



The Impact of Organizational Culture on Performance Management Practices: The Case of Economic Commission for Africa

**By
Senait Laike**

**A Thesis submitted to Addis Ababa University, School of
Commerce, in partial fulfilment of the requirements for the
Degree of Master of Art in Human Resources Management**

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DECLARATION

I hereby declare that the study entitled “The Impact of Organizational Culture on Performance Management Practices – The Case of ECA” is my original work and has not been presented in Addis Ababa University or any other University, and that all sources of material used for the study have been duly acknowledged.

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Letter of Certification

This is to certify that the thesis prepared by Senait Laike titled: The Impact of Organizational Culture on Performance Management Practices: The Case Economic Commission for Africa and submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Human Resources Management complies with the regulation of the University and meets the accepted standards with respect to originality and quality.

Advisor: Worku Mekonnen (PHD) Signature _____ Date _____

**Addis Ababa University
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Certification of Approval

This is to certify that the thesis prepared by Senait Laike titled: The Impact of Organizational Culture on Performance Management Practices: The Case Economic Commission for Africa and submitted in partial fulfillment of the requirements for the Degree of Master of Arts in Human Resources Management complies with the regulation of the University and meets the accepted standards with respect to originality and quality.

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I would like also to express my thanks to UN-ECA staff for their cooperation in providing me the required data. During the designing, preparation and writing of this thesis, I have been encouraged, guided, advised and helped by several friends and colleagues.

Abstract

The purpose of this study is to assess employees' perception on the effect of the four components of organizational culture (named Involvement, Consistency, Adaptability and Mission) on performance management practices in the Economic Commission for Africa.

The research attempts to fill the gap of literature related to this topic by studying the situation of ECA and to provide more empirical evidence on the impact of organizational culture on performance management practices by investigating and measuring the possible relationships between the variables. It adopted an explanatory approach. The target population of this research was 346 employees out of which 104 employees were taken as a sample using simple random sampling and purposive sampling technique. The sample was composed of 30 professional staff, 14 national officers and 60 staff from the general service category. The sample consists of both male and female employees of the organization. The researcher tries to ascertain if there is a link between organizational culture and performance management practices, and assess the effect of the traits of organizational culture on performance management practices. In order to achieve the above objectives, primary data was collected through questionnaire. The gathered data was analyzed using descriptive and inferential statistics. Pearson Correlation and regression analysis were conducted to determine the relationship and the effect of two variables by using SPSS.

The result shows that there is a positive relationship between organizational culture and performance management practice in ECA. The statistical analysis reveal that Consistency, Mission and Adaptability have stronger correlation to performance management practice in ECA while involvement have lower relationship with performance management practice. Finally, this thesis concludes that organizational culture influences the performance management practices and recommends that ECA conducts further study to assess the impact of involvement trait on performance management so as to improve the approach towards enhanced employee engagement and empowerment to ensure a positive impact on performance management practices for the overall effectiveness of the Organization's performance.

Key words: *Organizational Culture, Performance Management, Involvement, Consistency, Adaptability.*

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Acronyms and Abbreviations

UN – United Nations

UN ECA – United Nations Economic Commission for Africa

PMD – Performance Management Development

PMP – Performance Management Practices

HRM – Human Resources Management

SPSS – Statistical Package for Social Sciences

SD – Standard Deviations

ANOVA – Analysis of Variance

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

People are constantly surrounded by culture (often invisible) that forms the background of their work-lives in organizations. Organizational culture provides a powerful mechanism for controlling behavior by influencing how we view the world round us. Organizations do not exist in a vacuum but in a specific culture or socio-cultural environment that influence the way their employees think, feel and behave. Work place culture is a very powerful force that influences an employee's work life. It is the very thread that holds the organization together. Hence, managers and employees do not work in a value-free environment; they are governed, directed and tempered by the organization's culture (Ritchie, 2000). Thus, organizational culture has strong influence on employees' performance and work attitude. For employees, it is either the glue that bonds people to an organization or what drives them away. It involves standards and norms that prescribe employees behavior in a workplace (Martin, 2003). Hence, organizational culture is the underlying values, beliefs, principles and practices that constitute its management system (Denison,1990).

The organizational culture of an organization depends on its environment, objectives, belief system and management style. A strong organizational culture indicates that employees are like-minded and hold similar beliefs/ethical values while a weak organizational culture indicates that employees are unlike-minded and hold dissimilar belief/ethical values. Thus, organizations can only achieve their goals by aligning their organizational culture with their performance management system(Robbins & Judge,2012).

In adopting a collaborative culture in the execution of its activities, ECA empowers its employees to exercise greater control/autonomy over their work thus influencing their performance management, commitment, self-confidence and self-esteem. It is against this background that it becomes pertinent to discuss organizational culture and employees' performance in ECA, Addis Ababa.

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

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

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

Performance management practice is a more comprehensive approach to manage human resource in an organization. As mentioned by Ehtesham & Muhammad (2011) performance management practices include agreeing on which objectives to achieve, allocating decision rights, and measuring and evaluating performance in organizations. Performance management system is a practice that involves planning, reviewing and performance development of employees in an organization. The probability of having a good performance in an organization can possibly be through strong culture. This reflects that high level of performance is directly related with strong organizational culture. Organizations tend to satisfy their employees by giving attention to their culture and performance management practice in order to retain their employees.

This study focuses on the organizational culture and performance management as a determinant factor for the organizations performance. The researcher reviewed the two common

organizational culture models developed by O'Reilly et al. and Denison. Both models are suitable to measure how organizational culture affects organizational performance. However, the researcher is interested and preferred to conduct the research with Denison's model as it is detailed and easy to implement and typically used to diagnose cultural problems in organizations. The four general components applied in this model are Mission, Adaptability, Involvement and Consistency.

1.2 Background of the Study Area

As stated on UNECA website, ECA was established by the Economic and Social Council(ECOSOC) of the United Nations (UN) in 1958 as one of the UN's five regional commissions, ECA's mandate is to promote the economic and social development of its member States, foster intra-regional integration, and promote international cooperation for Africa's development.

To enhance its impact, ECA places a special focus on collecting up to date and original regional Statistics in order to ground its policy research and advocacy on clear objective evidence; promoting policy consensus; providing meaningful capacity development; and providing advisory services in key thematic fields.

ECA's thematic areas of focus are Macroeconomic Policy, Regional Integration and Trade, Social Development, Natural Resources, Innovation and Technology, Gender, Governance. ECA also provides technical advisory services to African governments, intergovernmental Organizations and institutions. In addition, it formulates and promotes development assistance programmes and acts as the executing agency for relevant operational projects.

In order to evaluate the success of an organization such as ECA, organizational culture and performance management practice are among the key influential factors. It is well recognized that organization's success indirectly depends on its existing culture and norm. In order to foster productivity, there is a continuous effort to maintain and enhance the existing culture and performance management practice.

1.3 Statement of the Problem

The recent scientific literature highlighted that human resource management has become an essential tool to increase firm performance and to achieve the business vision. In the new context of economic changes, employees are considered to be valuable assets to an organization. Therefore, effective management of the employees is needed. In spite of the dynamic competitive environment of the developing countries, most of the studies have been conducted on western countries. Some scholars even questioned the applicability of the western practices of management in developing countries, although it has been universally recognized that organizational culture is one of the main reasons for differences in performance management practices (Denison et al, 2004).

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

Because there are still contradictory results, the question of whether organizational culture improves or worsens performance management practices is still worthy of further research such as which was undertaken in this study.

In ECA the performance management practice is based on performance objective and result oriented approach. The practice is named Performance Management and Development (PMD) and it is composed of performance plan, review and development plan. The cycle of the PMD is twelve months, beginning on 1st April and ending on 31st of March. In the PMD review and development process, human resource department provides advice and coaching on how to describe performance and deliver feedback and is also responsible to follow up timeliness, existence of development plan and the ratings provided for each employee. This process has been experiencing challenges in terms of practicability in enhancing the productivity of employees. Basically, the key gaps identified are the effectiveness of performance development plan, consultative approach practice and compensation plan.

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

Every organization has a culture; hence the researcher was triggered to conduct this study based on the experience over the past ten years since the implementation of the new performance management practice. Simply, the researcher was suspicious and interested to recognize perception of staff in regards to the culture and performance management practice.

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

1.4 Research Questions

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

- How do employees perceive the existing organizational culture at ECA in supporting or hindering ECA's ability to achieve the organizational goal?
- What is the relationship between organizational culture and performance management practice in ECA?
- Does organizational culture have any effect on performance management practices?

1.5 Objective of the Study

The general objective of the study is to assess the impact of organizational culture on performance management practices. In line with this general objective, the specific objectives are as follows:

1. Analyze of the existing organizational culture traits and performance management practices

2. Determine the relationship between organizational culture and performance management practice
3. Assess the impact of organizational culture on performance management practice
4. To formulate recommendations on the effects of organizational culture on the performance management practices

1.6 Significance of the Study

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

1.7 Scope of the Study

The scope of the study is limited to obtain an understanding on the impact of organizational culture on performance management practices at ECA and whether there are impediments that may deter the effectiveness of performance management practices and as a result affect organizational success and may further suggest possible way forward.

The UNECA, which is one of the Secretariat offices of the United Nations, has five sub-regional offices across Africa in addition to its main office based in Addis Ababa. The UNECA employs about 734 staff members in total comprising locally recruited staff members (general staff and national officers) and internationally recruited professional staff members. However

Limited sample size was used in this study, due to location of employees, arrangement of employee's assignment, time constraint and type of contracts. Consultants, Individual Contractors and temporary staff members have been excluded.

The study investigates the relationship between the two variables (organizational culture and performance management practices). The study is confined in ECA, so it will not be able to provide analysis of the practice in other UN entities, and it will be difficult to make comparison. Limited sample size was used in this study, due to location of employees, arrangement of employees' assignment, time constraint and year of services of employees in ECA.

1.8 Limitations of the Study

In carrying out the study, several limitations were encountered, they included the following: Time was limiting from doing an in-depth study. Furthermore, the employees felt uncomfortable and others simply felt not bothered to provide required information. Thus, there was some kind of limitation to the research in obtaining information. There was no documented and retractable data. This research highly depended on the perception of employees. Close follow ups were done and respondents' awareness on the importance of research was highly observed, communicated and hence it was possible to undertake the study.

1.9 Operational Definitions and Terms

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

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

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

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

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

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

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

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

1.10 Organization of the Study

This study is organized in to five chapters. The first chapter deals with the background, statement of the problem, objectives of the study, significance of the study, delimitation of the study, operational definition of key terms and organization of the study. Chapter two contains a review of the literature on the link between organizational culture and performance management practices. The third chapter covers the research design and method of the study. The forth chapter will discuss about presentation, analysis and interpretation of the data. Finally, Chapter five includes the conclusions from the study, a summary of the findings and recommendations.

CHAPTER TWO LITERATURE REVIEW

2.1.Introduction

Organizational culture is the set of shared values, beliefs, and norms that influence the way employees think, feel and behave in the work place (Schein, 2011). Morgan (1997) views organizational culture as the collection of traditions, values, beliefs, policies and attitudes that constitute a pervasive context for everything one does and things in an organization.

2.2.The Concept of Organization Culture

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

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

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

It was also supported with the idea that recent organizations have come to understand just how important the health of their culture is to their success. Chenot (2007) stated "organizational culture as a system of meanings and knowledge that develop into learned standards". Then these created standards allowing employees to evaluate their own behavior in relation to others and, conversely, other' behavior in relation to organizational standards. He also explained that organizational culture consists of traditional or historically selected ideas, behaviors and related

values. This assumption was also supported by Cameron and Quinn (2011) as culture is a socially constructed attribute of organizations that serves as the social glue binding an organization together.

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

2.2.1 Dominant and Sub Organizational Cultures

According to Robbins and Judge, (2008) a dominant culture expresses the core values that are shared by a majority of the organizations members. It is the macro view of culture that gives an organization its distinct personality. On the other hand, sub cultures tend to develop in large organizations to reflect common problems, situations, or experiences that members face. These sub cultures are likely to be defined by department designations and geographical separation. Subculture will include the core values of the dominant culture, plus additional values unique to members of a given department similarly an office or unit of the organization that is physically separated from the organizations main operations may take on a different personality. The core values are essentially retained, but they are modified to

reflect the separated unit's distinct situation. If organizations had no dominant culture and were composed only of numerous subcultures, the values of organizational culture as an explanatory concept would be significantly lessened because there would be no uniform interpretation of what represented appropriate and inappropriate behaviour. The shared there are multiple cultures usually associated with different functional departments, product groups and hierarchical levels. Kotter and Haster (1992), further indicates that even within a relatively small sub unit there may be multiple and even conflicting subcultures. Trice and Beyer (1993) support the above idea by stating the fact that large organizations also do not have a homogeneous culture. Instead, they are usually a cluster of organizational sub cultures as ideology, cultural forms and other practices those identifiable groups of people in an organization exhibit. Meaning aspect makes it a potent device for guiding and shaping behaviour (Robbins and Judge, 2008). People in an organization vary because of the occupation or profession, hierarchical level, work groups or teams they belong, which possess a specific characteristic that identifies them. Those individuals with common feelings, values, beliefs, through may come together to form sub units in an organization and reflect their own unique cultures. In line with this idea, Kotter and Heskett (1999) wrote that within organizations.

2.2.2 The Effects of Strong Organizational Culture

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

On the study made on the possible relationships between organizational culture and performance among Singaporean companies, Lee and Yu (2004) emphasized on the fact that "Denison and Mishra (1995), utilizing a more rigorous methodology, discovered that cultural strength was significantly associated with short-term financial performance". In addition, the study also presented that Denison studied a suitable sample of 34 firms representing 25 different industries. He found that two indices, "organization of work" and "decision making", were found to be

significantly correlated with financial performance. Then he assures his finding by stating that “the strength of the culture was predictive of short-term performance, when performance was defined with broad indicators like return on assets, return on investment and return on sales, etc”.

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

2.3 The Concept of Performance Management

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

Aguines (20025) observes performance management as “a continuous process of identifying, measuring and developing performance in organizations by linking each individual’s performance and objectives to the organization’s overall mission and goals”. He emphasized on the statement that employees are the key competitive advantage for organizations to be

successful. Performance management has been identified as one of the method in which managers and employees review goals, planning for the future, and agree on the developmental plan.

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

2.3.1 Performance Management

“Performance management is a strategic and integrated approach to delivering sustained success to organizations by improving the performance of the people who work in them and by developing the capabilities of teams and individual contributors(Armstrong and Baron,1998). It supports the rationale that people and not capital provide organizations with a competitive advantage (Reynods & Ablett, 1998). The purpose of performance management is to transform the raw potential of human resource into performance by removing intermediate barriers as well as motivating and rejuvenating the human resource (Kandula, 2006). Competitive capacity of organization can be increased by building strong people and effectively managing and developing people (Cabrera & Banache,1999) which is in essence performance management.

2.3.2 Performance Management Practice

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

components named activities, outputs, outcomes and quality. Depending on the purpose of organizations, their performance management system may vary.

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

In 2003, Anthony R.M, Ph.D indicated that performance management serves two very broad, but often opposing, goals, that is “developmental and administrative” goals. Under the administrative goal salary increase, bonus, promotions, layoffs, demotions and transfers are incorporated and with the developmental goal the managers try to enhance employee motivation and ability by identifying the gap and search for solutions. Then Pulakos (2004) goes onto suggest on the fact that “the purpose of performance management practice should be given weight”. She gave an example by mentioning that performance management systems can support pay decisions, promotion decisions, employee development and reductions in force. Usually there is direct link between performance and pay. This is encouraged as it encourages employee to a higher level of performance. Performance-based compensation ties individual performance directly with specific organizational objectives. Of course, different organizations have different rating scale which shows the level of performance an employee has reached. The ratings will assist the organization to identify the level where an employee falls in order to compensate for his/her achievement of objectives. Performance management plan engages employees in developmental activities to develop their capabilities either to improve current performance management or preparing for further career advancement. Employee development plan policy is always the organization’s responsibility as it encourages employees both in their professional and personal growth. Development plan is ongoing process prepared by the employee in partnership with his / her supervisor, focusing on the organization mission, objectives and employees career goals. The effectiveness of employee’s development plan varies depending on the organization prioritization. Number of research studies has shown that performance enhancing cultures significantly outperformed those that did not focus on setting performance goals and holding member of organization employees accountable for meeting those objectives. It was also found to be one of the mechanisms in retaining employees in the human resource management.

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

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

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

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

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

2.3.3 Performance Management Practice in ECA

As described by the ICSC(2010), performance management is an integrated system, including organizational design, work planning, assessments and feedback designing to maximize performance at the individual, team, unit and organizational level to motivate and develop staff. Award and recognition system form part of this system.

ECA has its own policy and procedure in managing performance of its employees. ECA understands that the effectiveness of the organization derives from the performance of each and every individual who works for the organization and the UN at large. Its policies and systems linked to performance management, therefore apply to all employees at ECA headquarters and the five sub-regional offices, both international and locally recruited staff. ECA is committed to recruiting and retaining staff recognized for their technical excellence, integrity and dedication, and who will collaborate with colleagues and clients on the basis of mutual respect and shared goals. In ECA both performance by objective and result oriented approach are used in order to translate organizational strategy into business result.

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

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

Each individual is expected to develop meaningful annual performance goal that serves as a guide for prioritizing task. Then ratings will follow based on variety of inputs where sets of standard were met or not.

2.4 Denison's Model of Organizational Culture

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

Denison's model has been developed starting from the Schein (1985) approach to organizational culture. Therefore, the core of the model is represented by the underlying beliefs and assumptions. At the more surface-level, there are the values and the artefacts (symbols, heroes) and the behaviour. In this model, the comparison between organizations is made according to the surface-level values and their manifest practices.

The organizational culture model of Denison is based on four cultural traits: involvement, consistency, adaptability and mission. All these traits have been shown to have an influence on organizational performance (Denison, 1990).

Adaptability

High performing organizations distinguish from low performing organizations by their ability to understand and react to the competitive environment and customers. In addition, they restructure behaviours and processes that help them to adapt. Moreover, high performing organizations encourage new ideas and different solutions for solving problems. In addition, employees seek new and better ways to meet customer expectations on a continuous basis. Controlled risk taking is encouraged as the organizations learn from both successes and failures.

Mission

Successful organizations have a clear mission that shows employees why they are doing their tasks and how the work they do help the organizational performance. Strategic direction and intent are about multi-year strategies and high priorities are established. In successful organizations the goals and objectives are short term. In addition, specific goals are defined so that employees understand how their daily routines relate to the vision of the organization. Vision represents the main reason an organization exists and competes on a certain market.

Consistency

Consistency represents the main source of integration, coordination and control. In addition, it helps organizations develop a set of procedures that create an internal system of governance which is based on support that is consensual. Successful companies have a clear set of values that support employees and managers in making consistent decisions. When facing difficult issues and misunderstandings, the members discuss them openly and try to reach an agreement. In these organizations, each employee is aware of the fact that their work impacts others and how the work of others impacts them. The employees always make sure that their work is aligned with the organizational goals and objectives.

Involvement

Highly involved organizations differentiate from the rest of the companies by creating a sense of responsibility. This particularity creates a greater commitment to the organization and autonomy. In these organizations, employees know kind of decisions they are allowed to take and which ones are beyond their responsibility. In other words, employees are empowered to take decisions in an informed framework. Employees are encouraged to work in teams and they support each other to attain their work goals. Last but not least, the high-involved companies use training and coaching to develop employee capability.

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

criteria of effectiveness. These findings support one of the basic principles of many culture researchers that the cultures of organizations have an important influence on effectiveness of organization.

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

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

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

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

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

2.5 The Relationship between Organizational Culture and Performance Management Practices

According to many scholars the main element that helps to attain good performance is to develop a strong organizational culture. Moreover, the culture can even represent a barrier when trying to implement new strategies. That is why, the same strategy can yield different results for two companies that compete in the same industry or geographical region.

Numerous studies have been conducted regarding the relationship between the culture type and the organizational performance, motivated by the belief that certain cultures might be more effective than others. The studies showed that a positive and strong culture help employees perform in a great manner and achieve success, while weak and negative cultures may decrease their performance and even demotivate an excellent employee.

Therefore, organization culture has a direct influence on performance management. According to Magee (2002), organizational culture and performance management are interdependent. That is why managers should understand the impact of organizational culture in order to get the highest yield from practices such as performance management, as a change in one impacts directly the other.

Both research and observation of successful companies have showed a direct correlation between strong corporate cultures and performance. Moreover, the organizational culture has a vital and measurable impact on the ability of a company to implement its strategy.

The culture of an organization cannot be ignored when dealing with concepts such as risk management, customer relationship management, change management or leadership. More and more companies are encouraging employees to be more responsible and are given more freedom to act. In addition, they are also encouraging teamwork and the formation of teams. A strong culture is one in which the employees work together effectively, share the same core values, and take decisions to meet the organization's primary goals and objectives.

According to Kandula the key to good performance is a strong culture. He further maintains that due to the difference in organizational culture, same strategies do not yield same results for two organizations in the same industry and in the same location. A positive and strong culture can make an average individual perform and achieve brilliantly whereas a negative and weak culture may demotivate an outstanding employee to underperform and end up with no achievement. Therefore, organizational culture has an active and direct role in performance management. Murphy and Cleveland (1995) believe that research on culture will contribute to the understanding of performance management. Magee (2002) contends that without considering the impact of organizational culture, organizational practices such as performance management could be counterproductive because the two are interdependent and change in one will impact the other.

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

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

Lim (1995) explained that studies relating organizational culture to performance tend to differ in terms of the performance measures that are sued, across the types of organization that are studied. He also mentioned about the two studies made that tries to disprove the existence of

relationship between culture and performance, however they failed due to different reasons. According to Denison (1982),” there is solid evidence about the impact of an organization’s culture on performance.”. The evidence that does exist is rarely presented in a form that is convincing way to managers and executives and, therefore, these human resources issues often remain confusing. He summarized with the fact that, organisations with a participative culture not only perform better than those without such a culture, but the margin of difference that widens over time proposes a possible cause – and-effect relationship between culture and performance. This is not surprising, as the performance measures generally relate to the extent to which goals relevant to the specific organisation are attained.

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

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

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

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

2.6 Conceptual Framework

The Denison model allows studies to reveal the underlying belief and assumptions in recognizable and measurable ways that impact performance management. In this model there are four general dimensions named Mission, Adaptability, Involvement and Consistency. Denison’s

model suggests that organizations with a higher combined measure of the four culture traits show higher levels of performance which itself is the result of performance management.

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

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

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

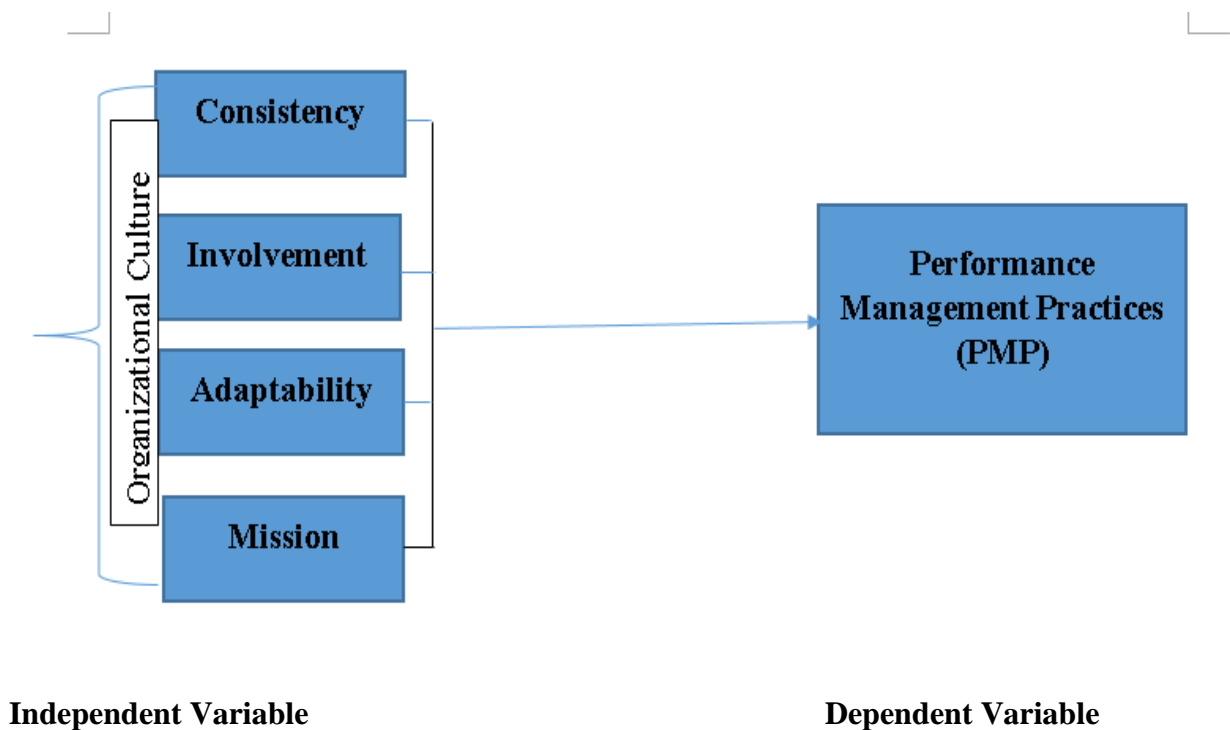


Figure: 1. Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

The term methodology is a system of explicit rules and procedures in which research is based and against which claims of knowledge are evaluated (Ojo, 2003). Therefore, this section focuses on the research techniques adopted and used for this study with the aim of achieving the research objectives.

3.1 Research Design and Approach

A research design is a detailed outline of how an investigation will take place. A research design will typically include how data to be collected, what instruments will be employed, how the instruments will be used and the intended means for analyzing data collected (Business Dictionary).

An explanatory survey design was considered. Questionnaire was administered to collect valid and reliable information. As the data collecting tools on organizational culture and performance management practice have specific measurement scales and quantitative research was adopted.

The study used quantitative methodology to determine how organizational culture (independent variable) is associated with performance management practice (dependent variable) in ECA. In order to address the objectives of this study standard questionnaire was used from Daniel Denison facilitator guide. This quantitative method was applied to measure features of the variables in order to explain what is observed.

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

The quantitative analysis utilized information gathered from the standard questionnaire developed by Denison. The organization cultural framework focuses on cultural traits of Involvement, Consistency, Adaptability, and Mission. While performance management practice

includes Consultative Performance Appraisal, Training Effectiveness/Evaluation included items and Performance-based Compensation. Likert scale with anchors strongly disagree (=1) to strongly agree (=5) was used.

3.2 Source of Data

Primary sources of data were mainly employed to fully answer the research questions. The primary source of data was collected from ECA, using questionnaires. The respondents were from different job categories namely professional staff, national officers and general service staff working at ECA – Headquarter, Addis Ababa.

3.3 Target Population

Population for the study involved ECA headquarter, Addis Ababa only. The target population was 346 employees working at ECA. The study excluded staff in the six sub-regional offices (Dakar, Niamey, Rabat, Lusaka, Kigali and Yaoundé)because of the geographical locations. In addition, security personnel and clinic staff were excluded from the population due to the nature of their job i.e. unavailability and their varying duty/work assignment schedules.

3.4 Sample and Sampling Procedures

Simple random sampling and purposive sampling techniques were used to draw a sample size of 104. Respondents were drawn from different departments and job categories to ensure reasonable representation

3.5 Instrument Design/Measurement

The data gathering tools for this study were questionnaires. A questionnaires were administered to 104 respondents. The questionnaire was adopted from Denison’s model of Organizational Culture and included self-administered questions to measure performance management practices.

All respondents were asked to rate their perceptions on organizational culture and performance management practices on a five-point Likert Scale. In this scoring system, for each of the five response categories (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, and 5=Strongly Agree), with the highest score of 4 assigned to “Strongly Agree”.

3.6 Data Collection Procedures

The researcher used quantitative method a research instrument and data was collected using survey questionnaire. The questionnaire used in this research is Denison Organizational Culture Survey, questions on performance management practice in ECA incorporating 39 items. The items were designed to be clear and easy to understand.

In the questionnaire, two categories of major variables were measured. The independent variable is organizational culture while the dependent variable is performance management practice.

Primary data was collected through standard questionnaire (Denison Model) distributed to 104 employees in ECA. The procedure in distributing the questionnaire to participants was through hard copy and soft copy to staff members in different divisions and sections of the organization. Then the data collected was analyzed using the SPSS.

3.7 Reliability Analysis Test

The reliability test performed to determine the internal consistency of the measures used, the table below shows that overall questions asked to the respondents have Cronbach Alpha values of more than .887 which makes all questions asked to the respondents are accepted, internally consistent and the scale deemed reliable for further analysis.

Table. 3.1: Reliability measurement

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.887	.887	39

Source : Questionnaire and SPSS output (2017)

3.8 Data Analysis

Data collected through questionnaire was analyzed and interpreted quantitatively which was further organized and treated with different statistical techniques. Descriptive statistics, such as frequency count, percentages, mean and standard deviation were calculated to determine the

dominant organizational culture and performance management practices based on the percentage of respondents. The data was entered into SPSS version 20 in order to draw simple tabulations to describe the demographic characteristics of the respondents.

Pearson's correlation was used in order to explain the relationship between the variables, dependent (Performance Management Practice) and the independent (Organizational culture). Pearson's correlation allows us how well variables are related, their strength and direction of the linear relationship. In addition, regression analysis was conducted to examine the effect of organizational culture on performance management practices.

3.9 Ethical Considerations

In this study the researcher consciously considered ethical issues in seeking consent, avoiding deceptions, maintaining the confidentiality, respecting the privacy and protecting the anonymity of respondents that encountered during the study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The present chapter deals with the analysis and interpretation of the data collected from the employees of ECA, based on the frame of this thesis and it was done in two sections;

- the first section of analysis presents descriptive statistics of respondents in terms of their demographic characteristics and

- the second section of analysis deals with inferential statistics which is comprises sub-sections

4.1 Response Rate

A total of 104 questionnaires were distributed to the target population, 93 of them replied with answers, making the percentage of respondents 89%.

4.2 Demographic Information of the Respondents

This section analyses the respondent's characteristics of 93 respondents who returned valid questionnaire for the study. Descriptive statistics was done using frequency counts and percentage for demographic information such as gender, educational qualification, job category and years of service at ECA. The result of the analysis is presented in Tables below:

Table 4.1: Gender Representation

	Frequency	Percent
Valid Male	46	49.5
Female	47	50.5
Total	93	100.0

Source : Questionnaire and SPSS output (2017)

Based on Table 4.1 the distribution of gender shows: 50.5% (47) of the respondents were female while 49.5% (46) of the respondents were male. This implies that both gender (male and female) were well represented owing to a paltry disparity of less than 1%.

Table 4.2: Educational qualification

	Frequency	Percent
Valid		
BA/BSC	44	47.3
MA/MSC	32	34.4
PHD	8	8.6
Other please specify	9	9.7
Total	93	100.0

Source : Questionnaire and SPSS output (2017)

Based on Table 4.2 respondents characteristics by educational qualification shows: 47.3% (44) have BA/BSC, 34.4 % (32) have MA/MSc, 8.6 % (8) have PHD, and the remaining 9.7% (9) of the respondents includes diploma holders or certificates. When looking at the educational level of the sample majority have BA/BSC and above.

Table 4.3: Job category

	Frequency	Percent
Valid		
Professional staff	23	24.7
National Officer	13	14.0
General service	50	53.8
Other	7	7.5
Total	93	100.0

Source : Questionnaire and SPSS output (2017)

Based on Table 4.3 respondents characteristics by job category shows: 24.7% (23) are in the professional category, 14.0 % (13) respondents are national officers, 53.8 % (50) are general service staff and the remaining respondents 7.5 % (7) skipped the questions. This result indicates staff in the general service category have high participation in the survey.

Table 4. 4: Years of Service

	Frequency	Percent
Valid		
Below 3 years	17	18.3
3-5 years	22	23.7
6-10 years	29	31.2
Above 10 years	25	26.9
Total	93	100.0

Source : Questionnaire and SPSS output (2017)

Based on Table 4.4 in terms of years of experience , 18.3% (17) have less than 3 years of service , 23.7% (23) have 3-5 years of service , 31.2 % (29) have above 6-10 years of experience and the remaining 26.9 % (25) have above 10 years of experience. This information was sought about respondents' number of years of service in the organization as it will help to show how much the respondents know about the organization and its activities. According to the above table the number of participants who served the organization longer is higher than those who served for shorter period.

4.3 Descriptive Statistics: Organizational Culture

The twenty-seven (27) items used to measure organizational culture were categorized into four components as shown on Table 4.5. Most of the respondents were slightly satisfied with Involvement (Mean=3.20, SD= 0.600). Most of the respondents were however not satisfied with Consistency (Mean=3.53, SD= 0.802), Adaptability (Mean=3.29, SD= 0.829), Mission (Mean=3.58 SD=0.936).

Table 4.5: Means and Standard Deviations for the Components of Organizational Culture

Sub-Scale	N	Mean	Std. Deviation
Involvement	93	3.20	.600
Consistency	93	3.53	.802
Adaptability	93	3.29	.829
Mission	93	3.58	.936

Source : Questionnaire and SPSS output (2017)

Table 4.6: Means and Standard Deviations for Involvement

	N	Minimum	Maximum	Mean	Std. Deviation
Decisions are usually made at the level where the best information is available	93	1	5	3.49	1.119
Information is widely shared so that everyone can get the information he or she needs when it's needed?	93	1	5	3.44	1.088
Everyone believes that he or she can have a positive impact	93	1	5	3.34	1.068
Cooperation across different parts of the organization is actively encouraged	93	1	5	3.53	.951
Work is organized so that each person can see the relationship between his or her job and the goals of the organization	93	1	5	3.33	1.025
The 'bench strength' (Capability of people) is constantly improving	93	1	5	3.15	1.093
There is continuous investment in the skills of employee	93	1	5	3.39	1.113

Table 4. 5, In regard to Involvement culture, cooperation across different parts of the organization is actively encouraged the highest mean (Mean=3.53, SD=.951) and the lowest mean ie. capability of people is constantly improving, scoring (Mean=3.15, SD=1.093) which indicates that respondents believe that improvement on the capacity of staff was minimal.

Table 4.7: Means and Standard Deviations for Consistency

Ignoring core values will get you in trouble	93	1	5	3.73	.968
There is an ethical code that guides our behaviour and tells us right from wrong	93	1	5	3.80	1.006
It is easy to reach consensus, even on difficult issues	93	1	5	3.22	1.031
There is a "strong "culture	93	1	5	3.44	1.047
We seldom have trouble reaching agreement on key issues	93	1	5	3.51	1.028
It is easy to coordinate projects across different parts of the organization	93	1	5	3.35	.928
There is good alignment of goals across levels	93	1	5	3.34	1.068

Based on Table 4.7 , in regards to consistency trait, there is an ethical code that guides our behavior and tell us right or wrong made scores of the highest mean (Mean=3.80, SD= 1.006) and it is easy to reach a consensus even on difficult issues scores the lowest mean (Mean=3.22, SD=1.031).

Table 4.8: Means and Standard Deviations for Adaptability

	N	Minimum	Maximum	Mean	Std. Deviation
The way things are done is very flexible and easy to change	93	1	5	2.90	1.225
New and improved ways to do work are continually adopted	93	1	5	3.27	1.153
Partner input directly influences our decisions	93	1	5	3.47	.939
All members have a deep understanding of partner wants and needs	93	1	5	3.17	1.049
The interests of the partner seldom get ignored in our decisions	93	1	5	3.37	.964
Innovation and risk taking are encouraged and rewarded	93	1	5	3.04	1.197
Learning is an important objective our day to day work	93	1	5	3.94	.998
ADAPTABILITY	93	1	5	3.290323	0.828575

Source : Questionnaire and SPSS output (2017)

According to Table 4. 8, Adaptability trait, Learning is an important objective in our day to day work scores the highest mean (Mean=3.94, SD=.998) and the lowest mean score fail on the way things are done is very flexible and easy to change,scoring (Mean=2.90, SD=1.225) which indicates that respondents believe that there is less flexibility to change.

Table 4.9: Means and Standard Deviations for Mission

	N	Minimum	Maximum	Mean	Std. Deviation
There is clear mission that gives meaning and direction to our work	93	1	5	3.77	1.033
Our strategic direction is clear to me	93	1	5	3.69	1.073
Leaders set goals that are ambitious, but realistic	93	1	5	3.49	1.007
We continuously track our progress against our stated goals	93	1	5	3.52	1.069
Our vision creates excitement and motivation for our employees	93	1	5	3.35	1.090
We are able to meet short-term demands without compromising our long-term vision	93	1	5	3.59	.924
MISSION	93	1	5	3.580645	0.936257

Source : Questionnaire and SPSS output (2017)

From Table 4.9 all the mean scores are high. Our vision creates excitement and motivation for our employees scores the lowest mean (Mean=3.35, SD=1.090), The lowest mean indicate that respondents believe that there is reduced belief if ECA's vision creates excitement and motivation

4.4 Descriptive Statistics: Performance Management Practice

Table 4.10: Means and Standard Deviations for Performance Management Practices

The supervisor will normally discuss the performance of his/her subordinates with them	93	1	5	3.72	1.025
Performance appraisal includes the supervisor setting objectives and goals of subordinates for the period ahead in consultation with them	93	1	5	3.58	1.067
My organization conducts systematic analysis to determine the needs for training programs	93	1	5	3.47	1.099
conduct cost-benefit analysis is conducted to assess the effectiveness of our training programs	93	1	5	3.41	1.086
training programs are evaluated to determine whether the training objectives are met	93	1	5	3.56	1.047
Job performance of an individual is very important in determining the earnings of employees in my company	93	1	5	3.08	1.321
Promotion is based primarily on seniority	93	1	5	3.08	1.236
Job performance of an individual is very important in determining the rating of an employee	93	1	5	3.57	.971
PERFORMANCE EVALUATION	93	1	5	3.51	.842

Eight (8) items were used to measure performance among employees at ECA. As shown on table 4.10, The mean scores are as follows: The supervisor will normally discuss the performance of his/her subordinates with them (Mean=3.72, SD=1.025), Job performance of an individual is very important in determining the earnings of employees in my company (Mean =3.08 SD=1.321), Promotion is based primarily on seniority (Mean= 3.08,SD= 1.236) both have the same mean rate and this shows the respondents were neutral.

4.5 Correlation Analysis between Organizational Culture and Performance Management Practices

Pearson correlation was used to explore relationships between the explanatory variables, specifically to assess both the direction (positive or negative) and strength of the relationship between the explanatory variables. This study sought to establish whether there were significant associations between Organizational Culture (Involvement, Consistency, Adaptability and Mission) and Performance management practices.

Table 4.11 Correlations between traits of Organizational Culture and PMP

Correlations		PMP
INVOLVEMENT	Pearson Correlation	.417**
	Sig. (2-tailed)	.000
	N	93
CONSISTENCY	Pearson Correlation	.648**
	Sig. (2-tailed)	.000
	N	93
ADAPTABILITY	Pearson Correlation	.722**
	Sig. (2-tailed)	.000
	N	93
MISSION	Pearson Correlation	.699**
	Sig. (2-tailed)	.000
	N	93

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

Source : Questionnaire and SPSS output (2017)

Based on table 4.11, the output correlation obtained sig.(2- tailed) of $0.000 < 0.05$ it can be concluded that there is a positive significant relationship between organizational culture traits and performance management practices.

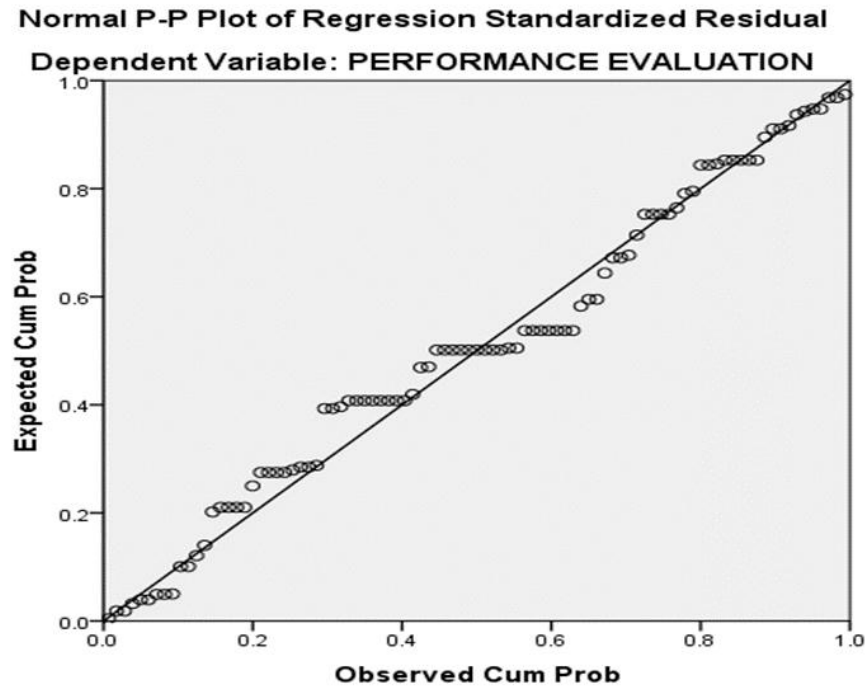
4.6 Diagnosis Test

Before applying regression analysis, some tests were conducted in order to ensure the appropriateness of data to assumptions regression analysis.

4.6.1 Linearity Test

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables. To determine whether the relationship between the independent variable organizational culture (Involvement, Consistency, Adaptability and Mission) and the dependent variable ie PMP linear; plots of the regression residual through SPSS software had been used.

Figure 4.1: Normal Point Plot Standardized Residual



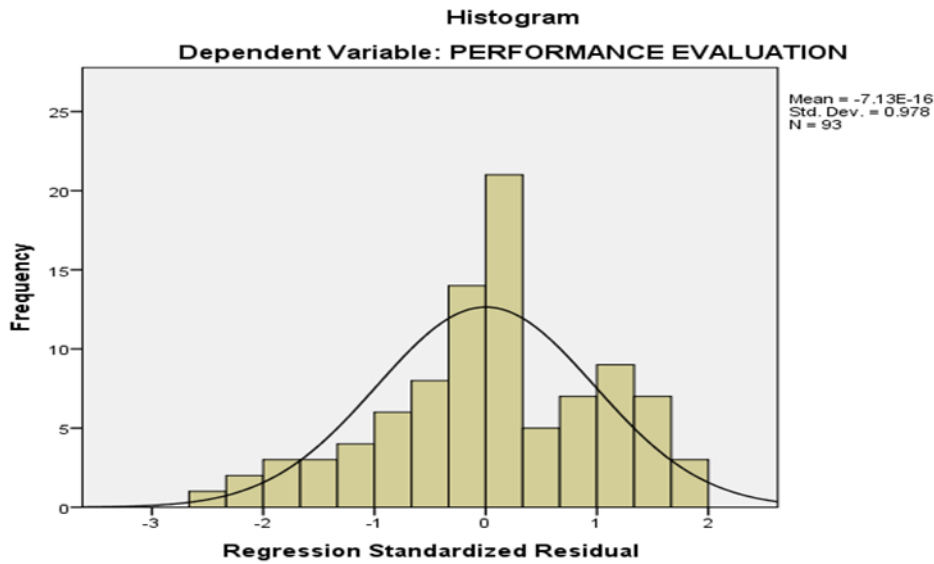
Source: Questionnaire and SPSS output (2017)

The scatter plot of residuals shows no larger difference in the spread of the residual as you look from left to right on figure 1. This result suggests the relationship we are trying to predict is linear. Similarly, the above figure shows the normal distribution of residuals around its mean of zero. Hence the normality assumption is fulfilled as required based on the above figure, it is possible to conclude that the inference that the researcher made about the population is somewhat valid.

4.6.2 Normality Test

Figure 1 shows the frequency distribution of the standardized residuals compared to a normal distribution. Although, there are some residuals (those occurring around 0) that are relatively far away from the curve, many of the residuals are fairly close. Moreover, the histogram is bell shaped which lead to infer that the residuals are normally distributed.

Figure 4. 2: Frequency Distribution of Standardized Residual



Source: Questionnaire and SPSS output (2017)

4.6.3 Multicollinearity Test

After the normality of the data in the regression model was met, the next step to determine whether there is similarity between the independent variables in a model, it is necessary to multicollinearity test. Similarities between the independent variable will result in a very strong correlation. In addition, multicollinearity tests done to avoid habits in decision making process regarding the partial effect of independent variables on the dependent variable. Test multicollinearity as a basis the VIF values of multicollinearity test results using SPSS.

Table 4.12: Multicollinearity Test

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	INVOLVEMENT	.606	1.650
	CONSISTENCY	.397	2.517
	ADAPTABILITY	.380	2.631
	MISSION	.412	2.427

a. Dependent Variable: PMP

Source: Questionnaire and SPSS output (2017)

Based on the coefficient output- Collinearity statistics, obtained VIF value of independent variable i.e. Organizational Culture: Involvement (1.650), Consistency (2.517), Adaptability (2.631), Mission (2.427). The values obtained from collinearity statistics (VIF) was between 1 and 10. Therefore, it can be concluded that there are no multicollinearity symptoms between the components of the independent variables.

Thus, from an examination of the information presented in all the three tests the researcher concluded that there are no significant data problems that would lead to say the assumptions of classical linear regression have been seriously violated.

4.7 The effect of Organizational Culture on Performance Management Practices

4.7.1 Overall Regression Model

The regression summary is summarized as follows:

Table 4.13: Regression model summary: PMP^b

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.779 ^a	.607	.589	.540
a. Predictors: (Constant), MISSION, INVOLVEMENT, CONSISTENCY, ADAPTABILITY				
b. Dependent Variable: PMP				

Source: Questionnaire and SPSS output (2017)

R-squared is measured the goodness of fit of the variables in explaining the variation in ECA measures the variable Predictor: (Constant), Mission, Involvement, Consistency and Adaptability. As clearly described in Table 4.12 adjusted R-square value for the regression model was 0.589, this indicates the variables in this study explain 58.9 percent of the variation in PMP. The remaining 40.1 percent of the variation in PMP in ECA are explained by other variables which are not included in the model. Therefore, involvement, consistency, adaptability and mission are good explanatory variables of PMP.

4.7.1 Regression ANOVA

The regression ANOVA table is summarized as follows:

Table 4.14: Regression –ANOVA^a

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.625	4	9.906	34.024	.000 ^b
	Residual	25.622	88	.291		
	Total	65.247	92			

a. Dependent Variable: PMP

b. Predictors: (Constant), MISSION, INVOLVEMENT, CONSISTENCY, ADAPTABILITY

Source: Questionnaire and SPSS output (2017)

From ANOVA test in table 4.14 shows that the Sig. Value 0.01 is greater than the calculated value 0.000. It reflects there was a statistically significant correlation between dependent variable and independent variable at 1% significant level. Which means the independent variables; Involvement, Consistency, Adaptability and Mission have great contribution to improve PMPs in ECA. But it does not mean that all these factors have equal significant correlation with PMP.

4.7.3 Regression Coefficient

Table 4.15: Regression Coefficient

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.655	.326		2.012	.047
	INVOLVEMENT	-.049	.120	-.035	-.403	.688
	CONSISTENCY	.197	.111	.188	1.770	.080
	ADAPTABILITY	.366	.110	.360	3.326	.001
	MISSION	.309	.094	.343	3.299	.001

a. Dependent Variable: PERFORMANCE EVALUATION

Source: Questionnaire and SPSS output (2017)

Based on the result shown in the Table 4.15, involvement has influence performance management practice negatively but not statistically significant ($\beta = -0.049$, $t = -0.403$, $p > .05$) and consistency has a positive influence on performance management but is also not statistically significant. ($\beta = 0.197$, $t = 1.770$, $p > .05$) while the other components i.e. adaptability and mission have positive and significant influence on performance management practices ($\beta = 0.366$, $t = 3.326$, $p > .05$), ($\beta = 0.309$, $t = 3.299$, $p > .05$) respectively.

The values for the regression weights are as follows :

$$Y = 0.655 - 0.049IN + 0.197CON + 0.366AD + 0.309MI + E$$

Y - Performance Management

IN - Involvement

CON - Consistency

AD - Adaptability

MI - Mission

Involvement: The finding shows that there is no association with PMP.

Consistency: This shows that there are committed employees who are motivated and are in control as associated with PMP.

Adaptability: As associated with PMP the finding indicates that ECA has a good culture of translating the demands of the organization into action. However, this contradicts looking Adaptability separately without the correlation; it is the highest when we compare it with other components average value of the participants' response.

Mission: The finding shows stronger association with PMP. An organization's mission is its reason for existence. Therefore, knowing very well the reason why an organization exists will give an employee the motivation to achieve the organizational objectives. This study has shown that high-performing organizations have a committed workforce that is aligned with the organization's mission, vision and values.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents a summary of the study findings and results of the study. Then based on the key findings and results, conclusions are drawn and recommendations made. The recommendations include interventions to improve performance management practices in the studied organization and pave the way for further studies.

5.1 Summary of Major Findings

This section presents summary of key findings of the study. The main objective of this research was to investigate the relationship between organizational culture and performance management practice in ECA. The study cohort was 104 staff members. A questionnaire was used as data collection method. Then data was analyzed using the descriptive (mean and standard deviation) and inferential statistics (correlation and regression) using SPSS and the findings were presented through the use of tables.

The result was guided by three research objectives to:

1. Analyze of the existing organizational culture traits and performance management practices
2. Determine the relationship between organizational culture and performance management practice
3. Assess the impact of organizational culture on performance management practice

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

The result of the research has indicated that there is a positive relationship between organizational culture and performance management practice in ECA. This positive relationship indicates that the culture of the ECA is influencing the effectiveness of ECA.

The findings proved that the beliefs and assumptions of the four cultural traits Involvement, Consistency, Adaptability and Mission have relatively strong correlations when associated to performance management practice with the help of SPSS with Pearson's correlation; .641, .840, .815 & .820 respectively. However, out of the four traits, Consistency and Mission have higher positive values in correlation with performance management practice. Under the Consistency, it shows that is working actively by creating alignment of behavior and core values where by employees' satisfaction is observed. Stronger culture of mission indicates that there is clear sense of mission and research participants see ECA's strategic goals as meaningful in their day to day activity. In regards to Adaptability, having weaker relationship with performance management practice the finding has reflected that ECA has given less attention to the norm in giving priority to its partners and this fundamental practice is valued. Weaker involvement tends to affect employee satisfaction, and they feel disconnected, unwilling to work with people outside of their immediate circle.

Based on the result of regression analysis, Adaptability and Mission have the utmost effect on performance management practice. Consistency has considerable effect on performance management practice. However, the result of this study shows that involvement has no association with performance management practice.). According to the result shows involvement is not statistically significant therefore this make $B=0$. This indicates at ECA the employees involvement have no effect on performance management practice.

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

5.2 Conclusions

Based on the research findings, the data obtained from the empirical investigation was carried out in a manner that make it logical for the findings from the sample to be generated in all the general conclusion which can be drawn from the finding regarding organizational cultural influence on performance management practices.

The results of the study have provided important implications on the relationship between organizational culture and performance management practices. Previous studies have shown the effect of corporate culture on performance management practice (Kotter and Heskett, 1992; Denison, 1990; Van der Post *et al.*, 1998) but did not show the potential relationships of these two factors (organizational culture and performance) in an integrated way. This research has also provided us with a better understanding of the relationships of these factors in order to enhance managerial effectiveness and organizational success.

This research demonstrates that everyone in the organization comes from diverse culture and they try to tune their norms and values with organization's norms and values. When an employee accepts the culture of organization then he performs well. According to Gallagher (2008), positive performance management can cause the profit of an organization.

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

For an organization to achieve its purpose, the mission statement advocates for strong work ethics and customer satisfaction. This study looked at the ethical practices of the organization because they form part of an organization mission and by extension, they influence performance management practices.

Performance management practice in ECA is perceived as very good practice. It is found to be a good culture that is well recognized in ECA.

There is an indication that employees to be proud of their organization. This directly increases employees' commitment and ownership. It also shows that ECA is showing an effort in order to retain its employees.

There is an agreement with the fact that the rating given during performance evaluation process is reasonable. Joint decisions are made on ratings. However, the practice does not include reward and recognition (monitory and non-monitory). This indicates that the process creates some kind of frustration and lowers engagement of employees in their work.

Based on the researcher observation, employees are confident about the code of ethics that guide ECA employees. It was observed that the overall strength of the organization culture is strong. Finally, this study provided a good reason that ECA has a good practice in regards to execution of performance management practices. Few of the gaps identified can be addressed through close follow-up and preparing a document that articulate rules and regulation to govern on how to do business in ECA.

5.3 Recommendations

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

It is important for ECA hiring managers and human resources practitioners to understand the significance of assessing organizational culture to improve the existing performance management system. The identification of cultural profile of an organization is very indispensable to assess the cultural patterns of sub-groups in an organization.

1. In order to improve or establish an effective performance management system in the organization, it is advisable to carry out detailed cultural survey to identify the values, beliefs and assumptions. To do so, ECA management are recommended to give concern for the research and development department; allocate enough resources such as material, finance and assign qualified experts.
2. It is imperative for the organization to revise rules, regulations and procedures that enable members to use their potential, and be creative, innovative, and effective for the successful implementation of a successful performance management practice. Since some working rules and procedures are rigid barriers for new ideas or innovations, the organization should identify critically those obstacles and propose effective and efficient working methods.

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

ECA needs to address its organizational culture and performance management practice hand in hand with its employees. ECA should improve the existing culture by reinforcing common values, behavior patterns and practices, with many close connections between deeply held assumptions and visible concrete behaviors. Most importantly, by investing and making sure these are met through developing a control where it is required and ensure they are being applied.

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

5.4 Suggestion for Further Study

As mentioned in the scope of this study, not adequate research on the influence of organizational culture on performance management has been done throughout the UN. This study limited itself to only one office; recommendations are therefore made for further research in the different UN agencies in Addis Ababa and other duty stations in order to broaden research in the organization.

Organizational culture, influence organizations in many ways. From the overall organizational performance to subsets like financial performance, employee job satisfaction, leadership behavior, person-organizational fit, organizational change, customer satisfaction, and strategy implementation, among others. For further research study, we recommend a study on the influence of organizational culture on any of the above subsets in large organizations in order to broaden research in this industry. Also further study on the impact of involvement trait of an organization on performance management practices was highly recommended.

Following the completion of this study, despite the limitation in terms of scope and poor response rate with a limited number of respondents providing reasonable feedback, we would recommend further studies done incorporating responses of participants from other job categories such as Consultants, Individual Contractors, Fellows and Interns who have a contract of a temporary nature.

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Annex 1

Addis Ababa University
Department of Human Resources Management
Questionnaire to be filled by employees of Economic Commission for Africa

Dear Respondent:

This questionnaire is designed to solicit the relevant information for the research carried out on the topic “The Impact of organizational culture on performance management practices: The case of ECA”. The study is conducted for academic purpose for partial fulfilment of the requirements of the Master of Art Degree in Human Resources Management. Hence, your responses will be kept confidential. The soundness and the validity of the findings highly depends on your kind and genuine responses. Therefore, I kindly request you to fill the questionnaire carefully as soon as possible. /To be returned within a week/.

Part I : Information about Demographic Data

1. Sex
 - a. Male
 - B. Female
2. Educational Qualification
 - a. BA/BSC
 - b. MA/MSC
 - c. PHD
 - d. Other please specify
3. Your job category at ECA
 - a. Professional Staff
 - b. National Officer
 - c. General Service
 - d. Other
4. Years of service at ECA
 - a. Below 3 years
 - b. 3 – 5 years
 - c. 6- 10 years
 - d. Above 10 years

Part II : Assessment of the organizational culture at the Economic Commission for Africa

The five-point scale ranging from strongly disagree to strongly agree. The objective is to assess key dimensions of the culture at your organization. So you are requested to indicate your perception using the following rating scale.

1. Strongly disagree 2. Disagree 3. Undecided 4. Agree 5. Strongly agree

	INVOLVEMENT	1	2	3	4	5
5	Decisions are usually made at the level where the best information is available					
6	Information is widely shared so that everyone can get the information he or she needs when it's needed?					
7	Everyone believes that he or she can have a positive impact					
8	Cooperation across different parts of the organization is actively encouraged					
9	Work is organized so that each person can see the relationship between his or her job and the goals of the organization					
10	The "bench strength" (Capability of people) is constantly improving					
11	There is continuous investment in the skills of employee					
	CONSISTENCY	1	2	3	4	5
12	Ignoring core values will get you in trouble					
13	There is an ethical code that guides our behaviour and tells us right from wrong					
14	It is easy to reach consensus, even on difficult issues					
15	There is a "strong" culture					
16	We seldom have trouble reaching agreement on key issues					
17	It is easy to coordinate projects across different parts of the organization					
18	There is good alignment of goals across levels					
	ADAPTABILITY	1	2	3	4	5
19	The way things are done is very flexible and easy to change					
20	New and improved ways to do work are continually adopted					

21	Partner input directly influences our decisions					
22	All members have a deep understanding of partner wants and needs					
23	The interests of the partner seldom get ignored in our decisions					
24	Innovation and risk taking are encouraged and rewarded					
25	Learning is an important objective our day to day work					
	MISSION	1	2	3	4	5
26	There is clear mission that gives meaning and direction to our work					
27	Our strategic direction is clear to me					
28	Leaders set goals that are ambitious, but realistic					
29	We continuously track our progress against our stated goals					
30	Our vision creates excitement and motivation for our employees					
31	We are able to meet short-term demands without compromising our long-term vision					

Part II. Performance Management

	PMP	1	2	3	4	5
32	The supervisor will normally discuss the performance of his/her subordinates with them					
33	Performance appraisal includes the supervisor setting objectives and goals of subordinates for the period ahead in consultation with them					
34	My organization conducts systematic analysis to determine the needs for training programs					
35	conduct cost-benefit analysis is conducted to assess the effectiveness of our training programs					

36	training programs are evaluated to determine whether the training objectives are met					
37	Job performance of an individual is very important in determining the earnings of employees in my company					
38	Promotion is based primarily on seniority					
39	Job performance of an individual is very important in determining the rating of an employee					