CHAPTER 1 - INTRODUCTION

1.1 Background of the Study

Just as a solid foundation is critical for the support of a building, similarly managing performance of the employees is the basic cornerstone of an organization. This is especially crucial in the current highly competitive market scenario, where the firms try to get sustainable competitive advantage and are constantly seeking ways to compete that cannot be replicated easily by their competitors.

Using their human resource management system to optimize the performance of their employees is one of the ways in which the organizations can obtain this sustainable competitive edge. For this, the organization’s employees must be a source of added value i.e. they should contribute something extra as compared to the employees of the competing organizations (Jackson & Schuler, 2007). This could be in terms of high levels of skills / knowledge; higher commitment to the organization; better team players; more innovative or better knowledge of organizational processes etc. In short their performance should have a cutting edge over the performance of the competing organizations’ employees.

An effective performance management plan should be the driving force behind all organizational decisions, work efforts and resource allocation. Thus understanding drivers of performance and what influences various facets of performance becomes a key factor for the organizations. It is of prime importance to understand what impacts the performance in order to improve the performance.

A number of studies have been conducted to explore the relationship of various variables with performance therefore this subject has a rich theoretical background which can be a launch pad for further research into the intricacies not yet explored. Based on all this and its relevance in both theoretical as well as practical contexts, Performance was chosen as the variable to be studied and explored further.
1.2 The Research Setting

This research is based in the United Arab Emirates (UAE) and the sample for studying the research variables is drawn from there.

The UAE is a federation of seven emirates situated in the southeast of the Arabian Peninsula in Southwest Asia on the Persian Gulf, bordering Oman and Saudi Arabia. It consists of seven states, termed Emirates. The seven emirates of the UAE are; Abu Dhabi, Dubai, Sharjah, Ajman, Fujairah, Ras al-Khaimah and Umm al-Quwain. Since the discovery of oil in the UAE more than 30 years ago, the UAE has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living. The government has increased its spending on job creation and infrastructure expansion and is opening up utilities to greater private sector involvement ("CIA - The World Factbook,").

The UAE is a rapidly diversifying, highly developed economy, based on various socio economic indicators such as GDP per capita, energy consumption per capita, and the HDI. At $270 billion in 2008, the GDP of the UAE ranked second in the Cooperative Council for Arab states of the Gulf (CCASG) - after Saudi Arabia, third in the Middle East North Africa (MENA) region - after Saudi Arabia and Iran, and 38th in the world ("World Economic Outlook,").

There are various deviating estimates regarding the actual growth rate of the nation’s GDP, however all available statistics indicate that the UAE currently has one of the fastest growing economies in the world. The GDP per capita at approximately $45000 (2008) is currently the 17th in the world and 3rd in the Middle East, after Qatar and Kuwait as measured by the CIA World Fact book. The approximate figure for Labor force is 3.168 Million("CIA - The World Factbook,"). Approximately 80% of the workforce is expat and the nationals hold only 2% of the jobs in the private sector, which provides 52% of the job in the UAE ("Country Profile: United Arab Emirates (UAE),").
A fast growing economy means a growing workforce and hence the emphasis on performance required from them. Moreover the high percentage of expatriate workforce makes the working environment very different from the previous research settings. Therefore taking UAE as the research setting to study the role of Self Efficacy and Growth Need Strength in Performance was considered a relevant and fruitful idea.

1.3 Need for the Study

Most of the research on Performance till date has been done in a western context and to the best of researcher's knowledge; there is a paucity of research in the Arab context. This makes it an interesting platform to test the veracity and relevance of various researches conducted in completely different demographic and cultural scenarios. It is also expected to add to the richness of the performance theory by exploring various aspects of performance in a unique working environment that is predominantly based on expatriate workforce and is in contrast to the traditional comparatively more stable work cultures.

Moreover to the best of the researcher's knowledge no study has been conducted which has studied the role of Self Efficacy and Growth Need Strength, which are both highly interactive and synergetic variables, on Performance. Demonstration of potential associations of certain traits, e.g. Self Efficacy and Growth Need Strength chosen in this study, with increases in work performance could lend powerful tools to practitioners for designing and implementing selection systems, training programs, and performance management systems.

The uniqueness of this research was in the research setting; role based dimensions of performance; and the combination of predictor variables Self Efficacy and Growth Need Strength. Combining all these factors, it becomes a fertile ground for a research. This study is expected to provide valuable inputs for performance research theory by testing various standard research instruments in a different work environment; and also for the practical purposes by understanding performance dynamics of the region.
especially with respect to the chosen two variables namely Self Efficacy and Growth Need Strength. This understanding will enable the human resource managers of the region to devise suitable policies for enhanced and more efficient performance standards.

1.4 Rationale for Choosing the Research Variables

1.4.1 Performance

(Rao, 2004) defines Performance very classically and simplistically as “what is expected to be delivered by an individual within a time frame”. This raises an interesting point as to how to quantify “expectation from the employee”; since this definition will be the performance against which an employee will be appraised.

There is plenty of research done on this aspect and apart from the traditional definition of performance which considered only “Task / Work Performance”; various researchers have come up with different comprehensive constructs for performance enumerating various aspects of performance. This includes easily measurable aspects as well as those components of performance which cannot be measured or quantified in terms of numbers e.g. citizenship behavior. Keeping this in mind, an attempt has been made through this research to explore broadly all the contemporary aspects of performance.

The construct chosen to fulfill this elusive definition of what constitutes performance is the Role based performance construct suggested by (Welbourne, Johnson, & Erez, 1998). In contrast to traditional, job-related measures of employee performance, this proposed alternative measure of performance is based on role theory and identity theory. Because the results support the validity of the scale, the authors have proposed the use of the instrument for future research that requires a generalizable measure of performance.
They suggest that employees enact multiple roles beyond that of jobholder. Those roles that are considered important from an organizational perspective should be measured through a comprehensive assessment of employee performance. Their “Role based performance scale” is based on the following five roles namely: Job Role i.e. doing things specifically related to one’s job description; Career Role i.e. obtaining the necessary skills to progress through one’s organization; Innovator Role i.e. creativity and innovation in one's job and the organization as a whole; Team Role i.e. working with co-workers and team members, toward success of the firm; and Organization Role i.e. going above the call of duty in one's concern for the firm.

Further another aspect related to performance is the natural question which arises in mind i.e. who manages performance? (Rao, 2004) answers this by stating the obvious that it is the employee, whose performance is being planned, analyzed, assessed, developed, who manages his/her performance. The supervisor / manager / boss do not manage the performance of the subordinates rather the boss is an important instrument in managing performance. Therefore in this research study, the employees are self-appraised by themselves on various aspects of their performance within the framework of the above mentioned five roles.

1.4.2 Self Efficacy

To be successful in today's global markets, companies need employees who actively attack problems, search for new opportunities, and continuously improve their work environment. Companies with employees who simply do what they are told are losing their competitive edge (Frese & Fay, 2001). (Fay & Frese, 2001, p. 133) defined personal initiative as "work behavior characterized by its self-starting nature, its proactive approach, and by being persistent in overcoming difficulties that arise in the pursuit of a goal".
The above description leads us towards the concept of “Self Efficacy” proposed by the Psychologist Alfred Bandura which lies at the centre of his “Social Cognitive Theory”. He proposed that sense of self-efficacy can play a major role in how you approach goals, tasks, and challenges. Self-efficacy theory (Bandura, 1977, 1986, 1997) posits that efficacy beliefs influence the types of activity people choose to engage in, the level of effort they spend and their perseverance in the face of difficulties. People with high Self Efficacy, i.e. those who believe they can perform well, are more likely to view difficult tasks as something to be mastered rather than something to be avoided.

Social-cognitive theory and its central variable Self Efficacy has been studied in more than 10,000 investigations in the past 25 years (Judge, Jackson, Shaw, Scott, & Rich, 2007). It has been addressed as “the wave of the future” in work motivation research (Landy, 1989) thus making it one of the most studied concepts in contemporary psychology research. Any concept of such widespread use and apparent universality merits critical examination of its usefulness (Judge, et al., 2007)

Self Efficacy is also related to a number of other work performance measures such as adaptability to advanced technology (Hill, Smith, & Mann, 1987); coping with career related events (Stumpf, Brief, & Hartman, 1987); managerial idea generation (Gist, 1989); managerial performance (Wood, Bandura, & Bailey, 1990); and skill acquisition (Mitchell, Hopper, Daniels, George-Falvey, & James, 1994).

Also interestingly although past studies have focused on the positive relationship between Self Efficacy and performance, there are some recent studies such as (Bandura & Locke, 2003; Vancouver & Kendall, 2006; Vancouver, Thompson, Tischner, & Putka, 2002; Vancouver, Thompson, & Williams, 2001) that have challenged the conventional view of self-efficacy as a positive influence on performance by finding a negative within-person relationship between self-efficacy and performance e.g. Self Efficacy can lead to overconfidence and hence reduce performance over time (Moores & Chang, 2009).
Therefore considering the importance of Self Efficacy as a widely researched variable with respect to performance and also taking note of ambiguity in the past research with no consensus on its relationship, it emerges that Self Efficacy is a valuable variable for studying its relation with performance. Therefore Self Efficacy was chosen as one of the variables to be studied with respect to its role in the performance of employees.

1.4.3 Growth Need Strength

Another interesting aspect at work which drives performance is the motivation to perform. An employee may be capable of performing and is aware of the fact but for various reasons may not choose to perform at his / her optimum level. This indicates a lack of motivation to perform. Therefore for the performance to have a cutting edge, the employees need to be motivated. There are a number of ways in which the motivation levels of the employees may be boosted and existing research has strong debate on the impact of Intrinsic vs. Extrinsic factors of motivation.

Extrinsic measures have a limited utility and after a certain time may fail to motivate the employees since they may take these rewards at the face value and for granted. But intrinsic motivation or inner drive of a person will always propel him / her to excel in their jobs and therefore result in a better performance. According to (Hackman & Oldham, 1975), Internal work motivation is the degree to which the employee is self-motivated to perform effectively on the job i.e. the employee experiences positive internal feelings when working effectively on the job, and negative internal feelings when doing poorly.

One of the important internal driving factors for an individual may be the ambition or the need to grow in the job / career. A highly ambitious person will have a high need for growth and will strive to perform better thereby resulting in an improved performance. This is an aspect of personality and has been explored by various theorists and researchers working in the area of Individual differences.
Classically, David McClelland called it as Need for Achievement which was one of the needs amongst the trilogy of the needs proposed by him. (Hackman & Oldham, 1980) gave the concept of Growth Need in their Job Characteristics Theory. It was defined as an individual difference variable that moderates the effects of core job dimensions (e.g., skill variety, task identity and significance), psychological states (e.g., meaningfulness of work), and personal and work outcomes such as satisfaction and performance.

(Das, 1991) defined Growth Need Strength as the higher order level need for personal growth and development in the context of work. (Shalley, Gilson, & Blum, 2009) propose that Growth Need Strength is an important individual factor for employees' creative performance. Controlling for the effects of individual factors that have been previously linked to creativity (i.e., creative personality, intrinsic motivation, and cognitive style), they found that growth need strength has both a positive main effect on creativity and an interactive effect with context.

Importantly, what becomes evident from above discussion is that Growth Need Strength should be conceptualized as a dispositional factor. Certain individuals can be expected to have greater trait levels of Growth Need Strength than others. (Hackman & Oldham, 1980, p. 85) mention “Not all individuals appreciate such opportunities (growth, learning, or challenge within the job), even among employees who would be able to perform the work competently.”

Within the Job Characteristics Theory, the moderating role of Growth Need Strength has generally received affirming results (Medcof, 1991). For example, Growth Need Strength has been specifically shown to moderate relationships among job characteristics and intrinsic motivation (Cellar, Furst, Vavra, & Fulton, 1992), satisfaction and quantitative productivity (Das, 1991), and qualitative productivity (Graen, Scandura, & Graen, 1986)

However surprisingly, Growth Need Strength has not been focused on as a variable outside the Job Characteristics Theory. To the best of the researcher’s knowledge, there is paucity of recent research on Growth Need Strength and despite the
demonstration of construct related validity of Growth Need Strength measures, it has not been investigated as a standalone construct in relation work performance.

Considering the rapidity of change and ambiguity of structure within the modern workplace (Cascio, 1997), it seems highly plausible and likely that Growth Need Strength would be more aptly the driving force behind motivation and work performance than simply as a moderating influence. Therefore Growth Need Strength was chosen as an independent variable as this study sought to investigate the potential relationship between Growth Need Strength and Performance.

*Please refer to Chapter 2 – Literature Review for detailed discussion on the rationale for choosing Self Efficacy and Growth Need Strength as research variables.

**1.5 Research Objectives**

The main research question and therefore the aim of this study is:

- To explore the role of Self Efficacy and Growth Need Strength in the employee performance.

Based on this, following research objectives can be formulated for the purpose of better clarity and detailed understanding:

1. To explore the differences, if any, in the perception towards Self Efficacy, Growth Need Strength and Performance; based on gender, age, education, management level, and work experience.

2. To explore the relationship, if any, among Self Efficacy, Growth Need Strength and Performance.

3. To study the impact of Self-Efficacy and Growth Need Strength on Performance.

4. To develop a conceptual model depicting relationship among Self Efficacy, Growth Need Strength and Performance.
1.6 Organization of the Thesis

This Thesis has been organized into six chapters; each dealing with an independent aspect of the research work. The First chapter is “Introduction”. This chapter explained the background of the research problem; need for the study and why it was undertaken in the chosen research context; rationale for choosing the research variables; and the research objectives derived from the broad research question.

The Second chapter is “Literature Review”. This chapter expands on the chosen variables for the research in terms of their theoretical construct and background. Previous studies done on the variables under study are also explored in this chapter.

The Third chapter is “Research Methodology”. In this chapter the focus is on various aspects related to the operation of the research process. It enumerates crucial aspects of various stages of the Research procedure and draws attention to the robustness of the process. Details are provided on the sample selection; research instrument development process; establishing the validity and reliability of the measurement tool, and modus operandi for the data collection and its various phases. Research hypotheses are also presented in this chapter.

The Fourth chapter is “Data Analysis”. This chapter deals with the description and analysis of the data collected for this study. The data is analyzed using statistical tools, and the results are provided in both tabular as well as graphical form. The research hypotheses are tested utilizing the results of the statistical analysis conducted on the data.

The Fifth chapter is “Findings and Discussion”. The data analysis results obtained in Chapter Four are interpreted and explained in this chapter. The research findings are presented in a logical and expansive manner.

The Sixth Chapter is “Conclusion and Recommendations”. It is the concluding chapter and useful recommendations and suggestions emerging from the research study are presented in this chapter. Limitations of the current research and directions for further research are also a part of this chapter.