foster their careers
- A single person’s success is celebrated through the company.

### **Management Benefits.**

While performance management cannot solve every problem, it has the potential to address many common management concerns. If it is properly used, with invested time on it, and a cooperative relationship, performance management can:

- Reduce time-consuming misunderstanding among staff about who is responsible for what.
- Reduce the frequency of situations where you do not have the information you need when you need it.
- Reduce mistakes and errors (and their repetition) by helping you and your staffs identify the causes of errors or inefficiencies.

- Identify individual training and development needs.
- Build closer working relationships based on mutual trust and respect.
- Provide better feedback to individuals about their performance and progress based on mutual understanding of needs (Armstrong, 1994).

Performance management is an investment upfront so that managers can just let employees do their jobs. They will know what they are expected to do, what decisions they can make on their own and how well they have to do their jobs.

### **Employee Benefits.**

It can provide scheduled forums for discussion of work progress, so employees receive the feedback they need to help assess their accomplishments and to know where they stand. That regular communication ensures there are no surprises at the end of the year. Since performance helps employees understand what they should be doing and why, it gives them a degree of empowerment-ability to make day-to-day decisions.

It helps in figuring out how to improve performance, even if there are no current performance problems. This provides an opportunity to help employees develop new skills and is more likely to identify barriers to better performance, such as inadequate resources.

Employees benefit from better understanding their jobs and their job responsibilities. If they know their limits, they can act more freely within those parameters.

### **Organizational Benefits.**

When people in the organization understand how their work contributes to the success of the company, morale and productivity usually improve. A company can have all of its parts aimed at the same bulls-eye. Performance management is the key to making these links clear to everyone.

## **2.9 Challenges of Performance Management.**

The outcomes of an effective and comprehensive performance management program should be satisfied and productive employees, better bottom-line profits and better competitive position in the market or industry. Traditionally, performance management programs have been devalued due to the fact that most organizations viewed it as a single or “stand alone” initiative, rather than a strategic tool to enhance performance and achieve organizational productivity. Some people have viewed performance management programs as “touchy feely” initiatives that simply do not add much value to the organization, while others have seen it as being out of touch from the needs of an organization’s human resource asset. Other reasons “devalued” view of performance management programs can be attributed to the view that it is considered as extra work to complete the required forms, its perception that it is part of some legal requirement by human resource department, lack of proper training for understanding the process and its core elements, and fact that often employees and managers are not included in the initial design and implementation process.

Performance management is easy to describe but hard to operate. And there is no such thing as ‘one best way’ to carry it out. As Pulakos, Mueller-Hanson and O’Leary (2008)

Performance management is often referred to as the ‘Achilles heel’ of HRM. All modern organizations face the challenge of how best to manage performance. That is, they must determine the best ways to set goals, evaluate work and distribute rewards in such a way that performance can be improved over time. While all firms face similar challenges, the way a firm responds to these challenges will depend on where the firm is located and the context within which it is operating. Differences in culture, technology or simply tradition make it difficult to directly apply techniques that have worked in one setting to a different setting (Armstrong, 2009).

Reactions and conflicts an employee’s sides are often inevitable. Dissatisfaction, feeling of unfairness in the process and in equity in evaluation can lead to appraisal system to failure (Palaiologos, etal 2011).

According to Armstrong (2009), criticisms fall broadly into two categories:

1. It is a good idea but it doesn't work (mainly practitioners and some academics).
2. It is a bad idea and it doesn't work (mainly academics).

### **It is a good idea but it doesn't work**

Those who believe that it does not work assert that managers often don't like doing it because they see it as an imposed bureaucratic chore that has nothing to do with their real work. If they are forced to appraise according to the book they may do it badly. It is claimed that individuals either dread the appraisal meeting because it is potentially threatening (even though managers are notoriously unwilling to criticize openly), or because they perceive it as an irrelevant bore, with their managers 'going through the motions'. There is said to be general dissatisfaction amongst both managers and individuals with rating systems, which they see as being applied inconsistently and unfairly.

### **It is a bad idea and it doesn't work**

The severest, and in some ways, the most salutary criticisms have come from the academics, based on their research, together with the attack by William Deming, the leading Total Quality Management (TQM) backed up by his fellow quality guru, Philip Crosby. The main issues they identified were:

- The process is problematic because of the complexity and difficulties involved in one person attempting to sum up the performance of another.
- There is a problem in getting line managers to do it well, or at all.
- There are too many poorly designed or poorly administered performance management schemes (Armstrong, 2009).

Researches indicate that there is a positive and significant relationship between justice perception and employee engagement (Gupta & Kumar, 2013).

## **2.10 Empirical Literature on Performance Management Practices**

Performance management system is handled in different ways in different organizations. Under this section, practical literatures on performance management system in different organizations are discussed. The organizations assessed include both NGOs and government organizations, organizations that operate within this country and some that work outside the country. The practices of these organizations are compared with that of MSH.

### **2.10.1 Performance management practices at MSH**

Management Science for Health (MSH) has branches all over the world and all branches use the same type of performance management System. In this management system, employees are expected to plan for the upcoming year's activity. The plans are based on SMART objectives on key areas of accountability which consider performance factors that are used to evaluate how one's performance has met the set targets during the appraisal period.

Each department prepares its own performance plan; the plan is then fully discussed between the employee and the respective supervisor. The agreed plan is signed by both parties and kept as a reference for future appraisal. It is the policy of the MSH to set goals for all employees and to appraise their performance against those goals; to reward them based on their performance and to take appropriate remedial action where this is considered necessary. MSH performance management policy is available on the company's portal and is accessible to all employees. Employees are made aware of this policy during the initial induction period. Some of the most important points included in the policy manual are:

1. All permanent employees of the MSH are covered by this policy.
2. Performance appraisals are strictly confidential. Only the Supervisor, Superior, Unit Manager (if different) and HRD have access to the results.
3. All staff members permanently employed by the MSH should be appraised formally once in a year. More regular informal appraisals will be encouraged.
4. The HR Records Office shall be responsible for the safekeeping of performance appraisal results.
5. One form should be used to record goals set, the results of any informal interim appraisal(s), the formal end of year appraisal, input from the employee if any, and suggested future action(s) required if any.
6. For each goal set, the required performance results should be clearly stated. The method to be used in evaluating performance must also be stated.
7. The employee and the supervisor should sign the form once goals have been set. If possible agreement should be reached on goals. If this is not possible the supervisor shall have the right to set goals unilaterally but must get the approval of the Superior. In the event that an employee feels unfairly treated he/she may have recourse to the MSH's Grievance Procedures.
8. For the appraisal, employees are expected to submit the self-assessment report to their immediate supervisors. Employees are also expected to list down the names of other people within the organization as a reference.
9. The supervisor is expected to compile his own data about the employee (s) he supervises, take inputs from the employee's self-assessment report and contact the reference personnel and evaluate the performance of the employee.
10. Performance appraisal results are the primary criteria used in determining suitability for promotion, merit increases, membership of succession planning pools etc.

Each component in the appraisal form are rated as indicated in table 1. and the two semi-annual ratings are averaged to get the total annual rating.

**Table 1. Existing MSH Performance Appraisal Rating**

No	Code	Meaning	Annual Increase in
1	DN	Does not Achieve Expectation	0 %
2	AM	Achieves most Expectations	5 %
3	AE	Achieves Expectations	9%
4	GB	Goes beyond Expectations	11%
5	E	Exceptional Achievement	15%

The average annual rating and the initial goal setting of each employee is compiled by their respective supervisor and this compiled data is forwarded to second supervisor. This approach is again designed to try to ensure equity in the process (“MSH Human Resources Manual”, 2010).

### **2.10.2 Performance Management Practice of Kenya IBM**

In Kenya IBM Company, the purpose of performance management system is to motivate and focus individuals to perform to their optimal level of competence during a defined period, usually an annual performance cycle. Ultimately, the collective efforts of individual performers must add up to positive organizational performance for an enterprise to succeed. Too often, however, organizational strategies and goals are created and passed down to others without a clear set of principles or a clear understanding of the key requirements for meeting them and without translation into meaningful, realistic targets and activities that individuals can perform (www.kenex.com).

The following are key processes of Performance Management at Kenya IBM Company.

- Lay the groundwork for setting objectives by exploring aspirations, need and preferences.
- Conduct a discussion about performance expectations (competencies, goals and development).
- Create specific plans that can be implemented and tracked pragmatically.
- Develop commitment to a transparent contract between manager and employee around a performance plan.
- Revisit objectives regularly.
- Provide a no-surprise evaluation at the end of the performance lifecycle ([www.kenex.com](http://www.kenex.com)).

The Kenya IBM Company performance management system is somehow similar to that of MSH in its goal setting. Performance standards are clearly articulated, and the goals set are SMART targets ([www.kenex.com](http://www.kenex.com)).

### **2.10.3 Performance Management Practice at PIACT (an NGO in Bangladesh)**

PIACT Bangladesh established 1980, It is a non- profit, non-governmental organization committed to the welfare of the people of Bangladesh. Employees and projects are evaluated by different individuals in PIACT based on their nature of job activities such as:

- The individuals working as PIACT's core employees are evaluated by the top level management consisting of Director, Deputy Directors and Administration Officer.
- The individuals working in projects are evaluated by their Coordinator and if that individual is a member of any project team then he/she is evaluated by the team leader.

- A project team is evaluated by the Project Administration Officer. The finance and accounts related activities of a project team are usually evaluated by the Finance Manager.
- A whole project is evaluated both internally and externally. Internally it is evaluated by the top level management and externally it is evaluated by the representatives of the project donors.

Different time frames are maintained for the evaluation of different entities such as:

- The core employees are evaluated once in year.
- The project based employees and the project teams are evaluated quarterly.
- The whole project can be evaluated quarterly and sometimes it can be conducted phase-wise. Each project has different phases in its whole life time. Usually phases are determined based on the years required to complete a project.

Performance criteria at PIACT for project employees and teams are determined by the top level management along with the project director. These criteria depend on the nature of the job and job contents. Such as for a field officer it is necessary to be a hardworking person. He also must have the willingness of taking and meeting job responsibilities. It must maintain timeliness, speediness and accuracy for each activity.

In PIACT Performance appraisal information of the employees are used for the following purposes:

- Performance Improvement: The supervisor of an employee communicates the performance review results of that employee and gives advice to improve his/her performance for future.
- Placement Decisions: Depending on the performance evaluation information the promotions and transfer take place. These decisions are taken by the top level management of PIACT along with the project directors.

- Career planning and Development: Based on the information from performance evaluation the top level management tries to find out the potential employees who can improve the overall performance of the organization.
- Identifying Job Design Errors: After conducting the evaluation it is found whether the problem is with the employees or with the job designing. If the employees fail to accomplish the tasks due to the error in job designing then the jobs are redesigned to perform to enhance its effectiveness.

The purpose of performance management at PIACT is more or less similar to the practice at MSH but the frequency and the way assessment are made are different.

#### **2.10.4 Performance Management Practice at USAID/DELIVER Project in ETHIOPIA**

The USAID /DELIVER project is a U.S. Agency for International Development (USAID) –funded project, works with national and international partners to increase the availability of essential health supplies for clients around the world. The project works to ensure transparent and cost-effective procurement, create efficient delivery systems, and strengthen and integrate national and international supply chains; it was established in Ethiopia in 2003.

The purpose of performance management is to assist supervisors and Employees in designing and implementing each project or unit's annual evaluation process. Each project develops its own format based on the guide line and the formats used by different projects are not expected to be the same.

According to its internal policy, the following are the general guidelines prepared by The USIAD/DELIVER project in Ethiopia

1. The Supervisor of Record or the Project Director/Administrator should notify the employee that the evaluation is due. Either the employee or the supervisor should select a date for the review and invite the appropriate participants.
2. The employee should complete a self-evaluation/assessment prior to the evaluation. This should be part of the evaluation documentation.
3. Whatever process the project chooses for the annual performance evaluation, the Supervisor of Record should be present at the review meeting and the following points must be discussed:
  - An assessment of the past years performance
  - Concerns on both parts regarding the past year's performance
  - Feedback from Supervisor of Record
  - Planned activities for the coming year
  - The employee's goal for personal and professional development in the coming year
  - Any additional performance standards/expectations beyond those included in the planned activities
4. The Supervisor of Record should provide written comments on the employee's Performance and the employee should be given an opportunity to respond.
5. At the conclusion of the evaluation process, the Supervisor of Record should provide a completed copy of the performance evaluation form, signed and dated by the employee and the supervisor to acknowledge that both have received it, to the HR Administrator and to the Project Administrator as appropriate.

In the event of unsatisfactory performance, the supervisor should discuss the performance with the project director/administrator or with HR to begin the performance improvement process to support the employee. Guidelines for this process are available through HR or the project director/administrator ([www.USAID/DELIVER HR.Manuel.2009](http://www.USAID/DELIVER HR.Manuel.2009)).

The performance management practice at USAID/DELIVER Project is different from performance management practice exercised at MSH where the performance appraisal format is more or less for every project.

#### **2.10.5 Performance Management Practices at Ethiopian Airlines.**

According to the performance management policy of Ethiopian Airlines as posted in its company portal, there are different performance management tools world-wide and companies use either one or more of these tools. The performance management tool accepted by Ethiopian Airlines is the Balanced Scorecard that was developed by Robert Kaplan and David Norton in 1992. According to the performance management policy as posted on the company portal, the purposes of performance management at Ethiopian Airlines are:

- Relating employee's performance evaluation to the achievement of strategic goals and objectives.
- Rewarding employees in line with their individual performance and the productivity of Ethiopian.
- Creating a sense of understanding by establishing non-financial quantitative indicators (process index) other than financial indicators.
- Achieving a balance among short-term, medium-term and long term management objectives through a diverse measurement of performance.
- Promoting organizational learning through a repeated cycle of goal setting.
- Providing a common strategic communication platform linking the heads and members of the organization.
- Identify training and development requirements for performance improvements.

The corporate strategies, goals and objectives are cascaded through our the organization down to individual level. For different sections, the airline uses the cascaded BSCs where as for individuals, these sectional BSCs are further cascaded to Individual Scorecards (ISCs).

The company states that it uses the BSC system to:

- Align employee's performance to strategic goals and values of the Organization.
- Enhance accountability and facilitate communication between the supervisor and the staff.
- Reward staff in line with their performance and productivity of the Airline.
- Promote a culture of learning and growth to meet the strategic goals of the company.
- The overall Balanced Score card process shall be implemented fairly, and objectively.

Though the company has a nice policy to manage its performance, it has not yet started making use of BSC to reward good performers. The policy has not been properly translated into working document to enable the airline to link the reward system to the performance management policy.

Because of the above discrepancy, all employees of the airline were granted a 6% salary increase across the board as a bonus for the 3012/13 budget year that was completed in June 2013.

## CHAPTER THREE

### RESEARCH DESIGN/METHODOLOGY/SAMPLING

#### 3.1 Research Design

The research design of the study is descriptive research. It describes the performance management practices and draws conclusion for MSH. Also the research determines the execution and dissatisfaction of employees using both quantitative and qualitative methods.

For its simplicity I used descriptive statistics, with mean, standard deviation for my analysis. Using SPSS ,areas that are statistically significant (with P values <0.05) are discussed in some details in calculating sample size at precision of 0.05 or 95% confidence level, I Used the following formula. Israel, GD. (2009).

#### Sample Size Determination

$$n = \frac{N}{1 + N(e)^2}$$

Where;

$$N = \text{Population} = 450$$

$$e = \text{Precision} = 0.05$$

$$n = \text{sample size} = ?$$

$$n = N / (1 + N * e^2) = 450 / (1 + 450 * (0.05)^2) = 450 / 2.125 = 212$$

$$n = 212$$

### 3.2 Population and Sampling Techniques

The population of the study is the total 450 employees of MSH. These employees of the organization work for different projects of the organization with the number of employees indicated in table below.

**Table 2. Population Distribution**

<b>Section</b>	<b>No. of employees</b>	<b>Proportion</b>	<b>Sample</b>
HFA	2	0.004444	<b>1</b>
HRH	14	0.031111	<b>7</b>
SCMS	104	0.231111	<b>49</b>
SIAPS	80	0.177778	<b>38</b>
LMG	12	0.026667	<b>6</b>
ENHAT	125	0.277778	<b>59</b>
HEAL TB	107	0.237778	<b>50</b>
TB CARE	6	0.013333	<b>3</b>
Total	450	1	212

The number of employees to be included in the study is divided among the projects using the proportion of employees in each project. After stratifying the sample, the subjects to be included in the study are selected using simple random sampling. The sampling used in the study was stratified sampling method. The questionnaires were distributed to higher management members, the middle managers and employees at different level.

### **3.3 Data Collection**

All selected participants were respected and accepted for their participation. The respondents were then requested for their agreement to fill up the questionnaires. Once their agreement was obtained, the organized questionnaires were distributed to each participant. Finally, the filled questionnaires were collected and respondents were thanked for their participation and devoting their valuable times.

### **3.4 Procedure of Data Collection**

Both primary and secondary data were used in the study. Structured interview is developed for human resource management and a five scale likert questionnaires were distributed to both managers and employees and feedback received were analyzed. In addition to questionnaire secondary data is used in this research.

### **3.5 Data Analysis**

According to (Babin & Griffin, 2009), when alpha values for a questionnaire are  $> 0.7$  when run on a pilot data, the questionnaire is considered to be reliable.

Questionnaires were distributed to twenty selected respondents and using SPSS, reliability of the questionnaire was tested. As the cronbach alpha value of 0.893 (which is  $> 0.7$ ) the questionnaire was found to be reliable and no further action with item deletion was required. I used average, mean and standard deviation for the analysis

**Table 3 Reliability Determination using Cronbach's Alpha**

**Reliability Statistics**

Cronbach's Alpha	N of Items
.893	34

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
OS1	124.05	221.629	.256	.892
OS2	124.40	223.516	.094	.894
OS3	124.55	227.313	-.093	.897
OS4	124.55	228.366	-.137	.898
OS5	124.30	223.379	.094	.894
PP1	124.40	217.095	.345	.891
PP2	124.60	214.147	.415	.890
PP3	124.55	210.892	.528	.888
PP4	124.55	220.576	.193	.893
PP5	124.55	208.155	.531	.888
PP6	124.40	210.674	.503	.888
PE1	124.90	202.832	.752	.883
PE2	124.85	208.555	.455	.889
PE3	124.75	205.566	.739	.884
PE4	124.85	219.187	.236	.893
PE5	124.80	207.432	.574	.887
PA1	124.80	218.800	.219	.893
PA2	125.10	210.726	.514	.888
PA3	125.25	213.039	.501	.889
PA4	124.95	222.682	.100	.895
PR1	124.90	207.884	.759	.885
PR2	125.10	209.884	.546	.888
PR3	124.90	211.358	.425	.890
PR4	125.10	211.358	.490	.889
PR5	125.45	202.997	.758	.883
PR6	125.50	202.579	.708	.884
TDR1	125.00	206.947	.437	.890
TDR2	125.60	212.674	.413	.890
TDR3	125.55	212.155	.421	.890
TDR4	125.45	209.313	.529	.888
TDR5	125.90	204.516	.571	.887
PRR1	124.50	224.789	-.002	.898
PRR2	124.70	213.695	.433	.890
PRR3	124.65	208.239	.628	.886

The Data were collected and analyzed by different methods. The practices of performance management was described and the linkage of organizational goals and employee's goals, the desired performance level, the determinant factors of employees and the challenges of managers and employees during the review period were analyzed and interpreted in tabular form and analyzed using the percentile and graphically represented by comparing the percentage of the responses. Regarding the reliability and validity questionnaire, the appropriate method of data collection opted is expected to bring the desired results in the final analysis. The method of data collection compounded with the opportunity of availing equal chance of being selected has helped the research to acquire the required information from all levels. A questionnaire was also forwarded to respondents.

### **3.6 Ethical Consideration**

Questionnaires were distributed to permanent MSH staff members who were willing to fill-up the questionnaire. The purpose of distributing the questionnaire was clearly indicated on the questionnaire. The name of the respondents was kept confidential.

The conclusion reached and the recommendations given were not biased and were purely based on the data collected and the feed-backs received from the respondents.

## **CHAPTER FOUR**

### **RESULTS/FINDINGS OF THE STUDY**

#### **4.1 Introduction**

The following discussion is organized around sub-topics reflecting the research objectives and questions. The purpose is to simplify the discussion and to contribute to a better understanding of the research findings. The discussion aims to answer the following research questions concerning the organizations under study: How does the linkage between the organization's goal and employees' goal look like? What components of performance plan are included in MSH performance management system? How do managers and employees at Management Science for Health (MSH) make use of the performance management System? For what purpose did Management Science for Health (MSH) uses performance appraisal results? These research questions were approached by using the interview and questionnaire; the interview were conducted to human resource manager and questionnaires based on a five point Likert scale, which studied the attitude of the respondents, regarding the performance management practices at "Management Science for Health" Addis Ababa branch. The structured interview was conducted to human resource manager and questionnaires were distributed to those permanent Staff members. The questionnaires were based on the population of Ethiopia staff. I had about 88% response rate. Out of the 450 total permanent staff of the study, 240 questionnaires were distributed, 212 were collected and used for data analysis purposes. The data and response rate is presented and analyzed in detail in the subsequent of the research.

## 4.2 Overall Assessment

The overall performance management system of MSH was assessed in the following seven dimensions:

Organizational Strategy

Performance Plan

Performance Execution

Performance Assessment

Performance Review

Training Development and Reward

Performance Renewal and Re-contracting

Among these dimensions the performance of MSH in implementing organizational strategy was believed to be the strongest point with a mean value of 4.32 in a scale of 5, followed by performance planning with a mean of 4.06. The weakest point as seen by the respondents is in the dimension of Training, Development and Reward with a mean value of 2.85 followed by performance review with a mean value of 3.21.

All the component under Training, Development and Reward except TDR-1 have mean values that are below 3 in a scale of five. TDR-1 which deals on the identification and documentation of training needs is the only component that has a value greater than 3. Even this component with a mean value of 3.1 is much less than the overall mean value of 3.57.

Among individual components, OS1 is the highest point with a mean value of 4.55 followed by OS5 with a mean value of 4.39. OS1 deals on awareness on organizational mission, vision, strategy and values. On the other hand, OS5 deals on awareness of the staff members about the impact of their personal goals and objectives on the organizational goals and objectives.

**Table 4. Summary of Data Including Individual Components**

Description	Code	Average Rating	Dimension Average
ORGANIZATIONAL STRATEGY	OS1	4.55	4.32
	OS2	4.35	
	OS3	4.27	
	OS4	4.02	
	OS5	4.39	
PERFORMANCE PLANNING	PP1	4.25	4.06
	PP2	3.9	
	PP3	3.91	
	PP4	3.91	
	PP5	4.12	
	PP6	4.28	
PERFORMANCE EXECUTION	PE1	2.95	3.60
	PE2	3.68	
	PE3	3.82	
	PE4	3.77	
	PE5	3.76	
PERFORMANCE ASSESSMENT	PA1	3.9	3.34
	PA2	3.64	
	PA3	3.14	
	PA4	2.67	
PERFORMANCE REVIEW	PR1	3.67	3.21
	PR2	2.89	
	PR3	3.49	
	PR4	3.58	
	PR5	3.17	
	PR6	2.46	
TRAINING, DEVT & REWARD	TDR1	3.1	2.85
	TDR2	2.73	
	TDR3	2.89	
	TDR4	2.96	
	TDR5	2.56	
PERFORMANCE RENEWAL & RECONTRACTING	PRR1	3.61	3.64
	PRR2	3.65	
	PRR3	3.65	

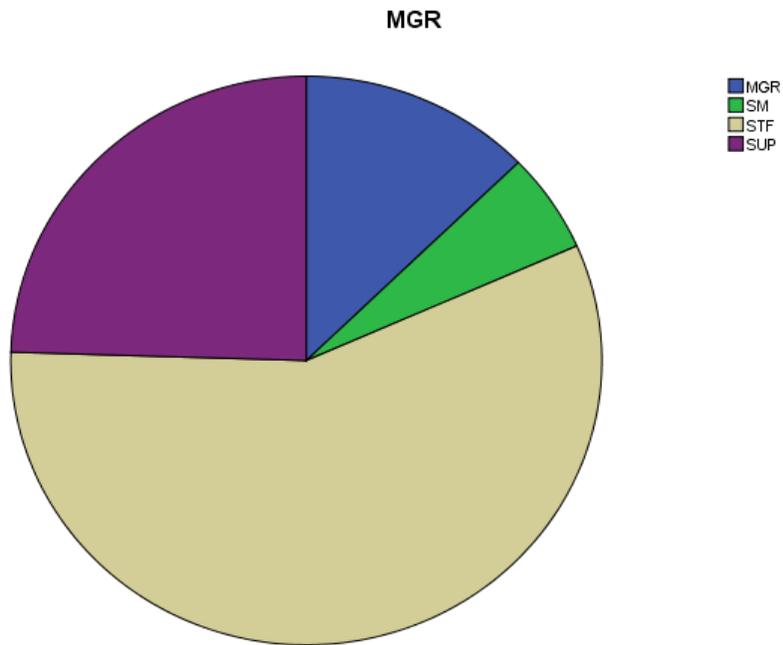
**Table 5. Summary of Data for Dimensions**

Dimensions	Dimension average
Organizational strategy	4.32
Performance planning	4.06
Performance execution	3.60
Performance assessment	3.34
Performance Review	3.21
Training, Development & Reward	2.85
Performance Renewal & re contracting	3.64

### **4.3 Distribution of Respondents**

Among respondents, the highest percentage was from among the general staff followed by supervisors. This cross sectional distribution is representative of the actual composition of the existing man power structure at MSH.

**Figure 4. Composition of respondents**



Among employees of the different sections, HR has a significantly high mean value with respect to OS1. This means that employees under Human Resources section have a higher awareness on the organizational mission, vision, strategy and values. Employees of Finance section have the lowest awareness level with a mean value of 4.22. All employees of HR rated their awareness on organizational mission, vision, strategy and values as 5 in a five scale likert. While only 8 out of 27 employees of respondents from Finance rated their awareness as 5 in a five point likert scale.

**Table 6. Respondents' Distribution on Organizational Strategy**

**Report**

OS1

Section	Mean	N	Std. Deviation
F	4.22	27	.577
H	5.00	6	.000
O	4.31	49	.742
T	4.69	130	.555
Total	4.55	212	.633

**Table 7. Mean and Significance for Organizational Strategy**

**ANOVA Table**

	Sum of Squares	Df	Mean Square	F	Sig.
OS1 * Between (Combined) Section Groups	9.662	3	3.221	8.960	.000
Within Groups	74.767	208	.359		
Total	84.429	211			

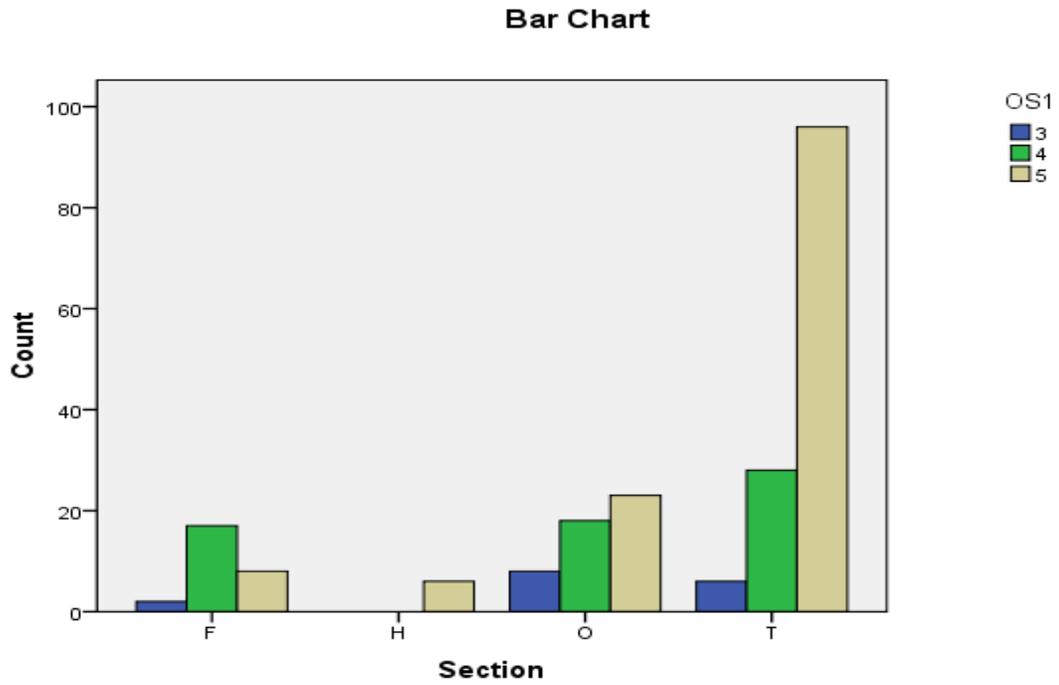
**Table 8. Cross-tabulation of Organizational Strategy**

		OS1			Total
		3	4	5	
Section	F	2	17	8	27
	H	0	0	6	6
	O	8	18	23	49
	T	6	28	96	130
Total		16	63	133	212

**Table 9. Frequency of Respondents on Organizational Strategy**

PART 1. Organizational Strategy											
Code	Description	RATING = 5		RATING = 4		RATING = 3		RATING = 2		RATING = 1	
		No	%	No	%	No	%	No	%	No	%
OS-1	I am fully aware of the organization's mission, vision, strategic objectives and values.	133	63%	63	30%	16	8%	0	0%	0	0%
OS-2	Clear definition of mission and purpose leads to clear business Objectives	108	51%	72	34%	30	14%	2	1%	0	0%
OS-3	Knowledge of mission/goals enhances contributions	103	49%	71	33%	32	15%	4	2%	2	1%
OS-4	PMS improves organizational performance by developing individual Performance	78	37%	80	38%	39	18%	11	5%	4	2%
OS-5	My role improves organizational goals/objectives	121	57%	56	26%	31	15%	4	2%	0	0%

**Figure 5. Frequency of respondents with respect to their sections.**



**Table 10. Rating on Organizational Strategy**

Description	Code	Average Rating	Dimension Average	
ORGANIZATIONAL STRATEGY	OS1	4.55	4.32	
	OS2	4.35		
	OS3	4.27		
	OS4	4.02		
	OS5	4.39		

**Figure 6. Organizational Strategy**



#### **4.4 Organizational Strategy**

Performance management is a powerful business process, which may be used to help implement the organization's strategy. It does this by directing individual and team efforts with an organization towards the overall accomplishment of defined, strategic organizational goals, and through its interactive nature, it helps create a participative culture. The starting point of any performance management is to create a shared vision, mission and of the organizational objectives and values. As per the Human resource manager responses MSH performance management is a system used world wide in all MSH's offices, It is a system where every staff should plan for a year's activity based on project planned and objectives, the system enables to objectives based on the key area of accountability. As per the questionnaires result almost all the respondent are very much aware of the Organizations mission, vision, strategic objectives and values and their contributes to the overall organizational goals and objectives.

#### 4.5 Organistical Strategy –Areas of Conceren

When expectations are clear, employees are more likely to take ownership of their work and to be committed to the expected out comes. they will be more likely to be willing to take risks, to put in extra effort, and to view their own role as that of a partnership with you and with the rest of the team but, it is evidenet that from the chart the some staff of respondents is not aware of the perfromance management system is systemic process for improving organizational perfromance by developing the performance of indivdulas and teams.

The lowest perfromance area with regards to organizational strategy is OS4, which deals on a belief that perfromance management contributes in improving organizational perfromance by developing individuals and teams. Even this lowest rating with a mean valude of 4.02 is much higher than the overall average with a mean valude of 3.574. All components of organizational strategy are above 4 in a scale of 5. Organizational strategy is the only dimension where all the individual components are rated above 4.

#### 4.6 Pereformance Planning

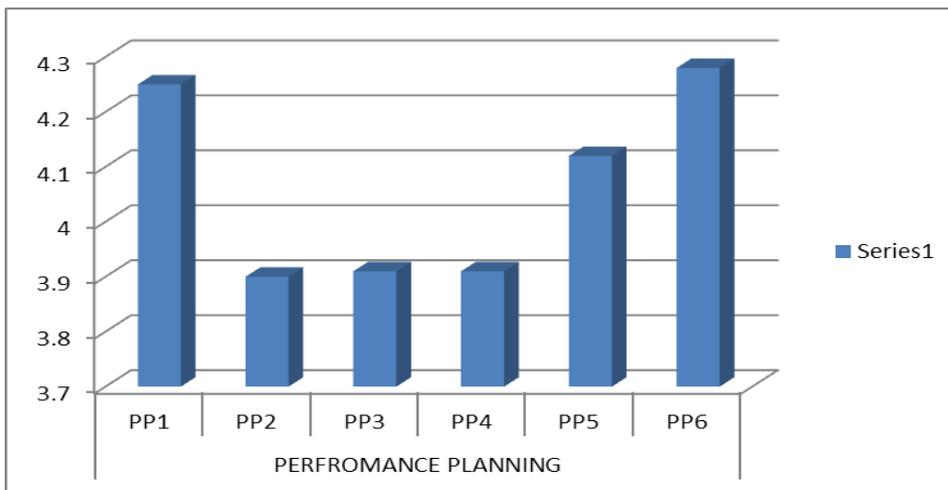
**Table 11. Frequency of Respondents on Performance Planning**

PART 2. Perfromance Planning											
Code	Description	RATING = 5		RATING = 4		RATING = 3		RATING = 2		RATING = 1	
		No	%	No	%	No	%	No	%	No	%
PP- 1	My section has Clear Goals and Objectives	100	47%	74	35%	32	15%	4	2%	2	1%
PP- 2	Personal Objectives include Result, behavior and development plan	65	31%	79	37%	50	24%	18	8%	0	0%
PP- 3	Personal objectives are set by mutual agreement and are linked with strategy.	80	38%	64	30%	41	19%	23	11%	4	2%
PP- 4	The objectives of the PPRD are SMART	58	27%	92	43%	46	22%	16	8%	0	0%
PP- 5	I have a clear understanding of the level of performance expected of me.	94	44%	66	31%	36	17%	16	8%	0	0%
PP- 6	I have the necessary skills and competencies to achieve my individual goals and objectives.	113	53%	59	28%	27	13%	13	6%	0	0%

**Table 12. Rating on Performance Planning**

<b>Description</b>	<b>Code</b>	<b>Average Rating</b>	<b>Dimension Average</b>
<b>PERFORMANCE PLANNING</b>	PP1	4.25	4.06
	PP2	3.9	
	PP3	3.91	
	PP4	3.91	
	PP5	4.12	
	PP6	4.28	

**Figure 7. Performance Planning**



From the literature survey in Chapter 2, It has been established that performance management is goal setting; Goal setting is a powerful tool that can be used to motivate and challenge employees knowing that you have achieved a goal gives you a sense of accomplishment and gives you a way to keep track of what you have completed in the work place. This step establishes the goals/objectives of the organization in order to

Achieve organization success (key drivers important to the organization) and translates these into employee goals. When employees have a clear understanding of the organizations objectives, they can align their individual performance in the right direction in order to achieve the desired results.

It is also key in performance management because it gives you way to measure performance that is objectives and clear. As per the replay received from human resources manager about the goal setting; the system enables to have SMART objectives based on the key are accountabilities and should consider performance factors to evaluation .The respondents opinion believe and strongly agree that there is clear goals and objectives and all the respondents strongly agree they have skills and competencies to achieve individual goals and objectives and more than 50% of the respondents are very clear and understand the level of performance expected from them.

Performance Planning is an area where MSH's performance is rated as high. This is the second highest rated dimension with a mean value of 4.06. The highest component under this dimension is PP6 (with a mean value of 4.28) and deals on having the necessary skill and competence to achieve individual goals and objectives.

#### **4.7 Performance Planning -Areas of concern**

Performance Planning is an area that is consistently rated high with all components rated at 3.9 or above, the lowest rating being on PP2 with a mean value of 3.9. PP2 deals on a belief that a personal objective includes results, behavior and development plan. Even this lowest rating is higher than the overall average which has a mean value of 3.574.

#### **4.8 Performance Execution**

This step involves the manager comparing actual performance to performance objectives and providing the employee with continuous monitoring and feedback through regular one-on-one communication. This is done in a supportive and caring manner with the objective of continually improving results. Through effective coaching, the employee has clear performance feedback on his strengths and areas required development.

**Table 13. Frequency of Respondents on Performance**

PART 3. Performance Execution											
Code	Description	RATING = 5		RATING = 4		RATING = 3		RATING = 2		RATING = 1	
		No	%	No	%	No	%	No	%	No	%
PE- 1	My supervisor frequently monitors my performance and gives me feed back	20	9%	33	16%	82	39%	70	33%	7	3%
PE- 2	My supervisor encourages open discussion with respect to performance related issue	66	31%	67	32%	41	19%	22	10%	16	8%
PE- 3	I provide regular updates on progress toward goal achievement in terms of results	66	31%	64	30%	60	28%	22	10%	0	0%
PE- 4	I am the person who is primarily responsible for performance execution	58	27%	69	33%	63	30%	22	10%	0	0%
PE- 5	My supervisor provides me the required resource to do my job	62	29%	75	35%	45	21%	23	11%	7	3%

**Table 14. Rating on Performance Execution**

Description	Code	Average Rating	Dimension Average
PERFORMANCE EXECUTION	PE1	2.95	3.60
	PE2	3.68	
	PE3	3.82	
	PE4	3.77	
	PE5	3.76	

**Figure 8. Performance Execution**



In systems engineering, feedback transmits information on performance one part of a system to an earlier part of the system in order to generate corrective action or to initiate new action. In this respect at least, performance management has some of the characteristics of a system in that it provides for information to be presented to people on their performance.

Majority of the respondents (mean 3.77) believe that they are primarily responsible for the execution of their performance and that their supervisors should provide the required assistance/resource in the execution (mean 3.76). They also believe that there is open discussion with their supervisors (mean 3.68) and that they are provided with periodic updates (mean 3.82).

According Agunis,(2007) stated that both the employee and the manager are responsible for performance execution.

#### 4.9 Performance Execution –Areas of Concern

According to Schultz et.al (2003) on of the main reasons for monitoring performance is to be able to provide feedback. Feedback serves two purposes: It allows the manager to provide consequences for performance and it allows the manager to redirect the efforts of the subordinate if necessary. Goal setting is not going to be effective if there is not an opportunity for feedback. As many scholars agree, feedback should be relevant, immediate and frequent; it should be focused on critical success factors of task behavior.

The survey reveals that most respondents have reservation on the regular monitoring of their performances by their supervisors. PE 1 with a mean value of 2.91 is the lowest rated component under performance execution. It is below the overall average and regular monitoring of performance is one of the concern areas.

#### 4.10 Performance Assessment

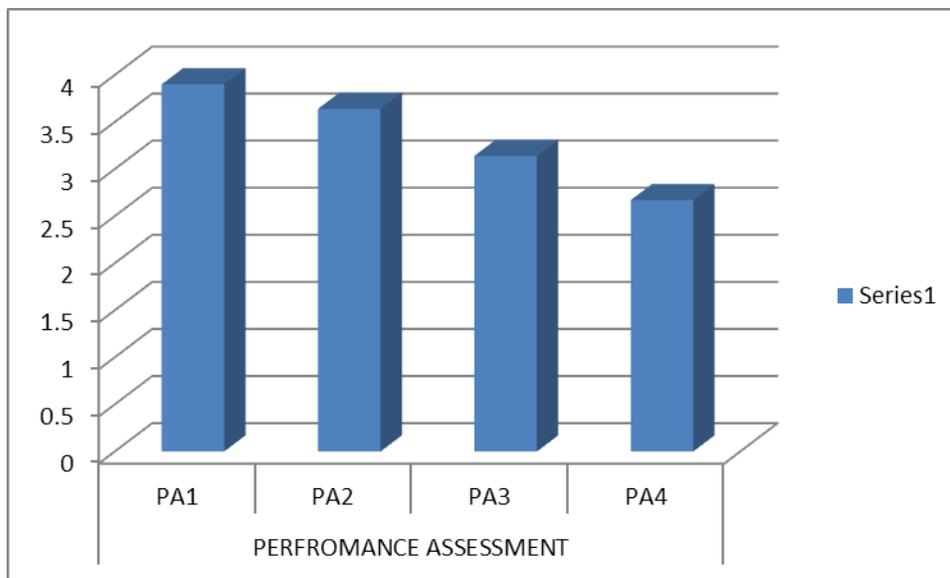
**Table 15. Frequency of Respondents on Performance Assessment**

PART 4. Perfomance Assessment											
Code	Description	RATING = 5		RATING = 4		RATING = 3		RATING = 2		RATING = 1	
		No	%								
PA- 1	My performance is measured against prior mutually agreed set of objectives	65	31%	89	42%	38	18%	12	6%	8	4%
PA- 2	When my performance is low, my supervisor and I have open discussion for the reasons and for the way forward	46	22%	81	38%	56	26%	21	10%	8	4%
PA- 3	The performance evaluation criteria is fair and capable of true measurement.	16	8%	60	28%	86	41%	38	18%	12	6%
PA- 4	Performance is customized based on the characteristics of my job.	16	8%	30	14%	67	32%	66	31%	33	16%

**Table 16. Rating on Performance Assessment**

<b>Description</b>	<b>Code</b>	<b>Average Rating</b>	<b>Dimension Average</b>
<b>PERFORMANCE ASSESSMENT</b>	PA1	3.9	3.34
	PA2	3.64	
	PA3	3.14	
	PA4	2.67	

**Figure 9. Performance Assessment**



Performance management has the assessment part and both the employee and manager are responsible for evaluating the extent to which the desired behaviours have been displayed and whether the desired results have been achieved. (Aguinis, 2007).

Respondents at MSH believe that their performance is measured against prior, mutually agreed set of objectives. PA1 mean value of 3.9 the strongest area for performance

assessment followed by PA2 mean value of 3.64 which deals on follow up discussion between employee and the supervisor when performance of the employee fails to meet the pre-agreed minimum standard. During discussion with the Human Resources Manager, the manager stated that some objectives may not be SMART, making the assessment in some cases difficult. She stated that the continuous feedbacks, coaching, and periodic evaluations help MSH in bringing some of the performance areas back on track.

#### 4.11 Performance Assessment- Areas of concern

The lowest rated component under performance assessment is PA4 which deals customization of performance assessment based on the characteristics of the incumbents job. Most believe that their performance assessments are too generic and that they are not based on the characteristics of their particular job. The mean value for this component is 2.67 which is much lower than the average performance assessment rating of 3.34 and the overall average rating of 3.574. It is one of the major concern areas and an area that needs intervention.

#### 4.12 Performance Review

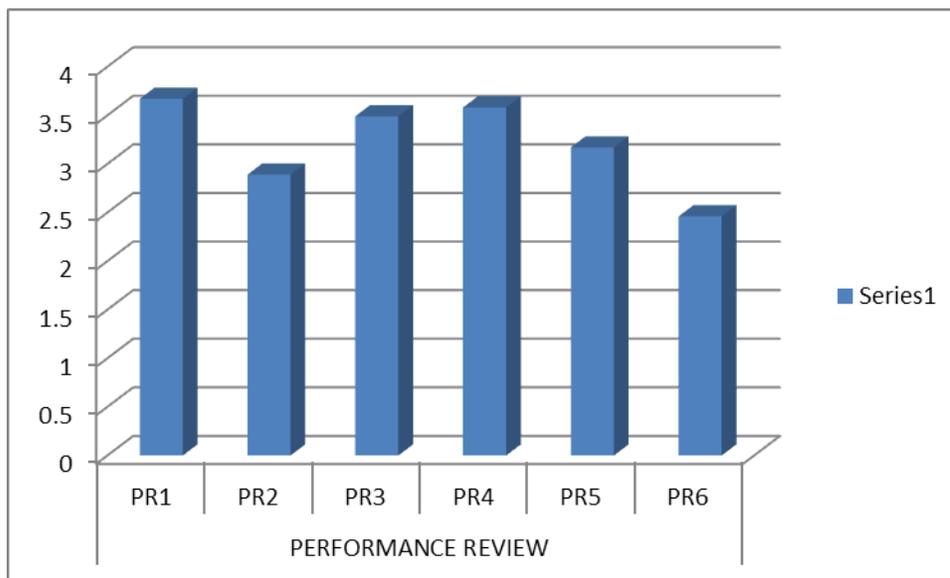
**Table 17. Frequency of Respondents on Performance Review**

PART 5. Performance Review											
Code	Description	RATING = 5		RATING = 4		RATING = 3		RATING = 2		RATING = 1	
		No	%								
PR- 1	My supervisor accurately rates my performance	51	24%	72	34%	64	30%	17	8%	8	4%
PR- 2	The rating distribution at MSH makes distinction between good and bad performers	14	7%	46	22%	74	35%	56	26%	22	10%
PR- 3	My supervisor keeps regular records on my performance and gets additional feedback from colleagues	35	17%	72	34%	70	33%	31	15%	4	2%
PR- 4	Performance review process is not a waste of time.	54	25%	67	32%	48	23%	33	16%	10	5%
PR- 5	PMS at MSH has provision for appeal in case there is disagreement with my supervisor	29	14%	51	24%	76	36%	39	18%	17	8%
PR- 6	There is no intervention by senior management to dictate performance review rating.	9	4%	29	14%	62	29%	62	29%	50	24%

**Table 18. Rating on Performance Review**

<b>Description</b>	<b>Code</b>	<b>Average Rating</b>	<b>Dimension Average</b>
<b>PERFORMANCE REVIEW</b>	PR1	3.67	<b>3.21</b>
	PR2	2.89	
	PR3	3.49	
	PR4	3.58	
	PR5	3.17	
	PR6	2.46	

**Figure 10. Performance Review**



According to Aguinis, (2007) a performance review is the fifth component, this is when the employee and manager meet discuss employee performance and this meeting is usually called the appraisal meeting. The meeting usually emphasises the past performance; With the average rating of 3.21, performance review is seen as the second poor performance area for MSH. The strongest point under this dimension is PR1 the confidence employees have

on the accuracy of their supervisors' rating. The mean value for this component is 3.67. This is followed by PR 4 (mean value of 3.58) which deals on the belief that the performance review is not a waste of time.

#### **4.13 Performance Review-Areas of concern**

According to the information from human resource manager the objectives of performance review is described as follows.

- To review the performance of the employees over a given period of time
- To judge the gap between the actual and the desired performance
- To help the management in exercising organizational control
- Helps to strengthen the relationship and communication between supervisor and manager and management .
- To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future
- To provide feedback to the employees regarding their past performance
- To provide clarity of the expectations and responsibilities of the function to be performed by the employees.

The weakest performance area for MSH under performance review is PR6 ( mean value 2.46) and deals on the belief by employees on the intervention of senior management on the rating process. The employees believe that there is management intervention on the rating process.

#### 4.14 Training, Development and Reward

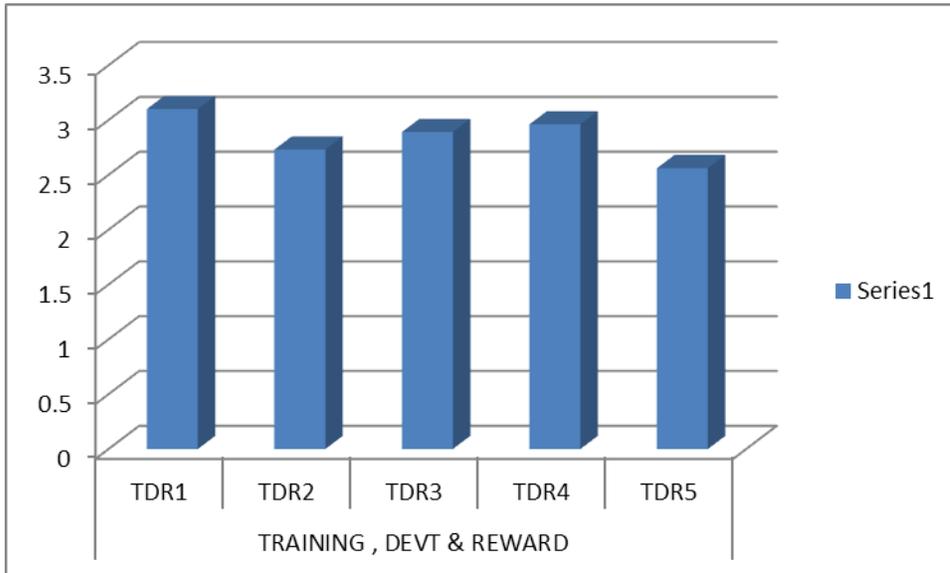
**Table 19. Frequency of Respondents on Training, Development and Reward**

PART 6. Training ,Development and Reward											
Code	Description	RATING = 5		RATING = 4		RATING = 3		RATING = 2		RATING = 1	
		No	%								
TDR- 1	Training and development needs are identified and documented during the performance review process	30	14%	31	15%	87	41%	59	28%	5	2%
TDR- 2	I am provided with required training for accomplishment of my job and improve my performance.	9	4%	35	17%	73	34%	80	38%	15	7%
TDR- 3	Information generated through evaluation is strongly determines reward decisions.	19	9%	36	17%	79	37%	58	27%	20	9%
TDR- 4	Information generated through performance evaluation is designed to strengthen the relationship between the supervisors and the subordinates.	18	8%	40	19%	76	36%	72	34%	6	3%
TDR- 5	The benefits package associated with good performance has created job satisfaction	8	4%	19	9%	82	39%	77	36%	26	12%

**Table 20. Rating on Training, Development and Reward**

Description	Code	Average Rating	Dimension Average
TRAINING , DEVT & REWARD	TDR1	3.1	2.85
	TDR2	2.73	
	TDR3	2.89	
	TDR4	2.96	
	TDR5	2.56	

**Figure 11. Training, development and Reward**



After performance review, any identified shortfall or gap is addressed by providing the required training for the assessed employee. In addition to the trainings, good performance are often re-inforced by rewarding employees for their good performance. The only component under training development and reward that is rated above three (mean = 3.1) is TDR1 which deals on the identification and documenting of training and development needs of employees during performance review process. The employees have a high opinion on identification and documentation of the training needs but not on other aspects of the training and development which all fall under three in a scale of five.

#### **4.15 Training, Development and Reward Concern Areas**

Training, development and reward process is the lowest performance area of MSH. With the average value of 2.85 it is lowest dimension in the performance management system and TDR5 with an average value of 2.56 is the lowest component under training, development and reward. TDR 5 deals on the satisfaction created by the benefit package associated with good performance. Employees have reservations on the level of satisfaction created by the benefit package.

Employees also have reservation on (TDR2), which deals on the provision of the required training for accomplishment of job and improvement of performance. The mean value for this component is 2.73.

Employees also believe that information generated through performance evaluation (mean value of 2.89) does not strongly determine reward decisions.

#### 4.16 Performance Renewal and Recontracting

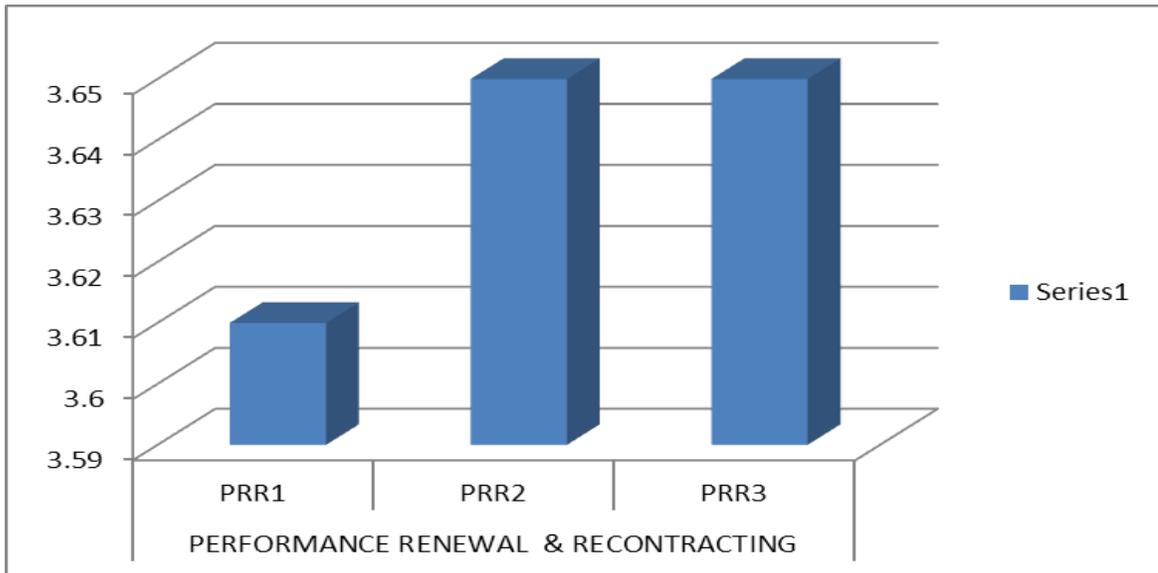
**Table 21. Frequency of Respondents on Performance Renewal and Recontracting**

PART 7. Performance Renewal and Recontracting											
Code	Description	RATING = 5		RATING = 4		RATING = 3		RATING = 2		RATING = 1	
		No	%	No	%	No	%	No	%	No	%
PRR- 1	The performance appraisal at MSH has different relative weight for different KPIs	51	24%	65	31%	70	33%	14	7%	12	6%
PRR- 2	Senior management is committed to the successful implementation of the PMS	45	21%	76	36%	61	29%	28	13%	2	1%
PRR- 3	I have sufficient control over the activities that I am expected to perform in terms of my performance contract.	43	20%	88	42%	49	23%	28	13%	4	2%

**Table 22. Rating on Performance Renewal and Re-contracting**

Description	Code	Average Rating	Dimension Average
PERFORMANCE RENEWAL & RECONTRACTING	PRR1	3.61	3.64
	PRR2	3.65	
	PRR3	3.65	

**Figure 12. Performance Renewal and Re-contracting**



According to Aguinis, (2007) the final stage of performance process is renewal and re-contracting. Essentially, this component is identical to the performance planning stage, however performance renewal and re-contracting uses information gathered during the review period to make adjustments needed.

All components under performance renewal and re-contracting are rated above 3.6 in a scale of 5. Employees believe (mean = 3.65) that senior management is committed to successful implementation of the performance management system and also believe that they have sufficient control (mean = 3.65) over their activity in terms of their performance contract.

## CHAPTER FIVE

### MAJOR FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Major Findings

Performance management system employed at MSH has been assessed under seven major dimensions, namely under “organizational Strategy”, “Performance Planning”, “Performance Execution”, “Performance Assessment”, “Performance Review”, “Training, Development & Reward”, “Performance Renewal & Re-contracting”. The overall rating of MSH at a mean value of 3.574 is well above three in a scale of five. As revealed from the table, MSH’s performance in “Performance management” is highest in organizational strategy (mean=4.32) among individual components of OS1 (awareness of mission, vision, values) is the highest (mean=4.55) followed by OS5 (understanding of the contribution of one’s roles to the overall organizational goals and objectives with the mean value of 4.39). The third best performance area also falls under organizational strategy dimension. OS2 (understanding the impact of clearly defining mission and purpose on business objectives has a mean value of 4.32). On the other hand, there are eight components that are rated below 3 (three) in a five point scale. The worst three are discussed below. PR6 (Intervention of Senior management in dictating performance review rating is the worst component with a mean value of 2.46. Training, Development and Reward is the worst dimension with a mean of 2.85. Four out of five components, TDR5 (Impact of MSH benefit package on job satisfaction) with a mean value of 2.56 is the second worst component. PA4 (Customization of performance based on the characterization of individual job) with a mean value of 2.67 is the third worst performance management component for MSH.

#### 5.2 Conclusion

The aim of this study was to assess the performance management practices of MSH (Management Science for Health). MSH is on the average doing a good job in managing its performance management system. There are some areas that are highly rated and others

that are not so highly rated. There are biographic dimensions to the performance of MSH in some areas. The level of perception on organizational mission, vision, strategic objectives and values by respondents of different sections can be cited as an example. Among the seven dimensions, the respondents have a strong opinion on “organizational strategy” and “performance planning” on the other hand the worst perceived areas are “Training Development and Reward” as well as “Performance Review” It would appear that the biggest problem experienced at Management Science for Health is and 82% of the respondents responded that there is high intervention of Senior Management to dictate the performance review rating. According to George and Jones (2008) both intrinsic and extrinsic values (e.g. pay, bonus, and incentive packages) are among the factors that determine the degree of job satisfaction. Respondents believe that the benefit package associated with good performance is not adequate to create job satisfaction. Despite allocating a large amount of fund for training, respondents believe that they are not provided adequate training to perform they routine job and improve their performance. According to the feedback collected from the respondents, with a mean value of 2.85 Training, development & reward remain the poorest dimension in the MSH performance w management system as per the date analyzed, and it is an area that needs an immediate intervention. Respondents have concern on the frequency and timeliness of feedback by their respective supervisors. There is a major concern by most responders 75% of the respondents responded on the failure of customization of the performance appraisal based on the individual job.

Information generated through performance appraisal is used in organizations at moderate level in order to determine annual increment and about their unsatisfactory performance and to help supervisors to make decisions of retention or discharge.

The form used for evaluation of majority of employees” performance appraisal is not customized on the basis of their job characteristics.

### 5.3 Recommendations

- Management should work hard in building the confidence of the staff members in the implementation of the performance management system.
- Individual and team performance objectives would be directly related to each other and to those of the organization, and in support of overall group performance, particularly in terms of goals and objectives.
- MSH should use the performance appraisal to strengthen the relationship between the superior and subordinate by implementing motivational scheme, creating transparency, avoiding bias, and improving employees attitude by giving training and development to the employees in order to help to avoid employees' self-perceptions wrongly. .
- The organization should focus its attention on setting clear performance expectations (results, actions and behaviors), as this helps the employee know what needs to be done to be successful on the job.
- Provide regular check-in discussions to employees who include status updates, coaching, and feedback. It should maximize giving feedbacks to the subordinate employees, as it benefits both the organizations and the employees. Employees who knew where they stand strive to improve their performance. As a result, if their performance is improved,
- The incentive package associated with good performance has to be revisited; the linkage between PPRD and the reward system has to be revised.
- Key Performance indicators should be assessed independently against each criterion.

- The performance appraisal system has to be revised to reflect the specific requirement of each position the extent possible.
- Trainings have to be geared towards improving performance.
- The rating system should be revised to make good distinction between good and bad performers.
- Management should not interfere and dictate the outcome of performance management process.
- Management Science for Health should develop policy that incorporates the above recommendations as a result of this study, in order to be benefited from the employees' performance appraisal.

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## Appendices

### Appendix A

#### St. Mary's University College School of Graduate Studies for Master of Business Administration

Dear Respondents,

Thank you very much for being a volunteer and for taking your time in filling up this questionnaire. The questionnaire is to be filled by MSH staff members and is distributed to you to get your highly valued inputs. Performance Management is a formal and explicit process where by an organization involves its employees, both as individuals and members of a team, in improving overall effectiveness and the accomplishment of its strategic goals. The main purpose of this questionnaire is to assess the performance management practices at MSH and identify areas that need improvement. Filling up the questionnaire will take only few minutes. The questions are designed in a five point likert scale. Please indicate your opinion by circling on the appropriate number. If you have strong opinion and agree strongly on the points raised, please circle on number five. If you strongly disagree with the points raised, please circle on number one. If your opinion is not very strong, please circle on the middle numbers between two and four that reflect your opinion.

5= Strongly agree

4= Agree

3= Neutral

2= Disagree

1= Strongly disagree

#### Section A Biographical Information

Name: (Optional) \_\_\_\_\_

Gender:

( ) Male

( ) Female

Please complete this section by marking the appropriate block with tick mark.

##### 1. What section are you employed

1.1	<input type="checkbox"/>	Operation.	<input type="checkbox"/>
1.2	<input type="checkbox"/>	Technical	<input type="checkbox"/>
1.3	<input type="checkbox"/>	Human Resource	<input type="checkbox"/>
1.4	<input type="checkbox"/>	Finance/Accounting	<input type="checkbox"/>

##### 2. What is your position in the organization

2.1	<input type="checkbox"/>	Senior management	<input type="checkbox"/>
2.2	<input type="checkbox"/>	Manager	<input type="checkbox"/>
2.3	<input type="checkbox"/>	Supervisory	<input type="checkbox"/>
2.4	<input type="checkbox"/>	Staff	<input type="checkbox"/>

##### 3. How long have you been employed at MSH

3.1	<input type="checkbox"/>	0-2 years	<input type="checkbox"/>
3.2	<input type="checkbox"/>	3-5 years	<input type="checkbox"/>
3.3	<input type="checkbox"/>	6-8 years	<input type="checkbox"/>
3.4	<input type="checkbox"/>	More than 9 years	<input type="checkbox"/>

Please indicate the extent to which you agree with each statement on encircling the appropriate block

**PART 1. Organizational Strategy**

No.	Description	Rating				
		5	4	3	2	1
1	I am fully aware of the organization's mission, vision, strategic objective and values.	5	4	3	2	1
2	I believe that a clear definition of the mission and purpose of the organization makes possible clear and realistic business objectives	5	4	3	2	1
3	I understand that knowledge of the organization's mission and strategic goals of my section allows me to make contributions.	5	4	3	2	1
4	I believe that a performance management system is a systematic process for improving organizational performance by developing the performance of individuals and teams.	5	4	3	2	1
5	I understand how my role contributes to the overall organizational goals and objectives.	5	4	3	2	1

**PART 2. Performance Planning**

1	The section in which I am employed has clear goals and objectives	5	4	3	2	1
2	The personal objectives Include results, behavior and development plan	5	4	3	2	1
3	The personal objectives developed in PPRD are set by mutual agreement between my supervisor and me and have good linkage with the strategy	5	4	3	2	1
4	The objectives of PPRD are Specific, Measurable, Achievable, Reliable and Time-bound (SMART)	5	4	3	2	1
5	I have a clear understanding of the level of performance that is expected of me.	5	4	3	2	1
6	I have the necessary skills and competencies to achieve my individual goals and objectives	5	4	3	2	1

**PART 3. Performance Execution**

1	MY supervisor frequently monitors my performance and gives feedback regularly.	5	4	3	2	1
2	My supervisor encourages open discussion with respect to performance related issue	5	4	3	2	1
3	I provide regular updates on progress toward goal achievement in terms of results	5	4	3	2	1
4	I am the person who is primarily responsible for performance execution.	5	4	3	2	1
5	My supervisor provides me the required resources to do my job .	5	4	3	2	1

**PART 4. Performance Assessment**

1	My performance is measured against prior, mutually agreed, set of objectives	5	4	3	2	1
2	Where the performance has not met minimum standards, my supervisor and I discuss the reason for this and way for improving performance	5	4	3	2	1
3	The performance evaluation criteria used at MSH is fair and capable of true measurement.	5	4	3	2	1
4	performance is customized based on the characteristics of my job.	5	4	3	2	1

**PART 5. Performance review**

1	My supervisor accurately rates my performance	5	4	3	2	1
2	The rating distribution at MSH makes distinction between good and bad performers	5	4	3	2	1
3	My supervisor keeps regular records on my performance and gets additional feedback from colleagues	5	4	3	2	1
4	I don't think that the performance review process is a waste of time	5	4	3	2	1
5	Performance management system at MSH has provision for appeal in case there is disagreement with supervisor	5	4	3	2	1
6	I believe that there is no intervention by senior management to dictate the performance review rating.	5	4	3	2	1

**Part 6. Training, Development and Reward**

1	Training and development needs are identified and documented during the performance review process	5	4	3	2	1
2	I am provided with required training for accomplishment of my job and improve my performance.	5	4	3	2	1
3	Information generated through performance evaluation is strongly determines rewards decisions	5	4	3	2	1
4	Information generated through performance evaluation in is designed to strengthen the relationship supervisor and subordinates	5	4	3	2	1
5	At MSH the benefit package associated with good performance has created job satisfaction	5	4	3	2	1

**PART 7. Performance Renewal and Recontracting**

1	The performance appraisal (review)form at MSH has different relative weight for different KPIs (Key Performance Indicators).	5	4	3	2	1
2	Senior management is committed to the successful implementation of the performance management system	5	4	3	2	1
3	I have sufficient control over the activities that I am expected to perform in terms of my performance contract	5	4	3	2	1

## **Appendix B**

### **STRUCTURED INTERVIEW QUESTIONS.**

Dear Human Resource Manager,

Thank you for devoting your valued time in answering the questions. Your input is required for academic purpose and will be kept confidential. The entire process will take only few minutes.

1. How would you describe MSH performance management system?
2. Is there any specific area that you feel strongly about MSH PMS implementation activities? What did you like most and what did you not like most?
3. In your opinion, does MSH use Performance Plan Review and Development (PPRD) cycle for its performance management process to look ahead, receive valuable feedback and to put serious thought into performance plan and professional development?
4. If your answer for the above question is yes, please specify the strong and the weak points in the entire cycle?
5. In your opinion, what areas require immediate attention to resolve the challenges faced with the organization's PMS?
6. How would you describe the way in which the PMS is communicated at MSH?
7. If you are in charge of the organization, what would you have done differently during the PM process?
8. Do you think that performance cycle at MSH includes all the required process, prerequisite, performance planning, execution, assessment, review and renewal and contracting.
9. In your opinion what are the main purpose for performance appraisal at MSH?
10. What is your general assessment of PM system at and do you think that PA system serving its purpose?
11. What is your recommendation for improvement of performance management system at MSH?

## **DECLARATION**

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of my advisor, Dr. Worku Mekonnen. 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

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Signature & Date

## **ENDORSEMENT**

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

\_\_\_\_\_

Advisor

Signature & Date