

# The University of Hull

The Role of Performance Appraisal in Employees' Motivation in  
the Saudi Electricity Company (SEC)

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## **Abstract**

Performance appraisal (PA) is widely used across the world to evaluate and motivate individuals' performance in order to increase organisational productivity. This study explores the role of performance appraisal in employees' motivation at the Saudi Electricity Company (SEC) to fill a gap in the previous literature. The first objective of this study is to explore the effectiveness of the performance appraisal system in the company from the employees' point of view. The second objective is to explore to what extent the employees are motivated in the company. The last objective is to explore to what extent performance appraisal impacts the employees' motivation.

A qualitative methodology was used for collecting data through semi-structured interviews to provide in-depth understanding of the considered phenomena. Interviews were conducted with 40 employees in SEC who had worked with the company more than 4 years. In addition, official company documents were analysed and observations noted during the interview process. Thematic analysis was employed to identify the major themes in the findings, using the inductive approach of Miles and Huberman (1994).

With regard to the first objective of the study the findings show that generally the performance appraisal system in SEC is considered ineffective by the employees due to issues such as low level of employees' participation in the PA process, lack of PA feedback, lack of employees' acceptance of PA in SEC, and low levels of fairness in the PA process. The second objective of the study is addressed by considering two aspects, context and content factors. The findings regarding context factors such as job security, working conditions, pay, relationships in the workplace, and company policies, show that the employees were generally satisfied with those factors but they considered them as basic needs for completion of their jobs. However, some participants were dissatisfied with some of those factors, such as working conditions and company policies. In terms of content factors, such as recognition, work itself, the opportunity of growth, responsibility, advancement and achievement, the findings show that the participants believed those factors played an integral part in their level of motivation. However, the employees' views regarding some

of those factors were mixed. For instance, the technical employees were motivated by the work itself, such as challenge, responsibility and innovation, and they considered it as a source of motivation. Conversely, administrative employees saw the routine nature of their job as decreasing their level of motivation. With regard to the last objective of this study, the findings show that the participants strongly believed that performance appraisal has an integral role in their level of motivation. However, they mentioned three issues that should be satisfied if the company wants to use performance appraisal as a motivation mechanism: the PA should be fair, the rater should provide the ratees with regular feedback on PA, and the PA should be linked directly to the reward system in the company.

The current study contributes to knowledge at both the academic and practical level. The main academic contribution is that by examining performance appraisal and motivation in SEC to provide an enhanced understanding of HRM in the Saudi context. Also, the study has answered the questions raised by a previous study conducted by Idris (2007) in SEC. At the practical level, the study has highlighted some recommendations for top management to increase their awareness of the importance of PA in regard to employees' motivation, to improve the productivity of the organisation.

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# **1. Chapter One: Introduction**

## **1.1. Introduction**

In 2005, Saudi Arabia became a member of the World Trade Organisation (WTO) after a long period of negotiations, which meant the protected economy of the Kingdom would receive a dramatic impact as it would be open to foreign investment (Evans, 2005). This would also have an impact on the laws and regulations of the country, as these were required to be restructured to meet international standards. However, according to Assad (2002), Saudi Arabia faced some problems with regard to management practices. In addition, Idris (2007) highlighted that the performance of employees in Saudi Arabia was considered to be of a low level when compared with other countries.

This chapter is an introduction to a PhD study, the main purpose of which is to explore the role of performance appraisal in employees' motivation in the Saudi context, specifically in the Saudi Electricity Company (SEC). This chapter contains four main sections, namely, the research problem, research significance and objectives, the research context, and the structure of the thesis.

## **1.2. The Research Problem**

During the last few decades, performance appraisal (PA) has been one of the most debated topics for researchers due to its importance to the success of any organisation (Boswell and Boudreau, 2002; Fletcher, 2002; Kuvaas, 2006). In addition, according to Vallance (1999), the issue of performance appraisal has received huge attention due to its importance. Performance appraisal is a formal system for evaluating individual performance, which is usually conducted annually (Fletcher, 2002). Recently, the number of organisations around the world adopting performance appraisal has increased sharply (Armstrong et al., 2005). In general there are four main purposes for using performance appraisal: administrative, system maintenance, development, and research (Boswell and Boudreau, 2002; Cleveland et al., 2003). According to Fletcher (2001), performance appraisal has recently become part of a more strategic approach to integrating business policies and the activities of the human

resource. It might also now be seen as a general term that covers many of the organisational activities that assess an organisation's ability to evaluate and develop its employees' competence and performance and then distribute rewards. In addition, Najafi et al. (2010) have highlighted that performance appraisal is an integral tool that assesses both organisation and employees in order to improve their performance.

However, according to Fletcher (1997), there are some organisations and employees who have expressed dissatisfaction with performance appraisal. The reason for this lack of satisfaction with performance appraisal as an effective tool might be that PA is not always conducted in a correct and logical way (Fletcher, 1997). Roberts (1995) has highlighted that to increase the effectiveness of performance appraisal in the workplace, it is necessary to identify some solutions to several kinds of problems that performance appraisal faces, such as a misunderstanding of the appraisal technique and human difficulties. Boice and Kleiner (1997) argue that performance appraisal is considered an effective tool when it increases employees' performance, generates commitment, and provides employees with motivation, whether intrinsic or extrinsic. Both performance appraisal practitioners and scholars have argued that a review of the reactions performance appraisal is an important factor in enhancing its benefit (Keeping and Levy, 2000). For example, Murphy and Cleveland (1995) have highlighted that in order to have a positive impact on employees' development and behaviour, the reaction of all employees towards performance appraisal must be positive, otherwise the performance appraisal will end in failure.

PA may be used as part of management effort to motivate the employees in any organisation to perform more effectively in order to reach the objectives of the organisation. Essentially, an organisation provides employees with motivation to increase their performance by offering them rewards, such as pay for performance or bonuses for satisfactory results while the organisation might use punishment, such as a reduction in salary, as a motivation for avoiding unsatisfactory performance. An important part of achieving the desired level of performance in organisations is played by motivation. Originally, the word "motivation" was rooted in a Latin word that meant "mover". Mitchell (1982, p. 81) defines motivation as "those psychological processes that cause the arousal, direction, and persistence of voluntary action that are goal oriented". Basically, there are

two types of motivation: extrinsic and intrinsic (Armstrong, 2006). According to Reeve (1992) and Wild et al. (1997), extrinsic motivation refers to the external factors that encourage individuals to behave in a specific way in the future, such as reward and punishment. The punishment motivation, such as a reduction in an individual's pay, is usually applied to reduce unsatisfactory actions or behaviour and to reduce the possibility of the occurrence of such actions in the future. Another kind of extrinsic motivation is a reward, such as a bonus, which is a type of motivation that encourages individuals to behave or act in a particular way or to complete or do a particular task. On the other hand, intrinsic motivation is a feeling, need or cognitive force, such as self-determination or competence, that internally motivates an individual. However, Najafi et al. (2010) have highlighted that both motivation and performance appraisal might be considered as energiser behaviours. Most of the psychological researchers who have established several kinds of motivation theory assert that there is a significant relationship between motivation and performance, regardless of the type of motivator (Gibson et al., 1997). For instance, Furnham (1997) believes that the equity theory of motivation plays an integral role in the performance appraisal process. In other words, when performance appraisal is conducted fairly and the PA treats the ratees equally, their feeling of motivation will increase. Foster (2000) also argues that goal-setting theory has significance for the PA system in an organisation. Moreover, expectancy theory also has a role in the PA process (Foster, 2000).

This study will explore the relationship between performance appraisal and motivation in the workplace in Saudi Arabia. With regard to management practices in the Kingdom of Saudi Arabia, Assad (2002) states that there are some problems in administrative practice which could have a strong impact on the growth of the Saudi economy. Moreover, Saudi culture has a significant impact on the human resource practice, as in any other Middle East country. The religion in the Kingdom of Saudi Arabia, which is Islam, also has a major influence upon all aspects of life, including business (Lundgren, 1998). According to Budhwar and Mellahi (2007), culture and religion in Middle East countries have influenced human resource functions and policies. This study attempts to provide some examples of the role of PA in employees' motivation in Saudi context. Also, it aims to explore the influence of the Saudi culture on HRM practices.

### **1.3. Research Significance and Objectives**

There are few studies about human resource management practices in the Middle East, of which the Kingdom of Saudi Arabia is a part, and few specifically about performance appraisal and motivation. Most developing countries have developed their human resource policies according to Western theories. Moreover, most management research has been conducted in the Western context and the Eastern context has received little attention from researchers (Assad, 2002; Weir, 2003; al-Hamadi et al., 2007; Giangreco et al., 2010). In particular, most of the current research about performance appraisal has been conducted in the Western context (Abu-Doleh and Weir, 2007). Therefore, Budhwar and Mellahi (2007) assert that the field of human resource management policies and practice in the Middle East needs some concentration and study from researchers to provide an understanding of the situation, which may well be different from the Western context. As asserted by Giangreco et al. (2010), the situation is completely different when we move from the Western to the Eastern context.

Reviewing the relevant literature on human resource management (HRM) shows that there is a lack of research in the area of management in the Middle East, especially regarding performance appraisal and motivation (Assad, 2002; Abu-Doleh and Weir, 2007; Budwar and Mellahi, 2007; al-Hamadi et al., 2007; Giangreco, 2010). A rare study in this area is that of Idris (2007), who conducted research in the Saudi Electrical Company and highlighted some recommendations. Idris (2007) argued that there is a significant need to conduct more research about issues related to performance appraisal and motivation, such as the feedback of performance appraisal and increasing employees' salary. In addition, Idris (2007, p. 52) recommended that such study "should also try to learn why many respondents (managers) believed candid and honest feedback demotivated their employees". He recommended conducting a further study asking Why and How questions to understand why managers believed the employees do not prefer linked the PA result with pay and why they thought honest feedback would impact their motivation negatively. According to Machungwa and Schmitt (1983) and al-Twajjri et al. (1995), the appropriate way in which to motivate employees to increase their productivity is one of the main problems facing management in developing countries like Saudi Arabia.

Based on this shortage of research in the Kingdom of Saudi Arabia regarding the policies and practices of human resource management, the current study was conducted as a contribution to fill the gap in the literature, specifically in the area of performance appraisal and motivation. The main aim of the current study is to investigate the role of performance appraisal in the motivation of employees in the Saudi context. In doing, the research contributes to the body of knowledge in a number of ways. First, it will contribute to increasing the understanding of human resource management in the Saudi context and establish how it differs from the Western context. Second, it will contribute to an understanding of the nature of performance appraisal and increase its effectiveness. Third, it will add to the understanding of Western theories of motivation when applied in another culture. Fourth, the study aims to increase awareness of the importance of performance appraisal and motivation with regard to increasing both organisational and employee performance. Finally, the study attempts to explore to what extent the Saudi culture is changing over time and whether economic globalisation is encouraging the Saudi culture to move away from traditional principles.

The objectives of the study are as follows:

1. To explore whether performance appraisal has increased employees' motivation in Saudi workplace, particularly in the SEC.
2. To explore the impact of performance appraisal in workplace in Saudi Arabia.
3. To explore to what extent the performance appraisal system is effective from the employees' point of view.

#### **1.4. Context of the Research**

This section introduces Saudi Arabia, and specifically its electricity sector, as the context of the research. It then introduces the specific company where the research was conducted, and its policies related to PA and motivation.

#### **1.4.1. Historical background to the electricity industry in Saudi Arabia**

Saudi Arabia is the largest country in the Middle East and is at the crossroads of three continents: Asia, Africa and Europe. Electricity was introduced to Saudi Arabia in 1907 in the Holy Mosque of the Prophet Muhammad, when it was connected to two generators with a capacity of 10 kW. In 1932, the Saudi government signed a contract with the Standard Oil of California Company for oil exploration and drilling rights. The company used electricity for drilling and light purposes only. After the government established that oil had been discovered in commercial quantities, exporting began. The Saudi government's financial situation improved and it started to import electricity generators. At that time the usage of electricity was limited to lighting the King's and the Princes' palaces and VIP residential houses (MIE, 2000). During the period between 1951-1970, the Saudi government provided loans, fuel and facilities to encourage individuals and companies to establish small modest electricity companies to cope with the increase in electricity demand. The companies were located in many cities and villages but provided a limited electricity capacity and had different abilities and technical standards (MIE, 2000). However, in 1961 the Saudi government established the first Department of Electricity Affairs, which was located within the Ministry of Commerce, to set rules, regulations and structures for issuing permits and licences to companies to generate, transfer and distribute electricity around the country. The department was also responsible for designing and planning the electricity services for the country in a more organised and practicable manner.

At the beginning of 1972, the oil market became more promising and revenues from oil had increased government income dramatically. The government established the Ministry of Commerce and Industry and divided it into two main sectors, namely, the Industry and Electricity Agency and the Commerce Agency. At that time there were 103 electricity generation companies in Saudi Arabia. Moreover, the Saudi government fixed the tariff of electricity at a standard price that was below its actual cost. The government tried to create a balance between the low tariff for electricity and avoiding any possibility of crisis for these companies by giving them a fixed profit margin of 15% and paying the difference between the companies' revenues and the cost of their actual operations (MIE, 2004).

As a response to the sharp increase in electricity demand, the government formed the General Electricity Corporation to undertake the mission of accomplishing the growth of the electricity project plans. The General Electricity Corporation played an integral role in establishing and building the electricity infrastructure which has spread across the country. However, some electricity companies faced financial problems and some went bankrupt. Based on the difficulty of coping with losses, the remaining companies decided to merge between 1967 and 1981 into ten companies and then into four Saudi Consolidated Electricity Companies (SCECOs), namely, SCECO-South, SCECO-North, SCECO-West, and SCECO-East. The main purpose of this merger was to have control over capital investment and operational costs and to harmonize operational and technical standards to cope with the high percentage of growing demand for electricity around the country. After this merger the Saudi government was able to construct an electricity network which stretched for many thousands of kilometres around the country to connect electricity to cities and villages (MIE, 2004).

#### **1.4.2. The Saudi Electricity Company (SEC)**

On 30 October 1998, the Council of Ministers announced Decision No. 169, which declared that all electricity companies would be merged into one organisation called the Saudi Electricity Company (SEC). This step was taken to restructure the electricity sector in such a way that the new company could address the high demand for electricity. By the beginning of 2000, SEC had started its operations around the country (MIE, 2004). In 2000 the Saudi Electricity Company became a joint stock company listed on the Saudi stock market. The main owner of the company is the Saudi government (with 74.3%) followed by the Saudi Arabian Oil Company (ARAMCO), which owns 6.9%; the rest of the shares are dispersed. Since the accomplishment of the transition from the public to the private sector, the company has adopted a new system and started to restructure the organisation to ensure the continuous provision of electrical power with high quality services for consumers and also to adjust the human resource management practices in order to increase the possibility of achieving the company's objectives. The new structure was endorsed by the Board of Directors at the beginning of 2002. This structure was designed on the basis of specialised activities which include support services and electricity and related activities,

in order to increase the performance of the company and set out its future plans. The new organisational structure was activated at the beginning of 2003.

According to the Saudi Electricity Company website (SEC, 2012), the company is attempting to reach the following strategic goals:

- By active communication, to supply a high quality of products and services and meet the expectations of consumers; the company tries hard to reach a high level of consumer satisfaction.
- To increase the level of electricity service delivery to several different segments of consumers.
- In order to achieve the development plans and increase employees' performance, the company is creating and establishing a wide range of training programmes.
- In order to establish a wide range of electricity networks all around Saudi Arabia, the company will perform in a dependable, businesslike style.
- The company will try to be involved in business projects inside and outside Saudi Arabia.
- The company's responsibility regarding charitable tasks and society will be increased.
- In order to increase the performance of all its activities, the company will conduct and support research studies.

In 2011 the Saudi Electricity Company became the largest generator company in the Middle East (BMI, 2012). In Saudi Arabia, the Saudi Electricity Company is the main generator of electricity at 85%. In 2011, the company generated approximately 190,280 GWh, which had increased by 2% compared with the previous year. In addition, there was an increase in electricity demand of 5.9% and the company handled this increase by combining generation capacities (SEC, 2011). The company also achieved 100% transmission around Saudi Arabia. In 2011, the company was transmitting generated electricity through high voltage overhead lines and underground lines with a total length of 49,675 ckm (circuit kilometres). In addition, SEC is the only electricity distribution company in Saudi Arabia. In 2011, the company provided electricity to 6,342,022 customers and there was a growth in the number of SEC customers of 5.22%. The summer



season is the time during of highest electricity consumption due to the high temperature in the region, requiring use of air- conditioning, so the company has set plans to be prepared for summer every year (SEC, 2011).

#### **1.4.3. Growth opportunities for employees in SEC**

According to SEC's Annual Report for 2011, the company believes that the main investment and true energy of the company are its employees. As a result, the company has established a number of programmes to improve employees' skills and provide them with the facilities needed to develop them. To continue the development of the company's human resources, the company has a programme called "*Ana Atalm*", or "I learn". This computer-assisted learning through the company website aims to provide an ideal environment for electronic training and was designed to encourage individuals to improve themselves and their skills. It contains 447 training courses, which cover many areas such as technical, administrative and computing subjects. Through this training programme employees can acquire the courses they need through their own PC. In 2011, the number of participants in the programme was more than 9,000 and nearly 2,000 of them have made use of these courses (SEC, 2011).

The company has also established another initiative called the Experience Development Programme. This programme is designed mainly for university graduate employees and the aim is to prepare Saudi employees for increasing their competencies and capability to work in technical or administrative areas and enable them to keep pace with technological development in the electricity industry. In 2011, the number of participants in this programme was 72 and the company adds new participants every year based on the company's future needs (SEC, 2011).

The company has also introduced the Promising Leaders Programme. This programme aims to prepare employees who have the potential to become leaders to achieve human resource development in the company and become leaders of the company in the future. This programme seeks to identify remarkable employees who have leadership capabilities and these promising leaders will be developed through various organised programmes designed to prepare them to move to a leadership position in the company. By the end of 2011, 65 employees had been chosen to participate in this programme (SEC, 2011).

The company also has various types of short-term training programmes, whether in the company or outside it. Employees choose what type of training programme to undertake to improve their efficiency. In 2011, 37,370 employees took short-term training programmes to improve their skills (SEC, 2011). With regard to training outside the company, employees apply for the appropriate training programmes they might need and the company pays 80% of the total cost of the programme. Moreover, another programme, called the Improvement Programme, is one of the pioneering approaches that the company has applied to improving the operations of the administrative unit in the company. These operations are studied by groups of employees with the aim of producing new ideas and recommendations to improve the quality of the processes. The result of this programme has been remarkable since it was applied. As of 2011, the total number of improvement teams was created 1,745, 8,143 recommendations had been made by the teams, and 6,789 of these recommendations were applied (SEC, 2011).

Moreover, the company has established a programme regarding employees' innovations to encourage company employees to initiate creativity and innovation for the purpose of increasing safety, performance effectiveness and customer services. The programme further endeavours to improve processes and develop the use of facilities, equipment and utilities in the company. Moreover, it aims to encourage employees to support the company with new ideas that might increase the effectiveness of the organisation's operations and reduce the cost of operations in order to raise company revenues. The main targets of this programme are the employees at the administrative level and those below departmental manager. The results of this programme until 2011 show that 4,182 recommendations were made, 2,048 of them were accepted, and 1,590 were applied. Employees' recommendations have saved the company more than US\$202 million. Moreover, the company has also adopted the Outstanding Employees Programme. This programme consists of two sub-programmes, namely, a monthly excellence programme for Employee of the Month and a yearly excellence programme for Employee of the Year. The main aim of this programme is to motivate employees to distinguish themselves by increasing their performance, evaluate them, and then reward them. It also aims to create a competitive atmosphere in the workplace. The company adopted this programme mainly for non-supervising

employees up to 2011, 10,094 employees had taken part in the monthly excellence programme and 3,171 in the yearly excellence programme (SEC, 2011).

With regard to opportunities for promotion in the company, the company has established some conditions for employees based on the development of human resources. According to the Annual Report of the HRM of the company (SEC, 2011), SEC offers to approve applications for an upgrade twice a year (in June and September). The conditions for promotion are as follows:

- The grade for the performance appraisal must be at least “Good” for the last evaluation of the employee applying for promotion.
- There are positions available for upgrade.
- Employees are eligible for promotion every three years.
- The percentage of employees who upgrade should be 15% of the employees from every department.
- The promotion should be coordinated with the development plan of the employee.
- The employee should be qualified for the new position.

#### **1.4.4. Motivation and loyalty enhancement**

Recently, the company designed the Collaborative Trainer Programme. The company is concerned about using its human resources fully, whether those who are currently still in work or those who have retired but have maintained capabilities and abilities that qualify them to prepare and design administrative and technical programmes that the company needs. The company will provide these individuals with financial compensation for their efforts (SEC, 2011). Moreover, to help employees with increasing living costs, the company has established two programmes. The first is the Employee Savings Programme to help Saudi employees accumulate savings for when they retire or when they have finished their service with the company. It also aims to encourage employees to stay working in the company, increase their loyalty and contribution, and develop their performance. The company allocates contributions against a subscribed amount paid monthly by employees amounting to 100% of a month’s subscription, and employees will

receive this money when they retire or their service terminates. Moreover, the company has set up an Employees Housing Loan Programme through local banks. This initiative, which targets only Saudi employees, aims to assist employees who seek to own a house or flat. However, employees who want to apply for this programme need to meet some conditions, as the company contributes by bearing 70% of the financial cost. The company has also provided its employees, whether or not they are Saudi, with full medical insurance. Moreover, SEC has established weekly meetings at all levels of the company to reinforce a working environment that increases communication between employees to devote themselves to the team-spirit work culture in the company in order to develop the different internal processes and support decision taking (SEC, 2011).

#### **1.4.5. Evaluating performance in SEC**

According to the Annual Report of SEC's Human Resource Management Department (2012), at the beginning of the year the company arranges a meeting between subordinates and their immediate supervisors to set and clarify organisational objectives. Supervisors also have to describe to employees the task objective and discuss the evaluation from the previous year. In addition, supervisors have a responsibility to evaluate and guide employees' performance regularly and provide them with recommendations during the year in order to assess employees in achieving organisational objectives. Some of the supervisors' other responsibilities are to evaluate employees' skills, achievements, commitment, aptitude for solving problems, customer service, team working, safety record, confidence, the ability to improve others, and leading teams.

The company operates a forced distribution system whereby performance appraisal results are distributed according to fixed percentages of employees, as follows: 15% = Excellent, 20% = Very good, 60% = Good, and 5% = Satisfactory or Unsatisfactory. Every supervisor is responsible for evaluating his/her subordinates and identifying their contributions during the year. Supervisors also have to identify any problems that subordinates are facing that have an impact on their performance. After that, the supervisors evaluate to what extent the skills and abilities of an employee have developed since the previous year, identify weaknesses, and decide what needs to be set as part of a development plan for the coming year. When supervisors have finished the evaluation process, both the supervisor and the

employee must sign the evaluation form to confirm that the employee has seen the evaluation and accepted it. If the employee has any objections, however, the supervisor notes these at the foot of the evaluation form and sends it to the Human Resources Department.

### **1.5. The Structure of the Research**

The thesis has been organised into ten chapters, each presenting and dealing with important data related to the current research, as follows.

**Chapter One:** this chapter provides a general introduction that outlines the crucial aspects of the current research. This chapter also presents the research problem and the importance of the current study. In addition, it explains the research aims and objectives. It also presents essential background information regarding the study context.

**Chapter Two:** this is an introductory chapter regarding Saudi Arabia. It will present general information regarding the background to Saudi Arabia in terms of its location, history, political system, economic context and cultural values in order to provide the reader with a wider vision of the Kingdom. In addition, this chapter discusses the current situation relating to Saudi management and discusses the impact of religion and culture on business.

**Chapter Three:** this chapter presents a literature review relating to the subject of performance appraisal. It starts with a HRM and then history of performance appraisal and reviews some definitions and the purpose of performance appraisal. The chapter also explains various methods of performance appraisal and discusses the factors that increase the effectiveness of performance appraisal in an organisation.

**Chapter Four:** this chapter reviews the literature relating to motivation. The starting point of this chapter is a presentation of some definitions of motivation. In addition, the chapter discusses the different types of motivation and presents some theories of motivation in seeking to understand the factors that could increase employees' motivation and performance in the Saudi context.

**Chapter Five:** this chapter discusses the relationship between performance appraisal and the motivation of employees in the workplace. It also presents variables in the performance appraisal process which could influence employees' motivation.

**Chapter Six:** this chapter is concerned with the methodology of the study and provides the method chosen to conduct the current research. It outlines the research paradigm and research design adopted for the study, as well as discussing the sampling strategy and data collection methods.

**Chapter Seven:** this chapter presents the data collection process. The main purpose of this chapter is to describe the data collection undertaken through semi-structured interviews. In addition, the chapter explains the validity and reliability of the current study.

**Chapter Eight:** this chapter presents the findings of the study and is divided into three main sections. The first section provides the findings regarding the data related to performance appraisal. The second presents the data regarding the motivation in the company. The last section is concerned with the role of performance appraisal in the motivation of employees at SEC.

**Chapter Nine:** this chapter presents a discussion of the findings of the research and how they relate to the literature review. It also discusses how the company conducts performance appraisal and how this is used as a motivation tool in order to identify gaps between theory and practice in the company.

**Chapter Ten:** this chapter highlights the main findings of the study and describes the contributions of the research to the previous literature as well as to practice.

## **2. Chapter Two: Saudi Arabia**

### **2.1. Introduction**

This chapter will present essential information about the Kingdom of Saudi Arabia that will allow the reader to have a clear picture of the context within which the current study has been conducted. This chapter is divided into two main parts, the first providing crucial information regarding the background of Saudi Arabia. The first section presents general information regarding the location of Saudi Arabia and a brief outline of its history. In addition, this chapter will describe the political system, economic context and labour market in Saudi Arabia. Lastly, the first part will provide a snapshot regarding Saudi culture. The second part of this chapter will discuss issues regarding management in the Kingdom of Saudi Arabia. It will focus on the problems that management in Saudi Arabia is facing. In addition, it will present a view of the impact of Saudi culture on business. It will also discuss the impact of religion on human resource management in the Kingdom.

### **2.2. Part One: The background of Saudi Arabia**

#### **2.2.1. Country profile**

A snapshot of the Kingdom of Saudi Arabia's (KSA) profile will be provided here in order to allow the reader to have a general understanding about the Saudi context. The KSA is situated in the southwest of Asia and is the largest country in the Arabian Peninsula. Its border is shared with Oman, the United Arab Emirates and Qatar from the east, the Red Sea from the west, with Yemen in the south, and in the north with Kuwait, Iraq and Jordan. The total population of Saudi Arabia is 29.19 million, of which 19.83 million are Saudi citizens (Central Department of Statistics and Information, 2012). The highest population is in the capital city of Riyadh and the next highest is in Makkah. Table 1 illustrates the population of Saudi Arabia according to its 13 regions (Ministry of Economy and Planning, 2007).

**Table 2.1: Saudi population according to region**

Administrative Area	Population by sex, Administrative Area and Nationality (Saudi/ Non-Saudi)								
	Total			Non - Saudi			Saudi		
	جملة	اناث	ذكور	جملة	اناث	ذكور	جملة	اناث	ذكور
Total	Females	Males	Total	Females	Males	Total	Females	Males	
Al-Riyadh	5835613	2526605	3309008	1835706	556095	1279611	3999907	1970510	2029397
Makkah Al-Mokarramah	6097077	2684681	3412396	2335146	815046	1520100	3761931	1869635	1892296
Al-Madinah Al-Monawarah	1614644	734425	880219	399130	135268	263862	1215514	599157	616357
Al-Qaseem	1077068	478662	598406	212268	51338	160930	864800	427324	437476
Eastern Region	3545644	1532908	2012736	833277	221817	611460	2712367	1311091	1401276
Aseer	1756625	810206	946419	266600	59050	207550	1490025	751156	738869
Tabouk	735682	335181	400501	100008	25200	74808	635674	309981	325693
Hail	551523	260808	290715	77014	18318	58696	474509	242490	232019
Northern Borders	294896	136934	157962	41719	10599	31120	253177	126335	126842
Jazan	1253089	605166	647923	206687	69361	137326	1046402	535805	510597
Najran	449186	209206	239980	73723	20332	53391	375463	188874	186589
Al-Baha	387717	189531	198186	51013	11845	39168	336704	177686	159018
Al-Jouf	382070	175352	206718	55179	13313	41866	326891	162039	164852
<b>Total</b>	<b>23980834</b>	<b>10679665</b>	<b>13301169</b>	<b>6487470</b>	<b>2007582</b>	<b>4479888</b>	<b>17493364</b>	<b>8672083</b>	<b>8821281</b>

Source: Ministry of Economy and Planning (2007, p. 61)

The peninsula was the birthplace of Islam in 610. The origins of the state date to 1744, to the Addiraiah region the middle of the peninsula, when Muhamad bin Saud and the Islamic reformer Muhamad ibin Abdulawahab joined forces in an agreement to establish a new political state. The state lasted for 150 years, then in 1902 King Abdulaziz al-Saud recaptured the capital, Riyadh and continued to reign in the region until 1932, when all current regions were unified and the modern Kingdom of Saudi Arabia was established. The country proceeded to modernise in a few short decades.

The political system of Saudi Arabia, since it was established in 1932, is that of an absolute monarchy, where the King is the head of government (Mellahi, 2006). Mellahi (2006, p. 98) states that “Saudi Arabia is governed by an Islamic monarchy in which Islam makes up the civil, cultural, economic, legal, and social fabric of the country”. The King controls the country through the Council of Ministers, no political parties exist, although there is a Consultative Council (the Majlis al-Shura) (al-Twajiry et al., 2003). They state that the



“Consultative Council enables certain selections of the population to participate in the formation of the Kingdom’s foreign and domestic policies, and to make the government aware of their views” (p. 509). However, the final authority in the country is the King, although the Majlis al-Shura can influence his decisions (al-Twajjry et al., 2003). In 1992 the country adopted a basic law stating that the country would be ruled as a monarchy and by the sons and grandsons of King Abdulaziz al-Saud, and that the country’s constitution would be based on the holy Muslim book the Quran and Islamic law (Shariah). Therefore, legislation in the country first of all must be well-matched with Shariah law: after being discussed and reviewed in the Majlis al-Shura, legislation is approved by the Council of Ministers and finally ratified by the King.

The country is divided into 13 regions for administration purposes; each region has a governor appointed by the King. These regions are under the umbrella of the Interior Ministry and are as follows: Riyadh, Makkah, Madinah, the Eastern Region, Hail, Qaseem, Aseer, the Northern Borders, Jouf, Baha, Najran, Jizan and Tabouk. The main reason for providing this information is to allow the reader to understand the geographical qualitative division of the Kingdom of Saudi Arabia and to demonstrate that conducting a study covering all the regions in Saudi Arabia would be a difficult task. Based on this fact, the current study was conducted in the city of Hail.

### **2.2.2. The economic context**

The economy in Saudi Arabia is oil based. The KSA has the largest reserve of petroleum in the world, estimated to be 25% of the world’s reserves. The KSA is also the largest exporter of petroleum in the world, with 75% of the country’s budget revenues based on petroleum, and the private sector in the country contributing 40% of the gross domestic product (Mellahi, 2006).

The country’s development has been guided since 1970 by a series of five-year plans, that sought to transform the oil-based economy to a more diverse one based on building modern industrial cities. The development plans were intended to start to move the wheels of the Saudi economy by encouraging investment in infrastructure, manufacturing, industrial oil refining, petrochemicals, social and personal services, and agricultural. The growth in the population has also encouraged the government to invest in further improvements. The

country largely depends on its oil revenue, but the growth of industries and other resources such as agriculture shows their share in the economy, as well as the contributions of the private sector (Ministry of Economy and Planning, 2012). However, more efforts are needed, as the report states that “Despite these achievements, more still needs to be done, in order to achieve the plan’s objectives and policies, namely increase productivity, reducing inflation, and accelerating diversification of the economic base” (p. ii).

Since the price of oil dropped in the mid-1980s, and because of the fast growth in the population, the government has promoted new alternative sources to stabilise revenue (Mellahi, 2006). This demonstrates the government’s determination to try to conduct a reform programme to solve these issues, rather than relying only on oil, by investing in national and international investment programmes. Mellahi (2006, p. 201) has reported that “Saudi Arabia has recently instituted several laws and policies such as privatization laws, investment laws and new foreign direct investment laws to stimulate competition”. Moreover, further efforts towards reform have been taken, such as liberalising the economy by providing more responsibilities to the private sector as well as introducing a “commercial court system”. The above reforms show that the country is speeding up its integration with the world economy (Looney, 2003).

In addition, good progress was also made towards reforming the economy in 1999, when the country started negotiating to achieve membership of the World Trade Organisation (WTO). Saudi Arabia attained full membership of the WTO in 2005. Hertog (2008) indicates that joining the WTO helped the Saudi government in the diversification of its industrial economy and states that the main motivation was to “increase legal security and market access for those of its industries which enjoy international comparative advantages” (p. 654). For example, the Saudi Basic Industries Corporation (SABIC), one of the leading petrochemical companies, strongly needs to access the international market, as well as needing this access to secure its products from anti-dumping. Hence, the country has invested heavily in training and educating its workforce. However, despite the growing economy of the country, the Kingdom still faces a problem of unemployment. For example, in 2009 the unemployment rate reached 10%, in 2010 this dropped to 9.5%, and in 2011 the rate was 9%. These figures were blamed on the education system in the country, Market

Line (2012, p. 2) stating that “the country’s education system is often blamed for its failure to equip young Saudis with the necessary skills”. On the other hand, Looney (2004) indicates that the development plans have relied heavily on the oil and petrochemicals industries, as these dominate the economy generally and particularly the manufacturing sector; he characterises this phenomenon as a single-track developmental strategy. These concerns help to explain the current attention to performance in Saudi companies such as SEC, which potentially plays a key role in the Kingdom’s development and is a major employer.

### **2.2.3. The Saudi labour market**

The Saudi labour market is important to be included here, as a significant aspect of the profile of the country. Mellahi (2007) indicates that the Saudi government until recent years had adopted a lax approach to the management of labour in the private sector. Labour law was established in 1969 for the private sector and was valid until the late 1990s, governing most of the regulations in HRM in the private sector. However, Mellahi (2007, p. 85) reports that “the scope of the 1969 regulations was limited to contractual issues and did not significantly interfere in the process and the way people were managed in the private sector”. Moreover, this law had a weakness, as it ignored the methods that govern people management. As the BBC (2004) reported, foreign employees are abused in Saudi Arabia, not only by the employers but also by the system. In addition, Atiyyah (1996) indicates that this weakness in the regulations allows unscrupulous employers to use their power over foreign workers illegally and treat them unfairly.

Therefore, as a result of the above-indicated weakness in the labour law, the government faced external pressure. This, together with the rise in the Saudi unemployment level, led the Saudi government in the 2000s to introduce an extensive legal framework in order to control the methods for the management of people in the private sector. This was seen as a step forward in reducing the unemployment level, as several laws have been introduced that force the private sector to employ Saudi nationals. Moreover, pressure has been received by the Saudi government from international organisations such as the WTO and the International Labour Organisation (ILO) asking the Saudi government to reform its labour law, especially issues relating to labour rights, social protection, protection against

dismissal and working standards in the private sector. After the government approved a set of labour laws in September 2005, the WTO provided Saudi Arabia with full membership in November 2005 (Mellahi, 2007). This new regulation helped to decrease the unemployment level, for example by replacing non-Saudi workers with Saudis by creating more job opportunities for Saudis in private companies, as well as regulating the management of workers.

The labour market in Saudi Arabia is structured and shaped by four main factors: first, the population growth is high, as the rate of birth is estimated to be 4% annually in Saudi Arabia, which is considered high (Mellahi, 2006). Hence, with high rates of birth the country will have a high percentage of young people in its population, which will challenge the Saudi government to create work opportunities in order to increase the number of young Saudi citizens in the labour market. Second, the private sector relies heavily on foreign workers, which results from the availability of cheap manual labour in this section of the workforce (Mahdi and Barrientos, 2003). In addition, the dominant thinking among managers is that Saudi workers are more expensive than non-Saudis. Third, the private sector has a negative perception of local or Saudi workers, who are often claimed to be less disciplined in their work and in their attendance than non-Saudis. These perceptions have produced negative stereotypes about Saudi workers. Fourth, society has negative perceptions towards working in the private sector. In Saudi Arabia, work position and sector determine social status, and as most of the employment opportunities in the private sector are manual jobs, this type of work is regarded as having low status (Mellahi, 2007).

Based on the above four factors, by introducing a new legal framework of regulations, the Saudi government hopes to attain certain fundamental objectives. First, to improve the working conditions and environment in the private sector to attract Saudis and reduce the unemployment level by forcing private organisations to employ them (Looney, 2004); second, to meet international labour standards in terms of protecting employees, fair treatment, and equality between Saudi and non-Saudi workers (Mellahi, 2007). In these circumstances, the way in which organisations use management tools such as PA to direct motivate, reward and develop employees is increasingly of interest.

#### **2.2.4. Saudi culture**

Hofstede (1980, p. 25) described culture as “the collective programming of the mind which distinguishes the member of one human group from another”. According to Hofstede (2012), culture is an integral part of achieving success in business.

Rivera-Vazquez et al. (2009) believe that cultural considerations might have a negative impact between employees and investors as a source of clashes of synergy but might also have a positive influence through facilitating communication between them. Hence, this section explains aspects of the Saudi culture to enable the reader to understand prevailing norms and values that might influence organisational practices such as PA. According to French (2010), many scholars have studied culture through a number of dimensions that mirror the values of the individual and the influence of the institution. Many of these dimensions were introduced and developed by the study of Hofstede (French, 2010). In terms of Saudi Arabia, most of the studies conducted in the Kingdom have been based on the four dimensions originally developed by Hofstede (1984). Hofstede claimed that countries are distinguished from each other by their values in regard to Power Distance, Individualism versus Collectivism, Masculinity versus Femininity, and Uncertainty Avoidance (Hofstede, 2012). The comparison between countries is based on the score on each dimension, from 0 for a low level to 100 for a high level on the scale (Hofstede, 2012). Although the study by Hofstede provides significant clarity and understanding of national cultures, some researchers have criticised this study (Inglehart and Barker, 2000; McSweeney, 2002; Hamilton and Webster, 2012; Taras et al., 2012) for the following reasons:

- The study is too old.
- Generalisation is limited due to the fact that the study was conducted in some countries in one organisation.
- There is some concern regarding the validity and reliability of Hofstede’s study due to the fact that the values may have changed with time.
- It is assumed that culture needs a long time for change, whereas some studies (such as those by Inglehart and Barker, 2000; Taras et al., 2012) indicate that the time needed for a shift in culture is less than that expected by Hofstede.

- It presumes that the values in a particular country are homogenous.

However, even with these criticisms, Hofstede’s study is widely applied in many pieces of management research (Kankanhalli, et al., 2004). Hofstede’s cross-culture study covers more than 70 countries. However, there is a lack of studies examining Saudi business culture conducted in the English language. According to Budhwar and Debrah (2001), the management practices in Saudi Arabia have been influenced by the values of Islamic law. Bjerke and al-Meer (1993) have also highlighted that Saudis’ behaviour and mentality are a mixture between Islamic teachings and Arab traditions. However, since the current study is conducted in the Eastern context and management theories, such as PA, have been developed in a Western context, the following table has been adapted from Hofstede (2012) to present a short comparison between the US as a Western context and Saudi Arabia as an Eastern context. This will be followed by some explanation.

<b>Cultural dimension</b>	<b>US</b>	<b>Saudi Arabia</b>
Power Distance	40	95
Individualism	91	25
Uncertainty Avoidance	46	80
Masculinity	62	60

Adapted from Hofstede (2012, <http://geert-hofstede.com/united-states.html>)

### **Power Distance**

According to Hofstede (2012), the Power Distance (PD) dimension is concerned with the fact that all individuals in society are not equal. Hofstede (2012) describes this dimension as “the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally”. As shown in the previous table, the US scored 40 in relation to this dimension, which is considered as one of the lowest scores on the Power Distance scale compared to other countries. In relation to organisations’ environments, this means there is a small gap between a manager and his/her subordinates, which is said to have a positive impact on the communication between them and leads to an increase in the level of sharing knowledge and improving organisational

performance (Rivera-Vazquez et al., 2009). According to Dickson et al. (2003), the leadership style in these cultures supports general skills, flexibility and innovation. The individual in a low-power-distance culture is also more likely to believe he/she should have a voice and be involved in making decisions (Pellegrini and Scandure, 2006). In addition, Baruch and Hall (2004) have highlighted that countries with a low-power-distance culture are likely to promote the empowerment of employees, which increases the productivity of workers. Hofstede (1991) also argued that employees in a low-power-distance culture seek a manager/leader who will consult them and give them more responsibility, whereas in high-PD cultures, the situation is the opposite.

Hofstede's original study did not publish separate data for Saudi Arabia, but gave scores for a group of seven Arab countries, in which Saudi Arabia was included. These show a high score (95 out of 100) on the Power Distance scale compared with the US. According to Hofstede (2012), people in a high PD culture "accept a hierarchical order in which everybody has a place and which needs no further justification". In addition, people accept a high level of power distance as traditional. Hofstede (2012) considered that the hierarchy in an organisation in a high-level PD culture reflected that centralisation is accepted, there are innate inequalities, employees are expected to do what their manager tells them, and the ideal superior is a philanthropic tyrant. Although Hofstede's scores, as noted above, did not single out Saudi Arabia explicitly, subsequent researchers have supported his ascription of high PD and its consequences. Al-Gahtani et al. (2007) state that there is no equality in organisations and subordinates in the Saudi culture expect their manager to act paternalistically and autocratically. Baker and Abou-Ismael (1993) also add that Arab traditions do not support the idea of employees participating at all organisation levels or of empowerment, which leads to having a negative impact on HRM practice. According to Entekin and Chung (2001), the performance appraisal in high power distance is more likely to be hierarchical and less participative. Chiang and Birtch (2007) argued that the main notion of procedural justice is two-way communication and that ratees participate in the performance appraisal process, but in high power distance culture, the opposite occurs. Chiang and Birtch (2010) state that ratees are expected to except the rater's evaluation and the subsequent decisions made based on the rating. These views are not expressed openly due to the threat of the supervisor's power and authority. In addition, Terry (1984)

highlighted that in high PD cultures, managers use performance appraisal as a tool to control employees.

### **Individualism versus Collectivism**

Hofstede (2012) defines individualism as “a preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families only”. Collectivism is defined as

a preference for a tightly-knit framework in society in which individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty. A society’s position on this dimension is reflected in whether people’s self-image is defined in terms of “I” or “we” (Hofstede, 2012).

This means that people in collectivist cultures are integrated into a strong group and take care of each other, whereas in an individualistic culture people tend to emphasise their personal interests, concerns and needs over others in an institution or group. Hofstede’s measurement scale shows that the Arab group scored 25 out of 100, which means that organisational culture may tend to focus on relationships within a small group and long-term commitment to members of the group, families and factions, with everyone looking after fellow members of the group (Hofstede, 2001). The measurement on Hofstede’s scale regarding the Individualism and Collectivism dimension shows that the US scored 91, which means it is highly individualistic.

Hofstede (2001) highlights that differences between individualistic and collectivist cultures are related to concrete differences in worker values, beliefs, behaviour, and attitude regarding their job and organisation. For instance, Hofstede (2001) states that an employee in an individualistic culture is more interested in challenge, initiative and freedom in his/her work, whereas the situation is the opposite in a collectivist culture. In addition, the differentiation between the employees in individualistic societies is based on the individual’s productivity (Hofstede, 2001). Also, employees desire competition and prefer a performance system that could increase their income (Beatty et al., 1988; Chiang, 2005). Hence, they are more likely to accept the difference in the result of the performance review and prefer to have the result linked to reward (Chiang and Birtch, 2010). By contrast, societies with high collectivism attach importance to group harmony and face. In



addition, ties to group members are prioritised over the importance of individual or self (Markus and Kitayama, 1998). Appraisal that differentiates among employees based on their productivity is considered as detrimental to morale and group relationships. Other factors, such as loyalty and seniority, which are thought to protect the order and harmony in the group, may be considered over personal merit (Chiang and Birtch, 2006). Hence, application of performance appraisal for motivational purposes, such as promotion or pay, would not be attractive (Chiang and Birtch, 2010). According to Idris (2007), interpersonal relationship usually trump business dealings in a country with a collective nature. Business in a collective culture is often influenced by several aspects due to the notion that the employee's primary obligation is to his/her friends or family. For instance, in some situations, the promotion and recruitment practices in organisations are sometimes influenced by the desire to indulge friends or family rather than to strive to find the best-qualified person (Idris, 2007).

### **Uncertainty Avoidance**

According to Hofstede (2012) the Uncertainty Avoidance dimension is concerned with how the different cultures in various societies deal with uncertainty and ambiguity. The Uncertainty Avoidance dimension shows the extent to which the managers in an organisation feel uncomfortable or comfortable with unstructured situations, how they might deal with uncomfortable actions and how they try to minimise these actions through implementing strict regulations, policies and rules to solve them, have control over them, and put everything in order to avoid any unexpected results (Hofstede, 2012). The measurement for the Uncertainty Avoidance dimension indicates that Saudi Arabia scores 80 out of 100 and the US scores 46, which means the Saudi preference is for avoiding ambiguity, whereas uncertainty is more tolerated in the US. The differences between countries in regard to uncertainty avoidance are mainly associated with certain distinctions in work and job-related behaviour in the workplace. According to Brislin (1993), organisations in low-uncertainty-avoidance cultures have fewer rules for employees and have a relaxed attitude towards ambiguity. Rivera-Vazquez et al. (2009) also argue that the amount of belief in the tolerance of ideas and of diversity in countries with a low level of uncertainty avoidance culture (such as the US) tends to be much better than in countries with a high level of uncertainty avoidance culture such as Saudi Arabia. Brislin (1993)

states that in the UK, as an example of a culture with a low level of uncertainty avoidance, there is lower acceptance of regulations and less conformity to desired power and authority, compared to a high uncertainty avoidance culture such as Saudi Arabia. Hofstede (1991) also highlighted that very often in high-uncertainty-avoidance countries the individual has a low level of ambition for development, the selection of managers is usually based on seniority, stress in the workplace is high, and employees tend to stay with the same employer for the long term. By contrast, in low-level uncertainty avoidance countries such as the US, there are criteria other than age, such as qualification, for making the decision on selection of managers, the level of stress is low, the individual has a high level of ambition for development, and employees are less hesitant in moving to another organisation. However, according to Hofstede (2012), individuals in high-uncertainty-avoidance countries value their traditions and it is difficult for them to accept change.

### **Masculinity versus Femininity**

Hofstede (1980, p. 46) defines masculinity as “the extent to which the dominant values in society are ‘masculine’ - that is, assertive, the acquisition of money and things”. In other words, a society with a high score for masculinity is driven by success, competitiveness, tough competition, and a winner is a description of being successful. By contrast, a feminine society has a preference for feminine values such as quality of life, security of position, cooperation, caring for the weak, physical conditions, and friendliness (Hofstede, 2001).

According to the measurement of the Masculinity/Femininity dimension, Saudi Arabia scored 60 out of 100 on the scale for this dimension and the US scored 60, which means the dominant values in both societies are masculine. Based on these results, Hofstede (1994) states that these countries have a differentiation in gender roles and men play the dominant role in the society of these countries. In a masculine country, if women move to a man’s role, they become more competitive and assertive. Hofstede (2012) states that in a masculine country, such as Saudi Arabia, managers are usually expected to be assertive and decisive, the focus is on equity, people live for the sake of the work, and conflict, performance and rivalry are solved through fighting out those factors. Employees in a highly masculine country are more interested in challenge, recognition and advancement

compared with those in a less masculine country (Hofstede, 1991). By contrast, in a feminine country such as Sweden, which scores 5 on this dimension, people see that it is crucially important to keep a balance between work and life. In regard to organisational life, managers usually support their subordinates, involve them in making decisions, and conflicts are solved through negotiation and cooperation (Hofstede, 2012).

## **2.3. Part Two: Management in Saudi Arabia**

### **2.3.1. Criticism of management in Saudi Arabia**

Many studies conducted in Saudi Arabia regarding management have found that there are major inadequacies in administrative practice which have considerably hampered the effort of development in Saudi Arabia (Alqonabet, 1998). In the Kingdom of Saudi Arabia, economic programmes have enlarged organisational authority, function and size. Many new organisations have also been established to implement the programmes and goals of the development of the state. Since Saudi Arabia is a developing country, these organisations are facing some administrative problems, as in other developing countries, at both behavioural and structural levels (Assad, 2002; Mellahi, 2007)). These behavioural and structural problems have been found in both academic organisations and other organisations. For instance, in an academic context, Assad (2002) mentions significant problems such as that in decision making there is a huge lack of employee participation, rapid turnover, and inadequate communication. Assad (2002) also found other problems; for instance, a misfit between work assignments and the qualifications of employees, a lack of clarity over work responsibility, inadequate communication, poor punctuality, and the significant role played by personal relationships in employment and promotion. Assad (2002) also highlights some problems, such as overlapping responsibilities, inadequate communication and the centralisation of authority. Rawaf (1990) mentions the most common obstacles which face female administrators and have an impact on their performance, such as the lack of selection and preparation of women, especially in jobs requiring supervisory responsibilities. Usually, personnel are employed, not based on the person's education or skills, but often on personal or family considerations. Al-Husseiny (1990) mentions that there is a marked lack of training opportunities for women and that this has a significant impact on their performance.

Other studies were conducted by Assad (2000) in higher education institutions. One of these studies investigated training opportunities and to what extent recruitment criteria are suited to them and also examined the incentive system. The study found that the majority of the employees surveyed were not specialists in the field of administration and had no previous experience in the same career. In addition, nearly half of the employees had only clerical or high school secretarial training. According to Assad (2000), it was obvious that the essential factor for hiring was personal relationship. As regards employees' perception of the incentive system, the study found that it was not only hard work that brought rewards or promotion; personal relationships played a significant role and were more important than working hard (Assad, 2000). In addition, it is very common in Arab countries for the decisions of selection, recruitment and reward to be based on personal connection or "*wasta*"( Hutchings and Weir, 2006; Branine and Pollard, 2010) . Moreover, Branine (2002, p. 141) states that "friendship and kinship take precedence over qualification as managers feel obliged to support their relatives and family and friends". Metcalfe (2007) also highlights that the interpersonal relationship or *wasta* is widely used in Arab countries in order to achieve personal aims. In general, the performance evaluation system was ineffective and employees did not receive any tangible punishments, such as suspension, dismissal or salary reduction. However, they did receive intangible punishments, such as low performance appraisals, and written and oral demotions. Al-Shareef (1995) also found that most of the employees in educational institutions paid social visits during working hours, made and received regular telephone calls and worked hard only when the direct managers were watching. Al-Shareef (1995) has criticised the lack of seriousness and enthusiasm at work and claimed that employees could not do anything without the guidance of the supervisor. Clearly, both behavioural and structural problems can slow and restrain organisational effectiveness. Al-Saeeri (1993 cited in Assad, 2002) states that regardless of several efforts to restructure Saudi bureaucracy, administration still suffers from the behavioural and structural problems mentioned before. According to al-Sultan (1990); Wilson and Graham (1994) and Looney (2004) , Saudi bureaucracy still inhibits the growth of the Saudi economy.

Jreisat (1990) and al-Adwan (1993) report some tangible achievements in developing countries after surveying some serious investment and effort by the centralised

administrative system to foster restructuring. Jreisat (1990) highlights that the direction of the reform effort is often central and top down, but managers often resist change because they are occupied with fulfilling their duty to political leaders rather than following through with the programmes of the organisation. Attachment to habit, routine and rules replace long-term organisational objectives. In terms of adapting to changes in the organisational environment, organisations find themselves floundering, and bureaucracy becomes synonymous with inflexibility (Abrahamsson, 1977). According to Jreisat (1990), in a control-oriented system, the only highly-valued workers are those who follow directions and do not think about themselves; others who follow the direction but think about themselves as well are not really valued. Therefore, personnel policies and career improvements are geared towards incentivising followers. In addition, Palmer (1989) states that employees in the public sector dislike innovation and risk in the workplace. Ali (1995) states that in the Arab environment, modern management practices are completely new. Ali's main concern is that the Arab economy has reached an international market and the industrial stage without adopting a basic essential foundation for coping with the demands of contemporary institutions.

### **2.3.2. The impact of culture on business in Saudi Arabia**

Managers and executives in the Kingdom of Saudi Arabia are facing huge challenges to improve organisational performance. Comparing the performance of employees in Saudi Arabia with employees in Western countries, the former is limited and the main reasons behind that are cultural issues and work practice. Raising and keeping a wide base of skilled labour and technical staff in Saudi Arabia is very hard and a great challenge because employees in Saudi Arabia are more motivated by position and status (Achoui, 2009; Idris, 2007). Al-Twajri et al. (1995) also state that individuals in the Saudi workplace seek extra power and autonomy and more responsibility, while al-Nimr (1993) states that Saudi employees are motivated mainly by monetary incentives. According to Bell (2005), "Many young Saudis have grown up in luxury, seeing their parents getting high-status positions, well-paid". In terms of productivity, 1986 research conducted on the labour force in developing countries found that Saudi labour ranked lowest for several reasons. One of the reasons was interest in finding a new job, so Saudi workers were not really motivated and

did not need to stay in lower-level jobs (Idris, 2007). Especially in the private sector, a recent report highlights that more than a quarter of employees do not stay in their job, and this increases the percentage of employees who leave their job and move to another one (al-Kibis et al., 2007). Even though the situation now in Saudi Arabia is completely different and job opportunities are much fewer than 30 years ago, people still stick with the old idea of wealth and still prefer to work as managers and disdain manual work (Idris, 2007).

To avoid the possibility of hurting or damaging the self-esteem of employees, the supervisors in most organisations in Saudi Arabia do not give candid and honest evaluations of employees' performance (Beer et al., 1985). Employees in Saudi Arabia might take an honest evaluation of their performance as hostile and unfriendly. According to Gopalakrishnan (2002), supervisors in Saudi culture give the results of employees' performance indirectly to avoid sending the wrong message and generating conflict. Hall (2003) mentions that since the culture in the Kingdom of Saudi Arabia is a collective one that values group work, the pay-based-on-performance model that identifies individuals is undermined. Management in Saudi Arabia has tried to downplay this through writing comforting reports on the evaluation forms to compensate for low wage increases in response to the poor performance of workers. In addition, many studies (such as Ali 1993; Mellahi and Wood, 2001) state that the collective and high-context culture in Saudi Arabia is very weak within the out-group (for example, guest employees or people of another religion) but extremely strong within the in-group (for instance, extended family or the tribe). Mellahi and Wood (2001) highlight that attachment to a person in an out-group is very limited and emphasis is put on the achievement of the task that the person is doing rather than on the relationship and social belonging. This is because interaction between people belonging to different out-groups is very low. By contrast, people in an in-group cohere into a group and have a strong relationship.

The score for power distance in Saudi Arabia is higher than in the other Arab countries. Bhuian and Kim (2001, p. 29) state that "in general a Saudi manager would expect employees to do whatever they are told, and employees being left on his or her own may be viewed as an indication of the management's dissatisfaction towards the employees".

It would be perceived as a strong sign of marginalisation and rejection and that managers did not trust one's ability. In general, managers make all the decisions and this has had a negative impact on the process of change (Yavas, 1997). Ali (1993) states that tribal values are very important in Saudi Arabia and support the idea of absolute right and wrong; any other approach which does not match or conform to this idea is seen as a danger to the stability of the organisation and authority and is highly unacceptable.

### **2.3.3. The impact of religion on HRM in Saudi Arabia**

In many organisations in Arab countries the management of the relationship between employees and decision making is , at least in theory, shaped through a process of consultation which comes from the Quran and is rooted in the tradition of Islam. However, in reality the situation is quite different. According to Muna (1980), who conducted a survey in some Arab countries, in interviews there was a strong emphasis on the importance of consultation. Muna (1980) also highlighted that there were strong expectations among partners, managers, and even relatives and friends to be consulted on daily or organisational issues. In addition, most managers saw consultation as a useful technique for "human relations". They used it to avoid any possible disagreement between managers and their employees, to pacify, to please, or maybe to win over any person who might have a disagreement regarding a particular idea; it was a "face saving" mechanism. Moreover, consultation seemed to be a crucially important mechanism for gathering information. Nevertheless, in any situation, only selected people are consulted and who is selected depends on circumstance. Although the appearance of consultation is presented, decisions are not delegated and are never made jointly. Moreover, in general, managers and executives in Arab cultures prefer one-to-one meetings with each employee and dislike group meetings or committees.

Wilson (2006) has highlighted that justice is a virtue that everyone anywhere deserves to develop, regardless of their gender or whether they are employees or leaders. Islamic teachings also emphasise the importance of justice in any society or organisation. According to Branine and Pollard (2010), in Islam, personal interest or any other consideration should not affect justice. In addition, the equality and freedom of everyone should be protected by justice. According to Branine and Pollard (2010), the Holy Quran

highlights that people are free in their beliefs. In addition, all people are the same and equal regardless of their wealth, gender, profession, knowledge, race, and status; what makes the difference between them are their deeds and actions. Branine and Pollard (2010, p. 719) argue that the Prophet Muhammad made it clear that people are equal when he said the following: “An Arab has no superiority over a non-Arab nor a non-Arab any superiority over an Arab; also a white has no superiority over a black, nor has a black any superiority over a white except by piety and good action”. This means that the only criterion is piety and no one except God knows an individual’s level of piety. In an organisational context, Islamic teachings encourage a manager to treat and reward his/her subordinates equally and fairly regardless of any other considerations (Branine and Pollard, 2010).

Studies of the culture in Saudi Arabia have found that it is fairly homogenous and that the main reason behind that is the impact of Islamic teachings on the society of Saudi Arabia. Islam has a strong impact on all aspects of life and there is a strong marriage of state and Islam in Saudi Arabia (Lundgren, 1998). Even for business decisions, Islam has a significant impact. Walker and his colleagues (2003) state that people in Saudi Arabia strongly believe in God and they are very fatalistic, believing that ultimate control over the environment is in God’s hands. However, the most important issue or problem is not about the belief in God or ultimate control but misguided interpretations of Islamic teachings. Islam teaches that ultimate control is in God’s hands but also teaches and encourages people to exert effort to get a better life. In the Kingdom of Saudi Arabia misguided interpretations have a significant impact on the business environment and on setting and reaching objectives. Accountability in Saudi Arabia in managing or running business appears weak; it is not acceptable to attribute mistakes in business to fate (Bhuiyan et al., 2001).

Prophetic prescriptions and Quranic principles place strong emphasis on obedience and respect for leaders. Beekun and Badawi (1999) argue that in Islam the leader must be obeyed at all times. Obedience is very important and rebellion is unacceptable except in specific circumstances. Beekun and Badawi (1999) note that most Muslim scholars advocate what is called “dynamic followership”. That is to say, although Islam stresses that followers should accede to the leader's orders, it does not advocate blind subservience. Put



differently, while a typical Muslim worker respects her or his leader and should do so, responsibility in most cases lies with the leader to convince followers that his/her orders are worth implementing and obeying, rather than forcing his/her will on employees by strict administrative orders (Mellahi, 2003). This view is embedded in Islam through the practice of consultation or *shaura*, where managers ask their employees' opinions before taking decisions.

Another key characteristic of management in Saudi Arabia is cultural and social etiquette and informality. Various business deals and issues related to employment are dealt with in simple settings, *Diwaniyah* for instance, which usually take place after working hours in the evening and outside the formal meeting environment, where the parties discuss what concerns them more freely (Mellahi, 2003). Given the fact that Saudis tend to avoid getting directly to the topic or business in hand (this is considered a sign of impatience and rude behaviour) and prefer to loop around, beginning with greetings and social talk before starting to talk about business, long informal and relaxed settings lend themselves to such processes of decision making.

## **2.4. Conclusion**

This chapter has presented a brief background of Saudi Arabia in terms of location, population, economic context, and the labour market. Saudi Arabia is one of the most important countries in the Middle East and is a member of the Cooperation Council for the Arab States of the Gulf. Saudi Arabia was established in 1932 by King Abdulaziz al-Saud. Saudi Arabia is also of crucial importance for all the Muslims in the world since it is the birthplace of Islam. Saudi Arabia also has economic importance since it has the largest reserve of petroleum in the world. This chapter also presented a brief explanation of Saudi Arabian culture, which is characterized by high power distance and uncertainty avoidance, collectivism and male dominance.

Moreover, this chapter has defined some problems related to management practices in Saudi Arabia. For instance, in decision making, there is a huge lack of employee participation. There are also problems regarding the misfit between work assignment and the qualifications of employees. Moreover, the impact of Saudi culture on business has

been discussed and it was found that culture in Saudi Arabia is one of the main problems facing management in the Kingdom. In addition, people in Saudi Arabia are extremely motivated by position and still want to be managers. The turnover percentage is also high, especially in low-level jobs, because workers can find another job easily. Moreover, managers in Saudi Arabia are reluctant to give employees an honest rating of their job performance, the main reason behind this being to avoid hurting or damaging their self-esteem. In addition, the rating of the power distance in Saudi Arabia is very high compared with other Arab countries, managers in Saudi Arabia would expect employees to follow them and do whatever they are asked to do. Although Islam encourages consultation and justice, there is tension in practice between such values and the customary exploitation of '*wasta*' to secure favour, including appointments and promotion.

Following this explanation of the culture and management context in Saudi Arabia, the next chapter provides theoretical context for the study by reviewing theories and practices of performance appraisal.

### **3. Chapter Three: Performance Appraisal**

#### **3.1. Introduction**

Performance appraisal (PA) is a topic that has received much attention from researchers during the last decades because of the crucial importance that it has in regard to developing individual and organisational performance and the contribution it makes to achieving organisational objectives (Fletcher, 2001). The first part of this chapter discusses HRM definitions and practices. The second discusses the history of performance appraisal to allow the reader to have a perception of where performance appraisal originated. It will also present a review regarding the definition, uses and purpose of performance appraisal and examine some methods of conducting it. In addition, it will present some factors that increase the effectiveness of performance appraisal. Finally, it will discuss performance appraisal in Saudi Arabia. The main purpose of this chapter is to provide a snapshot of the performance appraisal background as the foundation of the study, to allow the reader to understand the difference between the HRM practices in the Western context and the Saudi context.

#### **3.2. Human Resource Management (HRM)**

The human resource of any organisation is considered an important form of capital that plays a crucial role in the organisation's operations; for instance, Pfeffer (1994) states that human capital has long been seen as a critical source of success in any organisation. In addition, Khatri (1999) argues that people are a critical element that provides adaptability and flexibility to an organisation. Lado and Wilson (1994) express the view that managing people is considered harder than managing capital or technology. The process of managing human capital is called human resource management (HRM).

Studies show that HRM has played an integral role in the formulation and implementation of the strategy of organisations (Jackson and Schuler, 2000; Myloni et al., 2004). Moreover, Armstrong (2006, p. 3) defines HRM as “a strategic and coherent approach to the management of an organisation's most valued assets - the people working there who individually and collectively contribute to the achievement of its objectives”. While Boxal

and Purcell (2000, p. 184) have expressed a wider definition of HRM, stating that “HRM includes anything and everything associated with the management of employment relationships in the firm. We do not associate HRM solely with a high-commitment model of labour management or any particular ideology or style of management”. Beer et al. (1984) describe HRM as all the management practices and activities that have an impact on the relationship between the employees and the organisation. Grimshaw and Rubery (2007) refer to HRM as the way in which an organisation manages its employees. Storey (1995, p. 5) has also highlighted that “human resource management is a distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of culture, structural and personnel techniques”.

However, even with the increasing internationalisation of business and cross-national activities by multinational organisations, there are differences in the policies and practices of HRM when we move from one country to another (Leat and el-Kot, 2007). Hall and Soskice (2001) have highlighted that national factors that include the legal and financial systems, economics, trades unions, and governance that are combined to form a national business system are considered a major source of variety of HRM from one country to another. Leat and el-Kot (2007) argue that the concept of national culture includes values and norms and their implications for the beliefs, behaviours, orientations, and expectations which have an impact upon the practices of HRM. Laurent (1986) argues that in any country HRM approaches are likely to be seen as cultural artefacts that reflect the values and assumptions of the national culture of the country. In addition, Budhwar and Sparrow (2002) highlight that during the last decade of the 20<sup>th</sup> century many pieces of research showed that the practices and policies of HRM have been influenced by the national culture. For instance, in Japan, a lifetime employment policy is very common, while in the US it is not (Pascale and Maguire, 1980). In addition, Laurent (1983) has asserted that in the UK decision making is less centralised than in Germany. A study by Jaeger (1986) conducted in developing countries found that implementing Western HRM practices and policies is likely to be unsuccessful unless those practices and policies are designed to fit the values and assumptions of those countries. According to Debrah and Budhwar (2004), the HRM practices and policies in the Middle East are just as they are in any other

developing country. For instance, decision making is usually top-down and there is a propensity to give emphasis to the sensitivity of the strict norms of the national culture in developing countries (Debrah and Budhwar, 2004). Moreover, Mellahi (2003) has highlighted that loyalty to the supervisor (rater) is more important in an evaluation than the employee's performance, while the situation is the opposite under Western criteria.

However, the basic purpose of human resource management is to ensure that the organisation reaches its objectives through its people by maximising the capability and effectiveness of the organisation (Armstrong, 2009). Previous studies have expressed the importance of HRM in the performance of an organisation (Gerhart, 1996; Becker and Huselid, 1998; Jackson and Schuler, 2000). For instance, Dyer and Reeves (1995) have argued that an organisation will achieve superior outcomes when it aligns its HRM practices with the strategy of the organisation. MacDuffie (1995) also found that HRM practices have a direct role in the productivity and quality of an organisation. Guthrie (2001) has conducted a survey and found that HRM practices are associated with the profitability and turnover of an organisation. Delery and Doty (1996) also conducted a study in a bank and found that there is a significant relationship between the accounting profit and the HRM practices among banks.

However, Lee and Lee (2007) recently conducted a study covering the way in which six HRM practices, namely, employee security, HR planning, training and development, performance appraisal, incentives/compensation, and teamwork help improve an organisation's performance, including the performance of the organisation's workforce, the quality of the products and the organisation's flexibility. Moreover, Ahmad and Schroeders (2003) have conducted a study regarding the efficacy of seven HRM practices, namely, selective hiring, extensive training, use of teams and decentralisation, sharing information, employment security, incentives/compensation in relation to productivity, and status difference, and found that these have a fundamental relationship with operational performance. Abdalkrim (2012) recently conducted a study in a Saudi bank regarding the following seven HRM practices: empowerment, performance appraisal, training and development, job rotation, selection system, compensation, and participation in decision making. The results of Abdalkrim's study (2012) confirm that these seven practices of

HRM have a significant positive impact on the performance of the bank. Moreover, Guest (1997) has classified HRM according to seven variables, namely, selection, performance appraisal, training, incentive, status and security, and job design. Guest (1997) also highlighted that those practices improve employees' skills, motivation and productivity, which lead to a positive impact on the performance of the organisation. However, the current study has been conducted regarding one of those practices, namely, performance appraisal, and explored its role in the motivation of employees in order to increase their productivity. Performance appraisal and motivation and the relationship between them will be discussed in depth throughout this thesis.

### **3.3. The History of Performance Appraisal**

No one knows exactly when formal methods of reviewing performance were first introduced. In the third century, the emperors of the Wei dynasty in China evaluated the official family's performance (Patten, 1977). According to the *Dublin Evening Post* in 1648, legislators used a rating scale depending on the qualities of a person (Hackett, 1928). In the early 1800s, in Scotland, Robert Owen was probably the first person who applied a merit rating in his cotton mills. The system of rating employees' performance was based on coloured wooden cubes. Each colour represented a different degree on the merit scale and the wooden cubes were put above the work station of each employee. The colours were changed when the performance of the employee changed (Heillbroner, 1953). Since at least 1887, efficiency or merit rating has been applied in the Federal Civil Service in the US (Petrie, 1950).

In US industry, the main movement of performance appraisal development can be traced to the early work in salesmen's selection and "man-to-man" rating which was done by the industrial psychologists at Carnegie-Mellon University (Patten, 1977). The formation of the 'man-to-man' rating form was based on psychological characteristics (Scott et al., 1941). In World War I, the man-to-man technique was used to evaluate the performance of officers (Scott et al., 1941). However, formal performance appraisal probably started in the US by the early 1800s and was done by the army. For example, General Lewis Cass would evaluate the performance of his men and then submit a report to the War Department (Bellows and Estep, 1954).

However, 'man-to-man' rating via department is not regularly used in evaluating performance or in industry, although for determining the order of dismissal, 'man-to-man' rating can be one of the most effective methods. In fact, to make retention or dismissal decisions, many companies in the 1960s that experienced cutbacks in contracts with the government used it (Patten, 1977). This was called the "totem approach" to personnel reduction. By the time World War I was over in 1918, many of the people who had been involved in the work of the man-to-man method were in secure positions in industry and the main reason behind that was that business leaders were impressed by the role and contributions of industrial psychologists to army research. Even with its early criticism, the popularity of the graphic ranking method increased and is still used and popular today. Before and during the 1939-1945 war, the army asked for some assistance from psychologists to develop and improve its appraisal system. Research by psychologists produced some new rating methods, which included the critical-incident approach to merit ranking and the forced-choice system (Sisson, 1948; Flanagan, 1949). The performance appraisal of employees in industry became very common after World War I but the performance appraisal of managers only became widespread after World War II.

In many organisations performance appraisal was an accepted and applied practice during the early 1950s. In the early 1960s, performance appraisal became more popular and was conducted in more than 60% of surveyed organisations, although top managers were usually excused from this appraisal (Whisler and Harper, 1962). Moreover, legal considerations placed huge pressure on organisations to improve and formalise the performance appraisal system after the passage of the Civil Rights Act in 1964 and 1966 and the establishment of the Equal Employment Opportunity Commission (EEOC) in 1970 (DeVries et al., 1986). During the time between 1960 and 1970, women's and civil rights movements and federal legislation produced a huge demand for some improvement in performance appraisal systems and practice in organisations.

According to Bretz and Milkovich (1989), many surveys of business organisations show that more than 73% of these organisations had proper performance appraisal models. Moreover, some surveys regarding the popularity of performance appraisals found that all the state government and more than 75% of city governments had performance appraisal

techniques (Lazer et al., 1977). Even organisations that had no organisational/industrial psychologist on the staff had some techniques for performance appraisal. According to Cleveland et al. (1989) in their study, more than 95% of those surveyed had at least one performance appraisal system. Generally, performance appraisal systems have become very popular and even universal. Performance appraisal has also become one of the most important tools for managing human resources (Cleveland et al., 1989).

DeVries et al. (1986) categorised trends in the practice of performance appraisal into two main categories. Firstly, they found methods of performance appraisal had undergone some improvement and there had been a move from a simple traits approach to such results-oriented and behavioural methods as management by objectives (MBO) and behaviourally-anchored rating scales (BARS). Nevertheless, although methods of performance appraisal had evolved and there were some new methods, the older trait-ranking scales were still prevalent (DeVries et al., 1986). According to DeVries et al. (1986), the second trend they observed was that the number of organisations applying performance appraisal systems had increased since the 1950s. In the early period, the main reason for using performance appraisal in organisations was as a basic foundation for administrative decisions, for instance increasing employees' wages and promotion. During the time between 1960 and 1970, the purpose of using performance appraisal was extended and organisations used it for many reasons, such as corporate planning, research, legal documentation, employee development and feedback and system maintenance (DeVries et al., 1986; Cleveland et al., 1989).

### **3.4. Performance Appraisal Definition, Uses and Purposes**

Performance appraisal is one of the most important practices of human resource development and one of the most substantial topics for researchers (Boswell and Boudreau, 2002; Fletcher, 2002; Kuvaas, 2006). Recently, performance appraisal has become a more strategic approach to business policies and the activities of human resources. It can also be seen as a non-specific term that covers a huge number of organisations' activities that try to assess employees and develop their skills, improve their performance and distribute incentives (Fletcher, 2001).



Performance appraisal is a process that works to determine the result of employees' performance. With regard to a definition of performance appraisal, many statements are present in the literature. Turk (2008, p. 41) states that "Performance appraisal is a management technique, which is used for making personnel decisions (promotion, transfer and pay), but also deals with issues like employee development (feedback and training)". Kondrasuk (2011, p. 58) defines performance appraisal as a "system of setting employee job expectations/employee actual job performance/assessing that performance/feedback to the employee on the performance assessment and how to improve it in the future/setting new goals and expectations for another period". Chukwuba (2012, p. 2) proposes an operational definition of performance appraisal, stating that it "is the process of determining how well employees do their jobs compared with a set of standards and communicating that information to those employees".

The uses of performance appraisal are widespread and it is an integral tool for organisations to make the most of their human resources. More than 85% of the organisations in both the UK and the US use appraisal. Between 1998 and 2004 the percentage of organisations adopting formal performance appraisal increased from 69% to 87% (Armstrong et al., 2005). In addition, during the same time the Chartered Institute of Personnel and Development conducted a survey of 562 UK organisations, which revealed that 506 of them applied performance appraisal (Chartered Institute of Personnel and Development, 2007). Moreover, the use of performance appraisal among managers and professionals has increased to approximately 95% of workplaces (Kersley et al., 2006).

With regard to its uses, performance appraisal has been employed in organisations for various purposes, which can be categorised in four groups: administrative, system maintenance, developmental, and research-oriented purposes (Boswell and Boudreau, 2002; Cleveland et al., 2003). Murphy and Cleveland (1995) state that the most common purpose is for making decisions such as those regarding promotion, dismissal and wages, and this is known in the literature of performance appraisal as an administrative purpose. In addition, it might be classified into designation and deservedness rating purposes. This is a very important distinction, especially when a manager evaluates the performance of his/her personnel regarding outcomes (either negative or positive) (Landy and Farr, 1983;

Levine, 1986; Cleveland et al., 1989). Designation purposes are used especially when a supervisor attempts to designate or identify which candidate is the worst or best in terms of outcome. By contrast, a deservedness rating purpose takes place when employees are assessed individually regarding a specific outcome and the extent of their worth (for instance, how much pay they deserve) (Bjerke et al., 1987). The second purpose is to maintain the system. According to Cleveland et al. (1989), performance appraisal is conducted for system maintenance and includes determining the training that the organisation needs, helping the organisation to identify its goals, workforce planning, appraising objective achievement and reinforcing authority structure. According to Cleveland et al. (1989), developmental performance appraisal is conducted to provide information as feedback on the performance of employees to help identify their weaknesses and strengths and help them to improve and also to identify the training needs of the employee. In addition, according to Ashford (1986), there is significant evidence that employees are motivated to seek feedback from their performance appraisal. The feedback regarding employees' performance reduces uncertainty and provides significant information for employees regarding their performance and self-evaluation. The last purpose of performance appraisal is that of research and is usually conducted to contribute to a research study or to validate an instrument, not for organisation purposes.

### **3.5. The Categorisation of Performance Appraisal Methods**

It is not easy to select one appropriate method of performance appraisal. However, categorising methods of performance appraisal is very helpful. A basic distinction is made between qualitative and quantitative approaches (Bailey, 1983). The qualitative methods include identifying the absence or presence of certain characteristics of the performance of employees (Hai-Ming and Tung-Sheng, 2004). An example is the checklist method, which consists of a list of specific characteristics required for the employee, such as behaviour or performance, and then the supervisor checks the list and establishes whether the employee has a certain behaviour or performance (Bohlander and Snell, 2000). However, the main problem with qualitative methods is that they sometimes leave very important areas without appraisal and they are not really suitable for some purposes, such as comparison (Torrington and Hall, 1995). According to Coates (1994), what is really measured in

performance appraisal is actually how employees conform to the organisation. In contrast, the other approaches involve quantitative methods that require the supervisor or rater to identify the degree of performance characteristics, not to dichotomise them. This form categorises performance into additional levels, which might lead to improved appraisal (Dickinson and Tice, 1977; Coates, 1994). An example is behaviourally-anchored rating scales (BARS), which rate specific behaviour on numerical scales (Murphy and Cleveland, 1995).

There is a large number of methods and systems of performance appraisal, such as behaviour-observation scales, rating scales, forced distribution, checklists, management by objectives, and numerically-anchored and mixed-standard scales (Bartton and Gold, 2001; Fletcher, 2007). The most common methods will be discussed below.

### **3.5.1. Management by objectives (MBO)**

Management by objectives is probably one of the most popular methods of performance appraisal. It was adopted by Peter Drucker in the mid-1950s and was used for large industrial organisations. Subsequently it became more popular in both middle-sized and small organisations as well, such as government agencies and some units of universities (Carrol and Schneier, 1982). In 1957, application of MBO to performance appraisal received a strong recommendation by Douglas McGregor in his article, “An uneasy look at performance appraisal”. McGregor recommended that the performance of employees should be evaluated on the basis of short-term objectives rather than traits, and objectives should be set by the employee and manager together. McGregor also highlighted that MBO approaches to performance appraisal had some advantages, such as redefining the role of the manager and making it more concerned with helping and not judging, thus increasing the acceptance of subordinates since the emphasis is on the performance of employees, not on their personality, and shifts the direction towards future action rather than past behaviour (Carrol and Schneier, 1982). During the 1960s, only “a handful of companies” applied a formal MBO system (DeVries et al., 1986). Between 1970 and 1980, MBO became more popular in many organisations in the US, becoming one of the most common managerial performance appraisal formats (Carrol and Schneier, 1982).

The MBO method involves measuring the output on a task that both the employees and their manager set jointly and setting objectives for the employee during a specific period of time (Carrol and Schneier, 1982). According to Carrol and Schneier (1982), MBO can achieve significant improvement and development in the performance of employees and the reason for this is that the performance goals are completely different and incomparable between employees. However, the mechanisms of the MBO method (setting the objectives, discussion of the objectives, reporting and reviewing) require a huge amount of paperwork and time.

### **3.5.2. Behaviourally-anchored rating scales (BARS)**

The main concern of behaviourally-anchored rating scales is with inputs in terms of the way employees present specific kinds of required behaviours, in contrast to other appraisal methods which mainly focus on output (Robinson, 2006). According to Armstrong and Baron (1998), the main reason for designing behaviourally-anchored rating scales is to reduce the percentage of rating errors that are ascribed to traditional scales because they are very hard to define and measure. However, there are several methods which can be used to make a decision for which behaviourally-anchored rating scales would be used. Robinson (2006, p. 221) states that the method involves

identifying the key behaviours or competencies required for effectiveness in the job, distinguishing between effective and ineffective performance for each behaviour required. The behaviours considered are then rated as a range across categories using either numbers such as 1 to 5 depicting levels of performance or several descriptions such as “Always behaves this way” to “Never behaves this way”, focusing the interview on discussing and agreeing where the employee’s behaviour fits with each of the categories.

Robinson (2006) mentions some strengths and weaknesses of behaviourally-anchored rating scales as follows:

- Strengths
  1. When the rating system is consistent, it presents a great chance to make comparisons between employees.
  2. Normally, the system is based on some form of task analysis.

3. There should be enough evidence to have a good and accurate rating system when both the appraiser and appraisee are close to each other and have regular meetings.
  4. They can facilitate the integration of human resource practices.
  5. There is a great amount of documentation with different dimensions of behaviours which provides wide scope for discussion.
  6. The rating is mainly based on clearly-documented examples of behaviour.
- Weaknesses
    1. Sometimes managers fear or dislike rating their workers, which would influence the assessment.
    2. Over time, behaviours may lose relevance.
    3. Employees may become demoralised when they receive a low rating compared with their colleagues, especially when the ratings are transparent and shared.
    4. Rating becomes harder when employees have not displayed a required behaviour.
    5. It takes a long time to acquire and keep the information.

### **3.5.3. 360-degree feedback**

Ward (1997 cited in Armstrong and Baron, 1998, p. 313) defines 360-degree feedback as “the systematic collection and feedback of performance data on an individual or group derived from a number of stakeholders on their performance”. Other names for 360-degree feedback include multi-rater feedback and multi-source assessment. Usually, the information is fed back in the form of a rating against a range of performance dimensions (Armstrong and Baron, 1998). In the process of 360-degree feedback the information regarding performance can be produced for individuals from the person to whom they report directly, their internal customers, their external customers and their peers (Armstrong and Baron, 1998). In terms of uses, Handy et al. (1996) state that 360-degree feedback could be used for both management development and self-development. Turnow (1993 cited in Armstrong and Baron, 1998, p. 317) have expressed the main rationale for 360-degree feedback:

360-degree feedback activities are usually on two key assumptions. The first one is that enhanced self-awareness is a key to maximum performance as a

leader, and thus becomes a foundation block for management and leadership development programmes. The second one is that awareness of any discrepancy between how we see ourselves and how others see us increases self-awareness.

Some advantages of using 360-degree feedback include recognising the key areas of development for the employee/department or the organisation, increasing awareness of development needs for senior management, supporting the idea of continuous improvement, providing more reliable feedback on the performance of senior managers and increased relevance and awareness of competencies. On the other hand, there are some disadvantages to 360-degree feedback. For example, people sometimes do not give honest and frank feedback, the level of bureaucracy is high, people are under a lot of stress when they give or receive feedback, and it depends on technology (Armstrong and Baron, 1998).

#### **3.5.4. Forced distribution**

There has been major discussion recently regarding the adoption of forced distribution performance appraisal systems by large and global organisations (Stewart et al., 2010). A substantial number of descriptions exists which basically describe and explain the same kind of relative performance rating, whereby appraisal methods are applied to rank and rate employees regarding their performance, for instance, bell curves, forced distribution, group ordering, and normal distribution or forced ranking systems. The pioneer of the idea of forced distribution in the US, Jack Welch, believed that employees who receive a low rating should be dismissed, especially those at the bottom of the scale. A recent estimation regarding the adoption of forced distribution showed that approximately 20% of all the business corporations in America and nearly 25% of Fortune 500 firms adopt some kind of forced distribution (Gary, 2001; Meiser, 2003; Osborne and McCann, 2004). There are different ways to implement forced distribution. In the first method, managers rate the performance of individual employees against a specific standard of performance, but then only allow a certain number of employees to fall within a given category of performance (for instance, to be categorised as “Superior”). This forces the manager or rater to go back and compare individual employees’ rating performances with one another (Stewart et al., 2010). In the second method, managers may rank the performance of employees against each other (Stewart et al., 2010).

Organisations that use forced distribution can gain substantial benefits. The first benefit is that they ensure that all individual employees are appraised using the same criteria, so the outcome of the process of the system is more objective. The second is that this kind of appraisal system can help to reduce the percentage of ordinary raters' errors when they evaluate the performance of an employee, such as leniency errors (for instance, when performance ratings for all employees are excellent) and severity errors (for instance, when all the performance ratings are low) (Stewart et al., 2010). The third benefit is that this kind of appraisal system may help employers to identify the top performance and allow them to apply incentives in a more discriminating way (Guralnik and Wardi, 2003). The fourth one is that it facilitates more open and frank communication between managers and their subordinates, so the employees know exactly what their standard is and can identify their weaknesses and improve them (Stewart et al., 2010).

On the other hand, there are some disadvantages when this kind of model, like the bell curve, is used in a way for which it was not planned. This kind of system requires laying off employees who have received a low rating on their performance. Sometimes the performance categories basically do not correspond to the real level of performance of an employee and generally the reaction of managers to forced distribution is less positive compared with other traditional rating methods (Stewart et al., 2010). For instance, Schleicher et al. (2008) found that the forced distribution rating system is more difficult and less fair.

### **3.6. Success Factors for an Effective Performance Appraisal System**

It is not an easy task for any organisation to create or develop a performance appraisal system that reflects the performance of its employees. A performance appraisal system is not a single or generic system that can be applied or moved from one organisation to another. Its design and administration should be developed to match the qualities and characteristics of both the organisation and its employees (Henderson, 1984). In general, performance appraisal is one of the most popular tools for examining the performance of employees and comparing it with the manager's expectations, and also to identify the weaknesses of employees and what kind of training they should take to improve their performance. Moreover, in order to gain a competitive advantage for any organisation,

effective performance appraisal plays a significant role in the efforts of the organisation. For instance, an effective performance appraisal system can present a correct evaluation of the quality of work and productivity of employees and also by giving employees helpful feedback regarding their performance they will be motivated to increase their performance (Allan, 1994). However, there are many ways to increase the effectiveness of the performance appraisal system in any organisation, as shown below.

Determining the objectives of organisations is one of the primary steps in developing an effective evaluation system of performance: “These are then translated into departmental and then individual position objectives - working with employees to agree their personal performance” (Boice and Kleiner, 1997, p. 198). In this way, employees will be allowed to know “up front” the measurements by which their performance will be evaluated. It is important that the process guarantees that employees realise how their performance in their own job contributes to the company's overall performance. This direct connection helps to produce shared responsibilities and team working. The effort of any team derives from shared objectives reflecting the goals of the organisation and an understanding and clarification of the responsibilities and roles of each member (Kellogg, 1975). The acceptance of performance appraisal is higher in such a framework. Although performance objectives (at least some of them) should be individual and agreed between supervisor and employee, they should not necessarily be easy to achieve. All objectives should challenge the employee to extend her/himself to exceptional levels, yet the objectives should be attainable.

Training for individuals who are involved as raters is a major feature of developing an effective system of performance. Training programmes will increase the competence of the rater, which will increase employees’ trust in their supervisor. This training should begin with focusing on providing the manager with a methodical approach to the practice of managing people effectively (Goff and Longenecker, 1990). The training requires focusing on evaluating, motivating and managing employee performance; performance appraisal is just one part of the entire process and it is important that managers consider it not as an easy “quick fix” solution but within its broader context. Moreover, Jenks (1991) emphasises that the person who carries out the performance appraisal should be trained



before the actual implementation of the system in regard to appraisal procedure, policies, and the evaluation form. The top management in the organisation should also base the training programmes on written documents outlining the performance appraisal process and policies of the organisation (Jenks, 1991). Moreover, other researchers have emphasised that in order to increase the effectiveness of the performance appraisal in any organisation, the accuracy of the PA result should be high and reliable by providing rater-error training programmes to make raters more familiar with the common errors. Steelman and Rutkowski (2004) have highlighted that supervisors or raters should be trained to deliver feedback, particularly negative feedback, in a high quality, credible and considerate manner to the ratees (Bernardin and Buckley, 1984; Murphy and Balzer, 1989). Evans (1991) argues that this training in particular should contain at least the following:

- raters should have supervision skills;
- the provision of timely and regular feedback to the employee;
- the setting of agreed standards of performance;
- conflict resolution;
- pay should be connected directly to performance appraisal results (assuming this is a goal of the appraisal system); and
- counselling and coaching.

Reviews of employees should be performed on an ongoing and frequent basis. The typical frequency in organisations would be quarterly or bi-monthly with differences in the actual time period and with different aims in different organisations. Conducting reviews frequently eliminates two situations: an eclectic memory by the employee or the supervisor, and surprises at the review at the end of the year. Generally, people tend to remember situations, whether they were good or bad, with a high profile or what happened in the previous month. Frequent reviews help to eradicate the effect of this unconscious, eclectic memory. It is important in the appraisal process to eliminate surprises. Both the employee and the supervisor need to be aware that there is a problem in performance before any main annual review. It will be difficult to take corrective action if the problem is allowed to continue for a long time (Boice and Kleiner, 1997). The surprise element should be removed by frequent performance appraisals and adjusting performance before any annual

review. Moreover, frequent reviews provide managers with more opportunity to make sure that there is progress in developmental objectives. What can often prevent employees from accomplishing specified objectives are the job demands. In this case the manager must either adjust the objectives to reflect the job's changing conditions or re-assign work in order to allow their attainment (Sahl, 1990).

In order to achieve more effective performance appraisal, Allan and Rosenberg (1981) state that some scholars have made suggestions, such as the system of performance appraisal should be easy to administer and activate and the supervisor should be capable of using it with no extra effort. The forms should not be too numerous or tedious. If there are ongoing operations, the system should not interfere with them. Managers may see the system as an imposition on the activities of their normal work if it seems too much of a load for them. When designing a system, a factor that should be taken into consideration is ease of administration. The users' potential problems should be anticipated and handled. In planning a system, the involvement of the users of the system would be helpful in determining potential trouble spots and in considering the administration's potential aspects. Before the system is applied organisation-wide, a tryout or pilot run should be conducted. A tryout run in one part of an organisation would be helpful in identifying problems and rough spots will be ironed out. The results of the system should be used in making decisions regarding employees. The system will be considered as useless, as just paperwork, if nothing comes of implementing a performance appraisal system, or if the results are just recorded and placed in the personnel files of the employees and not referred to again. Supervisors will be likely to give a low priority to the performance appraisal system or even ignore it all together. It will then lose the credibility it had before. If the system is to be taken seriously, it must be helpful to line management. Using appraisals as a foundation for punishments, developmental activities for employees, work assignment, promotion, rewards and other employee decisions will illustrate the credibility and importance of the system of performance appraisal (Allan and Rosenberg, 1981).

According to Allan and Rosenberg (1981), other researchers have suggested that a lack of acceptance of the system by users may weaken it, so it should be acceptable to them. By getting users involved in developing the system, the acceptance will be increased.

Employees' participation, whether non-managerial or managerial, has frequently been demonstrated to be a significant feature in facilitating acceptance of change. Involvement of employees can also be helpful in identifying potential problems or in producing suggestions for improvement and identifying weaknesses in a system. If ratees are involved in developing performance standards, these standards are more likely to be accepted by them. Employees should be told clearly before the rating period starts precisely what performance level is expected of them, even if they were not involved in the standards' development. What can enhance system acceptance by ratees is providing regular feedback on performance. Informing them of shortcomings of performance when they happen and providing ratees with an opportunity to amend their weaknesses reduces the possibility of surprises and dissatisfaction at the time of the annual review of performance (Allan, 1994).

Ratings of performance should not be influenced by age, gender, the mood of the rater, race or other unrelated factors; in other words, appraisals should not be biased. Conscious or unconscious prejudices towards employees may affect the appraisals of the manager. In both cases, biases are costly and detrimental, both to the employer and the employee. Government regulations and laws and court decisions have made it absolutely clear that actions that unfairly discriminate between employees are unlawful (Cascio and Bernardin, 1981; Burchett and De Meuse, 1985; William and Alliger, 1989). Whilst prejudices are frequently deep-rooted, managers can help to resist biases through a clear declaration of policy, training, and the punishment of inadmissible supervisory behaviour. Moreover, employers' efforts to handle biased behaviour in good faith are likely to be viewed positively by the courts and the enforcement agencies of the government (Field and Holly, 1982).

The last suggestion from scholars is that the performance appraisal system should be supported strongly by top management, who should be securely committed to considering its success. Experts point out that such encouragement may be the most significant factor for success. With no backing from the top management, a performance appraisal system is doomed to fail, however well it is designed. In addition, top management cannot cajole those involved in the system and cannot be seen as being tepid in its support. Managers and employees alike can feel when top management is not really keen on a system (Schuler

and Huber, 1993). Top management must show unequivocally and clearly that it is intending to see it succeed through words and actions so it can prove that it is behind the system. The commitment of the management may be clear through statements of strong policy, backed by inducements that reward supervisors who help in making the system a success and also by punishments for those who are obstructive or uncooperative. Moreover, the management must support the system regularly and the support should not be a one-time event. The management should also give frequent reminders of their endorsement. Experience shows that systems that began promisingly with support from the top management subsequently failed when the support declined (Allan, 1994).

### **3.7. Performance Appraisal in Saudi Arabia**

To recognise any need for training, make a decision regarding employees' promotion, distribute non-financial and financial rewards, provide feedback and choose the right person who is really qualified to fill an important position in any organisation, performance evaluation is very important (Performance Appraisal Bulletin, 1984; al-Swaf, 1992). Jreisat (1990) mentions that evaluations of employees are crucially important for proposing corrective measures, as well as identifying obstacles to performance. In addition, these evaluations serve the purpose of implementing new systems, monitoring actual versus planned performance level, and providing feedback on reactions to changing objectives. However, there are many problems facing employee evaluation in any place around the world. For instance, in developing countries such as the Kingdom of Saudi Arabia, judgements are extremely subjective, abuses are more entrenched, favouritism exists as well as political interference, evaluators are usually insensible to human factors, and nepotism also badly affects the process of evaluation.

Al-Swaf (1992) highlights that employees in Saudi Arabia are not really satisfied with the format of the evaluation process. According to al-Sultan (1990), the format that organisations apply is not suitable to all types of job. One of the most common problems which should be considered is giving some employees a higher rating than they deserve, and the main reason for such action is to avoid complaint or disagreement if employees receive a low rating (Assad, 2002). However, the following ideas have been put forward by Assad (2002) in order to improve the evaluation system in the Kingdom of Saudi Arabia:

- When establishing the standard of performance, consideration should be given to the goals of the organisation, job requirements and the productive use of resources for reaching these objectives.
- Training programmes should be set up for supervisors on how to appraise performance effectively.
- The format of appraisal should be improved.
- Employees should know about the process of the evaluation system.
- More than one appraisal format is needed to suit all jobs.
- Different ways of doing the evaluation should be used, such as by a committee chaired by the direct supervisor of the employee who is being evaluated, or better still by the supervisor alone. The reason behind this is that the culture in Saudi Arabia strongly supports the idea of avoiding criticism and public conflict.
- Evaluation should be conducted regularly at short intervals, such as monthly or quarterly.
- Since social justice and equity are very important values in Islam, the appearance of fairness in reward and evaluation matters to employees in Saudi Arabia, so the evaluator should tie evaluation to performance.
- The results of the employee evaluations should contain concerns about the provisional forgiveness of some misbehaviours as well as punishments and reward.

### **3.8. Summary**

This chapter has reviewed the performance appraisal system. The first point of this chapter was to review HRM and then the performance history. No one knows the exact date of the beginning of performance appraisal but the Wei dynasty in China in the third century was probably the first to evaluate performance. The next point in this chapter discussed performance appraisal definitions. Essentially, performance appraisal is a management tool for evaluating individuals' performance and then making administrative decisions based on the result of the process, such as promotion and reward. There are four main purposes for adopting performance appraisal in any organisation, namely, administrative, system maintenance, developmental and research-oriented reasons. In regard to the performance appraisal method, there are a large number of PA methods, such as behaviour-observation

scales, rating scales, forced distribution, checklists, management by objectives, and numerically-anchored and mixed-standard scales. In this study, I have chosen the most popular methods, beginning with management by objectives, which focuses on evaluating performance on the basis of short-term objectives. The second method discussed was behaviourally-anchored rating scales (BARS), which evaluate performance in specific types of required behaviour and focus on the input rather than the output like other methods. The third method is 360-degree feedback, which focuses on the feedback of employees' performance; the last method is forced distribution, which focuses on the performance of individual employees against a specific standard of performance, but then only allows a specific number of employees to fall within a given category of performance (for instance, to be categorised as "Superior"). This section of the chapter introduced some factors suggested by many researchers that could increase the effectiveness of the performance appraisal, such as setting the organisational objective before conducting the PA as a foundation, providing the rater with extensive PA training programmes, conducting PA frequently, the PA system should be accepted by the rateses, and the evaluation process should be fair and without bias. The chapter also discussed performance appraisal in Saudi Arabia and found that the majority of employees are reportedly not happy with the PA system and also found that the PA system in Saudi Arabia is said to need some improvement.

This review has focused on PA, as a major focus of the present study. From what has been discussed, it can be seen that PA is intended to achieve various purposes for the organisation. One of these is to motivate employees to better performance, by means of rewards and incentives. The next chapter, therefore, examines the principles of motivation in more detail.

## **4. Chapter Four: Motivation**

### **4.1. Introduction**

Motivation is a central factor and has a great contribution to make to the success of any organisation (Drucker, 1999). Motivation assists managers who desire to maximise the productivity of their subordinates in order to achieve the objectives of the organisation (Ruthankoon and Ogunlana, 2003). All organisations, whether public or private, are trying to find the best way to motivate their employees to improve their products, employee efficiency, quality, and employee productivity. Motivation has a significant role in this (Mullins, 1996). However, the main problems facing managers in any organisation are poor practices and misapprehension (Armstrong, 2006). Therefore, this chapter will introduce the definition, types and theories of motivation. Its main aim is to explore the motivational factors that influence individuals' performance. The first part of this chapter presents some definitions of motivation, which is followed by indicating describing various types of motivation. The most popular theories of motivation will be discussed in the last section of this chapter. The main purpose of this chapter is to explain the motivation theories which are most of them has developed and tested in US or other Western country and devoted to discusses those theories in Saudi Arabia as Eastern context. Also, this chapter presents the a review of different types of motivational factors to allow me to draw a link between performance appraisal, which was discussed in the previous chapter, and employees' motivation, and to explore the role of PA in employees' motivation further on.

### **4.2. Definition of motivation**

According to Kretiner and Kinicki (2007), the word "motivation" originally came from the Latin word meaning "mover". Mitchell (1982, p. 81) states that motivation refers to "those psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal oriented". Hunt (1992, p. 23) states that "motivation is the degree to which an individual wants and chooses to engage in certain behaviour". Analoui (2000, p. 324) defines motivation as "the internal drive necessary to guide people's actions and behaviours toward achievement of some goal". Denhardt and Aristigueta (2008, p.

147) describe motivation as “an internal state that causes people to behave in a particular way to accomplish particular goals and purposes. It is possible to observe the outward manifestations of motivation but not motivation itself”. Regarding the definition of motivation, there is no single definition which is accepted and applied universally. However, to establish a concept of motivation, Kleinginna and Kleinginna (1981) have studied more than 100 reports and concluded that there are three elements involved in motivation, as follows:

- The internal state or condition that activates the behaviour of a person and denotes that person’s future direction.
- The need or desire that influences a person and directs the person’s goal-oriented behaviour.
- The influence of needs and desires on the behaviour’s direction.

In an organisation, the motivation concept is concerned with the behaviour and actions of the employees and the way they choose to reach their purposes and objectives to suit their desires and needs in the workplace. Gibson et al. (1997) have explained motivation as the forces on the individual that start and direct behaviour to reach a particular target. In addition, Kreitner and Kinicki (2007) have described motivation as a psychological process that leads and encourages what the individual wants; directed and voluntary behaviour to reach a particular objective.

### **4.3. Types of motivation**

Generally, motivation in the workplace can occur in two main ways: extrinsic and intrinsic. The first is that employees will be motivated extrinsically by line management through praise, promotion and pay to behave in a specific way (Armstrong, 2006). As external regulation, extrinsic rewards are often adopted in attempts by the management to motivate their employees to reach a desired objective (Deci and Ryan, 2000). However, Borzage and Tortia (2006) state that when the management increases the extrinsic rewards, it does not necessarily increase the employees’ satisfaction. It sometimes actually decreases the quality of the work of the employees (Delfgaauw and Dur, 2007). Reeve (1992) and Wild et al. (1997) state that there are three main types of extrinsic motivation, which are



incentive, punishment and reward. Firstly, incentive motivation is presented when the management tries to support and encourage employees to complete, do or repeat a particular task. Secondly, punishment motivation is usually applied by the management to reduce the objectionable actions or behaviour of an employee and induce him/ her to avoid this kind of behaviour in the future (Wild et al., 1997). There are many kinds of punishment, for instance, criticism of an employee's performance, or deduction from the employee's salary. Finally, reward motivation is applied by the management when employees finish their task with the desired performance and also to encourage them to repeat it. According to Reeve (1992), there is a wide range of reward motivations, such as bonuses, payment, promotion and awards. Time is the main difference between these types of motivation. Incentive motivation usually happens before the event of a specific act or behaviour. By contrast, punishment and reward motivations are always applied after the occurrence of the behaviour or act (Reeve, 1992).

Reeve (1992) describes extrinsic motivation as an external factor, such as promotion, position and money. According to Reeve (1992), people who have a very good position and hold power in an organisation are strongly motivated by their power. However, motivating people by money is one of the most powerful methods and has a strong impact on their ability to perform a particular behaviour or even repeat it. By contrast, motivating people by asking and encouraging them to do something has a very weak impact on their behaviour.

The second type of motivation is intrinsic. Armstrong (2006) describes intrinsic motivation as the self-generated factors which have a strong impact on people to behave in a specific way. There are many types of these factors, such as autonomy, responsibility, challenge, developing skills and interest. In addition, Deci et al. (1991) state that a person does his or her best to achieve feelings of self-determination and competence. Everyone in this world is born with innate self-motivation. According to Deci et al. (1991), people are often motivated by the challenge when a task is hard, if they feel the task is worth mastering, and when they complete it the feelings of competence and self-determination will be achieved. In addition, intrinsic motivation theory explains the feeling of self-determination as the

major goal to achieve and the main motivator inside everyone. Schweitzer (2004) describes the meaning of self-determination as what people want to do and to be in their life.

#### **4.4. Motivation theories**

Armstrong (2006) has classified the most influential and important motivation theories as follows:

- Instrumentality theory, which maintains that punishment or reward encourages the individual to act or behave in a specific way.
- Content theory, which has a strong focus on the content of motivation. “It states that motivation is essentially about taking action to satisfy needs” (Armstrong, 2006, p. 254).
- Process theory, which has a strong focus on the psychological processes that have an impact on motivation.

##### **4.4.1. Instrumentality theory**

Instrumentality theory is based on the notion that when a person does a particular thing, this will lead to another action. In the crudest type of instrumentality theory, people only work for one reason, which is money (Armstrong, 2006). It was in the second half of the nineteenth century that the theory was first introduced. The theory has a strong emphasis on economic results and on the need to reduce work. According to the assumptions of instrumentality theory, employees are only motivated at work by punishments or rewards directly linked to their performance (Armstrong, 2006). It has a strong root in the work of Taylor (1911), who wrote that over a long period of time, there is no way to encourage and get employees to work harder than their colleagues unless they know or expect they will receive more money for their performance (Armstrong, 2006). The principle of reinforcement is the basis of instrumentality theory. This was influenced by Skinner’s (1974) theory of conditioning, which assumes that a person can be “conditioned” to move or take action in a particular way if he or she receives a reward and is asked to behave in that way when required (Armstrong, 2006). Some organisations have used this type of motivation and until now this type still exists and could be one of the most effective ways to motivate employees in some circumstances. However, the main problems of

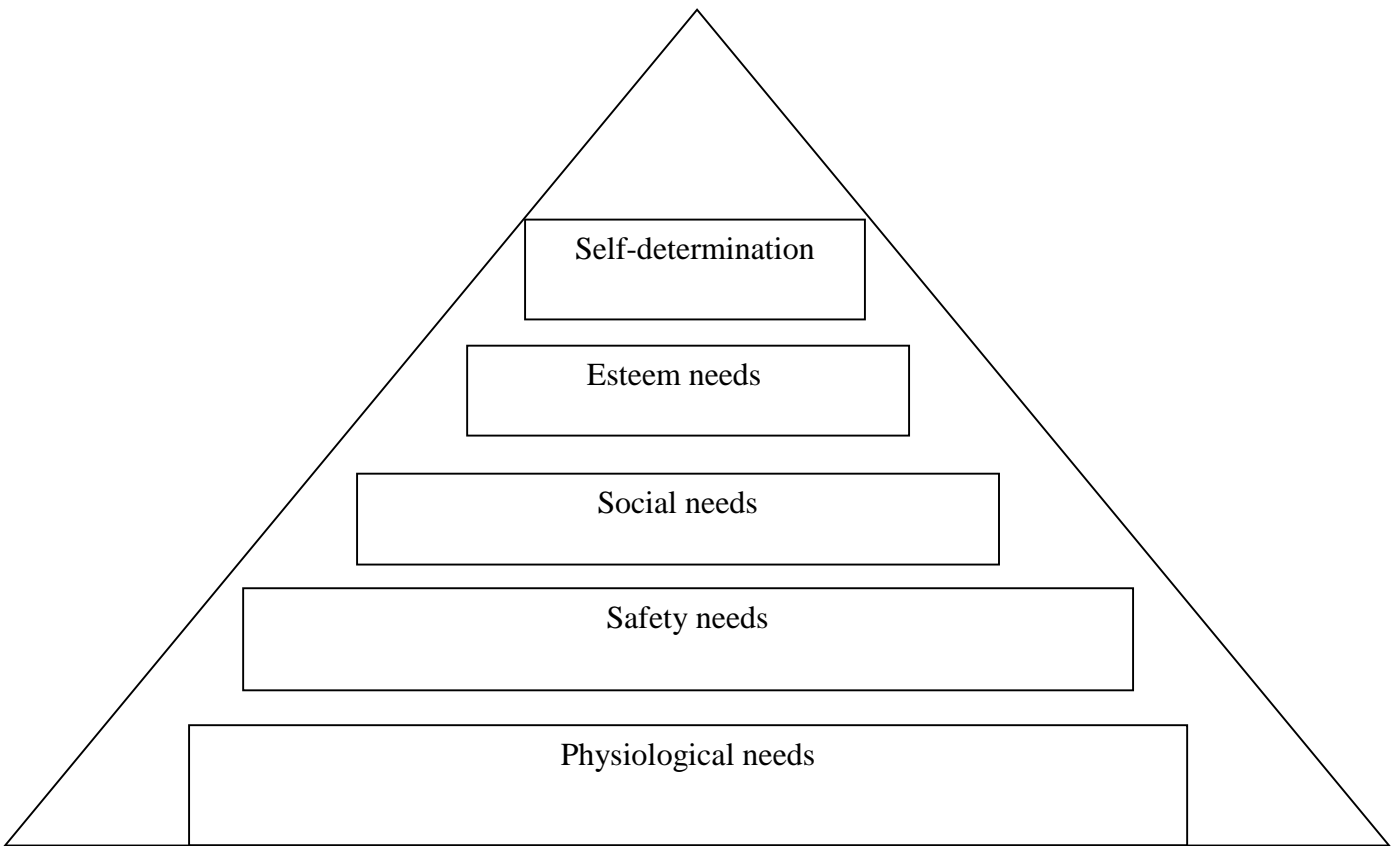
instrumentality theory are the fact that it is completely based on a system of external controls and also fails to notice and recognise many other human needs. In addition, it fails to recognise a serious fact, in that the informal relationship between employees can affect a formal control system (Armstrong, 2006).

#### **4.4.2. Content theory**

The basic idea that people have the same needs and try to satisfy those needs is the main foundation of content theories. In order to satisfy people's needs that motivate their behaviour, the workplace in any organisation must offer employees the feeling of responsibility, opportunities for development, and challenges. The main aims of content theories are to discover and identify what factor could organise and control the behaviour of the individual. Analoui (2000, p. 324) states that "the content theories have identified needs, incentives and work itself as important factors that contribute towards job satisfaction and focus on the inner drivers of human behaviour". Prominent content theories are those of Maslow (1954), Herzberg (1959), Alderfer (1972) and McClelland (1953), which will be discussed in turn.

##### **4.4.2.1 Maslow's hierarchy of needs**

According to Maslow's needs hierarchy theory, people's motivations are based on a basic five-tier pyramid of human needs which occur in a hierarchical order of importance, as shown below in Figure 3.1.



**Figure 3.1. Maslow's hierarchy of needs theory (Maslow, 1954)**

According to Maslow (1970), the physiological needs are the base of the hierarchy and a person usually tries to satisfy these needs first (for instance, shelter, food, and sex). In the workplace, physiological needs refer to the working conditions (such as light, reasonable temperature, pay, and fresh and clear air). When these needs are satisfied, they lose their impact as a motivator factor and individuals move to the second layer in the hierarchy, which is safety needs. According to Maslow (1970), safety needs are associated with a person's security and safety (for instance, stability and protection from emotional and physical harm). In the workplace, these needs are associated with safe working conditions, employment benefits and job security. Social needs (for example, acceptance, friendship, fondness and belongingness) include interpersonal associations with subordinates, supervisors and workers. Esteem needs (for instance, recognition, self-respect and

autonomy) include promotion, rank and title. Self-actualisation needs (such as self-fulfilment, personal development or growth and improvement) refer to challenging work tasks and career development (Martin, 2001). For instance, Steer et al. (1996) have stated that a person with a high need for self-actualisation seeks innovative, challenging jobs and wants to complete these tasks. In addition, according to Mullins (2002, p. 427), whilst Maslow argues that “most people have these basic needs in about the order indicated, he also made it clear that the hierarchy is not necessarily a fixed order”. Moreover, Maslow states that the hierarchy is universal in different kinds of culture, although he mentions that there are differences in motivational content from one person to another in a specific culture (Mullins, 2002). For instance, Maslow (1970) classifies working conditions as safety and security needs in the second layer of the hierarchy, while Adigun and Stephenson (1992) found that working conditions are less important as a motivator factor in developed nations compared with less-developed or poor nations. Al-Hajri (1990) also found that in Saudi Arabia working conditions are ranked as a less important motivator for employees.

#### **4.4.2.2 Motivation-hygiene theory**

Maslow’s theory was the basis for Herzberg’s (1966) two-factor theory. The main objective of this theory is to understand the factors that produce job satisfaction in the workplace (Martin, 2001). The main question considered by Herzberg (1966) was “What do people want from their job?” and he used it as the foundation of his study. The responses of the participants were classified and tabulated as bad or good feelings regarding their job (Mullins, 2002). However, Herzberg (1966) noticed that when employees felt really bad about their job they mentioned extrinsic factors, for instance the policies of the organisation, interpersonal relations, supervision and working conditions. By contrast, when they felt really good about their job they cited factors like recognition, the work itself, growth, responsibility and development. Hence, Herzberg (1959) stated that employee job satisfaction is intrinsic to the job itself. However, the answers to his question revealed that the factors that led employees to feel satisfied about their job were essentially different from those factors that led them to feel dissatisfied with their job (Martin, 2001).

Generally, he classified the above factors into two categories, which he called hygiene and motivator factors. Hygiene factors are strongly related to the environment of the work,

including working conditions, job security, interpersonal relationships, level and quality of supervision, salary, and the policies of the organisation which are related to job context. According to Martin (2001), when the hygiene factors are absent, employees will be dissatisfied, but providing them does not necessarily motivate. For instance, when the job security of employees is low, they will be dissatisfied and more likely to move to another organisation (Arnold and Feldman, 1982). Abramis (1994) also states that any ambiguity in an organisation's policies will lead employees to be dissatisfied. On the other hand, Martin (2001) maintains that motivation factors lead and motivate a person to work harder and improve his or her work performance. Motivation factors include a sense of achievement, the nature of the work itself, growth, recognition, advancement and responsibility, and those factors related to job content. According to Steers et al. (1996), these factors provide individuals with a greater chance of creativity and self-actualisation. Luthans (1995) argues that the highlighting of the importance of the content factors in terms of motivating individuals and that not only hygiene factors will motivate them, is considered one of the most important contributions of Herzberg's theory.

Moreover, several researchers have supported the idea of two-factor theory. For instance, Ogunlana (2006) found employees receiving recognition from management to be a powerful motivator factor. In addition, Heffron (1989) refers to top management as misguided when they believe that only money would motivate employees. People are very often looking for a job in which they can express themselves, practise their skills, and have more responsibility and autonomy (Zeffan, 1994; Dodd and Ganster, 1996; Evans and Lindsay, 1996). Dale et al. (1997) highlight that employees' level of motivation will be high if their job contains skills variety, challenge and task identity. Dahlgard et al. (1998) also argue that when employees have a job that fulfils their human and mental needs, their morale and motivation will improve. In addition, Locke (1976) has highlighted that a job should be challenging. Moreover, other scholars have highlighted that the possibility of growth (promotion) is the main source of employees' motivation. A promotion opportunity is a great chance for employees to have more responsibility, greater challenge, increase their income and have new tasks with new co-workers (Travers and Cooper, 1993; Quarles, 1994; Wiley, 1997). For instance, Vinokur-Kaplan et al. (1994) found that employees usually look on the opportunity of getting promotion as a favoured motivating factor. In

addition, Alnaloui (2000) has highlighted that promotion and achievement are the key factors that could energise employees' motivation and performance. Pitts (1995) has also classified responsibility as an essential factor in employees' motivation.

#### **4.4.2.3 ERG (Existence, Relatedness and Growth) theory**

Herzberg's two-factor theory and Maslow's hierarchy of needs theory inspired the development of Alderfer's ERG theory (Martin, 2001). ERG theory has the same main assumption as Maslow's and Herzberg's theories, which is that people have needs that will motivate them (Gibson, 2003). Alderfer (1972) states that these needs should be understood as follows:

- Existence needs, which include many of the matters covered by physiological and safety needs, such as employment benefits, work conditions and salary.
- Relatedness needs, which are esteem and social needs, for instance, relating to family members, interpersonal relationships between employees, friends and supervisors.
- Growth needs, which are based on the needs of the person to develop his or her potential, for instance, career advancement and development (Martin, 2001).

Alderfer (1969) states that the various needs of employees can be satisfied concurrently, which is contrary to the suggestion of Maslow's theory that low-level needs must be satisfied first, before the next level becomes operational.

#### **4.4.2.4 McClelland's theory of needs**

McClelland's theory of needs (1953) has identified only three main needs, as shown below:

- The need for achievement: the impulse to excel, to have achievement in relation to a set of standards, to attempt to succeed.
- The need for power: the need for power encourages and makes people behave in a particular way in which they might not behave otherwise.
- The need for affiliation: the need for really good interpersonal relationship (Mullins, 2002).

According to Mullins (2002), McClelland's theory suggests that individuals who attain really high achievement need to have a forceful drive to succeed. The individual is not striving for rewards but for personal achievement, and has a huge wish to do really good work which is better than what has been done before (Gibson, 2003). Moreover, such people look for a specific situation in which they can achieve personal responsibility for finding the best solutions to problems, whereby they can receive feedback on their performance so they know exactly what is happening and whether they are improving or not, and where they can set challenging targets. According to McClelland's explanation, people with high achievement needs avoid what they observe to be either a really hard or easy task. They gain a feeling of satisfaction and achievement from conquering barriers and difficulties; they need to feel that success is because of their actions (Mullins, 2002). However, the need for power is the wish to have impact and influence and control over other people. The person with a high degree of power needs to enjoy his or her position of power and be in charge and attempt to have influence over other people. The need for affiliation is the wish to be accepted by other people and a person motivated by this need strives for friendship (Mullins, 2002).

#### **4.4.3. Process-based theories**

Mullins (2002, p. 435) has highlighted that "process theories, or extrinsic theories, attempt to identify the relationship among the dynamic variables which make up motivation and the action required to influence behaviour and actions". In general, process theories offer extra understanding of the nature of work motivation. This section examines the theories of Locke's (1968), Adams (1963) and Vroom (1964).

##### **4.4.3.1 Goal-setting theory**

Goal-setting theory largely refers to Locke's (1968) suggestion that working to achieve specific objectives is the main source of work motivation. In particular, the theory suggests that employees' performance will be increased when the goals are specific and difficult. Feedback on employees' performance also has a strong impact on their performance (Mullins, 2002).



According to the explanation of goal-setting theory, the level of performance is higher when the task is more difficult. However, it is also true that easier task is usually more acceptable, and the task or goal must be accepted by the individual. Therefore, the goal should be difficult enough to generate and encourage a person to increase his or her effort and should also be easy enough and possible to complete (Huczynski and Buchanan, 2001). Feedback on employees' performance helps them to identify inconsistencies between what they have done and what they want to do. Therefore, feedback leads them to realise how well they are progressing in order to achieve their goals. Huczynski and Buchanan (2001) also state that self-generated feedback is a more powerful motivator than other external sources, such as feedback from managers or supervisors.

Moorhead et al. (1995) highlight that when employees have a chance to participate with regard to the setting of their goals, their effort will be higher in achieving those goals than when goals are set for them by management. Kennish (1994) mentions that involving employees in setting goals creates a highly productive environment, while exercising control over employees stifles motivation.

There are other factors that have also been found to influence the relationship between goal and performance. First, an individual's commitment to a goal occurs when the person is resolute in not relinquishing or lowering the goal. This is more likely to happen when the goal setting is public, when the person has been a participant in the setting of the goal, and when the person has an inner locus of control (Huczynski and Buchanan, 2001). The second factor is the level of the self-efficacy of individuals, which is the extent to which they believe they have the right ability to do the task. This has been found to influence the effort that people will expend in order to achieve goals. A person who has a low level of self-efficacy usually reduces effort when he/she receives negative feedback on his/her performance, while the person who has a high level of self-efficacy usually increases effort when he/she receives negative feedback about his/her performance. Finally, goal-setting theory is likely to be more suitable in cultures where the employee's performance is seen as an important issue and where employees seek and expect some level of challenge and independence (Huczynski and Buchanan, 2001).

#### **4.4.3.2 Equity theory**

Equity theory was introduced in 1963 by John Adams as a consequence of the expectancy model of Porter and Lawler (Martin, 2001). Since then, it has been known as one of the most popular theories in the understanding of the process of motivation in the workplace and the behaviour of people (Mullins, 2002).

Huczynski and Buchanan (2001) state that the main foundation of equity theory is that people desire and expect to receive equal and fair treatment for everybody. Moreover, equity theory highlights that people are most likely to be motivated to respond and act in an unfair situation when they receive more or less than what they expect for their effort. People desire a balance between their input, such as tolerance, skills, commitment, time, effort, adaptability and personal sacrifice, and output, such as pay, promotion, commission and bonuses. There are also other intangible factors that strongly exist as important outputs that some employees desire to receive, such as training, responsibility and development. When those inputs and outputs seem to employees to be balanced equally, they will keep working and performing at the same level (Tyagi, 1990). In contrast, employees will be extremely unmotivated when they consider their input to be greater than their output and they will probably respond to this matter in different ways. Usually, demanding an increased outcome or trying to reduce their effort is the main response to an unfair balance between input and output. Moreover, employees usually compare their value, which is based on their effort in their organisation, to that of their colleagues in the same organisation or in another one (Adams, 1965; Martin, 2001; Brooks, 2007).

#### **4.4.3.3 Expectancy theory**

During the last decades, expectancy theory has become one of the most important theories in organisation society. Vroom in 1964 was the first to relate expectancy theory to work motivation. The notion of the theory challenges the idea that people most likely have the same needs and tries to pay attention to the variability and complexity of human beings rather than assuming that people have the same needs and act in the same direction (Martin, 2001).

People naturally have or hold various types of output or states. For example, some employees strongly believe that they might receive extra money when they perform a specific mission. Vroom, in expectancy theory, applied the term “valence”, which refers to the importance the individual attaches to a state or outcome. Valence might be positive or negative. It is positive when a person is trying to achieve an outcome, for instance, when the individual is working extra time to receive extra money. By contrast, it is considered negative when the individual attempts to increase his or her performance to avoid a specific outcome, such as dismissal (Pinder, 1998). Vroom adopts the concept of instrumentality to describe the relationship between the first and second outcome. First-level outcomes are those that are produced from a specific behaviour of the individual and are associated with the work itself, such as absence, productivity, and labour turnover. First-level outcomes might lead to something of value to the employee. For instance, when the performance of the employee is high and his or her productivity increases (the first level of outcome), he or she will probably receive some extra money as a reward (the second level of outcome). According to Huczynski and Buchanan (2001, p. 249), “expectancy concerns the individual’s perceived likelihood the effort will result in good performance”.

#### **4.5. Culture and Motivation**

Motivation is considered one of the most researched topics in the management area and there is a tendency to emphasise the fact that if managers in any organisation grasp the factors that could motivate their subordinates more effectively, managers will enhance the level of employees’ productivity, which will lead to an increase in organisational performance (Mullins, 1996). However, the previous literature relating to motivation has highlighted that individuals from various cultures are likely to be motivated by dissimilar motivational factors (Hofstede, 1980; Hunt, 1992; Fisher and Yuan, 1998). For instance, Hunt (1992) has highlighted that variations between cultures have an impact on the way in which individuals prioritise their aims.

There are many motivation theories that have attempted to describe the nature of motivation and most of these have been developed in and focus on the US (Earley and Erez, 1997). According to Hofstede (1991), security motivates employees more than self-actualisation in countries that score high on uncertainty, such as Saudi Arabia and Japan,

than countries with a low level of uncertainty avoidance, such as the US. The study regarding Maslow's hierarchy of needs conducted by Caser and Sadri (2003) shows that people across the world are motivated by the same essential human needs but the differences lie in people's definitions of need satisfaction from one country to another. For instance, Hofstede (1991) argues that there is a tendency to emphasise social needs in a collective culture, such as Saudi Arabia or China, than a person's ego and self-actualisation needs. In addition, according to the study comparing expatriate managers in Saudi Arabia and the US conducted by al-Twaijri (1989), managers in the US are less interested in the social needs factors than Saudi managers. However, Hofstede (2001) convincingly expresses the idea that Maslow's need hierarchy theory cannot be applied across the world due to differences in the national culture from one country to another.

Moreover, according to the assumptions of the theory of McClelland et al. (1953), there are three main factors that motivate individuals to work, namely, the needs for power, achievement and affiliation. The study by Hofstede (1980) testing the universality of McClelland's theory shows that the term "achievement" is commonly used in Western organisational behaviour models, but it is hard to translate this into another language and using it in a different environment, like an Eastern culture, is considered even harder. In addition, Hofstede (1980) highlighted that the countries with a high score in the masculinity dimension, such as Italy, tend to prefer competition and achievement, have a strong need to produce, and a show high acceptance of taking risk. However, Adler (1997) highlighted that McClelland's theory proposes an understanding of human behaviour but it is difficult to consider it a universal theory. Moreover, Hofstede (1980) has asserted that the national culture has a direct impact on motivational factors. For instance, the people in a collective and feminine culture, such as Norway, focus on socio-technical methods and new systems to increase and improve the quality of life, while people in an individualistic society, such as the US, focus on work enrichment.

#### **4.6. Summary**

This chapter has discussed motivation, which is a powerful tool for management to energise employees' performance. The first section of this chapter presented some definitions of motivation. There is no agreed universal definition of motivation but it is basically the internal factors that encourage individuals to behave in a certain way. Generally, there are two types of motivation. The first is extrinsic motivation, which is defined as an external factor that motivates the individual to increase his/her performance, such as money and promotion. The second type is intrinsic motivation, which refers to self-generated factors such as challenge and responsibility. In addition, this chapter has reviewed some motivation theories, namely, instrumentality theory, content theory and process theory. Instrumentality theory maintains that only reward or punishment will motivate a person to behave in a specific way; content theory maintains that people have the same needs and seek to satisfy them; and the third theory discussed in this chapter, process theory, tries to identify the relationship between the dynamic variables that create motivation and the action required to impact actions and behaviour. These theories might provide explanations as to how and why performance appraisal can play a role in motivation of employees. Such linkage between PA and motivation is explored in the next chapter.

## **5. Chapter Five: The Role of Performance Appraisal in Employees' Motivation**

### **5.1. Introduction**

According to Najafi et al. (2010), performance appraisal is a systematic process that evaluates and studies the performance of the individual. In addition, when performance appraisal is conducted correctly and logically, it can be considered as one of the most powerful and useful tools of human resource management and both the organisation and the individual will achieve their objectives (Rezghi and Tami, 2000). However, according to Fletcher (1997), more than 80% of organisations are dissatisfied with their performance appraisal system. The most effective performance appraisal system is one that assists in producing committed and motivated personnel (Boice and Kleiner, 1997). In any organisation, motivation plays a strong role in its development and success (Najafi et al., 2010). Huczynski and Buchanan (2001) highlight that there is a wide range of motivation factors, such as improvement, advancement, job identification, responsibility and job essence. There are also other factors, for instance, terms of reference, the relationship between employees, pay, promotion, the quality and policies of the administration, and security (Huczynski and Buchanan, 2001).

Herzberg et al. (1957) classified motivation into two types, which are intrinsic motivation and extrinsic motivation. Therefore, people are intrinsically motivated or extrinsically motivated. The main reason for employees who are motivated intrinsically by work is the inherent satisfaction of the work (Ryan and Deci, 2000; Cameron and Pierce, 2002). However, employees who are motivated extrinsically engage in the work to gain a specific goal which is distinct from the job itself (Amabile, 1993). Hackman and Oldham (1980, p. 77) highlight that when intrinsic motivation occurs, three psychological states are created: "A) experienced meaningfulness of the work, B) experienced responsibility for outcomes of the work, C) knowledge of the actual results of the work activities". Hackman and Oldham (1980) advise firms and organisations to restructure work in order to achieve intrinsic motivation. Task importance, task identity and greater skill diversity increase and improve the experienced meaningfulness of the work; employee autonomy has a strong

impact on increasing the work's experienced responsibility; and feedback on employees' performance provides reliable knowledge regarding the result. Thus, the performance appraisal system is the best way to facilitate that feedback (Soo and Gregory, 2009). Alternatively, Arnold et al. (2005) define motivation as a person's state or an intervening process of an organism which motivates it or drives it to a specific action. Motivation in this sense is a behaviour energiser. Performance appraisal might also be seen as an energiser of behaviour that presents motivation (Najafi et al., 2010). In addition, Fletcher (2001) emphasises that in any organisation performance appraisal should be conducted as a motivation generator to maximise employees' level of motivation. Moreover, Boswelljohn and Boudreau (2000) affirm that the primary purpose of applied performance appraisal is to motivate employees in order to increase their level of productivity. In the light of the previous studies and the discussions in chapters two and three, this chapter examines the role of PA in the motivation of employees, the key issue explored in this research. It does so in relation to four elements or features of the PA system: fairness, participation, feedback and reward (Deci and Ryan, 2000; DeNisi and Kluger, 2000; Daley, 2005; Pettijohn et al, 2001; Selvarajan and Cloninger, 2011).

## **5.2. Fairness**

Many researchers have emphasised that fairness perceptions are likely to be an essential source of employees' motivation (Deci and Ryan, 2000; Krehiel and Cropanzano, 2000; Suckow and Grandey, 2000; Cropanzano et al., 2003). Taylor et al. (1995) state that employees' perception of fairness is a key for assessing performance appraisal effectiveness that is associated with the outcome of an evaluation. According to Folger et al. (1992), fairness has three different dimensions, namely, procedural justice, distributive justice, and interactional justice. Greenberg (1986) refers procedural justice to the perceived fairness of the procedures used in an organisation to determine the outcome of an evaluation. In order to enhance employees' acceptance of and respect for the performance feedback and use it as a motivation mechanism, Folger et al. (1992) have highlighted the need for procedural justice in performance appraisal, which consists of three elements, namely, adequate notice, a fair hearing, and a judgement which relies on evidence. Adequate notice involves providing subordinates with information and knowledge regarding the performance appraisal system and how it could affect them before

conducting the evaluation process. The system should also be well-documented, clear and the objective explained and designed by mutual agreement. Adequate notice also includes involving the ratees and giving them regular and timely feedback to allow them to rectify any undesired performance well ahead of the evaluation time. The second element is a fair hearing, which involves several factors related to performance appraisal, such as access to the appraisal decision and an opportunity to challenge the decision (Folger et al., 1992). The last element is providing evidence, which means the rater should provide verification regarding the evaluation, convince the ratee regarding the accuracy of the evaluation and provide justification for the decision (Erdogan et al., 2001). Selvarajan and Cloninger (2011) found that perceived fairness in terms of procedural justice has a positive impact on employees' motivation. Moreover, Nathan et al. (1991) have highlighted that procedural justice will lead to distributive justice.

Narcisse and Harcourt (2008) state that the concept of distributive justice is rooted in Adams' equity theory (1965), which suggests that a person formulates a perception of fairness through comparing the ratio of his or her input to work as a contribution to the perceived outcome, such as reward, to the same ratio for another person, such as a colleague. According to Saunders et al. (2002), distributive fairness refers to employees' perceptions of fairness in regard to the outcome and allocations of the organisation. In addition, Peele (2007) highlights that when an organisation distributes resources and rewards fairly, it expresses a sense of concern for the extent to which the contribution that subordinates' distribution and well-being make to the success of the organisation will motivate them.

Tremblay and Roussel (2001) state that in the workplace employees commonly apply several referents of comparison, including comparison with another employee in the same institution (evaluation of inner equity), comparison with another employee in a similar job in a different institution (evaluation of external equity), and comparison with another employee in a corresponding job in the same institution. If the result of the comparison is positive, the employee is likely to feel positive and motivated, while if it is negative a sense of unfairness will emerge and the employee might challenge the system and be demotivated (Suliman, 2007). Greenberg (1986) has highlighted that distributive justice is basically



associated with the fairness of the distribution of outcomes. In regard to the performance appraisal context, it is associated with employees perceiving the performance appraisal result as fair (Selvarajan and Cloninger, 2011).

According to Furnham (1997), the equity theory of motivation has significant importance in the process of performance appraisal. Employees will be motivated when their performance is evaluated fairly compared with other employees in the same organisation. Equity theory highlights that employees will reduce their effort when they feel there is inequity in terms of treatment between employees. Thus, if any organisation wants its model of performance appraisal to be more effective, the employees must feel that the evaluation of their performance is fair (Fulk et al., 1985; Murphy and Cleveland, 1995; Klingner and Nalbandian, 1998; Hyde, 2005). According to Bowen et al. (1999), distributive justice in performance appraisal requires the result of the evaluation to meet the ratee's expectations and the outcomes (such as rewards) should be based on the result of the evaluation, otherwise a feeling of unfairness will be present and lead to negative behaviour.

Interactional fairness is the third type of justice, which has crucial importance in any context. According to Fortin (2008), interactional justice was introduced by Bies and Moag (1986), who claimed that individuals judge the nature of the interpersonal treatment they receive, as well as the way the procedures of the organisation are enforced. Bies (2001) defines interactional justice as the quality of the interpersonal treatment received during the implementation of the process. Suliman (2007) argues that interactional justice is one of the most important elements that could influence the relationship between supervisor-subordinates, subordinate-subordinates, and institution-subordinates. According to Deluga (1994, p. 317), interactional fairness perceptions result from supervisor trust-building behaviours, for instance, "availability, competence, consistency, discreteness, fairness, integrity, loyalty, openness, promise fulfilment, receptivity, and overall trust".

In terms of the impact of interactional fairness on motivation, Selvarajan and Cloninger (2011) found in their study that interactional fairness has a positive impact on the level of employees' motivation. In addition, Akuoko (2012) affirms that interactional fairness is an integral factor in maximising the level of employees' motivation. In other words, a

supervisor/manager's behaviour towards his/her subordinates could be considered as an essential source of motivation or demotivation for those subordinates. However, previous literature on performance appraisal shows that historically the relationship of like/dislike between the rater and ratee is considered as a source of bias in performance appraisal (Latham and Wexley, 1981; Dipboye, 1985; Varma and Pichler, 2007). Murphy and Cleveland (1991) relate the effect of the interpersonal relationship of the rater towards the ratee to liking or disliking. According to Lefkowitz (2000), if the rater affects the performance appraisal process, such as through like/dislike or an interpersonal relationship, it is very easy to hypothesise that the rating accuracy will be degraded relatively. Kane et al. (1995) state that when the performance result is associated with the organisational outcome, such as promotion or merit pay, and the performance appraisal result is affected by an interpersonal relationship, the ratees will perceive the performance appraisal system as unfair.

### **5.3. Participation**

Goal-setting theory has relevance for the performance appraisal process. According to Foster (2000), the participation of employees in setting goals which are clear, consistent, challenging and attainable will increase the motivation of the workforce. Cawley et al. (1998) state that "instrumental participation", where ratees can influence the result of the evaluation of their performance, and "value expression", where ratees can express their ideas, have a significant impact on the relationship with satisfaction and participation within the process of performance evaluation. In addition, both academic research (for instance, Roberts and Reed, 1996; Pettijohn et al., 2001) and practitioner-focused research (for instance, Shah and Murphy, 1995; Pettijohn et al., 2001; Roberts, 2003) have recognised the importance of ratees' participation in the process of performance evaluation as an antecedent to the work motivation of the ratee. Roberts (2003) states that the participation of the ratee is crucial to any ethical and fair performance appraisal system. In addition, Pettijohn et al. (2001) argue that perceptions of fairness and participation are essential to employee organisational commitment and job satisfaction. According to the conclusion of Pettijohn et al. (2001), the performance appraisal system can be applied as a strong tool by human resource management to improve the level of organisational commitment, work motivation, and job satisfaction of employees.

Various performance appraisal models recognise that justice and participation are essential to the performance appraisal system's motivational function (Roberts and Reed, 1996; Bartol, 1999). Bartol (1999), in her study of developing a model of performance management with a focus on compensation, applied the perspective of agency theory. According to Bartol (1999), an agency-theory-based system of compensation has a strong impact on justice perception and reward, which determines the level of employee commitment, performance, job satisfaction and turnover. Moreover, Roberts and Reed (1996) state that the participation of employees, feedback, and objectives have a significant impact on employees' acceptance of the appraisal system, which influences the satisfaction with appraisal and ultimately the productivity and motivation of the workforce.

According to Allan and Rosenberg (1981), other researchers have suggested that a lack of acceptance of a system by users may weaken it, so the system must be acceptable to them. By getting users involved in developing a system, the acceptance will be increased. Employees' participation, whether non-managerial or managerial, has frequently been demonstrated to be a significant feature in enabling acceptance of change. The involvement of employees can also be helpful in identifying potential problems or in producing suggestions for improvement and identifying weaknesses in a system. If ratees are involved in developing performance standards, they are more likely to accept them. Employees should be told clearly before the rating period starts precisely what performance level is expected of them, even if they were not involved in the development of the standards. What can enhance system acceptance by ratees is providing regular feedback on performance. Informing ratees of shortcomings in performance when they happen and providing ratees with an opportunity to amend their weaknesses reduces the possibility of surprises and dissatisfaction at the time of the annual review of performance (Allan, 1994). Roberts (2003) also recommends that top management should give employees a genuine chance to participate in the performance appraisal in many of its features because this is capable of reducing the dysfunctions of the traditional approach of PA, as well as increasing the ethical decision-making process of human resource management. According to Roberts (2003), employees should be participating from the first step of developing the PA standard in order to increase the reliability, validity and fairness of the evaluation standards in any organisation. The second stage of employees' involvement should be

during the process of designing the measurement scale and evaluation form. Moreover, Akuoko (2012) argues that involving employees in performance appraisal will increase their understanding of the PA process, hence fostering subordinates' ownership of both the procedure and the result of the evaluation system. Some researchers (such as Ohemeng, 2009) have also emphasised the importance of employees' involvement in PA as being "bottom-up", as against the traditional "top-down" approach, which was rejected by many employees due to its allowing raters to manipulate the evaluation based on their favourites and interests.

#### **5.4. Feedback**

Feedback on employees' performance is seen as a main key to goal-associated motivation and commitment, so performance appraisal has a significant benefit for any organisation in terms of motivating employees (Harackiewicz et al., 1986). According to the literature relating to feedback, when employees receive more motivating feedback regarding their performance, the ability to change their behaviour will be increased and they will improve their performance (Hackman, 1975; Chhoker and Wallin, 1984; Reilly et al., 1996; DeNisi and Kluger, 2000). As a result of external communication about the performance of an employee (for instance through the process of the evaluation and a feedback interview) the intrinsic motivation of the employee will be increased (Chhoker and Wallin, 1984). Gagne et al. (1997) conducted a study at the Canadian Telephone Company and found that the intrinsic motivation of employees was significantly increased when they received more feedback regarding their performance. Aguinis et al. (2012) argue that feedback for employees has a major contribution to make in terms of the employees and organisation's successes. Moreover, feedback regarding employees' performance has a great influence on enhancing employee motivation, engagement and job satisfaction. DeNisi and Pritchard (2006) emphasise that the ultimate aim of PA should be to provide information regarding employees' performance that could be used by the manager to improve employees. According to Deci and Ryan (1985), the information that the PA provides as feedback has a great impact on the level of the intrinsic motivation of employees through increasing the employees' level of competence in the workplace.

Previous literature has also considered positive feedback such as verbal praise as a kind of recognition from the management regarding effort and performance (Knippen and Green, 1990; Blegen et al., 1992; Steele, 1992). For instance, Stuart (1992) states that when employees receive positive feedback, such as a “thank you” letter or a “well done” about their performance, their level of motivation will increase. Armstrong (2006) highlights that employees’ motivation and performance will increase when they have a challenging task, agree objectives and receive feedback. Usually, employees will be motivated when they know how good their performance is in their workplace (Armstrong, 2006). However, Mani (2002) states that ratees’ level of trust in their raters is a key factor in increasing the level of acceptance and satisfaction with the performance appraisal feedback. Moreover, according to the due-process appraisal system approach applied by Folger et al. (1992), to enhance employees’ acceptance of and respect for performance feedback, whether positive or negative, and use it as a motivation mechanism, the organisation should provide three elements: adequate notice of the performance appraisal that explains the objective and standards; regular and timely feedback regarding the employee’s performance; and should set a regular meeting for a fair hearing from the employees. In addition, Tziner et al. (1992) argue that timely and regular feedback has the ability to motivate individuals to change certain behaviour. Corcoran (2005) emphasises that the rater should provide negative feedback to the ratee directly after the occurrence of the mistake or low performance and should not leave it until the annual or bi-annual evaluation, in order to avoid ratee resistance to this negative feedback and to allow and motivate him or her to a quick modification of behaviour. In addition, Steelman and Rutkowski (2004) state that negative feedback could have potential benefits for employees, such as increasing their awareness of their weaknesses and motivating them to overcome them by strong communication between the rater and ratee, and providing ratees with information regarding their performance, for example, about what they have done wrong or what they did not complete.

### **5.5. Reward (pay)**

Other factors that have a strong impact on employee motivation are linked to performance appraisal, such as rewards and bonuses. Swiercz et al. (1993) argue that linking pay to performance in order to increase individual performance is a widely-accepted notion. Lawson (2000) states that to improve individual performance and work quality, the

performance of the individual and his/her pay have to be in accord. Locke et al. (1980, p. 379) state that “money is the crucial incentive.....no other incentive or motivational technique comes even close to money with respect to its instrumental value”. Guzzo et al. (1985) found that a financial incentive is much more powerful as a motivation factor compared with other motivational factors. Moreover, Gupta and Show (1998) have highlighted that in the workplace pay is a crucial factor that could influence employees’ attitudes. Rynes et al. (2004) argue that pay is not the only factor that could increase the level of an employee’s motivation, but it is an integral factor. In this respect, Hamner (1987) has stated that the performance appraisal system will fail if employees’ performance is not related to pay.

Some researchers have highlighted that the main aim of the performance appraisal system in any organisation is to improve the performance of the organisation through development of the performance of employees and through connecting employees’ rewards to their performance (Boswell and Boudreau, 2000; Rynes et al., 2004; Daley, 2005). Moreover, Najafi et al. (2010) state that in order to improve the performance of employees, performance appraisal systems play an essential role by indentifying productive employees and giving them a reward as motivation. In addition, Turk (2007) found that linking the performance appraisal and organisation compensation system has assured a high level of employee motivation.

Haslam et al. (1992) argue that a primary purpose of using performance appraisal is to help employees to improve their performance, and that it should also be conducted as a basis for making decisions regarding punishment (such as reducing merit pay) for poor performance or reward (such as contingent pay) for good performance.

## **5.6. Summary**

This chapter has examined the role of performance appraisal in employees’ motivation. Najafi et al. (2010) have highlighted that there is a strong relationship between PA and motivation, since both are considered as behaviour energisers. This chapter has shown that performance appraisal has an integral role to play in the motivation of employees, provided it is characterized by certain features. The first factor is fairness, as past literature regarding performance appraisal shows that ratees’ perceptions of fairness is a main key for

evaluating the effectiveness of PA which is related to outcome. Moreover, this chapter has introduced three types of justice, namely, procedural justice, distributive justice and interactional justice. Procedural justice refers to fairness in the process of PA, while distributive justice refers to the fairness of the distribution and outcome of the PA. Interactional justice concerns the quality of the treatment between the rater and the ratee.

The second factor in PA which could influence the level of employees' motivation is the employees' participation. This chapter presented a review of the previous literature, which suggested that when employees are involved in PA in setting the objectives, design and implementation, their level of motivation will be influenced positively.

The feedback on employees' performance was the third factor discussed in this chapter. According to the previous literature, feedback on performance increases the motivation of employees to change to a more desired behaviour and improve their performance. The last factor discussed in this chapter was reward. Many scholars have emphasised that organisations should link PA to the compensation system to increase employees' level of motivation.

Basically, this chapter synthesized the ideas presented in the two previous chapters (performance appraisal and motivation), to provide a conceptual foundation for the role of performance appraisal system in the motivation of employees and encouraging them to improve their performance in the future. It suggested that when performance appraisal is conducted in an effective way in terms of fairness, employees' participation, provide feedback, and linking the PA with pay, it could have a positive impact on employees' motivation. The insights provided in this chapter and the two that preceded it provide a conceptual and theoretical basis for the research, highlighting various purpose and modes of PA, and identifying ways in which it may be used to motivate employees. The remainder of this thesis is concerned with an empirical investigation of these issues.

## **6. Chapter Six: Methodology**

### **6.1. Introduction**

The main objective of this chapter is to describe and justify the research methodology that was applied to achieve the research objectives. In general, methodology refers to the method and approach the researcher applies to address the research aims (Bryman, 2008). The researcher should be aware of the importance of the methodology and spend time choosing the appropriate methodology for the research. There are many research designs and approaches but the researcher should choose the methodology for the research based on the research questions and objectives. The methodology for the current study is an interpretive- qualitative methodology.

First, the chapter will discuss the research design, which guides the conduct of the research and is considered as the research guide. Second, it will discuss the most popular paradigms and which one was determined to be the most appropriate for the research, and will present a justification for the choice of paradigm. Other issues discussed include the research approach and strategy and methodology. In regard to strategy, this chapter will present a justification for adopting case study. In addition, the data collection method used to collect the data required for the research will be discussed.

### **6.2. Research Design**

Research design is an integral part of conducting any type of research and it is considered as a essential step for the researcher to indentify before starting the journey of collecting the required data. Basically, research design is the main plan or path to answer the questions of the research (Saunders et al., 2009). Many methodologists have expressed various definitions of the notion ‘research design’ and almost all of these definitions indicate that it is the research’s framework and guideline (Bryman, 1988; Saunders et al., 2009 ; Oppenheim, 1992; Nachmias and Nachmias, 1996). For instance, Vogt (1993, p 196) states that “research design is the science and art of planning procedures for conducting studies so as to get the most valid finding”. Also, Nachmias and Nachmias (1996, p97) refer to it as “ a programme that guides the investigator in the process of collecting, analysing and interpreting observation”. Oppenheim (1992) provides a



comprehensive definition of research design which indicates that the notion of research design concerns “the basic plan or strategy of research, and logic behind it, which will make it possible and valid to draw more general conclusion from it” (p6). Moreover, Saunders et al. (2009) state that the way that the researcher adopts to answer the questions of the research will be influenced by the philosophy and approach of the research. Also, the question of the research will inform the researcher’s choices of research strategy, data collection techniques and analysis procedures, and time horizon. Saunders et al. (2003) reflect these decisions figuratively in the research process “onion”, which contains five layers, as shown in the following table:

**Table 6. 1: Research Onion**

Adapted from Saunders et al. (2003, p138)

Layer	Approaches
Research Philosophy	Positivism, Interpretivism, Realism
Research Approach	Deductive, Inductive
Research Strategy	Survey, Grounded Theory, Action Research, Experiment, Case Study, Ethnography
Time Horizons	Longitudinal, Cross Sectional
Data Collection	Observation, Sampling, Questionnaires, Secondary Data, Interviews

### 6.3. Research Paradigms

Collis and Hussey (2009) defined the research paradigm as the basic philosophical structure which guides the direction for conducting a scientific research. Basically, the paradigm is a group of beliefs, a worldview or set of propositions that describe the world’s nature (Guba and Lincoln, 1994). There are two main paradigms, which are positivism and interpretivism (Patton, 2002; Saunders at al., 2009; Collis and Hussey, 2009). According to the explanation of Collis and Hussey (2009, p56) positivism “is a paradigm that originated in the natural sciences. It rests on the assumption that social reality is singular and objective, and is not affected by the act of investigating it. The research involves a deductive process with a view to providing explanatory theories to understand social

phenomena”. Usually, the researcher who adopts a positivist philosophy will use existing theory to develop some hypotheses. Subsequently, the researcher will use quantitative and experimental methods to test those hypotheses (Denzin and Lincoln, 2000; Patton, 2002; Collis and Hussey, 2009; Saunders et al., 2009).

By contrast, Collis and Hussey (2009) state that the interpretivist paradigm is strongly supported by the belief that the social reality is extremely subjective, because it is formed via people’s perceptions; hence, reality is multiple. Moreover, the researcher interacts with what is being researched, since it is not possible to separate what is in the researcher’s mind from what exists in the social world (Creswell, 1994). According to Collis and Hussey (2009, p57), interpretivism “rests on the assumption that social reality is in our minds, and is subjective and multiple. Therefore, social reality is affected by the act of investigating it. The research involves an inductive process with a view to providing interpretive understanding of social phenomena within a particular context”. Whereas positivist research focuses on measuring a specific phenomenon, interpretivism attempts to explore social phenomena. Hence, many researchers link the positivist paradigm to quantitative research and the interpretivist paradigm to qualitative research (Denzin and Lincoln, 2000; Neuman, 2003; Saunders et al., 2009; Collis and Hussey, 2009).

### **6.3.1. Paradigm Assumptions**

A paradigm rests on and reflects a set of assumptions that have implications for the way in which research is carried out. Each is outlined below, with reference to a variety of paradigms, after which the stance adopted in this study is explained.

The first assumption is ontology, which is concerned with the nature of reality and being. In particular, the assumption of ontology raises the question of what is reality’s shape and nature, and also addresses the question of what can be identified about the reality. Positivists argue that there is only one true reality which is calculable, apprehendable and identifiable. Critical realism believes that there is one true reality, but it can only be comprehended and measured poorly. On the other hand, constructivists-interpretivists believe that there is more than one constructed reality. The constructivist position describes reality as subjective, being strongly influenced by the relationship between the researcher

and the individual, the perceptions and experiences of individuals, and the social environment (Ponterotto, 2005; Collis and Hussey 2009).

The second assumption is epistemology, which comes from the theory of knowledge. It is concerned with the relationship between the researcher and those who are under investigation. Positivists emphasize dualism and objectivism (Creswell, 1998). Dualism means that the topic and the researcher and those who are under consideration are supposed to be independent of one another. Objectivism means that by following rigorous, specific processes, the researcher can study the topic of the research and participants of the research without any partiality. In addition, positivists believe that the researcher can study his/her participants without any influence of his or her values and if such influence occurs the research becomes imperfect (Ponterotto, 2005; Collis and Hussey, 2009 ). On the other hand, “constructivists- interpretivists advocate a transactional and subjectivist stance that maintains that reality is socially constructed and, therefore, the dynamic interaction between researcher and participant is central to capturing and describing the lived experience of the participant”( Ponterotto, 2005, p 131).

The third assumption is axiology, which is concerned with the values of the researcher that might influence the research procedure. Both positivist and postpositivist positions maintain that there is no room for the researcher to influence the process of the research by his or her values. In scientific inquiry, any hopes, values, feelings, and expectations have no place. Through applying systematic, standardized investigative techniques, the investigator eliminates any influence he/she might have on the process of the research or on the research participants (Ponterotto, 2005). Although, during conducting the research, positivist and postpositivist investigators are reluctant to admit their value partiality, it can be argued that values are logically reflected when the researcher chooses the topic of the study (Ponterotto, 2005). On the other hand, constructivists- interpretivists maintain that the lived experience and values of the researcher cannot be separated from the process of the investigation. In addition, the researcher should describe and acknowledge her/his values (Creswell, 1998).

The fourth assumption is rhetorical, which refers to the language applied to present the research procedures and findings to one’s intended audience. As expected, the rhetoric

flows directly from one's axiological and epistemological stance. In a positivist position, the rhetoric is presented in an objective, scientific and precise manner (Collis et al., 2009). On the other hand, in a constructivist position, the rhetoric of the result of the investigation is often personalized. The expectations, value, biases, and experiences of the investigator are detailed comprehensively. Moreover, the impact of the procedure of the research on the intellectual and emotional life of the investigator is discussed openly and reflected upon (Ponterotto, 2005).

The last assumption is the methodological, which refers to the research procedures and process. Normally, the method of the research flows from one's position on axiology, ontology, and epistemology. Positivists try to simulate closely the procedures and methods of strict scientific research, where the variables of the research are carefully operated or controlled, and where the expectations and emotional stance of the investigator on the problem under consideration are irrelevant. On the other hand, the stance of constructivists is grounded on the centrality of the deep interaction between the researcher and those under study and on the need to be immersed in the life of those who are under consideration for a long period of time (Ponterotto, 2005).

For the current study I adopt the assumptions of the interpretivist paradigm as expressed by Creswell (1998, p75), and shown in Table 6.2.

**Table 6.2: Assumptions of the research**

Assumption	Question	Characteristics
Ontological	What is the nature of reality?	Reality is subjective and multiple
Epistemological	What is the relationship between researcher and that being researched?	Researcher attempts to be close to the research participants
Axiological	What is the role of values?	Researcher acknowledges that research is value laden and biases are present
Rhetorical	What is the language of research?	Researcher writes in a literary, informal style using the personal voice and uses qualitative terms and limited definitions
Methodological	What is the process of the research?	Researcher uses inductive logic, studies the topic within its context, and uses an emerging design

As shown in Chapter One, the main objective is to understand the role of performance appraisal in employees' motivation in the Saudi Arabian context. In general, the study is concerned to understand two main areas, namely, the performance appraisal practice and motivation in SEC. Since I assume that these issues are best understood through people's perceptions, judgment and views, based on their knowledge and experience, I have adopted the interpretivist paradigm (Miles and Huberman, 1994). In addition, Creswell (2009) emphasised that interpretivism is the appropriate paradigm for researchers who seek to understand a specific phenomenon through the experience of the human participants. The current study is concerned with human nature differences and issues (such as motivation) which are highly subjective since people are different, with different beliefs, needs and

interests. For this reason, I decided a qualitative methodology would allow me to explore the situation in SEC in a meaningful and deep manner.

#### **6.4. Research Approach**

Basically, there are two kinds of research approach, which are deductive and inductive. Collis and Hussey (2009, p8) defined the deductive approach as “a study in which a conceptual and theoretical structure is developed which is then tested by empirical observation; thus particular instances are deduced from general inferences”. On the other hand, Collis and Hussey (2009, p 8) defined the inductive approach as “a study in which the theory is developed from the observation of empirical reality; thus general inferences are induced from particular instances”.

The choice of the research approach (deductive or inductive) is based on the research paradigm, whether positivist or interpretivist. According to Vaus (2001), the deductive approach involves testing hypotheses, frameworks, theories and models (where the theory guides the research), while the inductive approach involves explanations and building of theories and models. The basic difference between those approaches is that theory guides the research in the deductive approach, while theory is an result of the research in the inductive approach . Strauss and Corbin (1990) argued that the nature of the research purpose is the basic foundation for making decisions with regard to the research approach. Yin (2009) classified research purposes into three types, namely, explanatory, exploratory and descriptive. According to Saunders et al. (2009), both approaches can be applied in explanatory research, which is conducted to indentify the relationship between variables, while the deductive approach is appropriate for descriptive research, which is conducted to provide an accurate portrayal of a specific situation, individual or event. Robson (2002, p59) states that exploratory research is conducted to indentify “ what is happening; to seek new insights; to ask questions and to assess phenomena in a new light”. According to Punch (1998), the inductive approach is the appropriate approach in exploratory research, to indentify themes and ideas. However, the lack of generalisbility is considered as the major problem with the interpretive paradigm and inductive approach. For instance, Malhotra and Birks (2003) highlighted that the researcher who applies an inductive approach might draw the conclusions of the research without clear evidence. In contrast, Denzin (1983) argued

that generalization is not necessarily the sole objective of all research projects; the embedded context is the research purpose should depend on. In this research, the deductive approach is not appropriate to address the research aims as it was not consistent with my application of the interpretive paradigm to understand the role of the performance appraisal system in employees' motivation in SEC. Moreover, there is a lack of previous literature on management and particularly on performance appraisal and motivation (Assad, 2002; Al Hamadi et al., 2007; Idris, 2007; Giangreco et al., 2010), and adopting a deductive approach for testing hypotheses needs a well-developed literature. For these reasons, an inductive approach was appropriate for the current research, which enabled me to understand the performance appraisal system and employees' motivation in SEC. I mean by this, that it allowed me to understand the employees' reactions regarding the performance appraisal system in the company. Also, it allowed me to understand the motivational factors that the employees were interested in.

### **6.5. Research Strategy**

Generally, there are many types of research strategies that can be used for descriptive, explanatory and investigative research (Yin, 2003). Obviously, some of them are highly appropriate to a deductive approach and others are more suitable to an inductive approach. However, Saunders et al. (2009) warn that often allocating a particular strategy to a particular approach is extremely simplistic. Also, they highlight that no strategies are intrinsically better or more accurate than others. What matters is whether the strategy that the investigator is adopting answers the research questions and achieves the research objective. Also, there are other factors affecting the researcher's choice of research strategy, such as the philosophical foundation of the researcher and the period of time that the researcher desires to spend.

According to Bryman (2007) there are five basic research strategies, namely, comparative, cross sectional, case study, cross-sectional and longitudinal. In the current study I applied a case study strategy to address the research objectives. There are many reasons for adopting case study instead of other research strategies. Case study research is usually associated with the interpretivist paradigm and inductive research approach. Also, as I wanted inductively to explore, explain and describe a particular phenomenon (organisation,

individual) in its real context and to develop and add to existing theory, the case study was the most appropriate strategy (Stake, 2000). In addition, it is a suitable strategy when the researcher seeks to ask 'why' and 'how' questions, and when the investigator interacts with respondents throughout the data collection process (Yin, 2003). Collis and Hussey (2009, p82) defined the case study as "a methodology that is used to explore a single phenomenon (the case) in a natural setting using a variety of methods to obtain in-depth knowledge". In addition, Yin (2003, p13) described the case study as "an empirical inquiry that investigates a contemporary phenomenon with its real-life context, especially when the boundaries between phenomenon and context are not clearly evident". Stake (1995) highlights that "case study research is concerned with the complexity and particular nature of the case in question "(Bryman et al 2007, p. 62). Bryman (2007) states that the case study could sometimes involve and extend to more than one case. There are many advantages of the case study design, especially in management and business research. According to Nisbet and Watt (1984) the strength of case study is in catching unique features of reality, which would not appear or would be lost in other research designs such as cross-sectional design and the results are easy to understand, especially in large organizations. Yin (2003) states that the case study could be a particular business, a set of employees, event, organisation, or other phenomena. Also, Yin (2003) has classified some characteristics of the case study, which is usually set in an interpretivist paradigm:

- For collecting the data of the research, the researcher might use both qualitative and quantitative methods.
- The main objective of the research is not only to explore specific phenomena, but also to attempt to understand them within a specific context.
- The study does not start with a group of ideas and questions about the limits within which the study will be conducted.

## **6.6. Research Methodology**

Usually, research in the field of business and management uses the terms qualitative and quantitative methodology to differentiate both the collection of the required data and the procedures for analysing the findings (Saunders et al., 2009). The major difference between those methodologies is the basic fact that qualitative research is expressed in words



whereas the quantitative approach uses numbers. In general, qualitative methodology is used as a synonym for any technique of data collection (such as interview), or for procedures of analysing the research data (such as themes) that uses or generates non-numerical data. Strauss and Corbin (1990, p17) provide a general definition of qualitative research, describing it as “ any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification”. Campbell (1997, p122) highlighted that qualitative research presumes that “ reality is socially constructed and that variables are complex, interwoven, and difficult to measure and that researcher seeks the insider’s point of view and is personally involved in the process”. Usually, qualitative research ends with greater detail and depth than quantitative research because it tends to be inductive, exploratory and investigatory (Campbell, 1997). Also, Strauss and Corbin (2008, p12) highlighted that “ qualitative research allows researchers to get at the inner experience of participants, to determine how meanings are formed through and in culture, and to discover rather than test variables”.

By contrast, quantitative research is prevalently applied as a synonym for any type of methods for collecting the research data (for example questionnaire) or for procedure of analysing those data (such as graphs) that uses or generates numerical data (Saunders et al., 2009). However, Curran and Blackburn (2001) state that in the choice of the research method, the researcher might adopt a single method for collecting and analysing the data, which is called ‘mono method’ (whether quantitative or qualitative) or use more than one data collection and analysis method, called ‘multiple methods’. The choice between those methods is based on what the research is attempting to discover. Usually, research design is correlated with qualitative methodology if measurement is not the aim of the research (Bassegy, 2002). Since my aim in the current study is to have a clear and deep understanding of performance appraisal and motivation in SEC from the participants’ view , I adopted qualitative methods for collecting and analysing the data. According to Silverman (2005), qualitative methods present a great opportunity for the researcher to get in deep and understand phenomena clearly.

## **6.7. Samples**

Aldridge and Levine (2001) defined sampling as a process that the researcher follows to choose the participants of the research. Basically, sampling is divided into two types: probability sampling which is associated with positivistic research and non-probability sampling which is associated with interpretive research (Saunders et al., 2009). So based on the fact that I conducted this research from an interpretive perspective, I used non-probability sampling. Saunders et al. (2009) classified non-probability samples into five types: convenience, snowball, self-selection, purposive and quota. According to Denzin and Lincoln (2000, p370), “many qualitative researchers employ purposive, and not random sampling methods. They seek out groups, settings and individuals where the processes being studied are most likely to occur”. In the current research, I used purposive techniques. Purposive sampling involves choosing people who are willing to take part in the research, and also who can provide more information that will answer the research questions (Patton, 2002). When a researcher adopts purposive sampling, interviewees will be selected by based on the researcher’s judgement (Cohen et al., 2007) concerning who would have a full knowledge regarding these issues. In regard to the current study, only employees who had more than four years experience working in SEC were asked to participate, as they were expected to have full understanding of how performance appraisal is conducted in SEC and experience of how it affects their motivation. In terms of the number of the research participants, Gaskell (2000); Mason (2010) and Perry (1998) have agreed that an appropriate number of participants in doctoral research is between 15 and 50 interviewees and the common number is between 25 and 35. However, in the current study, the number of interviewees involved was 40 employees, as shown in Table 6.3.

**Table 6.3: The participants in the study**

no	nationality(الجنسية)	العمر (Age)	Education level (المستوى التعليمي)	Years of Experience in the SEC (عدد سنوات الخبرة في شركة الكهرباء)	Years of Experience in any other organisation (عدد سنوات الخبرة في أي منظمة)	Job description (شرح الوظيفة)
1	Saudi	29	Diploma (Electricity)	7		technical support
2	Saudi	45	Bachelor (IT)	23		Group supervisor of SCADA
3	Saudi	30	Diploma (communication)	6		Maintenance Technician of SCADA
4	Saudi	28	Diploma (Electricity)	8		technical support department
5	Saudi	40	Diploma	22		Electrical technician
6	Saudi	30	Diploma (Electronics)	6		Communication department
7	Saudi	35	Bachelor (Electricity)	10		SCADA department
8	Saudi	39	Diploma (Secretarial)	19		Secretary
9	Saudi	33	Bachelor (Computer)	8		control system department
10	Indian	40	Diploma (Electricity)	13	5 WAPDA	Maintenance department
11	Saudi	33	Diploma (Electricity)	11		Network engine
12	Saudi	38	Bachelor (Electricity)	13		Power engineer (Turbine engine)
13	Saudi	27	Diploma (Electricity)	5		Electrical technician
14	Saudi	38	Bachelor (Electricity)	12		Network engine
15	Saudi	40	Diploma (communication)	18		Communication technician
16	Saudi	52	Bachelor (Electricity)	22	6	Communication engineer (supervisor)
17	Saudi	33	Diploma computer	12		IT
18	Saudi	30	Bachelor (Electricity)	6		Power engineer
19	Saudi	38	Bachelor (Electricity)	13		Electrical engineer
20	Saudi	49	Bachelor (Electricity)	25		maintenance department
21	Tunisian	37	Diploma (Electricity)	11	5 Tunisian Company of Electricity	Maintenance Technician of Turbine
22	Saudi	29	Diploma (Electricity)	7		Technical protection
23	Saudi	27	Diploma (Electricity)	6		Technical protection
24	Saudi	44	Diploma (Electricity)	15	7	Technical protection
25	Saudi	33	Bachelor (Business)	7		Management
26	Saudi	45	Diploma (Electricity)	24		Technician of NCC

27	Tunisian	36	Diploma (Electricity)	13	3	Network engine
28	Saudi	30	Bachelor (HR)	6		HR department
29	Saudi	29	Diploma (Electricity)	6		Meter Reader
30	Philippines	35	Bachelor (Electricity)	10	3	Engineer of transfer energy
31	Saudi	43	Diploma (Electricity)	22		Power technician
32	Saudi	47	Diploma (Electricity)	25		Power technician
33	Saudi	31	Diploma (Electricity)	9		Technician of transfer lines
34	Philippines	40	Diploma (Electricity)	12	4	Technician of transfer lines
35	Saudi	28	Diploma (Mechanics)	6		Cable Technician
36	Saudi	48	Bachelor (Mechanics)	24		Supervisor of line maintenance department
37	Saudi	31	Diploma (Electricity)	10		Network engine
38	Saudi	34	Diploma (Electricity)	12		Customer Service
39	Saudi	32	Diploma (Electricity)	8		Electrical technician
40	Indian	40	Diploma (Mechanics)	15	3	Mechanical technician

## 6.8. Techniques and Methods of Data Collection

Yin (1989) emphasises that the evidence used in case studies might come from more than one source, such as observation, documents, physical artefacts, archival records and the observation of the participants. In addition, in order to develop themes, Patton (2002) applied the term ‘triangulation’ which refers to a combination of different sources of data on the same phenomenon. In qualitative studies, Patton (2002) classified data triangulation into two types, which are triangulation of qualitative data sources and method triangulation. Basically, Patton (2002) explained that triangulation of qualitative data sources is a comparison of some type of data collected via different means in qualitative methods. On the other hand, method triangulation contains some data collected by quantitative methods with some data that have been collected by qualitative methods.

Since the findings of the study will be more persuasive if it is founded on more than one source of data, I applied triangulation of several kinds of qualitative data. Basically, the data collection of the current study included interview, observation and document analysis. Also, during the interview process, I was engaged in some observations.

### **6.8.1. Interview**

In the current study, data were collected mainly through interview. According to Collis and Hussey (2009), interview is basically a method of collecting the data where the interviewer asks the interviewees some questions regarding their feelings, opinions and job. Previous literature has described the interview method of collecting data in various ways. For example Cohen and Manion (2000) described it as a conversation, often between two persons as interviewer and interviewee. The interviewer has a specific goal, to elicit relevant information related to the research topic from the interviewee. They argued that in order to reach the point where the researcher can offer organised description, explanation or prediction of a specific phenomenon, the researcher has to maintain control and focus on the information given, determined by the aims and objectives of the research undertaken. Moser and Kalton (1993) defined the interview as a type of conversation between the interviewer and interviewee, where the main objective for the interviewer is to obtain much information from the interviewee regarding a particular issue.

Many researchers consider the interview as a fundamental technique of collecting data in the qualitative methods that offers the researcher one of the most powerful tools to study people and to find out how they interact with their world (Fontana and Frey, 2000; Sekaran, 2000; Patton 2002; Denzin and Lincoln, 2000). Also, Cohen and Manion (1980) argued that interviews provide the researcher the chance to explore in depth in order to understand a specific phenomena, better than any other data collection methods. Yin (2009, p106) highlighted that “one of the most important sources of case study information is the interview”. In addition, Wallace (1998) stated that the flexibility of the interview, to suite the interviewer and the interviewee as well, is one of the main advantages of interview compared with other collection methods. Verma and Beard (1987) affirmed that interview helps the researcher to understand the interviewee’s attitudes, interests, and the way he/she understands matters, which that will add a great contribution to the study. Zoltan and Laszlo (2007) have highlighted three main reasons for adopting the interview method to collect data. The first reason is to allow the interviewees to give many responses, unconstrained by a pre-determined structure. The second reason is that it is considered as rich source of data. Lastly, it allows the respondents the opportunity to express themselves in their own words. Bryman and Cassell (2006) strongly believed that the main reason for

adopting the interview method is because the survey method may be unable to answer all aspects of the research questions. Yin (1994, p84) highlighted that “interviews are one of the most important sources of case study information”.

In terms of interviews type, Smith et al. (1999) classified interviews into three types, namely, structured, semi-structured, and unstructured interviews. Cohen and Manion (1980) and Collis and Hussey (2009) explain that the questions in structured interview are prepared in advance and likely to be closed questions, and all the interview procedure is fixed. By the contrast, unstructured interview is completely unfixed and fully flexible (Collis and Hussey, 2009). According to Fielding and Thomas (2001), in unstructured interview the interviewer asks questions to all the respondents, with freedom to change the question order or wording in order to obtain information related to the research topic. However, Saunders et al. (2009) highlighted that between these two types of interview, is the semi-structured interviews. Collis and Hussey (2009, p195) note that “ in a semi-structured interview, some of the questions are prepared, but the interviewer is able to add additional questions in order to obtain more detailed information about a particular answer or explore new (but relevant) issues that arise from a particular answer”. According to Frankfort-Nachmias and Nachmias (1996), the semi-structured interview offers a free atmosphere for the participants to respond to the interview questions. Interviews provide the interviewer a great opportunity to describe the issue in the data analysis. Also, it gives the researcher chance to explain the meaning of the interview questions to make them clearer, in contrast to other data collection methods such as survey where both researcher and participant have no opportunity of asking or explaining

Under the interpretive paradigm, interviews are usually concerned with exploring and understanding feelings, opinions, experience and attitudes, and are commonly unstructured. On the other hand, under the positivist paradigm, interviews are structured and that means the questions are designed in advance. However, Smith et al. (1999) classify interviews into three types: structured interview, semi- structured and unstructured interview. According to Bell (2005) the semi-structured is more flexible and gives the researcher chance to change the questions in order to suit the situation. May (1997, p93) stated that in semi-structured interviews, “ the questions are normally specified, but the

interviewer is more free to probe beyond the answers and it allows respondents to answer more on their own terms than the standardised interview permits”. So based on those recommendations in the current study I conducted semi-structured interviews for collecting data. Moreover, Collis and Hussey (2009) state that all kinds of interview could be conducted with individuals or groups, using email, telephone, face to face or video. In the current study, I travelled to the Saudi Arabia and I conducted the interviews face to face with the participants.

### **6.8.2. Observation and Documents**

Yin (1994) recommended that the researcher should use direct observation as an additional data collection method that has an important value for the research and would give the researcher a better understanding of the phenomenon under investigation. Bell (2005, p184) highlighted that “observation can be useful in discovering whether people do what they say they do, or behave in the way they claim to behave”. As I spent three months in SEC for data collection purposes and as I share the same social background and language, I was able to observe the work environment and the managers’ behaviour towards their subordinates, as well as the interpersonal relationships among the employees. I wrote all these observations down during the interview sessions in order to use them in interpreting the interview data. I also collected documents. Yin (1994) considered official documents as important sources of data. Esterberg (2002, p121) noted that document data collection can make use of “any written material that people leave behind”. According to Saunders et al. (2009), there are various types of documents such as emails, letter, organisation websites, newspapers, organisation reports, and memos. For this study I obtained official documents to help during the data analysis. For instance, I used the annual report of the company to understand the organisation’s policy in terms of employees’ promotions and annual salary increase, and some information about the organisation’s structure and size. Also, I collected the HR annual report to understand the performance appraisal system applied in the organisation.

## **6.9. Summary**

This chapter is presenting some justifications of the methodology of the current study. The first part of this chapter discusses the research design to follow as guideline of the research. This study followed the research design sequences described by Saunders et al. (2003) as a path to reach the research objectives. Since the current study is not testing hypotheses and aims to understand a specific phenomenon, the current study adopted the interpretive paradigm. The research approach used in this study was inductive, due to the fact that the inductive approach is associated with the interpretive paradigm. Then the chapter discussed the research strategy used in the study, which was case study. Forty interviewees were involved in this study, consistent with the advice of by Perry (1998) who argued that in a doctoral research the suitable number for the participants is between 15 and 50. Finally, the chapter discussed the data collection methods used for the study, namely, interview, observation and documents. After discussion of the research methodology, the next chapter will discuss the data collection process.



## **7. Chapter Seven: Data Collection and Analysis Procedure**

### **7.1. Introduction**

This chapter presents the actual process of collecting and analysing the data of the study. The chapter starts by discussing the interview protocol developed as a guide during the interview sessions. Then it will discuss the pilot study as a preliminary step I took before conducting the actual interview. Then, the procedures involved in analysing the findings are described, Starting with the stage of the transcribing the interviews. The data analysis process consisted of three steps, namely, the data reduction, data display, and drawing conclusions and verification. In the last section of this chapter, I discuss validity, reliability, and alternative quality criteria.

### **7.2. The Interview**

#### **7.2.1. Preparation of the interview protocol**

Due to the nature of the study and my need to understand the role of PA in employees' motivation, I carried out semi-structured interviews to collect data; this seemed more appropriate for the study and gave me a wide range of flexibility. Yin (1989) described an interview protocol as a set of rules or guidelines that help the interviewer to manage the interview process. According to the recommendation of Yin (1989) a researcher undertaking a case study should apply an interview protocol as a procedural tool to be followed during the interview sessions. In addition, Smith et al. (2002) highlighted that the interview protocol is crucially important in the effort of the researcher to plot the developing themes. Also, it has the advantage of increasing the smoothness of the discussion, which will eventually allow the researcher to solicit the desired data from the participants.

The preparation of the interview protocol took place after the upgrade process in July 2010 and finished before the data collection journey in September 2010. The interview protocol began with a small introduction about the research and explained the main objectives of the research. Also, it explained how the information would be used, to assure the participants that the data they gave would be used just for the research and without mentioning their names. The interview protocol contained some general questions about

the participants' age, positions, education and experience, to make the interview atmosphere more cordial. The interview questions were designed based on the literature, with some taken from previous research in the same area of the study and contained two levels of questions, the main questions and probing questions. The main open-ended questions aimed to have a general understanding of the participants' thought, while the probing questions were used to give me more information on a specific issue related to the study. The current study followed Yin (1989). The interview protocol is in Appendix A.

In terms of interview technique, Opdenakker (2006) recommended that face to face interview provides the interviewer with extra information that would add to the information elicited from the interviewees because face to face interview has an important advantage of social cues such as body language and voice etc. Based on this recommendation, I travelled to Saudi Arabia and conducted face to face semi- structured interviews to get more understanding of the participants' thoughts and observe them during the interview, rather than conducting the interview by email or telephone.

### **7.2.2. Pilot interview**

Before I started the data collection I decided to conduct a pilot study as a final stage or final check to increase the dependability and trustworthiness of the interview questions (Yin, 2003). Blumberg et al. (2005, p68) state that "pilot study is conducted to detect weaknesses in design and instrumentation and to provide proxy data for selection of a probability sample". Most previous researchers have emphasised the importance of conducting a pilot study (Borg et al., 1989; Sampson, 2004; Yin, 2009). For instance, Bryman and Bell (2007) emphasised the importance of the pilot study for increasing the interviewer's experience about the most effective way of using the interview questions and increasing the interviewer's confidence. Also, Gillham (2000) argued that the main purpose of using a pilot study is to give the researcher an important opportunity to make some change and improvement to increase the quality of the interview procedures before conducting the actual interview. Saunders et al. (2009) recommended that it would be much better for the researcher to use friends or family for a pilot study to provide the researcher with at least some idea of the interview questions' face validity. Based on the recommendations of Saunders et al (2009), I involved three respondents in the pilot study. They were the my

friends in the University of Hull (doing their PhD in the same School) and working in a similar organisation owned by the Saudi government. The interview sessions took around one hour. All the interviews worked well and added to my knowledge and confidence. The main knowledge gained from the pilot study was that it is not guaranteed that all the interviewees would understand all the interview questions and sometimes the interviewees faced some ambiguity over basic aspects. In general, the pilot study was very useful in guiding me to make some changes in the interview questions before the actual interviews.

### **7.2.3. Actual interview**

Before I started the actual interview I obtained permission from the company to conduct the study in Hail. Also, I obtained permission from my sponsor to travel to Saudi. The data collection took place in the Kingdom of Saudi Arabia and took three months from the end of July until the middle of October 2011. Because of participants' workload and due to the fact that most of the employees were on their summer holiday and the respondents lacked available time. I decided to give the respondents the opportunity of choosing a suitable time and place to interview them. Most of the interviews were conducted in the respondents' offices and they specified a time for the interview or it was conducted during their break time. To provide a conducive atmosphere for the interviews, to give the interviewees opportunity to express their beliefs and opinions without any hesitation and to avoid any possibility of respondents influencing each other, especially on opinions that might contain some criticism of the organisation policy, all the interviews were conducted on an individual basis. Typically, employees in the Saudi context do not like to express their opinions to a stranger, which necessitated extra effort to encourage them to provide the information. Thus, I started by introducing myself to the interviewee, expressing thanks for giving their valuable time, and explaining the importance of their opinions in the research. Also, I assured the participants that I had all the required permissions from the organisation, sponsor and the University to interview them, and all the information that they disclosed would be used only for the study purpose and no one would have access to it. Glesne (1999) states that researchers should give the respondents a short summary about the research and the purpose of the research. This introduction was important and useful to create a cordial interview atmosphere and to reassure the participants that they would not

suffer any adverse consequences for participating in the research. This helped to secure their cooperation.

After this short introduction, I explained to the respondents the main purpose and objectives of the research. Also, due to participants' lack of time, I indicated the expected duration, which was 45 minutes, but some interviews took longer, up to one and a half hours. Before starting the interview sessions, I gave the respondents the opportunity of choosing to record the interview or not. Nearly all the participants refused to record the interview, so I wrote notes, which required extra effort. According to Bell (2010), even when respondents have agreed to be interviewed, the researcher should be prepared for a refusal and use a shorthand system. The interviews began with general questions regarding the participants age, education, position and experience. Then I asked open ended questions regarding the performance appraisal in the company, followed by motivation, including extrinsic and intrinsic motivation. The last part of the interview concerned the role of the performance appraisal system in participants' motivation, from their perspective. During the interview, I wrote down some observations. Finally, at the end of the interview sessions, I expressed thanks to all the participants for their time and effort in taking part in the research.

During the interview session, I noticed a variety of behaviours from the participants. For instance, some interviewees have agreed to participate in the study and we set a time for the interview, but every time they made some excuse or postponed the interview to another time. These excuses, I think, were due to two issues, namely, they were not interested to participate in the study or they tried to avoid any kind of problem that participation might cause to them. In addition, I noticed during the interviews that some interviewees, when they responded to the some questions, especially questions related to the fairness, hesitated and try lowered their voice. After completing the each interview, I wrote some comments regard the interviewees' behaviours, such as whether they seemed scared, interested in participating or not.

### **7.3. Data Analysis Procedures**

#### **7.3.1. Preparation of interview transcript**

The first stage of the data analysis process was the transcription of the interviews. Most of the interviews were written in note form, so after every interview I wrote them in detail in the computer while my memory was still fresh. Due to the fact that most of the interviews were conducted in Arabic, they had to be translated into English for analysis. Crystal (1991, p346) described translation as a process where “the meaning and expression in one language (source) is tuned with the meaning of another (target) whether the medium is spoken, written or signed”. I employed an English expert to translate all the interviews into English, based on the suggestion of Temple and Young (2004), who state that the researcher can be translator and conduct the translation stage or employ another person as a professional translator to carry out the process. After completion of the translations, all data unrelated to the research were removed to another file. I asked another English expert to do “back-translation” of some interviews to ensure that there was translation equivalence between the original interview in Arabic and the English interviews, as suggested by Neuman (2006), who states that research should apply back translation after the translation is completed in order to establish translation equivalence. Moreover, for the data validation, I sent all the translated interviews to the interviewees to make sure that in the data report reflected what was expressed by them and check if there was any error or misunderstanding. Since I was back in the UK during the translation process, I sent all the interviews by email. Only eighteen responses were received from the interviewees and all of them were positive. Others may not have responded to my email, because they were busy or for various other reasons, so I assumed they were satisfied with my account. During the process of preparing transcripts, I realised the advantage of the process for grasping some important themes and it was clear that the process of data analysis started from this point. The process of preparation of interviews was not an easy task and it took more than three months.

### **7.3.2. Data Analysis Procedure**

The main problem with qualitative data analysis is that there is no generally agreed process for the researcher to follow (Eisenhardt, 1989). Qualitative study usually elicits a wide range of information and rich data in the form of text, such as field notes and transcripts. Hence, data analysis is basically a procedure of reducing, summarising and organising the data obtained from the interviews, so it can be interpreted by the researcher (Creswell, 2003). According to Punch (2005) there is no specific way to analyse qualitative data, unlike quantitative data analysis. Regardless of the different data analysis approaches, the researcher should bear in mind that any kind of data analysis should be tied up to the objectives and anchored to the conceptual framework of the study (Miles and Huberman 1984; Yin, 1994). Also, Cohen et al (2001, p147) commented that data analysis “ involves organising, accounting for, and explaining the data; in short, making sense of the data in terms of participants’ definitions of the situation, noting patterns, themes, categories and regularities”. According to Cohen et al (2007) the analysis of the collection data in such a qualitative study, actually starts during the process of data collection. In this study I noticed many issues related to the study and gained an initial picture about themes during the data collection process and I believe the analysis began at this point. However, the main analysis process was informed by thematic analysis to reach the main themes of the study findings. Braun and Clark (2006) described thematic analysis as a method of indentifying, analysing and reporting themes within the data analysis of the study. According to Gibbs (2007) in inductive, qualitative research the thematic analysis of data is an efficient technique for analysing the findings. Boyatzis (1998, p4) defined thematic analysis as looking for “a pattern in the information that at minmum describes and organises the possible observation and at maximum interprets aspects of the phenomenon”. Miles and Huberman (1994) described thematic analysis as an flexible tool because it is adopted to generate description and interpretation of a specific phenomenon. The study followed Attride-Stirling (2001), who indentified three classes of themes as shown below:

- The basic theme, which is the lowest-order theme that comes from the text.
- Organising themes, which classify the lowest-order themes into clusters or similar issues.

- The global theme, which is the super-ordinate theme that covers the principal metaphors in the data as a whole.

Miles and Huberman's (1994) approach was adopted in this study for qualitative analysis. They proposed three stages of qualitative analysis which are data reduction, data display, and conclusion drawing and verification (see Figure 7.1).

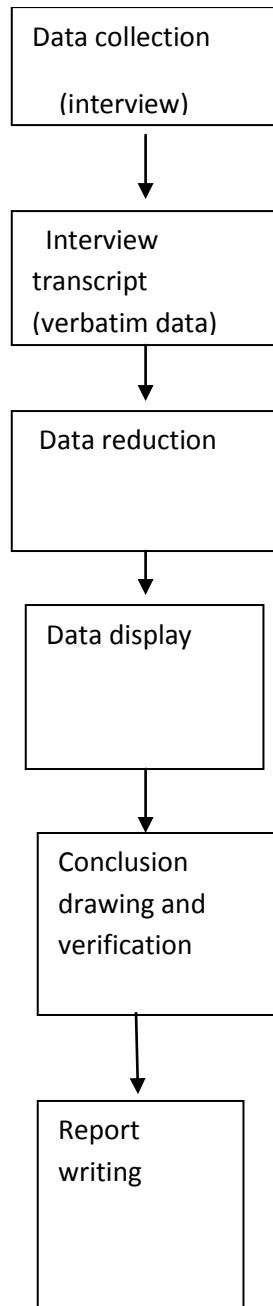


Figure 7.1 Data analysis process

The first stage, data reduction, according to Miles and Huberman (1994), is a process of organising and reducing a wide range of data by means of selecting, focusing, simplifying, abstracting, and transforming the data from the documents and interview transcripts. Data reduction occurs in every stage of the research, even in the early stage before the data



collection process; for instance, identification of the research objective and questions, strategy, case and method of data collection. Punch (2000) advised that it is critically important that the researcher does not lose any significant data during the data reduction process. The data analysis of the interview was conducted manually as suggested by Bryman (2008). He argued that while computer software can be used to assist during the data analysis, saving time and making the data analysis process much easier, there is a danger of the researcher becoming isolated from the data. Hence, the researcher might overlook some of the less immediately noticeable themes (Bryman, 2008).

Miles and Huberman (1994) highlighted that the reduction stage consists of several activities, namely, coding, abstracting, and indentifying themes and clusters. In this study, I started to write codes against paragraphs and lines. Creswell (2003) highlighted that the main activity of the data reduction stage is data coding and classification based on the objectives and questions of the research. According to Bryman and Bell (2007), the process of coding the data requires the researcher to re-read the transcript several times, then label the key meanings or themes in the data that appear to have good potential for answering the questions of the research. After doing this, I selected and summarised the transcripts based on the objectives of the study. The data reduction process took place after the interviews were completed and continued until the findings were drawn and verified. Throughout the coding process, a number of main categories were established, each containing many themes. The research objectives were taken as a guiding principle on the coding process.

The second stage in the data analysis is data display. According to Punch (2005), the main aim of using data display is to present and organise the data into a summary visual or diagrammatic display to allow the researcher to evaluate, interpret, and assess the interpretation and start drawing initial conclusions. Miles and Huberman (1994) suggested that in order to justify the final conclusion of the findings, charts, matrices, graphs and extended text are often used, which assist the researcher with patterns and themes for additional analysis and to obtain additional conclusions. Also, Saunders et al. (2009) argued that data display allows the researcher to make comparisons between the data and try to identify any key themes, relationships, trends and patterns that might help the

research in further interpretation. In the current study, I took the reduced data and displayed it in diagrams to identify themes, which gave me a clear picture of what was happening.

Drawing conclusions and verification is the final stage of data analysis in qualitative research. The aim of this stage is to allow the researcher to integrate the analysed data into a logical and meaningful picture. According to Miles and Huberman (1994, p10), at this stage the researcher is required to make decisions regarding “ what things mean, noting regularities and patterns, explanations, possible configurations, causal flows and propositions”. Also, Miles and Huberman (1994) suggested that the researcher delay drawing conclusions until he is sure all the data of the research is already in and the process of data collection is over. So, based on this recommendation, I was aware of the importance of this stage and that drawing conclusions while the research was still in progress would result in premature, less dependable conclusions. Therefore, I avoided drawing conclusions until the data collection process was completed. I read the analysed data several times to have a clear and improving understanding of the findings before starting to draw final conclusions. Further, I was aware of the importance of examination of trustworthiness in order to ensure the quality of the study (Miles and Huberman, 1994). This issue is discussed in the next section.

#### **7.4. Reliability and Validity, and their Qualitative Equivalents**

Patton (2002) states that during the design and analysis of a study, any researcher should consider two essential factors, namely, validity and reliability, to judge the quality of the study. Validity and reliability originally came from the positivist perspective and were developed for quantitative study as described by Bush (2002). However, some researchers emphasise the importance of testing validity and reliability in qualitative research, just as in quantitative research (Aspinwall et al., 1994). For instance, Brock-Utne (1996, p612) states that “the questions of validity and reliability within research are just as important within qualitative as within quantitative methods, though they may have to be treated somewhat differently”. However, many researchers have argued that the criteria used to test the quality of quantitative research are inappropriate for qualitative research (Patton, 2002; Miyata and Kai, 2009). On this subject, Guba and Lincoln (1989) have established

a new criterion to test the quality of a study, which is trustworthiness. Also, Denzin and Lincoln (2005, p158) highlighted that “the traditional positivist criteria of internal and external validity are replaced by such terms as trustworthiness and authenticity”. Guba and Lincoln (1994) refer trustworthiness to a set of criteria to assess the quality of a qualitative study rather than a traditional positivist approach (quantitative reliability and validity concepts). Miyata and Kai (2009) indicate that trustworthiness consists of credibility, which is equivalent to internal validity, dependability, which is parallel to reliability, transferability, which is parallel to generalisability, and confirmability, which is parallel to objectivity.

Babbie and Mouton (2001, p277) explain credibility as “the compatibility between the constructed realities that exist in the minds of the respondents and those that are attributed to them”. Lincoln and Guba (1985) have suggested some activities for assuring the credibility of data, such as triangulation, prolonged engagement and member checks. Some of those activities were applied in the current research to enhance the credibility of the findings. First, the current study used triangulation of interviews, documents from the HR department in SEC and my observations during the data collection process. According to Bush (2002, p68) triangulation “means comparing many sources of evidence in order to determine the accuracy of information or phenomena”. Second, member checks were used. According to Holloway (1997, p186), this activity can be accomplished when investigators “verify their findings through feedback from the participants to whom they return with the findings and interpretations of their study”. Also, Moule and Goodman (2009) argued that to ensure the credibility of the research, the researcher should employ an expert to assess the protocol of the research and conduct member checks by asking the participants of the research to go over the findings and interpretations. Also, Cohen and Manion (1994, p282) recommended that the best way to enhance credibility is by “minimising the amount of bias”. Based on those recommendations, the interview process followed a semi-structured guide to maintain focus. Also, during the interview stage I gave the interviewees a brief summary of my understanding of the information received from them. Also, after finishing the translation of the interviews, I sent it back to the participants to check if there was any misunderstanding or erroneous translation. I received some positive feedback from the participants, while the rest of them did not respond and so I assumed they were satisfied.

Dependability in qualitative research is equivalent to reliability or consistency in quantitative research. Miyata and Kai (2009, p68) state that “reliability refers to the extent to which results are consistent over time and are an accurate representation of the total population under study. Also Bell (1987, p50) described the notion of reliability as meaning that “ a procedure produces similar results under constant conditions on all occasions”. However, this assumption is hard to apply in qualitative studies, due to the nature of qualitative studies, which examine complex and unstable phenomena such as human emotions (Bryman and Bell, 2007; Neuman, 2006). However, in qualitative study researchers can apply dependability to evaluate the quality of the research instead of reliability. According to Miyata and Kai (2009, p70) dependability “is an evaluation criterion focused on the consistency of the research process and is applicable in cases where both method and phenomena might prove to be unstable”. Lincoln and Guba (1985) suggested using ‘inquiry audit’ to increase the dependability of qualitative studies. Such audit can examine the consistency of both the procedure and results of the research. In other words, ‘inquiry audit’ is used to justify or present an explanation of how the researcher was able to achieve what was achieved. According to Campbell (1997), to ensure consistency of the data, the steps of the research process should be verified by examination of some items such as the data collected, data reduction, and analysis procedures. Kirk and Miller (1986) highlighted that to enable the reliability of the research to be assessed, the researcher should document the research process. Yin (1994, p146) suggested that “the general way of approaching the reliability problem is to conduct research as if someone was always looking over your shoulder”. To enhance the dependability of the current study, I explained clearly how I selected the research sample, and how the study was conducted. Moreover, I retained all SEC documents and interview transcripts to support my account. As Miles and Huberman (1994) state, to verify that the researcher’s findings and interpretations are founded on raw data, the researcher should make clear the methods and procedures of the study, such as data collection, data reduction and data analysis.

Confirmability concerns the neutrality of the findings of the study, which is the parallel notion to objectivity in quantitative research (Schwandt, 2001). According to Guba and Lincoln (1989, p243), confirmability “ is concerned with assuring that data, interpretations,

and outcomes of inquiries are rooted in the context and persons apart from the evaluator and are not simply figments of the evaluator's imagination". Gillham (2004) argued that to ensure the confirmability of the research, an 'audit trail' or auditing is a useful process, which can be carried out at the same time as dependability (mentioned above). Also, Erlandson and Harris (1993) confirmed that dependability and confirmability can be evaluated together through an 'audit trail'. In the current study I asked a friend who is working in Institute of Public Administration in Saudi Arabia and holds a PhD degree from the University of Hull to see my work and how I reached my conclusions.

Transferability concerns the range of the applicability of the findings (Guba and Lincoln, 1989). In other words, it means how much of the research's findings can be applied to a different context or respondents (Goodson and Phillimore, 2004). Transferability in qualitative study is the equivalent term to external validity, sometimes known as generalisability. According to Arber (1993), generalisability is a standard object in quantitative studies which is usually accomplished by a statistical sampling process to provide confidence about the sample's representativeness, which enables inference to be more credible. Flick (2002) claimed that qualitative research has restricted transferability to different settings but has no generalisability. To improve the transferability of qualitative research, some researchers have introduced some strategies such as thick description (Patton, 2002; Yin, 2008). Thick description is described by Merriam (1998, p29) as "a term from anthropology and means the complete, literal description of the incident or entity being investigated". Thick description will give the reader an adequate description to enable him/her to decide if his/her situation is similar to that of the research, and if so, transferring findings would be possible (Merriam, 1998). Thick description in the current study is presented in the sufficient description of the research context, in the extensive discussion of the concepts applied in the literature, and in the reporting of the participants' perceptions, based on the research objective (analysis chapter). I used this strategy (thick description) to enable the reader to understand the nature of the research and assess whether the results are applicable to a different setting.

## 7.5. Ethical Issues

Blumberg et al. (2005, p29) described ethical issues as “the moral principles, norms or standards of behaviour that guide moral choices about our behaviour and our relationships with others”. Saunders et al. (2009) state that ethical issues will emerge when the researcher plans his or her research, seeks to access a specific firm, individual or group, collects the research data, analyses those data, and writes up the final findings. Hence, the current research followed the outline below regarding ethical issues:

- **Access:** permission from the SEC was obtained to interview the employees, in line with the recommendation of Denzin and Lincoln (2003), who state that researchers should not conduct research without permission, to avoid consequences (see Appendix for the permission letter).
- **Voluntary Participation:** according to Collis and Hussey (2009) it is very important to not force people to be involved in the research. In addition, it is not appropriate to offer any kind of reward to people include to participate in the research. This issue was considered and all participation was voluntary.
- **Confidentiality:** Collis and Hussey (2009, p46) stated that “confidentiality provides protection to participants by ensuring that sensitive information is not disclosed and the research data cannot be traced to the individual or organization providing it”. In this study, I assured participants that the information they gave would be used only for academic purposes.
- **Anonymity:** Collis and Hussey (2009, p46) state that “anonymity provides protection to participants by ensuring that their names are not indentedified with the information they give”. In this study, letters and numbers (for instance I 1, 2, 3) are used to refer to the participants.

## 7.6. Summary

This chapter presents the data collection and analysis process. The first section presents the interview protocol that I used for conducting the interviews, according to the recommendation of Yin (1989), who states that the interview protocol has an significant advantage for the researcher to guide him/her during the interview process. The current

study followed the interview protocol of Yin (1989), starting the interview with a short introduction to the study, followed by a general questions about the participants' age, gender, education, experience and position in the company. This was followed by the main questions, which were designed based on the literature, and probing questions. As a final step before the starting the actual interview, I conducted a pilot study to ensure the appropriateness of the interview questions. According to the recommendation of Bryman and Bell (2007), a pilot study improves the researcher's skills and allows him/her to identify the weakness of the interview questions before conducting the actual interview. Also, Saunders et al. (2009) highlighted that it is much better for the researcher to interview friends or family members in the pilot study to give feedback regard the interview process. Based in these recommendation I interviewed some friends in the University of Hull.

The current chapter has described the data collection process. Regarding the actual interviews, I have described the process of the data collection during the time I spent in the organisation. In addition, the current chapter has described the data analysis process, starting with the translation process. In the translation process, I employed experts to translate interview transcripts from the Arabic to English and vice versa as “back-translation”, to ensure translation equivalence. Also, I sent the interview transcripts to the participants to check if there was any misunderstanding or error to ensure the credibility of the study. Some participants responded and sent positive feedback. The data analysis process followed Miles and Huberman's (1994), approach which starts with reducing and organising the data before drawing final conclusions. In regard the reliability and validity, Denzin and Lincoln (2005) state that reliability and validity are positivist criteria which are replaced by such terms as trustworthiness in an interpretive study. The current chapter has discussed the trustworthiness of the current study by considering the credibility, dependability conformability and transferability of the study. The final section draws attention to the ethical issues that I considered while conducting the research. For instance, I provided a permission letter from the company that allowed me to conduct the study in the company. Also, I did not offer any type of reward to the participants to be interviewed and all of them participated voluntarily. In addition. I assured all the participants that the information they provided would only be used for academic purposes. Also, I have replaced

the participant names' by letters (I1,I2, I3,..) to protract their anonymity. The next chapter present the findings from the semi-structured interviews.



## **8. Chapter Eight: Data Analysis**

### **8.1. Introduction**

This chapter presents the findings derived from the semi-structured interviews. This chapter is divided into three main sections, concerning performance appraisal in SEC, motivation in SEC and the role of PA in employees' motivation. The first section will present the employees' views regarding the purpose of performance appraisal.. In addition, it will discuss the process of PA, and present the employees' ideas regarding to what extent they are satisfied with the PA in SEC. The last theme in this section will discuss the impact of the Saudi culture on the PA from the employees' point of view. The second section is divided into two sub-sections, the first presenting the employees' perceptions of job context factors in motivation, the second presenting the employees' participations of content factors. The last section discusses the role of the PA in the motivation of the employees.

### **8.2. Performance Appraisal in SEC**

This section discusses the employees' ideas regarding the PA process in the company. The first theme discussed is employees' beliefs regarding the purpose of conducting the PA. The second theme is the method of PA in the company in terms of its clarity regarding the PA objective, goals and employees' participation. Theme number three concerns employees' ideas regarding the person conducting the PA. The fourth theme reflects employees' ideas regarding how the PA result in SEC is influenced by external factors and how that might affect the fairness of PA. Theme number five explores to what extent the PA satisfies the employees. The last theme presents the employees' ideas regarding the impact of culture on the PA process.

#### **Theme 1: The purpose of conducting PA**

This theme concerns the purpose of applying the performance appraisal system in SEC, from the employees' point of view. The majority of the employees raised two main purposes of applying PA in any company. The first one is to identify the strengths and weaknesses of employees, which would allow the top management to determine the right training programmes for the right employee. The second one is to motivate the employees,

to encourage them to improve their performance. The following sub-themes explain the employees' ideas regarding the purpose of PA.

**Sub-theme:** Development Purpose

In order to increase the effectiveness of performance appraisal in the electricity company and also increase the employees' belief in the importance of conducting the appraisal in company, a prevailing view was that development decisions should be based on the result of the performance appraisal (SEC, 2011). The employees strongly believed that the main objective of performance appraisal is to identify the strengths and weaknesses of the employees. Based on the outcome, they thought, the top management should arrange training for the employees either in the Kingdom of Saudi Arabia or abroad. Surprisingly, during the interviews with the employees, most of them said that the manager makes recommendations to senior management regarding training for some employees based on their relations with this manager, not on the result of the performance appraisal, as I13 stated:

*“When I started working for the company, five years ago, I believed that PA would help me to improve myself by identifying my weaknesses according to the results; accordingly, I expected that the company would send me to training programmes either in Saudi Arabia or abroad. I understand that the main purpose of PA is developmental, but I discovered that the criteria for sending employees to training programmes are different, such as being persistent and asking for the programmes once, twice and more until they respond to it, Some employees who do not need any training programmes have been sent because they behave in this way.”*

*“For me, I strongly believe that any company in this world conducts PA to improve its performance through improving its employees' skills and performance. I mean it's logically the*

*purpose of applying PA to indentify the employees' weaknesses and determine the training programmes which they need. Frankly, in this company I do not know what is the purpose of applying PA. For example, if you want to go for training programmes you have to speak with your supervisor and convince him. So, the development programme is based on your relationship with your supervisors, regardless of the result of PA." (I 23)*

**Sub-theme:** Motivating Purpose

According to the employees, motivation is one of the main purposes of applying PA, regardless of what type of motivation they could receive. In addition, they mentioned that if PA cannot increase the level of employees' motivation, then it is useless and just a waste of time and money. In addition, the administration indicated that the purpose of the PA system in the company is to motivate its employees, whether intrinsic and extrinsic motivation. Nevertheless, the majority of them strongly believed that this purpose is not really applied, for many reasons. The following quotations express the employees' ideas:

*"Regardless of the situation in the company, I think the management should apply PA in a way that increases the employee's motivation to desire its advantage and this is the purpose of the PA from my point of view. And this is what the company should apply to make the workplace challenging, otherwise it's just a routine. Believe me, when PA is conducted in the right way, the employees will increase their performance regardless what type of motivation the PA provides to them. For me, if I know my result, 'the true result', in PA is low I will be motivated to increase my performance next year." (I 11)*

*"What is the point of conducting PA if it does not motivate the employees?. I mean here the PA is far from playing any role in*

*our motivation because the result of the PA is not really accurate. I really have no idea what is the purpose of conducting the PA in SEC because nothing will change if you have a low grade, except your annual salary rise.” (I 37)*

Conversations with the employees suggested the majority were not aware of the purposes of PA, and even those who knew the purposes ignored them because they thought that the company did not apply them. Most of the employees believed that the managers performed PA as a routine procedure, which is required by the policy of the company but not applied as it should be. According to I4:

*“I do not believe in the results and the action after the PA. The reason for that is that last year my grade was good and the year before it was excellent and I did not see any difference regarding the actions after the results. Logic says that if the results say that I am just good after being excellent the previous year, then I need to be improved by being sent to training programmes or being in a meeting telling me my weaknesses and how to improve it and take action about it, but none of this happened, so it is just a routine and some paperwork.”*

*“Every year we are doing PA and so what?. Believe me there is no benefit from it and they just do it as a regulation and I’m quite sure they know that. I mean, I’ve never heard of anyone being dismissed because he got a low result in PA, or sent for training programmes to improve his skills, just the decision on the annual increase of the salary and even then, if you have a good relationship with your supervisor you will get ‘excellent’ in the PA.” (I 38)*

Analysis of the interviews revealed that training programmes are supported by the senior management and there is a supporting fund for this. Indeed, the company spends large sums of money on training, via contracts with training companies in Saudi Arabia and abroad and establishing an online training programme in English called ‘Ana Ata’alam’. However,

according to interviewees the investment is wasted because the company does not send the right employees to these programmes. According to I22:

*“I think it is a big joke, I have been working for the company for seven years now and I’ve seen many cases regarding sending employees to training programmes. Some of the employees were sent to technical training programmes many times and these programmes are for the employees who work in the field but the employees who took them actually have nothing to do with the field whatsoever, they work in the office.”*

### **Theme 2: Method of PA**

This theme will examine the method of implementing performance appraisal, whether in the field or in the office. To be accurate in the results of PA, the method should be acceptable and completely known by the employees. The management should identify the objectives of PA, whether it is for developmental, maintenance or administrative purposes, in order to increase the acceptance of PA by the employees. I met office and field employees and most of them agreed that they did not accept the current PA method. The employees suggested that the company’s management should develop the current PA method to make it acceptable and more efficient, and they described a number of deficiencies. According to I18:

*“I have been working in the field for six years now as a location engineer. The field work is critical and it requires accuracy in taking the readings from the devices, whether it is current, voltage or overall power and any error whatsoever can cost the company a huge amount of money. Having said that, how can the same PA method as for the office employees be applied to me, my colleagues or my workers? In my opinion, the company should change its policy regarding the PA method, I mean, they should design several methods which suit the specialism of the employees.”*

Also participant I 16 stated:

*“The main problem with the current PA method is the period of conducting it. It is only one time during a year which is really inefficient, especially for the employees. In addition, according to human nature, the person always remembers the last picture so the most important for the employees in the period of conducting PA is the last quarter of the year. If your performance in the last quarter is not good you will get a low grade regardless of how good you are during the year, except the last month. What I’m trying to say is that the frequency of conducting PA in SEC decreases its effectiveness.”*

Also participant I 13 stated:

*“The problem is that PA is applied only at the end of the year which is not delivering justice because if my performance is good for eleven months and in the last month I had a problem with my manager, my result will be bad or if my performance is under the required level that means that I will stay at the same level for the whole year until the results show that. Instead, the PA should be applied every month or at least every four months and take the average.”*

Other employees raised another issue regarding the PA method in SEC, which is the low level of employees’ participation, whether in the process or in the result. Participant I 32 confirmed this:

*“In my view, the current method is unacceptable for the employees because of the low level of the employees’ participation. I mean we never have any kind of meeting with our supervisor about the evaluation, whether about the PA process or feedback regard the PA result. All the decision is in*

*one hand, which really increases the centralisation in the company.”*

**Theme 3:** The supervisor’s competence

This theme presents the employees’ ideas regarding the person who carries out the PA in SEC, in terms of indentifying the PA objectives and goals. Also, it discusses the capability of the supervisor to conduct the PA from the employees’ point of view. The majority of the employees mentioned that they strongly believed some supervisors are not capable of carrying out PA because they have a low level of supervisory skills. During the interviews, the employees claimed that the PA is extremely subjective. I31 highlighted:

*“I have worked in the company for many years. I have noticed that the managers do not do the PA application professionally, and I feel that the managers make the evaluation extremely subjective, I mean; the manager should evaluate my performance and my work, not the personal relationship and I should not have to flatter him to get ‘very good’ in my results”.*

*“For me, I think the PA result in this company is not fair because I do not trust the person who carries out the PA and I do believe some of them, their competence is really low. I mean they take the PA as a tool to control the employees and as a source of authority. Believe me, if I said to you that in the last quarter of the year just before the result of PA, they keep reminding and warning the employees about the PA. So the result of the PA is in one hand and depends on what he sees and believes about the person who deserves a high grade and no one can complain because everyone wants to have good relations with his supervisor.” (I 11)*

In addition, another factor raised concerning the person who is responsible for conducting PA, is that he needs training to apply the PA effectively. The employees believed that some supervisors need to receive training to understand the purpose of PA and how to make it a challenging tool for the employees. The following quotations express the employees’ ideas:

*“Generally, I believe that the supervisors have not been through a training programme about the evaluation performance process because the way they conduct the PA is completely wrong. Believe me, some of them do not understand the reasons behind applying the PA and some of them believe the PA is a tool to deter the employees. For example I know a supervisor who uses the PA just to keep the employees under his control.” (I 28)*

*“For me, I prefer a foreign supervisor to a Saudi or Arab supervisor because the Saudi supervisors do not have the skills as leaders and if you have a disagreement about anything regarding the work, which is normal, he takes it as disagreement with him personally. So in this case you are in trouble and do not want be in this situation. And believe me some employees waive their rights at work just to avoid this kind of trouble, because everything is in the hands of your manager.” (I12)*

Other employees explained that the weakness of PA in the company is due to the weaknesses of the supervisor. For example, sometimes the person who is responsible for conducting it has another specialism, so he cannot evaluate the work properly. I7 mentioned in the interview:

*“I am an engineer, and I work in the field, dealing with critical machines and devices. In my field there is always new technology and not everyone can understand the way it works. The person who is evaluating my work has no idea whatsoever about the old devices, not to mention the new technology, and maybe his degree was in a different area, so how can he evaluate my performance when he is not familiar with any of what I am dealing with?”*

#### **Theme 4:** The fairness of the PA system of SEC

This theme mainly focuses on the external factors which might affect fairness of the performance appraisal system in the Saudi Electricity Company from the employees' point of view. During the interviews the employees raised the concern that the result of the



performance appraisal system is unfair, because the PA system is affected by the personal relations in the company, 'Wasta', which means the connections of the employee. The interview data indicated that the employees focused on the relations between them and the manager, because they perceived this is the only thing that the managers care about, not the performance of the employee. Surprisingly, the employees claimed to know, from the first quarter of the year, who would get an excellent, good or weak rating. The following quotations will express this:

*"I have been working in the company since 2004, I moved between several departments in the company and in the last two years I moved to the technical support department and there is an employee who got an excellent grade in the last two years just because he is a relative of the manager and there are employees who are way better than him in all respects. Maybe you are wondering why I don't complain about that, I mean losing a bonus and getting an excellent grade in my file. It's because I want to keep my relations with my manager because I do not want to lose it for just a one month bonus; a good relationship with the manager means training programmes, promotions and moving from one department to another." (I 4)*

*"Honestly, it's far from fair. Actually, we've got used to it and we have heard and seen many stories regarding this issue. No one in this company can deny the fact that the PA system is unfair and the relationship with the supervisor play a significant role in the result of the PA. Also, I'm sure most of the employees have been through this kind of unfairness. Frankly, if you have a really good connection in this company, 'Wasta', you will get whatever you want, not just a high grade in PA." (I 24)*

The Saudi Electricity Company is one of the most important and biggest companies in Saudi Arabia. Not just that, it is one of the leading companies in the stock market. It has a large workforce, who are recruited from everywhere; other companies, the public sector and abroad. The majority of the foreigners are Asians and the others are from North Africa, especially from Tunisia. I met some of the foreign employees and they answered the

interview questions with some diplomacy. Some of them mentioned that there is a sort of bias toward the Saudi employees in PA or other systems. According to interviewees 21, 30 and 10:

*“I have been working for the SEC for ten years and I worked in many branches of the company in many cities and in all the regions. The salary is good here, better than the companies back in my country, but I have not developed or improved myself. The only training programmes I have been sent to are here in Saudi Arabia, because the policy of the company states that only the Saudi employees can go to training programmes abroad, not to mention the biased results of the PA and I think this is bias against the foreign employees because we all work in the same company and we serve the same purpose of the company, that is why I think it is unfair to the foreign employees”. (I 21)*

*“The fairness level in PA system is low for all the employees, not just the foreign employees. But being a foreigner sometimes you feel the supervisor prefers to give the Saudi employees the higher grades in the PA, regardless how good you are. So for me I think the evaluation of the employees performance should be based on the performance and no matter if you are Saudi or a foreigner. Even the Saudi employees are complaining about the fairness.” (I 30)*

*“Since late 1999 I have been working for the company and I’ve served in many departments but I have been moved to the maintenance and operation department. In my opinion, the PA system is just on paper, I mean it is not real; the managers do not take performance into consideration. I remember once in August 2007, as you know the Saudi climate is hot because it is a desert, so every building has to have air conditioning units and these units use a lot of electricity, not to mention the other electrical devices in the building, whether it is a commercial building or a private property, and all of these devices are considered as loads on the network of the main electrical source in the city. One of the generator systems was down and it*

*was providing power to a big district in Riyadh at the peak time in the afternoon when the temperature was sixty five in the shade and I was off duty and I was called because the employees who were working on that shift could not solve the problem at hand, so I came and I worked for an hour and I solved it, then at the end of the year I was evaluated as good and two of the employees on that shift had excellent grades. So it is just on paper” (I 10)*

#### **Theme 5: Low Level of Employee Satisfaction with Performance Appraisal in SEC**

This theme will present the level of employee satisfaction and discuss whether the employees are satisfied with PA or not and why, and if dissatisfaction will affect their response to PA. Among employees in several places and at several levels in the company, surprisingly, the level of dissatisfaction was quite high. Being dissatisfied with PA affected the responses of the employees negatively. Generally, the main reason for the employees’ dissatisfaction was the sense of unfairness in the PA. For instance, I26 stated:

*“I have been working for the company for many years and I have experienced PA and I am not happy about it. In my opinion, the PA system is weak in the organisation because the employees’ participation is limited. The PA system is serving the company and the employees at the same time and if the employees do not participate in setting goals for the future from their point of view and the company management take them into consideration, the system will not meet the expectations of the company.”*

Some interviewees stated that satisfaction with the PA system in the company is low because of factors affecting the results of the PA. I1 claimed:

*“I work in the technical support department in the company as a technician. Sometimes I do desk work answering the emergency hotline and then I go to the field to deal with the failure or the error that occurred in the system or the network. Once I received an emergency call and the location was about 160 miles in the desert, so it took a long time to get*

*there, fix the problem and come back. I arrived home at two in the morning and naturally I was an hour late for work, so my PA result was bad. The manager was evaluating me on the attendance, not the performance. Since then, I mostly care about my attendance more than the performance, to get a better result in the PA.”*

The majority of the employees explained their dissatisfaction with the system by their dissatisfaction with the results and the way that the organisation deals with them. The following quotations confirmed this:

*“Of course I am not satisfied with the PA system, because it is serving the company only, because whether I am doing well or badly the company does not take any action about it. Like if I am good, they should give me a promotion ( my promotion has been delayed for 5 years) and if I am doing badly that means that I have weaknesses and I need training programmes or workshops to improve my performance and make these weaknesses go. Therefore, the system is not useful and whatever the results are, I just ignore it.” (I 35)*

*“I’m not really satisfied with the PA system in the company. The main source of this dissatisfaction is the unfair PA in the company. Because everything is based on it (promotion, annual salary increase) and if it is not fair then I will waste my effort. Add to that, if you complain, no one from the top management is going to hear you.” (I 20)*

#### **Theme 6: Cultural Impact on Performance Appraisal**

This theme will examine the impact of culture on the performance appraisal system, and whether it affects its process and accuracy or not. Interviews indicated that there is a strong effect on the implementing process and results of the performance appraisal system. Personal connections, tribal relations and regionalism affect the implementation of the PA process and affect the results accordingly. Some foreign employees explained their problems with the way the PA system in the company is implemented. For example, I27 and I 10 stated:

*“Being a foreign employee in the company and from another culture I can see the impact of culture on PA. The reason that I am saying this is because the manager gives the Saudi employees almost all the privileges just because they have the same nationality. My result in the PA last year was ‘not good’ and the Saudi employees had ‘excellent’ and ‘very good’, because of the strong culture. The managers do not actually evaluate the performance of the employees, they just give the grades according to the nationality and personal connections” (I27)*

*“From my experience I do believe that the Saudi culture influences all the HRM functions, not just the PA. And even we, the foreign employees, we know connections, friendship and being from the same tribe have an impact on the process of the PA, which really holds back the development of the organisation and the employees as well. But I think that will change with time.” (I10)*

The Saudi employees faced the same problem as the foreign employees and claimed that culture affects their results too. I19 and I 29 explained it as follows:

*“From my point of view, what counts in the work place is the performance not the interpersonal relationship but in our organisation is the opposite There are some managers who give some employees a high rating in PA because they do not want to lose their relations or to prevent any problems with them and I have witnessed this.” (I19)*

*“No debate about the impact of the Saudi culture over the PA system. I strongly believe the culture in Saudi is highly emotional. I mean by that if an employee is facing some financial problem in his life or deserves a promotion but needs ‘good’ in PA at least, the manager gives some employees a high grade in the PA just because he empathizes with this employee.”(I 29)*

Saudi Arabia is made up of tribes and almost everyone is affiliated to a tribe. Thus, one of the factors related to culture that affects performance appraisal is tribal relations. I39 and I 9 highlighted:

*“In any organisation, if your manager or supervisor is from the same tribe you can consider yourself lucky because there is a high likelihood that you will have a high rating in PA because it is ‘shame’ if he does not [give it to you] and you both are from the same tribe. I witnessed this in the company as the employees who are from the same tribe as the managers get a high rating in PA and the other employees do not.” (I 39)*

*“Actually, this problem of the impact of the culture I think is not just in Saudi Arabia but everywhere in the Middle East. However, I think in the Gulf countries, of which Saudi is one, the influence of the culture is more obvious because the society in those countries is more tribal so as you know, in the tribe if you do not stand up with a person who is from the same tribe, how shameful that is for you. But honestly, comparing the situation now with 10 years ago it is much better and people have started to leave this backwardness.” (I 9)*

### **8.3. Motivation**

This study was focused on the two-factor theory which was introduced by Herzberg et al., (1959). Basically, Herzberg et al.(1959) classified motivation factors into two main categories, namely, hygiene factors and motivator factors. Based on the classification of Herzberg the hygiene factors include company policy, interpersonal relations, working conditions, pay, status and job security. The hygiene factors are related to job context and lead to job dissatisfaction, while the motivator factors concern the content of the job and lead to job satisfaction. The motivator factors include growth, the work itself, advancement, recognition and achievement. According to Ruthankoon (2003), the basic differentiation between those factors is that the hygiene factors result from extrinsic factors which are related to the work environment, while motivator factors result from intrinsic factors associated with the content of the job. Whitsett and Winslow (1967) argued that Herzberg’s two factor theory has made an important contribution to managerial knowledge

by clarifying various resources of job attitudes. In addition , Luthans (1995) stated that highlighting the importance of the job content factors in terms of motivating individuals is considered as one of the greatest contributions of Herzberg's theory. It sheds light on the fact that the individuals can be motivated by advancement, recognition, achievement and growth, and not only hygiene factors could motivate the individual. In addition, Whitsett and Winslow (1967) argued that Herzberg's two factor theory has explanatory power which inspired scholars and stimulated an enormous volume of research in the area of human relation and motivation. Based on that, the current study used Herzberg's two factor theory as a guide to explore the employees' motivation in SEC. As a starting-point, the following is a short description of hygiene factors according to Ruthankoon (2003):

- **Company policies:** this concerns the feeling of the employees regarding the sufficiency or insufficiency of the organisation management, which includes the organisation policies, lack of authorized power, rules and poor flow of communication.
- **Job security:** this is considered one of the most important of hygiene factors. It concerns the feeling of a sense of security in the institution or the employee's position.
- **Relations in the workplace:** this concerns the relationship and interaction between managers, supervisors and employees at the workplace, which can influence a sense of dissatisfaction.
- **Pay:** this basically refers to the increase or decrease of the person's salary in organisation
- **Work conditions:** refer to the good or bad physical facilities surrounding the job, such as office size, air-conditioning, noise, and light.

The following is a brief description of the motivation factors which lead to the presence or absence of a sense of motivation:

- **Recognition:** this refers to when the employee receives recognition after accomplishment of a specific task from supervisor, manager, and his/her

colleagues. Negative recognition includes criticism and blame, while positive recognition includes financial and non-financial rewards.

- **Work itself:** this refers to the nature of the job itself in the employees' view, i.e. whether it is interesting, boring, challenging and difficult.
- **Advancement:** it refers to the employees' expectation of receiving promotion. For instance, when the employee does not receive the expected promotion in his/her job, than negative advancement appears.
- **Growth:** it includes the opportunities for the employee to receive promotion, learn new skills and develop.
- **Responsibility:** it is associated with freedom at the workplace, whether employees are given a chance to make decisions and implement their new ideas.
- **Achievement:** it refers to a feeling of the sense of success when the employee completes his/her task or solves a problem.

### **8.3.1. Employees' perceptions of job context factors (Hygiene Factors)**

This part of the data analysis presents the outcomes of discussion with employees in SEC regarding the five context-related factors, which are job security, relations in the workplace, pay in the company, work conditions and the company policy.

#### **Theme 1: Job security**

The main aim of this theme is to explain the employees' opinions regarding job security in the company. It also investigates whether they are motivated by job security in the company or not. Surprisingly, most of the participants strongly affirmed that they were satisfied with the level of job security in the company. Also, they strongly believed they were protected by law and they would not be dismissed from their job because of low performance. In addition, some of them affirmed that job security in the company was the main reason for staying in the company and not moving to another company. Participant I15 stated:

*"I have worked in this organisation since it was public, before it converted to a private organisation, I have not heard of anyone being laid off from his job as a consequence of low performance. Honestly, we*



*rarely hear that someone has been dismissed in the company and if it happens; it will be for a reason such as being absent for a long time, but surely not for getting a low evaluation in the performance appraisal result.”*

Also, other participants supported the previous opinion regarding job security in the company. If an employee is given a low rating in the performance appraisal, the only action that the manager takes is just a friendly small meeting. The maximum penalty is for the employee not to get a rise for that year or to have his promotion delayed, because the regulations of the company regarding promotion require the employee to get a good grade in his performance appraisal result to receive promotion. Participant I 32 stated:

*“No one can deny the fact that dismissing the employee from his job because he got a low rating in the performance appraisal is not common action. What I know from my experience, we have five grades in the performance appraisal, which are excellent, very good, good, satisfactory and unsatisfactory. However, an employee who gets a low rating, he will receive a low rise in his salary or in the worst case he will not get a rise in his salary or his promotion will be delayed and that is the worst penalty he will get.”*

Surprisingly, some of the participants raised an interesting issue, that the high level of job security in the company leads to low job performance and that will in turn have a strong impact on the performance of the organisation. This point of view was supported by participant I 17 who explained:

*“Unfortunately, some of the employees abuse this advantage by neglecting their job, especially those who have no ambition for raises, promotion and improving their performance. Consequently, the organisational performance will be affected badly”.*

In terms of the importance of the job security and to what extent they are motivated by it, nearly all of the employees argued that job security is one of the most important motivational factors for them. Also, they saw it as a basic need for anyone and more

important than any other motivational factors. This point of view was expressed by participant I 20, who commented:

*“Imagine you have a really good job and you have been paid very well but the level of your job security is low, it’s useless. I mean by that you can’t enjoy it when you do not feel safe regarding your future. Somehow, the company is similar to a public organisation and that means if you get a job in the company, it’s your job for life unless you want to move to another organisation or you have done something really unacceptable and I have not heard of anyone being dismissed in this company.”*

With regard to the employees’ interpretation about to what extent job security motivated them, some of them, especially the older employees viewed it as a crucial factor and claimed they were very highly motivated by it and it increased their performance. Participant I 36 reported:

*“I have a family and kids who want go to a private school and have a good life. By that I mean I do not want any kind of financial problem, not just for me but for my family as well. Also, from my point of view regarding this issue I think job security is an integral part of employee productivity at the workplace.”*

## **Theme 2: Working conditions**

This theme focuses mainly on the employees’ opinion regarding the work conditions in the Saudi Electricity Company and whether they were satisfied with them or not. According to the result of the interviews, the situation is quite mixed; some of them were very satisfied with work conditions, especially those who worked in the office and had some sort of supervisory position. This view was affirmed by participant I 16, who highlighted that:

*“I have been working in the company for quite a long time and the working conditions have improved dramatically since the company was*

*converted to the private sector. I'm working as a supervisor and I'm happy with my working conditions. I have some responsibility and that makes my work interesting and if I face any problem I can go directly to my manager and speak with him about it. Also I have my own computer, office and air conditioning. What I'm trying to say is that comparing my working conditions with those of other employees, particularly in the public organisations, I have much better working conditions, which helps me to achieve my task."*

In addition, some of employees emphasised the importance of working conditions and how they could affect their productivity. Participant I 33 mentioned:

*"As you know I spend most of my time every day at my work and good working conditions should be available. I mean by that, working conditions are really important due to their impact on increasing or decreasing my level of productivity in the company."*

By contrast, some of the employees who expressed their opinion regarding the working conditions were not very happy with them, particularly those who worked in the technical area and had to go out in the field. Since the company supplies electricity, employees who are working in the field face many types of risk. This point of view was expressed by participant I 37, who commented:

*"Do you know what we deal with every day? We deal with high voltage electricity, power, energy and turbines and I think that is enough to explain how risky our job is. We have asked many times for risk fees but always the company refuse our claim. Honestly, the working conditions in the company are very poor and that has a significant impact on our motivation level."*

Other employees confirmed this idea regarding the risk in the field. The work environment in the company is surrounded by many kinds of hazard. According to participant I 7:

*“There are some kinds of hazard which have a strong impact on our body, such as noise, gases and vapours. The impact of this type of hazard appears after a long period of time. However, since the company does not pay any type of compensation, I would love to move to any department that has office work, but I can’t because my specialism is in the field. Seriously, working conditions in the company let us down and decrease our level of motivation.”*

Participant I 40 confirmed the previous point of view:

*“In addition the company operates different electrical systems, such as the power situation which is working in steam at high temperature which might exceed 400 C to produce 380,000 volts and the operating situation which involves work with light and heavy fuel, yet with all this kind of dangerous environment there is no hazard pay for the employee. How come, don’t ask me. It’s something unacceptable and disappointing”*

In addition, some of the participants who were working in the field stated that the company sometimes tries to violate its duty regarding compensation for employees when something happens to them during work hours. This point of view was asserted by I 10:

*“Yes, true, the company has some regulations regarding compensation in its policy but in reality the situation it’s quite different and honestly it’s just ink on paper. What I’m trying to say is that if something happened to you during the working hours the company will do its best to avoid taking any kind of responsibility. I know one of my co-workers who went out of the city as technical support and on his way back to the city he had an accident and died. However, his family claimed for death benefit but they received nothing.”*

Regarding the importance of working conditions and to what extent they attracted them to the workplace, most employees confirmed that good working conditions are something

that should be present as a basic thing to have a good work environment. This view was supported by I 13:

*“I do not see good working conditions as a motivation factor, I think it’s something basic that should be present at any work place. I mean by that, how do they expect me to finish my task when I don’t have the basic requirement, which is good working conditions? I would not consider it as a motivation factor.”*

### **Theme 3: Pay**

This theme is concerned with money, which is one of the most debated motivation factors. All the employees confirmed the importance of the pay in increasing or decreasing their motivation level. Nearly all of the participants were dissatisfied with the pay factor in the company. However, employees gave many reasons for this disappointment with pay. For instance, some employees perceived inequity when they compared their salaries with those of other employees in other organisations. This point of view was confirmed by I 19, who stated:

*“I’m quite sure that pay in private organisations is one of the most attractive motivation factors for the employees. I have some friends who work in other companies such as Aramco or SABIC; their salary is much better than mine, even though we graduated from the same university and studied the same subject, which is electrical engineering. It’s really disappointing and affects the level of motivation badly”.*

Some employees compared themselves with other employees in the same organisation, especially those who had worked in the company before it converted to a private organisation. Participant I11 commented:

*“It’s really unacceptable when you see someone who holds the same qualifications as you and has no experience has been hired at a higher grade than you. And the reason behind that is just because they were hired in the company since it’s become private and you were hired when*

*it was public. Yes it's true, we sometimes feel inequity and that has a real impact on our motivation in the company."*

Noticeably, there was a sense of imbalance between the employees' wage and their effort, time and experience, especially in the case of employees who were working in the field. According to I 12:

*"I have been working for a long time in the company as a power engineer and I sometimes spend a long time to fix some problem. I know it's part of my job but sometimes I have to work for a long time and sometimes do something or fix something which saves time and money for the company and I do that by my experience but unfortunately they do not appreciate it when I compare my experience, effort and time with my wage. Also I work outside the office and you know what the weather's like in Saudi and other employees are working in the office and have great facilities and at the end of the day we have the same salary."*

Also, most of the participants agreed that their salary was low and did not provide them with a decent life and some of them faced financial constraints because the cost of living is getting very high and the company does nothing regard that. According to I 4 :

*"As you know, life is changing in Saudi Arabia, particularly after the skyrocketing prices of necessary goods compared with five years ago. Even the public sector has increased their employees' salary last year and gave them [a bonus of] two months' salary as support."*

Another issue raised regarding pay was the annual increase in salary. The company has based its regulations regarding the annual increase on the performance appraisal. However, the majority of the employees claimed that performance appraisal in the company is affected by other factors, which consequently impact on their salary. Participant 35 confirmed that:

*"I think the company should find some solution regarding the performance appraisal of the company. Otherwise don't link it to the*

*annual increase of the salary. In my view the result of the performance appraisal has been affected by many factors such as the relationship between supervisor and employee, tribe and supervisor efficiency. I really believe that my performance will be increased when my result in the performance appraisal is linked to the annual increase of my salary but only when it's fair, otherwise it's really disappointing.”*

#### **Theme 4: Relationships in the workplace**

This theme focuses on employees' participation in interpersonal relationships in the workplace with their supervisors and colleagues. The employees mentioned various reasons for the importance of a good relationship with their supervisor. Some of them ascribed this importance to the teachings of Islam, which encourages obedience to leaders and respect for elders. I 39 expressed it this way:

*“Saudi Arabia is an Islamic society and our religion teaches us to obey and respect our leaders. No one can deny the fact that a good relationship with your boss will lead to a great work environment. I respect my supervisor and I have a really good relationship with him and that encourages me to do my best and increase my performance.”*

By contrast, some of the employees stated that some employees had a negative experience with their supervisors. Many of the participants had been through some problem with their supervisors because the latter expected the subordinates to do whatever they asked them. This point of view was confirmed by I 7:

*“Unfortunately, some supervisors expect their employees to do whatever they ask and if you refuse they take it personally. We sometimes disagree regarding some issue related to work and that affects the relationship negatively. And honestly that affects my motivation.”*

Surprisingly, during the interview some participants described the situation more clearly and honestly. They stated that a good relationship with your supervisor is an integral part of your growth. The interpersonal relationship with the supervisor was mentioned many times and seemed to be a crucial factor for most of the employees. I 18 asserted:

*“I can guarantee that a good relationship with your supervisor is the magic stick that can do anything. If you want to get promotion or reward then you have to have a good relationship with you supervisor. Also, you have no problem regarding performance appraisal or anything.”*

On the other hand, some of the employees had a quite different idea regarding relationships in the workplace. Since the majority of the population in Saudi Arabia belongs to a tribe, some of the employees highlighted that there is a kind of tribal grouping in the organisation which affects the relationship between them. This point of view was affirmed by I 9, who stated:

*“Honestly, if your supervisor belongs to your tribe or the same region that means you are so lucky. I mean by that some supervisors give some employees “excellent” in the performance appraisal result and he gets a reward or promotion just because he is from the same tribe No one can deny that fact; it’s happened many times in my department. Definitely, that affects my relationship with my supervisor and affects my motivation as well.”*

In terms of the importance of the relationship between the employees, interviewees considered it as an essential issue in the workplace. In addition, they stated that it is very important to be accepted by your colleagues, because that will increase the sense of team work and increase the healthy work atmosphere, which impacts their motivation positively. I 6 highlighted:

*“I have a really good relationship with my colleagues and we work as a team and family. We’ve worked in the same department for a long time, we support and help each other. Honestly, this atmosphere motivates me every day.”*



### **Theme 5: The company policy**

This theme will focus on the company policies and discover how they might affect the employees' level of motivation. All the interviewees agreed on the importance of the company policies and described them as an essential factor which has a direct impact on their motivation. However, the majority of the participants were very unhappy with the company policies regarding various issues such as supervisors' authority, promotion policies, co-operation and the vacation system.

In terms of the supervisors' authority, some participants mentioned that they considered their supervisor as lacking authority in making decisions on the employees; they said that any decision had to be signed by many signatories before being activated. This point of view was affirmed by I 30 who stated:

*“Making any decision involves a long process in the company and that takes a long time and affects the organisational performance. The reason for that is that the supervisor is scared to take any kind of responsibility in case anything goes wrong and they might lose their position. Definitely that affects my motivation when I do not trust my supervisor.”*

Some participants said that they suffered from ambiguity in the company regarding its policies on matters such as promotion. In turn, this ambiguity has a negative impact on their advancement in the organisation. According to I 24:

*“I have worked in the company for more than 14 years and I had previous experience. However, I commenced work in the company with some colleagues on the same day and we have the same qualification. However, I'm still on grade 45 and they've had many promotions and some of them reached grade 48. Now I do not want promotion, I just want to understand what the promotion policies are based on, because this is not fair and has a negative impact on my motivation.”*

Other participants highlighted that they felt the lack of teamwork spirit in the company, due to the lack of co-operation between the supervisor and his employees. In addition, they

mentioned that they did not have a regular meeting to set up a work plan and clarify their objectives. According to participant I22:

*“We rarely have meetings with our supervisor. It should be at least once a month, to clarify our goals so that will inspire a feeling of working as a team and motivate us to reach our target.”*

### **8.3.2. Employees’ perceptions of content factors**

According to Herzberg (1966), content factors include recognition, the work itself, growth, responsibility, advancement and achievement (Mullins, 2002). This section of the data analysis will present the employees’ perceptions toward those factors.

#### **Theme 1: Recognition**

This theme will focus on the ways the interviewees prefer to receive their recognition and which form has a significant impact on their motivation level. The interviewees mentioned various forms of recognition. Some of them mentioned their manager as the main source of their recognition. In addition, they considered their manager’s trust and words of appreciation from their manager as the most powerful form of recognition. Participant I 2 expressed this view:

*“In my opinion, I strongly believe the fact that my manager is the main source of my feeling of recognition. When he supports me and trusts my work, that would have a significant impact on my motivation. Also, that will encourage me to improve my performance. Also when he appreciates and thanks me when I have done some task perfectly, that would increase my feeling of recognition because at the end of the day we are human with feelings and we need that word. Believe me, the words “good job” or “bravo” should be more than enough”.*

Other employees had completely different ideas about recognition. They expressed their idea regarding recognition in terms of the main and the most obvious way of the recognition that they perceived or preferred, which is promotion. According to their explanation,

promoting their employees is the best way for the manager or the top management to show their recognition of employees' performance. This point of view was confirmed by participant I3, who stated:

*“I will express my idea frankly and honestly. If the manager does not give his employee promotion, that means he does not appreciate and recognise the employee's performance and that is loud and clear because promotion means the employee is capable to be in this job and gives him a chance to move up to a higher position with a harder responsibility.”*

By contrast, other employees perceived recognition as coming from their colleagues, from the members of their team, family and friends because of the lack of the recognition from their supervisor or managers. The following quotations explain their point of view. According to participant I 9:

*“For me I derive my recognition from my colleagues in the department. They believe in me and they trust me when I sometimes lead the team. Also, this kind of recognition is more important for me than the one from my manager because I see my colleagues every day and I work with them.”*

*“I think I get my recognition from my family and also from my friends. They respect what I have done in my life and my work. From my supervisor, honestly, I have received nothing, which is a real shame.” (I 13)*

## **Theme 2: Work itself**

This theme will discuss the work itself and whether employees were satisfied with it or not. Also it will discover whether they thought the work itself motivated them and how. During the interview it was interesting to notice that the employees mentioned various aspects of the work itself. Hence, this theme will have some sub-themes such as innovation, interest, challenge and clarity of the task.

### **Sub theme: Innovation**

As shown in the findings from the interviews, the employees who have a kind of technical specialism are highly motivated and satisfied in terms of innovation in their job because their job presents a great chance for them to come up with new and unique ideas. Technical employees enjoy their job design because of the nature of their task they deal with every day, which contains challenge and difficulty. Participant I7 stated:

*“Dealing with electricity machines gives me a great possibility to think and find out some solutions to solve some problems in the work. It really increases my creativity and innovation and due to this reason I’m really enjoying my work.”*

The previous point of view was supported by Participant I 19, who stated:

*“Innovation is an integral part of my job. I’m an electrical engineer and sometimes I have to solve any kind of problem as soon as possible. Especially in the summer when consumption of electricity is at a high rate and the demand for electricity is increasing sharply and that sometimes causes some problem but we have to face it immediately. So, I think I’m really lucky to have this kind of job, which presents unlimited opportunity, for creativity and innovation”.*

By contrast, some employees faced some kind of limitation in terms of innovation in their job because of unsupportive managers and the routine of their job. According to the participants some managers hold them back in their job, for fear anything might go wrong. Participant I 6 highlighted that:

*“Honestly, the innovation opportunities on my job are really limited, even though my specialism is in a field which offers a wide range of innovation. The reason for this limitation is my manager who does not support me. Honestly, I’m quite sure if something goes wrong he will not stand up for me.”*

*“There is no chance of innovation in my job, which is customer service. The same application and procedure every day, just different customers”.*  
(I38)

**Sub-theme: Interest**

This sub-theme will present interviewees’ ideas regarding their job and to what extent they found it interesting and motivating. According to the interview results the employees who were very experienced and had been doing a variety of types of job were greatly enjoying doing their job. Also, employees working in the field found their job interesting. These points of view are supported by the following quotations:

*“It’s really interesting to know or discover a new thing. True, no one can deny the fact that specialization increases the quality of the job, but somehow it’s really boring. So for me I have been moving in different positions that enable me to learn new things and gain some new skills and that increases my self-confidence, especially when I have a sudden problem I can respond and handle it easily”.*(I 1)

*“Every day I have a different task and try to solve a new problem and that is interesting for me. Yes, I think I’m in the right job”* (I 22)

*“The main source of interest in my work comes from the amount of the responsibility that I have as a person who has good experience. I really enjoy being in charge and involved in any kind of work”* (I 16)

On the other hand, there were some employees who were not very happy in their job and expressed their dissatisfaction with the level of the interest in their job, especially those who were doing some sort of office job. The main reason for their level of dissatisfaction was the routine of their job. According to the findings, the participants who worked all the time doing office work were dissatisfied and demotivated due to the lack of the interest in their job and because they had been doing the same job for a long time. The following quotations confirm this point of view:

*“There is not any kind of interest in my job. I’ve been doing the same job for a long time. My job yesterday was the same as today and tomorrow. I’m a meter reader, I just take the numbers and that, it’s nothing more and nothing less. Frankly, it’s really boring.” I29*

*“Due to the nature of my job, there is a kind of routine which affects the level of interest in my job. I’m in the HR department and I’ve been doing the same administrative job since I was hired in this company”. (I25)*

**Sub-theme:** Challenge

This sub-theme discusses the work atmosphere in the SEC in terms of the job challenge. Clearly, the findings of the interviews show that interviewees who were working in the field had a high level of satisfaction with the job challenge. The employees interpreted their job challenge by the difficulty of some of the tasks they faced, handling sudden problems and the short time for solving those problems. This point of view was confirmed by several participants:

*“My department is one of the most important departments in the company and as a power engineer I think my job is really difficult, especially when I’m dealing with turbines. Honestly, this kind of difficulty increases my feeling of challenge and I really love what I’m doing.” (I31)*

*“As you know, in the summer the demand for electricity increases sharply every year and that sometimes causes some sudden problems in the main station or outside the city. Responding to those problems as soon as we can makes my job really challenging” (I 4)*

*“The matter of time is really important and that’s what increases my feeling of challenge in my job. Especially in the summer when the temperature is really high.”(I 13)*

**Sub- theme:** Clarity of the task

During the interviews the employees raised one of the factors which might have a significant impact on their motivation, which is clarity of their task. According to their explanation, when the employees have a clear and specific task, they will be motivated to finish it. The following quotations confirmed this:

*“Unfortunately, sometimes there is a kind of lack regarding the task clarity, because there is no fixed policy and the task is set on based on personal desire.” (I 3)*

*“Sometimes my manager asks me to do a task without a clear specification. So I have to ask and call many departments to complete this task and it consumes quite a long time. Consequently, this lack of clarity would affect my performance and sometimes my manager puts blame on me” (I 35)*

**Theme 3:** Growth

This theme will present interviewees’ interpretation regarding personal growth/development in the company, specifically promotion and how it might affect their motivation and satisfaction level. According to the interviews, most of the employees considered promotion as an integral factor in their motivation levels, as they saw it one of the most important indicators of their level of recognition in the company. Generally, the employees in SEC were not very happy with promotion in the company, especially employees who were hired in the company before it was converted to a private organisation. In addition, some of them had promotion delayed for quite a long time. According to their explanation, the top management in the company think their salary is already high. Participant I 5 expressed that:

*“Honestly, I’m not really happy with the promotion in the company because my promotion has been postponed for many years and it’s affecting my level of motivation. I really wish there were logical reasons or explanation for postponing of my promotion. There is only one*

*explanation, which is that the company thinks our salary high. So yes, I'm really dissatisfied with this unfair treatment."*

Also, some employees were dissatisfied with the promotion in the company due to other reasons such as the regulation governing promotion and the impact of personal relationships. In addition, they strongly believed that promotion is an essential factor that would increase employee motivation to improve performance and develop skills, in the desire for promotion in the future. The following quotations confirmed this point of view:

*"I think the promotion regulation in the company is disappointing and unfair, since only 15% of the company's employees will be promoted, no more than that and maybe less than this percentage. So that decreases my level of motivation" (I 29)*

*"The personal relationship is the magic stick in the promotion decision in the company. I mean by that if you do not want your promotion delayed then you should form a good relationship with your manager. It's really unacceptable that the authority to make this decision is in one hand. For example I know an employee on grade 50 and he has the same qualification and less experience than me and I'm still on 46." (I 15)*

Moreover, some employees highlighted that the promotion decision is based on the result of the employee's performance appraisal and this is the main problem with the promotion system in the company because unfair performance appraisal is quite common in the company. Participant I 39 stated that:

*"If the basis is already wrong, what do you expect? I mean by that, according to the regulation in the company the employee is eligible for promotion every three years and he is required to get at least "good" in the result of the performance appraisal in each of those years, otherwise he misses the promotion. However, no one in the company, I mean employees, not the top management, can deny the fact the performance appraisal is affected by external factors.*



#### **Theme 4: Responsibility**

This theme will present interviewees' opinions regarding responsibility and what it means to them when they have extra levels of responsibility. The findings of the interviews show that the interviewees were satisfied with their level of responsibility and some of them desired extra responsibility, especially the engineers. It meant to them that their supervisor trusted them and they were more capable than other employees. This point of view was confirmed by participants I 18 and I 14:

*“For me, responsibility means I’m very good at what I’m doing and it encourages me to improve it so I do not let my supervisor down, because he trusts me and trusts my job, otherwise he would ask another one of my colleagues.” (I18)*

*“I’m looking at responsibility from a different perspective. What I’m trying to say is that responsibility increases the person’s motivation to know a new thing and learn new skills.” (I 14)*

By contrast, some employees were not very satisfied with their level of responsibility, due to the routine of their job. In addition, other employees considered extra responsibility as extra work and effort without benefit. The following quotations express this point of view:

*“I’m working as a meter reader, which is somehow quite boring. Honestly, I’m not really satisfied with my responsibility because I always do the same job, nothing different. But what can I do? I’m waiting for them move me to another department because I really believe in myself and could do better than that.” (I 29)*

*“Everyone knows that when your manager adds more responsibility to you that is clear evidence of how good you are. But the main question here is what do you get after that? Nothing. If something goes wrong he will blame you and if not he will take the credit himself, which is really a shame and affects my level of motivation.” (I 17)*

## **Theme 5: Advancement**

This theme will present the employees' interpretation regarding the job advancement and how it might affect their motivation level. Generally, all the employees considered job advancement as the main opportunity for improving themselves and getting promotion (this factor has been discussed in a previous theme). In addition, it seemed to them as an integral factor of improving their skill and increasing their job responsibility. Moreover, the majority of the employees were aware of the importance of job advancement in terms of motivation. Participants I 16 and I 2 expressed this:

*“Personally, I think job advancement is a great opportunity for me to move to a new position with a new responsibility. I’m now a supervisor in the communication department, which is an important job in the company, but I’m looking for moving to another post which is more important in the company.” (I 16)*

*“Recently, I have been moved to a new position as supervisor of the SCAD group, which includes all the SCAD facility and this is really a huge responsibility, because my manager trusts my work and I will do my best to prove that I’m worthy of this trust and I’m capable of this responsibility. For me this is job advancement and I’m looking forward to having a new responsibility.” (I 2)*

However, most of the employees, whether working in administration or in the field, were not very satisfied regarding job advancement in the company, for various reasons such as lack of administrative training programmes and some other factors which affected the decision to choose employees for training programmes. The following quotations express this point of view:

*“The concept of job advancement means for me improving and developing the employee’s skills by sending him to local or overseas training programmes. But unfortunately there is a lack of administrative training programmes and the company focuses on improving the technical employees’ skills. I really wish the top management would*

*change their view regarding the administrative employees and provide them with more training programmes.” (I 8)*

*“Developing and learning new skills by training programmes to qualify the employee for a new position with a new and difficult responsibility, especially for employees who are working in the field, that’s what job advancement means to me. No one can deny the fact that the company spends a huge amount on money for training programmes, but the problem is the way they choose the candidates. Frankly, the decision is based on some other factors, not the merit of the employees, such as personal relationship.” (I 11)*

#### **Theme 6: Achievement**

This theme will present interviewees’ ideas regarding the achievement opportunities at SEC and to what extent they affect their motivation. The majority of the employees were satisfied with the achievement opportunity and this had a significant impact on their level of motivation. The employees attributed their sense of achievement to various ideas such as reaching targets, saving time, customer satisfaction and solving problems. The following quotations express those ideas:

*“Personally, I feel a sense of achievement when I reach the target that my manager assigned it to me specifically. Even sometimes there is a lack of achievement opportunity but I try hard to make it by myself.”(I 21)*

*“For me, I remember in the summer last year we had a serious problem in the turbines because there was a short-circuit in the cables and that caused a huge fire and the whole system was down. However, solving this kind of problem needed a long period of time and as you know, time is really an important issue. However, we sorted it out in a really short time and that really was the most incredible achievement for me and my colleague and made me feel I really deserved my wage.”(I 20)*

*“I look at achievement from a different perspective. Since I’m working in Customer Services and help the customers and increase their satisfaction, I feel a sense of achievement and this encourages me to improve my performance.” (I 38)*

*“Honestly, solving any kind of problems in my work raises my self-esteem. It’s a kind of challenge for me and I’m really happy about what I’m doing and I think this is the best job for me.”(I 5)*

On the other hand, some employees not very happy regarding the achievement opportunity in SEC. The main problem in this issue respect was the leadership style of their supervisor. This point of view was confirmed by participant I 23:

*“How could I feel a sense of achievement when everything good will be attributed to somebody else? I mean by that when I have done something really good my supervisor attributes it to himself. It’s really disappointing and has a negative impact on my motivation.”*

#### **8.4. The Relationship between Performance Appraisal and Employees’ Motivation in SEC**

This section contains several themes which present interviewees’ ideas regarding performance appraisal in SEC. Basically, it provides employees’ points of view regarding the impact and importance of performance appraisal on the level of employees’ motivation in general. Also, it will compare those general views of the role of performance appraisal in employees’ motivation with the current situation in SEC. This current category includes awareness of the importance of PA, the fairness of PA, feedback, and whether the result of PA is linked to reward.

**Theme 1:** Awareness level of the importance of PA in terms of motivation

This theme discusses the awareness of the employees regarding PA in SEC in terms of the role its might play in their motivation. The situation was quite unclear in terms of their understanding of the importance of the PA and they could not distinguish between what they knew regarding the role of PA and their current situation in the company. Generally,

most of the employees were aware of the role PA played in motivation. However, in the current situation, the majority of the employees were disappointed with PA in the company. The following quotations express this point of view:

*“From what I understand and believe I think it plays a significant role because I think it’s really a good measure of the employees’ performance. So based on this result the employee will be motivated. But, in reality it is just a big joke. I know it’s a little bit harsh but this is the reality.” (I 3)*

*“For me I think it is obvious the importance of the PA and no one can doubt its role. But honestly, in this company the situation is completely different and they claim the result of the PA is linked to reward but it is just ink on paper and we know who plays the role”(I 7)*

*“Yes, it has a role in my level of motivation, especially when I receive feedback from my supervisor regarding my performance appraisal result, whether good or bad, but honestly I do not care anymore because I’m quite sure this performance appraisal is affected by other external factors, so I do not believe in it and in this company I think they conduct it as routine.”(I22)*

*“In my first three years in this company I believed in the performance appraisal and thought it is the best way to indentify my weaknesses and improve my skills to move up but unfortunately after those years I discovered the difference between what is on paper and what is really going on. I think the top management should do something to improve the performance appraisal because it is really a great tool for the company, but unfortunately they waste it”. (I 33)*

By contrast, a minority of the employees believed that performance appraisal only benefits the company and has no impact or benefit on employees’ motivation. According to their responses, the company conducts PA only to measure employees’ and the organisation’s performance and to find out to what extent the company has achieved its

targets. In addition, some of them believed that performance appraisal is just a routine. The following quotations express this point of view:

*“Honestly, I think the company applies performance appraisal only for its benefit because since I have worked in this company I’ve not seen any benefit from the PA. Because frankly, I’m interested in money and it’s only money that motivates me and honestly this is the main reason for my choosing to work in a private company, so since the reward in this company is based on other factors and definitely PA is not one of them and by the way I have some friends in other companies and they have the same situation. I see it as a benefit tool for the company only and they use it to find out to what extent the employees have achieved the company’s goals.”(I 35)*

*“For me I have not seen any kind of impact of PA on motivation due to the reason that I see the PA as routine. Every year they conduct it and nothing happens”(I 9)*

## **Theme 2: Fairness in PA**

This theme mainly focuses on interviewees views regarding receiving a fair performance appraisal and to what extent it might affect their level of motivation. Noticeably, fairness issues in the performance appraisal were a really important and crucial subject for most of them. In addition, most of the employees highlighted that performance appraisal had a positive role in their motivation when it was fair. However, the employees raised several issues regarding the fairness in the PA which might increase their level of motivation. Those issues have been organized into three sub- themes, which are the fair outcome of PA, participation in PA and appraiser competence.

### **Sub-theme: Fair outcome of PA**

Interviewees put a huge emphasis on a fair result in the PA, and described it as an integral factor that had a significant impact on their motivation levels, whether intrinsic or extrinsic motivation. As most of them claimed , when they received a fair result of PA

compared with their colleagues in the same department, it would have a positive impact on their level of motivation. Also, they sought to have a fair PA outcome compared with their input, i.e. effort. The following quotations express this point of view:

*“For me I think fairness will increase the healthy work atmosphere whether in PA or any HR facility in any workplace and I look at it as a basic need for any successful business. However, in terms of its impact on my level of motivation, yes, sure it has a significant impact, especially when I compare my PA result with my colleague who is next to me and I know his quality of work and I found out his PA result is better than mine although I have been working harder than him, that would have a negative impact on my motivation definitely( by the way this is normal and we have seen it many times) . What I’m trying to say is that when I’m convinced that the PA result is fair, I will be motivated for sure.” (I 4)*

*“Believe me, when the result of PA is accurate and fair all the employees will be motivated, whether intrinsic or extrinsic. The employees will attempt to improve their salary and at the same time the environment of the workplace will be challenging.” (I 13)*

*“Honestly, even when my result of PA is not that good I will be motivated to improve myself next year and this is normal, but only if I’m sure this is my true result compared with my effort and my colleagues, because at the end of the day we are human and this is human nature. I mean by that I want see my result of PA equal to my performance” (I 24)*

*“If we talk in general, yes it could affect my motivation at all levels because my reward, training programme and promotion will be guaranteed. But unfortunately in this company the performance evaluation is based on the like or dislike of the appraiser and I have been through this kind of problem when I had a disagreement with my supervisor. Consequently, my promotion has been delayed.” (I 9)*

In addition, other employees raised another issue in terms of receiving a fair performance appraisal, which is the method of PA. They recognized the method of PA as a crucial factor in having a fair result of performance appraisal. Most of them claimed that the method of PA employed in the company (which is forced distribution) is not fair. The following quotations express this point of view:

*“Yes, sure it has impact on my motivation when I believe the method that the company applied is fair. I mean the SEC PA method is a way from being fair because it is not acceptable to set a specific percentage of the employees who will get excellent, very good, good, satisfactory and unsatisfactory, so based on this percentage the result is not fair.” (I 32)*

*“How can it be effective when it’s conducted only once a year? What I’m trying to say is that the method that the company uses is only one time during the year so if you work hard during all the year except in the last month you will get a really low result. So, I think the company should conduct the performance appraisal at least four times a year and take the average. In this way the fairness of the method will be increased and that will have a positive impact on employees’ level of motivation”. (I 16)*

*“Sure, the PA would impact my level of motivation if the company implemented it in the right way and all the process of PA was fair. For example, if I got a really great result in PA I would be rewarded; even if the result is not great I will be motivated, but all that is on one condition, which is accurate and fair PA. But I think this fairness is quite difficult with the current method because this method puts all the authority in one hand and unfortunately some managers use it in a bad way, especially before conducting PA.” (I 14)*



**Sub-theme:** Interviewees' participation in the process of PA

Also, some interviewees indicated that participation in PA would increase their sense of fairness. In turn, this feeling of fairness would increase their level of motivation. Most of the employees were keen to participate in the performance appraisal process as a main factor in having a fair performance appraisal. Moreover, most of the interviewees indicated that the company should increase the employees' level of participation in terms of having a fair PA by opening the communication between the supervisor and his subordinates and letting them be involved in designing the form of PA and setting the goal of PA. Indeed, since the performance appraisal was applied to evaluate the employees' performance they believed that being involved in the PA process is a crucial factor in having a fair and successful performance appraisal. The following quotations express this:

*“Actually, yes I would like to think so. A fair PA would have a role in my level of motivation and I think the company should increase the fairness level of PA by involving the employees in designing PA because we understand the weaknesses and strengths of PA more than the top management. In addition, we have only one form of PA in the company which is conducted for all types of jobs and that's not fair. I mean we have different kinds of jobs and we are facing different types of difficulty. Definitely the employees who work in the office achieve their goals more easily than those who work in the field.” (I 32)*

*“Surely it affects my motivation and I think the most important factor that could increase the PA fairness is giving the employee a chance to be involved in the PA process. For me, I would love to have a short meeting with my supervisor regarding my PA to discuss my result but in this company, it's quite difficult because I do not want have any problem with my supervisor, so whatever he gives, I accept it.” (I 26)*

*“Obviously, it will affect my motivation. I will attempt to increase my salary and indentify my strengths and weaknesses and then the administrative will send me for a training programme. In terms of the*

*factor that could increase the fairness of PA, I think when they hear my voice. Honestly, for me I would not mind having a low rating if my supervisor had a meeting with me, explained my evaluation report and gave me the right to explain what I have faced during the year; that would encourage me. However, I have never received any explanation from my supervisor regarding my PA.” (I 39)*

**Sub-theme:** Appraiser Competence

During the interviews the employees mentioned the appraiser’s competence as an important factor to have an accurate and fair performance appraisal. According to the interviews some appraisers are not capable of conducting PA because some of them have a different specialism from the appraisee, are not well trained to carry out PA and their decisions are influenced by external factors such as friendship and emotion. This low competence of the appraiser would affect the level of fairness in PA. The following quotations explain this point of view:

*“Personally, I think to have a fair and accurate PA the person who applied the PA should have the same specialism as the appraisee and this is the basic requirement. For instance, I do work in the field and deal with SCADA, which is not an easy task and the person who evaluates my performance knows nothing about SCADA, so definitely the result will not be accurate and that would affect my level of motivation and to be honest I do not care about his evaluation.” (I 7)*

*“Of course a fair PA would increase my motivation but in my experience, it’s difficult to have a fair PA because I believe some of my colleagues in the department last year received a higher rating than what they deserved and the main reason for that was that they had a good relationship with my supervisor. Seriously, I wish to have evaluation based on my performance, not the relationship with the rater or like or dislike” (I 19)*

*“Yes, it has an impact on my motivation. For me I just want have what I deserve and I do not want the evaluation result affected by any*

*external factor. I do not want to say my supervisor's not fair but he's a really emotional person. I remember last year he came to me asking if I would mind giving up my excellent grade to my colleague this year to give him promotion to increase his salary because he was facing some financial problem. Really, I do not want to look like a bad guy but seriously I have been working hard and I deserve it.” (I 29)*

### **Theme 3: Feedback**

This theme aims to indentify the role of feedback of the employees' performance appraisal on their level of motivation. Generally, the feedback of PA is very important for the employees and they seek to receive feedback regarding their performance, which increases the communication level between the supervisor and his subordinates. Moreover, the majority of the employees desired to receive feedback regardless of the result, whether positive or negative feedback. In addition, they mentioned that positive feedback would increase employees' motivation and they perceived it as a great sign from the management that proved their effectiveness and worth in the company. Nevertheless, even negative feedback has impact on their motivation by indentifying their weaknesses so they would try to improve themselves by training that the management provided for them. Noticeably, however, the feedback culture in the company was very weak and that impacted the performance of both the employees and the organisation. In addition, due to this weakness of feedback culture in the company and the low level of employees' trust in their supervisor regarding appraiser knowledge and efficacy, the employees cared little about such feedback as they received. The following sub-themes classify the impact of feedback on the employees' motivation based on the feedback, whether positive or negative:

#### **Sub- theme: Positive feedback**

This sub-theme explains the employees' idea regarding the importance of receiving positive feedback from their supervisor, which they mentioned as the main source of recognition. Moreover, some of them desired to receive regular feedback from their supervisor to motivate them to perform better as it showed the supervisor appreciated their

effort. In addition, they described this feedback from their supervisor as a confirmation that the employee's performance is valued. The following quotations express this view:

*“Well for me, sure, it is really important receiving feedback from my supervisor regarding my performance, especially when he recognises and appreciates my effort. I mean regardless the rise in my salary that I will receive and money is not everything. Believe it or not, sometimes ‘well done’ or ‘good job’ has the magic and is more powerful than money. For argument’s sake, sometimes we have some kind of problem in the turbine that needs really extra effort and sometimes I get despondent. However, when my supervisor just says ‘well done’, even before I solve the problem, that would increase my performance to sort it out. But honestly, this happens rarely.” (I 12)*

*“For me, positive feedback, I take it from quite a different perspective, I think when my supervisor gives me positive feedback regarding my performance it means he respects my effort, skills and knowledge. Also, it means a confirmation of my ability to do this kind of task. However, we only receive feedback when it is negative as a complaint or when the supervisor wants to give someone else the high grade.” (I 14)*

*“Well... for me yes definitely, I would love to have positive feedback from my supervisor, especially in the group meeting in front of everyone and that would increase my level of motivation for sure. Also for me, this is a huge evidence that proves my contribution. I would like to see my supervisor recognize my effort. But, I would like to admit that we do not often receive feedback from the supervisor, positive or negative, which is really a shame.” (I 23)*

**Sub-theme:** Negative feedback

The current sub-theme presents interviewees' responses regarding receiving negative feedback. Generally, it is not very common for the supervisor to explain the reason for the employee getting a low grade in the performance appraisal. However, the majority of employees desired to receive a positive benefit through negative feedback regarding their performance, but only when this feedback was based on their performance, not other external factors. They strongly believed that negative feedback could have a sort of positive impact on their motivation when the management identified their weaknesses and provided training programmes. In terms of desire to benefit from negative feedback they emphasised three conditions. The first condition was that negative feedback should be based on performance, not personal. Secondly, the supervisor should be specific and give justification for this negative feedback. Lastly, the supervisor should not leave this negative feedback until the end of the year and until they received the result of their performance appraisal. The following quotations express the employees' idea about receiving negative feedback in terms of their motivation:

*“It depends on this negative feedback and about my supervisor. I mean if I do not perform well and my supervisor tells me the reasons for that, then I deserve this type of feedback and that will encourage me to increase my productivity. But if this negative feedback is based on my relationship with my supervisor, then that would impact my level of motivation negatively. And honestly, this is the main reason why the supervisor gives negative feedback and I do not understand why they take it personally. Regarding the justification, I remember last year one of my colleagues got a very low grade in PA and he went to his supervisor asking for the reason. Do you know what information he gave him?... nothing. He just said, ‘This is the grade that you deserved in my view’.” (I 24)*

*“Feedback is really important for the employees. We need to know about ourselves about our attitudes and performance because we are not machines and sometimes we make mistakes. I mean even negative feedback has a sort of impact on my motivation and this is my opinion.*

*Personally, I would love to have regular feedback from other people, especially my supervisor and I do not mind if it is negative. Believe it or not I will take it as advice and it will motivate me to improve my performance and skills, but only when it's regular, not at the end of the year when everything is over.” (I 28)*

**Theme 4:** Reward linked to PA

This theme presents interviewees' views regarding the impact of pay in terms of their motivation. Noticeably, the majority of the employees were very interested in motivation through reward. Also, the majority of them strongly believed that reward is one of the main benefits of PA for them. However, in terms of the impact on their level of motivation, most of them faced some problems regarding the clarity of the link between their effort as measured by PA and the reward system in the company. In addition, they were confused about the criteria of the PA system in the company in terms of the result. Obviously, the management do not declare how the result of PA is measured. Consequently, employees did not understand what is really measured; is it their effort in terms of achieving the company' objectives?. Is it the quality of the output of the employees or other factors such as the supervisor's view about their performance?. Despite this ambiguity, reward has a strong impact on the level of employees' motivation in SEC. The following quotations express this point of view:

*“I think this is the main reason for the administration for establishing the performance appraisal in the company. And I believe they conduct it to discover who rally working is hard and try to improve his productivity and the organisation's productivity as well. so if this is their reason for PA, they should link it to the employee's performance directly, regardless if he reaches the target or not. Since he is doing his best I think he deserves some kind of encouragement and I think money is one of the most powerful encouraging factors.” (I35)*

*“No one in this world can deny this fact that money has an impact in motivation. Everyone is looking to improve his financial situation,*

*especially with this a huge increase in the cost of living. I do not want to say money is everything but believe me it is really important and one of the main reasons of working in a private company. In this company, frankly we do not know how to get an excellent grade in PA. Sometimes I worked hard and did some work I believe was really good but I got 'good' in PA and that really let me down. What I'm trying to say is that it is not the link between PA and reward on paper that motivates me, it's how they apply this link." (I34)*

*In my view, if the company links the result of PA directly to the reward system and the decision on all types of reward (increased salary, promotion, bonus) is based on it, they should do it and not let any other factor influence the decision of the reward, because that would impact the employee's motivation badly. Unfortunately, that's what we are facing in this company, the administration say reward is linked to PA directly, but in reality it is not. (I2)*

## **8.5. Conclusion**

According to the interview findings the employees believed that there are two main purposes of conducting PA. The first one is developmental, in order to improve the employees' performance by determining the training programmes needed. The second purpose of the PA from the employees' point of view is to increase their motivation, whether intrinsic or extrinsic motivation. However, both of these purposes from the employees' point of view are in practice based on other factors and they were convinced that the PA is not one of them. It was indicated that the method of PA in SEC is not really acceptable to the employees due to various reasons, such as the ineffectiveness of the method, the frequency of PA and low level of employees' participation. It was also found that the employees strongly believed that supervisors' competence is very low and some of them are not capable of conducting PA. Participants gave many reasons for this, such as being extremely subjective, low level of skills, need for training and having a different specialism from the appraisee. The level of fairness in the process of the PA was perceived as vary low because 'Wasta' played a significant role in it. Also, foreign employees

believed that there was bias in the PA, in favour of Saudis. The majority of the employees were not satisfied with PA in the company, and it was widely perceived that the Saudi culture has a strong impact on the PA system.

The second section of the data analysis presented the employees' ideas regarding motivation, beginning with five context-related factors; job security, relations in the workplace, pay in the company, work conditions and the company policy. The majority of the interviewees, especially the older employees, were highly motivated by the high level of job security in the company. However, in terms of work conditions, there was a difference between employees working in the office, who were satisfied and motivated and employees working in the field, who were not very satisfied, which impacted their level of motivation negatively. Regarding the pay, the majority were not satisfied because they believed there was no correspondence between their input and the output, although they strongly believed pay was an integral part of motivation for them. In terms of relationship with the supervisor, most of them agreed that it was very important for them and they had to respect their leader, but some of them reported negative experiences. The majority of the participants were very unhappy with the company policies regarding various issues such as supervisors' authority, promotion policies, co-operation and the vacation system.

The second category in the motivation section concerned interviewees' perceptions of content factors; recognition, work itself, growth, responsibility, advancement and achievement. The interviewees reported receiving recognition from their managers. Also, they perceived promotion as an obvious sign of recognition of their effort. In terms of the work itself, the technical employees were pleased and satisfied with the level of innovation, interest and challenge at work. By contrast, the employees doing office work stated that work was limited and routine. All employees wanted to be given clear and specific tasks and thought that would increase their performance. Regarding growth in the company, the majority of the employees were not very happy with it and they expressed that promotion had a crucial role in their motivation level. Also, some employees complained of delays in their promotion without good reason. In addition, other employees complained about the promotion regulation in the company and claimed that promotion decisions were mainly based on the PA, which was already impacted by external factors (Wasta, personal



relationships, friendship and culture). In terms of responsibility, some employees were happy with the level of responsibility and sought to have extra responsibility, which they considered as sign of the supervisors' trust. By contrast, the majority of the employees were not very satisfied with their responsibility, due to the routine nature of their job. In addition, other employees considered extra responsibility as extra work and effort without benefit. Regarding achievement, the majority of the employees were satisfied with achievement opportunity and said this had a significant impact on their level of motivation. The employees attributed their sense of achievement to success in various areas such as reaching targets, saving time, customer satisfaction and solving problems.

The last section of the data analysis provided information on the role of PA in motivation from the employees' point of view. The first part of this section considered awareness regarding the importance of PA in terms of motivation. Generally, most of the employees were aware of the role PA should play in motivation, but in the current situation, the majority were disappointed with PA in the company. A few strongly believed that PA was beneficial only to the company. Then discussion turned to the fairness of PA and how it might affect their level of motivation. Interviewees asserted that a fair PA would increase their level of motivation and they considered it as an essential foundation for their motivation. They interpreted a fair PA in terms of fair outcome, increased level of participation in PA and a high level of rater competence. Another issue discussed was the importance of the feedback. Generally, the majority of the employees wanted regular feedback from their supervisor regarding their performance, whether positive or negative. They viewed positive feedback as the main source of recognition of their effort and perceived it as confirmation from their supervisor that their performance was valued. Even negative feedback was seen by the majority of employees as potentially beneficial, provided it was based on their performance, not external factors. The last issue discussed in this section was reward linked to PA. Noticeably, the majority of the employees were very interested in motivation through reward, and believed that reward was one of the main benefits of PA for them. However, in terms of the impact on their level of motivation, most of them faced some problems due to the lack of clarity of the link between their effort as measured by PA and the reward system in the company. In addition, they were confused

about the criteria of the PA system in the company in terms of the result. Despite this ambiguity, reward had a strong impact on the level of employees' motivation in SEC.

## **9. Chapter Nine: Discussion**

### **9.1. Introduction**

This chapter presents interpretation and discussion of the findings in the previous chapter (data analysis). The chapter discusses the findings of the qualitative study conducted in Saudi Arabia, and specifically in Saudi Electricity Company (SEC), in relation to previous studies and literature. This chapter is divided into three main sections based on the objectives of the study, namely, the effectiveness of the performance appraisal in SEC, motivation in SEC, and the role of performance appraisal in employees' motivation. The first section discusses the themes that emerged from the findings regarding the performance appraisal's effectiveness from the employees' view. The second section presents a discussion of the themes that emerged from the findings regarding employees' motivation. The motivation section is divided into two major categories, which present the employees' perceptions regarding job context and content. The first category discusses the employees' ideas on the job context (extrinsic motivation factors), which include company policy, interpersonal relations, working conditions, pay, status and job security. The second category in the motivation section presents the employees' idea regarding the job content (intrinsic motivation factors), which include growth, the work itself, advancement, recognition and achievement. The last section of this chapter discusses the role of the performance appraisal system in employees' motivation in SEC. Some quotations are repeated from the previous chapter as a reminder of the issues under each theme.

### **9.2. Answering Research Question number One**

#### **The effectiveness of performance appraisal in SEC**

This section presents the employees' views regarding the first the research question, to find out the level of PA effectiveness in the SEC. In addition, it will discuss the factors that might have an impact on the level of PA effectiveness. Moreover, it will examine the way the management in SEC applied PA and to what extent the aims of the PA are achieved. According to the participants of the research, PA in the SEC was very weak and not conducted in the right way. Also, PA in SEC was affected by internal and external factors that reduced its effectiveness. In addition, they highlighted some issues that decreased the

effectiveness of the PA in their view, such as misuse of the PA, the method of the PA, weak competency of supervisors and unfairness.

### **9.2.1. The purpose of conducting PA**

Performance appraisal has been used in organisations for various purposes, which might be categorized into four purposes: administrative, system maintenance, developmental and research-oriented purposes (Boswell and Boudreau, 2002; Cleveland et al., 2003). According to the HR annual report of SEC (SEC, 2010) the company conducts PA to achieve organisation's objectives and to develop the employees skills. In theory, a short meeting is held between the supervisor and his employee to indentify the organisation's objective for the next twelve months. Also, in the meeting between the supervisor and the employees, they set a developmental plan to improve the employees' skills and performance. According to the participants, the majority of the employees strongly believed that there are two main reasons for applying PA in any organisation. The first one is to identify the employees' strengths and weaknesses in order to determine their need for training programmes. The second purpose of conducting the PA in any organisation, from the employees' point of view, is to motivate the employees, regardless of the type of motivation. However, based on the findings of the interviews, the situation in SEC is quite different.

In terms of developmental purpose, most of the employees wanted to receive feedback from their supervisor regarding their performance, to help them to recognize their weaknesses. Also they were keen to receive training programmes to improve and develop their skills. The employees' view is in line with Cleveland et al. (1989) who state that developmental performance appraisal is conducted to provide information as feedback on the performance of employees to help to identify their weaknesses and strengths and to help them to improve and also to indentify the training needs of the employees. Also, Bosweell and Boudreau (2000) confirmed that organisations usually conduct PA as tool to indentify the weakness of employees, and that this evaluation determines provision of training programmes to develop their skills and performance. In SEC, however, it appeared that there is some misuse of performance appraisal by management or loss of PA's potential benefit. According to the participants, most of the decisions on sending

employees for training programmes, whether abroad or in the Kingdom of Saudi Arabia, are based on the relationship between the employee and his supervisor and some employees have been sent for technical training programmes which are unrelated to their specialism. Consequently, the aims and objectives of the PA were for some employees quite ambiguous. This ambiguity has had a negative impact on the level of PA effectiveness in the company. According to the participants, there is some uncertainty as to the aim of the PA in SEC due to the fact that in practice it is not applied as a development tool. According to Allan (1994), in order to gain the advantage of the PA for any organisation, PA should be clear and provide feedback for the employees to identify their weaknesses and what kind of training they should take to improve their performance. For example I 23 stated that:

*“For me, I strongly believe that any company in this world conducts PA to improve its performance through improving its employees’ skills and performance. I mean it’s logically the purpose of applying PA to indentify the employees’ weaknesses and determine the training programmes which they need. Frankly, in this company I do not know what is the purpose of applying PA. For example, if you want to go for training programmes you have to speak with your supervisor and convince him. So, the development programme is based on your relationship with your supervisors, regardless of the result of PA.” (I 23)*

In terms of motivational purpose, according to the HR annual report of the company (SEC, 2010) the administration indicated that the main purpose of the PA system in the company is to motivate its employees, whether intrinsic and extrinsic motivation. The HR annual report of the company is in line with the view of many scholars (Allan and Rosenberg, 1981; Campbell .and Lee., 1988; Boswelljohn and Boudreau, 2000). For instance, Boswelljohn and Boudreau (2000) state that motivating the employees in the organisation is the primary purpose of conducting the PA. This view is supported by Fletcher (2001) who states that performance appraisal should be applied as a mechanism for developing and motivating the employees in any organisation. However, according to

the research participants, the situation in reality is quite different and contrasts with the previous studies. There was a strong belief among employees in the company that it does not conduct the PA in the right way, which might affect their level of motivation. In addition, they believed that if the PA in the company was accurate they would be motivated to improve themselves in the following year. The respondents' view is consistent with Fletcher (1997), who states that more than 80% of organisations are dissatisfied with their performance appraisal system. The most effective performance appraisal system is one that assists in producing committed and motivated personnel. For instance I 11 expressed that:

*“Regardless of the situation in the company, I think the management should apply PA in a way that increases the employee’s motivation to desire its advantage and this is the purpose of the PA from my point of view. And this is what the company should apply to make the workplace challenging, otherwise it’s just a routine. Believe me, when PA is conducted in the right way, the employees will increase their performance regardless what type of motivation the PA provides to them. For me, if I know my result, ‘the true result’, in PA is low I will be motivated to increase my performance next year.” (I 11)*

Due to dissatisfaction with the way PA is used, the majority of participants believed that PA in the company is just routine, performed because it is required by the policy of the company but not applied as it should be. For example I 14 stated that:

*“I do not believe in the results and the action after the PA. The reason for that is that last year my grade was good and the year before it was excellent and I did not see any difference regarding the actions after the results. Logic says that if the results say that I am just good after being excellent the previous year, then I need to be improved by being sent to training programmes or being in a meeting telling me my weaknesses and how to improve it and take action about it, but none of this happened, so it is just a routine and some paperwork.”*

In addition, they believed the result of the PA did not change their job and all administrative and developmental decisions are influenced by other factors, such as personal relationships. Hence, some of the respondents claimed that they just did their job and ignored the PA, and focused on their relationship with their supervisor as the best route to receiving promotion or training. The findings of the research are supported by Allan and Rosenberg's (1981) view that unless the results of the system are used in making decisions regarding the employees, the system will be considered as useless, as just paperwork. If the results are just recorded and placed in the personal files of the employees and not referred to, supervisors will be likely to give a low priority to the performance appraisal system or even ignore it altogether. Then, it will lose any credibility it had. If the system is to be taken seriously, it must be helpful to line management. Using appraisals as a foundation for punishments, developmental activities for employees, work assignment, promotions, rewards and other employee decisions will demonstrate the credibility and importance of the system of performance appraisal. In addition, I observed that during the interview it was clear that participants perceived that they did not receive any benefit from the PA in SEC, so they chose to focus on their relationship with their direct supervisors and have a strong network in the top management, which they used as a short cut to get promotion or improve their chance of being sent on a training programme.

### **9.2.2. Method of PA**

The Saudi Electricity Company (SEC) used the forced distribution method for all the employees at all levels. This method was not acceptable to the employees. Based on the interview findings, the participants considered the method of the performance appraisal in SEC as one of the crucial factors that decreased PA's effectiveness in the company. The employees described the PA in the company as weak and not effective. The reason for this weakness of the PA, in the employees' view, is that the method of PA in SEC was not really acceptable to most of them. As Allan and Rosenberg (1981) argued, a lack of acceptance of the system by users may weaken it, so it should be acceptable to them. In addition, Roberts (1995) states that resistance or lack of acceptance of the performance appraisal from the users, both raters and ratees, will lead to an ineffective system. Hence, I asked the respondents during the interview about the reason for this situation. The respondents highlighted that the company applied one method for all types of job, whether

technical or administrative. For instance, the employees who have technical roles stated that the reason for their ideas regarding the PA method was that they faced huge challenges in their job, due to its difficulty, whereas employees in administrative position had a less difficult job, yet both were evaluated by the same PA method. For example I 18 stated that

*“I have been working in the field for six years now as a location engineer. The field work is critical and it requires accuracy in taking the readings from the devices, whether it is current, voltage or overall power and any error whatsoever can cost the company a huge amount of money. Having said that, how can the same PA method as for the office employees be applied to me, my colleagues or my workers? In my opinion, the company should change its policy regarding the PA method, I mean, they should design several methods which suit the specialism of the employees.”*

This supports the view of Watkins and Mohr (2001), who state that applying one performance appraisal for different types of job might cause some problems. Also, according to other participants, another problem with the current PA method in the company is the frequency of conducting the PA. In SEC the supervisors conduct the evaluation only once a year, usually at the end of it. Most employees wanted their performance to be evaluated more than once. The main reason for this demand is that if they performed well during the year and in the last quarter of the year their performance deteriorated due to some problem, they would receive a low grade in their PA result because of the nature of the human memory; people normally remember what happened recently, so some employees focused their efforts on the last quarter. For example participant I 13 stated:

*“The problem is that PA is applied only at the end of the year which is not delivering justice because if my performance is good for eleven months and in the last month I had a problem with my manager, my result will be bad or if my performance is under the required level that means that I will stay at the same level for the whole year until the results show*



*that. Instead, the PA should be applied every month or at least every four months and take the average.”*

The finding shows employees' views were consistent with Sahl (1990) and Boice and Kleiner (1997). Sahl (1990) states that conducting frequent performance appraisal increases the manager's opportunity to make an accurate performance appraisal. Throughout the interviews, most of the participants expressed a wish to be evaluated on their performance four times during the year and then the management should take the average among those evaluation. The participants' views are in line with Boice and Kleiner (1997) who argued that reviews of employees should be performed on an ongoing and frequent basis. The typical frequency in organisations would be quarterly or bi-monthly, with differences in the actual time period and with different aims in different organisations. Conducting reviews frequently eliminates two situations, which are eclectic memory by the employee or the supervisor and surprises in the review at the end of the year. Generally, people tend to remember situations, whether they were good or bad, with a high profile or what happened in the previous month. Frequent reviews help to eradicate the effect of this unconscious, eclectic memory. It is important in the appraisal process to eliminate surprises. Both the employee and the supervisor need to be aware that there is a problem in the performance before any main annual review. It will be difficult to take corrective action if the problem is allowed to continue for a long time (Boice and Kleiner, 1997).

Other employees commented on another factor that decreased acceptance of the PA method in the company, which is the low level of employees' participation in the PA process. According to the respondents, they never met with their supervisor, regarding setting the objectives of the PA and how to achieve the organisation's goals, or regarding the evaluation process, which undermined their confidence in the PA in the company. In addition, they strongly believed that the whole PA process is too centralised. For instance participant I 32 stated that:

*“In my view, the current method is unacceptable for the employees because of the low level of the employees’*

*participation. I mean we never have any kind of meeting with our supervisor about the evaluation, whether about the PA process or feedback regarding the PA result. All the decision is in one hand, which really increases the centralisation in the company.”*

This view is a matter of concern, given Allan and Rosenberg's (1981) suggestion that a low level of employee acceptance would decrease PA effectiveness. If management got users involved in developing the system, the acceptance would be increased. Employees' participation, whether nonmanagerial or managerial, has been demonstrated frequently to be a significant feature in contributing to acceptance of change. Involvement of employees can also be helpful in identifying potential problems or in producing suggestions for improvement and identifying weaknesses in a system (Rosenberg, 1981). If ratees are involved in developing performance standards, they are more likely to be accepted by them. In the same vein, Roberts (2003) states that employees' involvement in the PA process is an essential factor for intrinsic motivational strategies that assist the employees' development and growth. In addition, it will increase the employees' acceptance regarding the performance appraisal and generate cooperation.

### **9.2.3. Low level of the supervisor's competence**

It became evident during the interviews that the majority of participants believed that competence of their supervisors for conducting the performance appraisal is low. They claimed that some supervisors are not capable of conducting the PA. Hence, they believed the PA in SEC is extremely subjective and the evaluation result depends on the relationship between the rater and ratee and how much the rater likes or dislikes the ratee. For example I 11 stated that:

*“For me, I think the PA result in this company is not fair because I do not trust the person who carries out the PA and I do believe some of them, their competence is really low. I mean they take the PA as a tool to control the employees and as a source of authority. Believe me, if I said to you that in the last quarter of the year just before the result of PA, they keep reminding and warning the employees about the PA. So the result of the*

*PA is in one hand and depends on what he sees and believes about the person who deserves a high grade and no one can complain because everyone wants to have good relations with his supervisor.” (I 11)*

According to the past literature, dislike or liking between supervisor and subordinates is considered one of the main source of bias in PA (Varma and Shaun, 2007; Dipboye, 1985; Latham and Wexley, 1981). This study’s finding confirms Lefkowitz’s (2000) view that if affect of the rater has influenced the evaluation process of the ratee, then it is easy to consider the PA as a source of bias. Murphy and Cleveland ( 1991) defined the appraiser’s affect toward an appraisee as liking. Liking is a specific action that might be positive or negative to a specific person. Kane et al. (1995) state that a rater who likes a specific employee might give him/her a higher rating than a person whom he dislikes. William and Alliger (1989) state that the mood of the supervisor plays a significant role in performance appraisal

Based on the findings, most participants thought that some supervisors who conduct the PA have not received any training regarding the way they should apply the PA. In addition, some of them do not understand the objective of the PA. On this theme, I 28 stated that:

*“Generally, I believe that the supervisors have not been through a training programme about the evaluation performance process because the way they conduct the PA is completely wrong. Believe me some of them do not understand the reasons behind applying the PA and some of them believe the PA is a tool to deter the employees. For example I know a supervisor who uses the PA just to keep the employees under his control.” (I 28)*

Also, there is another problem regarding people who conduct the PA, which is their background. Some raters’ specialism is completely different from that of the ratee. The participants’ view is supported by Goff and Longenecker (1990), who argued that training for individuals who are involved as raters is a major feature of developing an effective system of performance. Jenks (1991) suggested that the rater should receive a training programme regarding the PA policies, process and PA forms. Also, other researchers

(Bernardin and Buckley, 1984; Murphy and Balzer, 1989) suggested that the rater should be provided with a specific training programme such as rater-error training to give the evaluator some information about the most common rating-error. Also, this training should begin with focusing on providing the manager with a methodical approach to the practice of managing people effectively. This training requires focusing on evaluating, motivating and managing employee performance: performance appraisal is just one part of the entire process and it is important that managers consider it not as an easy 'quick fix' solution but within its broader context. Evans (1991) argues that this training in particular should contain, at least, skills of supervision; providing feedback to the employee; setting standards of performance; counselling and coaching; connecting the system to pay (assuming this is a goal of the appraisal system); and conflict resolution.

#### **9.2.4. Unfair PA system**

Based on the interview results, most of the participants perceived the PA system in the company as unfair, because they believed their results were affected by external factors such as 'Wasta', which means the connections of the employee or other external factors. For instance I 24 stated that:

*“Honestly, it’s far from fair. Actually, we’ve got used to it and we have heard and seen many stories regarding this issue. No one in this company can deny the fact that the PA system is unfair and the relationship with the supervisor play a significant role in the result of the PA. Also, I’m sure most of the employees have been through this kind of unfairness. Frankly, if you have a really good connection in this company, ‘Wasta’, you will get whatever you want, not just a high grade in PA.” (I 24)*

According to Metcalfe (2007), in Arab countries there is widespread use of interpersonal relationships in order to achieve anything. The interview data indicated that the employees focused on the relations between themselves and the manager, because they perceived that this is the only thing the managers care about, not the performance of the employee. So in this sense, what counts in the company is not how hard the employee works but only how good his relation with his supervisor is. This view is consistent with Branine and Pollard (2010), who state that very often the reward, recruitment and selection of employees is

based on 'Wasta'. In addition, Branine (2002, p141) highlighted that "friendship and kinship take precedence over qualification as managers feel obliged to support their relatives and family and friends". It emerged clearly during the interviews that the company is facing some administrative problems. This view is supported by Assad's (2002) claim that the management in developing countries such as Saudi Arabia face problems, at both behavioural and structural levels. According to Assad (2002), interpersonal relationships play a significant role in decision making whether on training programmes or promotion of employees and sometimes it plays role in the hiring of employees in Saudi Arabia.

Since the research was conducted in Saudi Arabia, which is the centre of the Islamic world, the level of justice between people was expected be at a high level. According to Islamic teaching, people are equal regardless of their race, sex, wealth, knowledge, profession, status and colour (Branine and Pollard, 2010). However, based on the findings of the research, foreign employees perceived the PA system of the company as unfair and the level of justice as low. Foreign participants highlighted that some managers did not treat them equally with the Saudi employees in terms of the result of the PA and training programmes. For example I 21 stated:

*"I have been working for the SEC for ten years and I've worked in many branches of the company in many cities and in all the regions. The salary is good here, better than the companies back in my country, but I have not developed or improved myself. The only training programmes I have been sent to are here in Saudi Arabia, because the policy of the company states that only the Saudi employees can go to training programmes abroad, not to mention the biased results of the PA and I think this is bias against the foreign employees because we all work in the same company and we serve the same purpose of the company, that is why I think it is unfair to the foreign employees". (I 21)*

The employees' view confirms the claim of Mellahi (2007), who states that in private organisations in Saudi Arabia, some managers treat the foreign employees unfairly. Bhuian et al. (2001) state that usually managers in private organisations have a hire and dismiss culture and employ mostly employees who make few demands, and fear authority.

However, the issue of the impact of interpersonal relationships and family connections on the practices of HRM is not new and the government is aware of it. For this reason, since 2000 the Saudi government has established legal framework to regulate the management of both Saudi and non-Saudi employees in private and public organisations (Mellahi, 2007). This intervention of the Saudi government by introducing a new labour law to increase the legal rights of employees, whether Saudi or non-Saudi, and is intended to protect them from unfair treatment. However, in the case of non-Saudi employees, the findings of the study showed that in practice, the rights of the foreign employees are completely different from what is written in the labour law. One reason behind that might be the low level of foreign employees' awareness of their rights, because of language barriers.

#### **9.2.5. Employees' Satisfaction with Performance Appraisal**

This theme presents the findings regarding the employees' satisfaction with performance appraisal system in SEC. However, the findings show that the majority of the participants were dissatisfied with the PA. They mentioned several reasons for this situation. Generally, the participants were dissatisfied with all the roles and activities of the PA. For instance, they believed the PA in the company is one of the main sources of bias. The participants referred this belief to the low level of PA fairness in terms of method, procedure, result, and treatment. This low level of fairness had an impact on most participants' satisfaction with the PA as well as their productivity. The participants' view corresponds with the previous literature (Dobbins, 1994; Taylor et al., 1995; Giles and Mosslander, 2000; Selvarajan and Cloinger, 2009). For instance, Dobbins (1994) argued that perception of accuracy and fairness in performance appraisal is one of the most important criteria of the efficiency of the performance appraisal, which leads to a high level of satisfaction. In addition, Colquitt et al. (2001) argued that procedural, distributive, and interactional justice have an integral role in employees' satisfaction with performance appraisal. Absence of one of those aspects of justice will lead to dissatisfaction with the performance appraisal. This was reflected in findings, as when I 4 confirmed that:

*“How can I be satisfied with the performance appraisal system when it is actually an unfair system? I mean the process in general is not fair because*

*it has received impact by external factors such as interpersonal relationship or like/dislike, and as a consequence the result of the performance appraisal whether in terms of the annual increase of the salary or getting promotion becomes unfair. So I really think that the company should review the performance appraisal system to enhance the benefit of it for us as employees and for the company as well.”*

In addition, participants also raised other factors that impact their level of satisfaction with PA, such as the low level of the employees' involvement, whether in the design of the PA standard or throughout the evaluation process. On this theme, I 26 stated that:

*“I have been working for the company for many years and I have experienced PA and I am not happy about it. In my opinion, the PA system is weak in the organisation because the employees' participation is limited. The PA system is serving the company and the employees at the same time and if the employees do not participate in setting goals for the future from their point of view and the company management take them into consideration, the system will not meet the expectations of the company.”*

During the data collection process in the company it was clear that the employees were suffering from the poor communication with their supervisor or managers. The participants view is in line with Levy and William (2004), who stated that when the organisation increases the level of employees' involvement in PA, the communication between the rater and ratee will be improved and employees' sense of being one of the organisational team will be enhance. The perception of being of value to the organisation will lead to increase in the level of employees' satisfaction with the PA. In addition, Roberts and Reed (1996) added that involving the employees in the performance appraisal process will affect their satisfaction with the process and ultimately motivate them and increase their performance.

### **9.3. Motivation**

This section presents a discussion and interpretation regarding motivation in the Saudi Electricity Company. It is divided into two categories based on Herzberg's two factor theory. The first category covers hygiene factors (extrinsic motivation factors), which include job security, working conditions, pay, relationship in the workplace, and company policies. Basically, when those factors are absent, the employees will be dissatisfied, while when those factors are present they will be satisfied, but not necessarily motivated by them. The second category is related to job motivator factors, (intrinsic motivational factors), which include recognition, the work itself, responsibility, possibility of growth, advancement and achievement. Usually, the presence of those factors in an organisation will increase the level of employees' motivation, while if those factors are absent, they will be demotivated.

#### **9.3.1. Employees' perceptions of job context factors (Hygiene Factors)**

##### **Finding no 1: Job security**

The first finding in this part will discuss the participants' points of view regarding the job security in SEC. However, before discussing their ideas on this point, the Saudi labour law should be explained, in order to have a clear picture about this factor. According to the new Saudi labour law No 51 enacted on Sep 2005, employees are protected by law and they have a high level of job security. They sign a contract with the company providing life-employment and they are protected from being dismissed except under certain conditions, of which low performance is not one, which explains the low level of turnover in the company. According to the participants, job security is one of the main reasons for them not leaving the company. For example I 15 commented:

*"I have worked in this organisation since it was public, before it converted to a private organisation, I have not heard of anyone being laid off from his job as a consequence of low performance. Honestly, we rarely hear that someone has been dismissed in the company and if it happens, it will be for a reason such as being absent for a long time but surely not for getting a low evaluation in the performance appraisal result."*



According to the finding, the employees in SEC enjoy a high level of job security and most of them were satisfied with this factor. According to Martin (2001), when hygiene factors such as job security are absent, employees will be dissatisfied, but providing them does not necessarily motivate. In addition, participants considered job security as one of the most important basic needs in their job compared with other factors. During the interviews, it was obvious that most of the employees considered their job as life-employment and they were not thinking of moving to another job, due to the high level of job security, unless they found a better job. This finding is consistent with Arnold and Feldman (1982), who state that perceiving a high level of job security will reduce employees' behaviour of moving to another organization.

According to the finding, dismissing employees because of a low performance appraisal grade is not an option. In case of really low performance, the management try to solve this problem by a chat between the employee and his supervisor directly, or having a friendly meeting with the manager and giving the employee some advice. The only punishment the employee will receive for the low PA is that promotion will be delayed. Hence, some participants highlighted that job security can have some negative impacts on the work, such as low performance and carelessness, as the following quotations illustrate:

*“No one can deny the fact that dismissing the employee from his job because he got a low rating in the performance appraisal is not common action. As I know from my experience, we have five grades in the performance appraisal, which are excellent, very good, good, satisfactory and unsatisfactory. However, an employee who gets a low rating, he will receive a low rise in his salary or in the worst case he will not get a rise in his salary or his promotion will be delayed and that is the worst penalty he will get.” I32*

*“Unfortunately, some of the employees abuse this advantage by neglecting their job, especially those who have no ambition for raises, promotion and improving their performance. Consequently, the organisational performance will be affected badly”. I17*

Assad (2000) stated that employees with low performance in most of the Saudi organisations do not face consequences such as reduction of their salary, which leads to low performance. I noticed during the interview sessions that employees spent some time talking on their private phones, received social visits from their friends or family, and spent time with their colleagues, chatting. My observation is consistent with the view of Al-Shareef (1995), who highlighted that employees in Saudi Arabia waste their time by receiving social visits and frequently using their telephones for personal purposes during work time.

### **Theme 2: Working conditions**

This theme presents the finding of the research regarding the working conditions in SEC, for instance, temperature, workplace accessibility, noise, light, stress, furniture and safe work. Based on the findings, the employees in SEC had two different opinions regarding the worked conditions. Employees who had some sort of supervisory position and worked in the office were satisfied with their working conditions. According to the participants, they worked in safe environment that led them to increase their productivity in order to achieve the organisation's targets. For instance I 16 stated:

*“I’m working as a supervisor and I’m happy with my working conditions. I have some responsibility and that makes my work interesting and if I face any problem I can go directly to my manager and speak with him about it. Also I have my own computer, office and air conditioning. What I’m trying to say is that comparing my working conditions with those of other employees, particularly in the public organisations, I have much better working conditions, which helps me to achieve my task.”*

The previous opinion was confirmed by my observations during the time of conducting the interviews with the participants. The work environment in SEC was appropriate for the employees in terms of workplace accessibility, the temperature, noise and work facilities. Such conditions seemed to them to be a fundamental requirement for doing their tasks. Also, they believed that it is normal to have good working conditions, since Saudi Arabia is a wealthy country. This observation supports the finding of the study by Adigun and

Stephenson (1992) who compared motivation and satisfaction of employees in developed and less developed nations. According to their study, employees in poor countries are more interested in being motivated by extrinsic factors such as work conditions. However, the work conditions seemed to be ineffective as a hygiene factor in order to motivate the employees compared with other factors, for the employees in SEC. The reason for this might be that they did not suffer from poor working conditions, compared to other employees in other workplaces. Hence, they did not realize the importance of this factor. For instance I 13 commented:

*“I do not see good working conditions as a motivation factor, I think it’s something basic that should be present at any workplace. I mean by that, how do they expect me to finish my task when I don’t have basic needs, which is good working conditions? I would not consider it as a motivation factor.”*

Such views support the findings of the study conducted by Al-Hajri (1990) in Saudi Arabia, where working conditions ranked as the lowest factor in motivating employees. On the other hand, some employees were dissatisfied with the work conditions in the company, describing their working conditions as poor compared to those of administrative employees. For instance, employees who worked outdoors faced some issues regarding working conditions such as risk, noise and heat. According to the technical employees, they spent most of their working time outdoors and they had to deal with high voltages, or at least work in high temperatures. This meant they could face significant health problems in later life. Most of the technical employees wanted the company at least to pay them compensation for these poor working conditions, but their appeal had been rejected by the top management. The poor working conditions had a detrimental impact on the employees’ level of satisfaction and some of them were considering moving to another organisation which appreciated their effort and expertise. For instance, I 37 stated that:

*“Do you know what we deal with every day? We deal with high voltage electricity, power, energy and turbines and I think that is enough to explain how risky our job is. We have asked many times for risk fees but always the company refuse our claim. Honestly, the working conditions*

*in the company are very poor and that has a significant impact on our motivation level.”*

These findings support Martin’s (2001) view that when hygiene factors, such as work conditions, are present, this does not mean they will motivate employees, but in their absence, employees will be dissatisfied

### **Theme 3: Pay**

Noticeably, the issue of pay was one of the most important factors during the interviews with the participants and they mentioned it many times. Even when I asked questions about other factors, somehow during the conversation, the word ‘money’ appeared. Based on the findings, pay is considered the most important factor among context factors for the employees in SEC. According to Gupta and Show (1998), pay has a significant influence that impacts employees’ attitude in the workplace. The participants mentioned three factors related to pay. The first factor is that some employees compared their income with that of other employees, whether in the same organisation or a different organisation, and believed that inequity would increase their level of dissatisfaction. . For instance I 19 stated:

*“I’m quite sure that pay in private organisations is one of the most attractive motivation factors for the employees. I have some friends who work in other companies such as Aramco or SABC, their salary is much better than mine, even though we graduated from the same university and studied the same subject, which is electrical engineering. It’s really disappointing and affects the level of motivation badly”.*

This finding confirms the views of previous researchers such as Adams (1965), Martin (2001) and Brooks (2007), that the feeling of inequity causes dissatisfaction when a person compares his income with other employees. Some employees, moreover, perceived inequity when they compared their effort, experience, skills and time as input and with their salaries as output. This was especially the case for the technical employees who have to travel a long distance or stay a long time to fix a problem. According to Huczynski and Buchanan (2001), employees usually attempt to perceive a balance between their input

such as effort, skills, time and commitment and output such as commission, development and salaries.

The second factor related to pay is that most of the participants faced some financial problems due to the dramatic increase in the cost of living and they believed their salaries did not cover their basic needs. Noticeably, the cost of living in Saudi Arabia has changed in the last three years and for this reason the King of Saudi Arabia has ordered all public sector organisations to increase the salaries of the employees by 15% and he gave them two months' salary to cope with this situation. Also he encouraged private companies to do the same thing.

*“As you know, life is changing in Saudi Arabia, particularly after the skyrocketing prices of necessary goods compared with five years ago. Even the public sector has increased their employees' salary last year and gave them two months' salary as support.” I 4*

According to the findings, most of the private companies responded to this situation positively and increased the employees' salaries and offered two months' salary but some of the private companies, such as SEC, did not, as I 4 stated.

The third factor was related to the way the company calculates the annual increase of the employees' salaries, which is linked directly to the result of the performance appraisal. Nearly all of the participants believed that the PA system in the company has already been affected by external factors so the annual increase in their salaries will be affected badly. According to the Annual Report of the SEC HRM (2011), the percentage increase in employees' salaries is as follows: excellent on the PA, between 12% and 7%; very good on PA between 10% and 5%; good on PA between 8% and 3%; satisfactory on PA between 6% and 2% unacceptable on PA 0%. The main concern of the employees was that some raters gave some employees more than they deserved, whereas other employees who worked hard received lower scores on PA, which affected their pay. The way that the SEC based the annual increase of the employees' salary decreased the competitive atmosphere among the employees. For example, when there were fewer than 10 employees in one department, only one would get excellent in the PA, so there was no incentive for workers to put in effort for which they perceived they would not be rewarded.

#### **Theme 4: Relationships in the workplace**

Basically, interpersonal relationships are important not only at the workplace but in everyday life. Generally, everyone wants good relationships and to live in a good, friendly environment. Based on the findings of the current study, most of the employees were satisfied with relationships at SEC with their colleagues and supervisors. According to the participants' explanation, they believed that Islamic teachings encourage them to respect and have a good relationship with the leader. This finding confirms Beekun and Badawi's (1999) assertion that in Islamic societies such as Saudi Arabia, Quranic principles and prophetic perceptions encourage people to respect and obey their leader. In addition, some participants asserted the importance of having good relationships in the workplace in order to enhance the health of the work environment, friendship, team work and work harmony. According to Maslow's Hierarchy of need theory, people desire to have good relationships to meet social needs (Mullins, 2002). Herzberg (1966) viewed relationship as an extrinsic factor which might lead to dissatisfaction. Alderfer (1972) viewed relatedness needs as esteem and social needs, such as interpersonal relationships between employees, or with friends, supervisors, and family members. In addition, the participants described a good relationship with supervisors as a short cut to increasing their opportunity for development and said it helped them in getting promotion. For instance I 18 stated:

*"I can guarantee that a good relationship with your supervisor is the magic stick that can do anything. If you want to get promotion or reward then you have to have a good relationship with your supervisor. Also, you have no problem regarding performance appraisal or anything."*

However, some participants were dissatisfied with interpersonal relationships with supervisors. They mentioned some issues that decreased the quality of their relationships. For instance, they believed that the supervisor held authority over the performance appraisal, which had a direct impact on their promotion and annual salary increase. In addition, they accused some supervisors of having a bureaucratic leadership style. During my stay in the company, I observed that most of the employees tried to avoid any clash or disagreement with their supervisor or manager, as the latter would take it personally, and with the authority concentrated in one hand, the employee would suffer. For instance I 7 confirmed that:

*“Unfortunately, some supervisors expect their employees to do whatever they ask and if you refuse they take it personally. We sometimes disagree regarding some issue related to work and that affects the relationship negatively. And honestly that affects my motivation.”*

**Theme 5:** The company policy

Based on the findings of the research, the majority of the participants were dissatisfied with the company policy. They highlighted three main issues that caused this dissatisfaction, which were bureaucratic management style, promotion policy and co-operation. In terms of the management style, they believed that making any kind of decision involved a long process and consumed a lot of time. In addition, they highlighted the fact that their supervisor tried to avoid taking decisions, to avoid any risk if something went wrong. For instance, I 24 stated:

*“I have worked in the company for more than 14 years and I had previous experience. However, I commenced work in the company with some colleagues on the same day and we have the same qualification. However, I’m still on grade 45 and they’ve had many promotions and some of them reached grade 48.”*

According to Wilson and Graham (1994) the Saudi bureaucratic management approach holds back the growth of the economy. The second issue that caused employees’ dissatisfaction with company policy was the ambiguity of the promotion policy. According to the findings, some participants claimed that they did not understand what the promotion decisions were based on, because they believed some of their colleagues had received a promotion more than once, while they were still in the same position, so that increased the level of ambiguity in their job. According to Abrmis (1994), when ambiguity is present in the employees’ job, that would lead to dissatisfaction.

The third issue regarding the company policy is that there is a lack of team spirit in the company. The participants complained that they did not have regular meetings with their supervisors to indentify the objectives of the company or even to give them the spirit of working as a team. They believed that if they worked as a team, their performance would increase, because the objectives would be clear and when they had a problem they would face it together. For instance I 22 stated:

*“We rarely have meetings with our supervisor. It should be at least once a month, to clarify our goals so that would inspire a feeling of working as a team and motivate us to reach our target.”*

### **9.3.2. Employees’ perceptions of content factors**

#### **Theme 1: Recognition**

This theme discusses the role of recognition in employees’ motivation in SEC. Herzberg et al. (1959) described recognition as a motivator factor. Based on the findings, most of the participants highlighted that recognition played an important role in their motivation. The participants’ view confirmed the view of Ogunlana (2006), who suggested that recognition is a strong factor that would motivate employees. To some extent the employees were satisfied with their level of recognition in SEC. They perceived the feeling of recognition from various sources such as top management, supervisor, colleagues, promotion and family. However, they considered their direct supervisor as the main source of recognition. According to the participants, when their supervisor trusted them and gave them more responsibility or when he gave them a good score on the PA, that would be a clear sign of recognition which would increase their level of motivation. Also they added verbal praises such as ‘well done’ as a visible sign of recognition. For instance, I 2 stated:

*“In my opinion, I strongly believe that my manager is the main source of my feeling of recognition. When he supports me and trusts my work, that would have a significant impact on my motivation. Also, that would encourage me to improve my performance. Also when he appreciates and thanks me when I have done some task perfectly, that would increase my feeling of recognition because at the end of the day we are human with feelings and we need that word. Believe me, the words ‘good job’ or ‘bravo’ should be more than enough”.*

The participants’ idea regarding the impact of verbal praise as recognition of their performance is in line with previous literature (Belegen et al, 1992; Knippen and Green, 1990; Steele, 1992). According to Stuart (1992), positive feedback about the job done by the employees from their supervisor or top management, such as “well done” or a letter of thanks, is considered as a top motivator for the employees. Heffron (1989) stated that a



poor level of motivation which led to low productivity was due to poor management of the reward system because it is not only money that would increase motivation.

**Theme 2: Work itself**

This theme presents the findings of the research regarding the participants' view of the work itself. According to the past literature, the work itself is considered one of the major factors that determine satisfaction and motivation. Usually people look for the kind of job where they could practise their skills and have extra autonomy and responsibility in order to achieve success (Zeffan, 1994; Dodd and Ganster, 1996; Evans and Lindsay, 1996). According to Dale et al. (1997), usually employees will be satisfied and motivated if their job contains skills variety, challenge and task identity. Dahlgaard et al. (1998) suggested that the morale and motivation of the employees will be increased if they have a job that fulfils their human and mental needs. In addition, Locke (1976) emphasises that the job should be challenging.

The findings of the interviews showed that the participants had various perceptions regarding the work itself in SEC. The employees who had technical jobs were satisfied in terms of innovation in their job because it gave them wide scope to come up with different ideas in order to find solutions to the unexpected problems that they sometimes faced. In addition, they believed that their job gave them the ability to discover new things, which made their job more interesting. Also, because the pressure of time in their job might affect the productivity of the organisation, and they needed to sort out problems as soon as they could, it made their job more challenging. For instance,

*“It’s really interesting to know or discover a new thing. True, no one can deny the fact that specialization increases the quality of the job, but somehow it’s really boring. So for me I have been moving in different positions that enable me to learn new things and gain some new skills and that increases my self-confidence, especially when I have a sudden problem I can respond and handle it easily” (II)*

*“The matter of time is really important and that’s what increases my feeling of challenge in my job. Especially in the summer when the temperature is really high.” (I 13)*

The participants in this respect contradicted Hofstede’s (2001) suggestion that employees in a collectivistic culture do not seek for a job design that is challenging, whereas employees in individualistic cultures are more inclined to seek challenge. On the other hand, there were some participants who were not really satisfied in their jobs in terms of innovation, challenge and interest, especially those in administrative jobs. The participants attributed the lack of opportunity for innovation in their job to an unsupportive manager or to the nature of their job. Some participants believed that if something went wrong in their task, their manager would not support them or stand up for them. In addition, the administrative participants believed the routine of their job reduced the level of innovation, challenge and interest, because they did the same task every day. I 25 expressed that:

*“Due to the nature of my job, there is a kind of routine which affects the level of interest in my job. I’m in the HR department and we’ve been doing the same administrative job since I was hired in this company”*

### **Theme 3: Growth**

In the workplace, employees considered promotion as a main source of satisfaction or dissatisfaction. The reason for this view is that when an employee is promoted to a higher level in the organisation, the income of the employee will be increased along with the challenge and responsibility. In addition, some employees seek promotion in order to change the task they are doing or change co-workers (Travers and Cooper, 1993; Quarles, 1994; Wiley, 1997). According to Vinokur-Kaplan et al. (1994), usually employees consider the opportunity for promotion in their job as a favoured motivating item. Also Analoui (2000) argued that promotion opportunity is an important motivating factor that would affect employees’ performance.

However, before discussing the findings of the research in SEC regarding promotion, it is important to have a clear picture of the promotion system in the company. According to

the annual report of the HRM of the company (SEC 2011), the conditions for promotion are as follows:

- The employee should have received at least a good grade in the performance appraisal on the last evaluation.
- A job is available for upgrade.
- Employees are eligible for promotion every three years.
- Promotion is possible for 15% of the employees from every department.
- The promotion should be coordinated with the development plan of the employee.
- The employee should be qualified for the new position.

Based on the findings, the participants were not satisfied with the promotion opportunity and they highlighted two reasons for this. Firstly, there is ambiguity in the promotion opportunity in the company. According to the participants, they did not understand the promotion process and they did not know on what the promotion decision was based, because promotion had been postponed for many years in some cases, especially for employees who joined the company before its privatization. The second issue is fairness in the process of promotion. They believed decisions on promotion were affected by interpersonal relationships, which they described as a “magic stick”. In addition, they highlighted other issues regarding fairness in the promotion process, such as the performance appraisal result, which is one of the most important conditions for promotion. As a consequence of an unfair PA, their promotion would be postponed and that would affect their level of motivation. Participant I 39 expressed that:

*“If the basis is already wrong, what do you expect? I mean by that, according to the regulation in the company the employee is eligible promotion every three years and he is required to get at least “good” in the result of the performance appraisal in each of those years, otherwise he misses the promotion. However, no one in the company, I mean employees, not the top management, can deny the fact the performance appraisal is affected by external factors.*

The participants' view corresponds with the view of Tyagi (1990), who claimed inequity in the process of the promotion would lead to a negative impact on the extrinsic motivation of the employees.

#### **Theme 4: Responsibility**

This theme discusses the findings of the research regarding the impact of responsibility in the workplace and how it might affect their level of motivation. Based on the findings, the situation is ambiguous because the participants had two different views. Firstly, some participants, especially the technical employees, were satisfied with their responsibility and sought more responsibility. According to their explanation, it meant to them that their supervisor believed in trusted them and they added value to the organisation. For instance I 18 expressed that:

*“For me, responsibility means I’m very good at what I’m doing and it encourages me to improve it so I do not let my supervisor down, because he trusts me and trusts my work otherwise he would ask another one of my colleagues.”*

In addition, they took it as a great opportunity to learn something new and improve their skills. This finding does not correspond with the view of Hofstede (1991), who argued that subordinates in a low PD culture, such as the US, prefer managers who consult with them and give them more responsibility in the work, but the opposite is the case in high PD cultures such as Saudi. However, the finding confirms the view of Al-Twajiri et al (1995), who argued that Saudi employees are motivated by non-monetary incentives such as extra power, autonomy and increase of responsibility. Pitts (1995) argued that responsibility is an essential factor in the motivation of employees.

By contrast some participants, especially administrative employees, were not satisfied with their responsibility due to the routine of their job. In addition, they believed that extra responsibility did not increase their level of motivation unless there was a benefit from it, such as increased pay. For example I 17 stated:

*“Everyone knows that when your manager gives you more responsibility that is clear evidence of how good you are. But the main question here is what do you get after that? Nothing.”*

This finding corresponds with the view of Al-nimr (1993), who stated that Saudi employees are mainly motivated by monetary incentives

**Theme 5: Advancement**

Very often literature describes advancement and promotion as the same factor. However, based on the findings of the interviews, the majority of the participants interpreted their advancement in terms of the opportunity of receiving a promotion. In addition, they believed that when they received a promotion, this would bring various advantages such as increase in responsibility, authority and financial income. In addition, they believed that opportunities for advancement meant their skills would be developed by receiving more training programmes.

However, the majority of the participants, whether technical or administrative employees, were not satisfied with the advancement opportunities in the company. The administrative employees ascribed this dissatisfaction with advancement opportunities in the company to the lack of administrative training programmes. As a consequence, they believed this affected their level of motivation negatively. In addition, other participants attributed dissatisfaction with advancement opportunities in the company to the impact of interpersonal relationship and how it might affect the selection of candidates. For instance, participant I 11 stated:

*“Developing and learning new skills by training programmes to qualify the employee for a new position with a new and difficult responsibility, especially for employees who are working in the field, that’s what job advancement means to me. No one can deny the fact that the company spends a huge amount on money for training programmes, but the problem is the way they choose the candidates. Frankly, the decision is based on some other factors, not the merit of the employees, such as personal relationship.”*

### **Theme 6: Achievement**

Herzberg (1968) described the need for achievement as a motivating factor that led and motivated the person to work harder and improve his/her performance at the workplace. In addition, Analoui (2000) argued that the feeling of achievement has a positive impact on employees' satisfaction and motivation and reduces the sense of dissatisfaction at the workplace. According to the interviews, the participants had a feeling of achievement when they reached the target assigned by their manager, especially when they faced lack of achievement opportunity. Other participants asserted feelings of achievement to solving difficult problem and saving time. The finding fits with the view of Steers (1991), who described the person with high need for achievement as having a strong desire to find solutions to problems in the workplace and seeking to accomplish their task. In SEC, the participants in general were satisfied with their feeling of achievement, especially the technical employees. I observed that it was clear during the interviews, specifically with the technical employees, that feeling of achievement is an important factor and they considered it as a powerfully motivational factor due to the difficulty that they faced in their job. For instance I 20 stated:

*“For me, I remember in the summer last year we had a serious problem in the turbines because there was a short-circuit in the cables and that caused a huge fire and the whole system was down. However, solving this kind of problem needed a long period of time and as you know, time is really an important issue. However, we sorted it out in a really short time and that really was the most incredible achievement for me and my colleague and made me feel I really deserved my wage.”*

On the other hand, the employees who worked in the office, were not really interested in this factor, or perhaps they did not really feel it because of the nature of their tasks, which are a kind of routine and without any kind of change or difficulty

### **9.4. The Role of PA in Motivation**

This section discusses the findings of the interviews in SEC regarding the role of the performance appraisal from the employees' point of view. The participants mentioned three issues that play a significant role when PA is implemented as a mechanism of

motivation. The first one is that the participants strongly believed that justice in PA would have a direct impact on their level of motivation. The second one is that the employees desired to receive feedback from their rater regarding their performance and to identify their strengths and weakness. Lastly, the participants strongly believed that performance appraisal has a significant role when it is linked directly to the reward system in the organisation.

#### **9.4.1. Fairness in PA**

This theme discusses the participants' view regarding the impact of fairness in the PA and how it might affect their level of motivation. According to Huczynski and Buchanan (2001), the core of the equity theory is that people usual seek to perceive fair and equal treatment among all of them. In addition, based on the explanation of the equity theory, people desire to perceive a balance between their input such as effort, skills, time and commitment, and output such as pay, result of PA, training, promotion and commission. When those inputs and outputs appear balanced, the person will be motivated, while if they are not, the person will be strongly demotivated (Adams, 1965; Martin, 2001; Brooks, 2007). The findings of the interviews showed that the participants highlighted three factors regarding the fairness of PA. Firstly, the participants compared their results with those of their colleagues in the workplace. In addition, they claimed that the result of PA was not based on the performance of the employee, but on the contrary based on relationship or like/dislike. They believed this unfair treatment had an significant impact on their level of motivation, whereas if the PA grades were distributed fairly, that would motivate them positively. The employees' view corresponds with previous research on justice (Adams, 1965; Thibaut and Walker, 1975; Colquitt et al, 2001). Equity theory argues that when a person perceives inequity in the ratio between input and output, that will cause a sense of unfairness. In addition, Saunders et al. (2002) state that distributive justice refers to the output of the individual compared to the individual's input. In terms of PA, Bowen et al. (1999) argued that the rating of PA should meet the employee's expectations and the outcome which is based on the rating should meet the employee's expectation, otherwise unfairness is perceived. Suliman (2007) argued that the employee will compare the result with those of other employees in the same organisation (internal evaluation of equity) or with those of employees in the same occupation in other organisations (external evaluation

of equity) or with employees doing the same job in different organisations (relative evaluation of equity). When those comparisons are negative, the perception of unfairness will arise. Regarding the interpersonal effect on PA, Dipboye (1985) argued that historically, liking or dislike between appraiser and ratee has been a notable cause of bias in PA. In this study, the majority of the participants were dissatisfied with the distributive justice of PA in the company, which influenced their level of motivation negatively. For instance participant I 4 expressed that:

*“For me I think fairness will increase the healthy work atmosphere whether in PA or any HR facility in any workplace and I look at it as a basic need for any successful business. However, in terms of its impact on my level of motivation, yes, sure it has a significant impact, especially when I compare my PA result with my colleague who is next to me and I know his quality of work and I found out his PA result is better than mine although I have been working harder than him, that would have a negative impact on my motivation definitely( by the way this is normal and we have seen it many times) . What I’m trying to say is that when I’m convinced that the PA result is fair, I will be motivated for sure.” (I 4)*

Moreover, based on the findings, other participants highlighted that the method that the organisation applied played a strong role in terms of unfair results of PA. They thought that the company should introduce another PA method to increase the fairness of the PA system. The majority of them did not accept the method of PA used in the company. According to their explanation, only 15% of the employees in the department will get an excellent grade. For instance I 32 stated that:

*“Yes, sure it has impact on my motivation when I believe the method that the company applied is fair. I mean the SEC PA method is a way from being fair because it is not acceptable to set a specific percentage of the employees who will get excellent, very good, good, satisfactory and unsatisfactory, so based on this percentage the result is not fair. ”(I 32)*



In addition, they raised another problem regarding the PA, which is the frequency of conducting it. In SEC PA is only conducted once a year and that reduces its effectiveness. They emphasised that if PA was conducted more than once, they would be motivated to improve their performance and have another chance to get an excellent grade on the PA result. The participants' view confirms the view of Boice and Kleiner (1997), who argued that PA should be conducted at least quarterly to enhance the benefit for the employee and the organisation as well.

According to most of the participants, the main reason for lack of fairness in the PA in SEC is the lack of participation in PA. They argued that participation in the PA system would increase the fairness of the PA and motivate them. In addition, they believed that the company should increase their level of involvement in design and process of PA, since it is conducted to evaluate their performance, because they believed that they are more aware of its strengths and weaknesses. The participants' view corresponds with views expressed in previous literature (Pettijohn et al., 2001, Roberts, 2003; Shah and Murphy, 1995). For instance, Roberts (2003) considered the participation of the employees in PA as crucial to any ethical and fair PA system. In addition Akuoko (2012) asserted that employees' participation in the PA has a positive impact of the level of fairness; thereby, their level of motivation, whether intrinsic or extrinsic will be increase.

Also, the participants wanted to have meetings with their supervisor regarding their performance and to discuss the results of PA. For instance participant I 26 confirmed:

*“Surely it affects my motivation and I think the most important factor that could increase the PA fairness is giving the employee a chance to be involved in the PA process. For me, I would love to have a short meeting with my supervisor regarding my PA to discuss my result but in this company, it's quite difficult because I do not want have any problem with my supervisor, so whatever he gives, I accept it.” (I 26)*

Cawley et al. (1998) state that ‘instrumental participation’ where the ratees can influence the result of the evaluation of their performance, and ‘value expression’, where ratees can express their ideas, have a significant impact on the relationship to satisfaction and

participation within the process of performance evaluation. However, during the interviews it was clearly obvious that the communication between supervisor and subordinates was weak and they were suffering from lack of involvement in the process of the PA. According to the participants, they never had meetings with their supervisor regarding the result of the PA, whether high or low. To enhance the benefit of the PA and use it as a motivation mechanism, Folger et al. (1992) emphasised the importance of involving employees in the performance appraisal system from planning, as the first stage, to implementing the PA. The main explanation for the lack of participation might be due to the nature of the culture of Saudi Arabia. This view is consistent with the view of Chiang and Birtch (2010), that involvement and participation is highly common in low in-group collective cultures such as the UK, while it is not really common in high in-group collective cultures such as Saudi Arabia.

Also, the participants during the interviews highlighted raters' competence as a core factor in the fairness of PA. They believed that the supervisors who carry out the performance appraisal in the company are not qualified because some of them need training in PA. Also, some raters have different backgrounds than the ratee and that would reduce the accuracy of the PA. According to the participants, they would be motivated if they trusted their supervisors would implement the PA fairly. According to Mani (2002), employees' trust in their supervisor would increase the employees' satisfaction with PA. However, in SEC the level of employees' trust in their supervisor was disappointing and that was one the main factors that reduced the justice in PA in the participants' view. For instance I 19 argued that:

*“Of course a fair PA would increase my motivation but in my experience, it's difficult to have a fair PA because I believe some of my colleagues in the department last year received a higher rating than what they deserved and the main reason for that was that they had a good relationship with my supervisor. Seriously, I wish to have evaluation based on my performance, not the relationship with the rater or like or dislike” (I 19)*

#### 9.4.2. Feedback

Before discussing the findings regarding the role of feedback of the employees' performance on motivation, it is important to present the importance of feedback to any organisation. The past literature has put a huge emphasis on the role of feedback to any successful organisation (Aguinis et al, 2011; DeNisi and Kluger, 2000; Hackman, 1975; Chhoker and Wallin, 1984; Reilly et al., 1996). For instance, Aguinis (2009) argued that feedback is an essential factor in the performance management system in any organisation. Aguinis (2009) defined feedback as information about a specific employee's performance in terms of established standards of employee performance. The findings of the interviews in SEC highlighted that the majority of the participants considered the feedback on their performance from the PA as a critical factor in their motivation. For instance, participant I 12 stated:

*“Well for me, sure, it is really important receiving feedback from my supervisor regarding my performance, especially when he recognises and appreciates my effort. I mean regardless the rise in my salary that I will receive and money is not everything. Believe it or not, sometimes ‘well done’ or ‘good job’ has the magic and is more powerful than money. For argument’s sake, sometimes we have some kind of problem in the turbine that needs really extra effort and sometimes I get despondent. However, when my supervisor just says ‘well done’, even before I solve the problem, that would increase my performance to sort it out. But honestly, this happens rarely.” (I 12)*

The participants' view matches the view of Haraciewicz et al. (1986), who argued that feedback on performance appraisal has a critical benefit for the organisation in terms of motivation. Also the participants' views supported the conclusion of the study conducted in Canadian Telephone Company and carried out by Gagne et al. (1997) who found that the intrinsic motivation of employees was significantly increased when they received more feedback regarding their performance.

In addition, they sought feedback, regardless whether it was positive or negative. They actually believed that both types of feedback could have a beneficial role in their level of

motivation. Based on the participants' explanation, positive feedback increased their motivation and they considered it as a sign from the management that they were valuable to the organisation. Similarly, Chhorker and Wallin (1984) argued that positive feedback on employees' performance has a positive impact on their motivation level. Also, Deci and Ryan (1985) stated that perceived feedback through PA activities has a positive impact on the intrinsic motivation of the employees because it increases the competence of the employees.

With regard to negative feedback, the majority of the participants during the interview said they desired to benefit from feedback from their supervisor. The participants highlighted three conditions for accepting negative feedback on their performance. Firstly, it should be based on their actual performance, without any external impact such as like or dislike. The participants viewed support in the same way as Folger et al. (1992), who argued that individuals would respect negative feedback if they perceived procedural fairness. Second, it should be specific and explained by rater. Lastly, they desired to receive the feedback before the annual performance appraisal, so they could improve their performance. The findings confirmed the study of Tziner et al. (1992) who stated that feedback should be timely and precise to change the behaviour of the individual. In addition, the participants stated that negative feedback would increase their awareness of their weaknesses and motivate them to improve their performance. For instance, participant I 28 stated:

*“Feedback is really important for the employees. We need to know about ourselves about our attitudes and performance because we are not machines and sometimes we make mistakes. I mean even negative feedback has a sort of impact on my motivation and this is my opinion. Personally, I would love to have regular feedback from other people, especially my supervisor and I do not mind if it is negative. Believe it or not I will take it as advice and it will motivate me to improve my performance and skills, but only when it's regular, not at the end of the year when everything is over.”*

The participants' view corresponded with the study of Steelman and Rutkowski (2004), who suggested that negative feedback has developmental benefit for employees through

increasing their level of awareness and increasing the possibility of changing undesired behaviour

#### **9.4.3. Reward linked to PA**

This theme discusses the participants' view regarding the role of PA in employees' motivation. The majority of the participants during the interviews expressed the view that PA played a significant role in their motivation when it was linked directly to the reward system. Actually, they considered the reward as a main benefit of PA and they believed that a high grade in PA would lead to external motivation such as a rise in their pay. For instance, participant I 35 stated:

*“I think this is the main reason for the administration for establishing the performance appraisal in the company. And I believe they conduct it to discover who is really working hard and try to improve his productivity and the organisation's productivity as well. so if this is their reason for PA, they should link it to the employee's performance directly, regardless if he reaches the target or not. Since he is doing his best I think he deserves some kind of encouragement and I think money is one of the most powerful encouraging factors.”*

The participants' view corresponds with the previous literature (Boswell and Boudreau, 2000; Rynes et al., 2004). Daley (2005) stated that the core objective of the performance appraisal system in any organisation is to increase the performance of the employees by connecting the PA to the reward system. Moreover, Najafi et al. (2010) argued that performance appraisal has an important role for the management in enabling them to identify the productivity of the employees and offer them a reward. Vroom (1964) highlighted that employees will increase their effort when they believe it will lead to high performance (expectancy), and high performance will lead to receiving a reward such as an increase in their pay. Murphy and Cleveland (1995) argued that the administrative purpose is one of the common purposes of applying performance appraisal in organisations in order to motivate employees by increasing their salary.

According to the Annual Report of HRM of SEC (2011), the administrative purpose is one of the most important purposes of the organisation in applying the performance appraisal system. In addition, in order to motivate its employees, the company has linked the annual increase of the employees' salary directly to the result of the PA. However, they faced a problem regarding the link between the PA and reward, due to lack of clarity of the link. Based on the participants' explanation of this ambiguity, the employees did not understand the criteria of the PA system. As a consequence of this ambiguity, the participants did not know what actually affects the result of PA, Is it the quality of their output or high effort towards achieving organisation's objectives or the supervisor's view? Hence, the benefit of linking the PA and reward, as a means of motivating employees in SEC, was decreased. For instance, participant I 34 stated:

*“No one in this world can deny this fact, that money has an impact on motivation. Everyone is looking to improve his financial situation, especially with this huge increase in the cost of living. I do not want to say money is everything but believe me it is really important and one of the main reasons for working in a private company. In this company, frankly we do not know how to get an excellent grade in PA. Sometimes I worked hard and did some work I believe was really good but I got ‘good’ in PA and that really let me down. What I’m trying to say is that it is not the link between PA and reward on paper that motivates me, it’s how they apply this link.”*

The participants' view matches the view of Duhinsky et al. (1993), who argued that in order to have a positive influence on the employees' motivation, the management should reduce ambiguity in the performance appraisal system.

## **10.Chapter Ten: Conclusion**

### **10.1. Summary of the Major Findings**

The main aim of the study was to explore the role of performance appraisal to employees' levels of motivation in a Saudi Arabian company. The study was conducted in the Saudi Electrical Company, which is the only organisation that provides and distributes electricity to Saudi Arabia. In general, the company is facing some issues in the HRM practices but this study focused on performance appraisal and motivation. In terms of the performance appraisal system, motivation and the role of performance appraisal in employees' motivation, the following summary presents the main findings based on the research objectives.

- **To explore the effectiveness of the performance appraisal system in SEC from the employees' point of view**

The findings of the interviews with participants in the company show that the performance appraisal system in the company is facing some issues which reduce the effectiveness of the system. First, according to the participants, development and administrative purposes are the reasons for applying the PA in organisations generally, but not in SEC. In terms of the development purpose, according to the findings the company has established some training programmes, either in Saudi or abroad, but the employees believed that they never received any feedback regarding their skills and what they needed to improve. Also, decisions to send the employees for training were not based on the evaluation of the employees' performance. According to Cleveland et al. (1989), PA is applied in any organisation for development by indentifying the employees' strengths and weaknesses, providing them with information regarding their skills and to offer them some training programmes to improve their performance. In terms of the motivational purpose, according to SEC's HRM Annual Report (2011), the motivational purpose is one of the most important reasons for conducting PA. The company's claim is in line with previous studies such as Allan and Rosenberg (1981); Campbell .and Lee (1988); and Boswelljohn and Boudreau (2000). For example, Boswelljohn and Boudreau (2000) considered the motivational purpose as the primary reason for applying PA in any organisation. However, the findings of the study show that PA's purpose in SEC contrasts with previous studies,

as the participants believed the company conducts PA just as a routine. The second reason for the weaknesses is that there is a lack of employees' acceptance of the PA method because the company applies one method for many types of job. Roberts (1995) argued that resistance to performance appraisal can be considered as the main reason for its weaknesses. Third, according to the interviews with the participants, supervisors lack competence to carry out the PA. The participants believed that some of the supervisors are extremely subjective and they evaluate employees' performance based on like or dislike. According to Varma and Shaun (2007), the main source of bias in PA is like or dislike between the rater and ratee. Also, some of the raters in SEC had not received training programmes about PA. The findings confirmed the view of Goff and Longenecker (1990) who suggested that in order to have an accurate and effective PA, the organisation should offer training programmes for raters. The last reason for PA weaknesses from the participants' view is that they believed the PA in SEC is unfair. They expressed the view that interpersonal relationships and personal connection, called 'Wasta', have a huge impact on the PA process in the company. Metcalfe (2007) stated that it is very common to use interpersonal relationships in order to achieve anything in Arab countries. However, the most evident issue during the interviews with the participants was that the foreign participants believed their supervisor treated them unequally compared with Saudi employees. This is contrary to Saudi regulations, which are based on Islamic teachings that emphasise equality between people regardless of their race, sex, wealth, status, colour and profession. The Islamic teachings encourage people to treat each other equally in all the aspect of the life. So since the Saudi government based all the regulations of the country on those principles, fairness was expected to be at a high level, but the situation is the opposite. Also, Saudi Arabia has adopted Western management theories that advocate fairness between people (Branine and Pollard, 2010). It appears that the main explanation for this discrepancy between theory and practice is the impact of Saudi culture.



➤ **To explore to what extent the employees are motivated and satisfied in the SEC workplace in Saudi**

The first section discusses participants' perceptions of job context factors (hygiene factors). The first hygiene factor is the job security in SEC, the findings show that the participants enjoyed a high level of job security and the majority of them were satisfied with it. However, the high level of job security did not motivate them. The participants' view matches that of Martin (2001), who argued that hygiene factors such as job security might increase employees' satisfaction but does not necessarily motivate them. Also, the findings show that dismissing employees because of a low rating on PA is not an option in the SEC and because of that, some employees believed PA has a negative impact on performance.

The second hygiene factor is working conditions. The findings of the interviews show that administrative employees were satisfied with their work conditions but technical employees were dissatisfied with their working conditions because they faced some issues such as noise and heat. In general, the participants in SEC were not motivated by working conditions, which they considered as a basic requirement for a job. The findings support the study of Al-Hajri (1990) who highlighted that employees in Saudi consider the working conditions as the least influential factor in motivation. The third hygiene factor discussed during the interviews was pay, which was the factor that received most attention from the participants as a source of dissatisfaction. The participants attributed this dissatisfaction to three issues. First, they believed there was no balance between their effort, skills and time as input and their pay. The second issue that they mentioned was financial problems with the cost of living, as their pay did not cover their basic needs. The last issue regarding pay is that the annual increase of their salary is based on the PA result, which is already unfair.

The fourth hygiene factor was relationships in the workplace. The findings show that generally the participants were satisfied with their relationships with colleagues and supervisors at the workplace. The participants explained that encouragement to have good relationships came from Islamic teachings, which motivate the individual to respect his/her leader. In addition, some of them highlighted that in order to have a healthy work environment, a person should have a good relationship with his/her colleague. The last hygiene factor is the company. The findings show that the participants were dissatisfied

with it and they attributed this dissatisfaction to three issues. First, they were struggling with the bureaucratic management style in the company. The participants' view matches the view of Graham (1994), who stated that the growth of the Saudi economy has been held back by the bureaucratic management approach. The second issue according to the participants is the ambiguity of the promotion policy in the company, which impacted their level of motivation negatively. The last issue is the lack of team spirit and lack of meetings with their supervisor and colleagues.

The second set of findings concerns employees' perceptions of content factors. The first factor is recognition. To some extent the participants were satisfied with their level of recognition in the company and they considered it as an important factor in terms of motivation. The findings show that the participants highlighted many sources of recognition such as family, top management, supervisor and colleagues but they recognized the supervisor as the main source of recognition. In addition, they explained that when their supervisor gave them more responsibility, verbal praise and a high grade in PA, that would increase their level of motivation. The findings are in line with Stuart (1992), who highlighted that "well done" or a letter of thanks as a positive feedback from the supervisor on the employee's performance is an important factor in employees' motivation. The second factor is the work itself; the findings show that technical employees considered their job as a source of motivation because they enjoyed the level of challenge, responsibility and innovation in their job. This finding contradicts Hofstede's (2001) suggestion that individuals in a collective culture such as Saudi Arabia are not interested in a challenging job. However, by contrast the administrative employees were demotivated by the job itself, due to the routine in their job. The third factor is the opportunity of growth in SEC. In general, the findings show that the participants were demotivated by the lack of growth opportunities in the company and they believed this was one of the factors that decreased their performance. They expressed some problems that caused this dissatisfaction, such as ambiguity and unfairness in the of promotion process. Vinokur-Kaplan et al. (1994) argued that employees usually considered opportunities of promotion as an important factor.

The fourth factor is responsibility. The participants during the interviews expressed two different ideas on this. The technical participants were satisfied with their level of responsibility and they sought more responsibility because they believed that receiving more responsibility from their supervisor was a strong sign of recognition of their skills and value to the company. The findings of the study do not match with the view of Hofstede (1991), who suggested that, while the employees in low PD cultures such as the US seek a manager who gives them more responsibility, the opposite is the case in high PD cultures such as Saudi. By contrast, the findings support the finding of Al-Twajiri (1995), who argued that Saudi employees are motivated by increasing their power and responsibility. On the other hand, some participants, especially administrative employees, were dissatisfied with their responsibility and did not seek out more responsibility unless it came with benefits such as increased pay. The participants' view confirmed the view of Al-Nimr (1993), who argued that monetary incentive is the main motivation factor for the employees in Saudi Arabia. The fifth factor was advancement; the findings show that the participants described it in the same way as the promotion factor, which was discussed before as an important factor in terms of motivation. The majority of the participants were dissatisfied with the opportunities for advancement in the company and that caused a negative impact in their level of motivation. The last factor was sense of achievement in SEC; the participants stated that when they reached their targets, solved problems and helped customers, the sense of achievement increased. Generally, the employees were satisfied with their sense of achievement and they believed it had increased their motivation. Analouri (2000) argued that sense of achievement has a positive impact on employees' motivation and reduces employees' dissatisfaction.

➤ **To explore whether performance appraisal has increased employees' motivation in SEC.**

This section presents the findings regarding the third objective, concerned with exploring the role of performance appraisal in motivation from the employees' point of view. The participants highlighted three themes that could increase their motivation during the interviews. The first theme is the fairness of PA; the participants mentioned three issues that would increase the level of fairness on PA, which in turn would increase their

motivation automatically. First, the majority of participants believed that when the ratio between their effort and PA result was balanced, they would be motivated and that would have a positive influence over their performance, but currently there is no balance. This view is consistent with the view of Adams (1956), who suggested that a sense of unfairness is expressed when there is imbalance between the individual's input such as effort and output, such as PA result. The second issue was participation. The participants argued that since the PA was applied to evaluate their performance, they had the right to be involved in all the PA process. In SEC the employees suffered from the lack of involvement in PA and they did not know the result of PA until their supervisor asked them to sign the evaluation form. Akuko (2012) states that in order to increase employees' motivation, employees involvement in the PA process has an important role. The last issue with regard to fairness is the low level of supervisor competence. The findings show that some participants did not believe and trust their supervisor in terms of capability of carrying out the PA.

The second theme was feedback. The findings illustrate that the majority of participants sought information on their performance, whether this be positive or negative feedback. The participants considered positive feedback as a sign from their supervisor regarding their skills and value to the organisation. The participants' view is consistent with that of Deci and Ryan (1985), who suggested that when employees receive positive feedback on their performance from the PA, their competence will increase and consistently the level of motivation would increase. In terms of the influence of negative feedback, the majority of the participants agreed that negative feedback would have a positive influence over their motivation because it would increase their awareness of weaknesses and they would be motivated to improve themselves and increase their performance. However, they mentioned some conditions for accepting negative feedback, such as accurate PA, justification of the result and the supervisor not leaving it until the annual evaluation. These conditions might explain the findings of a survey by Idris (2007), who found that more than 54% of the managers in SEC believed that honest and candid feedback of employees' performance demotivated them. According to Steelman and Rutkowski (2004), negative feedback has a developmental benefit for employees, helping them to improve their weaknesses.

The last theme is the linkage of PA to reward. The findings indicate that nearly all the participants emphasised the importance of linkage between the PA and reward in terms of motivation. Most of them believed that reward is the main benefit of PA for them. The participants' view corresponds to the view of Daley (2005) who argued that connecting the PA to the reward system is the main objective in any organisation, to increase productivity. On the other hand, the participants' view contradicted the findings of Idris (2007), who reported that most of the employees in Saudi companies preferred the annual increase of the salary to be decoupled from the result of performance appraisal. With the intention of motivating the employees, SEC has linked the PA to the reward system, such as the ratio of the annual salary increase and promotion. However in reality, the findings show that some participants were not motivated by this link, due to the ambiguity of the PA process. The participants were confused regarding the criteria for evaluating their performance. The participants' view corresponds with that of Duhinsky et al. (1993), who argued that the top management should reduce the ambiguity of PA to obtain the benefit of PA in terms of motivation.

## **10.2. Contribution of the Study**

As an exploratory empirical study in Saudi Electricity Company in the Kingdom of Saudi Arabia, the study creates some important contributions to knowledge at both the academic and practical levels, and contributes to a better understanding of human resources management practice in Saudi and other Arab countries. At the academic level, the study represents a unique initiative to understand the performance appraisal system in the Saudi Arabian context. In addition, the study examined the relationship between purpose, fairness, accuracy and feedback of performance appraisal and the reactions of the ratees in terms of motivation to increase the employees' performance in the Saudi context. Most of the research on human resources management in general and specifically in performance appraisal has been conducted in the Western context and there is a lack of it in the Saudi context (Assad, 2002; Al Hamadi et al., 2007; Budwar and Mellahi, 2007; Giangreco, 2010). Hence, the study could be considered as the foundation for further study in the Arab context.

Also, this is the first study conducted in Saudi Arabia which has used interviews as a data collection method to explore the role of performance appraisal on employees' motivation. This method gave the researcher the advantage of asking 'How' and 'Why' questions in order to answer questions that have not been answered before (for example Idris, 2007). Commonly, researchers have employed surveys to collect data in Saudi Arabia due to some difficulties such as pressures of time and the employees not being familiar with interview methods. According to Raeen (2003), most of the published research in Arab countries used quantitative methods.

Also, the study demonstrated that the Saudi culture is changing over time. Hofstede (2001) claimed that culture is relatively unchangeable and he assumed that the time taken to change culture is very long, and the change would be very slow, so that centuries and generations would be needed to notice the change. However, there is growing empirical evidence to support the view that culture can change faster than expected by Hofstede (Inglehart and Barker, 2000, Taras et al., 2012). According to Hamilton and Webster (2012) researchers' main criticism of Hofstede's study is that it is too old to be of any modern value, especially with the rapid changes in the world, both economically and politically.

Another contribution is the finding that participants considered their job as a source of motivation because they enjoyed the level of challenge, innovation and responsibility in their work, contrary to the view of Hofstede (1980) that people in collective cultures such as Saudi Arabia are not interested in challenging and high responsibility job, unlike those in individualist cultures such as the US. Moreover, the study answered some questions raised in the study of Idris (2007), who conducted research in some companies in Saudi including SEC (Idris used a survey method and the participants were managers and above). According to Idris (2007), the managers in SEC believed that the employees preferred that the annual increase of the salary should be decoupled from the PA result. Idris recommended further study to explore the reasons behind that. The current study found that the participants preferred a link between the PA result and reward system such as annual increase of salary and they believed it would increase their level of motivation and increase their performance; the main problem with the current PA system in SEC that

caused demotivation was the ambiguity of the PA process. The employees were confused about the criteria for evaluating their performance, Was it the employee's effort? Or achieving objectives? Or the supervisor's observation? Moreover, Idris (2007) found that managers believed giving honest feedback would demotivate their employees and he recommended a study to understand why the managers believed that. The current study enabled the researcher to ask 'why', but findings showed that employees actually sought feedback whether positive or negative, in order to develop themselves. However, they highlighted three conditions for accepting such feedback and taking it as a source of motivation: fair PA, explanation of the result and supervisor not leaving feedback until the annual evaluation. In addition, the research has increased awareness regarding the influence of the culture in Saudi Arabia and other Arab countries, and how it might influence human resource management practices.

In terms of practical contribution, the study increases the awareness of the human resource department at SEC and policy makers regarding the importance of the performance appraisal system as a mechanism of motivation. It also provides many recommendations to increase the performance appraisal effectiveness and develop employees' skills by identifying their weaknesses and providing training. Moreover, the policy maker and HRM should reconsider the performance appraisal method applied in the company (forced distribution), because it has been rejected by the employees for many reasons. In addition, the top management should introduce more than one technique of performance appraisal to suit the type and nature of different jobs, in order to enhance the advantage of the performance appraisal and achieve the organisational objectives. In addition, the study highlighted some factors that would impact the employees' motivation, such as feedback, fairness, supervisor trust and increase employees' participation. Managers should encourage supervisor to provide information on subordinates' performance, to enable them to realise their weaknesses and improve their performance. Also, the managers should ensure that the evaluation is based on the subordinates' performance, not like or dislike, to increase level of fairness on PA and use it as a motivator. It is important to offer training programmes for raters to increase their competence. In addition, the managers should notice that employees' seek not only financial reward, but also recognition. Also, the managers should keep in mind that employees always compare their income with that of

other employees, whether in the same organisation or in different ones. In addition, policy makers should increase employees' involvement and give them opportunity to express their ideas. The study can be used by any other organisation, whether public or private in Saudi Arabia or other Arab countries, to reflect on how they can improve the PA system..

### **10.3. Limitations of the Study**

The research has some limitations that should be considered. First, like any other piece of research, it suffered from a lack of time and financial resources. The study was conducted in Saudi Arabia and the time was restricted from July until September 2011. Hancock (1998) stated that researchers doing an interview for data collection could face limitations of time and finance. Also, that time was the summer holiday in Saudi Arabia and most of the employees were on vacation. In addition, the bureaucracy in the organisation was an impediment during the time of collecting the data and ate into the time available to interview the employees. Moreover, since the research took place in a developing country, I faced some obstacles regarding low awareness of the importance of research and researchers' time. In addition, the interview time is considered as one of the limitations on this study because it consumed a lot of time. This is partly because my skills in interviewing participants affected the number of participants in the research positively. According to Strauss and Corbin (1998), a researcher who has good experience and skills in interviewing participants needs fewer participants because he/she is able to encourage interviewees to reveal information by increasing trust and making them more confident.

Since the company supplies electricity to all the regions in Saudi Arabia, it was difficult to cover all the regions, so the research took place only in the central region. Conducting research in only one region is considered as a limitation because it would be interesting to explore the impact of regionalism on HRM practice. Another limitation is that the research focused on employees only. Thus, it could be important to involve supervisors in the research to understand their view of performance appraisal, because it is they who are mainly responsible for carrying out the performance appraisal and evaluate their subordinates. In addition, since managers in Saudi hold huge authority, foreign employees were not interested in participating in the research, so I only interviewed a few of them. Also, the research took place in one organisation, so it would be important to involve



different organisations to enable comparison between them. The last and most important limitation that I faced is the lack of literature on Saudi human resource management, particularly on performance appraisal and motivation.

#### **10.4. Suggestions for Further Study**

In this section, some recommendations are made for international management and researchers who are interested in conducting research across cultures. However, since the current research is considered as the first piece of exploratory research focussing on the role of performance appraisal in employees' motivation in the Saudi context, there are some limitations that need to be addressed in the future. The recommendations are as follows:

- It is strongly recommended that such a study be conducted in different organisations to enhance the opportunity to obtain a full picture of human resource management practices in Saudi Arabia to evaluate the study findings.
- Since the culture is influenced by political and economic factors, it would be interesting to conduct research comparing the PA in Saudi with another multinational country such as Dubai.
- It is also recommended that a similar study be conducted, but involving supervisors, to explore their ideas regarding the importance of the PA in terms of motivating their subordinates to improve their performance to meet the organisations' targets .
- A further study on leadership style in Saudi Arabia is highly recommended, to explore its impact on implementing the performance appraisal.
- Similar research could be conducted during the evaluation time, to observe the employees' attitudes and how the rater treats them.

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## **Appendix**

### **Interview Protocol**

Dear employee,

Firstly, I would like to thank you for participating in my research. The interview will not take more than one hour. With your kind permission, I would like to record our conversation. I assure you that recordings and transcripts will be kept in a safe place and no-one except myself will have access to them. Also, your name will not be mentioned in the research. All the information you give will be used only for academic purposes. This research will focus on the role of the performance appraisal in employees' motivation in SEC. Basically, this research aims to explore the effectiveness of the performance appraisal in the company in terms of the way the company conducts the PA, the purpose for which the company conducts PA, the capability of the rater and the fairness of the PA, from your point of view. Also, it aims to explore the motivation system in the company, to what extent you are satisfied with the current system and to what extent intrinsic and extrinsic motivation could impact your level of motivation. The final aim of the current study is to explore the role of the PA in your motivation level in the company, from your point of view.

**Part one:** Background of participants

**Dimension of this section:** this question aims to obtain information the participant's background and break the ice of the interview. This part focuses on the participant's age, education level, experience, and position.

1. Could you please tell me about your job?

Prompt; name of job, position, qualification, experience, the number of years working in Saudi Electricity Company and in this department

**Part Two: PA in SEC**

**Dimensions of This Part:** It aims to indentify the strengths and weaknesses of the PA in the company and to explore the way the company carries out the system. Also, it aim to obtain the participants' ideas about the PA and how they feel about it in general, and to explore the participants' ideas regarding the PA technique in the company. Moreover, it seeks to explore the level of the employees' acceptance of the PA, the clarity of PA in terms of the objectives and aims of PA from the participants' point of view. Also, it explores views on the person who carries out the PA. Finally, it aims to explore the level of the participants' satisfaction with PA in SEC and the influence of the Saudi culture on PA.

**Section Two:** The purposes of using performance appraisal in SEC

2. Could you explain the purposes of conducting the PA in the company from your point of view? In general and in the company

Prompt; identify weaknesses and strengths, identify training needs, promotion, dismissal, identify the company goals, workforce planning, feedback

3. Could you describe the method of performance appraisal in SEC? Give example

### **Section Three: Success Factors for an Effective Performance Appraisal System**

4. To what extent do you think the performance appraisal system in SEC is acceptable and well known to employees?

5. To what extent do the managers make clear the company's objective?

Prompt; meeting between supervisor and employees, identify objective, share responsibility, team working

6. To what extent do you think the supervisors are capable of conducting the performance appraisal?

Prompt; being trained, skills of supervision

7. What do you think of the process of the performance appraisal in SEC?

Prompt; the process is clear and easy, you can ask questions, period of conducting PA

8. Do you think the result of the performance appraisal is influenced by other factors? If so, can you give an example?

Prompt; age , personal relationship, race

9. To what extent are you satisfied with the PA in SEC? If not why?

10. To what extent do you think the Saudi culture could affect the PA? Give example

### **Part Two: Motivation in SEC**

**Dimension of this part:** The aim is to explore the motivation system in the company in general. Also, it aim to explore the participants' interest regarding job context factors, which include job security, relations in the workplace, pay in the company, work conditions and the company policy. Moreover, it aims to explore the participants' interest regarding job content factors, which include recognition, the work itself, growth, responsibility, advancement and achievement

#### **Section Four: Motivation**

11. To what extent are you motivated and satisfied with job context factors? How? why and give example

Prompt; job security, relations in the workplace, pay in the company, work conditions and the company policy.

12. To what extent are you motivated and satisfied with job content factors? How and give example

Prompt; recognition, work itself, growth, responsibility, advancement and achievement

### **Part three: The Role of PA on Employees' Motivation in SEC**

**Dimension of this part:** basically it aims to explore the current role of the PA in employees' motivation. Also, it aims to explore the influence of receiving fairness in the PA in terms of the process and the result. In additions, it aims to explore the influence of the employees' involvement on the PA on their level of motivation. then explore the influence of the feedback from the rater regard the PA and how it might increase their motivation and productivity. Finally, it seeks to explore the role of connecting the result of the PA with the reward system in the company in terms of increasing or decreasing employees' level of motivation.

#### **Section six: Link between PA and Motivation**

13. To what extent do you think PA plays an important role in employees' motivation?

(In general, in SEC, How, and Why)

14. To what extent do you think receiving a fair PA could affect your motivation? If yes, what factors do you think might increase the fairness level of PA? Give example

(Result, participation, How, and Why)

15. To what extent do you think feedback of PA could affect employees' motivation? How? Give example

(Positive, negative, How, and Why)

16. To what extent do you think linking reward to PA could impact your level of motivation? How? Give example