

5. Human Resource Management Competitive Session

An Examination of Consistency Theory and Employee Performance through the lenses of SMEs in the United Arab Emirates (U.A.E)

ABSTRACT: *This paper advances our understanding of the variables contributing towards the consistent performance of employees in the SMEs of U.A.E. No such study has been conducted in the Arab world yet. This study applies concepts examined in developed countries (with regards to the large organizations) to the SMEs in a developing country. Data was collected from 107 SME managers/owners working in U.A.E. Results indicated that the variables studied in developed countries are valid in U.A.E as well; a country with predominantly Arab culture. Findings suggest that all the variables discussed in this research are positively correlated with the consistent performance of the SMEs' employees in U.A.E.*

Keywords: Performance Management, HRM Performance, Rewards, Job Satisfaction

1.0 INTRODUCTION

The importance of effective human resource management for organizational performance has been accepted widely, by researchers and practitioners both, partly because of its importance for the many personnel functions (Grant, 1996; Hitt, 2001) . Performance oriented human resource management practices drive organizational effectiveness (Becker & Gerhart, 1996; Dyer & Reeves, 1995; Wright, Dunford, & Snell, 2001) and field research also supports the same (Delery, 1996; Huselid, 1995; Macduffie, 1995). An organization's performance is dependent on the performance of its employees (Naeem Tariq, Ramzan, & Riaz, 2013) as every person in the organization contributes to the company objectives via performance (Flapper, Fortuin, & Stoop, 1996). According to Jackson and Schuler (2003) an organization's workforce is the most effective tool to address competition as it serves as a competitive advantage in today's knowledge-based and fast growing economies.

The last few years have witnessed the performance of an individual employee as dynamic, that is, not consistent (Ghiselli, 1956, 1960). Individual performance can change due to individual differences in abilities, motivational levels and opportunities. Accordingly, employees will be more satisfied by engaging in the behavioral roles that maximize their sense of consistency (Korman (1976). Therefore, in order to increase the overall productivity and performance of the organization, employees'

performance consistency is worth examining (Savas, 2010). The factors that influence the consistency of performance (of employees) are divided into external and internal factors (Gilbert, 1978) as listed in the Table.1 below.

Insert Table 1 about here

According to the consistency theory (Korman, 1970), the variation in the supply of the factors mentioned in Table. 1 can affect the consistency level in the performance of the employees. Applications of consistency theory to work motivation have increased in frequency (Dipboye, 1977). Korman's writings (Korman, 1970, 1971, 1976) on the self-consistency theory of work motivation have given a rise to the research on relationship between self-esteem, employee performance and satisfaction. According to Crocker, Luhtanen, and Cooper (2003), the self esteem of a person can depend upon many work related domains. Furthermore, according to Ferris, Brown, Huiwen, and Keeping (2009), if someone considers himself/herself competent enough to perform the job; his performance will be increased automatically. According to self consistency theory, the less a person perceives himself qualified, competent, and skilled for a task, the lower would be his performance (Aronson & Carlsmith, 1965), thus the perception of a perception can be changed by providing him information, training, and motivation; and the changed perception itself will increase the performance.

In this exploratory research, we examine the factors contributing to the consistency of employees' performance from the perspectives of Small and Medium Size Enterprises (SMEs) of the United Arab Emirates (U.A.E).

One of the biggest challenges in the 21st century is ensuring that SMEs' employees are motivated for consistent performance in today's competitive environment. The U.A.E presents an interesting scenario due to this being a challenge facing its SMEs. While much is known of the practices of management in the Western countries, comparatively little is known about their equivalents in the Arab world (Al Shammari, 2008; Atiyyah, 1993; El Kot, 2005; Elbanna, 2008; Elbanna & Child, 2007; Parnell & Hatem, 1999). Research shows that less than 50 percent of the SMEs in U.A.E are not operational after the first three years from initial set-up (Ropega, 2011). With these high rates of SME failure, and the

importance of SMEs to the rejuvenation and economic growth of the U.A.E, the organizational context of the SMEs takes on increasing significance. Most of the empirical research on the organizational context used data from large firms in developed countries. Therefore, it is interesting to ask whether those results apply to the SMEs as well, especially in the developing countries. Empirical research on these questions is very scant (Kasturi, Orlov, & Roufagalas, 2006). Thus this research would be a first of its kind to explore the factors affecting the consistent performance of the SMEs' employees in U.A.E.

1.1 The Case of United Arab Emirates (U.A.E)

Within the seven Emirates which form the United Arab Emirates (U.A.E), there are approximately 200,000 small and medium-sized enterprises (SMEs) which are currently generating $\approx 46\%$ of the U.A.E's GDP, and are also responsible for $\approx 61\%$ of its total employment (Rowland-Jones, 2013). In seeking to redress the effects of the 2008/2009 economic downturn in the U.A.E, and in Dubai in particular, the U.A.E Government has committed to developing a society where innovation, intellectual property and workforce competencies are drivers of wealth creation (Jaafari, 2003).

On the other hand, the SMEs in the U.A.E are facing increased competitive pressure due to globalization, as well as increased quality and service requirements from their customers (Underdown, 2002), therefore, the consistency in the employees' performance becomes very important for the SMEs in U.A.E if they want to survive and prosper. The lack of organizational capabilities is one of the main factors that limits the development of SMEs in general (Garengo & Bernardi, 2007). The literature on the SMEs suggests that due to the evolution of global competitive environment, the SMEs emphasize more on operational-technological matters and tend to ignore organizational and managerial issues (Biazzo, 2003; Cagliano, 2001). In order to be internally consistent, the SMEs must have mutually supportive strategies, structures, and processes (Mintzberg, 1989).

The above case of the UAE SMEs leads us to the following research question: "What are the contributing factors to ensuring employees' consistent performance in the SMEs of UAE?"

1.2 Consistency Theory

According to Korman (1976), all other things being equal, individuals will engage in and find satisfying those behavioral roles which maximize their sense of consistency. Psychological research has repeatedly demonstrated two seemingly irreconcilable human tendencies, people are motivated towards internal consistency, or acting in accordance with stable, self-generated preferences (Wells & Iyengar, 2005). The concept of consistency also helps to address the critique of "unitary" organizational cultures that has appeared in the literature (Allaire, 1984; Martin, Feldman, Hatch, & Sitkin, 1983; Rose, 1988). The positive influence of consistency is that it provides integration and coordination within the organization (Denison & Mishra, 1995).

With regards to task motivation, Korman (1970) predicts that, to the extent that people approach a task with self-perceived competence as the result of chronic or situational self-esteem, defines the extent they will be motivated to engage in effective performance. Here the chronic self esteem can be inculcated in the employees with the help of consistent supply of the factors discussed in Table. 1.

1.3 The Issue of Employees' Performance in the SMEs

Workplace deviance is one of the most pressing problems faced by organizations today. Deviant behaviors, or behaviors initiated by employees that contravene organizational norms, can collectively cost organizations billions of dollars per year (Bennett, 2000). Most problems affecting SMEs are related to lack of managerial capability as small businesses are normally fully occupied with short-term survival and day-to-day operations, they have little time and resources to dedicate to long-term concerns (Argenti, 1976). This is particularly acute in developing countries (Hillary, 2000). SMEs are characterized by a lack of proper organizational structure and systematic human resources management (HRM) that results in the inconsistent performance of the SMEs' employees.

2.0 LITERATURE REVIEW

Balance between the internal and external factors mentioned in Table.1 contributes towards the consistent performance of the employees in SMEs. According to the consistency theory (Korman, 1970) human beings demand consistency and when these internal or external factors are not

consistent human behavior will also get altered. Thus, this theory maintains that consistency of performance will be lost when the internal or external factors are altered due to any reason e.g. change in environment, recession, heavy work load etc.

Out of the above mentioned variables in the Table. 1, this research will individually explain the most prominent ones. This includes extrinsic variables: i. Strategically linked incentives; ii. Information provided by the organizations; iii. Training. Out of intrinsic variables, this research includes: i. Motivation. Reason for only focusing on these variables is to keep the study scope narrow. Furthermore, the extrinsic variables considered are those that develop the organizational environment. The intrinsic variable discussed is the one that defines employees' attitude and behavior towards the work. Thus, explaining all these in depth will help in developing clear vision about the study.

2.1 Strategically Linked Incentives

In general, the contingency perspective of fit postulates that Human Resources (HR) practices must be aligned with specific external and/or internal contingencies in order to impact firm's performance (Baron, 1999; Chenevert & Tremblay, 2009; Jackson & Schuler, 1995). Becker and Gerhart (1996) postulated that the presence of a compensation practice alone may not provide a firm with a competitive advantage. Rather, it is the alignment of financial incentives with other HR practices that impacts organizational performance (Chenevert & Tremblay, 2009). There are two types of fit, vertical and horizontal fit, generally considered in compensation research. Vertical fit refers to the extent to which the HR system is aligned with the business strategy (Chenevert & Tremblay, 2009). Drawing from the vertical fit perspective depicted in Miles, Snow, Meyer, and Coleman (1978) and ; Porter (1980) generally, previous studies (Gomezmeija & Balkin, 1989; Rajagopalan, 1997; Shaw, Gupta, & Delery, 2002) have found support for the importance of the vertical fit between business strategy and compensation practices (Gerhart & Rynes, 2003). That is, a firm's compensation practices drive both employee motivation and work quality, especially when the practices are interrelated (Chenevert & Tremblay, 2009). However, when compensation practices do not align with other HR practices, motivation decreases because employees are puzzled by mixed signals they perceive from differences between HR policies and

incentive programs. Economic theory argues that performance-based compensation contracts increase employees' incentives to exert effort, resulting in improved performance (Baker, 1988; Milgrom & Roberts, 1992; Prendergast, 1999). Previous empirical and laboratory studies on this topic have covered various compensation schemes and examined how changes to a more performance-sensitive incentive scheme influence employees' compensation and performance (Banker, Seok-Young, Potter, & Srinivasan, 2000; Lazear, 2000; Waller, 1985). Various motivational theories also explain the link of pay and performance consistency, such as the theory of reinforcement by Skinner in 1969 (Skinner), the expectancy theory by Vroom in 1964 (Vroom, 1964), and the goal-setting theory by Locke & Latham in 1990 (Locke & Latham, 1990).

Hypothesis 1:

Strategically linked incentives can contribute towards the consistent performance of the SMEs' employees in U.A.E

2.2 Availability of the Information to the Employees

Collection and dissemination of information is considered an important activity in the organizations (Forza, 1995). Sharing the information in a freely and timely manner can make an organization a high performing organization (Ahmed, Shields, White, & Wilbert, 2010). The flow of information without barriers is a critical element of effective managerial communication, whereas effective managerial communication itself is vital for creating and maintaining the competitive advantage (Ahmed et al., 2010). In order to be successful, organizations should be able to manage the inward, horizontal and vertical flow of the information. If the organizational communication pattern is weak, it would result in a low commitment as a result of diminished satisfaction of the workforce, greater employee turnover, and less productivity (Abugre, 2010; Hargie, 2002). Goris, Vaught, and Pettit (2000) argue that there is a great impact of organizational communication on employee satisfaction and consequently employee performance.

Hypothesis 2:

The availability of information can contribute towards the consistent performance of the SMEs' employees in U.A.E

2.3 Training Provided to the Employees

The need of learning and improving knowledge is mentioned in Maslow's hierarchy of needs (Lester, 1990) and is named as cognitive need. This concept was also supported in McClelland's theory of need (Upchurch, 2010) which states that there is a need in employees to get knowledge and keep on learning. Herzberg's theory, 1959 (Lindsay, 1967) also states training as a motivational factor that helps boosting employee commitment and ensures consistent performance. But, SMEs are much less likely than large firms to provide their employees with formal training (Kitching & Blackburn, 2002). The owners of SMEs usually underestimate the benefits of the training for their employees. Empirical studies have provided evidence supporting the positive effects of employee training on organizational performance. Employee training has a significant and positive effect on work outcomes (Dastmalchian & Blyton, 1992; Russell, 1985), on workplace and industrial relations climate (Van Hees, 1993), on the quality of customer service and productivity (Castellanos & Martin, 2011), and on firms' financial performance (Bassi, Ludwig, McMurrer, & Buren, 2002; Castellanos & Martin, 2011). The training provided can improve the knowledge, skills, and abilities of the employees, and can increase their motivation and commitment to the tasks (Birdi et al., 2008; Jackson & Schuler, 1995). Training can help a firm to develop its human capital, which in turn should improve firm's performance (Huselid, 1995; Schraeder, 2009).

Hypothesis 3:

The training provided to the employees can contribute towards the consistent performance of the SMEs' employees in U.A.E

2.4 Motivating the Employees

The concept of human motivation is at the core of any management-related disciplines. In today's hyper-competitive marketplace, understanding what fosters and forwards employee motivation—and, thus, organizational performance—is critical ("Motivation in Today's Workplace: The Link to Performance," 2010). Fascination with the subject is based on the long-held assumption that more motivation leads to better performance, and, therefore, if we can understand what motivation is, how it is formed, and how to increase it, we can use that knowledge to enhance individual and firm performance (Pritchard, 1973). In today's marketplace, where companies seek a competitive edge, motivation is key to talent retention and performance. Motivating employees is considered to be an important tool for achieving better results and consistent performance. Specifically, Korman (1971) predicted that high self-esteem persons would show a significant positive correlation between job satisfaction and performance, but that low self-esteem persons would evidence a non significant correlation between job satisfaction and performance.

Hypothesis 4:

Employees' motivation contributes towards the consistent performance of the SMEs' employees in U.A.E

2.5 Work Climate of the Organization

The relationship between organizational climate and performance is a key topic in organizational studies (Aldrich, 1979; Dess & Beard, 1984; Ketchen & Bergh, 2006). A conducive, productive and familial work climate is crucial to strengthen and maintain the bonds between the organization and employees; which may reflect positively on work outcomes (Suliman & Harethi, 2013). A productive work climate is able to maintain and preserve employee motivation and high performance (Miller, 2002). In fact, organizational climate is agreed to be one of the most important factors that influence and affect the employee perception of contribution and involvement in the workplace (Shadur & Kienzle, 1999). Working conditions, interpersonal relations, welfare provisions, confidence and support

prevailing in the work organizations play principal role in identifying the degree of employees' job performance and satisfaction, and the level of organizational effectiveness. Employees who are exposed to a work climate that has information sharing, positive management support, contribution and involvement in decision-making processes are likely to be effective and efficient. Perceived adequacy or inadequacy of work environment, both physical and psycho-social, extends noticeable effect on employees' job satisfaction and performance, and perception of effectiveness of an organization (Suliman & Harethi, 2013). Suliman (2002) studied the direct link between climate and employee performance. The results uncover the significant role of climate in shaping employees' performance directly. Thus this is important for the SME managers to understand the relation between work climate, employee motivation, and performance.

Hypothesis 5:

Good organizational climate can contribute towards the consistent performance of the SMEs' employees in U.A.E

Thus, based upon the literature review, the strategically linked incentives, availability of the information, training, motivation, and working climate would be independent variables and consistency in the employees' performance in the SMEs would be dependent variable for this research. Please see the Figure. 1 below for the schematic framework of this research.

Insert Figure 1 about here

3.0 RESEARCH METHODOLOGY

The main objective of this research was to indentify the factors that affect the consistency of employees' performance in SMEs operating in U.A.E. This research was exploratory, descriptive and correlational in nature.

3.1 Data Collection Method

Data was collected by using closed ended questionnaires. The questionnaires were distributed among the employees working in the SMEs in U.A.E. The sampling design used was non-probability convenient sampling. The sample size was 107. The questionnaires were distributed face to face and online as well. The online questionnaire was created by using www.screator.com and the link

was sent to the respondents through e-mails and other online platforms. Total 200 questionnaires were distributed out of which 107 were in a condition to be used for the analysis.

4.0 FINDINGS & DISCUSSION

4.1 Reliability Analysis and Descriptive Statistics

Reliability analysis for all the variables in the questionnaire was done by using SPSS version 18. The Table. 2 below shows the value of Chronbac's alpha for each variable.

Insert Table 2 about here

Furthermore, the analysis of respondents' demographic characteristics was done in order to have a clear view of the background of the respondents involved in this study. The demographic characteristics of respondents involved in this study were (a) gender (b) age (c) marital status (d) nationality (e) education (f) working status (g) monthly income etc. Please see the Table. 3 below for the descriptive analysis of the respondents' demographic characteristics.

Insert Table 3 about here

4.2 Correlation Analysis

The correlation analysis shows that all variables discussed in this research are positively correlated with the dependent variable i.e. consistent employee performance. Please see the Table. 4 below for correlation analysis.

Insert Table 4 about here

Based upon the result of correlation analysis, a positive, significant correlation with high coefficient of correlation is found between all the independent variables and the dependent variable. Thus, all the hypotheses developed are accepted. The Table. 5 below summarizes the results.

Insert Table 5 about here

4.3 Discussion

This research has both theoretical and policy implications for the SMEs in the U.A.E. This research is the first comprehensive study covering the factors affecting the consistency of SME

employees' performance in the Arab world. The variables discussed in this research represent the intrinsic and extrinsic motivational factors. The findings support the literature and conclude that the factors affecting the consistency of employees' performance in the large organizations in developed countries as mentioned by Becker and Gerhart (1996), Chenevert and Tremblay (2009), Forza (1995), Ahmed et al. (2010), Lindsay (1967), Dastmalchian and Blyton (1992), Pritchard (1973), and Miller (2002) also apply to the SMEs in the U.A.E.

The strategically linked incentives were found positively correlated with the consistence performance of the SME employees in U.A.E. As a matter of fact, more than 98% of the workforce in the U.A.E comprises of expatriates (Yaghi & Yaghi, 2013). Usually expatriates take up international assignments to meet their financial commitments back home; therefore, the findings support the existing workforce scenario in the U.A.E. Availability of information was also found positively correlated with the consistent performance of the SME employees. As the workforce in the U.A.E is highly diverse in terms of, language, religion, race, and gender; therefore, the employees might be facing some language and cultural barriers while conducting the organizational operations efficiently. These language and cultural barriers might affect the availability of the information in the SMEs and therefore, many of the employees consider the free flow of information affecting positively on their performance. Training is also another important factor that can have positive effect on the consistent performance level of the employees in the SMEs. Since mostly employees working for SMEs are not having tertiary qualifications, therefore, training can really have a positive effect on their performance. With regards to motivating the SME employees, this study found that the SME employees regard the motivation as one of the contributing factors affecting the consistency in their performance. The demographic composition of the workforce in the U.A.E is unique, as over three million expatriate employees coming from all parts of the world work side by side (Yaghi & Yaghi, 2013). The reality of workforce diversity can make the task, of keeping all the employees motivated in an SME, really challenging since the SME owners usually don't have any support or advise mechanism from the government to deal with organizational issues effectively. The working environment, as anticipated, was also found to have a positive correlation with the

consistency in the employee performance in SMEs of U.A.E. Being a developing and relatively young country, the work related laws are still not mature in U.A.E, therefore, SMEs' employees might find a higher need for better working environment in U.A.E.

To increase the performance of SMEs' employees and in turn the SMEs as well, the government needs to focus more on managerial and interpersonal skills of SMEs' managers/owners by offering selective specialized training programs. Activities to improve education, infrastructure, working conditions, and financial support for the SMEs should be further expanded. A proper support and new government policies may go a long way to make the SMEs' employees more productive in the U.A.E.

5.0 LIMITATIONS

The findings in this study cannot be generalized to other Gulf Cooperative Countries (GCC) because the concentration of non-Arab expatriates was more in the sample. The quantitative approach used was unable to uncover in-depth information on the various variables. Qualitative approach may be more appropriate to obtain further details. For example, face to face interviews can reveal in greater details about the independent variables. Furthermore, the questionnaire with more than 40 questions was considered very long by the respondents, although resulting in 53.5% response rate.

6.0 CONCLUSION AND FUTURE RESEARCH DIRECTIONS

The SMEs in the U.A.E should consider the variables examined in this study to maintain employees' performance consistency. Government should also come up with some regulations putting light to these factors as this will result in a WIN-WIN situation for employees and the organizations in the long run. Implementing these factors will not only result in consistency of employee performance but also will result in employees' retention and loyalty with the organization.

Furthermore, for future studies on this topic, researchers can conduct a longitudinal research to actually measure the impact of the factors discussed on the consistency of employees' performance. In order to do so, all the variables in this research needs to be quantified first.

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Table 1: Internal and External Factors Influencing the Consistency in Performance

External Factors	Internal Factors
Incentives/ Pay	Motivation
Tools/Training	Skill level
Information	Knowledge
Organizational Climate	Attitude

Table 2: Chronbac's Alpha for the Variables

Sr#	Variable	Value of Chronbac's Alpha
1	Strategically Linked Incentives	0.839
2	Information Provided to the Employees	0.903
3	Motivating the Employees	0.938
4	Training Provided to the Employees	0.911
5	Working Climate	0.882
6	Consistency in the Performance of Employees	0.882

Table 3: Demographics of Respondents

Items	Parameter	Frequency	Percentage
Gender	Male	65	60.7%
	Female	422	39.3%
Age	Below 20 years	7	6.5%
	Between 21 to 25	47	43.9%
	Between 26 to 30	23	21.5%
	Between 31 to 35	13	12.1%
	Between 36 to 40	8	7.5%
	Above 40 years	9	8.4%
Marital Status	Single	62	57.9%
	Married	43	40.2%
	Others	2	1.9%
Nationality	UAE nationals	2	1.9%
	Arab except UAE nationals	4	3.7%
	Indian	15	14.0%
	Pakistani	70	65.4%
	Filipino	9	8.4%
	Others	7	6.5%
Education	Doctorate	1	0.9%
	Masters	25	23.4%
	Bachelors	70	65.4%
	Diploma	9	8.4%
	Certificate	2	1.9%
	Others		
Working Status	Full-time	94	87.9
	Part-time	13	12.1
Position	Managerial level	48	44.9%
	Non managerial	59	55.1%
Monthly Income	< AED 5000	36	33.6%
	Between AED 5000 to AED 10000	39	36.4%
	Between AED 10,001 to AED 15000	10	9.3%
	Between AED 15,001 to AED 20000	11	10.3%
	Between AED 20,001 to AED 25000	6	5.6%
	Above AED 25000	5	4.7%

Table 4: Correlational Analysis

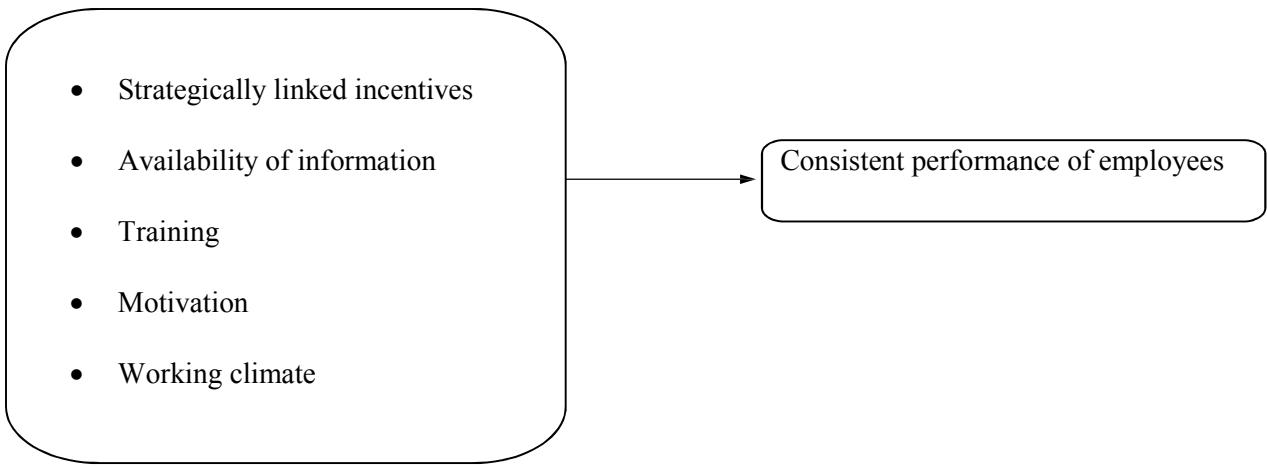
		Correlations					
		Incentives	Information	Training	Motivation	Climate	Consistent Performance
Incentives	Pearson Correlation	1	.495 ^{**}	.582 ^{**}	.527 ^{**}	.518 ^{**}	.379 ^{**}
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	107	107	107	107	107	107
Information	Pearson Correlation	.495 ^{**}	1	.631 ^{**}	.606 ^{**}	.737 ^{**}	.534 ^{**}
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	107	107	107	107	107	107
Training	Pearson Correlation	.582 ^{**}	.631 ^{**}	1	.525 ^{**}	.605 ^{**}	.345 ^{**}
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	107	107	107	107	107	107
Motivation	Pearson Correlation	.527 ^{**}	.606 ^{**}	.525 ^{**}	1	.747 ^{**}	.699 ^{**}
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	107	107	107	107	107	107
Climate	Pearson Correlation	.518 ^{**}	.737 ^{**}	.605 ^{**}	.747 ^{**}	1	.650 ^{**}
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	107	107	107	107	107	107
Consistent Performance	Pearson Correlation	.379 ^{**}	.534 ^{**}	.345 ^{**}	.699 ^{**}	.650 ^{**}	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	107	107	107	107	107	107

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

Table 5: Summary of the Results

<u>Hypothesis</u>	<u>Relationship</u>	<u>Status</u>
Hypothesis 1	Positive correlation very strong	Hypothesis Accepted
Hypothesis 2	Positive correlation very strong	Hypothesis Accepted
Hypothesis 3	Positive correlation very strong	Hypothesis Accepted
Hypothesis 4	Positive correlation very strong	Hypothesis Accepted
Hypothesis 5	Positive correlation very strong	Hypothesis Accepted

Figure 1: Schematic Framework



5. Human Resource Management Competitive Session

An Examination of Consistency Theory and Employee Performance through the lenses of SMEs in the United Arab Emirates (U.A.E)

ABSTRACT: *This paper advances our understanding of the variables contributing towards the consistent performance of employees in the SMEs of U.A.E. No such study has been conducted in the Arab world yet. This study applies concepts examined in developed countries (with regards to the large organizations) to the SMEs in a developing country. Data was collected from 107 SME managers/owners working in U.A.E. Results indicated that the variables studied in developed countries are valid in U.A.E as well; a country with predominantly Arab culture. Findings suggest that all the variables discussed in this research are positively correlated with the consistent performance of the SMEs' employees in U.A.E.*

Keywords: Performance Management, HRM Performance, Rewards, Job Satisfaction

1.0 INTRODUCTION

The importance of effective human resource management for organizational performance has been accepted widely, by researchers and practitioners both, partly because of its importance for the many personnel functions (Grant, 1996; Hitt, 2001) . Performance oriented human resource management practices drive organizational effectiveness (Becker & Gerhart, 1996; Dyer & Reeves, 1995; Wright, Dunford, & Snell, 2001) and field research also supports the same (Delery, 1996; Huselid, 1995; Macduffie, 1995). An organization's performance is dependent on the performance of its employees (Naeem Tariq, Ramzan, & Riaz, 2013) as every person in the organization contributes to the company objectives via performance (Flapper, Fortuin, & Stoop, 1996). According to Jackson and Schuler (2003) an organization's workforce is the most effective tool to address competition as it serves as a competitive advantage in today's knowledge-based and fast growing economies.

The last few years have witnessed the performance of an individual employee as dynamic, that is, not consistent (Ghiselli, 1956, 1960). Individual performance can change due to individual differences in abilities, motivational levels and opportunities. Accordingly, employees will be more satisfied by engaging in the behavioral roles that maximize their sense of consistency (Korman (1976). Therefore, in order to increase the overall productivity and performance of the organization, employees'

performance consistency is worth examining (Savas, 2010). The factors that influence the consistency of performance (of employees) are divided into external and internal factors (Gilbert, 1978) as listed in the Table.1 below.

Insert Table 1 about here

According to the consistency theory (Korman, 1970), the variation in the supply of the factors mentioned in Table. 1 can affect the consistency level in the performance of the employees. Applications of consistency theory to work motivation have increased in frequency (Dipboye, 1977). Korman's writings (Korman, 1970, 1971, 1976) on the self-consistency theory of work motivation have given a rise to the research on relationship between self-esteem, employee performance and satisfaction. According to Crocker, Luhtanen, and Cooper (2003), the self esteem of a person can depend upon many work related domains. Furthermore, according to Ferris, Brown, Huiwen, and Keeping (2009), if someone considers himself/herself competent enough to perform the job; his performance will be increased automatically. According to self consistency theory, the less a person perceives himself qualified, competent, and skilled for a task, the lower would be his performance (Aronson & Carlsmith, 1965), thus the perception of a perception can be changed by providing him information, training, and motivation; and the changed perception itself will increase the performance.

In this exploratory research, we examine the factors contributing to the consistency of employees' performance from the perspectives of Small and Medium Size Enterprises (SMEs) of the United Arab Emirates (U.A.E).

One of the biggest challenges in the 21st century is ensuring that SMEs' employees are motivated for consistent performance in today's competitive environment. The U.A.E presents an interesting scenario due to this being a challenge facing its SMEs. While much is known of the practices of management in the Western countries, comparatively little is known about their equivalents in the Arab world (Al Shammari, 2008; Atiyyah, 1993; El Kot, 2005; Elbanna, 2008; Elbanna & Child, 2007; Parnell & Hatem, 1999). Research shows that less than 50 percent of the SMEs in U.A.E are not operational after the first three years from initial set-up (Ropega, 2011). With these high rates of SME failure, and the

importance of SMEs to the rejuvenation and economic growth of the U.A.E, the organizational context of the SMEs takes on increasing significance. Most of the empirical research on the organizational context used data from large firms in developed countries. Therefore, it is interesting to ask whether those results apply to the SMEs as well, especially in the developing countries. Empirical research on these questions is very scant (Kasturi, Orlov, & Roufagalas, 2006). Thus this research would be a first of its kind to explore the factors affecting the consistent performance of the SMEs' employees in U.A.E.

1.1 The Case of United Arab Emirates (U.A.E)

Within the seven Emirates which form the United Arab Emirates (U.A.E), there are approximately 200,000 small and medium-sized enterprises (SMEs) which are currently generating $\approx 46\%$ of the U.A.E's GDP, and are also responsible for $\approx 61\%$ of its total employment (Rowland-Jones, 2013). In seeking to redress the effects of the 2008/2009 economic downturn in the U.A.E, and in Dubai in particular, the U.A.E Government has committed to developing a society where innovation, intellectual property and workforce competencies are drivers of wealth creation (Jaafari, 2003).

On the other hand, the SMEs in the U.A.E are facing increased competitive pressure due to globalization, as well as increased quality and service requirements from their customers (Underdown, 2002), therefore, the consistency in the employees' performance becomes very important for the SMEs in U.A.E if they want to survive and prosper. The lack of organizational capabilities is one of the main factors that limits the development of SMEs in general (Garengo & Bernardi, 2007). The literature on the SMEs suggests that due to the evolution of global competitive environment, the SMEs emphasize more on operational-technological matters and tend to ignore organizational and managerial issues (Biazzo, 2003; Cagliano, 2001). In order to be internally consistent, the SMEs must have mutually supportive strategies, structures, and processes (Mintzberg, 1989).

The above case of the UAE SMEs leads us to the following research question: "What are the contributing factors to ensuring employees' consistent performance in the SMEs of UAE?"

1.2 Consistency Theory

According to Korman (1976), all other things being equal, individuals will engage in and find satisfying those behavioral roles which maximize their sense of consistency. Psychological research has repeatedly demonstrated two seemingly irreconcilable human tendencies, people are motivated towards internal consistency, or acting in accordance with stable, self-generated preferences (Wells & Iyengar, 2005). The concept of consistency also helps to address the critique of "unitary" organizational cultures that has appeared in the literature (Allaire, 1984; Martin, Feldman, Hatch, & Sitkin, 1983; Rose, 1988). The positive influence of consistency is that it provides integration and coordination within the organization (Denison & Mishra, 1995).

With regards to task motivation, Korman (1970) predicts that, to the extent that people approach a task with self-perceived competence as the result of chronic or situational self-esteem, defines the extent they will be motivated to engage in effective performance. Here the chronic self esteem can be inculcated in the employees with the help of consistent supply of the factors discussed in Table. 1.

1.3 The Issue of Employees' Performance in the SMEs

Workplace deviance is one of the most pressing problems faced by organizations today. Deviant behaviors, or behaviors initiated by employees that contravene organizational norms, can collectively cost organizations billions of dollars per year (Bennett, 2000). Most problems affecting SMEs are related to lack of managerial capability as small businesses are normally fully occupied with short-term survival and day-to-day operations, they have little time and resources to dedicate to long-term concerns (Argenti, 1976). This is particularly acute in developing countries (Hillary, 2000). SMEs are characterized by a lack of proper organizational structure and systematic human resources management (HRM) that results in the inconsistent performance of the SMEs' employees.

2.0 LITERATURE REVIEW

Balance between the internal and external factors mentioned in Table.1 contributes towards the consistent performance of the employees in SMEs. According to the consistency theory (Korman, 1970) human beings demand consistency and when these internal or external factors are not

consistent human behavior will also get altered. Thus, this theory maintains that consistency of performance will be lost when the internal or external factors are altered due to any reason e.g. change in environment, recession, heavy work load etc.

Out of the above mentioned variables in the Table. 1, this research will individually explain the most prominent ones. This includes extrinsic variables: i. Strategically linked incentives; ii. Information provided by the organizations; iii. Training. Out of intrinsic variables, this research includes: i. Motivation. Reason for only focusing on these variables is to keep the study scope narrow. Furthermore, the extrinsic variables considered are those that develop the organizational environment. The intrinsic variable discussed is the one that defines employees' attitude and behavior towards the work. Thus, explaining all these in depth will help in developing clear vision about the study.

2.1 Strategically Linked Incentives

In general, the contingency perspective of fit postulates that Human Resources (HR) practices must be aligned with specific external and/or internal contingencies in order to impact firm's performance (Baron, 1999; Chenevert & Tremblay, 2009; Jackson & Schuler, 1995). Becker and Gerhart (1996) postulated that the presence of a compensation practice alone may not provide a firm with a competitive advantage. Rather, it is the alignment of financial incentives with other HR practices that impacts organizational performance (Chenevert & Tremblay, 2009). There are two types of fit, vertical and horizontal fit, generally considered in compensation research. Vertical fit refers to the extent to which the HR system is aligned with the business strategy (Chenevert & Tremblay, 2009). Drawing from the vertical fit perspective depicted in Miles, Snow, Meyer, and Coleman (1978) and ; Porter (1980) generally, previous studies (Gomezmeija & Balkin, 1989; Rajagopalan, 1997; Shaw, Gupta, & Delery, 2002) have found support for the importance of the vertical fit between business strategy and compensation practices (Gerhart & Rynes, 2003). That is, a firm's compensation practices drive both employee motivation and work quality, especially when the practices are interrelated (Chenevert & Tremblay, 2009). However, when compensation practices do not align with other HR practices, motivation decreases because employees are puzzled by mixed signals they perceive from differences between HR policies and

incentive programs. Economic theory argues that performance-based compensation contracts increase employees' incentives to exert effort, resulting in improved performance (Baker, 1988; Milgrom & Roberts, 1992; Prendergast, 1999). Previous empirical and laboratory studies on this topic have covered various compensation schemes and examined how changes to a more performance-sensitive incentive scheme influence employees' compensation and performance (Banker, Seok-Young, Potter, & Srinivasan, 2000; Lazear, 2000; Waller, 1985). Various motivational theories also explain the link of pay and performance consistency, such as the theory of reinforcement by Skinner in 1969 (Skinner), the expectancy theory by Vroom in 1964 (Vroom, 1964), and the goal-setting theory by Locke & Latham in 1990 (Locke & Latham, 1990).

Hypothesis 1:

Strategically linked incentives can contribute towards the consistent performance of the SMEs' employees in U.A.E

2.2 Availability of the Information to the Employees

Collection and dissemination of information is considered an important activity in the organizations (Forza, 1995). Sharing the information in a freely and timely manner can make an organization a high performing organization (Ahmed, Shields, White, & Wilbert, 2010). The flow of information without barriers is a critical element of effective managerial communication, whereas effective managerial communication itself is vital for creating and maintaining the competitive advantage (Ahmed et al., 2010). In order to be successful, organizations should be able to manage the inward, horizontal and vertical flow of the information. If the organizational communication pattern is weak, it would result in a low commitment as a result of diminished satisfaction of the workforce, greater employee turnover, and less productivity (Abugre, 2010; Hargie, 2002). Goris, Vaught, and Pettit (2000) argue that there is a great impact of organizational communication on employee satisfaction and consequently employee performance.

Hypothesis 2:

The availability of information can contribute towards the consistent performance of the SMEs' employees in U.A.E

2.3 Training Provided to the Employees

The need of learning and improving knowledge is mentioned in Maslow's hierarchy of needs (Lester, 1990) and is named as cognitive need. This concept was also supported in McClelland's theory of need (Upchurch, 2010) which states that there is a need in employees to get knowledge and keep on learning. Herzberg's theory, 1959 (Lindsay, 1967) also states training as a motivational factor that helps boosting employee commitment and ensures consistent performance. But, SMEs are much less likely than large firms to provide their employees with formal training (Kitching & Blackburn, 2002). The owners of SMEs usually underestimate the benefits of the training for their employees. Empirical studies have provided evidence supporting the positive effects of employee training on organizational performance. Employee training has a significant and positive effect on work outcomes (Dastmalchian & Blyton, 1992; Russell, 1985), on workplace and industrial relations climate (Van Hees, 1993), on the quality of customer service and productivity (Castellanos & Martin, 2011), and on firms' financial performance (Bassi, Ludwig, McMurrer, & Buren, 2002; Castellanos & Martin, 2011). The training provided can improve the knowledge, skills, and abilities of the employees, and can increase their motivation and commitment to the tasks (Birdi et al., 2008; Jackson & Schuler, 1995). Training can help a firm to develop its human capital, which in turn should improve firm's performance (Huselid, 1995; Schraeder, 2009).

Hypothesis 3:

The training provided to the employees can contribute towards the consistent performance of the SMEs' employees in U.A.E

2.4 Motivating the Employees

The concept of human motivation is at the core of any management-related disciplines. In today's hyper-competitive marketplace, understanding what fosters and forwards employee motivation—and, thus, organizational performance—is critical ("Motivation in Today's Workplace: The Link to Performance," 2010). Fascination with the subject is based on the long-held assumption that more motivation leads to better performance, and, therefore, if we can understand what motivation is, how it is formed, and how to increase it, we can use that knowledge to enhance individual and firm performance (Pritchard, 1973). In today's marketplace, where companies seek a competitive edge, motivation is key to talent retention and performance. Motivating employees is considered to be an important tool for achieving better results and consistent performance. Specifically, Korman (1971) predicted that high self-esteem persons would show a significant positive correlation between job satisfaction and performance, but that low self-esteem persons would evidence a non significant correlation between job satisfaction and performance.

Hypothesis 4:

Employees' motivation contributes towards the consistent performance of the SMEs' employees in U.A.E

2.5 Work Climate of the Organization

The relationship between organizational climate and performance is a key topic in organizational studies (Aldrich, 1979; Dess & Beard, 1984; Ketchen & Bergh, 2006). A conducive, productive and familial work climate is crucial to strengthen and maintain the bonds between the organization and employees; which may reflect positively on work outcomes (Suliman & Harethi, 2013). A productive work climate is able to maintain and preserve employee motivation and high performance (Miller, 2002). In fact, organizational climate is agreed to be one of the most important factors that influence and affect the employee perception of contribution and involvement in the workplace (Shadur & Kienzle, 1999). Working conditions, interpersonal relations, welfare provisions, confidence and support

prevailing in the work organizations play principal role in identifying the degree of employees' job performance and satisfaction, and the level of organizational effectiveness. Employees who are exposed to a work climate that has information sharing, positive management support, contribution and involvement in decision-making processes are likely to be effective and efficient. Perceived adequacy or inadequacy of work environment, both physical and psycho-social, extends noticeable effect on employees' job satisfaction and performance, and perception of effectiveness of an organization (Suliman & Harethi, 2013). Suliman (2002) studied the direct link between climate and employee performance. The results uncover the significant role of climate in shaping employees' performance directly. Thus this is important for the SME managers to understand the relation between work climate, employee motivation, and performance.

Hypothesis 5:

Good organizational climate can contribute towards the consistent performance of the SMEs' employees in U.A.E

Thus, based upon the literature review, the strategically linked incentives, availability of the information, training, motivation, and working climate would be independent variables and consistency in the employees' performance in the SMEs would be dependent variable for this research. Please see the Figure. 1 below for the schematic framework of this research.

Insert Figure 1 about here

3.0 RESEARCH METHODOLOGY

The main objective of this research was to indentify the factors that affect the consistency of employees' performance in SMEs operating in U.A.E. This research was exploratory, descriptive and correlational in nature.

3.1 Data Collection Method

Data was collected by using closed ended questionnaires. The questionnaires were distributed among the employees working in the SMEs in U.A.E. The sampling design used was non-probability convenient sampling. The sample size was 107. The questionnaires were distributed face to face and online as well. The online questionnaire was created by using www.screator.com and the link

was sent to the respondents through e-mails and other online platforms. Total 200 questionnaires were distributed out of which 107 were in a condition to be used for the analysis.

4.0 FINDINGS & DISCUSSION

4.1 Reliability Analysis and Descriptive Statistics

Reliability analysis for all the variables in the questionnaire was done by using SPSS version 18. The Table. 2 below shows the value of Chronbac's alpha for each variable.

Insert Table 2 about here

Furthermore, the analysis of respondents' demographic characteristics was done in order to have a clear view of the background of the respondents involved in this study. The demographic characteristics of respondents involved in this study were (a) gender (b) age (c) marital status (d) nationality (e) education (f) working status (g) monthly income etc. Please see the Table. 3 below for the descriptive analysis of the respondents' demographic characteristics.

Insert Table 3 about here

4.2 Correlation Analysis

The correlation analysis shows that all variables discussed in this research are positively correlated with the dependent variable i.e. consistent employee performance. Please see the Table. 4 below for correlation analysis.

Insert Table 4 about here

Based upon the result of correlation analysis, a positive, significant correlation with high coefficient of correlation is found between all the independent variables and the dependent variable. Thus, all the hypotheses developed are accepted. The Table. 5 below summarizes the results.

Insert Table 5 about here

4.3 Discussion

This research has both theoretical and policy implications for the SMEs in the U.A.E. This research is the first comprehensive study covering the factors affecting the consistency of SME

employees' performance in the Arab world. The variables discussed in this research represent the intrinsic and extrinsic motivational factors. The findings support the literature and conclude that the factors affecting the consistency of employees' performance in the large organizations in developed countries as mentioned by Becker and Gerhart (1996), Chenevert and Tremblay (2009), Forza (1995), Ahmed et al. (2010), Lindsay (1967), Dastmalchian and Blyton (1992), Pritchard (1973), and Miller (2002) also apply to the SMEs in the U.A.E.

The strategically linked incentives were found positively correlated with the consistence performance of the SME employees in U.A.E. As a matter of fact, more than 98% of the workforce in the U.A.E comprises of expatriates (Yaghi & Yaghi, 2013). Usually expatriates take up international assignments to meet their financial commitments back home; therefore, the findings support the existing workforce scenario in the U.A.E. Availability of information was also found positively correlated with the consistent performance of the SME employees. As the workforce in the U.A.E is highly diverse in terms of, language, religion, race, and gender; therefore, the employees might be facing some language and cultural barriers while conducting the organizational operations efficiently. These language and cultural barriers might affect the availability of the information in the SMEs and therefore, many of the employees consider the free flow of information affecting positively on their performance. Training is also another important factor that can have positive effect on the consistent performance level of the employees in the SMEs. Since mostly employees working for SMEs are not having tertiary qualifications, therefore, training can really have a positive effect on their performance. With regards to motivating the SME employees, this study found that the SME employees regard the motivation as one of the contributing factors affecting the consistency in their performance. The demographic composition of the workforce in the U.A.E is unique, as over three million expatriate employees coming from all parts of the world work side by side (Yaghi & Yaghi, 2013). The reality of workforce diversity can make the task, of keeping all the employees motivated in an SME, really challenging since the SME owners usually don't have any support or advise mechanism from the government to deal with organizational issues effectively. The working environment, as anticipated, was also found to have a positive correlation with the

consistency in the employee performance in SMEs of U.A.E. Being a developing and relatively young country, the work related laws are still not mature in U.A.E, therefore, SMEs' employees might find a higher need for better working environment in U.A.E.

To increase the performance of SMEs' employees and in turn the SMEs as well, the government needs to focus more on managerial and interpersonal skills of SMEs' managers/owners by offering selective specialized training programs. Activities to improve education, infrastructure, working conditions, and financial support for the SMEs should be further expanded. A proper support and new government policies may go a long way to make the SMEs' employees more productive in the U.A.E.

5.0 LIMITATIONS

The findings in this study cannot be generalized to other Gulf Cooperative Countries (GCC) because the concentration of non-Arab expatriates was more in the sample. The quantitative approach used was unable to uncover in-depth information on the various variables. Qualitative approach may be more appropriate to obtain further details. For example, face to face interviews can reveal in greater details about the independent variables. Furthermore, the questionnaire with more than 40 questions was considered very long by the respondents, although resulting in 53.5% response rate.

6.0 CONCLUSION AND FUTURE RESEARCH DIRECTIONS

The SMEs in the U.A.E should consider the variables examined in this study to maintain employees' performance consistency. Government should also come up with some regulations putting light to these factors as this will result in a WIN-WIN situation for employees and the organizations in the long run. Implementing these factors will not only result in consistency of employee performance but also will result in employees' retention and loyalty with the organization.

Furthermore, for future studies on this topic, researchers can conduct a longitudinal research to actually measure the impact of the factors discussed on the consistency of employees' performance. In order to do so, all the variables in this research needs to be quantified first.

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Table 1: Internal and External Factors Influencing the Consistency in Performance

External Factors	Internal Factors
Incentives/ Pay	Motivation
Tools/Training	Skill level
Information	Knowledge
Organizational Climate	Attitude

Table 2: Chronbac's Alpha for the Variables

Sr#	Variable	Value of Chronbac's Alpha
1	Strategically Linked Incentives	0.839
2	Information Provided to the Employees	0.903
3	Motivating the Employees	0.938
4	Training Provided to the Employees	0.911
5	Working Climate	0.882
6	Consistency in the Performance of Employees	0.882

Table 3: Demographics of Respondents

Items	Parameter	Frequency	Percentage
Gender	Male	65	60.7%
	Female	422	39.3%
Age	Below 20 years	7	6.5%
	Between 21 to 25	47	43.9%
	Between 26 to 30	23	21.5%
	Between 31 to 35	13	12.1%
	Between 36 to 40	8	7.5%
	Above 40 years	9	8.4%
Marital Status	Single	62	57.9%
	Married	43	40.2%
	Others	2	1.9%
Nationality	UAE nationals	2	1.9%
	Arab except UAE nationals	4	3.7%
	Indian	15	14.0%
	Pakistani	70	65.4%
	Filipino	9	8.4%
	Others	7	6.5%
Education	Doctorate	1	0.9%
	Masters	25	23.4%
	Bachelors	70	65.4%
	Diploma	9	8.4%
	Certificate	2	1.9%
	Others		
Working Status	Full-time	94	87.9
	Part-time	13	12.1
Position	Managerial level	48	44.9%
	Non managerial	59	55.1%
Monthly Income	< AED 5000	36	33.6%
	Between AED 5000 to AED 10000	39	36.4%
	Between AED 10,001 to AED 15000	10	9.3%
	Between AED 15,001 to AED 20000	11	10.3%
	Between AED 20,001 to AED 25000	6	5.6%
	Above AED 25000	5	4.7%

Table 4: Correlational Analysis

		Correlations					
		Incentives	Information	Training	Motivation	Climate	Consistent Performance
Incentives	Pearson Correlation	1	.495 ^{**}	.582 ^{**}	.527 ^{**}	.518 ^{**}	.379 ^{**}
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	107	107	107	107	107	107
Information	Pearson Correlation	.495 ^{**}	1	.631 ^{**}	.606 ^{**}	.737 ^{**}	.534 ^{**}
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	107	107	107	107	107	107
Training	Pearson Correlation	.582 ^{**}	.631 ^{**}	1	.525 ^{**}	.605 ^{**}	.345 ^{**}
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	107	107	107	107	107	107
Motivation	Pearson Correlation	.527 ^{**}	.606 ^{**}	.525 ^{**}	1	.747 ^{**}	.699 ^{**}
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	107	107	107	107	107	107
Climate	Pearson Correlation	.518 ^{**}	.737 ^{**}	.605 ^{**}	.747 ^{**}	1	.650 ^{**}
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	107	107	107	107	107	107
Consistent Performance	Pearson Correlation	.379 ^{**}	.534 ^{**}	.345 ^{**}	.699 ^{**}	.650 ^{**}	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	107	107	107	107	107	107

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

Table 5: Summary of the Results

<u>Hypothesis</u>	<u>Relationship</u>	<u>Status</u>
Hypothesis 1	Positive correlation very strong	Hypothesis Accepted
Hypothesis 2	Positive correlation very strong	Hypothesis Accepted
Hypothesis 3	Positive correlation very strong	Hypothesis Accepted
Hypothesis 4	Positive correlation very strong	Hypothesis Accepted
Hypothesis 5	Positive correlation very strong	Hypothesis Accepted

Figure 1: Schematic Framework