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**PERFORMANCE MANAGEMENT: SURVEY
EVIDENCE OF APPRAISAL AND EVALUATION
FROM LIBYAN CORPORATIONS**

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Performance Management: Survey Evidence of Appraisal and Evaluation from Libyan Corporations

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Abstract

To remain competitive, the use of techniques to stimulate and sustain performance has become the managerial imperative. Performance appraisal focuses on reviewing individual's performance. This article reviews performance management from a perspective of appraisal. The appraisal experience may be perceived by management and employee differently. To assess these differences, data obtained from a survey of employee perspectives from a Libyan business are analysed.

Introduction

Human resource management professionals have to: 1) define with the organization a new and clear business strategy that is vertically linked to human resources and 2) horizontally link and align each human resource to the organizational needs and via job redesign, recruitment, selection, training, development, and rewards. New global markets reward high productivity, quality, and consistency. Companies must find, select and use effective human resource management techniques that "fit" these new competitive challenges (Murphy, 2002). Performance appraisals are a core element of employer-employee communication systems. The objective of this research was to contribute to the development and testing of an instrument that would detect cultural and company specific characteristics and determine relationships from these to performance appraisal systems in use.

Seven hypotheses relationships are tested statistically based on data obtained via an in-company survey:

- H1. Participants' working years relate to participants salary satisfaction
- H2. The current performance evaluation system is based on participants' job description and the current performance evaluation system is beneficial for participants' career development
- H3. Company rules and regulations negatively affect participants' performance and the current evaluation system is used in a threatening manner (e.g. a threat of firing):
- H4. Company rules and regulations negatively affect participants' performance and the current performance evaluation items are too specific, so that rating biases may be avoided during the evaluation
- H5. Company rules and regulations negatively affect participants' performance and bias in promotion negatively affect participants' performance
- H6. Absence of relevant training negatively affects participants' performance and inequity pay decreases participants' performance
- H7. Inequity pay decreases participants' performance and money and tangible rewards are the only way to increase participants' performance

Performance Appraisal

Performance management is a set of methods and tools used to measure variables that provide feedback on efficiency. Production process and service activity productivity

measures can compare current activities against the desired value and enable management to determine trends, cycles and inconsistencies.

Performance management stems from control over resources. It creates processes to aid management development and reward. The core aim of performance appraisal is to focus attention onto employee's performance. From the process of creating awareness and clarifying of expectations, management can set objectives and continuously support individuals to increase output.

Murphy et al, (1995) stated that the vital functions of performance appraisal are deciding who should be promoted, terminated, given a raise and so forth. Salary decisions may depend heavily on assessments of job performance. Therefore, salary satisfaction is one of the factors that cause low performance and proof of the deficiencies of the current performance appraisal system.

Superior results can be achieved and sustained within businesses by teams of individuals. Inter-team and inter-company competition can be used to stimulate contribution to improvement schemes. Excessive competitive pressure can lead to stress. Stress is one of four phases identified by Lamming (1993) that companies in his sample have experienced while pursuing key and critical performance metric improvements. Being scrutinised during performance management reviews may induce emotional stress.

Pressure to conform to type can be a corporate imperative. A franchisee of a fast food chain, for example, has to instruct employees in how to reproduce a set of activities that have been designed and proven to be efficient in comparable restaurants in the chain. They are required to work in accordance with provided manuals and operational rules. There may be little opportunity to contribute to mature, well defined processes, especially when the franchisee, as a small or medium sized enterprise, has few spare resources to invest in process improvement and is operating under license. SME managers may not have the entrepreneurial attributes needed to develop significant insights and understanding that can then enable them to challenge the process and propose alternate - superior - methods, materials and organisation of work that will enable them to work better, faster and cheaper than competitors. Mature work environments may centralise process improvement initiatives centrally. Process engineers are likely to set targets. Any radical step changes may be broken down into incremental improvement roadmaps and project implementation plans. Key and critical performance metrics shall be defined.

Once proven to be reliable, faster and more efficient, the process owners may approve the change and schedule its roll out. A cost benefit analysis may be undertaken as part of the validation and change approval process. The corporation shall then need to disseminate the new way regionally and locally. The line management at the local site initially may be trained in the new methods. Subsequently, they may be trained to be trainers in the process, where they lead the training of others while being supervised by the more experienced or qualified central staff. There may be differences between owned and franchisee managed operations.

Where direct employees' contribution and creativity are considered assets, a manager must lead organisational improvement by setting out the core values that the company stands for, and encouraging employees to think and act behaviour in accordance with their values and guidelines.

Values that organisations incorporate into their performance management can include quality stability and variation, customer service, teamwork, equal opportunity, health and safety. In order to focus these funds on sustainable activities, an acceptable cost of purchased goods and services may be higher than a basic price paid for commodities, under a fair trade scheme. Performance management can provide a superior income for families working in the supply chain. Total quality management philosophies have been used extensively in order to

help employees understand they are to help their client; to treat them as internal or external customers. This may enable work the teams members to act well together and forge links with previous and subsequent team in order to maximise flow efficiency and create the greatest value for to their client and the business.

Performance control requires relatively accurate process descriptions to identify critical performance measures that indicate deviations from the expected value. Data on a wide range of attributes can be collected concurrently. The data should be limited to necessary values that enable objectives to be assessed against performance goals. To management improvements in performance there seldom are easy methods that do not have downsides to their application or limitations to the value of the data obtained. A suggested structure is:

- ❖ Management commitment to develop resources
- ❖ A clear causal relationship between performance and reward (monetary and non-monetary)
- ❖ The individuals and teams active in business processes are actively aiming to achieve or surpass identified goals.

Performance Appraisal

Fayol (1949) cited in Cardy et al (1994) asserted performance appraisal is a very important management tool kit. It covers four major management functions of planning, organizing, directing and controlling. Performance appraisal is essential for any organization to manage human recourses.

Performance appraisal is a process within a performance management system. Traditionally, performance appraisal has been based on administrative suggestions. More recently, the scope of appraisal significantly has been expanded.

Early appraisal systems in the UK emphasized the importance of incentives, as a top up to basic wages. Appraisal used to be an acceptable means of determining workers entire salary. During the 1950s appraisal was an accepted practice in many organizations that focused on rating individual's personality traits. This data was used to create development programmes for key employees. During the 1960s, appraisal migrated to become a participative indicative method that focused on job performance instead of personality attributes and aptitudes. Performance appraisal subsequently shifted to focus on evaluating value-add and identifying human abilities to work effectively on tasks within the business community. Individual's attitudes have become the basis of theories of motivation. Performance appraisal continues to be central to HRM (Fletcher 1986 & Murphy et al, 1995). Monyatsi (2006) described motivation as the forces that cause people to behave as they do and these include intrinsic (cognitive and emotional) factors, such as feelings, aspirations, attitudes, thoughts, and perceptions).

Carroll & Schneir (1982) assert appraisal is "the process of identifying, observing, measuring and developing human performance in organizations" ((cited in Cardy et al, 1994, p. 1). Appraisal is a significant event in individual's work calendar since "any personnel decision that affects the status of employees regarding their retention, termination, promotion, demotion, transfer, salary increase or decrease or admission into a training program" (Latham et al, 1982, p. 4). Latham et al suggest appraisal is a prerequisite to establishing effective selection, training and motivation. Latham stated that performance appraisal is considered if it is used as a review as it concerns worker efficiency and serves as an official and psychological contract between the organization and their employee. Appraisal processes make explicit goal statements relating to what is required of that individual.

The HR function may have limited resources, and hence not be able to undertake all appraisals. The functions role in many corporations is to be a knowledge leader, and a centre from whom to obtain help and advice for line management and other functions. HR specialists can then mentor managers in the process, and ensure that corporate rules and employment law are not contravened. New managers and supervisors must learn to use corporate appraisal schemes including 360 degree feedback processes. Ftercer et al (1986) use a metaphor to assert "Successful managers learn early in their careers that performance appraisals do not need to be negative aspects of their jobs. They recognize that performance appraisals are a lot like organic fertilizer: properly scheduled and handled, they will definitely improve productivity. Because such managers are effective in conducting performance appraisals, they do not have to terminate many employees".

Performance appraisal is a process of ensuring mutual understanding among the employee and the supervisor by the process of reviewing directly with the employee their job specific performance expectations and priorities, assigned responsibilities and communication.

It is a process of providing periodic and scheduled feedback that aims to improve teamwork and encourage the creation of abilities and greater efficiency to add value. The approach is used by management to help develop employees within their company and in their supply chain partners.

Appraisal can promote improvements in job performance by focusing and emphasizing on the inter- and intra-company communication and their shared values and goals.

The approach systematically clarifies job duties as they evolve over time. Documents defining the standards of performance are created and stored relating to the process based on discussions and assessments of performance with every employee.

(Based on www.performance-appraisal.com/intr.html).

Appraisal generally is considered useful to enhance value for the company. Appraisal meetings focus on one to one communication. As such, they can be used as a platform to relay significant messages, advice, decisions and set agreed action lists that aim to promote improvements and achieve targets. In effect, appraisal may be used to 'piggy-back' other initiatives. Part of the development that may be pre-requisite to achieving these can be education and training that unblocks or facilitates performance. These interventions may be localised to specific individuals, such as key workers, team leaders, supplier employees and service providers. Interventions may be more generic and rolled out to the entire workforce. The workforce may not be limited to an individual plant or company, for example the brand owner. The workforce may include first, second and lower tier suppliers.

Productivity

Metrics of productivity typically evaluate a ratio of output(s) over input(s). This may relate to units produced and units used. Typical questions relating to this concept include: What does it take to achieve an outcome or performance? Can the output be achieved with fewer inputs?

Heizer and Render (2008) define total factor productivity for operations as:

$$\text{Productivity} = \frac{\text{Output}}{\text{Labour} + \text{Material} + \text{Energy} + \text{Capital} + \text{Miscellaneous}}$$

Porter (1980) defined strategic competitive advantage stemmed from cost leadership or differentiation. In the context of productivity, inputs are minimised and outputs are maximised. The nature of the output may be in terms of financial value-add, i.e. number of goods produced. Lean accounting takes the perspective that products should not be produced unless there is a demand for them. Hence the revenue the output produces in relation to the quantity in stock is an important measure of output mix effectiveness.

Productivity is a function of at least three resources: technological, capital and human endeavour. Many organizations have been leaders in achieving high levels of productivity from technological development and capital investment but many of these organizations have failed to maximize productivity by failing to take full advantage of the abilities of their employees (Latham et al, 1982). Three further metrics identified in a patent application are: “a decision-making metric; a communication metric; and a processing metric”. These “take into account prioritization scores associated with electronic communications and the amount of time it takes users to effectively utilize electronic communications.” (USPTO Application #: 20080126951)

System and method of dynamically prioritized electronic mail graphical user interface, and measuring email productivity and collaboration trends

Today, organizations must make every effort to benefit from the sustainable, ethical and fair-trade operational activities undertaken internally and throughout their supply chain. The objective is to enable the efficient use of plant via empowered, capable and competent human assets. Greater performance and competitive advantage are related. However competitive advantage may be fleeting due to improved performance by competitors. Stavrou et al, (2007) concur that it is better to work smarter than harder: making organizations more effective by doing the right thing than be doing things right.

Case History

COMPANY BACKGROUND

Libya is situated in North Africa and rich of Oil and Gas. The country has a population of approximately 5 million inhabitants. The US removed the country from the list of nations recognised as supporting terrorism. Improved trade relations with the West followed the conviction for the Lockerbie - Pan Am flight 103 incident. In 2009, the political row over the prisoner transfer program raised the debate again about this country’s leadership and international role.

Given their substantially arid geography, situated close to the Sahara desert, the national congress voted to commit significant resources to water projects. ANC turn-key manage projects that transfer fresh water through pipes buried in the ground. ANC was established in 1995. ANC employs over 2500 employees, of whom 70% are Libyan; the others represent a wide range of nationalities.

ANC used sections of 3 and 4 meter diameter concrete pipe, each up to 7 meters long [1] to form an artificial river that stretches four-thousand-kilometres. The network includes wells and oases in Kufra, a basin in the south-east of Libya and fields and wells in the Fsan Basin, and from Mount Alhassaonp in the South-West to reach all the populous cities in the north

¹ <http://www.makco.co.uk/NewWeb/downloads/current%20-%20anc%20tech%20support%20services.pdf>

along the Mediterranean. The system has a significant supply from oases near Pravedin, Ghadames and Aljgbob.

Studies started to explore the potential to divert water into the system from the African continent were abandoned due to insufficient water availability and resistance to transfer water across borders.

Absoluteastronomy.com state: “The Great Manmade River or Great Man-made River (GMR) is a network of pipes that supplies water from the Sahara Desert in Libya, from the Nubian Sandstone Aquifer System. Some sources cite it as the largest engineering project ever undertaken. The Guinness World Records 2008 book has acknowledged this as the world's largest irrigation project.

The Nubian Sandstone Aquifer System is the world's largest fossil water aquifer system. It is located underground in the Eastern end of the Sahara Desert and spans the political boundaries of four countries in north-eastern Africa – Chad, Sudan, Libya and most of Egypt. Fossil water or paleo-water is groundwater that has remained in an aquifer for millennia. Water can rest underground in aquifers for thousands or even millions of years.... Some sources cite it as the largest engineering project ever undertaken. The Guinness World Records 2008 book has acknowledged this as the world's largest irrigation project.

According to its website, it is the largest underground network of pipes. It consists of more than 1300 wells, most (are) more than 500m deep and supplies 6,500,000 m³ of fresh water per day to the cities of Tripoli, Benghazi, Sirt and elsewhere. Muammar Abu Minyar al-Gaddafi, also known as Colonel Gaddafi, has been the *de facto* leader of Libya since a 1969 coup, has described it as the ‘[Eighth Wonder of the World](http://www.absoluteastronomy.com/topics/Great_Manmade_River#encyclopedia)’” (Source: http://www.absoluteastronomy.com/topics/Great_Manmade_River#encyclopedia) Site accessed 050909.

Excess supply water from the system is diverted and stored in the North in five lake oases. These are strategic stores primarily allocated to supply industrial capacity requirements that sustain the economy. The smallest artificial oasis has a capacity to hold at least four million cubic meters. The largest reservoir has a capacity four times that size and is constantly topped off with water throughout the year that is transferred from other stores or from the main system. The water project primarily aims to provide drinking water for the population, facilitate increased cultivation, raise agricultural yield and supply for industrial plant uses.

STATEMENT OF PROBLEM

In hindsight, ANC found they had employed people that have not done their job properly. This situation has been increasingly common in Libya, in ANC as well as many Libyan organizations. The hypothesis of this research is that at its core, is how performance evaluation and appraisal relate to pay-role as an input versus overall productivity. ANC rapidly recruited “warm bodies” to fill vacancies that were created during their Great Manmade River (GMR) project where, even with extensive over-time being made available to existing employees, they were under pressure to meet deadlines. The management had perceived they had insufficient capacity and had decided to recruit in order to retain operating margins rather than subcontract and pay other rates that included service providing company's profits. ANC management posed the question “Why (should we) spend all the time and money on the selection of people when (many of the company's employees) are breaking down from *under use*?” Given the cultural context (Trompenaars and Hampden-Turner, 2000), “under use” in this context was interpreted by the research team as low productivity.

ANC recognized the connection between worker experience and productivity. ANC middle management requested researchers to investigate the phenomenon as a matter of urgency. The underlying project assumption was that understanding how to improve performance of ANC employees shall lead to a superior output and higher contribution to profit.

The ANC performance evaluation system was examined. Performance appraisal in ANC, as in many Libyan organizations, is common practiced and used extensively. However application of the techniques is not always performed effectively.

The Al-Nahr Company considered performance appraisal related to demanding jobs. They valued fairness, frustration, and satisfaction however they also endured low performance.

Widespread frustration and dissatisfaction among ANC's employees has forced ANC to re-evaluate their employees' performance. The research team considered ANC management had to recognize that when conducted effectively, performance evaluations did play an important role in leading their company toward improved productivity.

Senior management had concluded based on data provided by their middle management that what had created reduced performance in part was the fault of the employees and in part the company's human resource management practices. ANC had run into financial difficulties. All their employees needed to be trained. Crucial knowledge and insight could not be left to just a few skilled technicians. An equitable performance and reward scheme also was needed. Prior to the start of the project, line managers had been trying to not use performance evaluation because they reported an 'apprehension' or 'fear' of committing to a 'soft' process.

THE PURPOSE OF THE RESEARCH

In assessing performance of workers in this project is going to fine out why employees of Al-Nahr Company were facing problems of declining in their performance and also, to assess the organization which that adopted in Al-Nahr Company to enhance and develop the performance of Al-Nahr employees. So this project was considered core to helping employees. The aim was to avoid unnecessary waste, reduce or eliminate weaknesses, improve worker performance, motivate enthusiastic participation and peak performance. Primary data was collected. Initial findings suggested prescriptive intervention research would fit with the client situation. It was considered vital to generate and job specific data to fully analyse ANC employees' role performance.

The project aimed to evaluate empirical findings, then enhance and develop Al-Nahr company system employees.

The Human Resource Function and Performance Management

The human resource function has led the introduction of performance appraisal. The paradigm shift that is occurring in the business world today focuses on changing the perception that direct and indirect employees are assets rather than costs that appear on the liabilities side of the equation.

When a Tayloristic employer employs individuals to do a task, they expect efficiency in operations. These may be manual or repetitive in nature. Productivity and quality are the principal criteria of performance evaluation.

Today, the human resource function focuses on routine activities such as payroll and compliance with employment recruitment and termination legislation. The traditional classifications of core resources are time, money and people. Each organisation has the same chronological amount of time. Corporations, brands and supply chains now compete on time

to be the first to market or to develop product and service solutions. Some companies prefer to buy newly established technologies and be second to market, with a superior product that has been developed at significantly lower total cost. In so doing, they can undercut first released products with a higher value proposition. Given the same capital, the same capital may purchase plant and fixed assets investments. The same equipment may be operated at differential total cost due to labour hour, energy and overhead costs.

The third primary resource is people. The creative input to projects can create the difference between significant quality, cost and delivery improvements. Early involvement in design projects can enable products to be designed by the companies that shall produce them, with modifications made to reduce operating time, hand time (assembly activities), scrapage, and minimal disruption to set up the run. Supply chain management now understands they can involve employees in-house, in suppliers and their corporate clients. Employees are more perceived as business assets. Contracts between supply chain partners can insist on named individuals to take responsibility for activities and projects. Rather than treating individuals as components in a mechanistic value adding process, they are individuals that have feelings and attitudes. Management have available information relating to emotional intelligence (Golman 1995, 1998). This an framework suggests that employees react better and more predictably while sustaining peak performance when the business manages the balance between operating efficiently for financial benefit and working together for mutual benefit. Management may have little social interaction with subordinates outside of their working environment. They may not be too concerned whether subordinates like them or not, as long as they do their job and perform as expected. To remain impartial and to follow the set procedures and comply with legislation, management nominally must remain focused on job related factors. They must be seen to be fair and simultaneously aim to foster co-operation, stimulate motivated effort, help clarify expectations and include individuals, or their representatives, in the decision making process that may create decisions that shall affect them.

Competitive advantage is achieved through people. Internal operations have a mixture of superior- and under- performers. Performance is dependent on various factors, including: training, experience, fitness, concentration, insight into and control of processes. Some employees are highly valued and protected, even if their performance is less than optimal. In some cultural contexts, sustaining a good relationship environment between individuals is more important than performance. Promotion may be a function of experience, long service, performance and relationships. The individual may be able to talk the talk, even if their performance isn't exemplary. A good colleague may be a bad manager. Performance of a team may reduce if they do not have the ability to elect or recruit their representatives. Newly promoted managers may previously have demonstrated sustained dedication and contribution to the creation of an effective organization. The promotion may be recognition of their achievement.

Managers have a strategic impact on the competitive advantage of their business. To achieve the objectives that contribute to those strategies, they have to consider the needs of their people and those of the business' partners such as alliance and technology partners, suppliers and service providers. Paying attention to employees can be a way to increase organization synergy and lead to the satisfaction of their goals – a form of short-term, intermittent success. There are no assurances that soft human resource management shall produce successful organizations. Herzberg (1966) suggested hygiene and motivating factor mechanisms. Hygiene factors alienate employees. An absence of alienating factors does not mean employees are motivated. The presence of motivators does not eliminate the effects created by the presence of hygiene factors. In effect, an absence of one does not mean the presence of the other. Effective human resource management and appraisal stems from the careful

management of their human resources. This stems from the same way they organize existing and former resources. (Ref. 30) For example, long-service and retired employee clubs may be established alongside current employee support, education and social involvement clubs, courses and associations. Away days and company outings for employees can be of limited value. Employees may feel obliged to attend; others may put pressures of work and deadlines before pleasure. Not being allowed to have spouses accompany them also may be considered stingy.

Various corporations that invest significantly in product and process development will stop current employees 'putting the world to rights' with those that have left the company. Supporting erstwhile and current individuals could be tested to validate the hypothesis, for given organisations, that this is a superior approach than ex-gratia payments and terms and conditions that prohibit entry to visit former colleagues.

Programmes that attempt to improve knowledge and skills that lead to growth require, to varying degrees, attributes of a soft HRM approach. Agreeing training that overcomes deficiencies and improves employee performance requires care and leadership to jointly select courses and learning projects. Care must be taken not to dominate proceedings, else employees may feel steam-rolled into a course of action that they may feel offers little value, is inappropriate, or is a low priority. Selecting techniques and knowing how to negotiate viable solutions to predicaments with the people are key to soft HRM implementations.

To implement the soft approach, managers have to explain the relevance of the direction they wish the employee to take, in order that they may adopt an altered perception and change in their demonstrated behaviour. Employees may not identify the causal relationship between their behaviour and the way they are managed. To create a trusted and valued internal worker, that individual must operate within a context that links them to their organizational structure and strategies. To achieve this level of sophistication, the corporation may require:

- To define and plan the content of effective HR activities
- To develop superior HR capabilities that are distributed to line management
- To improve employee communication and relations
- To develop a context where both union and management perceive they operate symbiotically and in partnership

The Hawthorne Effect suggests that to achieve an improved performance as a result of motivation from stroking, managers must pay attention to employees for whom they are responsible. Motivating workers to carry out tasks with sustained peak performance requires them to push and test their capabilities. As the most important resource for generating value, management have to consider the needs of their workforce. This research takes the perspective that employees and supply chain participants create potential sustainable competitive advantages for their organizations.

Brown et al, (1999) perceived there to be a symbiotic relationship between employee attitudes, organizational culture and HR practices. Human resource management is essential to support employees to remain flexible and ready to adapt to change.

Human Resource Management in Developing Countries Ali et al, (2005) state "in recent years, the dynamics of business accentuates, more than ever, the necessity to understand cultural underpinnings and social norms in societies across the globe. While business globalization seems to generally highlight similarities among groups and nations, global politics are more likely to emphasize dissimilarities. Probably this is more relevant to the Middle East than in any other region in the world".

Blunt (1990 p299) suggested "Organizations everywhere could improve their performance, the consequences of ineffectiveness, undeniably are generally greater in the third world

simply by virtue of the larger numbers of people affected and, owing to their often precarious existence, their vulnerability to organizational mismanagement. It has been widely accepted for some time that institutional weaknesses in the Third World constitute a major obstacle to development. Yet the severity of such problems of organization is undiminished".

Reward systems in developing countries are not as advanced as those used by Western organisations. Blunt (1990) asserts many managers in developing countries seem to have such concerns. The above may explain the situation of most Arab countries, especially what is happening in most organizations in Libya. Culture, political governance and society in many Arab countries are based on the Islamic faith. Cultural values and spiritual outlook based on Islam have a significant influence on Arab civilization and culture. Branine, (2002) and Mellahi et al, (2002) identify five factors moulded and continue to influence human resource management of practicing and the polices: the organization of economy, political environment structure of the labour market, national human resource development strategy, Islamic religion and national culture.

Murphy (2002) proposed that not until the end of the twentieth century did many Arab organizations show more than a token amount of attention toward HRM practices. For many off them, HRM means "personnel", that was limited in scope exclusively to "payroll". In recent years, interest in human resources has germinated among Arab organizations, largely because of quality, safety, and other standards seen as prerequisites to exporting, developing strategic alliances, and meeting the competitive challenges of the global market.

PERFORMANCE APPRAISAL

Latham et al, (1982) asserted performance appraisal is the most important system in any organization's human resources because it is a prerequisite for establishing selection, training and motivation. Performance appraisal is considered a mixture of critical accomplishment evaluation in function of defined aims. Honest and constructive feedback should be relative to the gap between results, effort and target. This approach enables performance appraisal to fulfil an essential function of calibrating expectations and achievement, and provides an indication of employees' motivation and skills that require development. Goal setting and feedback are primary components of most motivation theories. DeNisi et al, (1984) define performance appraisal as a mandating procedure that is used to listen to every employee.

Stroul (1987) propose performance appraisal systems have a dual role in an organization: To control mechanism to monitor performance and goal attainment, and to serve as a feedback mechanism that aims to foster individual growth and development.

Porter et al, (1968) suggested management decisions on performance measurement typically involve subjective judgments and often the interpretation of the facts and the final results are beyond the employee's control. Based on this, Zemke (1991) stated that employees often feel that performance appraisals are not fair because supervisors focus on their most recent behaviour rather than performance over a period of time and a supervisor may erroneously estimate employee's performance.

Cardy et al, (1994) categorised performance appraisal as a primary HRM function on the basis that it is a component of so many other human resource management activities.

Employee Perceptions

Martinko et al (1982) stated that an employee's performance would be reduced in unpredictable work environments, causing workers to feel helpless and withdrawn from the organization. Also, they stated that organizations that persisted in these work environments inadvertently conditioned this passive behaviour.

Feedback from performance appraisals is important for the employer and the employee. Stroul, (1987) suggested employees may view performance feedback from a manager as favourable when the manager adopts the role of a counsellor and sets a helpful tone.

Stroul also stated that the organizational should aim to enhance employee performance via appraisal during training and job preparation was in direct conflict with the organizational goal of to seeking information and guiding training and development decisions. The number of organizations conducting formal performance appraisal have steadily increased. Zemke (1991) proposed performance appraisal should aid managers substantially over the short term by enhancing workers performance and over the long term of period by developing employees. Zemke asserted performance appraisal should identify a value-add surplus or deficit similar to accounting principles, based on work achieved by individuals for their organisation.

Cardy et al, (1994, p. 54) recommend “with dissatisfaction and feelings of unfairness in process and inequity in evaluations, any performance appraisal system will be doomed to failure” while

Mugreyet al, (1994 p. 314) found “reaction criteria are almost always relevant” and an “unfavorable reaction” may ruin carefully constructed appraisal events.

Wright (1997) stated that employees that feel detached from the organization would lose attitudinal commitment toward the organization and thereby not accept the organization’s goals and values. By attitudinal commitment towards the organization, he meant the extent to which the employee wanted, or desired, to remain with an organization.

An appraisal can be a dreaded annual exercise. It may be dreaded or perceived as appealing as visiting a dentist. Appraisals may be difficult tasks for both manager and employee. Longenecker et al, (1999) suggest that at best, the process encourages employees to produce their best, exert effort and work based on an agreed action plan achieve their specific objectives. At worst the employee is made to feel unimportant, abused and unappreciated.

Davis et al, (1999, p. 18) state "The aim of reviewing the subordinate's performance is to increase his effectiveness, not to punish him. But apart from those few employees, who receive the highest possible ratings, performance review interviews, as a rule, are seriously deflating to the employee's sense of worth. Not only is the conventional performance review failing to make a positive contribution, but in many executives' opinions it can do irreparable harm". An appraisal can be a dreaded annual exercise. It may be dreaded or perceived as appealing as visiting a dentist. Appraisals may be difficult tasks for both manager and employee. Longenecker et al, (1999) suggest that at best, the process encourages employees to produce their best, exert effort and work based on an agreed action plan achieve their specific objectives. At worst the employee is made to feel unimportant, abused and unappreciated.

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SUMMARY

Measuring an employee's performance in today's complex organizations continues to be one of one of the most controversial human resource management processes (Roberts, 1998). Performance evaluations are considered essential in many organisations in order to determine employee’ performance and how satisfied they are in their jobs.

Al-Nahr company ANC has identified their company can develop a modern organization. An aim of this research is to identify and evaluate the use of an employee's performance evaluation system in Al-Nahr Company, determine the impact on employee's motivation in Al-Nahr to identify reasons, such as specific practices, that caused performance to decrease.

The main research aims:

1. To examine legacy systems that exist and determine resistance to adopting and using performance evaluation in ANC.
2. To identify how consistently performance evaluation systems are used in ANC
3. To evaluate the context and working environment and identify effects that impede employee performance
4. To evaluate what extent the company culture influences employee' performance
5. To identify the route causes of low performance

Research Design

The objective of this research is to observe and facilitate ANC employees' performance improvement. A key element to understand the current situation is to determine why ANC employee's performance declined.

The research is to develop and improve this strategy search and designed to get the solutions referring to the suitable place.

This project analysed the employer-employee interactions and perspectives of performance evaluation. Although registered as a research student, to obtain empirical data, the researcher proposed to be an independent observer, with the remit of ensuring that due process is observed. This labelling aimed to provide a level of confidence and define a legitimate role and reason to attend the sessions. The researcher was not allocated to managers. Instead, the research team proposed to offer the role of 'independent party appraisal monitor' was offered and accepted by individual line managers involved. The number of managers involved organically during the trial. It became necessary to accept a limited number of appraisal sessions per manager in order to gather data from more managers. Due process conditions also allow employees to nominate a third party of their choice.

Performance evaluation processes are qualitative in nature. However, sufficient data could be collected via a survey. Quantitative analysis was designed to assess variables. Data were collected via survey instruments. Collis et al (2003) assert "This approach provides more real bases that can help in analysis as it reflects problem subjectivity"

SAMPLING

Sampling typically is the process of collecting random examples from a group or category. These may be selected, treated or conditioned in such a way that this enables clusters identified and assessed separately. Placebo and non-intervention control groups may be used to provide base line data, comparison against which interventions may be evaluated.

Zikmund (2003, p. 373) stated "Target population is the complete group of specific population elements relevant to the research project". In the research case, all ANC employees are considered target population. "Sampling frame is the list of elements from which the sample may be drawn" (Ibid). In this case, a sampling frame was a list of all ANC employees.

Potential Participants

The target population for this research is restricted to employees of ANC in Libya. A census of the entire population is a valuable source of data but is usually precluded by researchers

due to the expense of such an undertaking and the excessive time required (Cooper et al, 1995). The sample of inhabitants statistically offers researcher the ability to generalize confidently that which is present in the entire population (Patton, 1990). However; a full census is feasible when the population is small, readily accessible and when the elements are vastly different from each other (Cooper et al, 1995).

Sample Participant Selection

A blind randomised selection can provide a wide range of scenarios, variable settings and subjects. This approach would be taken where there the subject is for example a wild animal, and where there are no third parties involved. However, in evaluating performance appraisal, two subjects are observed and measured; the manager and the employee. Since the manager is responsible for the employee, and employees provide services and work that indirectly impact on the assessment of the manager's ability to get the best out of their team, it was considered necessary to hybridise the sample selection system. The manager was asked to select 'interesting cases' that had a wide range of issues that would enable guaranteed observation of particular concerns to management relating to performance. They also were asked to provide names of employees that had to be appraised. This group was divided into two: employees that would be appraised by their own manager, and a second group that would be appraised by a manager from any other function in the business that is selected at random. The objective of this approach was to create a control group that did not have a 'prior history' and that used the employee records and due process to guide the appraisal. (Collis et al, 2003 & Zikmund, 2003)

In order to be able to generalize a research, the sample has to represent the whole study population. The sample was therefore drawn from different levels of employees in different departments. Therefore, the sample was selected from different levels in different departments of ANC: the seniors, juniors, administrators, technicians and labour in ANC's headquarters, plant and construction sites.

Response Rate

To obtain sufficient data the questionnaire was distributed to more 120 employees across ANC. The study was conducted in ANC, located in Libya. The main focus of this research was quantitative analysis of a survey questionnaire. This study uses a quantitative research design in data collection. Data was collected by emailed survey questionnaire. Individuals in the target sample were identified by manager' recommendation or random from the remaining sample population. Eighty four were returned. The response rate was 70%. 72 were usable for the purpose of the study. Questionnaires were distributed and collected immediately once answered.

Survey Instrument Design

A structured questionnaire was developed as the research instrument. All the questions were developed in simple and concise English and reverse translated to and from Arabic. Confidential and legally restricted questions, such as the level of income, were identified and not included. Likert scales were used in order to create response flexibility. Likert scales allow respondents to indicate their attitudes on a weighted scale of 1,2,3,4 and 5 (Collis et al, 2003 & Zikmund, 2003).

Therefore, response category as follow:

- Strongly agree (1.00 or less), agree (1.01-2.00), not sure (2.01-3.00), disagree (3.01-4.00), and strongly disagree (4.01-5.00).
- 1-4 years (1.0 or less), 5-9 years (1.01-2.0), and 10 years and more (2.01-3.0).

The proposed survey and field research were presented to the managing director of ANC to secure input and an endorsement of this study. The survey questionnaire is based on thirty five questions. Data was separated into a 4 -part survey. Part 1 of the questionnaire focused on personal information about the participants. Part 2 evaluated the current evaluation system.

Part 3 aimed to assess influence from the working environment on the performance appraisal system. Part 4 examined to what extent company culture influences employees' performance appraisal.

Familiar terms were used to avoid misunderstanding (colloquial and company recognised standard vocabulary, presented in the first person singular). The questionnaire was piloted as follows.

“Before preparing the final form of the questionnaire, the items should be tried out with a small group as a pilot run. The group need not be a representative sample of the prospective respondents. The results of the pilot run should identify misunderstandings, ambiguities, and useless or inadequate items” (Wiersma, 1985, p. 151). The objective of the pilot run was to recognize any weaknesses and misunderstandings on a questionnaire for improve its simplicity also to identify and eliminate potential problems. The questionnaire wording, sequence, form or layouts were tested. Saunders et al, (2003) stated that the pilot test provides an opportunity to obtain some assessment of the validity and reliability of the research instrument. This process assisted in establishing content validity and reliability of the survey instrument to be distributed for collection of data.

Pilot Study Stages

An alpha study was conducted prior to full distribution. Six researchers and the managing director of ANC were provided with the draft questionnaire. Using the Delphi technique, their feedback was assessed. Several questions were deleted due to misunderstanding, or reformulated following suggestions. Grammatical changes were made to some questions to avoid potential ambiguity and leading responses.

Validity

Accuracy is a degree of closeness to the “truth” (Christiansen, 2004) that the study results communicate. Wiersma (1985) suggested the establishment of content validity typically occurs via a process of logical analysis. Gay, (1996, p. 140) concurs by stating “Usually, experts in the area covered by the test are asked to assess its content validity”. In order to get valid data, every effort was made to eliminate disingenuous questions and those that wrongly had been formulated. Feedback on the questions used in the instrument suggested they were considered appropriate causal stimulus to obtain the information sought.

The risk to the study validity stem from potential stress or distress result from completing the questionnaire that focuses on aspects of their work and relationship with their employer. If the participants were not to answer honestly, that would create inaccurate empirical data. The researcher, as observer, might misunderstand events and messages. This may possibly allow a researcher’s expectations to influence records of observations. However, efforts were made to avoid these.

Reliability

Christiansen (2004, p. 182) suggested "Reliability refers to consistency, stability, or the repeatability of results". The participants were from different departments at a variety of levels in ANC. Questions were composed to avoid participants' misunderstanding and bias. The data set reliability is a function of conscientious employee understanding of the questions and assessment of the Likert scale that requires them to rate their experiences.

Data Analysis

After data were collected, the responses received were coded and entered into an SPSS 14.0 determine correlations. Frequency distribution tables can be used to represent rate of recurrence data. Frequencies are summarized where appropriate by calculating the mean and mode, that summaries data set with a single value. The standard deviation has been used to determine data spread.

Pearson's product moment correlation coefficient (r) has been used to assess the correlation strength between variables.

Results

The information obtained from valid survey instrument returns are examined. Respondents of this survey were drawn from different departments and from different levels of ANC. From a total of 120 distributed questionnaires, 84 were returned of which 72 were suitable for the purpose of the study. The greatest number of participants came from the construction department (42%), followed by manufacturing (25%), quality control (15%), general affairs (15%) and engineering (3%). The largest respondent groups were engineers (18%). Participant roles are provided in Table 1.

Table 1 Number of Participants

Participants	No. of Participants	Percentage
Engineer	13	18%
Foreman	9	13%
Inspector	7	10%
Technician	6	8%
Labour	6	8%
Section Chief	5	7%
Operator	5	7%
Skilled worker	4	6%
Accountant	3	4%
Driver	3	4%
Site Manager	2	3%
Plant Manager	1	1%
Secretary	1	1%

Table 1 shows the number and percentage of respondents.

Initial classification descriptions of respondent's roles are requested in order to determine any clustering factors: nationality, department and position.

A section on personal information aims to sub-classify respondents based on selected demographic and employee characteristics: working years, salary satisfaction, the influence

of relationship with team members on performance and the influence of relationship with supervisor.

Employment duration with this company

Table 2 shows a mean score was 2.44 and standard deviation was 0.71. That indicated a tendency of respondents to have 10 years or more service. The mode was group 3. This indicates the majority of respondents had worked with the company for 10 years or more (the most frequent occurring value).

66.9% (f = 41) of the respondents had worked in the company for 10 years and more. 30.6% (f =22) of the respondents had worked there between 5-9 years, and 12.5% (f = 9) of the respondents had worked there between 1-4 years.

Table 2 Mean, mode, standard deviation and range (Personal Information)

		Working years	Satisfaction with salary	Relationship with Team Members	Relationship with Supervisor
N	Valid	72	72	72	72
	Missing	0	0	0	0
Mean		2.44	4.00	2.93	3.67
Std. Deviation		0.71	1.15	1.30	1.19
Mode		3	5	2	4

Satisfaction with salary

The mean was 4.00 and standard deviation was 1.15. The mode was 5. This indicated that the majority of respondents strongly disagreed with the item (see Table 2). A significant proportion of the respondents (f = 32, 44.4%) indicated that they strongly disagreed that their salary was satisfactory. Nearly one third (f = 23, 31.9%) reported that they disagreed. Hence 76.3% of respondents were not satisfied with their salary, while 15 respondents 20.8% agreed that the salary was satisfactory and 2.8% were not sure.

How do your relationships with your team members influence your performance?

The mean was 2.93 and standard deviation was 1.30. This indicates a central tendency to “not sure”. The mode was 2. This indicates that the majority of respondents perceived a strong influence correlation (Table 2).

Approximately 48.6% of the respondents reported a strong impact of relationships with team members, while 44.4% indicated a weak impact. The remaining 6.9% were not sure. This may be in part due to strong and knowledgeable team leadership, and that other respondents may have significant professional skills and hence are not reliant on the team. Length of service however did not show any significant correlation for the obtained results. This suggests some respondent’s short service respondents may have been relatively skilled prior to joining the company, while other longer service respondents still had few developed skills.

How do your relationships with your supervisor affect your performance?

The mean was 3.67 and standard deviation was 1.19. This indicates a central tendency, concentrated on badly. The mode was 4. This indicates a majority of respondents perceive this relationship affected them badly (Table 2). A significant portion of respondents (f = 33, 45.8%) indicated they had bad relationships with the supervisor while 25% of respondents reported very bad relationships. 25% reported good relationships, and the remaining 4.2% gave neutral response.

Existing Performance Evaluation System This section describes ANC employee’s opinions relating to the legacy evaluation system in three categories: the current system, the rate and the accuracy of evaluation.

Respondents were asked to rate the statement -

The current performance evaluation system is beneficial for your career development

The mean was 3.44 and standard deviation 1.21. These indicate a central tendency of responses is concentrated toward disagreement. The mode was 4, indicating the majority disagreed (see Table 3). Thirty nine respondents (54.2%) rated the current performance evaluation system as not beneficial for their career development, 30.6% indicated that they thought that the current performance was beneficial for career development while 15.3% of the respondents were not sure.

Table 3 Mean, mode and standard deviation (Current Evaluation System)

		Career development	Job description	Threat of firing	Strengths and weaknesses	Bias	Promotion and training	Last performance
N	Valid	72	72	72	72	72	72	72
	Missing	0	0	0	0	0	0	0
Mean		3.44	3.40	2.63	3.22	3.65	3.22	4.19
Mode		4	4	2	4	4	2	6
Std. Deviation		1.21	1.03	1.16	1.09	.99	1.20	1.59

Table 3 shows a mean of 3.40 and standard deviation 1.03 in response to being asked if their own performance evaluation was based on their specific job. The mode was 4, indicate that the majority of respondents disagreed. A majority of respondents (f = 40, 55.6%) indicated that the current performance system is not based on job description. Only 27.8% of the respondents stated that the current system is based on job description and 16.7% of the respondents were not sure.

Evaluating if the current evaluation system is used in a threatening manner, the mean was 2.63 and standard deviation was 1.16. This indicates respondents were concentrated on ‘not sure’. The mode was 2, indicating the majority of respondents agreed with the statement.

The majority of respondents (f = 39, 54.2%) indicated the current performance system is used as threat of firing, 31.9% of the respondents stated they disagreed and 9% of the respondents were not sure.

Asked if the current performance evaluation identifies your work strengths and weaknesses, the mean was 3.22 with standard deviation 1.09. The central tendency of responses was concentrated on disagree. The mode was 4. This indicates the majority of respondents disagreed with the statement. 37.2% of respondents indicated the legacy performance system did not identify their work strengths and weaknesses, 33.4% of the respondents reported a feeling that the system identified their strengths and weaknesses and 19.4% of the respondents were not sure.

Asked if the current performance evaluation is a proper tool used for administrative decision i.e. promotion, training, etc. the mean was 3.22 and standard deviation 1.20. Responses concentrated on disagree and with a mode of 2. Hence the majority of respondents agreed with the statement.

44.4% of respondents indicated that they did not agree that the current performance system is a proper tool for promotion and training, 40.3% of the respondents expressed agreement that

the current performance system is a proper tool for promotion and training and 15.3% of the respondents were not sure.

When assessing how long has it been since their last performance evaluation, the mean was 4.19 and standard deviation 1.59. The majority of responses concentrated on 7-12 months. A significant number of respondents (f = 24, 33.3%) indicated they had not received any performance evaluation, 9.7% of the respondents stated that they had received a performance evaluation more than 12 months ago and 22.2% of the respondents indicated that they had received a performance evaluation in the last 7-12 months.

The Weighting

The assigned weighting assesses the requirements and difficulties of the individuals' or teams' work. This can be used as a factor to calibrate relative performance.

Asked if they understood the use of the weighting, the mean was 3.24 and standard deviation 1.20. This indicates respondents concentrated on disagree and the mode was 4, suggesting majority of respondents were concentrated on disagree. Thirty nine respondents (54.2%) indicated the weighting does calibrate the requirements and difficulties of their work, 40.3% of the respondents indicated the weighting reflected the requirements and difficulties of their work and 5.6% of the respondents were uncertain.

Table 4 Mean, mode and standard deviation (The weighting)

		Understanding requirements and difficulties	How to improve your performance?	Feedback
N	Valid	72	72	72
	Missing	0	0	0
Mean		3.24	3.51	3.71
Mode		4	4	4
Std. Deviation		1.20	1.13	1.03

Asked if the existing weighting indicates how you can improve their performance, the mean was 3.51 and standard deviation 1.13. This indicates they tend to disagree and the mode was 4 (Table 4). The majority of respondents (f = 49, 68.1%) indicated the weighting did not explain how they could improve their performance, 29.2% of the respondents stated that the weighting explained how they could improve their performance and 2.8% of the respondents gave neutral responses.

The Accuracy of Evaluation

Asked if the performance evaluation is based on very recent events, the mean was 2.96 and standard deviation 1.14. The mode was 4. This indicates that overall respondents disagreed with the statement (Table 5). Thirty respondents (41.65%) the performance evaluation is based on very recent events, 41.65% of the respondents stated that the performance evaluation is not based on very recent events and 16.7% of the respondents were not sure.

Table 5 Mean, mode and standard deviation (Long-term or Recent Event Evaluation)

		Very recent events	Appeal	Committee	Given scores
N	Valid	72	72	72	72
	Missing	0	0	0	0
Mean		2.96	3.00	1.76	3.28
Mode		4	2	2	4
Std. Deviation		1.14	1.02	.43	1.12

Assessing awareness of the process to appeal, the mean was 3.00 and standard deviation 1.02. The respondents concentrated on 'not sure'. The mode was 2, indicating that overall respondents tended to agree with the statement (Table 5). Twenty-seven respondents (37.5%) agreed that they could appeal, 30.5% of the respondents thought that they could not appeal and 30.6% of the respondents were uncertain.

Responding to the question of if there is an assigned committee responsible for appeals, the mean was 1.76 and standard deviation 0.43, the tendency the responses was to 'no'. The mode was 2. This indicated that the majority of respondents answered no (see Table 5). 76.4% of respondents reported that there is no committee concerned with appeals, and 23.6% of the respondents indicated there is committee concerned with appeals.

Income, Pay Equity and Decision Making

Questions were asked relating to effort and reward. The questioned were based on equity theories.

Asked if **money and tangible rewards are the only way to increase their performance**, the mean was 2.53 and standard deviation 1.35. This indicates a central tendency concentrated on 'not sure'. The mode was 1. This indicates that the majority of respondents strongly agreed with the statement. Forty respondents (55.5%) stated that money and tangible rewards are the only way to increase their performance, 29.2% of the respondents disagreed and 9.7% of the respondents gave neutral responses.

Asked if **participation in decision making increases their performance**, the mean was 1.71 and standard deviation 0.68. This indicates a significant tendency to 'agree'. The mode was 2. This indicates the majority of respondents agreed with the statement. The majority of respondents (f = 67, 93.1%) stated that participation in decision making increases their performance, only 2.8% of the respondents disagreed and 4.2% of the respondents were not sure.

Assessing if pay inequity decreased their performance, the mean was 2.03 and standard deviation 1.07. This indicated a central tendency concentrated on 'not sure'. The mode was 2. This indicated that the majority of respondents agreed with the statement. The majority of respondents (f = 55, 76.4%) stated that inequity in pay decreases their performance. Only 13.9% of the respondents disagreed and 8.3% of the respondents gave neutral responses.

Asked if being empowerment increases their performance, the mean was 2.25 and standard deviation 1.07. This indicates a central tendency concentrated on 'not sure'. The mode was 2. This indicates that the majority of respondents agreed with the statement. The majority of respondents (f = 50, 69.4%) expressed the view that empowerment increases their performance. 13.9% of the respondents disagreed and 13.9% of the respondents were unsure. Other questions were asked. These have been removed from this article due to the sensitive nature of the response profiles.

TESTING THE CORRELATION BETWEEN VARIABLES

In order to gain greater understanding, it is important to investigate relationships between variables (responses to the survey questions) and to assess if and how they influence each other. A correlation analysis is the most appropriate technique to describe the relationship of one variable to another (Punch, 1998 & Zikmund, 2003).

The Pearson correlation r , determines the strength of association between two variables, i.e. the extent to which values of the two variables are proportional to or in function of each other (Collis et al, 2003 & Saunders et al, 2003). Some variables were tested employing the Pearson Correlation Coefficient. According to Collis et al, (2003), the following are guidelines to determine the strength of the relationship: $r = 1$ represents a perfect positive linear association, $r = 0$ represents no linear association and $r = -1$ represents a perfect negative linear association.

The values in between can be graded as:

$r = 0.90$ to 0.99 (very high positive correlation), $r = 0.70$ to 0.89 (high positive correlation), $r = 0.40$ to 0.69 (medium positive correlation), $r = 0$ to 0.39 (low positive correlation), $r = 0$ to -0.39 (low negative correlation), $r = -0.40$ to -0.69 (medium negative correlation), $r = -0.70$ to -0.89 (high negative correlation) and $r = -0.90$ to -0.99 (very high negative correlation).

In this section, Person's product moment correlation coefficient (r) is used to measure the strength of association between the following variables.

WY: Participants' working years with ANC, **SS:** Participants' satisfaction with salary, **TM:** Participants' relationships with their team members, **SV:** Participants' relationships with their supervisor, **CD:** views on whether the current performance evaluation system is beneficial for participants' career development, **JD:** views on whether the current performance evaluation system is based on participants' job description, **TH:** views on whether the current evaluation system is used in a threatening manner (e.g. a treat of firing), **B:** views on whether the current performance evaluation items are specific, so that rating biases may be avoided during the evaluation, **AT:** views on whether absence of relevant training negatively affects participants' performance, **T:** views on whether training meets participants' job responsibilities, **BP:** views on whether bias in promotion negatively affects participants' performance, **MT:** views on whether money and tangible rewards are the only way to increase participants' performance and **INP:** views on whether inequity in pay decreases participants' performance. **ST= Sig. (2-tailed) and PC= Pearson Correlation.**

Table 6 shows the Pearson Correlation test results for the chosen variables.

Table 6 Pearson's product moment correlation coefficient matrix

		WY	SS	TM	SV	CD	JD	TH	B	CR	AT	T	BP	MT	INP
WY	PC	1	0.16	0.06	0.16	0.01	0.06	0.17	0.14	0.15	0.11	0.07	0.06	0.03	0.09
	ST		0.19	0.63	0.18	0.98	0.62	0.15	0.25	0.2	0.38	0.57	0.59	0.79	0.43
SS	PC	0.16	1	0	0.07	0.20	0.24	0.19	0.32	0.19	0.12	0.11	0.33	0.24	0.50
	ST	0.19		1	0.55	0.09	0.04	0.11	0.01	0.12	0	0.36	0.01	0.04	0.15
TM	PC	0.06	0	1	0.41	0.01	0.06	0.01	0.15	0.12	0.02	0.26	0.01	0.07	0.08
	ST	0.63	1		0	0.93	0.6	0.93	0.19	0.33	0.89	0.03	0.41	0.58	0.51
SV	PC	0.16	0.07	0.41	1	0.07	0.04	0.08	0.05	0.11	0	0.05	0.02	0.15	0.17
	ST	0.18	0.55	0		0.55	0.73	0.49	0.67	0.38	1	0.69	0.88	0.20	0.16
CD	PC	0.01	0.20	0.01	0.07	1	0.73	0.44	0.56	0.19	0.21	0.01	0.08	0.09	0.17
	ST														

	ST	0.98	0.09	0.93	0.55		0	0	0	0.11	0.08	0.98	0.48	0.48	0.15
JD	PC	0.06	0.24	0.06	0.04	0.73	1	0.27	0.45	0.09	0.19	0.06	0.12	0.01	0.11
	ST	0.62	0.04	0.6	0.73	0		0.02	0	0.48	0.12	0.59	0.30	0.91	0.35
TH	PC	0.17	0.19	0.01	0.08	0.44	0.27	1	0.52	0.74	0.22	0.02	0.07	0.09	0.16
	ST	0.15	0.11	0.93	0.49	0	0.02		0	0.01	0.07	0.87	0.55	0.44	0.19
B	PC	0.14	0.32	0.16	0.05	0.56	0.45	0.52	1	0.71	0.26	0.19	0.26	0.10	0.28
	ST	0.25	0.01	0.19	0.67	0	0	0		0.02	0.03	0.09	0.03	0.39	0.02
CR	PC	0.15	0.19	0.12	0.11	0.19	0.09	0.74	0.71	1	0.29	0.09	0.49	0.22	0.35
	ST	0.2	0.12	0.33	0.38	0.11	0.48	0.01	0.02		0.01	0.48	0.04	0.06	0.01
AT	PC	0.11	0.12	0.02	0	0.21	0.19	0.22	0.26	0.29	1	0.07	0.22	0.23	0.55
	ST	0.38	0	0.89	1	0.08	0.12	0.07	0.03	0.01		0.55	0.07	0.05	0.01
T	PC	0.07	0.11	0.26	0.05	0.01	0.06	0.02	0.19	0.09	0.07	1	0	0.02	0.18
	ST	0.57	0.36	0.03	0.69	0.98	0.59	0.87	0.09	0.48	0.55		0.99	0.9	0.13
BP	PC	0.06	0.33	0.09	0.02	0.08	0.12	0.07	0.26	0.48	0.22	0	1	0.17	0.34
	ST	0.59	0.01	0.41	0.88	0.48	0.30	0.55	0.03	0.05	0.07	0.99		0.16	0.01
MT	PC	0.03	0.24	0.07	0.15	0.09	0.01	0.09	0.10	0.22	0.23	0.01	0.17	1	0.76
	ST	0.79	0.04	0.58	0.20	0.48	0.91	0.44	0.39	0.06	0.05	0.9	0.16		0
INP	PC	0.09	0.50	0.08	0.17	0.17	0.11	0.16	0.28	0.35	0.55	0.18	0.34	0.76	1
	ST	0.4	0.15	0.51	0.16	0.15	0.35	0.19	0.02	0.01	0.01	0.13	0.01	0	

Hypothesis 1

A proposed hypothesis was that there likely shall be a significant relationship between participants' length of service and their satisfaction with salary. However, the Pearson Correlation r is 0.16 suggests a low level of positive correlation between the two variables. This implies that length of service in this corporation does not have significant impact on salary satisfaction.

This result can be semi verified via how much variance the two variables have; the greater the variance, the higher correlation they have. A coefficient of determination was calculated (Zikmund, 2003) a $0.16 \times 0.16 = 0.03$. This infers the two variables share a 3% variance. In the other words, 3% of the variance in participants' salary satisfaction is explained by their length of service. Therefore this correlation was not considered significant. Collis et al, (2003) suggests a significance value of 0.19, which is greater than .05, for the relationship between two variables is not significant. It may be argued that respondents with significant length of service in ANC are not satisfied with their salary. Salary data obtained suggests a salary ceiling and a 'going rate for the job'. This does not take into account pro-active attempts to force management to reward length of service. Management simply may not appreciate the experience and knowledge held in their workforce's collective memory. This in turn may be a result of relatively low competitive pressure.

Hypothesis 2

Prior to empirical data, the expected result was that there would be a significant relationship between the view that the current performance evaluation system is based on participants' job

description and the view that the current performance evaluation system is beneficial for participants' career development.

The Pearson Correlation r is 0.73, in Table 6, suggests a high level of positive correlation between the two variables. It implies that the current performance evaluation system is based on participants' job description has a high positive impact on respondents' feeling that the current performance evaluation system is beneficial for participants' career development.

Further, the coefficient of determination is, $0.73 \times 0.73 = 0.53$. This implies the two variables share 53% of variance. Alternately stated, 53% of the variance identified from the feeling that the current performance evaluation system is based on participants' job description is accounted for by the variation in the view that the current performance evaluation system is beneficial for participants' career development. Therefore there is a high positive relationship between the two variables. The significance value is 0.01, which is smaller than .05, suggesting that there is a significant relationship between the two variables. It supported the result of the amount of share variance.

Hypothesis 3

A significant relationship between the view that company rules and regulations negatively affect participants' performance and the view that the current performance evaluation system is used in a threatening manner (e.g. a threat of firing) was anticipated. From Table 43, the Pearson Correlation r is 0.74. This suggests a high level of positive correlation between the two variables. It implies that the view that company rules and regulations negatively affect participants' performance has a high positive impact on employees' feeling that the current performance evaluation system is used in a threatening manner.

Further, the coefficient of determination is $0.74 \times 0.74 = 0.55$. This means the two variables share 55% of variance. In other words, it indicates that 55% of the variance in the view that company rules and regulations negatively affect participants' performance is accounted for by the variation in the view that the current performance evaluation system is used in a threatening manner. Therefore there is a high positive relationship between the two variables. This suggests that the performance system is used in threatening manner, company rules and regulations negatively affect performance.

Hypothesis 4

The project design expected there to be a significant relationship between the view that company rules and regulations negatively affect participants' performance and the perspective that the current performance evaluation items are specific, so that rating biases may be avoided during the evaluation.

From Table 6, the Pearson Correlation r is -0.71. This suggests a high level of negative correlation between the two variables. It implies that these views are strongly inversely related; hence rating biases may be avoided during the evaluation. The coefficient of determination is, $-0.71 \times -0.71 = .50$. This indicates the two variables share 50% of variance. This it indicates that 50% of the variance in the view that company rules and regulations negatively affect participants' performance is accounted for by the variation in the scores on whether the current performance evaluation items are specific. There is a high negative correlation involving a couple of different. The significance value is 0.02, which is smaller than 0.05. That suggests a significant connection. The finding supports the result of the amount of share variance.

Hypothesis 5

A significant relationship was proposed between the view that company rules and regulations negatively affect participants' performance and the view that bias in promotion negatively

affects participants' performance. From the outputs of SPSS in Table 6, a Pearson connection r is 0.49 that suggests an active link between the two issues. This implies that company rules and regulations negatively affect participants' performance is moderately associated with the perception that promotion negatively affects participants' performance.

The coefficient of determination is $0.49 \times 0.49 = 0.24$. This implies the two variables share 24% of variance. Hence 24% of the variance is accounted for. Therefore there is a positive relationship between the two variables. The significance value is 0.04, which is smaller than .05, and suggests that there is a very significant relationship. This suggests company rules and regulations increase bias relating to promotions.

Hypothesis 6

It was examined whether there is a significant relationship between the perception that absence of relevant training decreases performance and that inequity in pay decreases participants' performance. From the outputs of SPSS in Table 6, the Pearson Correlation r is 0.55. This suggests a medium level of positive correlation between the two variables. It implies that absence of relevant training is moderately associated with the view that inequity in pay decreases participants' performance. The coefficient of determination is $0.55 \times 0.55 = 0.30$. Therefore there is a moderate positive relationship between the two variables. The significance value is 0.01, which is smaller than .05. This suggests that there is a significant relationship between the two variables. This implies that salary dissatisfaction increases in the absence of relevant training. It also suggests that in the absence of relevant training, there is greater inequity in pay.

Hypothesis 7

A potential relationship between the view that inequity in pay decreases participants' performance and the view that money and tangible rewards are the only way to increase participants' performance was evaluated. From Table 6, the Pearson Correlation r is 0.76 suggesting a high level of positive correlation between the two variables. It implies that people who think in money and tangible rewards are the only way to increase participants' performance are more likely to think inequity in pay decreases performance. The coefficient of determination is, $0.76 \times 0.76 = 0.57$ thus the two variables share 57% of variance. Therefore there is a high positive relationship between the two variables. The significance value is 0, which is smaller than .05, suggesting that there is a significant relationship between the two variables. Most participants concentrated only on money and tangible rewards and were unaware of other kinds of motivation, so inequity of pay had a strong negative impact on their performance.

Conclusions

An overall response rate of 76.3% indicated dissatisfied with their salary. Long service respondents were not satisfied with their salary. The true scale may be larger or smaller than reported since the survey instrument was conducted by independent researchers. A proportion of the responses therefore simply may be 'venting' opinions to outsiders.

More than two thirds of respondents reported poor or turbulent relations with their supervisors. This aspect was rated (weighted) have a significant influence on participants' performance. Buchanan et al, (2004) concurred by asserting team relationships are an effective way of improving performance.

Performance appraisal is tool to manage the career development process. It emphasizes improvement within the job rather than the more traditional notions of upward advancement (Fletcher et al, 1986). The survey results strongly suggest the need to enhance the design, or implementation, of the existing performance evaluation systems. Given half the respondents

indicated the performance system they have experience of does not facilitate their career's development. Correlations indicate that when performance appraisal is based on job description, the system is perceived beneficial for career development. Javitch (2006) concurred that before proceeding with the performance appraisal, accurately job descriptions should be developed that reflect employee' responsibilities.

When properly conducted, appraisal is considered a useful (Fletcher et al, 1986). Survey data indicated 37% of respondents indicated their system did not identify their work strengths and weaknesses and 44% considered that their system is not a proper tool for promotion and training.

61% of respondents stated that the current performance appraisal was characterised by bias, which negatively influenced their performance.

A factor that significantly influences respondents' performance is weighting. In this respect, 54% of respondents indicated the weighting did not correspond to the requirements and difficulties of their work and 68% of respondents indicated the weights did not clarify how they can improve their performance.

Effective feedback from the weighting regarding a subordinates' job act and that is not reliable. The data suggests a lack of common implementation. Respondents reported 74% the weighting did not provide feedback on their performance. By contrast, Javitch (2006) asserted that regular feedback should be given to employees.

ANC's working environment is a significant factor inducing low performance. The performance appraisal seems to reinforce this tendency. The majority of respondents agreed that stressful responsibilities, conflicts, working overtime without allowances, limited resources and company rules and regulations negatively affected their performance. Also, 63% of respondents commented that training did not match their job responsibilities. Similarly, many responses indicated they had never received any kind of formal training.

Taken holistically, the evidence suggests performance appraisal is affected by company culture. The most significant factor in ANC' culture is pay inequity. About 56% of respondents 'complained' of pay inequity and frustration this caused. Cardy et al (1994) found 46% of respondents indicated that company rules and regulations had a negative impact on their performance.

From the correlation test, there is high positive relationship between company rules and the current system being used as threatening tool. This suggests company rules are used in an insensitive manner; specifically the threat of being fired should performance be unsatisfactory. Improper use of company rules seems to be manifested in performance appraisal weighting biases.

76% of respondents rated money and tangible rewards are the only ways to increase their performance. The correlation test suggests a high positive relationship between pay inequity and rewards. The correlation suggests as pay inequity increases, money and tangible rewards become the centre of employee's gestalt – focused perception. ANC's employees seem to be motivated only by money and tangible rewards. These do not seem to be enough to increase their performance. In context of Maslow's (1954) hierarchy of needs, five levels of needs (physiological, safety, belongingness and love, esteem, and self-actualization) are identified that are hierarchically ranked. As each is satisfied, the next higher level need would motivate employees (Lindner, 1998). An important factor that motivates workers to achieve sustained peak performance is the process of explaining to workers benefits they merit and bonuses that may be obtained by achieving targets. This communication activity is absent in ANC (Geen, 1995).

Recommendations

The role of human resource development and conflict resolution in applied contexts has to go beyond personnel management remits such as payroll and record keeping. The human resource function has to review the reward system and adopt an effective, fair salary system. They may examine and test cognitive dissonance methodologies (Armstrong 19xx) that change employee attitudes to the company and rewards over extended periods of time. Dutton Engineering (Lewis 19xx) has used instant rewards of £5 and £15 for useable suggestions from direct employees that improve performance. Companies in diverse industries including Euro Disney and Unipart issued internally short course materials to all employees that set out acceptable communication and behaviour. In such cases, derogatory negative comments explicitly are prohibited. Constructive proposals are encouraged. ANC may seek to benchmark and implement similar initiatives.

Reward systems need to be developed to establish an explicit or intuitively understandable relationship between performance and rewards. ANC rarely distinguish between a person's objective output and the effectiveness of that person in attaining a particular output within a set of prevailing constraints. The system used to find links between jobs and rewards frequently implies managers leave many employees feeling alienated - feeling dissatisfied and unfairly treated. Human resource function would likely need to assign revised and new weightings to factors such as skill, foresight, initiative, and intelligence in the performance evaluation system in line with Blunt (1990).

Given tribal history, family tradition and an Islamic culture have a profound influence on Arab human resource management practices (Branine, 2002 & Mellahi, 2002); it is recommended that human resource implements performance appraisal effectively. Consideration to bias and nepotism are critical in order to upgrade the performance system. Job descriptions should be linked closer to performance appraisal, and facilitate employee' career development Literature sources suggest several recommendations to improve the feedback process:

- Ensure that employees are allowed to participate in two way communication regarding feedback (Giles et al, 1990).
- Ensure feedback is job relevant and does not reflect personal bias (Armentrout, 1993).
- Provide timely feedback. Feedback should be delivered much more frequently and even on a continual basis rather than limited to an annual event (Smither, 1987).
- Provide feedback in an atmosphere of respect and courtesy (Smither, 1987).
- Avoid surprises during the performance evaluation and feedback session by providing ongoing feedback. Perceptions of outcome unfairness can arise when outcome expectations are not met. If supervisors do an effective job of providing continual feedback to their employees, the employees should be prepared for the feedback of their performance evaluation (Giles et al, 1990).

Recommendations based on the data are to the use different kinds of motivation and cognitive dissonance approaches to increase performance. The aim should be to develop and enhance the sustained peak performance, raise moral and create inter-team competitions that induce moderate stress in function of anticipated rewards to contribute to performance improvement management.

The leadership may be used to replace control.