

Implementing Motivational and Participative Management Strategies to Curb Organisational Inequity

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requirements of Liverpool John Moores University
for the degree of Doctor of Philosophy

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Declaration

This is to certify that this thesis is submitted in partial fulfillment of the requirements of Liverpool John Moores University for the Degree of Doctor of Philosophy and it is entirely my own work unless referenced in the text as a specific source and included in the reference list. No part of this work has been accepted for any other degree.

Jamal Mohammed Hejres

Dedication

This thesis is dedicated to my late mother Latifa, my beloved father for his love and support, my family and friends

Abstract

The purpose of this study is to examine the root causes of the organisational inequity in the conventional retail banking sector in the Kingdom of Bahrain. It aims to recommend practical motivational and participative strategies to curb this problem. A critical review of three interdisciplinary fields (motivation, participation and leadership) has been conducted to identify inherent limitations in the key motivation theories and determine the main gaps in the existing knowledge. Although there is a broad literature providing useful insights, their applications remain untested and inconclusive. The current literature does not provide enough scope to understand the motivational process as an open system from a business perspective because psychoanalysis and behaviorism dominated the developmental process of most of the motivation theories. In addition, the extant literature provides a great deal of information about the explicit relationship between satisfaction and motivation but very little about the implicit relationship between dissatisfaction and motivation. This study uses mixed methods approach (quantitative and qualitative). Questionnaire and semi-structured interviews are used to collect the required numerical and non-numerical data. The main findings of this study confirm the existence of organisational inequity in the conventional retail banking sector in Bahrain, there is high demand for participative management due to lack of clear and effective motivational and participative strategies, although personal factors mitigate the negative impact of organisational inequity on motivation, inadequate monetary factors and ineffective non-monetary factors play a major role in determining the level of the organisational inequity, finally the motivational process in the conventional retail banking sector is an open system because it is exposed to changes in a wide spectrum of situational factors. The findings help raise awareness for decision-makers to introduce measures to promote and develop an Integrative Motivational Framework from which six practical recommendations are derived to integrate employees' needs and expectations with the organisational objectives in order to address the organisational inequity.

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Chapter One

Introduction

Chapter One

Introduction

1.1 Introduction

This chapter provides the purpose and the background of the study. It formulates the problem the study seeks to address. It also sets clear and precise research objectives and questions. The structure of this chapter consists of nine sections. Section 1.2 outlines the purpose of this study. Section 1.3 provides background about the study. Section 1.4 defines the research problem, organisational inequity, which is being experienced by bankers in the conventional retail banks in the Kingdom of Bahrain. The research objectives and questions are developed and formulated through sections 1.5 and 1.6 respectively. Section 1.7 establishes the rationale for this study. Finally, section 1.8 summarises the overall structure of this research.

1.2 Purpose of the Study

The main purpose of this study is to identify and analyse the root causes of the organisational inequity in the conventional retail banking sector, in the kingdom of Bahrain, and recommends practical motivational and participative strategies to address this problem.

1.3 Background of the Study

Motivation, participation and leadership are three interdisciplinary fields, which form the main scope of the literature review in this study.

Armache (2012) points out that motivation is a set of desires and wishes that drive humans to attain their targets and goals. The analysis of trends in the literature review shows that the process of developing and formulating motivation theories is an ongoing process. Locke et al. (1986) point out that although psychoanalysis, behaviourism, and drive theories still have some influence, their influence is on the decline. They are being replaced by cognitive and situational specific theories. Robbins and Stephen (2005) point out that most of the motivation theories were developed in the west and almost all of these theories emphasise individualism and achievement which are western characteristics. Although motivation is a topic that has been extensively researched, it is an area which is constantly evolving. However, there is little or no research that has been carried out in Bahrain particularly in the banking sector to study the motivation of employees. The key literature review shows that a wide range of motivation theories has been developed to explain motivation from different perspectives. The conceptual frameworks, strengths and weaknesses of the most commonly known theories and other relevant theories will be examined in Chapter Three.

“One of the most important factors in today’s turbulent and competitive environment is an energetic, competent, motivated, productive and highly committed and innovative human resource” (Abdulkadir et al. 2012: 124).

Providing subordinates with more opportunities to participate in decision making, offers them greater intrinsic rewards from work (Thomas and Velthouse, 1990).

Anderson (1984) forecasts that the organisation behaviour school would increase in popularity as the emphasis on productivity shifted from technology to the worker and as new organisation forms emphasised more participation and involvement on the part of employees. Ostroff (1999) claims that more and more organisations are transforming their traditional bureaucratic and hierarchical structure of the industrial era into a new type of organisation which encourages employees to work as one team to achieve the organisation's objectives. Manville and Ober (2003) state that the knowledge economy demands new models of management, but business and governance systems are stuck in the industrial era. They stress that it is time for a whole new model and history offers a compelling prototype: the city-state of ancient Athens, with its system of governance based on personal freedom and collective action. Saks and Gruman (2011) believe that the best way to improve performance management in organisations today is to focus on employee engagement.

Participative leadership behaviour sends a message that the superior has confidence in, and concern and respect for the subordinates. This type of leadership behaviour is likely to foster a higher level of trust in the superior and enhance the motivation of employees (Dirks and Ferrin, 2002).

“Leadership is influencing employees to voluntarily pursue organisational goals. Leadership is also getting people to follow, even if they have another choice. To lead effectively, managers must motivate others to want to be lead or get people to choose to follow (Barclay and Barclay, 2011: 21).

It is expected that the areas of motivation, participation, and leadership will continue to witness and accommodate more research which can play a major role in expanding and diversifying the existing knowledge. Hence, conducting a specific study within the conventional retail banks in the Kingdom of Bahrain fits with the existing literature and the overall trend in these three interdisciplinary fields.

1.4 Statement of the Problem

This research deals with the motivational problems which are experienced by the employees in the conventional retail banks in Bahrain. Basically, the human resources in the conventional retail banks are not working to their full potential due to lack of clear and effective motivational and participative management strategies. On the basis of a critical review of the existing literature, this type of motivational problem has been defined as an organisational inequity.

Equity theory is a theory that attempts to explain relational satisfaction in terms of perceptions of fair/unfair distributions of resources within interpersonal relationships. Considered one of the justice theories, equity theory was first developed by Adams (1963) who asserted that employees seek to maintain equity between the inputs that they bring to a job and the outcomes that they receive from it against the perceived inputs and outcomes of others. The belief is that people value fair treatment which causes them to be motivated to keep the fairness maintained within the relationships of their co-workers and the organization. The structure of equity in the workplace is based on the ratio of

inputs to outcomes. Inputs are the contributions made by the employee for the organization whereas outcomes are the rewards he receives for his inputs.

Equity means satisfaction whereas inequity refers to dissatisfaction. An individual will consider that he is treated fairly if he perceives the ratio of his inputs to his outcomes to be equivalent to those around him. The way people base their experience with satisfaction for their job is to make comparisons with themselves to people they work with. If an employee notices that another person is getting more recognition and rewards for their contributions, even when both have done the same amount and quality of work, it would persuade the employee to be dissatisfied. This dissatisfaction would result in the employee feeling underappreciated and perhaps worthless.

Much like other prevalent theories of motivation, such as Maslow's hierarchy of needs (Maslow, 1943), equity theory acknowledges that subtle and variable individual factors affect each person's assessment and perception of their relationship with their relational partners (Guerrero et al., 2007). According to Spector (2008) anger is induced by underpayment inequity and guilt is induced with overpayment equity. In any position, an employee wants to feel that their contributions and work performance are being rewarded with their pay. If an employee feels underpaid then it will result in the employee feeling hostile towards the organization and perhaps their co-workers, which may result in the employee not performing well at work anymore.

For the purpose of this study organisational inequity is a negative psychological state, which takes place when the net difference between satisfaction and dissatisfaction with all related situational factors is negative. Organisational equity is the opposite of organisational inequity.

1.5 Research Objectives

To provide practical solutions to the research problem, this study aims to achieve the following objectives:

- 1) Determine the existence of the organisational inequity in the conventional retail banks in Bahrain.
- 2) Identify the main root causes of the organisational inequity.
- 3) Examine whether there are any clear and effective motivational and participative management strategies in the conventional retail banking sector.
- 4) Assess the views and perceptions of employees and management about the existing motivational and participative management strategies.
- 5) Find out the level of demand for participative management in the conventional retail banking sector.
- 6) Explore the main constituents of the motivational process and introduce a practical framework to explain how such constituents interact with one another in the workplace.
- 7) Analyse critically the impact of the situational factors on the motivational process.

- 8) Examine the impact of the organisational inequity on the demand for participative management.
- 9) Analyze the impact of the organisational inequity on motivation.

The ultimate target of the above specific objectives is twofold: (a) introduce a conceptual motivational framework to understand the motivational process as an open system from a business perspective, and (b) develop an integrative motivational framework through which employees needs and expectations are integrated with the organisational objectives, on the basis of clear and effective motivational and participative strategies, to address the organisational inequity in the conventional retail banking.

1.6 Research Questions

To gain deeper insight into the research problem and achieve the research objectives, this study formulates the following research questions:

- 1) Does organisational inequity exist in the conventional retail banking sector?
- 2) What are the main root causes of the organisational inequity?
- 3) Are there clear and effective motivational and participative management strategies in the conventional retail banking sector?
- 4) What are the views and perceptions of employees and management about the existing motivational and participative management strategies?
- 5) Is there a high demand for participative management in the conventional retail banking sector?

- 6) What are the main constituents of the motivational process and how do such constituents interact with one another in the workplace?
- 7) How do situational factors affect the motivational process?
- 8) Does organisational inequity affect the level of demand for participative management?
- 9) Does organisational inequity stop employees from working hard to achieve their goals?

1.7 Rationale of the Study

The main rationale of this study is to link the theoretical aspects of the three interdisciplinary fields (motivation, participation, and leadership) to the practice in the retail banking, by using a hypothetical-deductive approach, in order to understand the phenomenon of the organisational inequity and come through reliable analysis to reach the findings and make recommendations.

Although valuable contributions to the literature on motivation have been made over the last five decades, providing a solid platform for research and generating a range of useful insights, it may be true to say that some studies on motivation have been “repackaged” for publication. The literature also indicated that there are at times overlapping views between researchers regarding the most suitable motivational strategy. In addition the literature suggests that there is paucity of research regarding motivation within the banking sector. Much of research has been conducted in western setting with strong tradition for transparency and democracy but in the Middle East motivation as a research topic is under-

researched. Therefore this study aims to provide fresh insights into implementing motivational strategies within the banking sector in Bahrain in order to expand the literature and benefit the relevant decision-makers. This study aims to address the following main gaps in knowledge:

- 1) There is a knowledge gap in terms of the applicability of existing motivation theories in non-Western countries and in particular the Middle East. In other words the scope of motivation theories proposed by the broad literature are restricted to developed rather than developing countries; therefore these theories do not take into account local external and internal factors such culture and government influence which is often one the most influential factor in the Middle East.
- 2) Most of the motivation theories are micro oriented.
- 3) There is lack of empirical support, integration and practical implications. Existing motivation theories are descriptive and lack analytical development.
- 4) The existing literature provides a great deal of knowledge about the explicit relationship between satisfaction and motivation but very little about the implicit relationship between dissatisfaction and motivation. Therefore, the negative side of satisfaction and the positive side of dissatisfaction remain unknown or untapped in the existing literature.
- 5) The existing literature does not provide enough knowledge to understand the motivational process as an open system from business perspective.

The literature of motivation has been dominated and driven, to a large extent, by the psychoanalysis, behaviourism and drive theories

- 6) The literature lacks similar studies in the conventional retail banking sector within the states of Gulf Cooperation Council (G.C.C).

1.8 Structure of the Study

The study structure consists of seven chapters which can be summarised as follows:

Chapter One provides the purpose and background of the study, formulates the problem the study seeks to address, sets clear and precise research objectives and questions, and indicates the importance and the rationale of this research.

Chapter Two presents an analytical review of the motivation theories, which represent the most important dimension of the theory base of this research. It aims to highlight the key limitations, gaps, agreements and conflicting views in the existing knowledge, examine the most important constituents of the motivational process and apply these constituents to the existing practice in the conventional retail banking sector, and identify the main root causes of the organisational inequity to put the research problem into the right context of this research.

Chapter Three examines the main components, concepts and schemes of participative management, and critically analyses the positive and negative aspects of the relationship between participation and motivation. In addition, a

critical review of different styles of leadership is conducted in this chapter. The main purpose is to formulate the research hypotheses and lay down a solid base for developing and recommending practical solutions to curb the organisational inequity in the conventional retail banking sector.

Chapter Four gives an overview of the Kingdom of Bahrain from four important perspectives: political system, economy, total population, and employment analysis. Profile of the financial services sector and analysis of the performance of wholesale, retail and Islamic banks are addressed to show how the banking industry in Bahrain has been affected by the global financial crisis. The ultimate objective is to establish a good base to examine and understand the research problem in full depth in the context of the banking industry, which is an open system as it is vulnerable to changes in a wide spectrum of situational factors.

Chapter Five discusses the research methodology and methods adopted by this study. It presents the research philosophy, strategy, approach, data collection instruments, sampling strategy, and the main statistical tools which are used in analysing the collected numerical and non-numerical data.

Chapter Six presents the main quantitative findings on the basis of full analysis of the collected numerical data. It aims to validate or provide sufficient answers to the research hypotheses by analysing the existence of the organisational inequity in the conventional retail banking sector, the effectiveness of the existing motivational and participative strategies, the demand for participative management, and the impact of the situational factors on the organisational

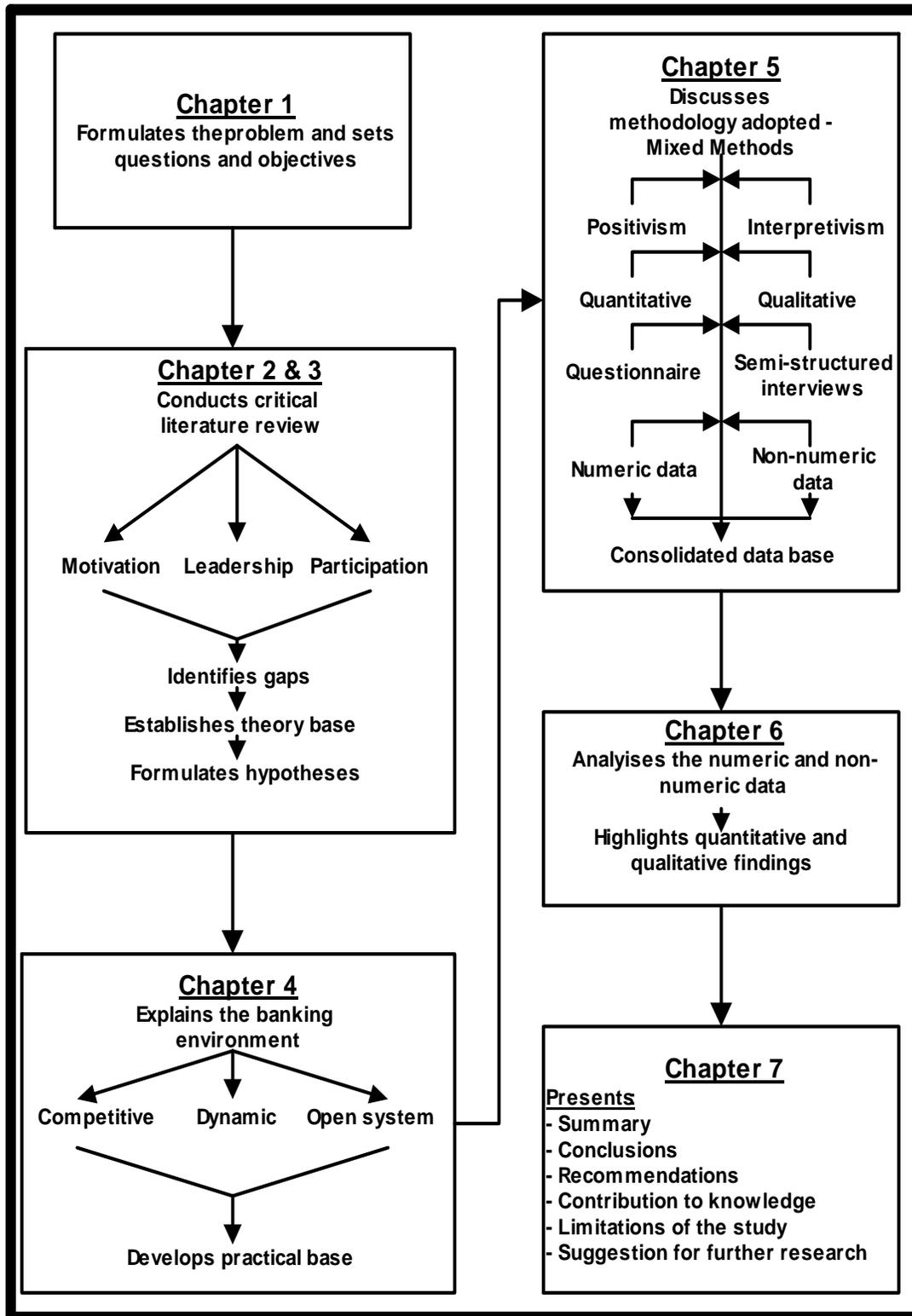
inequity. This chapter provides a deeper insight into how the situational factors interact with one another in a highly dynamic way and explains how the net result of such interactions can affect motivation in the workplace. This contribution helps to understand the motivational process as an open system from a business perspective. The statistical analysis and the relevant conceptualisations help to form a precise definition of the research problem.

In addition to the quantitative findings, this chapter provides the main results of the qualitative analysis of the collected non-numerical data. It discusses the findings of the interviews with emphasis on the participants' perceptions and views about six themes in order to understand the qualitative side of the research problem, effectiveness of the existing motivational and participative strategies and the demand for participative management.

Chapter Seven combines the quantitative and qualitative analysis together in order to draw the main conclusions of this study and make practical recommendations to address the organisational inequity in the conventional retail banking sector on the basis of clear and effective motivational and participative strategies. It shows how implementing mixed methodology can help in reaching and introducing better analysis and results to support the reliability of the findings of this research. This chapter highlights the theoretical, methodological and practical contributions of this study, and discusses the main limitations and suggestions for further research.

Figure 1.1 illustrates the overall structure of the study.

Figure 1.1: Architecture of the Study



Source: Designed by the present researcher

Chapter Two

Literature Review of Motivation

Chapter Two

Literature Review of Motivation

2.1 Introduction

This chapter aims to critically review the literature related to motivation in order to: identify the limitations (specific and general) of the key motivation theories and determine the gaps in the existing knowledge; analyse the trends in the literature; examine the main constituents of the different motivation theories in order to find out the main root causes of the organisational inequity; frame the most appropriate definition of the organisational inequity, conceptualise the research problem and put it into the context of this research.

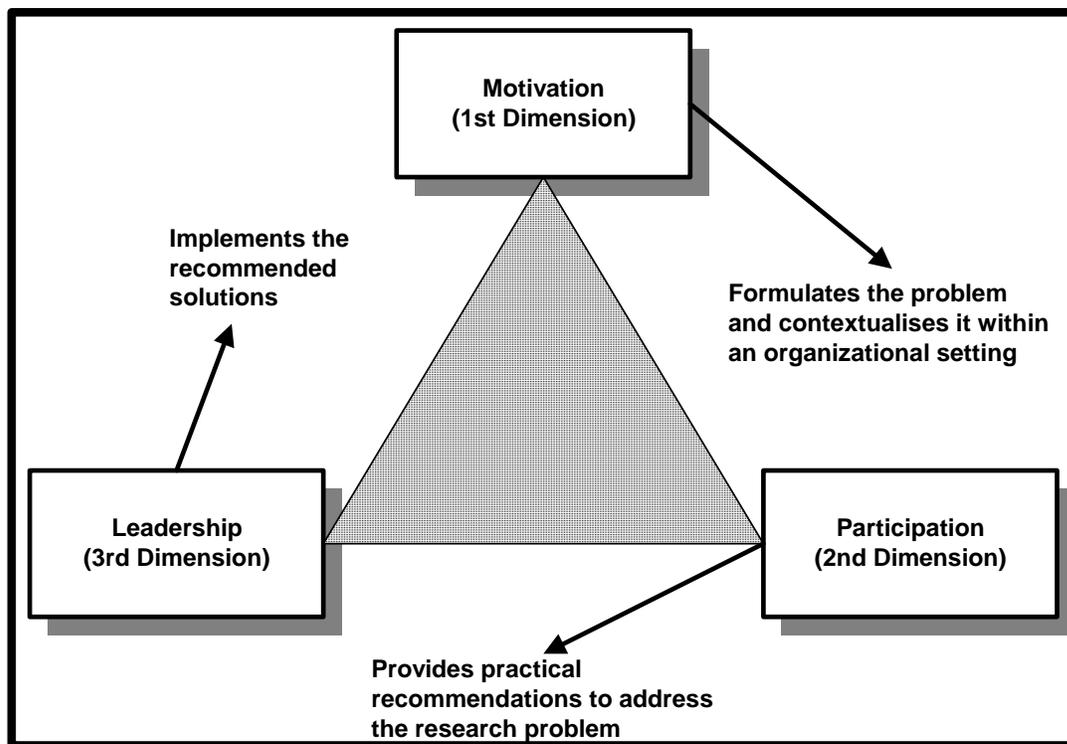
The chapter is divided into 12 sections. Section 2.2 illustrates the structure of the literature review, which consists of three interdisciplinary fields (motivation participation and leadership). Sections 2.3 and 2.4 provide definitions of motivation and job satisfaction respectively. A critical review of the key motivation theories (content and process) and their application to the conventional retail banking sector are covered under sections 2.5. Micro and macro analysis of the key motivation theories are carried out through sections 2.6 and 2.7 respectively. While section 2.8 introduces a comprehensive review of the development of a large number of associated motivation theories, section 2.9 lays down the basis for applying these theories to the conventional retail banking sector. Literature trend gap analysis is conducted in Section 2.10. Section 2.11 is devoted for

presenting motivation in the banking sector. The main root causes of the organisational inequity are identified in section 2.12, which is followed by the summary in section 2.13.

2.2 Literature Review Framework

Although motivation is the backbone of the theory base, the theoretical underpinning of this research focuses on three interdisciplinary fields (motivation, participation and leadership) as illustrated in Figure 2.1.

Figure 2.1: Literature Review Framework



Source: Designed by the present researcher.

Figure 2.1 shows that Cross Interdisciplinary Literature Review (CILR) fits the research objectives because of the following reasons:

- 1) Motivation (1st Dimension): formulates the research problem and contextualises it within the organisational setting of the conventional retail banking.
- 2) Participation (2nd Dimension): offers a variety of participative concepts and schemes from which practical solutions can be derived to address the research problem.
- 3) Participative leadership (3rd Dimension): aims to instill a leadership style, which can secure proper implementation of the recommended solutions.

2.3 Definition of Motivation

Despite the extensive research on motivation, the definition remains a matter of the researchers' individual interpretations. While there is a general agreement on the broad meaning, there are still different shades of meaning of motivation. Hodgetts (1984) indicates that the word motivation comes from the Latin word *movere*, "to move." However, motivation is not about movement only – it involves both physical movement and mental process (motive). Although this basic definition is relevant, it does not provide sufficient explanations, from a practical viewpoint, for the implications and intricacies that are involved in the motivational process.

Work motivation *"reflects a set of energetic forces that originate both within as well as beyond an individual's being to initiate work-related behaviour, and to determine its form, direction, intensity, and duration"* (Pinder, 1998: 11). Locke

and Latham (2004: 388) define work motivation as “*the direction (choice), intensity (effort), and duration (persistence) of work behaviour*”.

For the purpose of this study, motivation is understood to mean a process through which a large number of motivational constituents (efforts, performance, rewards, reinforcement, etc.) and situational factors (personal, internal, and external) interact with one another in complicated, dynamic and unpredictable ways to drive and stimulate people to take a wide spectrum of rational and/or irrational actions for the purpose of satisfying specific needs.

2.4 Job Satisfaction

Job satisfaction is how content an individual is with his or her job. Scholars and human resource professionals generally make a distinction between cognitive job satisfaction (Moorman, 1993) and affective job satisfaction (Thompson and Phua, 2012). Affective job satisfaction is the extent of pleasurable emotional feelings individuals have about their jobs overall, and is different to cognitive job satisfaction which is the extent of individuals' satisfaction with particular facets of their jobs, such as pay, pension arrangements, working hours, and numerous other aspects of their jobs.

Job satisfaction is an important element of the motivational process and it has been an integral part of most of the key motivation theories. Management aims through motivation to motivate employees to work hard towards achieving the organisational objectives. Good performance enables employees to enjoy job-

satisfaction through constructive appraisals and fair distribution of rewards. In this context, job-satisfaction is the ultimate end of the motivational process.

2.5 Key Motivation Theories

“Theory is a systematic grouping of interdependent concepts and principles resulting in a framework that ties together a significant area of knowledge” (Wehrich and Koontz, 1999: 13), or more precisely, *“a theory identifies important variables and links them to form tentative propositions (or hypotheses) that can be tested through research”* (Newstrom, 2007: 6). Theories can be defined as scientific tools that are used to explain the factors of motivation and how these factors interact in the cognitive and physical processes of motivation on the basis of existing facts (Griffin, 1990). Deci and Ryan (1985: 1) indicate that, *“Motivation theories are built on a set of assumptions about the nature of people and about the factors that give impetus to action”*.

Shajahan (2004) categorises motivation theories under “Content Theories” and “Process Theories”. Luthans (2005) suggests that there are “Content”, “Process” and “Contemporary” Theories. Robbins and Stephen (2005) use chronology and classify the theories into “Early Theories” and “Contemporary Theories”. *“It is however, notable that content and process theories have become standard classification”* (Saif et al. 2012: 1385). Table 2.1 shows the classification of motivation theories according to these authors.

Table 2.1: Classification of Motivation Theories

Shajahan (2004)		Luthans (2005)			Robbins (2005)		
Content	Process	Content	Process	Contemporary	Early	Contemporary	
Needs Hierarchy Theory	Behaviour Modification Theory	Needs Hierarchy Theory	Expectancy Theory	Equity Theory	Needs Hierarchy Theory	McClelland's Theory of Needs	
Theory X & Y	Reinforcement Theory	Two Factor Theory	Porter and Lawler Model	Control Theory	Two Factor Theory	Goal Setting Theory	
McClelland's Theory of Needs	Goal Setting Theory	ERG Theory		Agency Theory	Theory X & Y	Reinforcement Theory	
Two Factor Theory	Equity Theory						Job Design Theory
ERG Theory	Expectancy Theory						Equity Theory
	Cognitive Evaluation Theory						Expectancy Theory

Source: Tabulated by the present researcher

Content theories focus on identifying the needs, drives, incentives and goals and their prioritisation by the individual to get satisfaction (Luthans, 2005). Process theories are more concerned with “how the motivation takes place”. These theories strive to explain how the needs and goals are fulfilled and accepted cognitively (Perry et al., 2006). The content and process theories have become established explanations for work motivation (Luthans, 2005).

The aim of this and the next section is to determine the most important and relevant gaps in the existing knowledge by identifying the main limitations (specific and general) that are embedded in the key motivation theories. To achieve this objective, descriptive analysis followed by micro and macro analysis of the key content and process motivation theories are carried out.

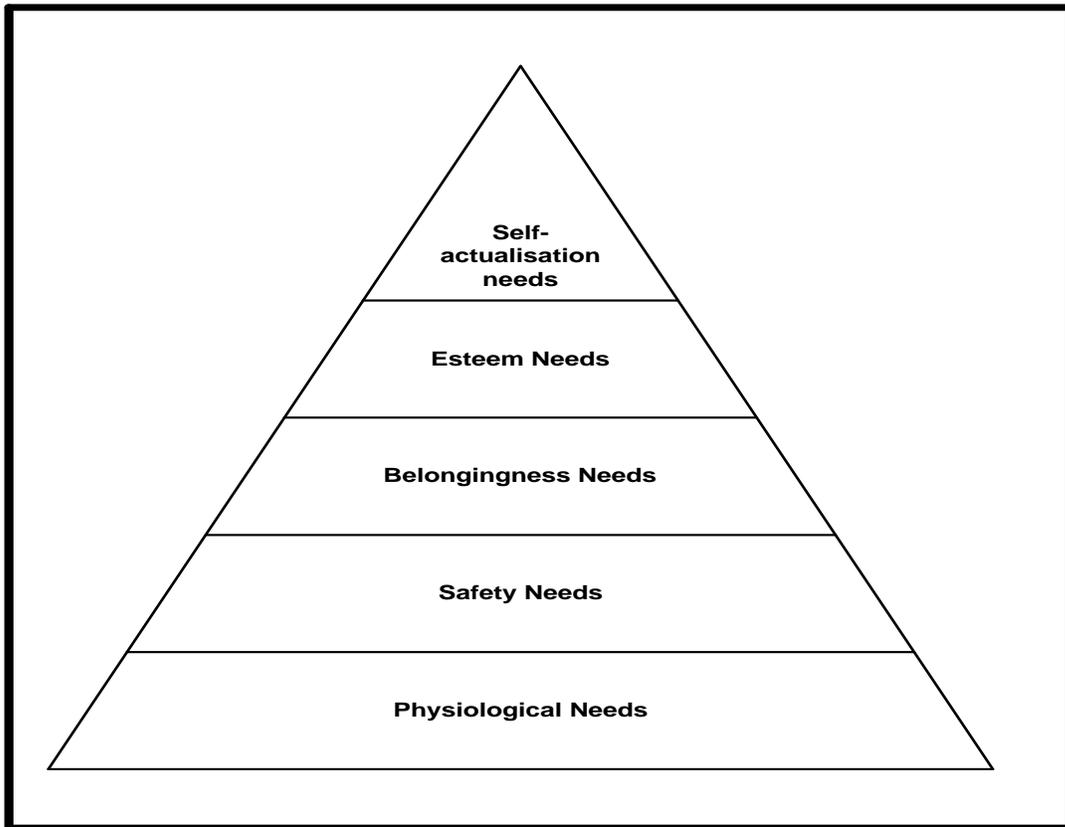
2.5.1 Content Theories

This subsection covers the descriptive analysis of five main content theories: Need Hierarchy Theory, Two-factor Theory, Theory X and Y, Theory of Needs (Achievement Theory), and ERG Theory. Application of these theories to the conventional retail banking is also addressed under this subsection.

2.5.1.1 Needs Hierarchy Theory

The Need Hierarchy Theory was developed by the psychologist Maslow (1943) and adapted for use in management by McGregor (Dessler 1985). Maslow assumes that people are “wanting animals” who are motivated to satisfy various needs: (1) physiological needs (food, water, sleep, sex), (2) safety needs (sense of security and protection), (3) belongingness needs (love, friendship, belonging to a group), (4) esteem needs (self-respect, recognition, prestige, respect from others), and (5) self-actualisation (realising one’s own full potential - become all that one is able to become). These needs are arranged in a hierarchy of importance as described in Figure 2.2.

Figure 2.2: Maslow's Needs Hierarchy



Source: Maslow (1943)

The Needs Hierarchy Theory implies that an individual starts with satisfaction of the lowest level needs (physiological need), and once these needs are satisfied he will move to the next level needs (safety). The motivation process will go on in an ascending order until the individual reaches the highest level needs (self-actualisation).

Maslow's hierarchy of needs is *"the most widely mentioned theory of motivation and satisfaction* (Wehrich and Koontz, 1999: 468). Researchers have noted that Maslow's theory of needs hierarchy was the first motivation theory that laid the foundation for the theories of job satisfaction. This theory serves as a good start

from which researchers explore the problems of job satisfaction in different work situations.

2.5.1.2 Theory X and Y

McGregor (1960) proposes that managers hold some assumptions, ranging from positive (Theory Y) to negative (Theory X), about their employees and such assumptions affect the managers' behaviours toward the subordinates.

2.5.1.3 Theory of Needs – Achievement Theory

McClelland (1961) postulates that some people have a compelling drive to succeed and therefore strive for personal achievement rather than the rewards of success themselves. This type of people like challenging jobs and behave as “high achievers” (Shajahan and Shajahan, 2004). McClelland and Burnham (1976) argue that needs are shaped over time by experience. Most of the needs of human beings fall into three categories: (1) achievement needs, (2) affiliation needs, and (3) power needs. Achievers seek frequent appreciation and recognition for good performance. Affiliation seekers tend to establish harmonious relationships with other people. They seek approval rather than recognition. Affiliation implies the tendency towards establishing close and good interpersonal relationships with others. People with high affiliation prefer cooperative rather than competitive situations (Shajahan and Shajahan, 2004). Power seekers are after power either to achieve better results or control other people through agreement and compliance (Robbins and Stephen, 2005).

2.5.1.4 Two-factor Theory

Herzberg (1968) identifies that there are two different sets of factors - one ranging from satisfaction to no satisfaction and the other ranging from dissatisfaction to no dissatisfaction. The factors influencing satisfaction he calls motivation factors (job-satisfiers) – they relate specifically to the work content. The other set of factors which cause dissatisfaction he calls hygiene factors (job-dissatisfiers) - they relate directly to the work environment. He believes that hygienes can satisfy lower level needs. Since lower level needs are quickly satisfied, hygienes are only good for preventing dissatisfaction. He explains that motivator factors like achievement, recognition, growth, etc., are more powerful motivational tools than hygienes because people’s needs for such factors are never completely satisfied. Table 2.2 presents motivators and hygienes which constitute the main foundation of Two-factor Theory.

Table 2.2: Motivators vs. Hygienes

MOTIVATION FACTORS	HYGIENE FACTORS
Achievement	Supervisors
Recognition	Working conditions
The work itself	Interpersonal relationships
Responsibility	Pay and security
Advancement and growth	Company policy and administration

Source: Herzberg et al. (1959)

Herzberg’s theory is a useful model to study job satisfaction in different types of organisational settings (Kim, 2002, Karimi, 2008, Getahun and Hummer, 2007).

2.5.1.5 ERG Theory

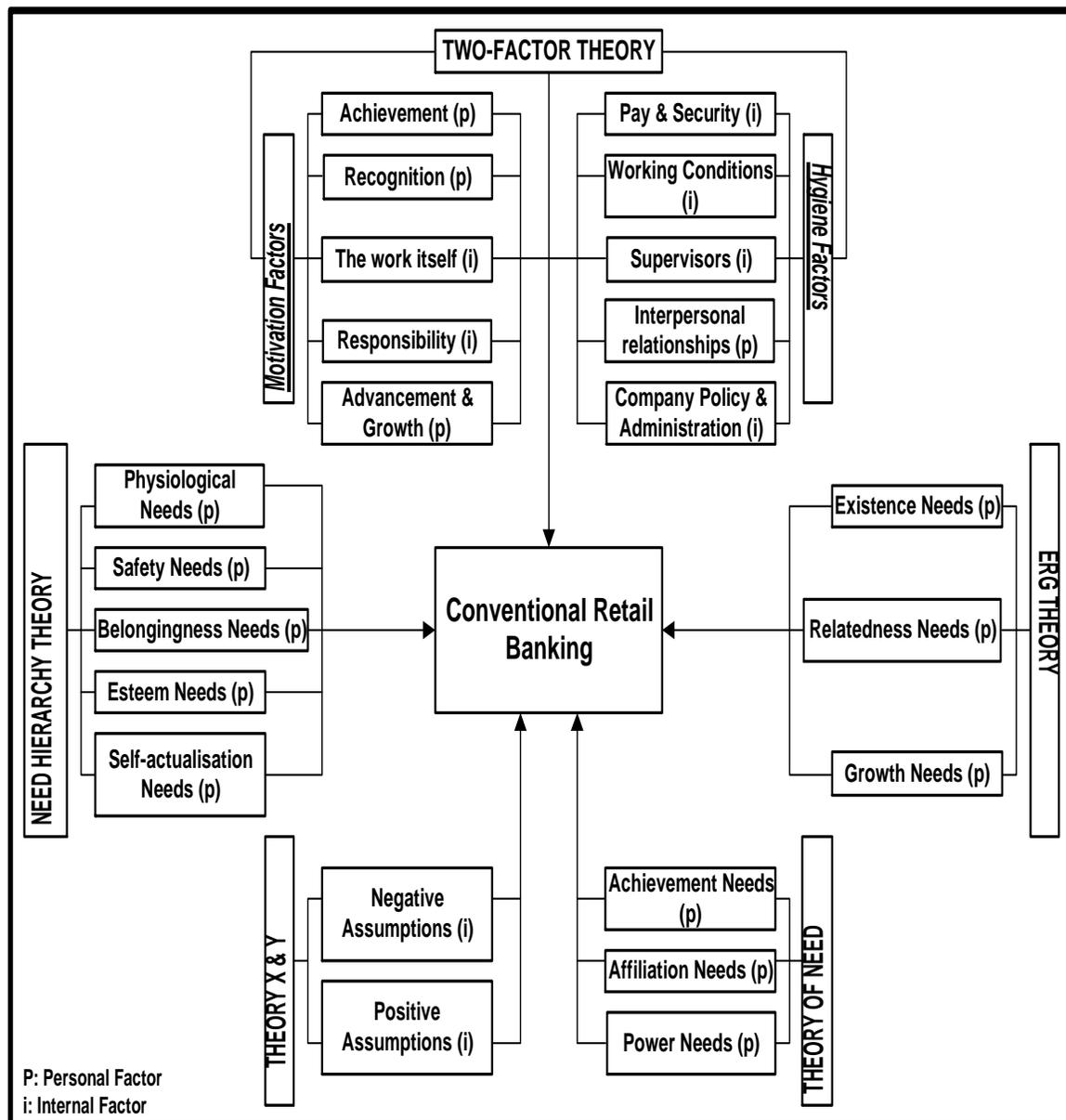
Alderfer (1969) extends and simplifies Maslow's Hierarchy into a shorter set of three needs: Existence, Relatedness and Growth (hence "ERG"). Unlike Maslow (1943), he does not see these as being a hierarchy, but being more of a continuum. Existence needs correspond to the physiological and security needs of Maslow's hierarchy. Relatedness needs describe how people relate to their social environment which encompasses Maslow's love, belonging and esteem needs. Growth needs relate to the satisfaction of the sense of wholeness, achievement and fulfillment which include Maslow's self-actualisation and transcendence. Contrary to the Need Hierarchy Theory, the ERG Theory suggests that more than one need triggers motivation at the same time. Unlike Maslow, Alderfer (1969) does not suggest that a lower-level need must be fulfilled before a higher-level need becomes motivating (Luthans, 2005). Alderfer (1969) argues that if needs remain unsatisfied at a higher level, the individual will most likely become frustrated, regress to lower level needs, and begin to pursue these needs again.

2.5.1.6 Application of Content Theories to Banking

The main purpose of applying the motivation theories to the conventional retail banking sector, as will be explained in this section and the other related sections later on in this chapter, is to enhance the existing knowledge by linking the theoretical aspects of the different types of motivation theories to the business environment.

The application of the main concepts and themes (motivational constituents) of the Content Theories to the existing practice in the conventional retail banking sector is illustrated in Figure 2.3.

Figure 2.3: Content Theories in Banking



Source: Designed by the present researcher.

Figure 2.3 shows that the different motivational constituents of the Content Theories are classified as either Personal Factor (P) or Internal Factor (i) to describe the orientation of the conceptual framework of each motivation theory. “P” oriented motivation theory is concerned with examining and describing the motivational process from an individual perspective, whereas “i” oriented motivation theory aims to study and understand the motivational process from the viewpoint of the internal working environment. The main benchmark for such classification can be attributed to the fact that personal factors such as physiological needs, growth, interpersonal relationships, etc., fall within the control of an individual and they tend to be different from one person to another. On the other hand, internal factors like company policy, working conditions, supervisory style, etc., are developed and implemented by the organisation itself to establish standardised attitudes and behaviours in carrying out the required duties and responsibilities of each job. Despite the fact that this demarcation is not carved in stone and could be debatable, its application in this research is relevant because it helps to analyse the trend in the literature and establish a good base to abstract and get better understanding of the motivational process in the conventional retail banking sector.

Personal and internal factors, as included in Figure 2.3, can be applied to the conventional retail banking. For example, the nature of the work and its associated duties and responsibilities, pay, employment security, working conditions, achievement, recognition and growth, play a major role in motivating employees in the working environment of the conventional retail banking sector.

Holding positive assumptions about employees, delegation of authority, applying the principles of participative management i.e. flat organisational structure, teamwork, participative leadership style etc., and last but not least, following flexible policies and procedures, can strengthen the relational ties between employees and the bank and result in satisfaction of such important needs as achievement, affiliation, power, etc.

Despite the relevance and the applicability of the Content Theories to the conventional retail banking sector, these theories do not give a complete picture of the motivational process in this type of organisational setting. This can be attributed to the fact that these theories examine the needs, incentives, goals, drives, etc., which stimulate motivation, from an individual rather than an organisational perspective.

2.5.2 Process Theories

This subsection deals with seven process theories: Behaviour Modification Theory, Reinforcement Theory, Porter/Lawler Expectancy Theory, Goal Setting Theory, Expectancy Theory, Job Characteristics Theory (Job Design Theory, and Cognitive Evaluation Theory. In addition, the application of these theories to the conventional retail banking is covered at the end of this subsection.

2.5.2.1 Behaviour Modification Theory

Conditioning and behaviour modification was developed in the 20th century. Pavlov (1927) is most famous for his work with dogs and his consequent

description of classical conditioning. Classical conditioning implies that if a stimulus that results in an emotional response is repeated alongside another stimulus which does not cause an emotional response, eventually the second stimulus will result in the same emotional response. Classical Conditioning is thus “learning by association”.

The term “behaviourist” was coined in the second decade of 20th century by Watson, who is sometimes referred to as the father of child psychology and who fervently excluded consciousness as an object of study (Schowalter, 1977).

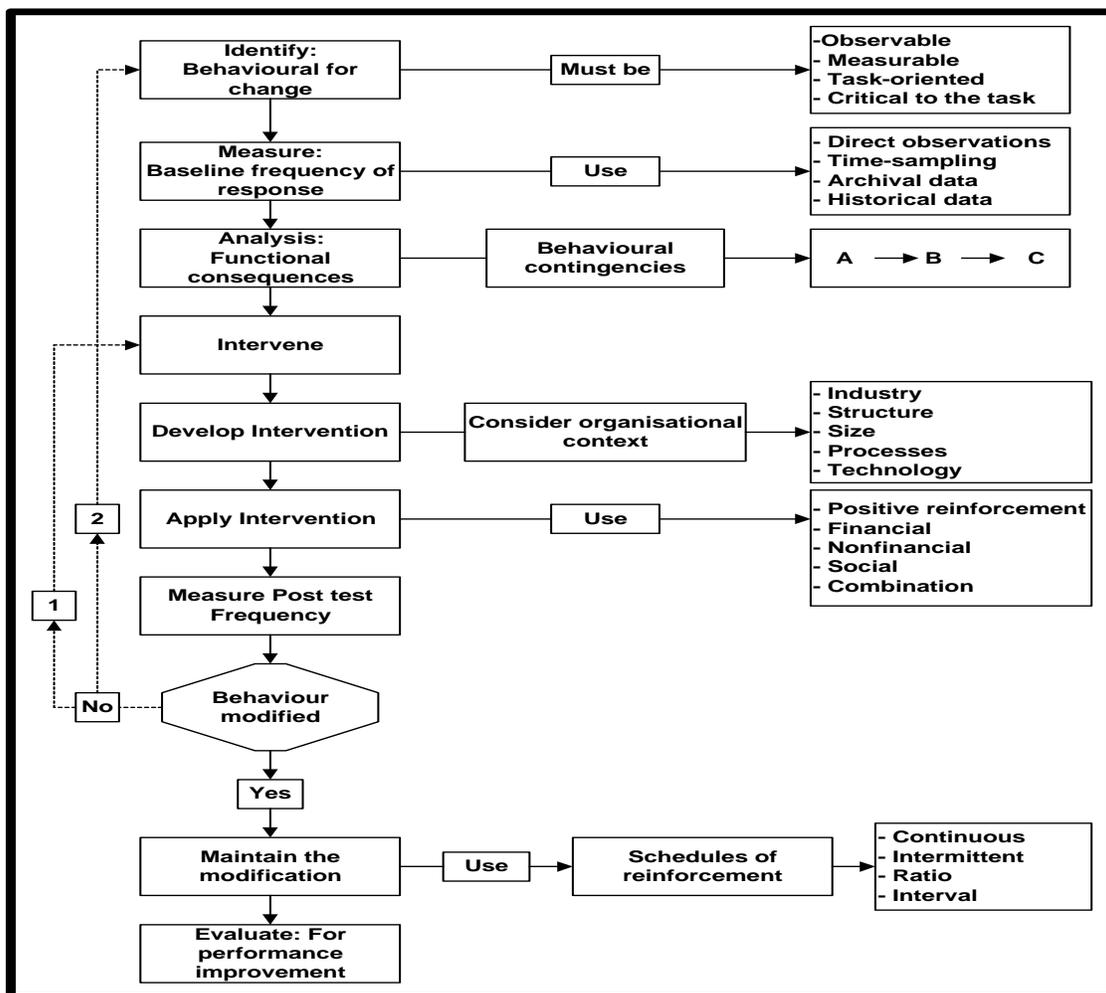
Skinner (1935) revised the ideas of Pavlov and Watson into what he called “operant conditioning”. The main contributions of Skinner (1935, 1938) can be summarised into two important motivational concepts - operant conditioning and reinforcement. Operant conditioning is thus “learning by consequences” it also known as “instrumental conditioning”.

“Although the operant theoretical foundation for the application of behavioural analysis or behaviour modification was established in the 1950s (Rogers and Skinner, 1956; Skinner, 1953), it has only been within the last 25 years that the basic reinforcement paradigm has been introduced to the study of organisational behaviour and applied to human resources management” (Luthans and Stajkovic, 1997: 1122).

The single most important theoretical foundation for the development of the organisation behaviour modification paradigm is operant learning or reinforcement theory (Komaki, 1986).

From the 1980s Luthans and Stajkovic (1997) started applying behaviourism to management and business with his Organisational Behaviour Modification Model (Figure 2.4). The model provides a five-step application framework for identifying, measuring, analysing, contingently intervening in and evaluating employees' task-related behaviours aimed at performance improvement.

Figure 2.4: O.B. Mod. Application Model

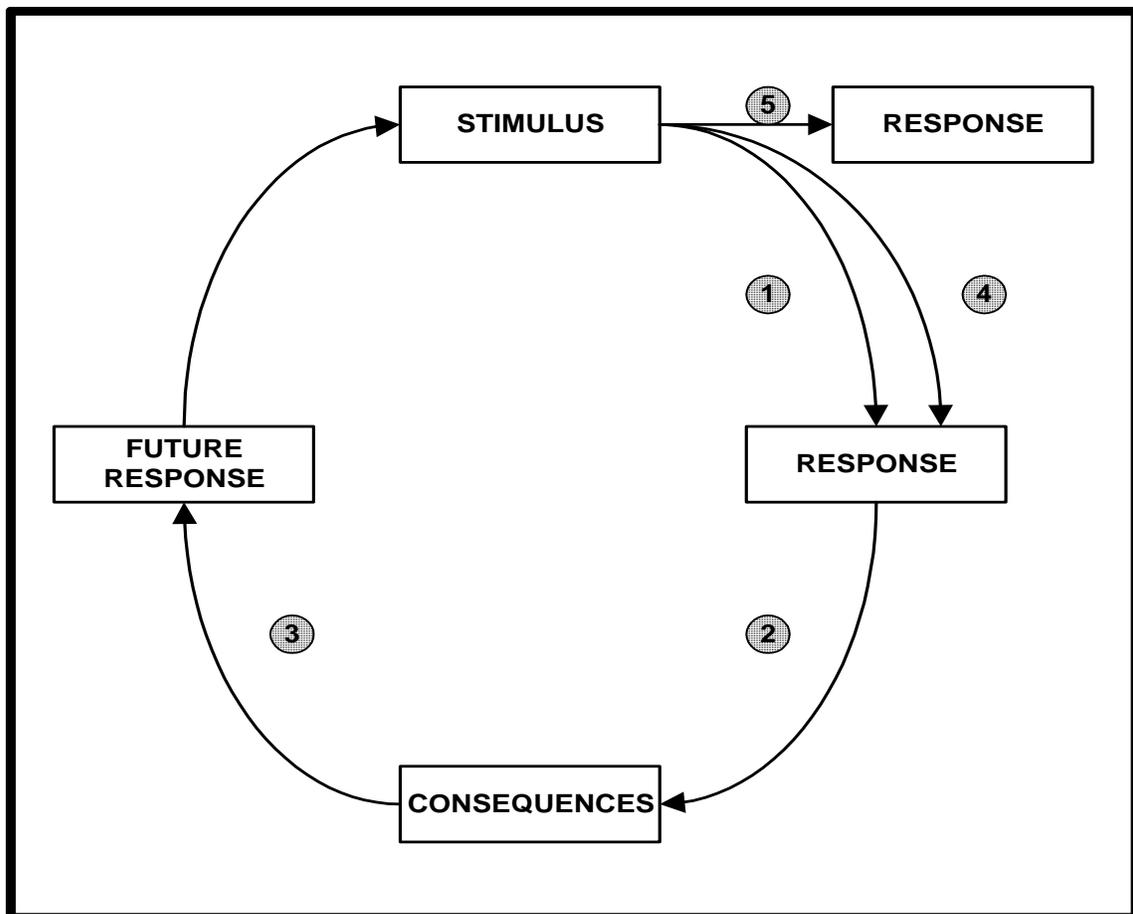


Source: Luthans and Stajkovic (1997: 1123)

2.5.2.2 Reinforcement Theory

Skinner (1938) pays particular attention to “reinforcement”, both positive and negative and its effects. He also points out that the predictability and removal of a reinforcer is important. According to Skinner (1971) behaviours that result in rewarding consequences are more likely to be repeated, whereas behaviours that produce punishing consequences are less likely to be repeated. Figure 2.5 shows how different components of the motivational process interact through the Reinforcement Theory.

Figure 2.5: Reinforcement Theory



Source: Skinner (1971)

Figure 2.5 illustrates that the inner stimuli or needs, which are the starting point, trigger certain responses or actions to satisfy that needs. Response results in specific consequences or outcomes. The value and relevance of these consequences determine the future response. Repeating the same action in the future depends on the experience that has been gained through Step 1 to Step 3. If the outcomes are fair, the same action would most likely be repeated next time when the same stimuli or needs are experienced. If the outcomes are unfair, a completely different response would be made in the future.

Bandura (1986) points out that reinforcement is a two-way street, “reciprocal influence”. For example, if a manager uses reinforcement successfully to encourage his employees to perform better, that will affect his tendency to use that method again in the future.

2.5.2.3 Goal-Setting Theory

Locke in the late 1960s asserted that intentions can be a major source of motivation and satisfaction (Shajahan and Shajahan, 2004). Locke and Latham (1990) believe that formulating clear, understandable, challenging and achievable objectives would enable organisations to get the best out of their employees. Goal-Setting Theory suggests that difficult goals demand focus on problems, increase sense of goal importance, and encourage persistence to achieve the goals. Providing employees with clear feedback is one of the most

important aspects of this theory. Most of the studies, which tested Goal-Setting Theory, demonstrate that challenging goals with feedback work as motivating forces (Robbins and Stephen 2005). In fact, this theory differentiates between two types of goals - directional and accuracy goals.

Goal setting theory (Locke and Latham 1990), which is limited in scope, situationally specific and cognitive based, is congruent with the trend towards cognitive theories which has been especially marked as a result of the “cognitive revolution” in psychology (Dember, 1975). As the name implies, social-cognitive theories rely heavily on the concept of cognitive self-regulation. Goal theory can be combined with cognitive theories to better understand the social reality. For example, self-efficacy is positively related to employees’ perceptions that they are successfully contributing to meaningful work and therefore foster enhanced work motivation (Moynihan and Pandey, 2007).

Locke et al. (1990) indicate that while psychoanalysis, behaviourism, and drive theory still have some influence, their influence is on the decline. They are being replaced by cognitive and situationally specific theories. Goal setting theory is the most researched theory of employee motivation. For example, it has been applied to the study of more than 40,000 participants’ performance in well over 100 different tasks in eight countries in both lab and field settings (Perry et al. 2006).

2.5.2.4 Equity Theory

Adam (1963) through his Equity Theory contends that people are motivated to achieve social equity in the outcomes they receive for inputs they put in their jobs. The outcomes from the job include pay, recognition, promotions, social relationships, intrinsic rewards etc. The individual contributes various inputs to the job, such as time, effort, experience, knowledge, skills, loyalty etc. In this context, equity can be defined as the belief that one is being treated fairly relative to the treatment of others. The equity theory suggests that people tend to look at their outcomes and inputs as ratio for comparison purposes. In this theory the term 'referent' others is used to describe the reference points or people with whom comparison is made. The process of comparison can be explained through the following formula:

$$\frac{\text{Outcomes (self)}}{\text{Inputs (self)}} = \frac{\text{Outcomes (other)}}{\text{Inputs (other)}}$$

As long as the two ratios are equal, the individual will experience a state of equity. This condition may also exist when the other person's outcomes are greater than the individual's own outcomes provided that the other's inputs are also proportionately greater.

The equity theory has extensively been studied over the past few decades under the title of distributive justice (Yusof and Shamsuri, 2006). It has been found that

rewards increase employee satisfaction only when these rewards are valued and perceived as equitable by the employees (Perry et al. 2006).

2.5.2.5 Expectancy Theory

The Expectancy Theory was developed by Vroom (1964) and expanded and refined by Porter and Lawler (1968). Vroom's motivation formula is simple yet powerful that can be expressed as $\text{Motivation} = \text{Valence} \times \text{Expectancy}$. Hodgetts (1984) explains that a person's preference for a particular outcome can be expressed as a valence and his perception of the probability that a specific outcome will follow a particular act is termed expectancy. This interpretation implies that in reality "valence and expectancy" interacts with each other and the result of such interactions determines the level of motivation.

The Expectancy Theory can be called VEI because it explains that motivation is a product of three factors: $\text{Valence} \times \text{Expectancy} \times \text{Instrumentality} = \text{Motivation}$ (Newstrom 2007): expectancy: is the probability that a particular effort will lead to a particular first-level outcome; instrumentality: the belief that outcome will follow certain actions (clear path) - the degree to which a first-level outcome will lead to a desired second-level outcome; and valence: the value of the perceived outcome (what's in it for me) or the individual preference for a particular outcome. According to Expectancy Theory, motivated behaviour is triggered when the probability is greater than zero for three types of expectancy: (a) the effort-to-performance expectancy, (b) the performance-to-outcome expectancy, and (c) valences and outcomes expectancy.

Expectancy theory recognises the importance of various individual needs and it suggests that rewards used to influence employees' motivation must be valued by the employees. Therefore, the theory is considered as the "*most comprehensive theory for motivation and job satisfaction*" (Robbins and Stephen 2005: 60).

2.5.2.6 Porter/Lawler Expectancy Model

Porter and Lawler's Expectancy Model (1968) provides good explanations for the job satisfaction process. Porter and Lawler (1968) stress that effort does not lead directly to performance. It is rather moderated by the abilities and traits and the role perceptions of an employee. Satisfaction is not dependent on performance but rather determined by the probability of receiving fair rewards (Wehrich and Koontz, 1999). The Porter-Lawler model suggests that motivation is affected by several interrelated cognitive factors, such as motivation results from the "perceived effort-reward probability". It is the "perceived equitable rewards" which determine the job satisfaction in the workforce (Luthans, 2005).

Nadler and Lawler (1983) provide the most important assumptions of the expectancy theory which are summarised as follows:

1. Behaviour is determined by a combination of forces in the individual and forces in the environment.
2. People make decisions about their own behaviour in organisations.

3. Different people have different types of needs, desires, and goals.
4. People make decisions among alternative plans of behaviour based on their perceptions of the extent to which a given behaviour will lead to desired outcomes.

2.5.2.7 Job Characteristics Theory (Job Design Theory)

Hackman and Oldham (1980) indicate through this theory that the job characteristics shape how the individual perceives his or her particular role in the organisation. The theory states that there are five core job characteristics (skill variety, task identity, task significance, autonomy, and feedback) which impact three critical psychological states (experienced meaningfulness, experienced responsibility for outcomes, and knowledge of the actual results) which in turn influence job satisfaction, absenteeism, motivation etc. The outcomes of job redesign are influenced by several moderators which include the differences in to what extent various employees desire personal or psychological progress (Perry et. al. 2006). For example, the clarity of tasks leads to greater job satisfaction because greater role clarity creates a committed and satisfied workforce (Moynihan and Pandey, 2007).

2.5.2.8 Cognitive Evaluation Theory (CET)

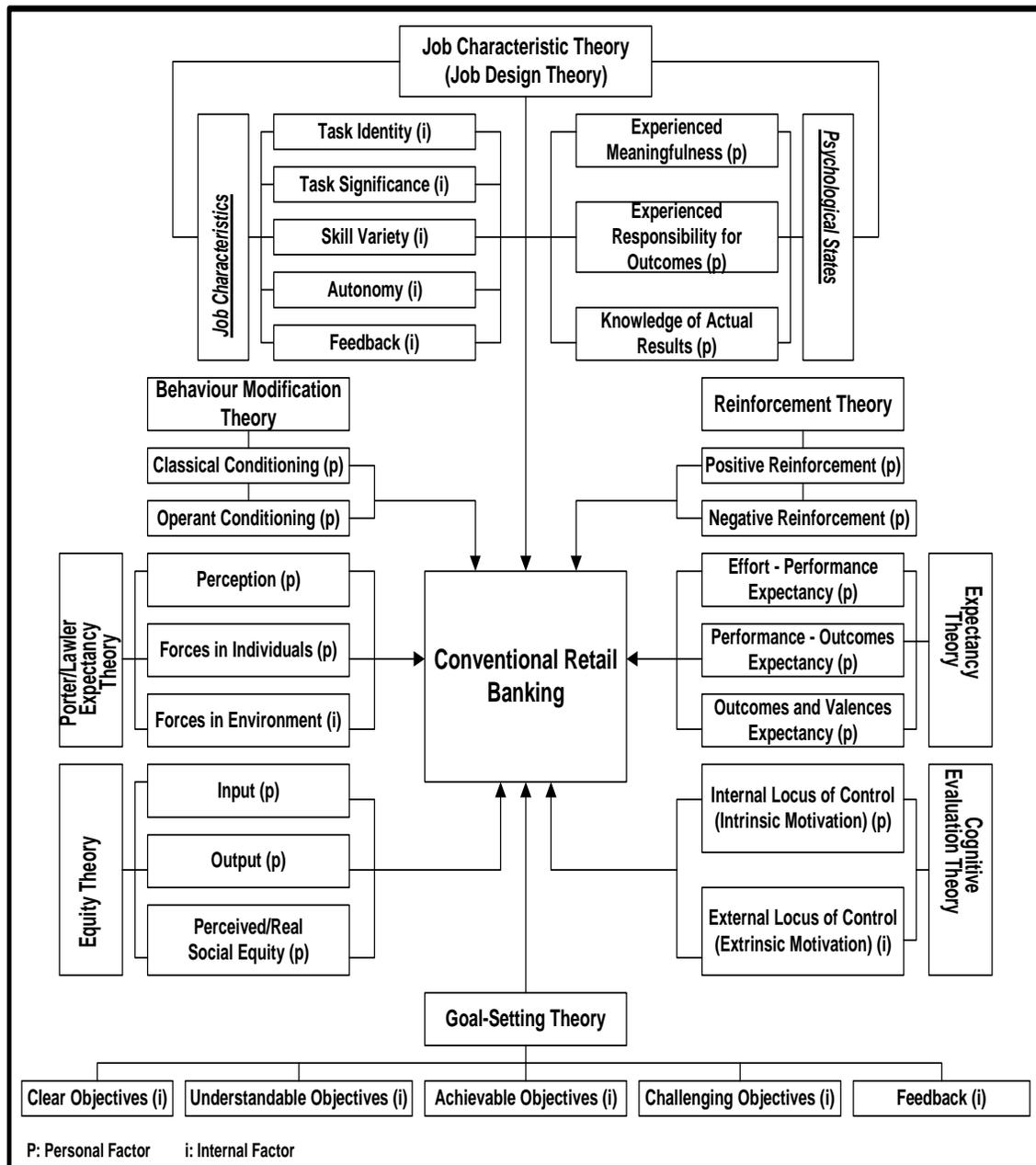
Deci and Ryan (1991) claim that when people look at the task, they evaluate it in terms of how well it meets their needs and how much they feel that they are competent and in control to do it. If they feel that they are able to do the job

(internal locus of control) they will be intrinsically motivated to complete it without requiring any extrinsic motivation (external locus of control). Cognitive Evaluation is occasionally called Self-Perception.

2.5.2.9 Application of Process Theories to Banking

This subsection aims to apply the main concepts or building blocks of each Process Theory to the conventional retail banking sector and show how the existing practice in this important segment of the banking industry can be changed to benefit from the contributions of these theories. Figure 3.6 is designed for this purpose. The same argument for classifying the motivational constituents as “Personal Factors” and “Internal Factors”, as explained under the Content Theories, is applicable here. Figure 2.6 gives a snapshot of the main motivational constituents, which underpin the conceptual framework of each Process Theory. Undoubtedly, these motivational constituents are applicable to profit seeking organisations in general and the conventional retail banking in particular. Jobs Evaluation System is a common practice in the conventional retail banking sector. This system through which the job descriptions, grades, salaries and corporate titles are evaluated and approved is a good example of the relevance of the Job Characteristics Theory to the conventional retail banking sector. In fact, this system plays a major role in determining the task identity, task significance, skills variety, and the level of autonomy the incumbent has in carrying out the duties and responsibilities of his or her job.

Figure 2.6: Process Theories in Banking



Source: Designed by the present researcher

While the goals-setting process can differ from one bank to another, developing clear, understandable, achievable and challenging objectives and linking rewards with actual achievement can shrink the gap between employees' inputs and

outputs, rationalise the perceptions of employees, and minimise any potential perceived or real organisational inequity. Providing timely feedback to employees enables them to have a good knowledge about the actual results of their performance and thus they experience meaningfulness and responsibility for outcomes which stimulate intrinsic motivation. Apart from knowing what is going on in the bank, timely and reliable feedback puts employees in a good position to assign more realistic probabilities for the different types of expectancies (effort-performance expectancy; performance–outcome expectancy; and outcomes and valences expectancy). It is also important to note that monetary incentives (extrinsic motivation) are critical and of paramount importance in terms of motivating employees in the conventional retail banking sector. While paying fair rewards can contribute to positive reinforcement, taking the necessary disciplinary measures during the right time to rectify poor performance and attitudinal problems, on the basis of the concepts of classical and operant conditioning, can enforce negative reinforcement.

The Process Theories provide a good conceptual framework to understand some of the important dimensions of the motivational process in the conventional retail banking sector. However, these theories do not give sufficient knowledge to comprehend how external factors can affect the performance and motivation of employees in this type of organisational setting. This is mainly because Process Theories are concerned with examining personal factors (forces in individuals) and internal factors (forces in environment) from a closed system perspective. In

other words, these theories imply that the relationships between the different constituents of the motivational process tend to be systematic and/or linear.

2.6 Micro Analysis of the Key Motivation Theories

The key motivation theories are not perfect nor are they complete as they contain inherent limitations, which are examined under this section in order to identify the main gaps and limitations in the existing literature.

2.6.1 Needs Hierarchy Theory

Despite the fact that the Needs Hierarchy Theory has a certain intuitive logic and provides a good platform to link the human needs with the organisational settings, the research has revealed some important shortcomings and defects in this theory.

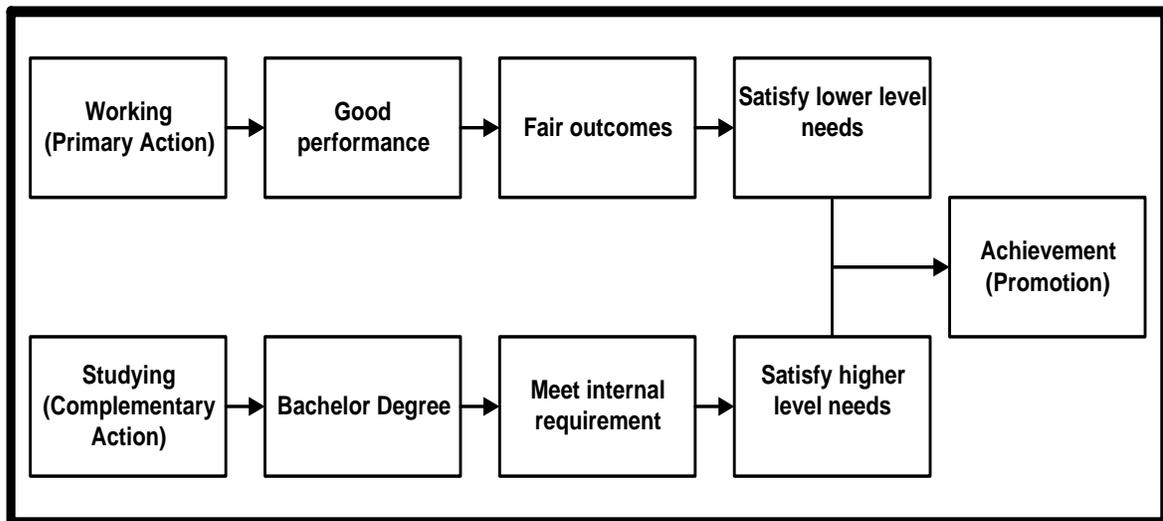
Cofer and Appley (1964) censure Maslow's Theory because of its vagueness in language and concepts and its general lack of evidence. Alderfer (1972) recognises that an employee has multiple needs that must be satisfied simultaneously. According to the ERG Theory, focusing on one need at a time will not trigger the required level of motivation. This argument defeats the sequence or the order of the satisfaction process as embedded in the structure of the Needs Hierarchy Theory. Wahba and Bridwell (1976) find in some cases that the five levels of needs are not always present, and in other cases the order of the levels is not necessarily the same as postulated by Maslow (1943). Geller

(1982) describes Needs Hierarchy Theory as elitist. People confined by poor education, dead-end jobs, or low societal expectations are unlikely to become self-actualised persons. The elite seem to have a distinct advantage in obtaining self-actualisation, and, as a result, the theory may not describe people in general. This implies that a motivation towards growth (high level need) may not be as general as proposed by the Needs Hierarchy Theory. Perhaps the need to become all that one can become is idiosyncratic to some individuals rather than present in all of people. Whilst the Needs Hierarchy Theory does not necessarily help to predict motivation and employee behaviour, it provides a good conceptual framework or structure to identify generalisable needs. These needs can be used to influence job satisfaction and motivation, which in turn will result in improved performance levels. Naylor (1999) contends that Maslow's theory offers very little insight into the motivation of employees. Whittington and Evans (2005) question the ability of managers to measure when their employees have reached satisfaction at any particular level of the needs hierarchy.

Despite its massive contribution to research on motivation, Maslow's need hierarchy theory is simplistic in today's complex world of work. In reality, individuals tend to be pragmatic and opportunistic rather than following a systematic approach to satisfy their needs – they take several actions to satisfy different needs in accordance with the priority of each need and the availability of the required resources. A real case is used here to explain how motivation is stimulated in the workplace. During 1995 one of the biggest conventional retail

banks in Bahrain decided to implement a minimum qualification requirement for promoting staff from non-official positions (clerk, senior clerk and supervisor) to official positions (officer and above). This internal requirement, which has become nowadays an integral part of most of the human resources policies across the banking industry in Bahrain, implies that if a member of staff does not have a bachelor degree they would not be promoted to an official position even if they are one of the top performers. The involved employees, who did not meet such requirement, were given the full financial support by the bank to complete their higher education. Some of the employees (Category 1) considered this requirement unfair and decided not to do anything irrespective of the final outcomes, while the rest of the employees (Category 2) took it as a challenge. Figure 2.7 explains the motivational process that the second category of employees had gone through in order to satisfy their lower and higher level needs.

Figure 2.7: Dual Motivational Process



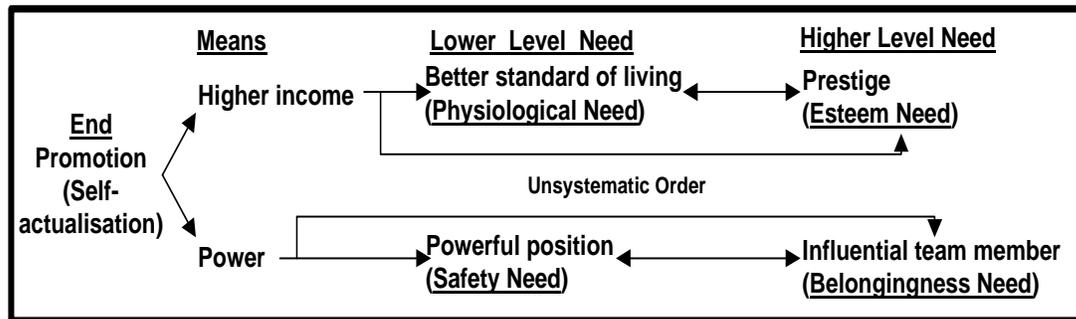
Source: Structured by the present researcher

Figure 2.7 illustrates that the involved employees (Category 2) took two types of actions in parallel. They worked hard to fulfill the duties and responsibilities of their jobs (primary actions) in order to achieve good performance, which enabled them to achieve fair outcomes (increments, bonuses, etc.). These fair outcomes or financial incentives helped them to satisfy their lower level needs (physiological and security needs). In addition to the primary action, these employees joined the University of Bahrain and other private universities in the Kingdom of Bahrain. They took the required courses, and studied diligently in order to get the Bachelor Degree (complementary action). Most of them managed to pass the final exams and got the required qualification, which met the bank's internal requirement. Good performance plus a Bachelor Degree, which were the result of primary and complementary actions respectively, enabled them to get the desired promotion - they moved from the non-official position (supervisor) to the official position (officer). This achievement satisfied their higher level needs (i.e. growth, recognition and self-actualisation).

This real case illustrates that in reality, people take different types of actions in parallel, during a specific period of time, rather than in a systematic order to satisfy different types of lower and higher needs. In other words, individuals do not always take one type of action and wait until the original need, which triggers motivation in the first place, is satisfied and then move to the next need (systematic upward approach).

Needs Hierarchy Theory describes “self-actualisation” as the maximum level of the human needs – the end of the hierarchy. This generalisation is controversial because self-actualisation can be an end and a means at the same time. Figure 2.8 gives a hypothetical example to explain the implications that are involved in the relationship between ends and means.

Figure 2.8: Ends and Means Paradox

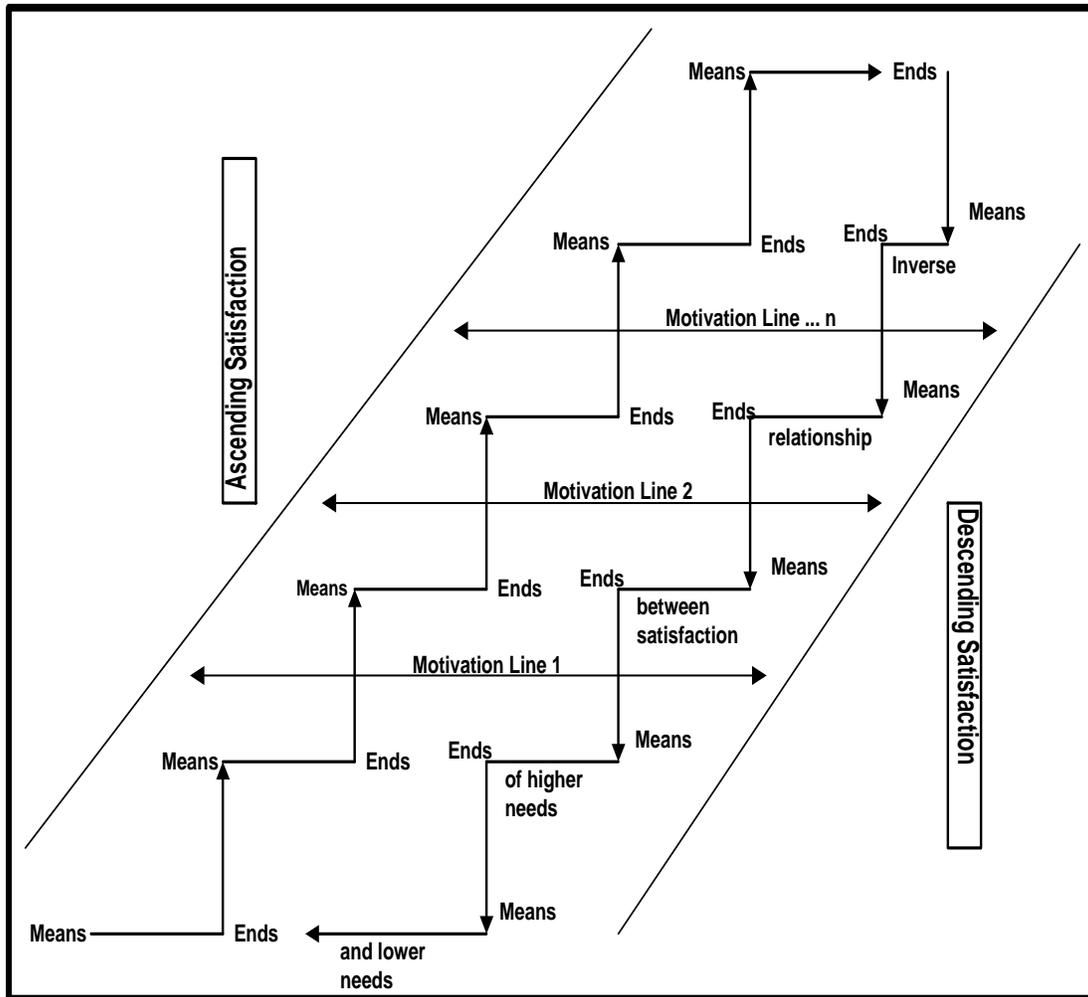


Source: Developed by the present researcher

Figure 2.8 shows that while promotion is an end (self-actualisation need), it is a means, through better standard of living, to satisfy different types of basic necessity needs (physiological needs) and enjoy a prestige (esteem need) in the organisation and community. The same argument can be applied to the other means – i.e. while promotion is an end, it is a means, through power, to have a powerful position (safety need) and become an influential member in different groups and committees (belongingness need) within the organisation. This indicates that when people pursue the satisfaction of a specific need, there could be other implicit driving forces which aim to satisfy other types of needs at lower and higher levels of the hierarchy, through the reciprocal relationships between ends and means, in an unsystematic way.

The paradoxical relationships between ends and means, as explained in Figure 2.8, are expanded through the concept of “Motivation Escalator” (Figure 2.9) to introduce three new motivational dimensions: (1) Motivation Line, (2) Ascending Satisfaction, and (3) Descending Satisfaction.

Figure 2.9: Motivation Escalator



Source: Developed by the present researcher

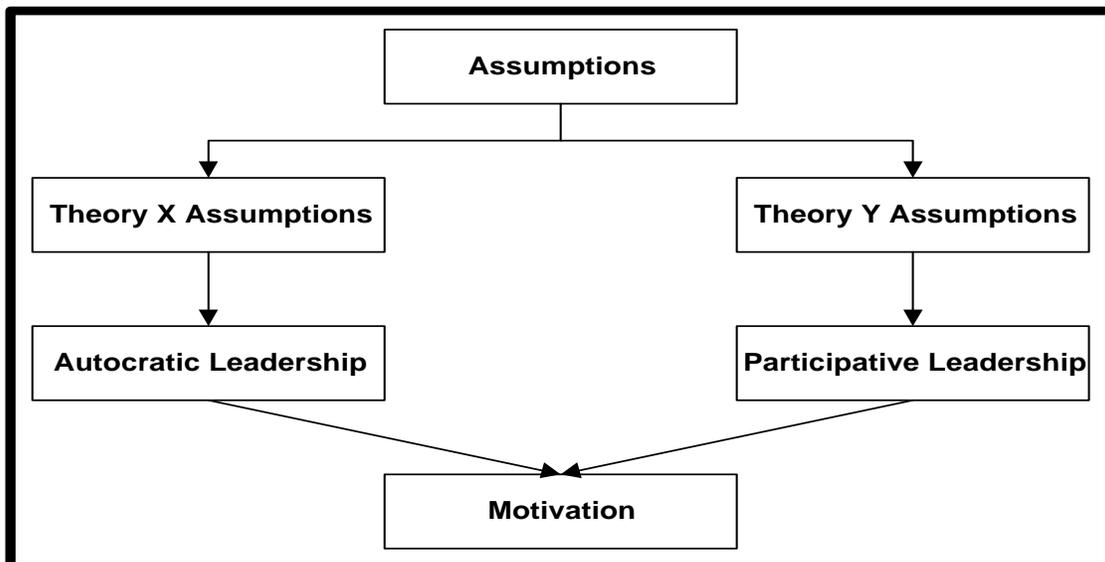
Figure 2.9 illustrates that different types of motivation, as indicated by Line 1, 2 ... n, can take place at different levels or fronts to satisfy more than one ends (needs) at the same time, which become means for other ends. This implies that

the satisfaction process does not stop at the level of the targeted ends but it ramifies in an ascending or a descending order to satisfy a portfolio of highly interrelated needs at higher and lower levels of the hierarchy. While ascending satisfaction is a normal progression, descending satisfaction introduces an inverse relationship between satisfaction of higher needs and lower needs which can be termed as an “Inverse Satisfaction Process”. This concept which, to a large extent, complies with how satisfaction process works in reality, contradicts in totality with the conceptual framework of the Needs Hierarchy Theory.

2.6.2 Theory X and Y

Theory X and Y provides a set of opposing assumptions which can affect the supervisory and leadership styles in the organisational settings. It is a “Top Down” approach for understanding and practicing the concept of motivation in the workplace as described in Figure 2.10.

Figure 2.10: Top Down Motivational Approach (Theory X and Y)



Source: Designed by the present researcher

Figure 2.10 shows the overall motivational structure of Theory X and Y. Holding assumptions on the basis of Theory X, stimulates managers to apply autocratic leadership because employees under this part of the theory are perceived as “bad guys”. On the other hand, participative leadership stems from holding assumptions on the basis of Theory Y which describe employees as “good guys”. Despite the pessimistic view of employees, as postulated by Theory X, Theory Y reveals that in any individual, within an organisational setting, there are untapped resources of goodwill, creativity and intelligence. However, Theory X and Y does not explain the motivational process from the employees’ perspective but rather it presumes that holding the right assumptions about employees, at the managerial level, enables the organisation to apply the right style of supervisory or leadership which, in turn, would produce the expected motivational results. This argument is debatable and impractical because it is not possible to apply two opposing sets of static assumptions to address all situations in today’s dynamic working environment. The focus should be on individuals’ needs, expectations and differences rather than the assumptions managers hold about employees.

The theory does not address the different characteristics of managers (i.e. personality, mentality, backgrounds etc.) which could result in applying different types of leadership styles irrespective of the preconceptions or assumptions that these managers hold about their employees.

Finally, it is not a plausible proposition, from an organisational perspective, to pigeon-hole people in Theory X box or Theory Y box. It is important to place people in the most appropriate jobs on the basis of their experience and competencies to get the best results out of them.

2.6.3 McClelland's Theory of Needs

McClelland (1961) links motivation to three needs: (1) achievement, (2) power, and (3) affiliation. Although this theory provides a good categorisation of the motivational needs, it does not cover all types of main needs which trigger motivation in the workplace (Khan et al. 2011). Comparing the structure of the Theory of Needs with the Needs Hierarchy Theory indicates that the power is a reflection of safety needs; affiliation is embedded in the belongingness needs; and achievement is found in the self-actualisation needs. Needless to say that identifying the main needs in the organisation setting is only one part of the motivational equation. Transforming these needs into motivational forces to achieve the organisational objectives, through a practical integration process, is the missing perspective of this theory.

2.6.4 Two-factor Theory

Schein (1980) argues that human nature is complex with human needs and motivation varying according to the different circumstances people face, such as their life experience, expectations and age. In this context, people's perceptions and understanding of motivator and hygiene factors could change accordingly.

Hence, the conceptual framework of the Two-factor Theory does not provide good explanations for this cycle of change.

The literature reveals some criticisms of the motivator-hygiene theory because it does not take into account situational differences (Karimi 2008). For example, the theory ignores individual differences and wrongfully assumes that all employees react in a similar manner to the changes in motivators and hygiene factors.

Two-factor Theory overlooks the dynamic relationships between situational factors and motivation and how such relationships can affect hygienes and motivators in the workplace. For instance, a person may feel satisfied with his hygiene factor (i.e. adequate salary) but once he knows that the average salary for a similar job in the market is higher than what he receives, dissatisfaction would most likely take place which, in turn, would result in a state of experiencing an organisational inequity. Hence adequate hygiene factors do not necessarily stop dissatisfaction because the word “adequate” is relative and subjective and does not take into account the impact of the external factors on the comparison process between output and inputs of individual with others. This kind of implication defeats, to a large extent, the underlying assumption of the Two-factor Theory.

In addition to the above criticisms, Two-factor Theory isolates hygienes from motivators on the basis of their respective effects on motivation. While it is true that satisfying the motivator factors is like an endless process, and that is why

these factors have a substantial impact on motivation, it is difficult to draw a clear line between the effects of each factor or category of factors to validate the main premise of the Two-factor Theory, which is based on two distinctive concepts: (1) adequate hygiene factors prevent dissatisfaction, and (2) motivator factors stimulate motivation. In fact, demarcating the effects of hygiene factors from those ones of the motivator factors creates some illusions in understanding the motivational process from an open system perspective. Each factor can act as a hygiene and motivator at the same time depending on the prevailing conditions. For example, if an individual is desperate for pay and security (hygiene factors), because he is experiencing serious financial difficulties, under such circumstances, this individual would not care about advancement and growth (motivator factors) because he would be motivated and obsessed by money, which works for him as a motivator and hygiene simultaneously (Duality of Roles). In addition, there is a reciprocal relationship between motivator and hygiene. For example, an individual likes his job and he is intrinsically motivated to do it because he is well paid or it can be said that because he is well paid he likes his job and he is intrinsically motivated to do it. On this basis, it is possible to say that, in reality, hygiene and motivator factors interact with each other in a very dynamic and complicated way and the net result of such interactions determines the level of motivation. In fact, it is extremely difficult to determine the optimum dose or amount of each motivator versus hygiene to come up with the right motivational formula. Therefore, trying to draw a clear line between motivators and hygienes, on the basis of their individual rather than their net

collective impact on the motivational process, is like drawing an imaginary line on the water.

2.6.5 ERG Theory

ERG Theory is not flawless and there are some limitations which are embedded into the conceptual framework of this theory. The main limitations can be highlighted as follows:

- 1) ERG Theory presents a static structure of the main human needs and does not provide a good logical groundwork to explain how the satisfaction of such needs can be affected positively or negatively by changes in the prevailing situational factors, which confront today's organisations as a result of globalisation and competition.
- 2) The concept of "frustration-regression" has limitations in terms of its applicability to different situations. Normally, if higher level needs are not satisfied, people would either give up or keep pursuing the same needs until they are satisfied. Under many circumstances, dissatisfaction could be transformed into highly motivated behaviours. In fact, people have different levels of capability and tolerance to absorb difficulties and encounter challenges in the workplace. Therefore, when higher level needs are not satisfied they do not necessarily regress to lower level needs. On the contrary, people with high level of commitment and confidence, even if they are dissatisfied and demoralised, tend to take different types of actions and make several attempts – they never give up,

work hard and keep pursuing exactly the same target - to make the impossible possible.

- 3) People normally pursue the satisfaction of needs other than those ones which have already been satisfied. This implies that when a need at a lower level is already satisfied, it fails to become a good motivator because people tend to be forward rather than backward oriented in their thinking and expectations. This argument sheds the light on another important and relevant dimension of the weaknesses of the frustration-regression concept.

2.6.6 Behaviour Modification Theory

Strict behaviourists believe that man is like an animal whose being is determined by external pressures of various sorts. On the basis of this perception and belief they study only observable behaviours. They eliminate innate psychological drives, self-determination, the unconscious etc., while assuming all thoughts and actions are by-products of physical events in the body and the external world (Schowalter, 1977). People are not alike and they should not be treated so – no one approach is successful for all people in all instances. In addition, it is not always possible to apply the results of controlled laboratory experiments to the workplace. In most cases, the conclusions cannot not be sustained or generalised beyond the time and place of such experiments.

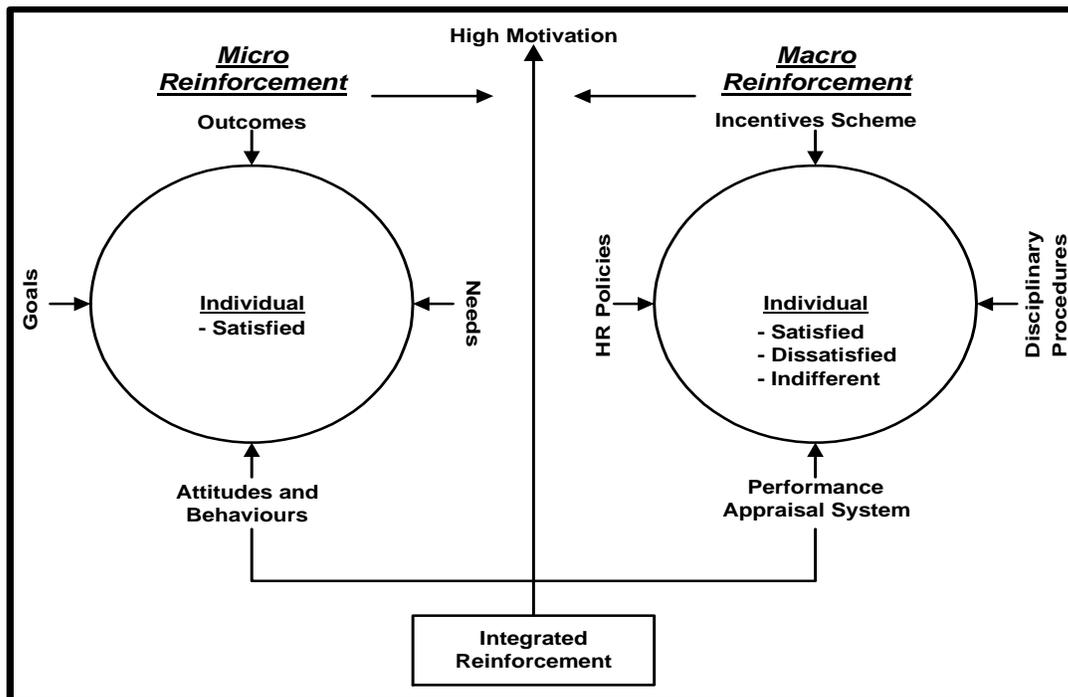
Classical conditioning involves automatic, pre-programmed responses, whereas operant conditioning includes learned behaviours. Furthermore, whilst classical

conditioning associates two stimuli (unconditional stimulus, US; and conditional stimulus, CS) to produce the required response (conditional response, CR), operant conditioning associates a stimulus and a response. Implementing the principles of classical and operant conditioning in the workplace requires careful consideration because an inappropriate implementation could make employees feel that the management is trying to program them – use them as machine.

2.6.7 Reinforcement Theory

According to Reinforcement Theory, behaviours which result in rewarding consequences are more likely to be repeated. On the other hand, behaviours that produce punishing consequences are less likely to be repeated. In this context, it is important to distinguish between micro and macro reinforcements, as presented in Figure 2.11, in order to judge on the limitations of this theory.

Figure 2.11: Integrated Reinforcement



Source: Designed by the present researcher

Figure 2.11 points out that Reinforcement Theory implicitly assumes that an individual has the final say, on the basis of his or her satisfaction with the final outcomes, to determine which types of behaviours to be repeated in order to achieve the required goals and satisfy his or her needs (Micro or Self-reinforcement). In the working environment, although behaviours could lead to rewarding, unrewarding or neutral consequences, behaviours would be repeated irrespective of the satisfaction or dissatisfaction with the final outcomes. This can be attributed to the fact that reinforcement, in the workplace, is not in the hand of individuals but rather it is controlled and imposed on them by a large number of organisational factors such as performance appraisal system, incentives scheme, human resources policy, disciplinary procedures etc. (Macro or Organisational Reinforcement).

The level of integration between both types of reinforcements determines the sustainability of motivation. The highest point of integration takes place when both Micro Reinforcement and Macro Reinforcement are positive. Although this point of typical integration sounds theoretical or difficult to achieve, it is possible, and it is impossible if employees and management do not have the will to make it.

2.6.8 Goal Setting Theory (GST)

GST has had a substantial impact in the field of work motivation. It suggests that people's goal representations are the efficient causes of behaviour and that

people's performance will be maximised when: (1) they set specific, difficult goals that have high valence, (2) they understand what behaviours will lead to the goals achievement, and (3) they feel competent to do those behaviours. This theory, which has received substantial empirical support, is an example of the theories that do not differentiate kinds of motivation. For example, characteristics of goals (i.e. difficult, attainable, realistic etc.) are used to predict work outcomes, but no attention is given to the fact that different goal contents and different types of regulation of goal pursuits lead to different qualities of performance (Sheldon et al., 2004). Furthermore, Locke and Latham (1990) do not differentiate the concept of performance in order to examine the differences between the types of goals. Self-determination theory (SDT) addresses the limitation of GST, in this context, because it proposes that autonomous motivation and intrinsic goals are better predictors of effective performance on certain tasks (Vansteenkiste et al., 2004). Thus, SDT maintains that differentiating motivation and goals provides an integrated means of relating characteristics of tasks and interpersonal environments, as well as individual differences, to types of performance and well-being (Gagne and Deci, 2005).

GST can be criticised because formulating clear, understandable, challenging, and attainable objectives does not provide a complete picture of the motivational process. For example, in the banking industry in Bahrain, more or less the same concept of GST is used through the implementation of SMART (simple, measurable, attainable, rewarding and time bound) objectives. Despite the fact

that bankers had SMART objectives, which were the main basis for their investment and finance decisions, many of them lost their jobs because the financial institutions, in which they worked, incurred a huge amount of losses due to the global financial crisis which hit the region in 2008. This unfavourable and unpredictable change in the external environment, which was a reflection of mistakes and wrong decisions made by the biggest financial institutions in the western markets in general and USA in particular, forced some of the financial institutions in the region to go bust. Hence, SMART objectives alone in the absence of a favourable external environment could lead to wrong decisions and loss of employment rather than an enhanced motivation in an organisational setting, where achievement of objectives is exposed to fluctuations in the external environment. Although the main concepts of GST are being widely practiced in the banking industry nowadays, this theory explains only one aspect and does not provide a complete picture of the motivational process. This argument indicates that there is a loophole in the rationale groundwork of GST.

2.6.9 Equity Theory

According to Equity Theory an individual tends to reduce the state of inequity by taking different actions: (1) decrease inputs by expending less effort, (2) ask for higher outcomes (3) distort the original ratios by rationalising, (4) influence the comparison person to change his or her inputs, (5) leave the situation, or (6) change the object of comparison. This theory does not cover real situations where individuals continue to work hard and do their best to make good

contributions (inputs) to their organisations, even if there is a real or perceived social inequity being experienced as a result of unfair outcomes (outputs). The driving forces behind the high motivation of this type of individual could be attributed to such qualitative factors as dedication, commitment, persistence, and loyalty. The impact of these qualitative factors on motivation can't be calculated in the dominator or the numerator of the formula of this theory. Therefore, Equity Theory can work only when quantitative factors are involved in the comparison process, which is not always the case as qualitative factors are an integral part of the motivational process.

2.6.10 Expectancy Theory

The expectancy model does not attempt to describe how motivational decisions are actually made and how to solve actual motivational problems facing managers (Luthans 1998). On the contrary, Moorhead and Griffin (2004) believe that this theory offers a practical framework through which managers can enhance motivation to achieve the organisational objectives by increasing the levels of expectancy, instrumentalities and valences.

Expectancy theory is cognitive in that all the key variables pertain to conscious judgments or estimates based on introspection. However, Vroom (1995) indicates that his colleague at Carnegie-Mellon, Herbert Simon, was the first one to point out to him the unrealistic cognitive capabilities that are embedded in the application of Expectancy Theory. Individual decision makers must consider all

alternatives and be capable of evaluating each on every relevant dimension. In many situations people cannot consider all alternatives or evaluate each on all dimensions. The implications of these cognitive limitations are undoubtedly greater for explaining people's choices among jobs, occupations, and levels of effort in the performance of a given task. The Expectancy Theory claims that motivation takes place if expectancy is greater than zero for three conditions: (a) the effort-to-performance expectancy, (b) the performance-to-outcome expectancy, and (c) valences and outcomes expectancy. In reality, motivation can take place even if one or more of these conditions or expectancies are not met. For example, if employees of a profit-seeking organisation, like a conventional retail bank, have a negative effort-to-performance expectancy as a result of unfavourable changes in the external working environment, they will have no other choice but to work hard in order to mitigate the negative impact of such changes on their performance. Under such circumstances, there will be a negative correlation between expectancy and motivation – negative expectancy enhanced rather than stifled motivation – which is totally against the underlying assumptions of the Expectancy Theory.

The Expectancy Theory is concerned with the probabilities or expectancies that are assigned by individuals to different combinations of the motivational constituents. It is a micro oriented theory which can work well in an organisational setting where the internal working environment is stable, controllable, and not exposed to changes in external factors. Production or an assembly line in a manufacturing firm is a good example of such a working

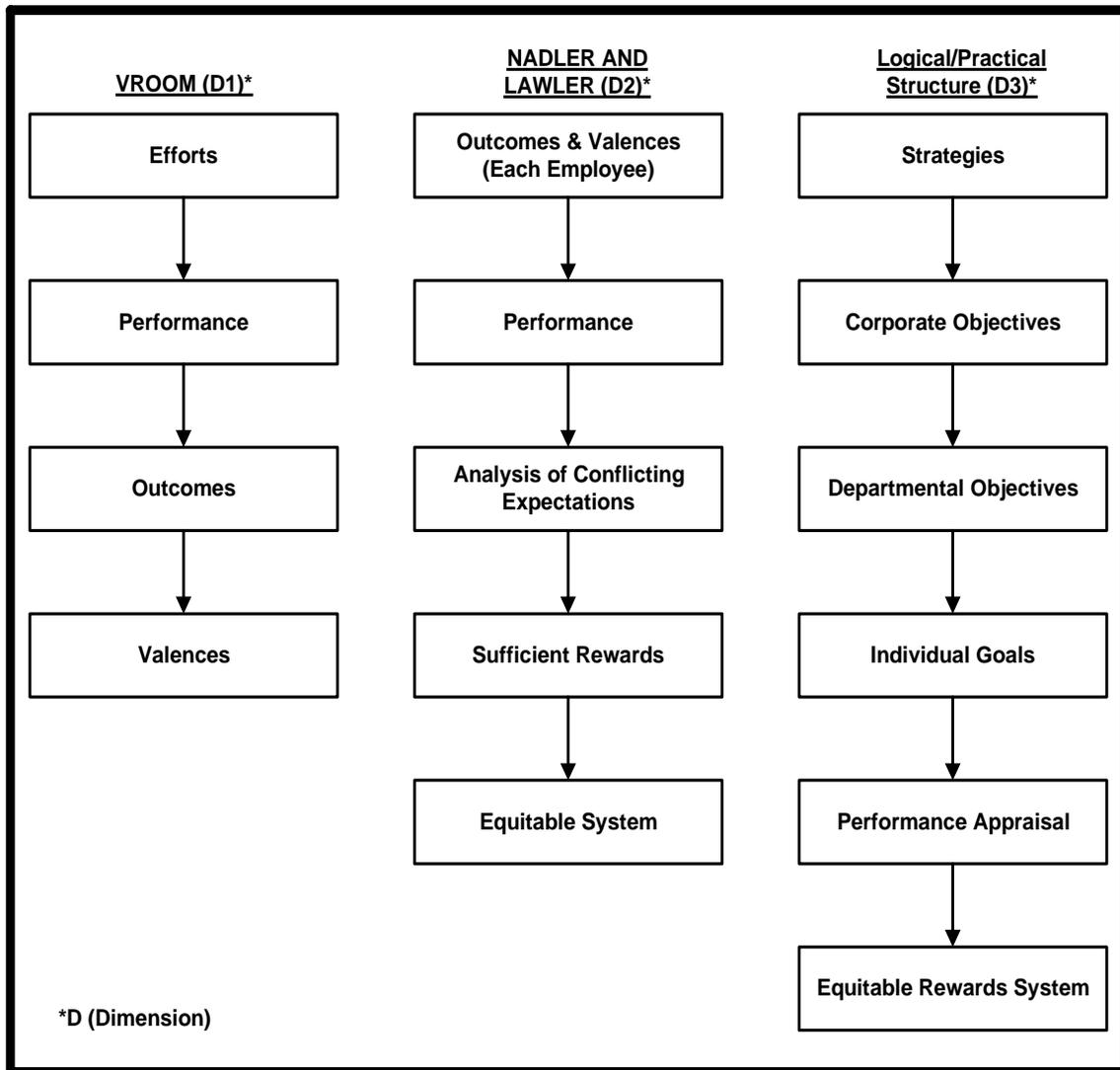
environment. In this type of workplace, employees can see the relationships between efforts, performance, outcomes and valances as linear and they would be in a good position to assign more accurate expectancies which trigger motivation. This type of motivational structure does not necessarily work, in this way, in services oriented organisations where the relationships between the different motivational constituents tend to be nonlinear due to the impact of the situational factors. Hence, the Expectancy Theory can not be generalised to cover all types of organisational settings.

Nadler and Lawler (1983) suggest the following steps for managers who want to improve the motivation of their employees by using the Expectancy Theory:

1. Find out the outcomes that each employee is likely to want.
2. Determine what levels of performance are required to achieve the organisation objectives.
3. Make sure that the desired levels of performance are realistic and attainable.
4. Integrate the desired outcomes with the desired performance.
5. Make full analysis of the situation to avoid any conflicting expectations.
6. Establish sufficient rewards to stimulate the required effort.
7. Make sure the total system is equitable to avoid grievances and perception of inequity.

Nadler and Lawler (1983) through the above steps try to link the theoretical aspects of the Expectancy Theory to practice. To stimulate motivation they look at the Expectancy Theory upside down as can be seen from Figure 2.12.

Figure 2.12: 3D of Expectancy Theory



Source: Developed by the present researcher

Figure 2.12 helps to examine the fundamental components of the Expectancy Theory from three different dimensions: (D1) indicates the original structure of the Expectancy Theory, (D2) summarises the steps as proposed by Nadler and

Lawler (1983), and (D3) presents a logical structure for the motivational process from the perspective of today's organisations. There are distinctive differences between these three dimensions. Under D1 the probability that specific efforts would lead to the required level of performance is the first step or the main building block which ignites the motivational process. D2 claims that understanding the preferred outcomes and their valences for each employee (the last step in D1) and then integrating these outcomes through the performance and the reward systems is the starting or the focal point of motivation. This premise is unrealistic for many reasons: (1) people have unlimited heterogeneous needs for which outcomes and valences are difficult to be encompassed under one platform, (2) these needs are dynamic and keep changing from time to time depending on priorities, constraints, resources etc., and last but not least (3) it involves a mammoth administrative work, the cost of which may outweigh the expected benefits. D3 presents a practical motivational structure, which, to a large extent, represents an important trend in the conventional retail banking nowadays. Strategies, corporate objectives, departmental objectives and individual goals are powerful motivational tools through which the main components (efforts, performance, outcomes and valences) of the Expectancy Theory can be linked together and monitored to achieve a good level of integration between the employees' needs and expectations and the organisational objectives. D3 illustrates the weaknesses of the original structure of the Expectancy Theory (D1) from top down approach – the Expectancy Theory considers individual's efforts as the basis of the

motivational process whereas D3 argues that motivation is triggered by the corporate strategies and objectives which are transformed, at the end, into individual's goals. While the trend in the conventional retail banking is oriented towards D3, realisation of the full benefits of such a practical motivational structure depends entirely on a large number of situational factors inside and outside the organisation.

2.6.11 Job Design Theory

The authors (Hackman and Oldham, 1980) of the Job Design Theory (Job Characteristics Theory) propose that the means for increasing internal work motivation is to design jobs so they will:

- 1) Provide variety, involve completion of a whole, and have a positive impact on the lives of others.
- 2) Support considerable freedom and discretion so that employees can perform their jobs without any problem.
- 3) Develop meaningful performance feedback.

They argue that the most effective means of motivating employees is through the optimal design of jobs, which bears considerable relation to autonomous motivation. In this context, the theory focuses on facilitating high internal work motivation. However, this theory does not distinguish introjected forms of internal motivation from identified, integrated, and intrinsic forms, so it does not have the means for examining negative consequences that are associated with the

introjected type of internal motivation (Gagne and Deci, 2005). Hackman and Oldham (1980) focus only on one type of motivation (internal motivation), hence their approach does not consider issues such as the interplay and trade-offs between internal motivation and controlled motivation.

In the conventional retail banking sector, for example, job characteristics such as task identify, task significance, skills variety, autonomy and feedback are not the only ways which can be used to influence autonomous motivation. Supervisory and leadership styles are important in determining this type of motivation in the workplace. In this context, Deci et al. (1989) find that when managers are trained to be more autonomy supportive, their subordinates become more trusting of the organisation and display more positive attitudes. In addition to the job characteristics, which can be handled through job descriptions, job enlargement and job enrichment, there is a wide spectrum of internal situational factors (i.e. policies, procedures, organisation structure etc.) which could have direct impact, positive or negative, on the internal motivation. To address the narrow scope of the Job Design Theory, all these internal situational factors should be put into a comprehensive model in order to understand the internal work motivation within the right context of the organisational settings.

2.6.12 Cognitive Evaluation Theory (CET)

CET suggests that external factors such as tangible rewards, deadlines (Amabile et al, 1976), surveillance (Lepper and Greene, 1975), and evaluations (Smith,

1975) tend to diminish feelings of autonomy, prompt a change in perceived locus of causality (PLOC) from internal to external (deCharms, 1968), and undermine intrinsic motivation. In contrast, some external factors such as providing choice about aspects of task engagement tend to enhance feelings of autonomy, prompt a shift in PLOC from external to internal, and increase intrinsic motivation (Zuckerman et al. 1978). CET also states that feelings of competence as well as feelings of autonomy are important for intrinsic motivation. Research shows that optimally challenging activities were highly intrinsically motivating (Danner and Lonky, 1981) and that positive feedback (Deci, 1971) facilitates intrinsic motivation by promoting a sense of competence (Ryan, 1982). Furthermore, negative feedback which decreased perceived competence was found to undermine both intrinsic and extrinsic motivation, leaving people demotivated (Deci and Ryan, 1985).

The view of undermining intrinsic motivation by extrinsic rewards has been controversial from the time it first appeared. Ryan et al. (1983) find when rewards are contingent on high quality performance and the interpersonal context is supportive rather than pressuring, tangible rewards enhance intrinsic motivation relative to a comparison condition with no rewards and feedback. The Deci et al. (1999) meta-analysis shows that when rewards are given independent of specific task engagement or when the rewards are not anticipated, tangible extrinsic rewards do not undermine intrinsic motivation. Kehr (2004) suggests that rewards would not undermine intrinsic motivation if they did not deactivate

implicit motives related to task enjoyment. Research has also shown that tangible rewards and other extrinsic factors such as competition and evaluations can be detrimental to outcomes such as creativity, cognitive flexibility, and problem solving which are associated with intrinsic motivation (Amabile et al, 1990). For example, McGraw and McCullers (1979) find monetary rewards decrease cognitive flexibility in problem solving, and Erez et al. (1990) shows that monetary rewards decrease performance on a complex task with difficult goals.

CET has received a great deal of attention in the organisational literature in the 1970s and early 1980s. Ambrose and Kulik (1999) refer to CET as one of seven traditional theories of motivation in organisation. Nevertheless, there are several reasons why that attention soon diminished (Gagne and Deci, 2005):

- 1) Most studies that tested CET were laboratory experiments rather than organisational studies.
- 2) It is difficult to incorporate CET propositions into behavioural and expectancy-valence approaches.
- 3) Many activities in work organisation are not intrinsically interesting and the use of strategies such as participation to enhance intrinsic motivation is not always feasible.
- 4) Most people who work have to earn money, so using monetary rewards as a central motivational strategy seems practical and appealing.

- 5) CET implies that managers and management theorists would have to focus on one or the other – that is, either on promoting intrinsic motivation through participation and empowerment while minimising the use of extrinsic factors, or alternatively, on using rewards and other extrinsic contingencies to maximise extrinsic motivation while ignoring the importance of intrinsic motivation.

In the conventional retail banking, for example, the strategy of trading-off between intrinsic and extrinsic motivation or increasing one at the expense of minimising the other will not work. While financial incentives such as bonuses, promotions, increments etc. have a major impact on the extrinsic motivation, the role of the non-monetary factors such as recognition, appreciation, growth, advancement etc. in stimulating intrinsic motivation should not be ruled out. Therefore, both incentives should be used independently, and as efficiently as possible, because trying to come up with a clear demarcation between intrinsic and extrinsic motivational factors in order to determine the right mix of the motivational strategy is like “splitting hairs” in the banking industry.

2.7 Macro Analysis of the Key Motivation Theories

In addition to the specific inherent limitations which have been identified in most of the key motivation theories, as explained under the preceding section, the main limitations can be attributed to the following gaps in the existing literature: (1) Cultural and religious limitations, (2) Micro oriented motivation theories, (3)

Total versus kind of motivation, (4) Lack of empirical support and integration, (5) Limited scope, (6) Satisfaction bias.

2.7.1 Cultural Differences and Limitations

Most of the theories were developed in the west so there are cultural differences and limitations. For example, almost all the theories emphasise individualism and achievement, which are western characteristics (Robbins and Stephen 2005). Hofstede (1980) identifies some important cultural dimensions of different nations and cultures. He managed to collect data from 116,000 questionnaires from IBM employees in 70 countries. He found that cultures are different on four main dimensions:

Power distance: People in societies where authority is obeyed blindly without question live in a high power distance (Rugman and Hodgetts, 2002). In such cultures, managers can make autocratic decisions unilaterally and the employees have no other choice but to follow unquestioningly.

Uncertainty avoidance: It refers to the people's willingness and ability to accept or avoid dealing with uncertainty - risk-takers versus risk-avoiders - (Luthans, 2005).

Individualism: It can be defined as the tendency of people to look after themselves and their immediate family members only, whereas collectivism is the

people's propensity to support groups that look after each other in exchange for loyalty (Rugman and Hodgetts, 2002).

Masculinity: If the dominant values of a society are "success and money" in contrast to femininity – caring for others and the quality of life – the society is known as "Masculine" (Rugman and Hodgetts, 2002).

The conventional retail banking in Bahrain can be classified as high in terms of power distance. It is exposed and vulnerable to a great deal of uncertainty which goes beyond the control of management and employees. Although the formal culture urges collectivism there is a high level of individualism when it comes to distribution rewards and bonuses at the year end. Finally, this segment of the financial services sector is suffering masculinity because the prevailing values are dominated by "success and money".

Religion is one of the most important factors, which can be attributed to the cultural differences. In fact, motivation of people in the workplace can be affected directly and/or indirectly by their religions. For instance, the Holy Quran plays a major role in determining and controlling the motivational process of most Muslims. The following verses from the translated version of the Holy Quran (Khalifa 1992) include only a few examples of the values, beliefs and principles which have a tremendous effect on the motivation of Muslims who read, understand, and practice the Quran by "words and deeds".

Sura No.6: Livestock (Al-An'am) page 88 verse 151

151. Say, "Come let me tell you what your Lord has really prohibited for you: You shall not set up idols besides Him. You shall honour your parents. You shall not kill your children from fear of poverty – we provide for you and for them. You shall not commit gross sins, obvious or hidden. You shall not kill – GOD has made life sacred – except in the course of justice. These are His commandments to you, that you may understand."

قل تعالوا أتت ما حرم ربكم عليكم ألا تشركوا به شيئا وبالوالدين إحسانا ولا تقتلوا أولادكم من إملاق نحن نرزقكم وإياهم ولا تقربوا الفواحش ما ظهر منها وما بطن ولا تقتلوا النفس التي حرم الله إلا بالحق ذلكم وصاكم به لعلكم تعقلون.

Sura No.9: Ultimatum (Bara'ah) page 119 verse 105

105. Say, "Work righteousness; GOD will see your work, and so will His messenger and the believers. Ultimately, you will be returned to the Knower of all secrets and declarations, then He will inform you of everything you had done."

وقل اعملوا فسيرى الله عملكم ورسوله والمؤمنون وستردون إلى عالم الغيب والشهادة فينبئكم بما كنتم تعملون.

Sura No.10: Jonah (Younus) page 129 verse 107

107. If GOD touches you with a hardship, none can relieve it except He. And when He blesses you, no force can prevent His grace. He bestows it upon whomever He chooses from among His servants. He is the Forgiver, Most Merciful.

وإن يمسسك الله بضر فلا كاشف له إلا هو وإن يردك بخير فلا راد لفضله يصيب به من يشاء من عباده وهو الغفور الرحيم.

For example, if a Muslim faces problems, grievances, hardships, injustice etc. in the workplace as a result of organisational inequity, he will not give up nor will he stop working hard as long as he has strong conviction in the values, beliefs and principles which are embedded in the above quoted verses, which give just a few examples from the Holy Quran. Needless to say that this example cannot be generalised to all Muslims because some of them read the Holy Quran but do not understand while others understand but do not practice what they read.

The religious differences should be realised and considered by the management of the international companies which have operations and/or business relations in Arab and Muslim countries. The importance of understanding and reflecting on the motivational factors of Muslims in the human resources policies and management practices of the international companies stems from the fact that Muslims account for almost 22% or 1.6 billion of the world population (http://en.wikipedia.org/wiki/List_of_religious_populations).

*“The CIA's World Factbook gives the world population as 7,021,836,029 (July 2012 est.) and the distribution of religions as Christian 33.35% (of which Roman Catholic 16.83%, Protestant 6.08%, Orthodox 4.03%, Anglican 1.26%), **Muslim 22.43%**, Hindu 13.78%, Buddhist 7.13%, Sikh 0.36%, Jewish 0.21%, Baha'i 0.11%, other religions 11.17%, non-religious 9.42%, atheists 2.04% (2009est.)”*

The above statistics are quoted from the World Factbook, which is a reference resource produced by the Central Intelligence Agency of the United States with almanac-style information about the countries of the world.

The inability of the existing motivation theories in terms of addressing the religious implications and differences open the door to introduce a new dimension to the existing knowledge, which can be called “spiritual motivation”. Although spirituality (the practice of religious beliefs) is not the main scope of this research, it is an important aspect which deserves some attention and analysis because the targeted population in this research consists mainly of Bahraini nationals who are Muslims. In fact, some serious attempts will be made through the field work to collect some relevant numeric and nonnumeric data in order to shed some light on the spiritual side of motivation and lay down a good base for further research in the future.

2.7.2 Micro Oriented Motivation Theories

Most of the key motivation theories have studied the main constituents of the motivational process from a micro perspective. Basically, these theories are more concerned with examining and understanding the relationships between such main motivational constituents as needs, efforts, performance, outcomes, satisfaction, and reinforcement. The conceptual framework of these theories is valid for certain organisational settings where all situational factors are under the control of employees and management. However, in reality this is not always the

case. Therefore, most of the key motivation theories, which have been covered in this chapter so far, can be classified as micro oriented theories. They tend to focus on understanding motivation from an individual's perspective and do not explain how the situational factors, internal and external, can affect the motivational process from the macro viewpoint. The following observations highlight important micro limitations, which are embedded in some of the key motivation theories:

- 1) Needs Hierarchy Theory and ERG Theory deal with the individuals' needs.
- 2) Expectancy Theory focuses on efforts, performance, outcomes and valences from the individual's expectations.
- 3) Two-factor Theory explains how hygiene and motivator factors affect the individual's motivation.
- 4) Equity Theory describes the social equity from the individual's perceptions and interpretations of his or her input/output ratio as compared to others.
- 5) Reinforcement Theory argues that individuals' behaviours are reinforced as a result of rewarding consequences.

While it is true that the motivational process is all about the individual, it is difficult to understand motivation from a micro perspective only, which is only one side of the motivational equation as illustrated below:

Motivational process = Micro (Individual) + Macro (Organisation)

Therefore, in addition to the individuals' needs, expectations, perceptions etc. (micro), internal factors such as strategies, decision making process,

performance appraisal, incentives scheme, internal processes, communication channels, technology, etc., and external factors which include political, economic, technological, legal etc., should be brought into the picture to understand the motivational process as an open system from an organisational perspective (macro).

2.7.3 Total versus Kind of Motivation

Although theories are highly varied, there is one aspect that is common to most of them, namely, that motivation for action is treated as a unitary concept that varies in amount rather than kind (Gagne and Deci, 2005). In other words, the total motivation may be determined by various situational factors but in the end it represents a single variable that provides the basis for making predictions. Hence, the main motivational issue in most theories is the amount of total motivation rather than the type of motivation.

2.7.4 Lack of Empirical Support and Integration

Miner (1990) criticises the humanistic theories because of their lack of empirical support and validation. Theories are neither right nor wrong but rather they present different views of reality. They are actually different perceptions which are a psychological truth in the sense that humans cannot see the reality; they simply develop a unique perception of it (Luthan, 1995). "*At present there is lack of integration or synthesis of the various theories*" (Luthans, 2005: 240). Good

theories need to be practical by addressing the situational and behavioural issues in order to provide better understanding of motivation.

2.7.5 Limited Scope

Motivation theories need to be studied and restructured according to the new trends and developments in the areas of research, to come up with better understanding of motivation in the workplace. For example, positive psychology is an important movement which earns a great deal of acceptance among the researchers on human motivation and job satisfaction (Seligman, 1998). Positive psychology emerges as a scientific method to discover and promote the factors that allow individuals, organisations and societies to survive, thrive and prosper. These factors include optimism, hope, happiness, resiliency, confidence, and self efficacy (Luthans, 2005).

2.7.6 Satisfaction Bias

People bring with them certain drives and needs that affect their performance. Therefore, understanding how needs stimulate performance and how rewards on such performance lead to the job satisfaction is indispensable for managers (Newstrom, 2007). Satisfaction can be defined as the contentment felt after a need is fulfilled. Whatever theoretical approach is used to study job-satisfaction, most of the researchers have identified two groups of variables: environmental factors and personal characteristics of individuals (Ellickson and Logsdon, 2001, Moynihan and Pandey, 2007; and Saif-ud-Din et al. 2010). In fact, job satisfaction is a popular research topic for the researchers in organisation and management

studies particularly organisation behaviours (Luthans 2005). Most of the well known motivation theories have a “satisfaction bias” as presented in Table 2.3.

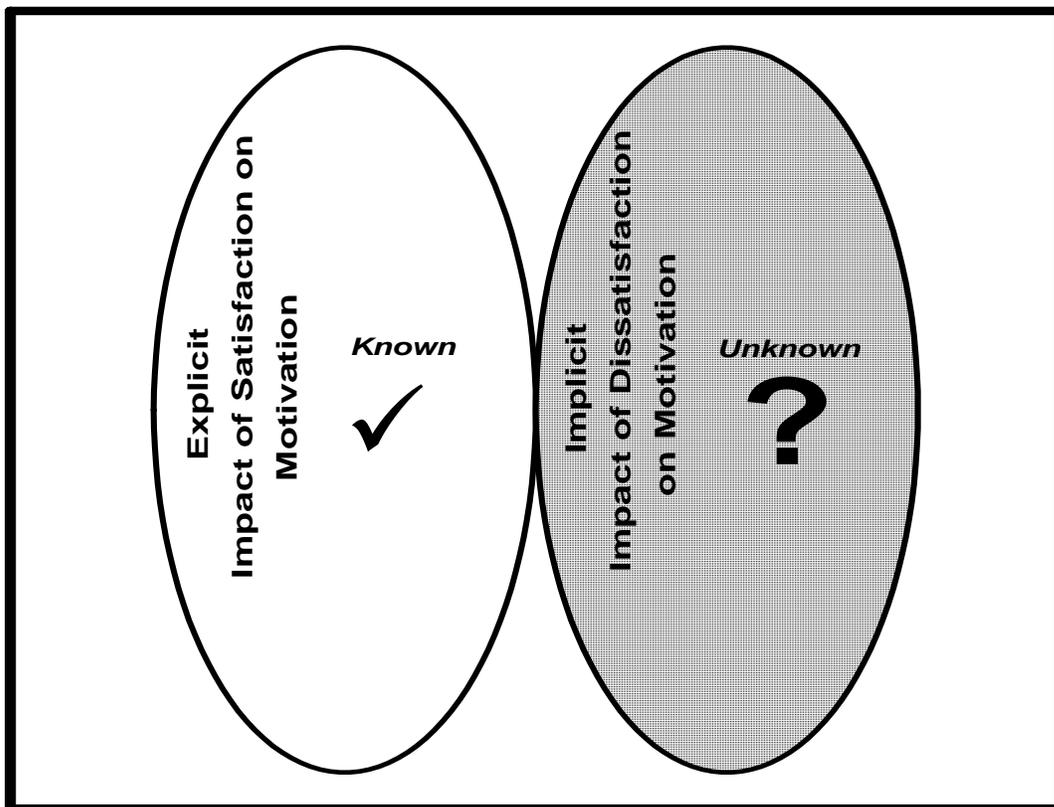
Table 2.3: Motivation Theories and Satisfaction Bias

THEORY	MAIN PREMISE
Needs Hierarchy Theory	<u>Satisfaction</u> of needs in a systematic ascending order is the basis of motivation.
Two-factor Theory	While hygiene factors prevent dissatisfaction, <u>satisfaction</u> of motivator factors stimulates motivated behaviours.
McClelland’s Theory of Needs	<u>Satisfaction</u> of three main types of needs: achievement, affiliation, and power.
ERG Theory	<u>Satisfaction</u> of existence, relatedness and growth needs in different orders explains the motivation of people.
Reinforcement Theory	Rewarding consequences creates <u>satisfaction</u> which reinforces motivation.
Goal Setting Theory	Achievement of objectives through proper goal setting process results in <u>satisfaction</u> at the organisational and individual levels.
Equity Theory	Social equity leads to <u>satisfaction</u> and motivation.
Expectancy Theory	<u>Satisfaction</u> of three expectancies is a prerequisite for motivation to take place.
Job Design Theory	Job design influences positively job satisfaction, reduces absenteeism and enhances motivation.
Cognitive Evaluation Theory	Internal locus of control stimulates the feeling of competency and affects the level of job <u>satisfaction</u> and motivation.

Source: Tabulated by the present researcher

Table 2.3 shows manifestly that satisfaction has been considered as the main source of motivation. From this perspective it can be concluded that the existing literature provides a great deal of knowledge about the explicit relationship between satisfaction and motivation but very little about the implicit relationship between dissatisfaction and motivation. Hence, only half of the story is known as illustrated in Figure 2.13.

Figure 2.13: The Dichotomy of Motivation



Source: Designed by the present researcher

It is important to deal with satisfaction and dissatisfaction as totally independent variables and examine their respective impact on people's behaviours and performance separately in order to reach a better understanding of the dichotomy of motivation.

2.8 Development of Associated Motivation Theories

Understanding the development in the field of motivation helps to capture the thinking behind the subject and hence utilise it most effectively. In fact, the development of motivation theories has passed through different philosophical phases. Therefore, in addition to the key motivation theories (content and process), as explained through the preceding sections, a large number of associated motivation theories are examined under this section. These theories are listed in a chronological order, according to the relevant references, to examine the trend and validate how motivation is deeply rooted in the literature. Application of these theories to the conventional retail banking is also addressed under this section.

2.8.1 Social cognitive theory

Social Cognitive Theory stems out of work in the area of Social Learning Theory proposed by Miller and Dollard (1941). Social Cognitive Theory is a learning theory based on the idea that people learn by observing others, with the environment, behaviour, and cognition all as the chief factors in influencing development (Santrock, 2008). The theorists most commonly associated with Social Cognitive Theory are Albert Bandura (Bandura, 1988, 1989) and Walter Mischel (Frank et al. 2009).

2.8.2 Drive Theory

Hull (1943) explains the link between needs, stimuli and actions through the Drive Theory. He believes that people have needs, which lead to internal stimuli

prodding them into action. The driving force of the stimuli is reduced when the relevant needs are satisfied. Consequently, the Drive Theory is known as Drive Reduction Theory. There are two types of drivers: (a) primary drivers are those which relate to basic survival, and (b) secondary drivers are related to social and identity factors (Dewey, 2007).

2.8.3 Consistency Theory

Festinger (1957) and Heider (1958) argue that when inner systems (beliefs, attitudes, values, etc.) all support one another and when these are also supported by external evidence, then a comfortable state of affairs takes place. Discomfort of cognitive dissonance occurs as a result of things falling out of alignment or holding two conflicting thoughts in the mind at the same time (Festinger and Carlsmith (1959)). In organisational terms, the main objective of Consistency Theory is to stimulate sequential consistency with an efficient implementation of the objectives (Robert and Gary, 2004).

2.8.4 Social Exchange Theory

Social exchange theory was introduced in the 1960s by George Homans (Emerson, 1976). The primary concern of Homans (1961) within this field was focusing on the behaviour of individuals when interacting with one another. This theory implies that all relationships have “give and take”, although the balance of this exchange is not always equal. Social Exchange theory explains how people feel about their reciprocal relationships on the basis of the balance between

what people put into the relationship and what they get out of it (West and Turner 2007).

2.8.5 Control Theory

Miller et al. (1960) explain that people have a deep need for control. Controlling everything and everyone is beyond human beings' capability. The alternative is to see the world as a series of choices, which is why Glasser (1984) later renamed Control Theory as Choice Theory. The main principle of Control Theory is negative feedback (the difference between intent or goals and the actual outcomes). An important aspect of control theory is self-regulation. Control Theory in sociology can either be classified as centralised or decentralised or neither. Centralised control is normally associated with bureaucracy whereas decentralised control is a reflection of a participative culture (Giddens et al. 2009).

2.8.6 Reactance Theory

Brehm (1966) contends that when people feel that their freedom to choose an action is threatened, they get an unpleasant feeling called 'reactance'. This motivates them to perform negative or hostile behaviours to prove that they are in charge. Reactance theory is an important theory in the discipline of social psychology and has contributed to an understanding of behaviour in response to actual or perceived threats in a wide variety of settings (Quick et al. 2011).

2.8.7 Activation Theory

Scott (1966) points out how people need a certain amount of activation to be motivated. People seek activation through different types of stimulation such as novelty, complexity, variation and uncertainty. In organisational settings, establishing challenging and attainable goals plays a major role in activating commitment and dedication (Ola, 2013).

2.8.8 Planned Behaviour Theory (TPB)

Fishbein and Ajzen (1975) formulate the conceptual framework of the Planned Behaviour Theory, which claims that the best predictors of a person's planned and deliberate behaviours are their attitudes towards specific behaviours (not general attitudes). Fishbein and Ajzen (1975) describes through the Theory of Reasoned Action that the behaviour is driven by intentions. "*Intentions are assumed to capture the motivational factors that influence a behaviour*" (Ajzen, 1991: 181). This concept was extended by Ajzen (1985) and Ajzen and Fishbein (1980) to develop the Theory of Planned Behaviour. Researchers have used the Theory of Reasoned Action, from which the Theory of Planned Behaviour was developed, to study knowledge-sharing behaviour (Bock et al. 2005).

2.8.9 Investment Model

Rusbult (1980) tracks relationships of college students and finds that satisfaction and investment are key predictors for staying in relationships. Investments can be financial (money), temporal (time) or emotional (love) (Nishihara, 2013). Investments can thus have a 'sunk cost' effect, where a

person stays in a relationship simply because he has already invested significantly in it.

2.8.10 Extrinsic and Intrinsic Motivation

Deci and Ryan (1985) explain intrinsic motivation as when employees are motivated by internal factors as opposed to the external drivers of extrinsic motivation. It is argued that intrinsic motivation is associated with the pursuit of learning goals (i.e., gaining knowledge, skills, experience, growth, etc.) whereas extrinsic motivation often entails the pursuit of performance goals (Kaufman, 2009).

2.8.11 Self-Determination Theory (SDT)

Deci and Ryan (1985) introduce through SDT the concept of internal and external “perceived locus of causality” (PLOC). When people have an external PLOC they see forces outside themselves as initiating and pressuring their actions. People with a higher internal PLOC feel self-determined because they see their behaviours as stemming from their own choices, interest, beliefs, values etc. The internal locus is connected with intrinsic motivation, whilst the external locus is related to extrinsic motivation.

Deci and Ryan (2000) provide through SDT a multidimensional framework with two second-order-level types of motivation. Autonomous motivation means pursuing an activity out of interest and because it is enjoyable. Controlled motivation means engaging in an activity out of pressure that can come from outside sources, such as promised rewards and threats of punishment (external

regulation). Research has shown that autonomous motivation leads to more positive behavioural outcomes than controlled motivation, for example, better performance on complex and creative tasks (Amabile et al. 1990), goal attainment (Sheldon and Elliot, 1998), and active information seeking (Koestner and Losier, 2002). Autonomous motivation has been shown to lead to better behavioural and attitudinal outcomes than controlled motivation (Gagne and Deci, 2005). Central to SDT are the concepts of autonomous motivation and perceived competence (Williams et al. 2004).

According to SDT, individuals are more likely to experience a wide range of positive psychological outcomes when they are autonomously motivated and feel competent (Trepanier et al., 2012: 272).

2.8.12 Attitude-Behaviour Consistency

Kallgren and Wood (1986) claim that attitudes (predispositions to behaviour) and actual behaviours are more likely to align if there is a history of attitude-behaviour consistency and the attitudes are based on personal experience, rather than being copied from others. Attitude-behaviour consistency is eroded if there is weaker relationship of affective or cognitive components to behaviours (Jie et al. 2013).

2.8.13 Escape Theory

Baumeister (1990), Heatherton and Baumeister (1991) find significantly more dysfunctions, suicidal ideation and other irrational thoughts with those who

indulged in binge drinking, as compared with non-binge-drinkers. Normally people indulge in different types of activities, for example, drinking, taking drugs, smoking etc. to get away from their lives or characters with which they are not happy.

2.8.14 Disconfirmation Bias

Edwards and Smith (1996) believe that people tend to be biased because of their beliefs. When people are faced with evidence for and against their beliefs, they will be more likely to accept the evidence that supports their beliefs and reject that which disconfirms their beliefs. The main reason can be attributed to the fact that people normally try to avoid evidence that shows them to be wrong.

2.8.15 Attribution Theory

Roesch and Amirkham (1997) claim that people tend to explain the world by attributing a cause to the events around them. For example, they attribute their successes internally and the successes of their rivals to external 'luck'. Roesch and Amirkham (1997) find that more experienced athletes made less self-serving external attributions, leading them to find and address real causes and hence were better able to improve their performance.

2.8.16 Reversal theory

Reversal theory has been developed primarily by British psychologist, Dr. Michael J. Apter, and psychiatrist Dr. Ken Smith in the mid-1970s (Apter, 1997). The theory has been researched, developed and applied extensively over the

past years (Carter and Kourdi, 2003; Kerr et al. 2007; Mallows, 2007; Rutledge and Tucker, 2007). Reversal theory describes how a person regularly reverses between psychological states, reflecting their motivational style and the meaning they attach to a given situation at a given time. Reversal theory is organised around a series of metamotivational states, organised into four pairs called "domains". Each pair in a domain represents two opposite forms of motivation - only one state in each pair can be active at a time. People reverse between the states in each pair depending on a number of factors, including their inherent tendency to adopt one style over the other. The four pairs (or domains) are Means-Ends, Rules, Transactions and Relationships.

2.8.17 Self-efficacy

Self-efficacy has been defined as an individual's confidence in his/her ability to engage in the social interactional tasks necessary to initiate and maintain interpersonal relationships (Smith and Betz, 2000). Self-efficacy implies that people will be more inclined to take on a task if they believe they can succeed. In other words, people generally avoid tasks where their self-efficacy is low, but will engage in tasks where their self-efficacy is high. People with high self-efficacy in a task are more likely to make more of an effort, and persist longer, than those with low efficacy (Jimenez 2006).

2.8.18 Affect Perseverance

Sherman and Kim (2002) introduce the concept of affect perseverance. They suggest that affect perseverance occurs where an emotional preference

continues, even after the thoughts that gave rise to the original emotion are invalidated. Feelings are irrational – independent of facts and evidence – and once they are initiated they tend to remain and take on a life of their own. For example, a woman falls in love with a man because he is kind to her. When he becomes abusive, her affection will not necessarily change.

2.8.19 Positive Psychology

Seligman (2002) argues that positive psychology is about people's strengths rather than weaknesses. It is about a pleasant life (seeking success and positive emotions of past, present and future), a good life (building major life themes such as work, love, and family living), and a meaningful life (serving a greater cause or belief beyond immediate needs).

2.8.20 Endowed Progress Effect

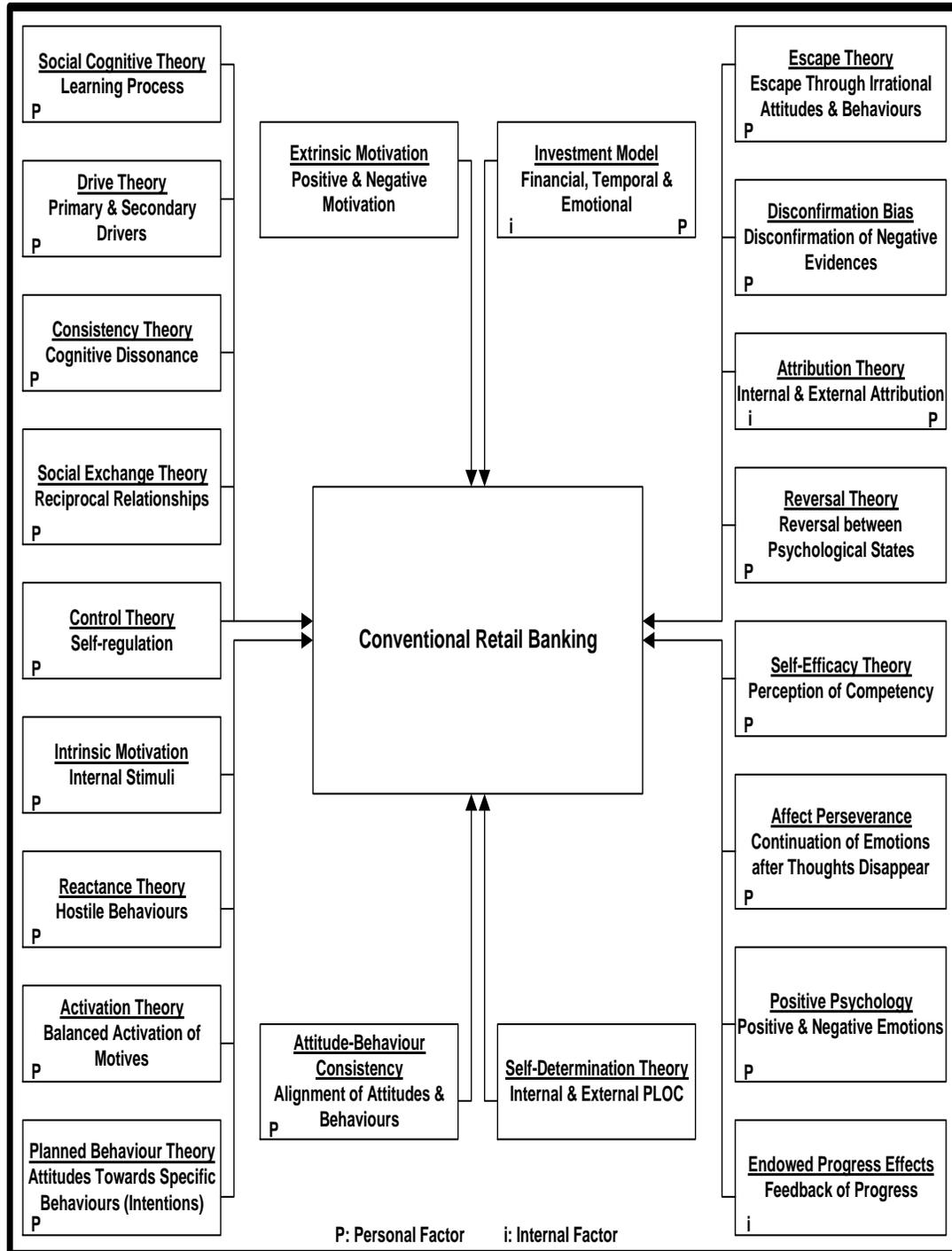
On the basis of developing a system in a car wash, Nunes and Dreze (2006) conclude that when people feel they have made some progress towards a goal and come closer to the end, they will become more committed and exert all required efforts to achieve it. For example, horses run faster when they come closer to the finish line. On the contrary, people who feel that they are making little or no progress will be more likely to abandon efforts.

2.9 Application of Associated Motivation Theories to Banking

The main motivational constituents (concepts and themes) of the different motivation theories, as explained in the preceding section, are brought together

in Figure 2.14 in order to create a comprehensive platform for the purpose of explaining the practical side of these constituents.

Figure 2.14: Associated Motivation Theories in Banking



Source: Developed by the present researcher

The same approach of classifying the motivational constituents under two categories “Personal Factor” and “Internal Factor”, as explained under the Content and Process Theories, is applicable to Figure 2.14. This figure introduces a large number of factors, which can be applied to the conventional retail banking sector. The management of conventional retail banks should realise that the psychological dimension of the motivational process can have positive or negative effects on personal factors such as motives, intentions, primary and secondary drivers, internal stimuli, attitudes, behaviours, emotions, thoughts, perceptions, competencies, beliefs, readiness to change, reciprocal relationships, self-regulation, cognitive capabilities and speculation.

Internal factors such as sharing regular and constructive feedback about progress and paying fair monetary incentives (extrinsic motivation) for good performance at the right time – i.e. linking performance and rewards on the basis of transparent feedback - can stimulate intrinsic motivation (internal locus of control) and enable employees to analyse internal and external attributions more rationally and accept negative evidence or comments to avoid negative motivation.

Although the main concepts and rationales of the associated theories, as summarised in Figure 2.14, can be found in and applied to the conventional retail banking sector, these theories fail to provide a practical framework to understand the motivational process from a business rather than a psychological perspective.

2.10 Literature Trend Gap Analysis

The conceptual framework of each content, process and associated motivation theories is summarised in Figure 2.15 in order to analyse the trend in the literature.

Figure 2.15: Motivation Theories Grid



Source: Designed by the present researcher

As explained earlier, under Content Theories, Personal Factor (P) and Internal Factor (i) are used to indicate the orientation of the conceptual framework of each theory. “P” oriented motivation theory is concerned with examining and describing the motivational process from an individual perspective; whereas “i” oriented motivation theory aims to study and understand the motivational process from the viewpoint of the internal working environment. On this basis the main conclusions from Figure 2.15 can be summarised through the following points:

- 1) Calculating the number of “P” and “i” indicates that 72% and 28% of the motivation theories are individual and internal oriented respectively.
- 2) Figure 3.17 shows that the existing literature does not provide enough knowledge to understand the motivational process as an open system from a business perspective because psychoanalysis and behaviourism have dominated the developmental process of most of the motivation theories. Key figures or decision makers in a business organisational setting, like conventional retail banking sector, are not interested in psychology nor are they keen to know about the behavioural side of motivation but rather they need a practical motivational framework through which employees’ needs and expectations are integrated with the organisational objectives to achieve the best results.
- 3) The trend shows that most of the motivation theories aim to examine and comprehend motivation in the organisational setting from an individual perspective rather than understand the individual motivation from the organisational perspective.

- 4) The large number of motivation theories, which have been developed throughout the history of management, and the criticisms that have been raised against each one of them, as explained through the preceding sections, indicate manifestly that there are differences and conflicting views about the concept of motivation in the existing literature. Nevertheless, it is important to note that these conflicting views complement rather than displace each other because they examine motivation from different angles.
- 5) The number of boxes in Figure 2.15 indicates clearly that motivation is a resilient and an expandable field, which can not be accommodated in or totally confined to one box because it aims to explain highly dynamic interactions (positive, negative, favourable, unfavourable, predictable, unpredictable, etc.) between a large number of psychological, behavioural and organisational variables - quantitative and qualitative.

In addition to analysing the gap in the literature trend, as highlighted above, Figure 3.17 paves the way to identify the main root causes of the organisational inequity.

2.11 Motivation in the Banking sector

The need to increase efficiency and profitability by maintaining a good balance between returns and risks has led to increasing interest in the area of motivation in the banking industry. Management in the banking has been keenly interested

in knowing what factors are responsible for stimulating employees' motivation in the workplace.

Employee motivation is a major issue for banks. In today's turbulent, unstable and complex world both economically and politically the biggest challenge for the management is to motivate employees to offer efficient and good services that customers expect. Thus motivation in the banking sector is a dynamic and complex process, factors such as participation, adequate orientation and training, employment security and good interpersonal relationships between managers and employees should be given the priority they deserve (Agholor, 2012). Staff's organisational commitment in the banking sector can contribute to workforce stability, better customer service and increase business performance (Becker and Gerhart, 1996). Teamwork, working relationship with management, work conditions and high-performance human resource practices are good predictor of bankers' organizational commitment (Nguyen, et al. 2014). According to Kiat (2008) there are five key themes that motivate employees in the banking sector trust and respect, challenging and interesting work, sense of achievement and recognition, transparent appraisal and reward system, and being kept informed of things. Retaining well-trained and professional employees is one of the major issue banks should focus upon, especially by looking at the growing competition in this sector (Benkhoff, 1996). To sustain profitability in the banks during the highly challenging and competitive global market economy, a clear motivation strategy is key.

Similarly several studies have been conducted in developing economies which stress the relevance of motivation as a driving force for performance. For instance Malik et al. (2011) conducted a study in the banking sector in Pakistan and highlighted some antecedents of motivation. Accordingly they developed a framework consisting of five categories of antecedents: self-actualisation, esteem needs, social needs, security and safety needs, and physiological needs. To measure motivation Malik et al. (2011) used an instrument developed by Khan et al. (2010), who analyzed the role reward plays in motivating employees of commercial banks of Kohat, (Pakistan). They specifically analyzed the variance explained by predictor variables (payment, promotion, benefits and recognition) in criterion variable (employee motivation). They found that employee work motivation in commercial banks of Pakistan in the form of payment, promotion, recognition and benefits led to higher productivity and that among the four independent variables promotion has greater effect in productivity. Despite the valiant effort their study appears to be short on substance and empirical evidence.

In the same vein Frimpong and Fan (2009), carried out a 'comparative study on the relationship between employee motivation and team performance of the banks in Ghana and China' clearly argue that it is "the organizations" priority to ensure that motivational tools which encourages initiative and stimulates efforts from the employees are put in place for a better performance and deliverance of

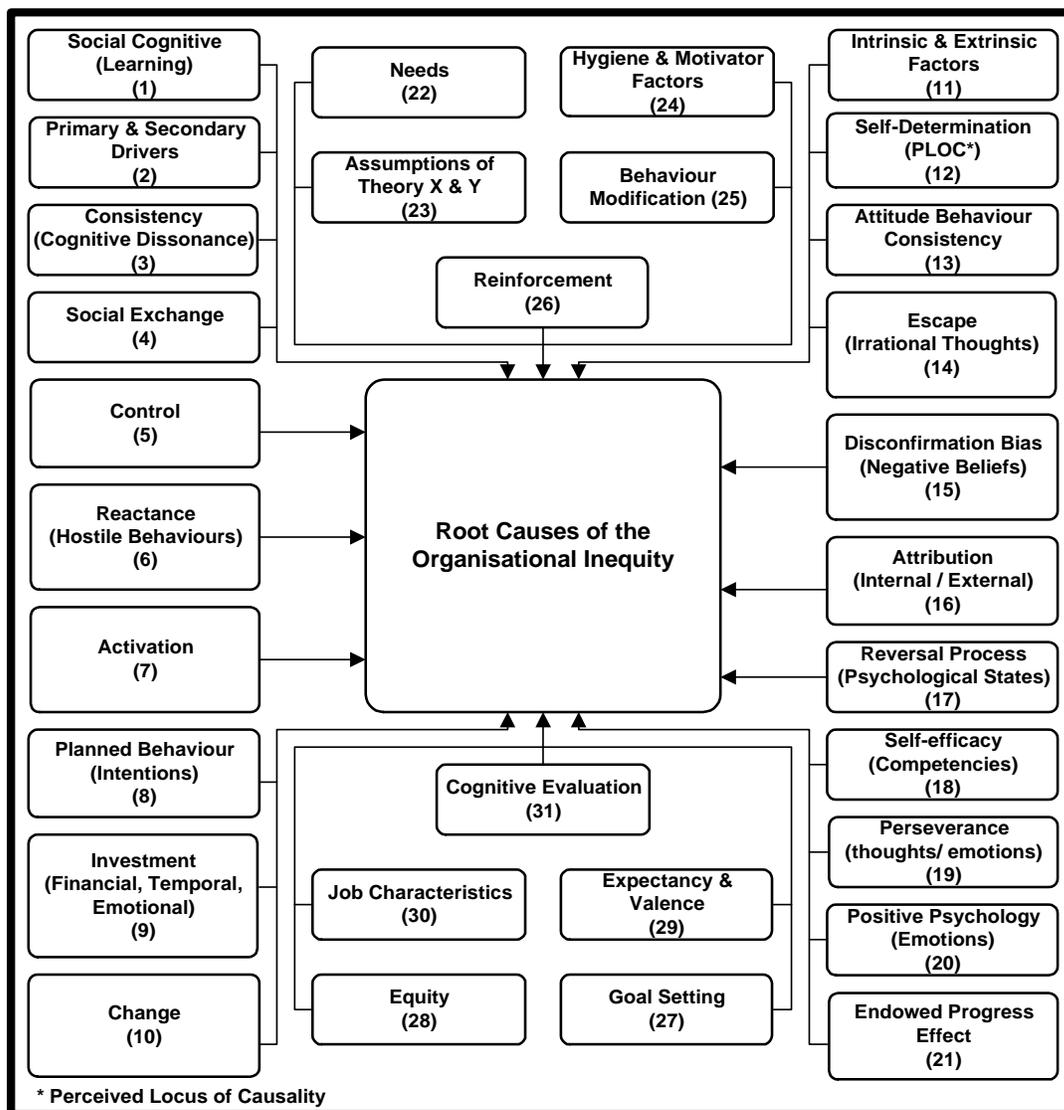
quality service. Thus motivation either from within or external to a person refers to the impetus that arouses enthusiasm and persistence to pursue a certain course of action. Employee motivation affects productivity, and part of a manager's job is to channel motivation towards achieving both personal and organizational goals. Khan et al. (2010), examined the role played by rewards in the process of motivating employees of commercial banks in Pakistan. The achievements of individuals and organizational goals are independent processes related by employee work motivation. Individuals motivate themselves to satisfy their personal goals; therefore they devote and direct their efforts for the achievements of organizational objectives to meet with their personal goals. Al-Aamri (2010) examined employee motivation in private organization and employee productivity on performance of commercial banks in Kenya with the view to identify the factors that promote positive motivational behaviour among employees. He concluded that productivity is closely related to motivation.

In short that motivation is a process through which people are convinced to move forward for performing something special to fulfil their needs and get satisfaction. The literature indicates that there is a wide spectrum of factors which can play a major role in motivating employees in the banking industry. Therefore, studying all related situational factors (personal, internal and external), which can have positive or negative impact on motivation, can help to gain better understanding of how bankers are motivated in the workplace.

2.12 Root Causes of Organisational Inequity

On the basis of the critical review of all motivation theories covered in this chapter, Figure 2.16 gives a snapshot of the main concepts and themes (motivational constituents) of each theory. Examining these motivational constituents from an analytical point of view can lead to exploring and identifying the main root causes of the organisational inequity.

Figure 2.16: Root Causes of Organizational Inequity



Source: Designed by the present researcher

The main root causes of the organisational inequity are embedded in the negative side of each box in Figure 2.16. This implies that the organisational inequity takes place as a result of negative interactions between a wide spectrum of motivational constituents as explained through the following 24 causes (Note: the number in each cause reflects the number of each box in Figure 2.16):

- 1) Absence of proper on-the-job and off-the-job training programmes to create planned and learned behaviours to achieve the organisation's objectives (Nos.1, 8, and 25).
- 2) Lower and/or higher level needs remain unsatisfied (Nos. 2 and 22).
- 3) Inconsistent beliefs, attitudes, behaviours, and emotions; and irrational thoughts and feelings (Nos. 3, 19, 13, and 14).
- 4) Lack of equilibrium in the Give/Take Ratio in the reciprocal relationships between employees and organisation (Nos. 4).
- 5) Insufficient autonomy and control which could result in hostile behaviours (Nos. 5 and 6).
- 6) Imbalanced activation and limited growth opportunities (No. 7).
- 7) Financial, temporal and emotional investments do not justify the continuation of the relationship between employees and organisation (No. 9).
- 8) Radical and unrealistic change programmes (No. 10).
- 9) Negative intrinsic factors, such as fear of punishment, employment insecurity etc., have more influence on motivation than intrinsic factors (Nos. 11 and 12).

- 10) Unfair and subjective appraisal system (No. 15).
- 11) Insufficient transparency to ensure that employees attribute their failure to the right reasons (No.16).
- 12) Negative reversal process as a result of unrealistic objectives, stringent rules, centralised decision making process and dominance of informal group (No. 17).
- 13) Mismatch between employees' belief in their competencies and their actual performances (No. 18).
- 14) Focusing on employees' weaknesses and deemphasizing the importance of their strengths in the workplace (No. 20).
- 15) Lack of regular feedback and sharing of information (No. 21).
- 16) The management holds negative assumptions (Theory X) about their employees (No. 23).
- 17) Inadequate hygiene factors and lack of motivator factors (No. 24).
- 18) Reinforcement is not triggered because the desired outcomes are not in line with employees' expectations (No. 26).
- 19) Efforts and energy are directed towards achieving unrealistic goals and as a result employees experience frustration (No. 27).
- 20) Inequitable ratio between inputs and outputs (No. 28).
- 21) Unfulfilled expectations, valences and aspirations which trigger inconsistency of beliefs and perceptions (No. 29).
- 22) Boring and routine job (No. 30).

23) External locus of control is not sufficient enough to stimulate the internal locus of control so that employees can perform their jobs properly (31).

In addition to identifying the main root causes of the organisational inequity, Figure 2.16 helps to put the research problem into the context of this study, as will be explained under Chapter 6.

2.13 Summary

On the basis of the critical review (micro, macro, and trend analysis) of a large number of motivation theories (key, process and associated) specific limitations and important gaps have been identified in the existing knowledge. The existing literature does not provide enough knowledge to understand the motivational process as an open system from a business perspective. The main reason can be attributed to the fact that the fields of psychoanalysis and behaviourism have dominated the developmental process of most of the motivation theories. Examining the main constituents of the different motivation theories has helped to identify the main root causes of the organisational inequity and established a good base to come up with the most appropriate definition of the research problem as will be explained in full details under Chapter 6. While this chapter has established the first dimension (motivation) of the theory base of this research, the next chapter aims to complete the other dimensions (participation and leadership).

Chapter Three

Literature Review of Participation and Leadership

Chapter Three

Literature Review of Participation and Leadership

3.1 Introduction

This chapter examines and critically analyses the second dimension of the literature review (participation). It aims to establish a practical platform from which effective participative strategies can be concluded and recommended to resolve the organisational inequity in the conventional retail banking sector.

The chapter consists of fourteen sections. Section 3.2 defines the concept of participation. Section 3.3 examines four main components of participation (authority, power, control and information). Section 3.4 introduces, through several participative concepts, the different forms of participation. Different participative schemes from which practical solutions can be derived to address the organisational inequity and their relevant application to the conventional retail banking sector are covered under sections 3.5 and 3.6 respectively. Section 3.7 sheds light on the motivational side of participation. Analysis of the positive and negative sides of the relationship between motivation and participation, to find agreements and/or differences in the existing knowledge, is presented in section 3.8. While different leadership styles are reviewed in section 3.9, critical analysis of these styles is carried out in section 3.10. Building up the right style of leadership in the conventional retail banking sector is addressed in section 3.11. The main focus of section 3.12 is to explore the different faces of participation. On the basis of the critical review of the literatures of three interdisciplinary fields

- motivation, participation and leadership - the main hypotheses of this research are formulated through section 3.13 which is followed by the summary in section 3.14.

3.2 Defining Participation

Participation has become a buzz word in many countries, yet almost everyone who employs the term thinks of something different and probably means something specific to them (Locke and Schweiger 1979).

An individual participates in something when he takes part or shares in that thing (Tannenbaum and Massarik 1950). According to Strauss and Rosenstein (1970) American social scientists define participation as a specific managerial style while European writers see it as a legally mandated mechanism for employees to influence organisational decisions. Vandervelde (1979) defines participation as involvement in and partaking of the group decision-making process. Mitchell (1985) indicates that participation means that the decision process is social in nature; people are not deciding alone. Participation is a process in which influence is shared among individuals who are otherwise hierarchically unequal (Locke and Schweiger 1979; Wagner and Gooding 1987). From this perspective participatory management practices tend to balance the involvement of managers and their employees in information-processing and decision-making endeavours. Participation is traditionally defined as the amount of involvement employees have in making decisions (Monge and Miller 1988). Frohman (1988) describes participative management as a human relation and results-oriented

approach. Brown (1992) contends that participatory management is probably the single most difficult style of management to practise.

Participation may refer to a broad range of activities, from attending meetings, sitting on an advisory council, to making the final decision (Pretty, 1995). Participation is embedded in the concept of co-management. Co-management is an approach to governance that involves some degree of power sharing between a government entity and a group of stakeholders (Berkes et al. 2001). Co-management can be defined as an arrangement between the government and a group of stakeholders for the management of natural resources (Pomeroy et al. 2004). Participation is a key component of co-management.

“Co-management ... requires some group of stakeholders to be involved in making decisions about the resources in question in some capacity, and thus involves significant, sustained participation” (Smith, 2012: 328).

From the above mix of dated and recent references, which give a brief historical coverage of the developmental process through which the concept of participation has undergone, participation seems to have preserved its profound value and meaning in today's complex world of work. Although an immense number of different definitions for participation have emerged from the literature, which could give an indication that there is little consensus as to the exact meaning of participation, these definitions show a great deal of similarities in the meaning. In other words, they are neither conflicting nor contradictory but they

complement each other from different perspectives. To sum up, this study takes the view that participation is an interdisciplinary managerial concept that involves sharing of authority, power, control, rewards, rights, information etc., with the right employees in order to establish a common understanding for the purpose of making better quality decisions that will facilitate the achievement of the organisation's objectives and satisfaction of the individuals' needs and expectations.

3.3 Main Components of Participation

Under this section four important participative components: (1) authority, (2) power, (3) control, and (4) information are examined in detail.

3.3.1 Authority

Authority is a natural outgrowth of increasing organisational size and complexity. According to "Acceptance of Authority" (Barnard 1938) subordinates will accept orders only if they understand them and are able and willing to comply with them. Authority is power that has been legitimised by the organisation (French and Raven 1960). Authority is the voluntary compliance of people with the power that another has (Weber 1968). Hassan and Zuhair (1999) define authority as the right to make decisions, and issue instructions within and on behalf of the organisation.

Sharpe (2012) discusses three types of authority: theoretical, formal and practical. Theoretical authority is a normative proposition that is based on positive assumption. Theoretical authority makes assumptions about the world

(parents have the best means by which to control their teenagers) and then asserts a theory based on this assumption (parents should exert control over their teenagers). Formal or legal authority uses structural measures such as laws, charters, policies, etc. to formalise the influence that one or a group of members has or have in the organization. Practical authority exists when an influence actually occurs in the practice.

In the banking industry there is high level of interdependency between the different operational, financial and investment activities. Sharing of authority, responsibilities and accountabilities through such participative structures as teams and committees is most probably the right approach.

3.3.2 Power

Power itself may be said to be the ability to get other people to do things they might not otherwise do (Dahl 1957). French and Raven (1959) introduces five sources of power: legitimate, reward, moral, expert and coercion. Legitimate or formal power is derived from the position in the hierarchy. Reward power depends on the ability of providing employees with valued incentives. Moral power (referent power) is basically a power in which one person identifies with the values held by another. This identification can take place when one person is a member of a reference group or because of identification with a common set of values or ideology. Moral power can be found in religious, professional and voluntary organisations. Expert power comes from expertise, knowledge and experience. Coercive power reflects the ability to exercise punishment.

The strategic contingencies theory (Hickson et al. 1971) stipulates that the power of managers relates directly to the strategic position of their departments within the whole organisation. Tannenbaum and Cook (1974) suggest that power is not a zero-sum phenomenon, but is expandable. Managers often view power as finite, and thus perceive that an increase in employee power must be accompanied by a corresponding decrease in managerial power. Conger (1989) suggests that power is the ability to get the job done. In contemporary organisations employees are encouraged to work together as one team. Belbin (1996: 45) says that:

“It is my contention that the surest way of replacing the rigidities of bureaucracy with the spirit of enterprise is to transfer power to the team that has to deal with a given span of responsibility”.

Power is a core concept in the analysis and design of organisations (Brink and Steffen, 2012). Positional power results from the interplay of two components of an organisation’s architecture: the arrangement of positions in the organisation and the decision mechanism in use.

The power structure in the conventional retail banks needs some alignment to give employees a sense of ownership and involvement in the decision making process.

3.3.3 Control

White and Locke (1981) argue that people have an innate need to control their environments. Walton (1985) presents control and commitment as two forms of

organisation management strategy. Under control approach, organisations tend to emphasise rules and procedures, hierarchy, status symbols, limited sharing of information with employees at the lower levels of the organisation, little delegation, and so forth. The commitment approach emphasizes shared values and goals, flat organisation, more delegation, minimum status differentials etc. Between these two opposing forms of organisation strategies is a middle ground called “transitional phase”. Under transitional phase few changes are allowed in terms of organisational structure, control mechanism, and status symbols. The commitment approach provides employees with the highest level of freedom and responsibility as compared to the other two approaches.

Several theorists propose that control is desirable simply because it ensures that there will be a reliable relationship between effort and outcome (Bandura 1986). Tannenbaum (1986) states that to control means to determine outcomes, act as a causal agent and have an impact. The organisational behaviour literature concerning worker control over decision making (Cotton et al. 1988) demonstrates that the level of worker control over decision making is positively associated with worker satisfaction and emotional well being - control is the ability to influence decisions.

The psychological literature on perceived control (Blumberg 1969) proposes that people’s desire for increased participation at the workplace reflects a more generalised need for control. Research has demonstrated that people both feel and perform better when perceived control is high. Perceived control appears to

enhance confidence, make tasks less stressful and more intrinsically rewarding (Bandura 1986). Because Tannenbaum (1986) believes that perceived control reflects actual control, he concludes that the actual “influence pie” is expandable. According to Parker and Price (1994) empowerment refers to the belief that one has control (i.e., the belief that one can influence decisions).

Baloot (1998) conducted some comparison between bureaucratic and collective control. Table 3.1 shows the main differences between these two types of control.

Table 3.1: Characteristic of Bureaucratic and Collective Control

CHARACTERISTICS	BUREAUCRATIC CONTROL	COLLECTIVE CONTROL
Means of Control	Rules, policies, and hierarchy	Common objectives, values and beliefs
Sources of Control	Extrinsic factors	Intrinsic factors
Job description	Fixed & permanent	Flexible
Responsibilities	Individual (each employee performs his job)	Collective (team and institutional responsibility)
Rewards	Monetary	Monetary & non-monetary incentives
Creativity	Stifled by rules and rigid control	Creative ideas and initiatives are encouraged
Employees' behaviours	Rules obedience	Loyalty to the organisation

Source: Baloot (1998)

The executive managements of the conventional retail banks do exercise a high level of control, at the macro level, in the development of corporate strategies and objectives, approval of budgets, and evaluation of the financial performance. In addition, micro control is part and parcel of the daily banking activities. The main purpose is to control all aspects of the operational, financial and investment

activities. In fact, macro and micro controls reflect the main drivers behind the business philosophy of each bank. Striking a good balance between bureaucratic and collective control is the main challenge which the conventional retail banks have to address in order to encourage and strength motivation, commitment and loyalty which are the ultimate objectives of participation. Creativity is a prerequisite requirement for survival in the banking industry because of stiff competition.

“Studies built on works in psychology suggest that formal management control systems may inhibit the intrinsic motivation needed to perform creative activities and that more unstructured and subtle mechanisms would work effectively in highly creative environments” (Busco et al. 2012: 30).

3.3.4 Information

The retail banks' competitive advantage increasingly depends on sharing of cross functional information between the employees at the different levels of the hierarchy. Sharing of information in this context means knowledge management and organisational learning. *Knowledge is defined as a “fluid mix of framed experience, values, contextual information, and expert insights”* (Davenport and Prusak, 1998: 5). Knowledge sharing is the process of mutually exchanging knowledge and jointly creating new knowledge (van den Hooff and de Ridder, 2004). Research has shown that controlled motivation (extrinsic) leads to less positive outcomes than autonomous motivation (intrinsic) in terms of sharing knowledge (Gange and Deci, 2005).

The literature supports that autonomy, relatedness and competence are important factors in knowledge sharing. Bock and Kim (2002) find that expectations to improve work relationships (relatedness) and to make a significant contribution to the organisational performance (competence) are positively related to sharing attitudes, intentions and behaviours. Lin (2007) argues that participative decision making, which influences autonomy, has a positive impact on knowledge sharing.

“When people feel competent, autonomous and related to others with whom they have opportunities to share knowledge, I expect they will value and enjoy sharing their knowledge more” (Gagne, 2009:575).

Information quality is a critical concern for contemporary organisations like conventional retail banks because it is a very important factor in making an informed decision. A number of studies suggest that making correct decisions depends on high-quality information and increasing information quality increases decision effectiveness (Mouzhi and Helfert, 2013).

This section, in a nutshell, suggests that the willingness and determination of the decision makers to share authority, power, control, information, etc. with their employees, in such a way to ensure that a fair chance is given to the employees to take part in making decisions and assume responsibilities and accountabilities for the consequences of their collective decisions, lays down a good groundwork for the participative management to flourish in the conventional retail banking.

3.4 Main Concepts of Participation

Participative management (PM) is known by many names including shared leadership, employee empowerment, employee involvement, participative decision-making, dispersed leadership, open-book management, or industrial democracy (Steinheider et al. 2006). While different names are used in the literature, participation can take different forms according to the ultimate objective of each participative strategy. Consultation, communication, delegation, democracy, autonomy, employee involvement, and empowerment constitute the main concepts of participation.

3.4.1 Consultation

It is a participative approach through which different ideas, opinions, suggestions etc. are exchanged directly with employees or indirectly through employees' representatives. Consultation does not mean power sharing – the power remains the sole prerogative of management. Chan et al. (2011) provide some features of the consultative climate which include the followings:

- 1) The management believes that good ideas can come from anyone at any level in the organisation.
- 2) Employees are given the chance to share their knowledge, ideas, opinions, etc. with the decision maker before the final decision is made.
- 3) Although there is a great deal of consultation, it is the leader who makes the final decision and assumes responsibility for that decision.
- 4) Once the decision is made, employees are expected to demonstrate a good level of respect and obedience.

5) Consultation models a good decision-making and problem-solving approach.

3.4.2 Communication

Communication can take different forms – oral, written and nonverbal (body movements, facial expressions, gestures, physical contacts etc.). Davis (1975) addresses the informal communication network through the concept of “grapevine”. Vertical, horizontal, diagonal and networks are the most common channels of communication in organisational settings. Wofford et. al. (1977) find several networks in groups numbering three, four, and five members. Griffin (1984) argues that when the task is relatively simple and routine, the centralised network is more effective, whereas decentralised network tends to perform with greater efficiency and accuracy when the task is complex and nonroutine. Butler (2010) argues that internal and lateral communications play a major role in making strategic decisions. Although communication does not involve sharing of authority, it provides information which is one of the main sources of power in today’s working environment of conventional retail banking.

3.4.3 Delegation

Nelson (1994) contends that effective delegators get ahead not by working long hours or doing everything themselves, but by getting work done through others. They grant their subordinates the power and authority to act as their representatives; thus they avoid excessive workload and end up with better achievements.

The main question in delegation relates to the responsibility for the final decision. Who is held responsible for the outcome of a delegated decision, the person who delegated the decision right or the person who ultimately made the decision? Hassan and Zuhair (1999) argue that the person who delegates the decision right should be held accountable for the consequences of his/her delegation, although employees can not disclaim accountability in case they fail to perform the delegated tasks. Bartling and Fischbacher (2012) point out that along with the decision right, the responsibility for the resulting outcome is delegated, and responsibility shirking to avoid punishment is a strong motive for delegating a decision right. Due to the fact that there is a high level of interdependency between employees in terms of carrying out their daily activities in the conventional retail banking, they are exposed, under many conditions, to shared-responsibility and collective punishment in case something goes wrong. Irrespective of the responsibility implications, delegation is an important form of participation as it involves sharing of authority and accountability.

3.4.4 Democracy

The term democracy originated from the Greek work “demokratia” where demo means people, and kratia referring to power or rule; so democracy means rule of the people (Powley, et al. 2004).

Hicks and Gullett (1976) refer to “humanistic democracy” and put a lot of emphasis on the importance of implementing this type of democracy, which

provides flexibility and decentralisation that large and complex organisations need in today's highly dynamic business environment. Hodgetts (1984) indicates that participative management has been referred to as “shop-floor democracy” or “industrial democracy” which is the political term for participation. Slater and Bennis (1991) point out that democracy is an efficient form of social organisation. Democracy is based on the concept that the majority has more wisdom than the minority. Sharing rights and power through democracy in making decisions is an important form of participation.

The 20th Century is labelled as the “century of democracy” as the older versions of democracy improved in quality and further experience was gained in governance through democracy. One can witness that from 1985 to 2000, the number of democratic countries in the world increased from 44 to 82 and the number of authoritarian regimes declined from 67 to 26 (Ringgen, 2004). It seems that there is a strong link between political democracy and organisational democracy. The idea of political democracy is deeply ingrained in Western culture. Therefore, it is not surprising if the organisations based in Western economies are viewed as natural settings in which to extend democratic values and practices (Kerr, 2004). Organisational democracy means that members of an organisation participate in the process of organising and governance. There is no doubt that the idea of applying democratic principles to organisations in general (Yazdani, 2010), and the conventional retail banking in particular, is appealing.

3.4.5 Autonomy

Hackman and Oldhan (1976) describe autonomy as the amount of freedom an employee has to schedule his work and determine the procedures to be used in carrying it out. Ganster and Fusiler (1989) argue that autonomy is linked more to control than the concept of participation in making decisions. Autonomy involves giving employees enough freedom to control the process of accomplishing the assigned tasks. Sheldon and Elliot's (1998) find that feeling autonomous in one's job increases job involvement, motivation, quality of performance and goal commitment.

Work has a focal point in employees' lives and the organisational decisions have substantial direct and/or indirect impact on them. McCall (2001: 204) understands autonomy as "*the ability to exercise control over important aspects of life*". Therefore, when employees gain some control in the workplace, their autonomy is greatly enhanced. Many arguments have been raised in favour of employee participation in making decisions relating to the organisational functions. Two of the most influential are the "autonomy argument" (McCall, 2001); and the "interest protection argument" (Hsieh, 2008). The autonomy argument justifies granting participation rights to employees on the grounds that such right would promote employees' autonomy (Moriarty, 2010).

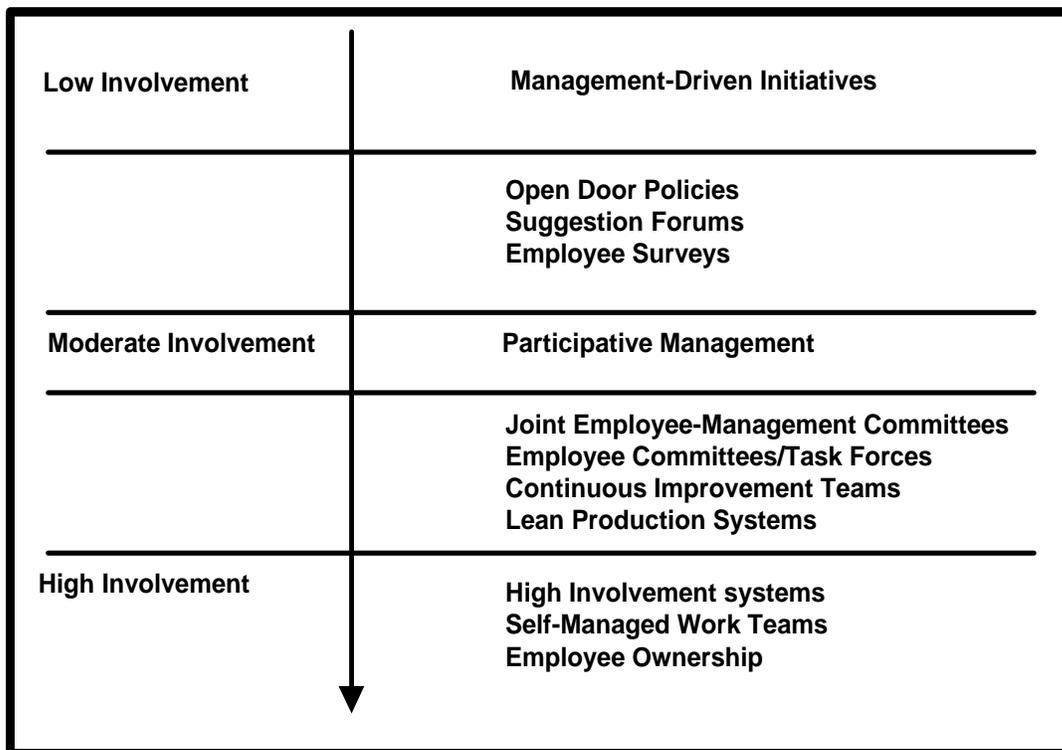
3.4.6 Employee Involvement

According to Lawler (1986) there are four critical organisational processes that can influence participation. These processes are information sharing, training,

decision-making and rewards. When viewed together they reflect what Lawler (1988) refers to as employee involvement. Mohrman et al. (1996) state that employee involvement includes many practices that move information, knowledge, power, and rewards downward in the organisation.

Employee involvement is a structured process which aims to motivate employees to participate in making decisions with a view to achieving better performance and making a significant contribution towards problems solving. In addition, employee involvement through a rewards system provides employees with a good opportunity to become one of the stakeholders. Figure 3.1 provides a continuum of employee involvement with examples of various programmes.

Figure 3.1: Employee Involvement Programmes



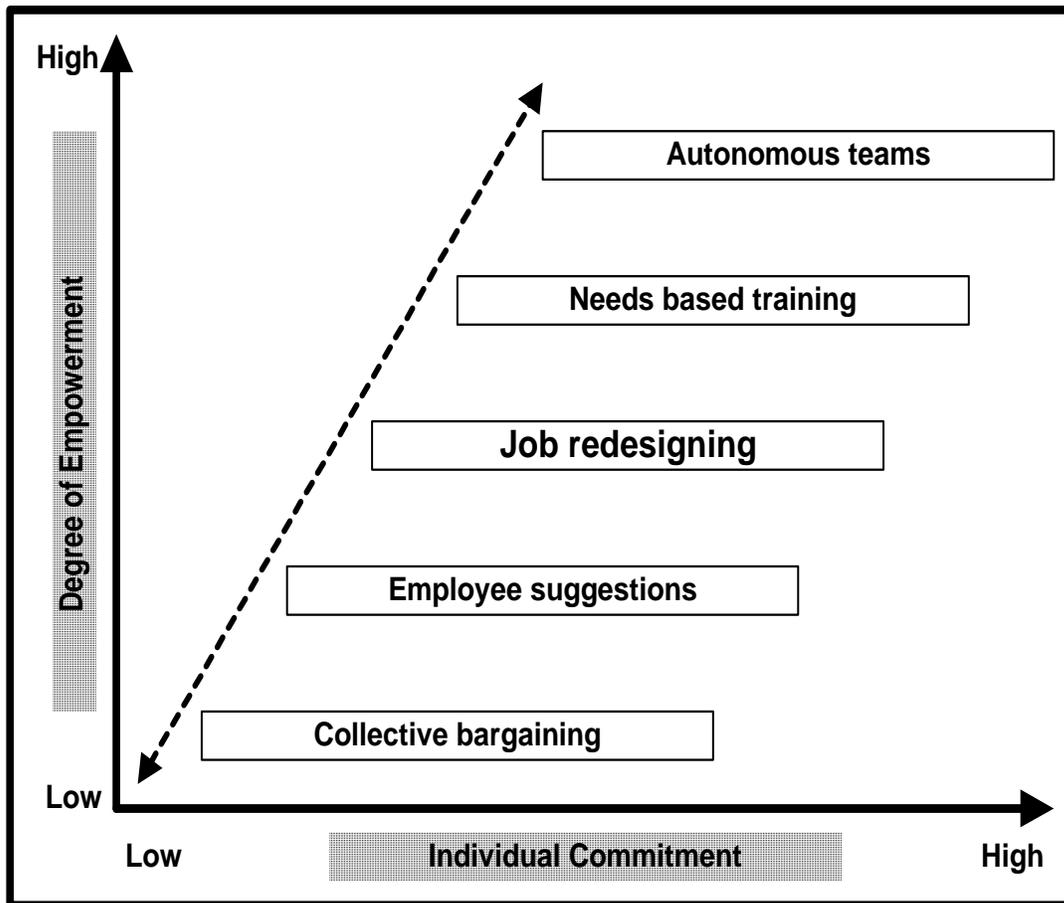
Source: Grawitch et al. (2009: 126)

“Employee involvement can range from simple practice, such as open door policies, to input into decision making, to major programmes, such as self-managed work teams” (Grawitch et al. 2009: 125).

3.4.7 Empowerment

Cornwall and Perlman (1990) argue that if power is shared through empowerment, it can breed more power within the organisation. According to Clement (1994) empowerment means that decisions will not be made hierarchically but rather collectively. Empowerment emphasises the rights and abilities of people to participate as equals in making decisions about affairs that affect their works and performance. Empowerment represents a management philosophy, a set of beliefs and values about how to lead organisations (Hitchcock 1994). According to Randolph (1995) empowerment is not just giving people the power to make decisions but it is recognising and releasing into the organisation the power that people already have in their wealth of useful knowledge and internal motivation. Empowerment consists of a set of values, attitudes, and behaviours different from those that guided organisations in the past. Employee empowerment is one of the participative strategies, which can increase the commitment of employees. Figure 3.2 shows how empowerment can play a major role in boosting the employees' commitment.

Figure 3.2: Strategic Empowerment and Commitment

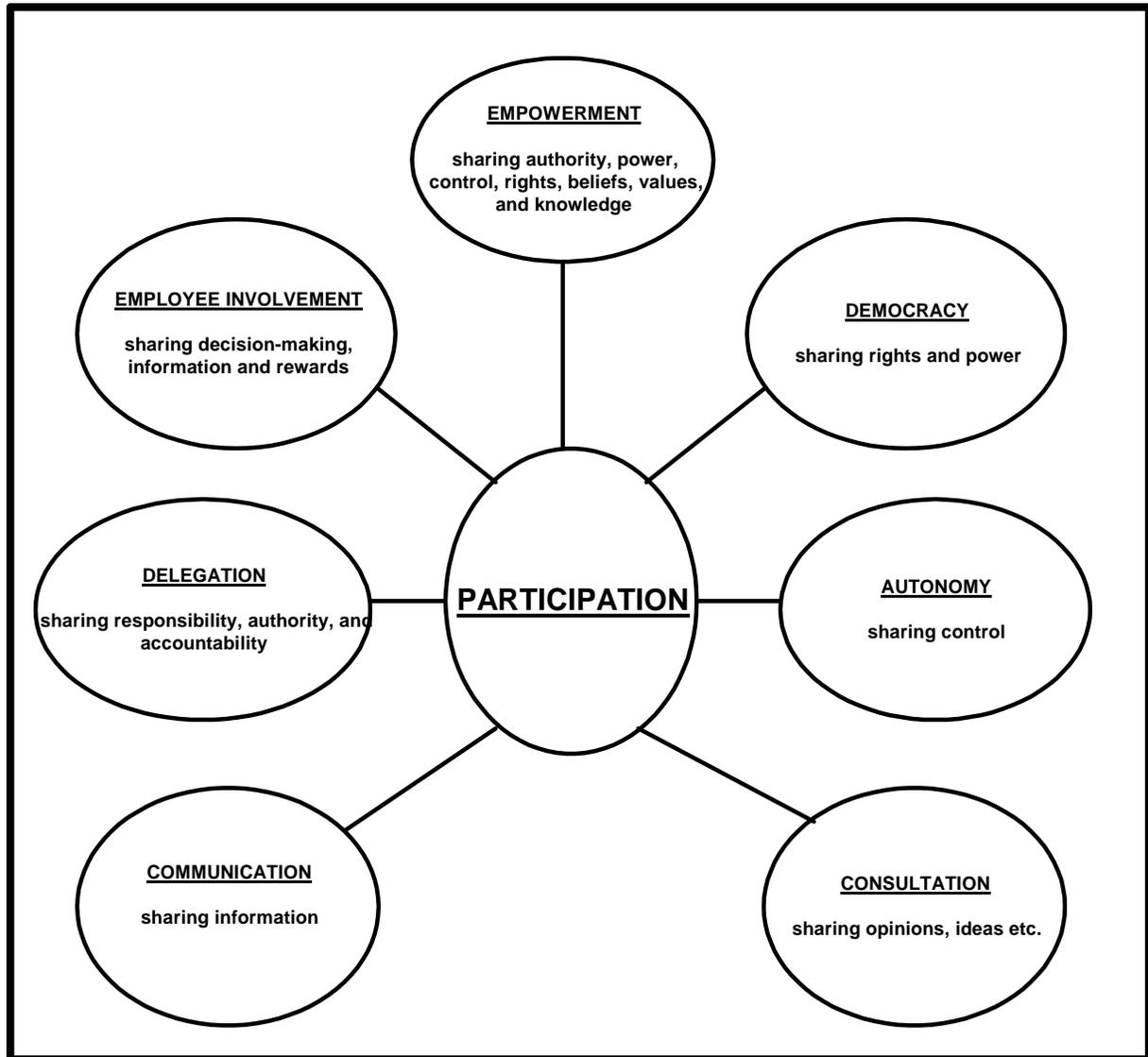


Source: Sahoo et al. (2010: 48)

Figure 3.2 indicates that there are different stages through which a positive coefficient correlation can be achieved between empowerment and commitment. The highest level of empowerment and commitment can be reached at the last stage (autonomous teams) where the management gives sufficient autonomy to the teams to make decisions.

The main concepts and themes of the seven different forms of participation are summarised in Figure 3.3.

Figure 3.3: Different Forms of Participation



Source: Developed by the present researcher

Although today's field of management has coined neologisms and phraseology to explain the core concepts of participation, Figure 3.3 indicates manifestly that sharing (authority, power, control, information, rights, rewards, etc.) is the key word which is embedded in the different forms of participation. Hence, there is a great deal of similarity in the conceptual groundwork of the different forms of

participation, although the level of participation in each one of them is different i.e. starting from communication (the lowest level of participation) to empowerment (the highest level of participation). It is also important to note that participation without sharing authority, power, control, information, rights, rewards etc. is just another face of authoritarian management.

Although the different forms of participation do exist in the conventional retail banking in one way or another and to some extent, the successful implementation of participation depends entirely on how much the internal working environment of each bank is ready to change and adapt to the participative culture.

3.5 Participative Schemes

Participation offers a variety of participative schemes from which practical solutions can be derived to address the organisational inequity in the conventional retail banking sector. The most well established participative schemes are covered under this section.

3.5.1 Brainstorming

Osborn (1957) introduces brainstorming as a process for generating and evaluating ideas. Brainstorming consists of four steps: (1) generate a lot of ideas, (2) avoid criticising any of the ideas, (2) attempt to combine and improve on previously articulated ideas, and (4) encourage the generation of “wild” ideas. The main driving force behind brainstorming is to generate “wild ideas”. Litchfield

et al. (2011) argues that these steps should be viewed as assigned goals because people are directed to attempt to follow them. Novelty as a goal of idea generation is the cornerstone for creativity which is highly demanded in today's conventional retail banking.

3.5.2 Synectics

Synectics is a method of identifying and solving problems that depends on creative thinking (Gordon 1968). It involves the use of analogy and informal conversations among a small group of individuals with diverse experience and expertise. While brainstorming focuses on generating a large number of alternatives, synectics, on the other hand, aims to identify one creative idea to address specific issue (Diaz, 2011). The synectics process goes through four phases: (1) start with general discussion, (2) narrow down discussion to more specific activities, (3) keep control over the thought process, and (4) select the most creative idea.

Alexander (2002) describes the problem as finding the fit between form and context. In an organisational setting, like the conventional retail banking sector, where there is an increasing demand for creative thinking, in order to secure continuous supply of practical solutions to complex problems, synectics through the right participative structure can provide the desired results. Achieving the ultimate objectives of synectics is not any easy task because creating unique solutions requires methodical approach and experimentation rather than serendipity.

3.5.3 Delphi Method

The Delphi method was originally developed in the 50s by RAND Corporation in Santa Monica, California, as a systematic and interactive forecasting method which relies on a panel of experts (Helmer 1994). The Delphi method is based on the assumption that group judgments are more valid than individual judgments and it is designed to reach a consensus of expert opinion. The procedures of this participative technique include five cycles: (1) collection of information and opinions, (2) generation of ideas, (3) feedback, (4) evaluation of the feedback, and (5) final decision. Nobody “loses face” because the procedures are done anonymously using a questionnaire.

“The Delphi method is an iterative process to collect and distill anonymous judgments of experts using a series of data collection and analysis techniques interspersed with feedback” (Skulmoski et al. 2007: 1).

The time, expense and logistics of the Delphi method rule out its use for routine decisions in the conventional retail banks. However, it is more appropriate for broad and long-range issues such as technology breakthroughs, penetrating new markets, introducing new products or services etc.

3.5.4 Nominal Group Technique (NGT)

NGT appears to be a valuable tool for group decision making (Delberg et al. 1975). Unlike the Delphi method wherein group members do not see one another, group members in NGT sessions are in the same room. However, the

members do not interact in a manner typical of most groups – they generate and select ideas silently and independently. The procedures of NGT include 4 steps: (1) generation of ideas, (2) presentation of ideas, (3) evaluation of ideas, and (4) selection of ideas. This type of participative techniques is more feasible for routine decisions. It involves generation and voting on a variety of alternatives.

The productive role of silence in idea generation (Boddy, 2012) makes NGT very attractive for the conventional retail banks when the management is confronted with circumstances under which sensitive decisions have to be made.

3.5.5 Discussion Group Technique

In this technique, the discussion starts when the group leader makes a statement of the problem (Hopthrow and Abrams, 2010). Unstructured discussions among the group's members follow in order to generate suggestions and ideas. The meeting concludes on the basis of voting or consensus decision (Meleady et al. 2013).

3.5.6 Management by Objectives (MBO)

Management by objectives (MBO) is a philosophy of management which replaces the traditional philosophy of “management by domination” (Drucker, 1954). MBO is a result-centered process for the effective utilisation of material, physical and human resources of the organisation by integrating the individual with the organisation and organisation with the environment (Flamholtz, 2009). The concept of MBO has passed through different stages (Mamoon, 2013): (1) MBO for performance appraisal, (2) MBO for integrating the individuals with the

organisations, (3) MBO for long range planning. MBO starts with goal setting and ends with performance review. It involves participation of managers and employees at every level of the organisation. In other words, MBO is a process by which managers and subordinates at different levels work together in establishing goals to achieve the corporate objectives.

Successful implementation of MBO in the conventional retail banking sector requires dynamic and transformational leadership at the executive level and support and commitment of management at all levels.

3.5.7 Scanlon Plan

The Scanlon Plan was devised by steel worker and union officer Joseph Scanlon in the late 1930's (Wakeley and Ruh 1974). The Scanlon Plan aims to enhance the company's efficiency and raise the standard of living of employees. The Scanlon Plan consists of two interactive and structured systems:

1. Participation system: formation of committees from managers and employees to develop, evaluate, and choose ideas to either increase efficiency or reduce costs.
2. Equity system: pay employees bonuses on the basis of their performance versus predetermined standards.

The Scanlon Plan is an approach to organisation development rather than a simple gain-sharing plan (Lowman, 2010). Fair distribution of incentives through real participation can secure successful implementation of the Scanlon Plan in the conventional retail banks.

3.5.8 Gainsharing

Gainsharing is an organisational system which provides employees with an opportunity for sharing the benefits of increases in productivity, cost reductions, improvement in quality etc. Semler (1991) argues that while participation gives people control of their work, profit sharing gives them a reason to do it better, and information tells them what is working and what is not. Gainsharing is an approach to improving processes, reducing costs, and improving quality (Berman, 2013). A Gainsharing scheme should be collaborative including managers and employees at different levels of the management. A gradual Gainsharing rollout tailored to the needs of employees in the conventional retail banking sector can boost their morale and motivation and strengthen the banks' prospects for success.

3.5.9 Committees

A committee can be defined as a group of employees assembled to make decisions, solve problems, formulate recommendations, carry out investigations etc. Committees complement the formal organisation structure and provide effective tools for coordinating and managing group decision making. Building up strong social relationships through committees can increase trust, collaboration and information sharing between members and improve their commitment and productivity (Hoitash, 2011).

The most common committees in the conventional retail banking are: (1) Board of Directors, (2) Executive Committee, (3) Audit Committee, (4) Nomination and

Remuneration Committee, (5) Corporate Governance Committee, and (5) Risk Management Committee.

3.5.10 Creative Collaboration

Creativity is defined as the generation of new and valuable ideas for products, services, processes and procedures by individuals or groups (Martins and Terblanche, 2003). Creative collaboration is more than just teamwork which often involves addressing and resolving simple or routine problems. Creative collaboration means pulling together a group of people from different cultures and backgrounds, then building new shared understandings between them that lead to something innovative (Hargrove, 1998).

Developing creative collaborative groups in the conventional retail banks requires “lateral” leaders rather than “top-down leaders”; competent and committed members from different backgrounds and experiences who can “think outside the box”; clear roles, responsibilities and objectives; regular meetings; facilitators; compelling challenges; sense of urgency; pride of achievement; fear of failure; and experimentation.

3.5.11 Hot Groups

Hot groups engage in an important and vital mission (Blumen and Leavitt, 1999). Hot groups are by nature short-lived, with short-term commitments and relationships. Once the task is completed, the need for the group is gone and it breaks up. Hot groups are both creative and analytical entities, hard working and

full of debate. Members in hot groups think like children, diverse in all things except standards of thinking, rarely succumb to groupthink, maintain a “get-in, get-done, and get-out” approach to problem solving, and refuse to cling to life if they have outlived their usefulness.

Hot groups is a practical platform which can establish collective sensemaking (Stigliani and Ravasi, 2012) which is highly demanded in the conventional retail banking sector as employees are often confronted with unfamiliar events and circumstances that do not fit available knowledge structures.

3.5.12 Teams

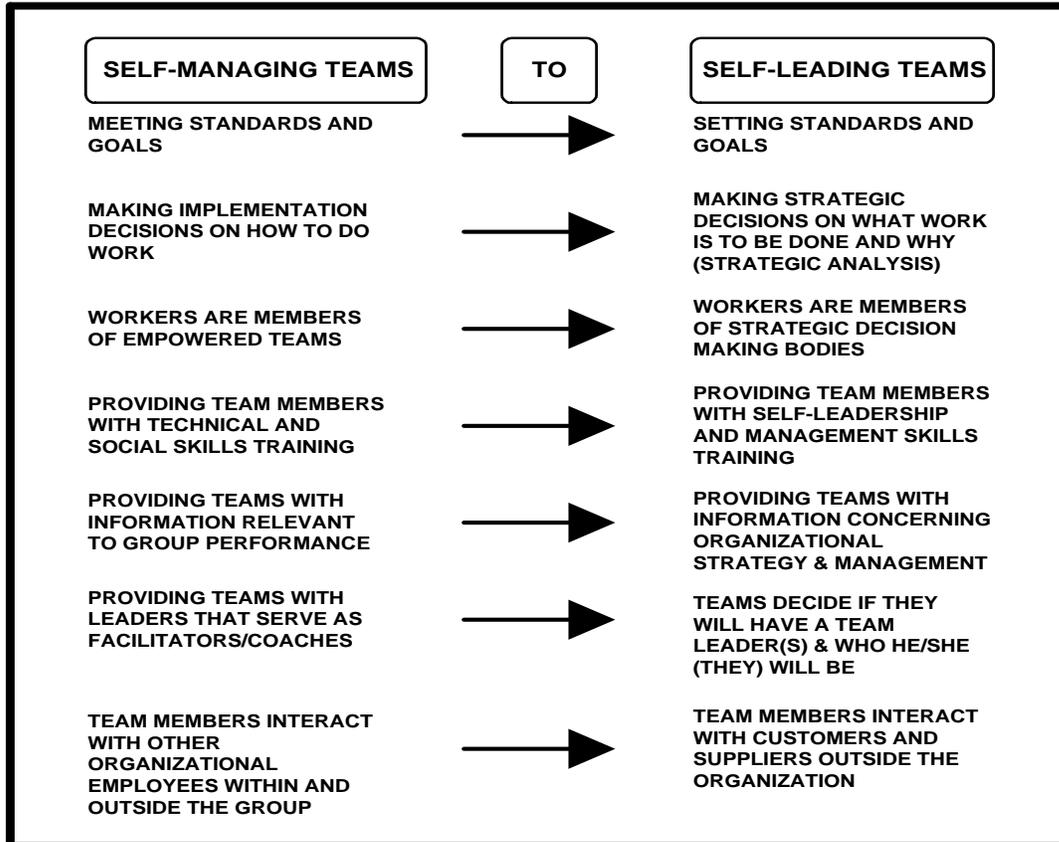
The concept of handling works collectively by appointing employees in different types of teams has received a great deal of attention throughout the literature of participative management. Self-influence has been an integral part of the literature and it has been covered under three types of teams: self-managing, self-leadership, and self-leading.

A self-managing team is a group of interdependent employees who produce a measurable output to the organisation’s customers. Normally such a team consists of five to fifteen members who produce an entire product instead of sub-units. Although these teams involve an increased amount of behavioural control and decision-making autonomy at the work group level (Manz and Sims, 1986), they are subject to significant control and supervision (Hackman, 1986). Despite the limitations of self-managing teams, they eliminate bureaucratic values and replace them with humanistic value systems (Sagoe, 1994).

In self-leadership oriented organisations, workers play a greater role in influencing the strategic processes and the management's decisions (Manz, 1992.)

The concept of self-leading teams suggests that employees are empowered to influence strategic issues relating to what they do and why, in addition to how they do their work (Manz, 1992). Figure 3.4 indicates the main characteristics of self-leading teams as compared to self-managing.

Figure 3.4: Characteristics of Self-Managing Teams and Self-Leading Teams



Source: Manz (1992)

The main characteristics that distinguish self-leading teams from self-managing teams are the involvement of employees in strategic issues that enable them to have more influence on what functions and activities they serve and why.

Katzenbach and Smith (1993) define team as a small number of people with complementary skills who are committed to a common purpose, shared performance goals, and a common approach for which they hold themselves mutually accountable. Teams have become a common form of work organisation globally (Cohen and Bailey, 1997). Park et al. (2004) find that a culture that supports teamwork and autonomy encourages knowledge sharing as opposed to rule oriented culture. Leadership and having a shared vision have both been found to be positively related to knowledge sharing in work teams (Srivastava et al. 2006). The decision to establish group identity is made on the basis of trust, which has behavioural consequences, since it requires relinquishing control of power to the other (Tanis and Postmes, 2005). However, cooperation in the workplace may be affected by cultural predisposition because under collectivism, personal and communal goals are aligned, while under individualism they are not. As Lewis (2011) points out:

“Teams are accepted more naturally in Eastern cultures where collectivism attends daily life than in Western cultures that are more individualistic” (Lewis, 2011: 964).

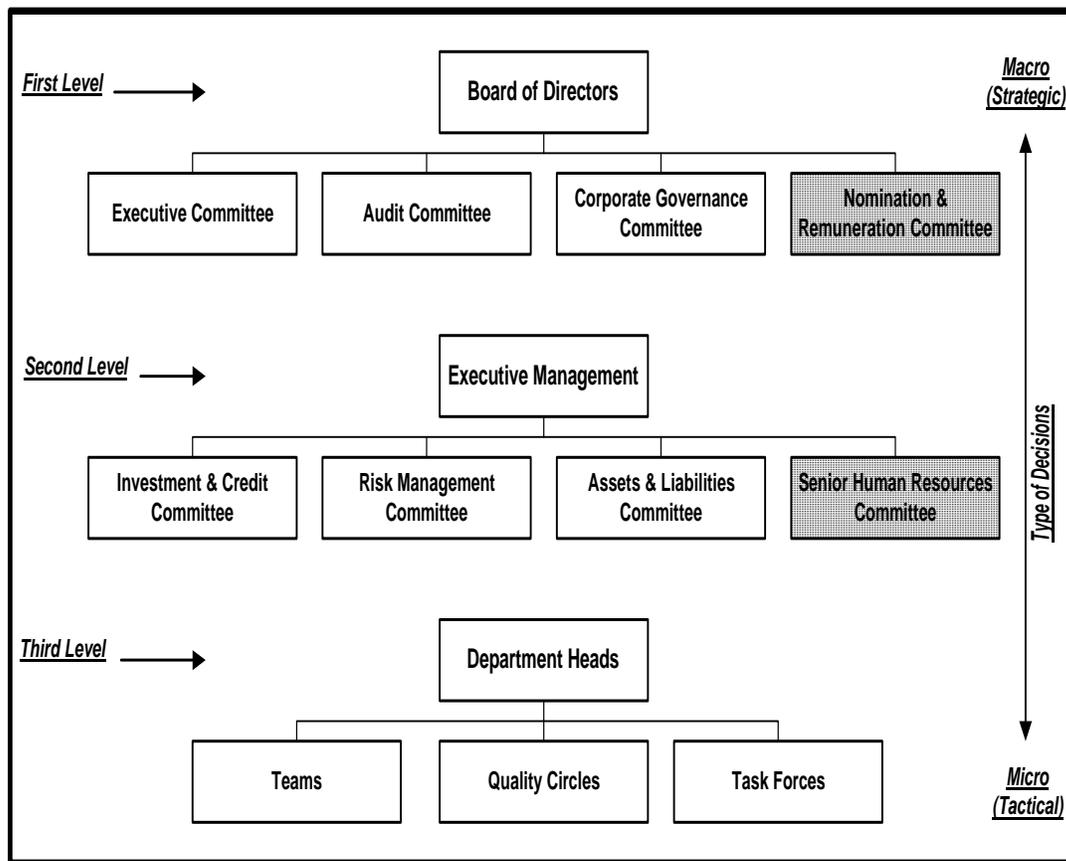
Given the nature of the business environment in the conventional retail banking sector, performing and managing highly diversified banking activities through different cross functional teams entrusted with sufficient authority becomes genuine and legitimate requirements.

Despite the fact that different terminologies have been used in the literature to explain the main concepts and themes of the above participative schemes, these schemes represent only different procedures of sharing authority, power, control, information, rights etc.

3.6 Application of Participative Schemes to Banking

The current trend in the conventional retail banking sector is to establish a good number of committees, teams, taskforces, and quality circles, under different managerial levels, through which a vast range of macro and micro decisions are made. Figure 3.5 shows a clear picture of this trend.

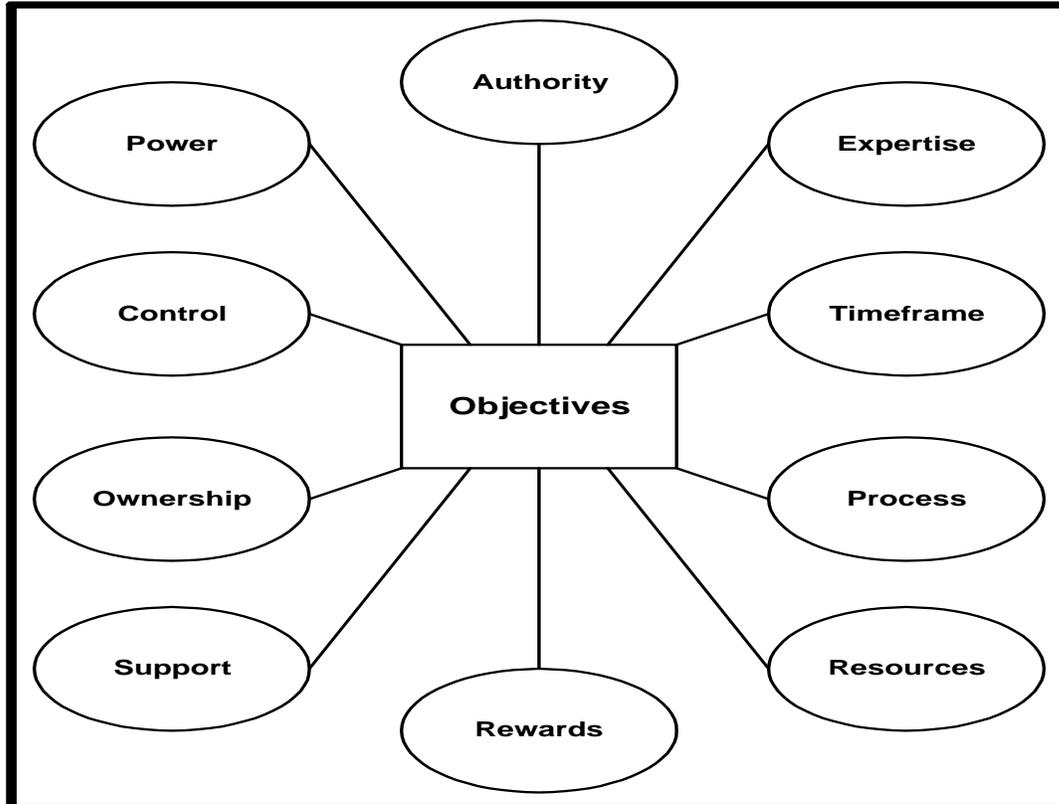
Figure 3.5: Teams' Structure in Conventional Retail Banking



Source: Developed by the present researcher

The conventional retail banks use different types of team structure under three hierarchical levels: board of directors, executive management and department heads as illustrated in Figure 3.5. The main issue here is not how many committees, teams, quality circles or taskforces the conventional retail banks can establish. The successful implementation of a participative scheme depends on bringing a number of important constituents together in order to achieve specific objectives as demonstrated in Figure 3.6.

Figure 3.6: Constituents of Successful Participative Scheme



Source: Designed by the present researcher

Figure 3.6 presents an overall framework for the main constituents of the successful participative scheme from which five main principles can be determined as follows:

Principle No.1: Secure high level support from the executive management for the selected participative scheme.

Principle No.2: Select the right members who possess the required mix of cross functional expertise and ownership.

Principle No.3: Provide members with sufficient authority and power to control all available resources in order to achieve the desired objectives within the allocated timeframe.

Principle No.4: Implement the most practical processes (structured, unstructured, formal, informal, anonymous, manual, electronic etc.) from conception to completion.

Principle No.5: Share rewards with the team members for good performance and achievements.

Analysing the trend in the conventional retail banking sector from the participative perspective indicates that the Nomination and Remuneration Committee and the Senior Human Resources Committee are the most important channels through which the most appropriate motivational and participative strategies can be implemented in order to address the organisational inequity.

In today's banking environment in general and the conventional retail banking sector in particular creating a participative culture and working together as a coherent team, through the right participative scheme, is a prerequisite for

survival. It is important for the executive management of the conventional retail banks to realise that the implementation of participation differs from one situation to another according to the prevailing situational factors. Mock participation through a large number of teams and committees, as per the current practice, is just wasting of time and may be worse than an authoritarian management. The readiness of the decision makers in the conventional retail banking sector to change is a prerequisite because a participative scheme without a participative leader is like a ship without a captain.

3.7 The motivational side of Participation

Participation is a topic area that has been extensively researched. The existing knowledge provides a large amount of evidence, which supports the existence of a strong relationship between motivation and participation. The mix of dated and recent evidence from highly interrelated knowledge fields is reviewed critically to substantiate the motivational side of participation.

Fayol (1930) introduces the five functions of a manager and fourteen principles of management. Four of these principles are of relevance to this section. 1) Authority and Responsibility (Principle No. 2): the two must go together. 2) Centralisation (Principle No. 8): managers have the final authority but they should decentralise authority to enable subordinates to perform their work. 3) Initiative (Principle No. 13): subordinates must be encouraged to plan and execute. 4) Esprit de corps (Principle No. 14): teamwork, team spirit, and a sense of unity should be fostered and encouraged throughout the organisation. These

principles represent important aspects of participation which can be used to stimulate both intrinsic and extrinsic motivation.

Mayo (1933, 1945) and his associates Roethlisberger and Dickson (1939) made significant contributions, through “Hawthorne Experiments” at Western Electric, towards the establishment of the human relation school. Human relationists explain that employees are motivated by factors other than money only. The proponents of the human relation approach assume that the social and non-monetary needs are more important than money in motivating employees. They contribute to the existing knowledge three important conclusions: (1) the organisation is a social system, (2) informal organisation – informal groups and subgroups - affect the decision-making and influence the productivity levels, and (3) economic and non-economic factors affect motivation - pay is not the sole source of productivity. In addition, these experiments pave the way for understanding the effects of behavioural and psychological factors on motivation. For instance, Megginson et al. (1983) point out that it was discovered through the Hawthorne’s experiments that the increase in productivity was not because of any physical working conditions or financial incentives but mainly because the involved workers felt important because they were chosen to participate in scientific studies. It is suggested that participative management has emerged from the extensive interviews (20,000 employees) which were conducted by Hawthorne’s researchers in order to explore the feelings and opinions of workers about their jobs and problems (Roethlisberger and Dickson, 1939). Blumberg (1968) reports that just as the rise of workers’ participation, through these

experiments, resulted in higher productivity, morale and job satisfaction, the withdrawal of the right to participate later on led to disillusionment, alienation and stagnation in performance.

The Human Relation School has been more concerned with morale building and maintenance of social interactions in the workplace (Megginson et al. 1983). Raymond (1965) points out that there are two models of participatory management: the Human Relations Model and the Human Resources Model. According to him the Human Resources Model differs from the Human Relations model in three key areas.

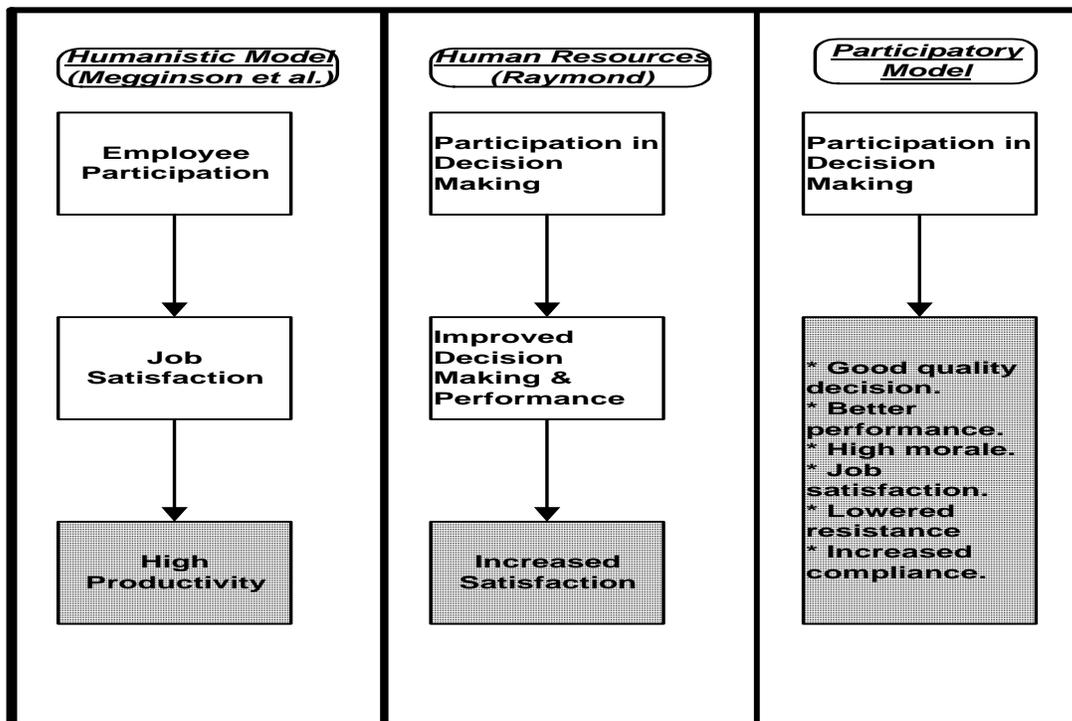
1. All organisational members are seen as valuable resources.
2. The purpose of participation is to enhance decisions, and increase productivity rather than to reduce employees' resentment and resistance.
3. Job satisfaction is the result of improved decision making and higher productivity.

The Human Resources Model supports employees' participation in making decisions. It assumes that participation in decision making leads to better quality decisions and higher productivity, which, in turn, increase job satisfaction. From this perspective, the Human Resources Model's proponents take the concept of participation one step further as opposed to the human relationists who believe that perceived (mock) rather than real participation can enhance motivation.

The Humanistic Model argues that high productivity follows job satisfaction whereas the Human Resources Model claims that good performance leads to job satisfaction. Irrespective of whether job satisfaction follows good performance or

vice versa, participation, as highlighted in Figure 3.7 under Participatory Model, is a good motivational tool, which could lead if used properly to many benefits: better quality decisions, good performance, job satisfaction, high morale, lowered resistance, and last but not least increased compliance.

Figure 3.7 Participatory Models



Source: Modified and adapted for the purpose of this study (original sources Megginson et al. (1983) and Raymond (1965))

Barnard (1938) formulates a theory which he calls “Acceptance of Authority”. According to this theory, subordinates will accept orders only if they understand them and are able and willing to comply with them. Participative management can bring the three main pillars of this theory into effect through the following: (1) encourage subordinates to accept and understand orders, (2) find out if subordinates have the abilities to execute orders, and (3) establish a good level

of willingness to comply with the orders. Barnard also describes an organization as a "System of Cooperation". From this perspective, participation can be a good coordination tool that can make significant contributions towards the establishment of a cooperative working environment between managers and employees in which motivation and reinforcement can thrive.

Simon (1945) suggests that participation in making policy decisions increases the level of identification with the organisation. Tannenbaum and Massarik (1950) believe that participation tends to bring about a coincidence of formal and personal goals.

Druker (1954) introduces Management by Objective (MBO) as an approach to planning. MBO is a participative process which starts with goal setting and ends with performance review. It involves managers and employees at every level of the organisation.

Morris (1960) urges participation of every employee in finding the one best way. In this he is quite different from Taylor (1911) who argues that only an expert in job analysis could perform this function. McGregor (1960) introduces the principle of integration. This principle involves the creation of conditions such that employees can achieve their own goals best by directing their efforts towards the success of the enterprise. He claims that participation offers substantial opportunities for ego satisfaction and thus can affect motivation toward organisational objectives - participation is an aid to achieving integration. Griffin (1984: 47) indicates that:

“Whereas Maslow’s theory was one of the first in the emerging area of human relations, Douglas McGregor’s Theory X and Theory Y perhaps best represent the essence of the human relation movements.”

According to classical management theories (Massie 1965; Taylor 1967) it is the leader’s responsibility to assign goals and to ensure that people commit to them. Humanistic organisation theorists (Likert 1961; McGregor 1960) advocate the employees’ participation in decision making because this increases employees’ commitment. Likert (1961, 1967) conducts studies to determine what make some organisations effective and others less so. On the basis of his findings he classifies management practices into four systems. System 1 is a dictatorial approach to management or ideal bureaucracy, in which fear and economic rewards are used. Fear is replaced by economic rewards in System 2. In System 3, more consultation is used to motivate workers. In System 4, participative management is introduced as a basis for the decision-making process and goal setting. Likert encourages organisations to adopt System 4. He emphasises the significance of System 4 in creating supportive relationships and establishing high performance goals. Locke and Schweiger (1979) explain that the essence of Likert’s philosophy of management is centered on participation and group decision-making.

Argyris (1964) attributes the main reason for incongruence between formal organisations and the workers’ drive for self-actualisation to poor organisational design. He claims that organisations tend to ignore the full potential of people.

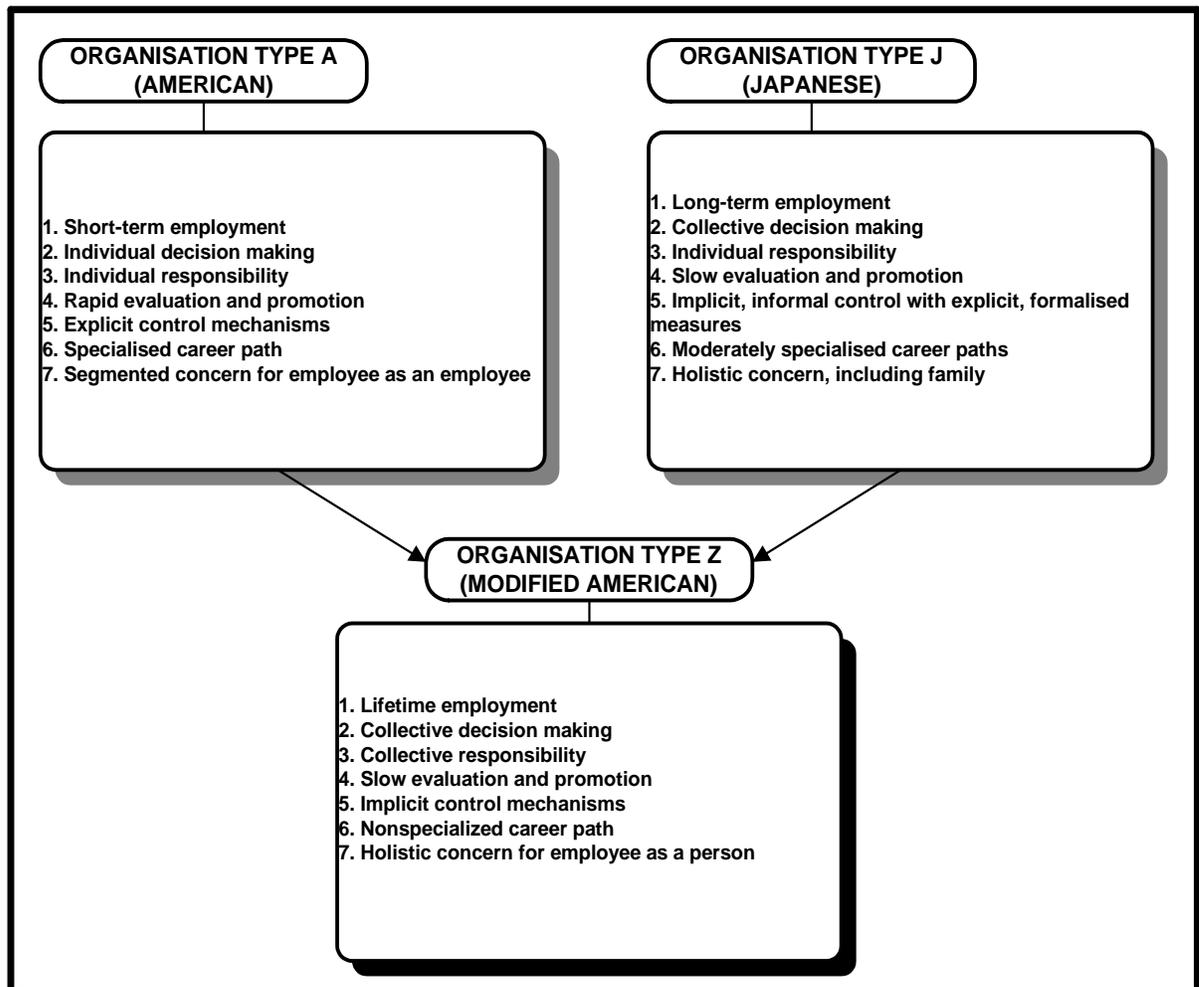
They fail to encourage self-development, growth and innovation. Under such managerial settings, employees become alienated, frustrated and unproductive. In addition, Argyris (1964) emphasises management trust of employees, job enrichment and work autonomy. He develops the concept of “The Mature Employee.” He considers maturity and growth as important factors for stimulating the required level of motivation. As people mature they should move from positions of dependence, routine behaviour, narrow responsibility and limited activities to positions of independence, challenging behaviour, broad responsibility and wider scope of activities.

Hicks (1972) points out that the basic ideas for the use of committees in organisations can be credited to administrative theorists. Committees are an important aspect of participation which provide a parallel organisational structure in addition to the line and staff structures. Committees, among other things, can contribute to effective communication, better motivation, creative solutions and a good platform for resolving conflicts. Strauss (1972) argues that high wages, fringe benefits and good working conditions, in themselves are not a complete answer to the motivational problems. He examines five participative techniques: (1) group incentives, (2) profit sharing, (3) suggestion systems, (4) employee-management and union-management consultative committees, and (5) the Scanlon Plan. Strauss (1972) believes that these participative techniques can serve as an important motivational tool due to their role in increasing productivity and improving morale. Hicks and Gullett (1976) state that participation plays a major role in improving motivation, communication and creativity at different

levels of the organisation. Deep (1978) indicates that motivation through participation facilitates satisfaction of the growth needs in Maslow's hierarchy. Job redesign (Hackman and Oldham 1980) is a good managerial tool which can support high employee autonomy.

Ouchi (1981) integrates the most common business practices in the United States and Japan into one middle-ground framework, which he calls Theory Z. Figure 3.8 explains the main structure of such theory.

Figure 3.8: Theory Z



Source: Ouchi (1981)

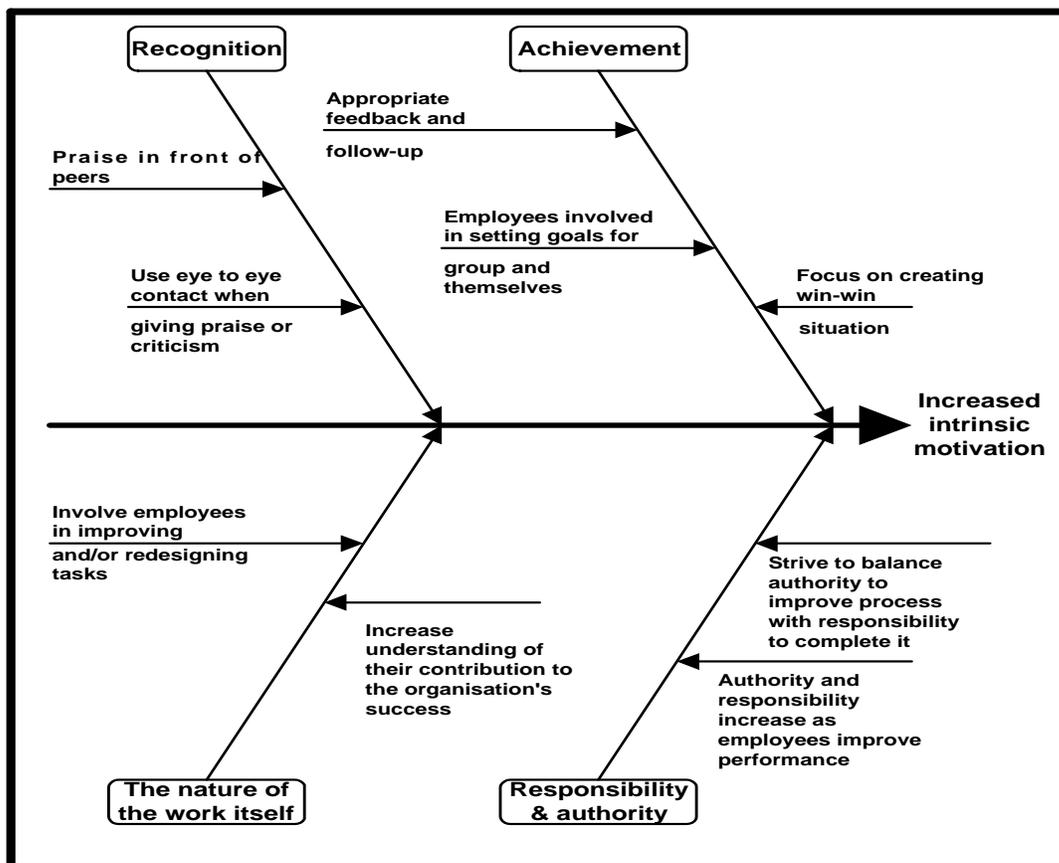
Figure 3.8 indicates that American and Japanese organisations are different concerning seven important factors – employment, decision making, responsibility, promotion, control, career development, and concern for employees. Ouchi recommends for U.S. organisations to pursue and implement Theory Z in order to compete with Japanese organisations. Collective decision-making (Factor No.2) and holistic concern for employee as a person (Factor No. 7), which are important aspects of participative management, have significant impact on an organisation's productivity and its competitive advantage in the market.

Parker Follett, an American business philosopher, served as a link between the Classical Management and the Human Relations School (Megginson et al. 1983). She advocates flatter organisations, extols the benefits of teams and participation, and believes in joint consultation and cooperative spirit to resolve conflicts. She emphasises that organisations should become more democratic in accommodating managers and employees (Baatz 1995). Anderson (1984) suggests that the management trends for the organisation behaviour school will increase in popularity as the emphasis on productivity shifts from technology to the worker and as new organisation forms emphasise more participation and involvement on the part of employees. Mitchell (1985) points out that people are more motivated in jobs, which have some variety, closure, importance, feedback, and a chance for individual input. Erez and Arad (1986) argues that an increase in performance quality can be due to a cognitive factor, namely information, which the authors consider as an important element of participation. Through

involvement employees can influence some important aspects of the work environment which can enhance their performance in doing their jobs (Miller and Monge, 1986). Latham and Winter (1989) claim that when employees jointly participate in developing task strategies they can perform well and achieve good and encouraging results.

Lacey (1994) states that people experience the joy of growing and learning through four main factors: 1) achievement, 2) recognition, 3) the nature of the work, and 4) being responsible for its success and the authority to ensure that success. His contention is explained in more depth through Figure 3.9.

Figure 3.9: Intrinsic Motivation



Source: Lacey (1994)

Figure 3.9 provides important messages to contemporary managers and decision makers. Involving employees in designing or redesigning tasks, delegation of authority, forming objectives and goals collectively, sharing information, and recognition of good achievements are all important aspects of participative management. Hence, participation stimulates intrinsic motivation to satisfy higher level needs like learning and growth.

According to expectancy theory, individuals pursue rewards by expanding their participation in the organisational operations, which provides them additional insight regarding other job-related issues such as strategies, corporate objectives and the goals of other departments (Magner et al. 1996). The main groundwork of participation evolves from the concept of synergy (Willingham 1997). The secret recipe of synergy includes many motivational and participative constituents: belief in a common purpose; congruence between the organisation's values and those of employees; shared values; trust; harmony; authenticity and openness; mutual respect for each person's uniqueness and diversity; unconditional acceptance and concern for each other; willingness to subordinate individual egos to the good of the team; and expectation of winning.

Participation studies build upon the psychology and management literatures, which generally support the idea that better behavioural outcomes result when employees participate in the organisational functioning (Lau and Tan, 2003). Participation has also been heavily researched in the information systems and accounting literatures (Lynch and Gregor, 2004). In the information systems

literature, participation in systems development is an important topic (Markus and Mao, 2004) and includes studies which support system acceptance (Saleem, 1996), improvement of system performance (Hunton, 2002), and the associations between participation and user satisfaction (Banker and Kauffman, 2004). Many management accounting researchers examined and supported the association between participation and job satisfaction (Lau and Tan, 2003) and participation with performance (Chong et al. 2005).

“Whenever employees participate in organisational decision-making, they will increase their working motivation and be more willing to increase their investment in the organisations” (Han et al. 2010: 2220)

This section explores the motivational side of participation and supports the existence of a strong relationship between motivation and participation.

3.8 Critical Review of Participation

Agreements and differences or conflicting views, to determine the gaps in the existing literature, can be scrutinised and identified on the basis of the positive and negative sides of the relationship between participation and motivation.

3.8.1 The Positive Side

Participation plays an important role in motivating employees to achieve the organisational objectives through which their individual needs can be satisfied. In fact, participation and motivation are intertwined and they move in the same direction in terms of the final results - motivating employees to achieve the

desired objectives. Although a long list of arguments can be derived from the preceding sections to support the positive side of participation, only the most important ones will be covered here. In this context, it is quite possible to say that participation:

1. Provides an avenue to accommodate and satisfy such lower level needs as security and belongingness.
2. Satisfies higher level needs like recognition, esteem and self-actualisation.
3. Brings coincidence of formal and informal needs – it is a good integration mechanism.
4. Creates a common understanding and motivate employees to move in the right direction to achieve the desired objectives.
5. Reduces resistance and facilitates employees' acceptance of decisions, rules, directions etc. so that tasks are accomplished with full commitment.
6. Paves the way for establishing a cooperative climate, which strengthens interpersonal relationships and motivates employees to work together as one team.
7. Provides a good base for gain sharing to prevent social inequity and dissatisfaction.
8. Builds up morale and motivation which lead to better performance and job satisfaction.
9. Discourages unilateral decisions – one man show – and encourages collective and informed decisions.

10. Stimulates intrinsic motivation to satisfy higher level needs like learning and growth.
11. Creates a sense of importance and ownership.
12. Establishes a good base for delegation of authority and sharing accountability.
13. Develops a democratic culture in which information, ideas, opinions, criticisms are exchanged freely and in a constructive way.
14. Minimises the impact of uncertainty and complexity when the organisation is exposed to a highly dynamic and competitive business environment – contributes to the sustainability and survival of the organisation.
15. Provides a good ventilation therapy for employees to address their grievances, problems, complaints etc.
16. Enables management to accommodate and resolve conflicts amicably and in a practical way.
17. Releases into organisation the wealth of knowledge, which is a reflection of employees' collective experience.

Miller and Monge (1986) find stronger correlations for job satisfaction supporting the affective explanation that working in a participative climate is strongly related to job satisfaction. Strategy and organisational behaviour researchers have found that involving employees with diverse perspectives can improve the quality of the decision-making process (Eisenhart, 1989; Schweiger et al. 1989). Participation becomes more effective when employees believe that they have a real opportunity to discuss problems and influence organisational decisions (Stanton,

1993). Researchers have recognised that resources can frequently be more effectively managed when managers and employees (main internal stakeholders) are directly involved in making decisions (Sen and Nielsen, 1996; Pomeroy, 2001; and Pretty and Ward, 2001). Masterson and Stamper (2003) argue that employees' rights to participate in decision making regarding their own work can strengthen the relational ties of employees within the organisation. It has been often asserted that participation by employees who will be affected by management decisions will enhance compliance, reduce the need for enforcement, and increase effectiveness (Pomeroy and Berkes, 1997; Carlsson and Berkes, 2005).

Realising the main benefits of participation by implementing the right participative schemes in the conventional retail banks would contribute towards minimising the organisational inequity and improve the productivity of employees.

3.8.2 The Negative Side

There are many drawbacks which should be considered carefully to avoid some misconceptions about participation. Hence, the most common dysfunctions of participation are addressed here.

1. When meetings are dominated by influential members, the benefits of participation tend to diminish.
2. Making decisions on the basis of consensus or majority votes is a time consuming process. Under some circumstances the organisation could be

- exposed to huge cost and high risks of losing good opportunities if decisions are not made during the right time.
3. Participation is confronted with strong resistance when managers are not willing to delegate authority to their subordinates.
 4. Participation could lead to prolonged discussions and wasting of time rather than facilitating the process of making decisions.
 5. Involvement of employees who do not have the right expertise would most likely lead to making wrong or poor quality decisions.
 6. Participation could expose the organisation to leakage of confidential information as a result of the involvement of many members in the decision making process.
 7. Since decisions are made collectively by team members, identifying and allocating individual accountability becomes extremely difficult.

Although evidence indicates that participation is associated with positive effect on job performance and satisfaction and it reduces turnover, findings are not uniformly supportive of participation (Spector, 1986). Locke and his associates conclude that there is much less research support for the value of participation on quality decision-making than commonly proposed (Locke et al. 1986). Some research has supported the assertion that participation in decision-making can result in a loss of managerial power (Pollock and Colwill 1987). Despite the fact

that there is considerable research showing that participative management positively affects employees' job satisfaction (Bernstein 1993), the relationship between participative decision making and job satisfaction could be nonlinear and contingent upon a large number of individual and situational variables (Cotton 1995). Researchers have interpreted inconsistent findings to suggest that participation provides opportunities for employees to use their skills to contribute to solving problems (Heller and Wilpert, 1981), but it all depends upon how they and their managers use these opportunities (Glew et al. 1995). Fisher (1998) contends that although participative management cures low morale and productivity, managers are often frustrated with their jobs. Part of this frustration may come from not understanding their changing roles in a participative work system. Daniels and Bailey (1999) argue that evidence regarding the impact of participative decision making on job satisfaction is not consistent. For more than four decades, Goal Setting Theory has arguably been the most influential motivational theory (Locke and Latham 1990). Li and Butler (2004) argue that the effect of goal participation on goal commitment is not supported by empirical evidence. Large number of contingencies would affect the outcomes of participative management, as would be the case with any management tool. Proponents of employee participation disagree about many issues (Moriarty, 2010) relating to (1) whether employees should exert control directly or indirectly through the election of representatives, (2) at what levels of the firm they should exert control, and (3) how much power, if any, employees should have.

Although the positive side of the relationship between participation and motivation could outweigh the negative side, the decision makers in the conventional retail banking should realise that participation is not a panacea and the success or failure of any participative scheme depends entirely on the prevailing situational factors inside and outside the organisation.

3.9 Leadership

The rationale behind examining the leadership as a 3rd dimension under the literature review is to establish a practical platform for implementing the recommended solutions to address the organisational inequity in the conventional retail banking sector. The concept of leadership styles and leader effectiveness has been studied and researched in earnest for several decades. Over time, a number of theories of leadership have been developed in the management field. This section covers the most popular styles of leadership.

3.9.1 Trait Theory

Trait Theory claims that people are born with inherited traits, some traits are particularly suited to leadership, and people who make good leaders have the right combination of these traits (Stogdill 1974). Finding out traits or characteristics of successful leaders is the main focus of Trait Theory. These traits can be used as a benchmark to predict potential leaders. Stogdill (1974) identifies specific traits and skills of great leaders. These traits are summarised in Table 3.2.

Table 3.2: Traits and Skills of Leaders

TRAITS	SKILLS
Adaptable to situations	Clever (intelligent)
Alert to social environment	Conceptually skilled
Ambitious and achievement-orientated	Creative
Assertive	Diplomatic and tactful
Cooperative	Fluent in speaking
Decisive	Knowledgeable about group task
Dependable	Organised (administrative ability)
Dominant (desire to influence others)	Persuasive
Energetic (high activity level)	Socially skilled
Persistent	Commitment
Self-confident	Strong personality
Tolerant of stress	Hard working
Willing to assume responsibility	Ownership

Source: Tabulated by the present researcher

McCall and Lombardo (1983) research both success and failure and they identified four primary traits by which leaders could succeed or derail:

- 1) Emotional stability and composure: calm, confident and predictable, particularly when under stress.
- 2) Admitting error: owning up to mistakes, rather than putting energy into covering up.
- 3) Good interpersonal skills: able to communicate and persuade others without resort to negative or coercive tactics.
- 4) Intellectual breadth: able to understand a wide range of areas, rather than having a narrow (and narrow-minded) area of expertise.

There have been many different studies of leadership traits and they agree only in the general qualities needed to be a leader (Ismail et al., 2012).

3.9.2 Behavioural Theory

Behavioural is a big leap from Trait Theory, in that it assumes that leadership capability can be learned, rather than being inherent - leaders can be made, rather than are born (Yukl, 2012).

3.9.3 Situational Leadership

The model of situational leadership was developed by Hersey and Blanchard (1969) and it was first known as the “life-cycle theory of leadership” (Avery and Ryan, 2002). The first version of the model was geared towards helping parents with their parenting skills and then further developed with the needs of the workplace and in 1972 it was renamed “situational leadership” (Avery and Ryan, 2002).

Situational leadership assumes that the best action of the leader depends on a range of situational factors. Situational leadership is a leadership theory which is based on the idea that there is no “one best way” of leadership and that the most successful leaders adjust their leadership style to the maturity of the individual or the group and also to the task which is to be performed (Hersey et al. 2009). The situational leadership posits that an appropriate leadership style should only be decided upon after the leader has considered the employees’ readiness and willingness to perform the required tasks. Situational leadership advocates leader’s adaptability or flexibility to the situational factors. The situational approach to leadership is one of the most prevalent leadership styles in use today (Ramkissoon, 2013).

The rapidly evolving global financial market is making it necessary for banks to do everything possible to remain competitive. One area which influences the bank's competitiveness is its leadership effectiveness. If leadership effectiveness is comprehended, then the skill of motivating employees to achieve the organisational objectives will also be understood. Hence, situational leadership is very important and relevant to the conventional retail banking sector because the business environment in this segment of the financial services sector is dynamic and unpredictable.

3.9.4 Contingency Theory

Fiedler, 1967 points out that contingency theories are a class of behavioural theory that contend that there is no one best way of leading and that a leadership style that is effective in some situations may not be successful in others. Fiedler's (1971) theoretical and empirical work on his "contingencies" model has provided greater understanding and insight in the area of leadership effectiveness. Fiedler based his theory on the relationships of three primary functions: (1) positional power, (2) the nature of the subordinate's task, and (3) the nature of the interpersonal relationship between the leader and the follower.

Contingency theory is similar to situational theory in that there is an assumption of no simple one right way. The main difference is that situational theory tends to focus more on the behaviours that the leader should adopt (Fiedler and Garcia, 1987) given situational factors (often about followers' behaviour), whereas contingency theory takes a broader view that includes contingent factors about

leader capability and other variables within the situation (Hickson et al. 1971). Leaders must effectively choose the leadership style most appropriate to the situation or context in order to achieve a high level of commitment from followers. This leadership is supported by the contingency theory of leadership, which states that no one leadership style is suitable for all situations (Kalaluhi, 2013).

The contingency theory of leadership requires that all important situational factors in the conventional retail banking sector should be examined thoroughly to build up and implement the right style of leadership.

3.9.5 Transactional Leadership

The early stage of transactional leadership is in negotiating the contract whereby the subordinate is given a salary and other benefits, and the company and the manager gets authority over the subordinate (Graen and Cashman, 1975). Transactional leadership involves a single exchange/transaction process between the leader and the follower (Burns 1978). The leader identifies the rewards that will be given when the follower or colleague fulfils the requirements. Therefore, there is a mutual dependence between the parties in which both sides' inputs are rewarded either by "contingent reward" or "management by exception" (Bass and Avolio 1994). In "contingent reward," the leader assigns a goal and promises or actually rewards for satisfactory performance. In "management by exception," the leader actively monitors the follower's work and takes the necessary corrective actions either proactively or retroactively (Bass and Avolio 1994). In fact, transactional leadership originates from a social

exchange perspective that focuses on the implicit social contract between leaders and followers and its relationship to effectiveness (Avolio, 1999). The embedded assumptions in the transactional leadership are as follows:

- 1) People are motivated by reward and punishment.
- 2) Contingency: reward or punishment is contingent upon performance.
- 3) Social systems work best with a clear chain of command.
- 4) When people have agreed to do a job, a part of the deal is that they cede all authority to their manager.
- 5) The prime purpose of a subordinate is to do what their manager tells them to do.

A good example of transactional skills can be found in today's social networking paradigm, as the ability to send and receive information is a two-way exchange with leaders and followers exchanging communications in real time (Li, et al. 2006). The main limitation is the assumption of "rational man", a person who is largely motivated by money and simple reward, and hence whose behaviour is predictable.

3.9.6 Transformational Leadership

Transformational leadership is seen when leaders stimulate interest among their followers for new perspectives, develop them to reach higher levels of their potential, and motivate them to look beyond their own interests and consider the good of their group (Bass and Avolio 1994). As such, transformational leaders transform their employees to reach higher performance standards and they

initiate growth and change in the organisation (Den Hartog et al. 1997). Transformational leadership is defined as engendering trust in the leader and between followers (Hoyt and Blascovitch, 2003) and influencing others through inspiration and vision (Bass and Riggio, 2006).

Transformational leadership consists of four clusters of behaviours which include idealised behavior (charisma), inspirational motivation (shared goal expression and understanding of good morals and ethics), intellectual stimulation (promotions of new ways of thinking), and individualised consideration (provision of individualised care and considerations) (Li, et al. 2006). These behaviours are likely to satisfy followers' needs for autonomy, competence, and relatedness (Shamir et al. 1993). Transformational leadership attributes noted in the results of research include increased innovation, better overall performance, increased commitment, and improved self-confidence (Bass, 1985). Bono and Judge (2003) find that transformational leadership influences autonomous work motivation. Results from recent research suggest that managers motivated internally at work i.e. acting out of a sense of enjoyment, trust, and self-worth, are more likely to use transformational leadership behaviours (Barbuto, 2005). Transformational leadership also enhances team cohesion and feeling related to others, which leads followers to commit to a common cause (Bass and Riggio, 2006). Schaubroeck et al. (2007) find that team performance was influenced by transformational leadership, mediated by group potency. Transformational leaders are able to get followers to do much more than they had anticipated in an effort to satisfy the expectations of the leader.

Transformational leadership is more suited to the conventional retail banking sector because it has more of a “selling style”, whereas transactional leadership, once the employment contract is in place, takes on a 'telling' style”.

3.9.7 Authoritarian Leadership

Authoritarian leadership has been defined as “*leader’s behaviour that asserts absolute authority and control over subordinates and demands unquestionable obedience from subordinates*” (Cheng et al. 2004, p. 91). Unlike participative leaders, authoritarian leaders use the power-asymmetry between leaders and followers to assure personal dominance and to centralise control (Tsui et al. 2004). This is mainly because authoritarian leaders believe they know more than others in the organisations and have the right to get things done in their own ways. As a result, they pursue personal dominance over subordinates, in that authoritarian leadership behaviours emphasise unilateral decision-making through the leader and strive to maintain the distance between the leader and his or her followers (Aryee et al. 2007). Absolute power has often been associated with abuse and leaders’ quest for personal benefits (Sivanathan et al.2008). Several scholars have proposed that authoritarian leadership behaviours signal a strong disregard for the interests and perspective of their subordinates (Chan et al. 2012). Under authoritarian leadership style, subordinates are more likely to focus on their own interests and their investment in group-oriented activities will be reduced (Schuh et al. 2013).

3.9.8 Paternalistic Leadership

One of the leadership styles most often seen in developing countries is paternalistic leadership, and has been found to be the dominant type in South-East, Asian, Latin American, Middle Eastern and African countries (Aycan 2006).

Paternalistic leadership is defined in a hierarchical relationship, where:

“The role of the superior is to provide care, protection, and guidance to the subordinate both in work and non-work domains, while the subordinate, in return, is expected to be loyal and deferential to the superior” (Aycan 2006, p. 446).

A paternalistic leader shows both autocratic and nurturant behaviours and acts like a parent to his/her followers (Cheng et al. 2004).

3.9.9 Laissez-Faire Leadership

Laissez-faire leadership, also known as delegative leadership, is a type of leadership style in which leaders are hands-off and allow group members to make the decisions. Laissez faire leadership describes passive leaders who are reluctant to influence subordinates or give direction. They generally refrain from participating in group or individual decision making and, to a large extent, abdicate their leadership role (Stoner, 1982). Subordinates are given considerable freedom of action and, therefore, seem likely to maximize their power and influence. Laissez-faire leadership is characterised by:

- 1) Very little guidance from leaders.
- 2) Complete freedom for followers to make decisions.
- 3) Leaders provide the tools and resources needed.
- 4) Group members are expected to solve problems on their own.

Unlike other leadership styles, laissez-faire leader behaviour is not related to follower performance. Rather, it is characterised by avoiding decisions, hesitating to take action, and being absent when needed. Judge and Piccolo (2004) find strong significant negative correlations between laissez-faire leadership and leader effectiveness (i.e. $r = -.54$) and satisfaction with the leader (i.e. $r = -.58$). In a more recent empirical study, Skogstad et al. (2007: 80) agree with these findings and conclude that “*laissez-faire leadership behaviour is a destructive leadership behaviour*”.

Laissez-faire leadership can be effective in situations where group members are capable and motivated of working on their own. Laissez-fair is not the right style of leadership for the conventional retail banking which is characterised by high levels of uncertainty, complexity and interdependency. This type of organisational setting requires leaders and followers to work together as one team because decisions imply collective responsibilities and accountabilities.

3.9.10 Participative Leadership

Participative management involves employees in making organisational decisions (Kim, 2002). Participative leaders consult with employees, ask for their suggestions, and take their ideas into consideration before making collective

decisions. The main assumptions of the participative leadership can be summarised as follows:

- 1) Involvement in decision-making improves the understanding of the issues involved by those who must carry out the decisions.
- 2) People are more committed to actions where they have involved in the relevant decision-making.
- 3) People are less competitive and more collaborative when they are working on joint goals.
- 4) When people make decisions together, the social commitment to one another is greater and thus increases their commitment to the decision.
- 5) Several people deciding together make better decisions than one person alone.

There are many potential benefits of participative leadership, as indicated in the assumptions above. Participative leadership is described as emphasising employees' reliance on self-influence rather than hierarchically controlled processes (Houghton and Yoho, 2005). In fact, different types of studies investigate leadership behaviour on the basis of different variables (Becker et al. 1996; Brown, 2003; Rad and Yarmohammadian, 2006; Yiing and Ahmad, 2009) show that properly implemented relationship oriented leadership behaviour, such as participative and consultative leadership styles, has been a major determinant of job satisfaction. *"Our results provide field-based evidence that pay-for-*

performance (PFP) and participative goal setting affect the level and accuracy of goals (Anderson et al. 2010: 90).

The question of how much influence others are given may vary according to the manager's preferences and beliefs. Decisions on how to achieve objectives may be highly participative, whilst decisions during subordinate performance evaluations are more likely to be taken by the manager, although the subordinates have the full right to raise and document their comments in the appraisals (Hornickel, 2012).

Leaders in the conventional retail banking sector are encouraged to use participative leadership because they are limited in terms of time, energy, knowledge and scope of authority. Employees or followers in the banking industry would most likely become more motivated if given greater decision authority.

3.10 Critical Review of Leadership

The impact of the different styles of leadership on such organisational attitudes as job satisfaction, commitment, motivation, turnover intention, loyalty, etc. has been addressed in the literature through the concept of “bullying” or “mobbing”. Mobbing has been defined as *“hostile and unethical communication that is directed in a systematic way by one or more persons, mainly towards one targeted individual”* (Leymann 1990: 120). The most common type of mobbing is

“downward mobbing,” in which the mobbers are superiors and victims of physical and psychological harm are the subordinates (Vandekerchove and Commers 2003: 42). Leadership has been identified as one of the most important predictors of mobbing in the literature. The terms “militant managers” (Elbing and Elbing 1994), “abusive supervision” (Tepper 2000) and “destructive leadership” (Einarsen et al. 2002) are used in the literature for managers and leaders who mob their subordinates.

Authoritarian leadership has been suggested to be positively associated with mobbing at the workplace (Hoel et al. 2010). Engaging in mobbing behaviours satisfies the authoritarian leader’s need for control and power over the subordinates (Aryee et al. 2007). Moreover, authoritarian leaders are unable to manage their emotions and for this reason they are more prone to display abusive behaviors at the workplace (Ashfort 1997).

The perception and effectiveness of paternalistic leadership style differs across cultures (Ayman et al. 2000). For instance, in Western cultures characterised by high individualism and low power distance, paternalistic leadership behaviours may be perceived as exploitative, repressing, authoritarian, ineffective, immoral and as an invasion of privacy. Since it is associated positively with employee attitudes towards the organisation, it is perceived as desirable and effective in collectivistic and high power distant cultures (Cheng et al. 2004). In fact, it is difficult to have specific predictions regarding the relationship between

paternalistic leadership and mobbing. Paternalistic leadership has nurturance as well as authoritarianism in its conceptualisation and manifestation (Aycaan 2006; Cheng et al. 2004). While the latter would trigger mobbing, the former would decrease its likelihood. Creating a family-like environment in the workplace is the dimension that is associated negatively with mobbing, whereas seeking loyalty and deference is associated positively with mobbing (Soylu 2011).

Research suggests that transactional leadership, especially contingent reward behaviours; reduce job related stress by setting clear targets and performance criteria, thereby decreasing uncertainty in the work environment (Sosik and Godshalk 2000). Since uncertainty and conflicts are the major stressors for employees, contingent reward behaviours decrease job-related stress (Stordeur et al. 2001). The literature states that transactional leaders are effective because they reward subordinates for meeting the goals, and correct them for failing to meet the goals (Eagly et al. 2003). Since transactional leadership includes active monitoring of the follower's performance and taking the corrective action for unacceptable performance, it can be inferred that transactional leadership is negatively associated with such abusive behaviours as threats and punishments which are based on unclear or unannounced standards.

Transformational leadership is associated with positive organisational outcomes, such as job satisfaction and supervisory satisfaction (Hater and Bass 1988); organisational citizenship behaviours (Koh et al. 1995); organisational commitment (Barling et al. 1996) and performance (Judge and Piccolo 2004).

Studies have also shown that transformational leadership reduces negative organisational outcomes (Kelloway et al. 2005). Transformational leaders encourage followers to perceive stressful events and difficult situations as challenges and personal development opportunities (Bass and Avolio 1994), therefore, a negative association between transformational leadership and job-related stress has been supported (Sosik and Godshalk 2000). Transformational leadership was also found to enhance empowerment and self-confidence in employees (Dvir et al. 2002). The findings of these researches indicate that transformational leadership could be one of the most effective leadership styles in terms of tackling mobbing in the workplace.

In a nutshell, transformational and transactional leadership are negatively, authoritarian leadership is positively, and paternalistic leadership is mildly and negatively related to mobbing (Ertureten et al. 2013).

Decision makers and key figures in the conventional retail banks should realise that downward mobbing is significantly associated with lower job satisfaction, lack of commitment, higher turnover, hostile behaviours, and last but not least fragile motivation, which are serious symptoms of the organisational inequity.

3.11 Building up Participative Leadership Style

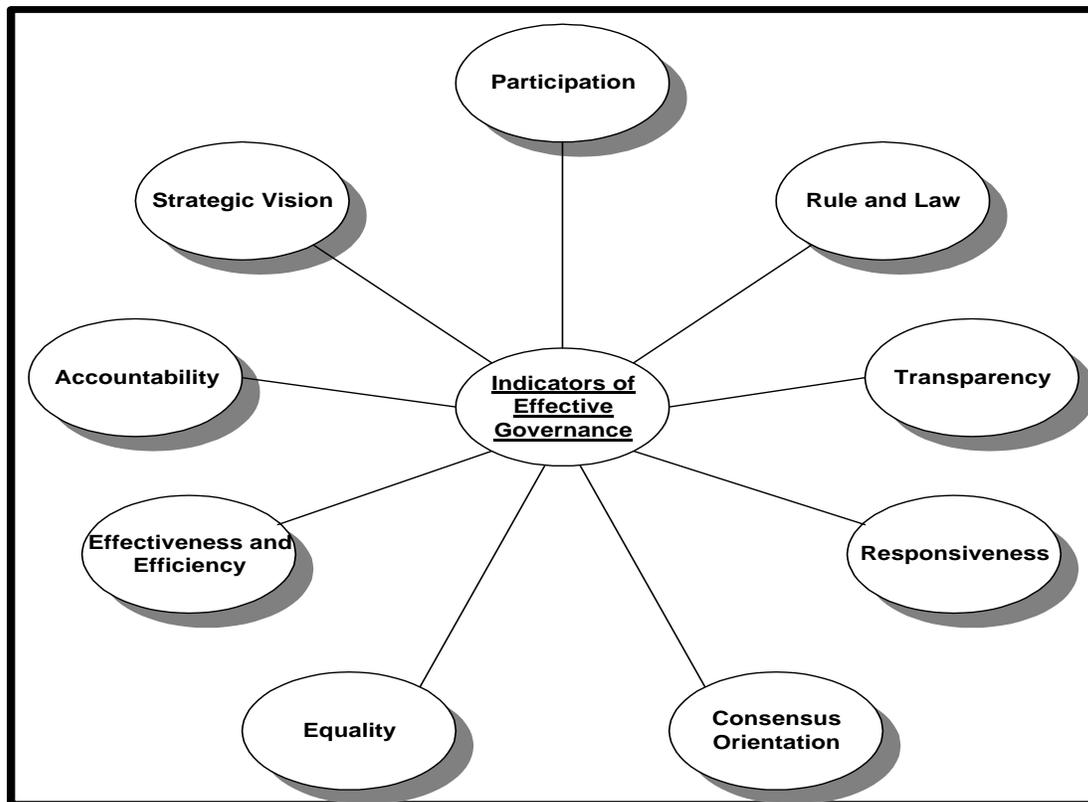
Irrespective of the pros and cons of participation, the management of the conventional retail banks can realise the benefits of participative leadership in the case where the following main participative principles are implemented:

- 1) Involve employees in real rather than mock participation because bankers are intelligent enough to find out the real difference.
- 2) Participants should be selected on the basis of competency rather than their position in the hierarchy.
- 3) The personal, departmental and divisional interests should be subordinated to the overall objectives of the bank – participants must wear the “corporate hat” when making decisions.
- 4) Full transparency in terms of sharing information during the decision-making process.
- 5) Employees and managers must interact openly and productively to take advantage of the opportunity of joint decision-making.
- 6) The participative decision-making process should be based on constructive controversy - open-minded discussion of opposing positions.
- 7) Every employee should have equal chance in formulating the final decision – dominance should be discouraged and avoided.
- 8) Given the fact that reaching consensus is not always possible, the decision must be made on the basis of the “majority vote”. In case of a tie, the chairman of the committee or the team leader should have the “casting vote”.
- 9) Regular reporting of the interim and final results (feedback).

Due to the global financial crisis, which has affected the banking industry and the financial system across the globe, the central banks (regulatory authorities) have become very effective and firm in terms of implementing the best corporate

governance practices. The main driving force behind this trend is to make sure that the executive management of the banks implement and follow prudent policies and procedures in order to maintain a good balance between risks and returns and avoid repeating the same mistakes of the current global financial crisis in the future. Indicators of effective corporate governance can be derived from Figure 3.10.

Figure 3.10: Indicators of Effective Governance



Source: Al-qudsy and Ab-Rahman (2011: 615)

Participation is an integral part of Figure 3.10 through which the other components such as transparency, responsiveness, consensus orientation, equality, efficiency and effectiveness, and shared accountability can be achieved. Nowadays, for example, it has become common practice in Bahrain for the

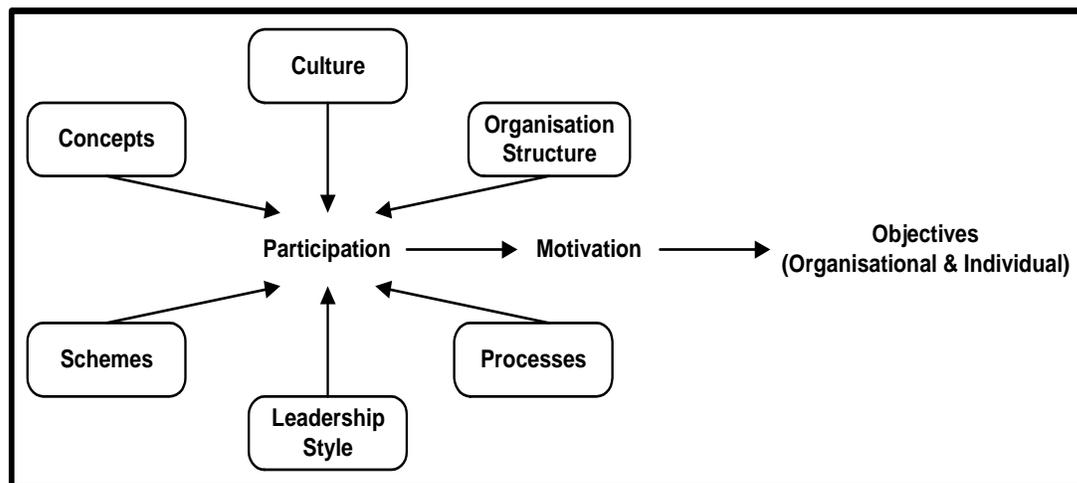
wholesale and retail banks (Islamic and conventional) to receive consultative papers from the Central Bank of Bahrain (CBB) to solicit their opinions about important corporate governance issues before the final rules and laws are issued and circulated by CBB for implementation.

“Effective leadership within an organisation is often viewed as the foundation for organisational performance and growth” (Vardiman et al. 2006: 93), hence, banks that lack strong leadership are likely to fail to meet performance expectations. Although the situational and contingency leaderships can provide a “quick fixes kit” to the organisational inequity in the conventional retail banking sector, the transformational and/or participative leadership are the best long-term solutions.

3.12 The Different Faces of Participation

The critical review of the existing literature shows that participation can take different forms in the organisational setting as illustrated in Figure 3.11.

Figure 3.11: The Different Forms of Participation



Source: Designed by the present researcher

Figure 3.11 indicates that participation can be looked at from different perspectives. It can take the form of culture (participative culture), concepts (delegation, autonomy, empowerment, etc.), schemes (Delphi Method, Nominal Group Technique (NGT), Gains sharing, etc.), leadership style (transformational, democratic, participative etc.), organisation structure (flat, committees, teams etc.) and processes (decentralised decision making process). Irrespective of what form the participation takes, its ultimate objective is to motivate employees to make good quality decisions and achieve better results so that an integration between organisational and individual objectives are realised.

3.13 Hypotheses

Given the nature of the research questions and objectives, which have been formulated, developed and refined on the basis of critical review of the existing literature, the following interrelated hypotheses have been developed:

Ho1: Organisational inequity is not experienced by the Bahraini employees in the conventional retail banking sector.

Ho2: Effective implementation of motivational and participative strategies does not create congruence between the organizational objectives and employees' needs.

Ho3: Employees in the conventional retail banking do not have a high demand for participative management.

Ho4: Monetary and non-monetary factors do not affect the level of the organisational inequity.

Ho5: Personal factors do not mitigate the negative impact of the organisational inequity.

Ho6: The external and internal factors do not have any impact on the organisation inequity.

Ho7: The organisational inequity does not affect the level of demand for participative management.

Ho8: The organizational inequity has negative impact on motivation.

3.14 Summary

This chapter puts the definition of participation into the right context for this research. Sharing is the key word which is embedded in such different forms of participation as consultation, communication, delegation, democracy, autonomy, employee involvement and empowerment, which represent different levels of participation – starting from communication (lowest level of participation) to empowerment (highest level of participation). Participation without sharing authority, power, control and information (the main components of participation) is a worthless concept. Practical solutions to the organisational inequity can be derived from the participative schemes like Brainstorming, Delphi Method, Nominal Group Technique, Gainsharing etc., which represent different procedures of sharing authority, power, control, information, rights, rewards, values, objectives etc. Although the current practice in the conventional retail banking sector is to establish a large number of committees, tasks forces, quality circles etc., what matters at the end of the day is not the number of these

participative structures but what is perceived by employees as real participation. On the basis of the critical review of the existing literature, the motivational side of participation has been established in this research. Analysing the positive and negative sides of the relationship between motivation and participation indicates manifestly that participation is not a panacea and the success or failure of any participative scheme is contingent upon the prevailing situational factors inside and outside the organisation. While situational and contingency leaderships can provide a “quick fixes kit” to the organisational inequity, the critical analysis of the different styles of leadership indicate that participative and/or transformational leadership are the best long-term solutions. Building up participative leadership in the conventional retail banking sector requires readiness to change, challenging the status quo and implementation of clear and effective participative strategies. Despite the fact that participation can take different forms i.e. culture, concepts, schemes, processes etc., its ultimate objective is to integrate the organisational objectives with the individual needs, which, in turn, will stimulate a high level of motivation towards achieving the best results.

The next chapter gives an overview of the Kingdom of Bahrain from four important perspectives: political system, economy, total population, and employment analysis.

Chapter Four

The Banking Industry in Bahrain

Chapter Four

The Banking Industry in Bahrain

4.1 Introduction

This chapter aims to present a clear picture about the conventional retail banking sector (the research field) in the Kingdom of Bahrain. It shows through the financial analysis of the performance of the banking industry in general and the retail banking in particular, how the working environment in the research field is highly dynamic, complicated and competitive. The chapter is structured as follows: Section 4.2 presents the profile of the Kingdom of Bahrain; Section 4.3 provides an overview of the financial sector in the Kingdom of Bahrain which consists of retail and wholesale banks (conventional and Islamic); analysis of the financial performance of the wholesale and retail banks is carried out under section 4.4 followed by a summary in section 4.5.

4.2 The Kingdom of Bahrain

This section presents a profile of the Kingdom of Bahrain from four important aspects: political system, economy, population and employment.

4.2.1 Political System

Bahrain gained independence from the British in 1971. Between 1961 and 1999, Bahrain was ruled as an emirate by the late Sheikh Isa bin Salman Al Khalifa. On his death in 1999, Sheikh Hamad bin Isa Al Khalifa, his son, became the island's

ruler and embarked on a reform programme. In 2001, the National Action Charter was published, setting out key principles for the government of Bahrain, including the establishment of a constitutional monarchy, parliamentary elections, and universal suffrage for men and women. The charter was ratified by a national referendum (http://en.wikipedia.org/wiki/National_Action_Charter_of_Bahrain) with 98.4% of voters in favour of transforming the hereditary emirate into a constitutional monarchy, thereby establishing the current Kingdom of Bahrain ruled by King Hamad bin Isa Al Khalifa.

4.2.2 An Overview of the Economy

Bahrain was the first country in the Middle East to discover oil in 1932. Bahrain pursued an early policy of economic diversification. This policy formed the basis for the Economic Vision 2030. Over the past decade Bahrain has continued to open its economy to private sector investment – not only in financial services but in utilities and manufacturing as well. The country has focused on building capacity in aluminium smelting, oil refining and petrochemicals production, industries which rely on a steady supply of hydrocarbons. In 2011 oil accounted for approximately 13% of GDP and 75% of government revenue. The latest statistics from Central Bank of Bahrain (<http://www.cbb.gov.bh/>) indicate GDP (current) was \$30.4 billion at the end of 2012 which recorded a growth rate of 4.1% over 2011. While oil and gas exports still play a major part in the economy, Bahrain's financial sector – which accounted for around 16.8% of GDP in 2012 – is the largest non-oil contributor to the national balance sheet and is of central importance to the country's economic development.

The Kingdom was ranked 38th in the World Bank’s 2012 “Doing Business” report, and for the third time ranked 37th in the World Economic Forum’s “Global Competitiveness Report” in 2011. Bahrain was also notably ranked the 12th freest economy in the world and first in the Middle East and North Africa (MENA) region, according to the 2012 Index of Economic Freedom.

4.2.3 Total Population

The country’s population is diverse and multicultural and it is home to a variety of different ethnicities. Statistics from Central Informatics Organisation (Table 4.1) put the total population of the Kingdom at 1.2 million, with 584,688 nationals and 610,332 non-Bahrainis, who make up 51% of the total populace.

Table 4.1: Total Population of Bahrain

Nationality & Sex	2002	2005	2008	2011
Bahraini				
Males	215,813	244,889	273,612	295,878
Females	211,432	239,922	267,975	288,810
Sub-Total	427,245	484,811	541,587	584,688
Non-Bahraini				
Males	202385	288610	402978	445,605
Females	80,924	115,403	158,931	164,727
Sub-Total	283,309	404,013	561,909	610,332
Bahraini & Non-Bahraini				
Males	418,198	533,499	676,590	741,483
Females	292,356	355,325	426,906	453,537
Grand Total	710,554	888,824	1,103,496	1,195,020

Source: http://www.cio.gov.bh/cio_ara/English/Publications/Statistical%20Abstract/ABS2011/CH2/1.pdf

4.2.4 Employment Analysis

Statistics from the Social Insurance Organisation about employment are presented in Table 4.2, and indicate that the total employment in Bahrain increased from 508,225 (2009) to 544,596 (2012) i.e. an increase of 7% over the past four years. Within the public and private sectors, the Bahrainis represent almost 90% and 17% respectively of the total employment. There is an employment concentration of Bahraini citizens in the public sector whereas the non-Bahraini employees dominate employment in the private sector.

Table 4.2: Employment in Bahrain

CATEGORY	2009	2010	2011	2012
Private Sector	455,702	451,219	452,791	491,866
<i>Bahraini</i>				
Male	55,994	57,233	56,585	58,675
Female	24,127	24,647	24,260	24,817
Sub-total	80,121	81,880	80,845	83,492
<i>Non-Bahraini</i>				
Male	356,390	348,547	349,993	383,264
Female	19,191	20,792	21,953	25,110
Sub-total	375,581	369,339	371,946	408,374
Public Sector				
<i>Bahraini</i>				
Male	30,446	29,264	27,429	28,044
Female	22,077	22,332	22,158	24,686
Sub-total	52,523	51,596	49,587	52,730
Bahraini	132,644	133,476	130,432	136,222
Non-Bahraini	375,581	369,339	371,946	408,374
Total Employment	508,225	502,815	502,378	544,596

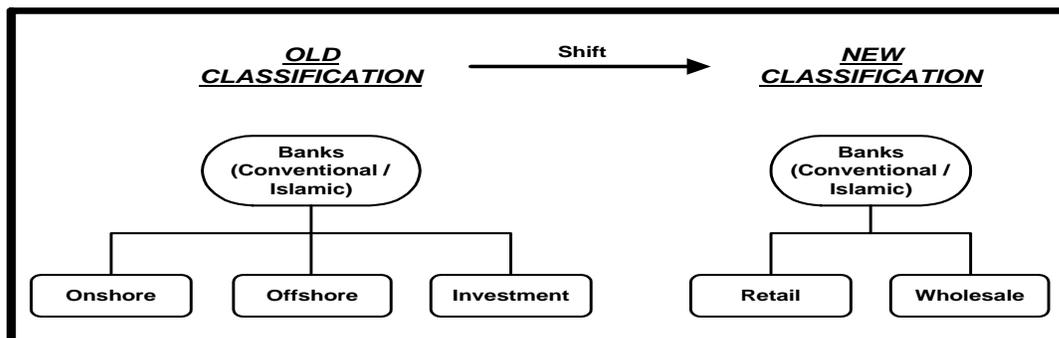
Source: <http://www.sio.bh/reports/pdf/Statistical%20Report%202012Q4.pdf>

4.3 Financial Sector in Bahrain

As civil war raged in Beirut in the late 1970s and early 1980s, regional and international banks seeking a stable political environment relocated their offices and staff to Bahrain. This made it one of the first GCC states to move its economy beyond a traditional reliance on hydrocarbons export. The Bahraini banking sector is composed of local, regional and international firms. As per the statistics (<http://www.cbb.gov.bh/>) available from the Central Bank of Bahrain, the financial services sector employs around 14,000 employees, 33% of whom are foreign nationals. Bahrain is also a major centre for offshore banking and funds in the region, with 2789 authorised funds registered as of February 2012 (<http://www.cbb.gov.bh/>).

Bahrain has a large and diversified market with over 400 financial institutions, including a wide range of both conventional and Islamic banks. In July 2006 the classification of all banks was reorganised, eliminating the old system that divided banks into onshore, offshore and investment banks. Under the new system, banks are now classified as either wholesale or retail banks. The new shift in the classification of the banks is illustrated in Figure 4.1

Figure 4.1 Classification of Banks



Source: Designed by the present researcher

4.3.1 Conventional Banks (Retail / Wholesale)

The conventional banking industry in the Kingdom of Bahrain consists of 23 retail banks and 53 wholesale banks as shown in Tables 4.3 and 4.4.

Table 4.3: Conventional Retail Banks

Bank Name	Bank Name	Bank Name
Ahli United Bank	Eskan Bank	National Bank of Kuwait
Arab Bank	Future Bank	Oasis Capital Bank
BNP Paribas	HSBC Bank Middle East Limited	Rafidain Bank
Bahrain Development Bank	Habib Bank Limited	Standard Chartered Bank
BBK	ICICI Bank	State Bank of India
Bank Muscat International	Mashreq Bank	The Housing Bank for Trade and Finance
Credit Libanais SAL	National Bank of Abu Dhabi	United Bank Limited
Citibank N. A.	National Bank of Bahrain	

Source: http://www.cbb.gov.bh/page-p-cbb_register.htm

Bahrain's local retail banking segment is dominated by three players which run branch networks that are considerably larger than their competitors: NBB (25 branches), Ahli United Bank (20 branches) and BBK (16 branches). Other retail banks operating in the Kingdom maintain networks of between two and six branches or, in some cases, conduct their business from a single head office.

Table 4.4 shows that there are 53 conventional wholesale banks licensed to operate in the Kingdom of Bahrain. Wholesale banks, known as offshore banks until a 2006 reorganisation of the sector, may not operate branch networks but can do business with non-resident individuals and firms, which do not maintain an office in Bahrain, and can also compete for business with local individuals and firms subject to restrictions set by the CBB.

Table 4.4: Conventional Wholesale Banks

Bank Name	Bank Name	Bank Name
Addax Bank	Citibank N.A.	National Bank of Abu Dhabi
Allied Bank Limited	Citicorp Banking Corporation	National Bank of Pakistan
Allied Banking Corporation	Credit Agricole Corporate and Investment Bank	Saudi National Commercial Bank
Arab Bank	Denizbank A.S.	Securities & Investment Company
Alubaf Arab International Bank	Finansbank A.S.	Standard Chartered Bank
Arab Banking Corporation	Gulf International Bank	State Bank of India
Arab Investment Company	Gulf One Investment Bank	TAIB Bank
Arab Petroleum Investments Corporation	Habib Bank Limited	The Bank of Tokyo-Mitsubishi UFJ Ltd.
Askari Bank Limited	HDFC Bank	The International Banking Corporation
Awal Bank	Hongkong and Shanghai Banking Corporation Limited	Turk Ekonomi Bankasi
Bahrain Middle East Bank	HSBC Bank Middle East Limited	Turkiye Halk Bankasi A.S.
Bank Alfalah Limited	ING Bank A.S.	Turkiye Is Bankasi A.S.
Bank Al Habib Limited	Investcorp Bank	UBS Global Asset Management
Bank of Baroda	JPMorgan Chase Bank, N.A.	United Gulf Bank
Banque International a Luxembourg Bahrain	Korea Exchange Bank	Vakifbank Turkiye Vakiflar Bankasi
BNP Paribas	Malayan Banking Berhad (Maybank)	Voori Bank
BNP Paribas 3U	MCB Bank Limited	Yapi ve Kredi Bankasi
Canara Bank	Merrill Lynch International Bank Limited	

Source: http://www.cbb.gov.bh/page-p-cbb_register.htm

4.3.2 Islamic Banks

Bahrain is a major centre for Islamic finance. Bahrain's reputation as a centre of Islamic finance stems largely from the presence of 6 Sharia-compliant retail banks and 20 wholesale operators. Table 4.5 shows the names of the Sharia-compliant retail banks.

Table 4.5: Islamic Retail Banks

Bank Name	Bank Name
Al Baraka Islamic Bank	Ithmaar bank
Al Salam Bank	Khaleeji Commercial Bank
Bahrain Islamic Bank	Kuwait Finance House

Source: http://www.cbb.gov.bh/page-p-cbb_register.htm

The 20 wholesale banks, which are licensed by the Central Bank of Bahrain and have operations in the local market, are listed in Table 4.6.

Table 4.6: Islamic Wholesale Banks

Bank Name	Bank Name
ABC Islamic Bank	First Energy Bank
Al Baraka Banking Group	Global Banking Corporation
Arab Islamic Bank	Gulf Finance House
Acrapita Bank	International Investment Bank
Bank Al-Khair	Investment Dar Bank
Capinnova Investment Bank	Investors Bank
Capital Management House	Kuwait Turkish Participation Bank
Capinvest	Liquidity Management Centre
Citi Islamic Investment Bank	Seera Investment Bank
Elaf Bank	Venture Capital Bank

Source: http://www.cbb.gov.bh/page-p-cbb_register.htm

The numbers of financial institutions, under both the Conventional and Islamic banking, are summarised in Table 4.7.

Table 4.7: Conventional & Islamic Banks

Types of Institutions	Number
Conventional Banks	
Retail	23
Wholesale	53
Islamic Banks	
Retail	6
Wholesale	20

Source: Summarised by the present researcher

Despite the fact that these banks compete with each other, they have common concerns about how they can improve the level of motivation, morale and loyalty of their employees in order to maintain their leading position in the local market and gain competitive advantage in today's constantly changing and uncertain financial and economic environment.

4.4 Financial Analysis of Wholesale and Retail Banks

The main purpose of this section is not to conduct a comprehensive financial analysis of the impact of the global financial crisis on the banking industry in Bahrain but rather to show how such an industry is highly dynamic and vulnerable to changes in the external environment. This is an important aspect that needs to be addressed in order to examine and understand the motivational process in the conventional retail banking sector from an open system perspective. The financial analysis is conducted at four levels: (1) Overall analysis of wholesale and retail banks, (2) Analysis of wholesale banks, (3) Analysis of retail banks, and (4) Analysis of Islamic banks. Statistics for 2008 and 2012 were used as the benchmark to compare the financial performance of the

banking industry in Bahrain before and after the impact of the global financial crisis.

4.4.1 Overall Analysis of Wholesale and Retail Banks

The sector showed a rapid expansion of assets in the years prior to the global financial crisis, peaking in 2008 at \$252bn, followed by a contraction as the effects of the crisis took hold and banks addressed the problem of impaired assets on their balance sheets.

The consolidated Balance Sheet of the Banking System (Retail Banks and Wholesale Banks) dropped from US\$252bn (2008) to US\$185bn (2013) i.e. a 26% decline in the overall banking industry, which is a direct reflection of the global financial crisis. Table 4.8 provides a clear picture of such a declining trend.

Table 4.8: Aggregated Balance Sheet of the Banking System

Aggregated Balance Sheet of the Banking System: Retail Banks and Wholesale Bank (U.S.D Million)					
	2008	2013		2008	2013
ASSETS			LIABILITIES		
<i>I) Domestic</i>			<i>I) Domestic</i>		
Banks	19,917	10,153	Banks	18,833	7,736
Private Non-Banks	20,035	24,958	Private Non-Banks	18,752	23,749
Government	2,365	8,184	Government	3,942	6,058
Other	6,176	3,388	Other	12,954	11,244
Sub-Total	48,493	46,683	Sub-Total	54,481	46,683
<i>II) Foreign</i>	203,862	138,637	<i>II) Foreign</i>	197,874	136,533
Grand Total	252,355	185,320	Grand Total	252,355	185,320

Source: http://www.cbb.gov.bh/page-p-statistical_bulletin.htm

4.4.2 Analysis of the Wholesale Banks

Bahrain's wholesale banks, which had grown their assets on the back of the pre-crisis Gulf real estate boom, were particularly hard hit by the global economic slowdown. These banks experienced substantial decline in their consolidated balance sheet. For example, the total assets decreased from US\$ 189bn (2008) to US\$ 112bn (2013) i.e. a net decline of 41%. Table 4.9 is self-explanatory and it shows how the wholesale banks' consolidated balance sheet was affected negatively mainly because of the domestic and foreign assets which were decreased by 63% and 38% respectively.

Table 4.9 Wholesale Banks Aggregated Balance Sheet

Wholesale Banks - Aggregated Balance Sheet (US\$ Million)					
	2008	2013		2008	2013
ASSETS			LIABILITIES		
<i>I) Domestic</i>			<i>I) Domestic</i>		
Banks	10,370	3,274	Banks	11,141	3,686
Private Non-Banks	3,525	2,328	Private Non-Banks	1,881	815
Government	527	241	Government	407	492
Other	4,458	1,408	Other	8,100	4,444
Sub-Total	18,880	7,251	Sub-Total	21,529	9,437
<i>II) Foreign</i>			<i>II) Foreign</i>		
Banks	18,281	12,470	Banks	49,843	28,978
Non-Banks	70,096	26,520	Non-Banks	25,780	25,121
Securities	34,217	27,130	Securities	3,927	1,838
Head Office & Affiliates	43,278	29,953	Head Office & Affiliates	74,298	28,172
Other	4,111	8,631	Other	13,486	18,409
Sub-Total	169,983	104,704	Sub-Total	167,334	102,518
Grand Total	188,863	111,955	Grand Total	188,863	111,955

Source: http://www.cbb.gov.bh/page-p-statistical_bulletin.htm

4.4.3 Analysis of Retail Banks

Retail banks, which were less affected by the changing economic backdrop, have also engaged in an extended period of balance sheet cleaning and provisioning, but have in general experienced a more even recovery in the years since the financial crisis. Table 4.10 shows the trend in the assets and liabilities during the period from 2008 to 2013.

Table 4.10: Retail Banks Aggregated Balance Sheet

Retail Banks - Aggregated Balance Sheet (U\$\$ Million)					
	2008	2013		2008	2013
ASSETS			LIABILITIES		
<i>I) Domestic</i>			<i>I) Domestic</i>		
Cash	178	266	Central Bank of Bahrain	593	505
Central Bank of Bahrain	2,479	2,535	Banks	7,101	3,543
Banks	6,891	4,077	Private Non-Banks	16,870	22,934
Private Non Banks	16,511	22,628	Government	3,535	5,564
Government –Loans	753	484	Other	1,077	1,021
Government - Securities	1,085	7,455	Capital & Reserves	3,779	5,785
Other	1,718	1,989			
Sub-Total	29,614	39,434	Sub-Total	32,955	39,351
<i>II) Foreign</i>	33,880	33,931	<i>II) Foreign</i>	30,540	34,013
Grand Total	63,495	73,364	Grand Total	63,495	73,364

Source: http://www.cbb.gov.bh/page-p-statistical_bulletin.htm

There was a growth of almost 16% in the total assets of the retail banks during the period 2008 to 2013 – i.e. almost an average growth rate of 3.2% per annum. It is important to note that the total assets of the retail banks (the research field) represent almost 39% of the total assets in the banking system. This shows the importance of the research field to the financial system and the economy of the Kingdom of Bahrain as a whole.

4.4.4 Analysis of Islamic Banks

Islamic banks performed well particularly during the boom years that preceded the global financial crisis. For instance, the total assets were growing at a compounded annual growth rate (CAGR) of 44.6% during the period from 2004 and 2007 and then increased by a further 50% in 2008 to reach US\$24bn, with foreign assets making up 52% of the total assets. Most Islamic banks were spared any direct impact from the subprime crisis. In fact, the Islamic financial institutions and takaful companies (insurance companies) felt the repercussions of the global market disruption less than most of their conventional counterparts. This is because Sharia Law prohibits interest-based financial products so they never had the option of investing in the subprime and other toxic assets that lie at the heart of the downturn. However, the Islamic banking sector experienced a tougher period after 2008 as early confidence that the Islamic banks would be largely immune from the global financial downturn proved overly optimistic.

Table 4.11 shows that the Islamic Banks represented almost 12% of the aggregated balance sheet of the banking system in Bahrain at the end of 2013.

Table 4.11: Aggregated Balance Sheet of Islamic Banks

Aggregated Balance Sheet of the Islamic Banks -Retail & Wholesale Banks (US\$ Million)					
	2008	2013		2008	2013
ASSETS			LIABILITIES		
<i>I) Domestic</i>			<i>I) Domestic</i>		
Cash	37	95	Banks	3,591	1,818
Investment with Banks	3,579	3,415	Private Non-Banks	4,787	8,124
Investment with Private Non-Banks	6,079	7,357	Government	802	757
Investment with Government	333	624	Capital & Reserves	3,066	2,788
Other	1,812	1,728	Other	396	516
Sub-Total	11,840	13,219	Sub-Total	12,642	14,003
<i>II) Foreign</i>			<i>II) Foreign</i>		
Investment with Banks	2,621	1,898	Banks	5,399	2,484
Investment with Private Non-Banks	3,241	1,727	Non-Banks	1,754	1,086
Securities	2,393	2,446	Head Office & Affiliates	134	1,068
Head Office & Affiliates	4,464	2,821	Capital & Reserves	4,676	4,336
Other	94	915	Other	48	49
Sub-Total	12,813	9,807	Sub-Total	12,011	9,023
Grand Total	24,653	23,026	Grand Total	24,653	23,026

Source: http://www.cbb.gov.bh/page-p-statistical_bulletin.htm

The Islamic Banks managed to mitigate the impact of the global financial crisis, although there was a decline in the total assets of 6.5% during the period 2008 to 2013, i.e. 1.3% per annum, as can be concluded from Table 4.11.

In a nutshell, the banking sector has made significant progress in adjusting to the financial and economic challenges posed by a global economic recession. Gradual recovery of the sector is expected as a result of the improvement in the performance of the wholesale and retail banks, according to the recent published financial statements, and the continued support and determination of the government, through the effective policies and regulations of the Central Bank of Bahrain, which should safeguard the Kingdom's financial system and economic development.

The financial analysis under this section indicates manifestly that most of the retail and wholesale banks (conventional and Islamic) have been affected substantially by the global financial and economic crisis, the sharp decline in the real estate market, stiff competition, political disturbance, stringent rules and regulations of the local regulatory authority (Central Bank of Bahrain) etc. As much as the unfavourable or negative changes in the external factors have affected the financial performance of the wholesale and retail banks, they have had a negative impact on the motivation and expectations of employees in the banking system. This suggests that to gain a better understanding of motivation at organisational and individual levels in the banking industry, it is important to examine and analyse the motivational process from an open rather than a closed

system perspective to put the organisational inequity into the right context for this research.

4.5 Summary

The analysis of the profiles of the Kingdom of Bahrain and the banking industry has given a clear picture about the overall framework of the organisational setting, which is being studied in this research. The financial analysis of the wholesale and retail banks' performance has been undertaken on the basis of information, which was collected from reliable secondary sources such as the Central Bank of Bahrain, Social Insurance Organisation, Central Informatics Organisation, Oxford Business Group, and published financial statements. This type of analysis has provided strong evidence which supports the view that the organisational setting of the banking industry is dynamic, competitive and unpredictable. This implies that favourable or unfavourable changes in the external situational factors could affect the overall performance of the bank substantially. The impact at the organisational level has a sort of "multiplier effect" or "domino effect" on the motivation and performance of employees. In this type of working environment, it is not practical from the business point of view, to examine and analyse the motivational process from a closed system perspective. Hence, a conceptual framework of open motivational process will be examined and introduced through this research to establish a better understanding of the motivational implications that are involved in the organisational inequity so that reliable and practical solutions can be recommended to curb this problem.

The next chapter examines the research methodology and methods and explains how and why mixed methods (quantitative and qualitative) are more appropriate for this research.

Chapter Five

Research Methodology and Methods

Chapter Five

Research Methodology and Methods

5.1 Introduction

The aim of this chapter is to discuss and justify the research methodology and methods used to collect and analyse data in order to achieve the objectives of the research. More specifically, this chapter is structured as follows. It highlights the research objectives and questions in Section 5.2. A definition of research and the difference between methodology and methods are covered under Sections 5.3 and 5.4 respectively. An explanation of the meaning of ontology and epistemology, the research philosophies and the research paradigms are discussed in Section 5.5. The research strategy and the research approaches (quantitative and qualitative) are examined in Sections 5.6 and 5.7 respectively. Sample definitions, sampling principles and strategies, sampling in quantitative and qualitative research, the cost and benefit of sampling and the selection of the research sample are addressed in Section 5.8. Three main research methods (observation, questionnaire survey and interview) are the main focus of Section 5.9. Reliability, validity and generalisability are explained under Section 5.10. Section 5.11 presents the main ethical issues. Section 5.12 is devoted to the pilot study which is followed by a summary of the chapter in Section 5.13.

5.2 Research Objectives and Questions

This research deals with eight highly interrelated objectives and questions in order to gain a better understanding of the research problem and through reliable analysis to reach the findings and make recommendations.

5.2.1 Research Objectives

This study aims to achieve the following objectives:

- 1) Determine the existence of the organisational inequity in the conventional retail banks in Bahrain.
- 2) Identify the main root causes of the organisational inequity.
- 3) Examine whether there are any clear and effective motivational and participative management strategies in the conventional retail banking sector.
- 4) Assess the views and perceptions of employees and management about the existing motivational and participative management strategies.
- 5) Find out the level of demand for participative management in the conventional retail banking sector.
- 6) Explore the main constituents of the motivational process and introduce a practical framework to explain how such constituents interact with one another in the workplace.
- 7) Analyse critically the impact of the situational factors on the motivational process.
- 8) Examine the impact of the organisational inequity on the demand for participative management.
- 9) Analyze the impact of the organizational inequity on motivation.

5.2.2 Research Questions

In order to address the main motivational problems and examine the organisational inequity in the conventional retail banks, this study formulates the following research questions:

- 1) Does organisational inequity exist in the conventional retail banking sector?
- 2) What are the main root causes of the organisational inequity?
- 3) Are there clear and effective motivational and participative management strategies in the conventional retail banking sector?
- 4) What are the views and perceptions of employees and management about the existing motivational and participative management strategies?
- 5) Is there a high demand for participative management in the conventional retail banking sector?
- 6) What are the main constituents of the motivational process and how do such constituents interact with one another in the workplace?
- 7) How do situational factors affect the motivational process?
- 8) Does organisational inequity affect the level of demand for participative management?
- 9) Does organizational inequity stop employees from working hard to achieve their goals?

This chapter aims to design appropriate research methods to achieve the research objectives.

5.3 Definition of Research

Although research is crucial to both business and academic enterprise, there is no consensus in the literature on how it should be defined. Research thus means different things to different stakeholders. There is, however, a general agreement that research is a process of inquiry. Research has been defined as:

“a systematic investigation or inquiry whereby data are collected, analysed and interpreted in some way in an effort to understand, describe, predict or control an educational or psychological phenomenon or to empower individuals in such contexts” (Mertens 2005:2).

Definitions of research can be based on its purpose. Sekaran (1992) classifies research into two classes – applied research and basic research. Applied research aims to solve an existing problem whereas the main purpose of basic research is to bridge the gap in the general body of knowledge in a particular field. According to this definition, this study falls within the definition of basic research.

According to Burns (2000:3) research is *“a systematic investigation to find answers to a problem”*. Sharp et al. (2002:7) consider research as *“seeking through methodical processes to add to one’s own body knowledge and to that of others, by the discovery of nontrivial facts and insights”*. According to Clough and Nutbrown (2002:22):

“Research is a way of describing a systematic investigation of a phenomenon or idea of activity. It can sometimes be accurately measured scientifically or data collected can be analysed and compared to identify trends, similarities or differences”.

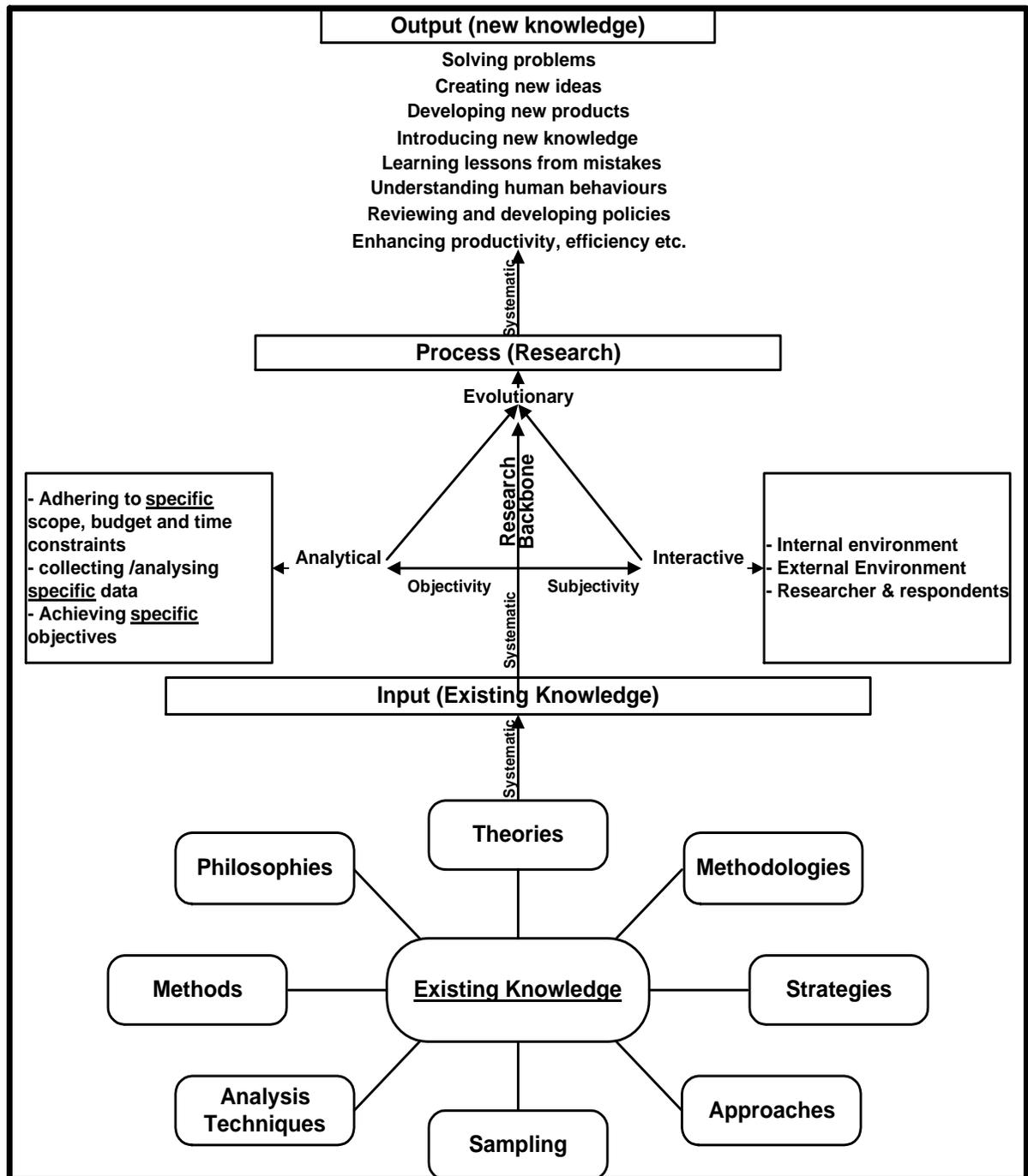
Sekaran and Bougie (2011: 3) defines research as *“an organised, systematic, data-based, objective, scientific inquiry or investigation into a specific problem, undertaken with the purpose of finding answers or solutions to it”.*

For the purpose of this study, research is considered as a knowledge accumulation process through which the existing knowledge (input) is transformed into new knowledge (output) to bridge the gap in the existing knowledge. Analytical, integrative, evolutionary and systematic are important dimensions, which constitute the know-how structure of the research, as illustrated in Figure 5.1. This Figure presents the main dimensions of the research process from different highly related perspectives:

- 1) Research is an analytical process because it aims to: (1) collect and analyse specific quantitative and/or qualitative data; (2) carried out within a specific scope, budget and time frame; and (3) achieve specific objectives. This dimension can be called “Triple **S** Analytical Process (TSAP)”.
- 2) Research is an interactive process because the researcher has to interact with three main constituents: internal environment, external environment

and respondents in order to collect the required data and understand the reality of the phenomenon being studied from all related perspectives.

Figure 5.1: Knowledge Accumulation Process



Source: Developed by the present researcher.

- 3) Research is an evolutionary process because it capitalises on an existing knowledge to introduce new and meaningful contributions in a particular field – accumulation of knowledge.
- 4) Research is a systematic process because it moves from one stage to another in an orderly pattern in order to build up the knowledge.

The existing knowledge (input) which includes such important components as philosophies, theories, strategies, methodologies, methods, approaches etc. provides the research process with the required support. The output of the research process could take different forms such as introducing new knowledge in a particular field, solving existing problem(s), developing new products, generating new ideas, reviewing and developing policies, learning lessons from the mistakes of others, understanding human behaviours and actions, enhancing productivity, efficiency etc. It is also important to note that research is not a “subjectivity-free process” because it deals with both the quantitative and qualitative sides of the social reality. Complete objectivity in a social science is a desired objective which cannot be achieved without accepting a certain element of subjectivity.

5.4 Methodology and Methods

Methodology refers to the interrelationship which exists between theory, method, data and phenomena. Methodology is the particular collection of techniques used by the researcher to investigate the social reality (Perry et al. 2006). The

research methodology is a way to systematically explain the research problem, the logic behind it and how research is done scientifically. Research methodology is a strategy used for the purpose of gathering information that helps in answering the research questions and achieving the research objectives. In this context, methodological strategy is defined by Mason (2002:30) as:

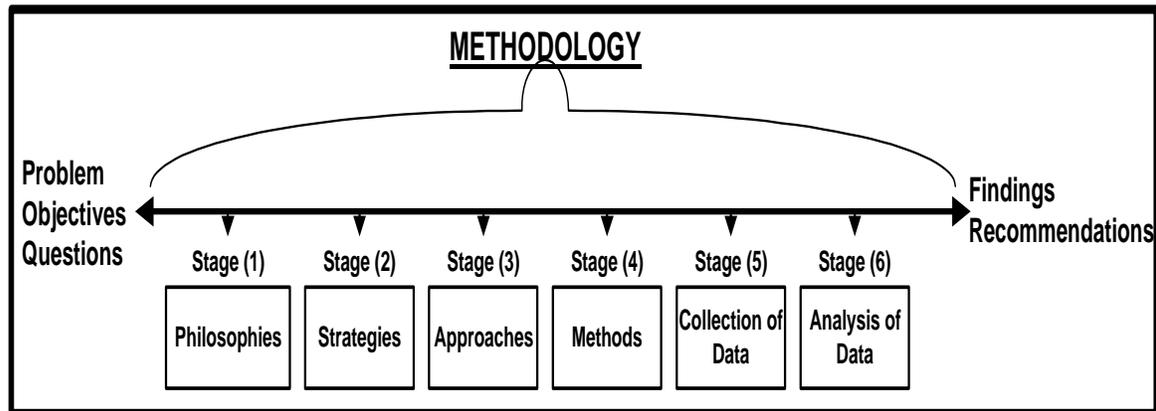
“The logic by which you go about answering your research questions. That means it is the logic which underpins the way you design your research project as a potential answer to your research questions”.

The choice of the method should fall within the framework of the methodological strategy – the method is not a strategy but it is part of it. For instance, questionnaire is not a strategy but it is one of the data collection methods which are used in the quantitative methodological strategy.

Clough and Nutbrown (2002:22) distinguish between method and methodology. They define the term *“method as being some of the ingredients of research while methodology provides the reasons for using a particular research recipe”*. Some writers do not distinguish between the terms methodology and methods and use them interchangeably (Collis and Hussey, 2003). Johnson et al., (2007) describe methodology as a research design in which the researchers collect, analyse, and integrate or connect both quantitative and qualitative data related to their study. Selecting a methodology is the first step after formulating the research questions.

Research methodology in this study is considered as the overall approach to the research process from the theoretical foundation to data collection, analysis and recommendations, while methods refers to the techniques and instruments which are used to collect and analyse quantitative and qualitative data. From this perspective, the methodology is defined in this study as a process that links together the different stages of the research journey, which starts from the research problem, objectives and questions and ends at the findings and recommendations. Methods are only one of the stages in the research journey. Figure 5.2 illustrates the methodology and methods from the research journey perspective.

Figure 5.2: Methodology and Methods



Source: Designed by the present researcher.

5.5 Ontology and Epistemology

Questions of social ontology are concerned with the nature of social entities. The main point is whether social entities can be considered objective entities that have a reality external to social actors, or whether they are social constructions

built up from the perceptions and actions of social actors. These two opposing positions are referred to in the literature as objectivism and constructionism.

“Objectivism is an ontological position that asserts that social phenomena and their meanings have an existence that is independent of social actors... Constructionism is an ontological position (often also referred to as constructivism) that asserts that social phenomena and their meanings are continually being accomplished by social actors” (Bryman, 2008).

In this study the ontology is considered as the reality that the researcher investigates whilst epistemology is the relationship between that reality and the researcher. Ontology deals with the ideas about the existence of the relationship between people, society and the world in general.

5.5.1 Research Philosophies

Philosophy is a set of ideas, beliefs or values relating to a particular field or activity. Philosophy is concerned with investigating the intelligibility of concepts by means of rational argument relating to their presuppositions, implications, and interrelationships (Patton, 2002). In other words, it implies investigating of the nature, causes, principles of reality, knowledge, values etc. on the basis of logical reasoning rather than empirical methods. The philosophical foundation of the research should be established before considering the research strategy.

5.5.2 Research Paradigm

Taylor and Bogdan (1984) point out that there are two major research paradigms which have dominated the social science. The first, positivism, traces its origins in the social sciences to the great theorists of the nineteenth and early twentieth centuries and especially to Auguste Comte and Emile Durkheim. The positivist seeks the facts or causes of social phenomena away from the subjective states of individuals. The second theoretical perspective is described as phenomenological also known as interpretivism. The phenomenologist is committed to understanding social phenomena from the actor's/participant's own perspective. An interpretivist examines how the world is experienced. The important reality is what people perceive it to be.

Birley and Moreland (1998:30) define a paradigm as "*a theoretical model within which the research is being conducted*". Collis and Hussey (2003: 46) state that a paradigm:

"Refers to the progress of scientific practice based on people's philosophies and assumptions about the world and the nature of knowledge; in this context, about how research should be conducted".

According to Grix (2004: 78) paradigm is "*our understanding of what one can know about something and how one can gather knowledge about it, and inherent in every single approach to the study of society*". Kumar (2005) states that there are two main paradigms that form the bases of research in social sciences -

positivism and interpretivism. A paradigm in simple terms is a set of assumptions about how the world can be known (Gilbert, 2008).

In this study paradigm is defined as a philosophical framework that guides how research should be conducted. The philosophical framework of paradigm consists of a set of assumptions, concepts, beliefs, values, practices, etc., that constitute a way of viewing reality for the community that shares them. Since there is a great deal of similarity in the definition of paradigm and philosophy, both terminologies are used interchangeably in this study.

Collis and Hussey (2003) summarise in Table (5.1) some of the most common terms that are used to distinguish between the two paradigms.

Table 5.1: Alternative Terms

Positivist paradigms	Phenomenological paradigms
Quantitative	Qualitative
Objectivist	Subjectivist
Scientific	Humanistic
Experimentalist	Interpretivist

Source: Collis and Hussey (2003:47)

The most popular terms are quantitative and qualitative (Collis and Hussey, 2003). In this study the terms phenomenology and interpretivism are used interchangeably.

5.5.2.1 Positivism

During the “traditional period” of colonial research (up to World War II), ethnographers, influenced by positivism, strove for objectivity in their field work and reports (Denzin and Lincoln 2000). Gilbert (1993: 7) argues that:

“This positive tradition posits that society can be explained ‘scientifically’ according to laws and rational logics whether these be based on social stages, social facts or on social systems is not the point here”.

The studies that use the positivist approach are interested in finding the facts or causes of a social phenomenon with little regard to the subjective state of the individual. Therefore, in these studies social and natural worlds are both regarded as being bound by certain fixed laws in a sequence of causes and effects (Collis and Hussey, 2003). The positivism is explained by Bryman (2007:11) as:

“An epistemological position that advocates the application of research methods of the natural sciences to the study of social reality and beyond”.

Easterby-Smith et al. (2008: 57) explain that positivism is based on the belief or the assumption that *“The social world exists externally, and its properties should*

be measured through objective methods and not through sensation, reflection or intuition”.

Absolute objectivity is deemed impossible to attain and researchers should be prepared to deal with imperfections in an imperfect and complex world, although objectivity is worth striving for. Objectivity is a simultaneous realisation of as much reliability and validity as possible. In fact, positivism has been facing some criticisms as it is impossible to treat people as being separate from their social contexts in which they live and work and they cannot be understood or examined without examining the perceptions they have of their own activities. Furthermore, researchers are not objective but part of what they observe - they bring their own interests and values to the research.

“Fortunately, over the years, researchers have learned that a state of complete objectivity is impossible and that in every piece of research – quantitative or qualitative – there is an element of subjectivity.... and researchers should take appropriate measures to minimise its intrusion into their analyses” (Strauss and Corbin 1998: 43).

5.5.2.2 Interpretivism (Phenomenology)

Patton (2002) states that phenomenology as a philosophical tradition was first used in the development of rigorous science by the German philosopher Husserl (1859 – 1938). Husserl (1913) refers to phenomenology as the study of how

people describe things and experience them through their senses. He argues that we can only know what we experience by attending to perceptions and meanings that awaken our conscious awareness. Experience must be described and interpreted. Descriptions of experience and interpretations are so intertwined that they often become one. *“Phenomenology aims at gaining a deeper understanding of the nature or meaning of our everyday experiences”* (Van 1990: 9-10). A phenomenological analysis seeks to understand and articulate the meaning, structure, and essence of the lived experience of a phenomenon from a person’s or group of people’s points of view. *“Phenomenology asks for the very nature of a phenomenon, for that which makes something what it is – and without which it could not be what it is”* (Van 1990: 10). It can also be defined as:

“a focus on exploring how human beings make sense of experience and transform experience into consciousness, both individually and as shared meaning” (Patton 2002: 104).

The interpretivist approach considers people and their interpretations, perceptions, meanings and understandings, as the primary data sources. Mason (2002) claims that an interpretivist approach not only sees people as a primary data source but seeks also their perceptions of the *‘insider view’*, rather than imposing an *‘outsider view’*.

Interpretivists see that the world as “*infinitely complex and open to interpretation*” O’Leary (2004:6). They look at the world as “ambiguous” which refers to the complexity of understanding some things in reality. They consider the world as “variable” and not a “fixed truth”. Moreover they view the world as a “multiple” in its realities which means truth can be different from one person to another. Interpretivism often distances itself from the rules of scientific procedures.

Phenomenology or interpretivism has emerged as a result of the criticisms that have been levelled against positivism. This philosophical framework stresses the subjective aspects of human behaviour by focusing on the meaning rather than the measurement of social phenomena (Collis and Hussey, 2003). Therefore, phenomenology is concerned with understanding human behaviour from the participant’s own frame of reference (Bryman, 2007). Researchers, therefore, should concentrate their efforts on trying to understand and explain people’s different experiences and attitudes instead of searching for causal relationships through external factors including fundamental laws (Easterby-Smith et al., 2008).

5.5.2.3 Differentiation between Positivism and Interpretivism

According to the contributions of different authors like Cassell and Symon (1994); Jankowicz (2000); Collis and Hussey (2003); Grix (2004), and Saunders et al. (2007), the main constituents of the positivism and interpretivism philosophies are summarised in Table 5.2.

Table 5.2: Main Constituents of Positivism and Interpretivism

Positivism	Interpretivism
Scientific method.	Socially constructed.
Abstract	Grounded
Objective: prediction, control, and hypothesis testing.	Subjective: understanding, description, and hypothesis generation.
Hypothetic – deductive method. Conclusions reached by reasoning from general laws to a particular case (Top Down Approach).	Inductive Approach: the theory is the outcome of induction. It is a method of reasoning which obtains general laws from particular facts – production of facts to prove a general statement (Bottom Up Approach).
It is concerned with rationality and incrementalism, and testing theories through hypotheses.	Refers to the way in which people make sense of the world around them. Subject to alterations depending on time and the environment.
Objective and external to social constructs.	It does not see the world as consisting of an objective reality. The emphasis is on the primacy of subjective consciousness.
The researcher is independent.	The researcher is part of the research. The social reality is dependent on the researchers' inner mind and feelings. It involves that an individual engage with phenomena in his world and make sense of them.
Concepts are in the form of variables.	Concepts are in the form of themes.
Focus on measuring relationship among variables systematically and statistically – causality (measurement of social phenomena). Interested in finding out numerical qualities of an event.	Aims to increase general understanding of the situation (meaning of social phenomena). Interested in the nature and essence of an event.
Standardised procedures/measures created prior to data collection.	Procedures/measures are created during interaction with data and are often specific to individual setting.
Collection of numerical/hard data.	Collection of non-numerical/soft data – words, images etc.
Sampling: large numbers selected randomly to examine macro issues.	Sampling: requires small numbers of cases selected for specific reasons to examine micro issues.
Quantitative method: emphasis on quantifiable observations that lend themselves to statistical analysis.	Qualitative method: focusing on the subjective aspects of human activity.
Generalises from sample to population. Findings are comprehensive and generalisable.	Generalises from one setting to another. Findings are precise/narrow and not generalisable.
Paradigm: positivistic, quantitative, objectivism, scientific and experimentalist.	Paradigm: interpretivist, qualitative, subjective, humanistic, and descriptive.

Source: Compiled and summarised by the present researcher

It is worth to highlight here that positivism is associated with quantitative and deductive approaches whereas phenomenology or interpretivism is associated with qualitative and inductive approaches. The main differences between positivist and interpretivist are clearly illustrated by Grix (2004:82):

“Positivists seek objectivity while interpretivists believe in subjectivity, positivists tend to model their research on the natural sciences while interpretivists believe there is a clear distinction to be made between the natural and the social world”.

Saunders *et al.*, (2007:74) summarise the advantages and disadvantages of both philosophies in Table (5.3).

Table 5.3: Key Advantages and Disadvantages of Positivism and Interpretivism

	Positivism	Interpretivism
Advantages	<ul style="list-style-type: none"> - Economical collection of large amount of data. - Clear theoretical focus for the research at the outset. - Greater opportunity for researcher to retain control of research process. - Easily comparable data 	<ul style="list-style-type: none"> - Facilitates understanding of how and why. - Enables a researcher to be alive to changes which occur during the research process. - Good at understanding social processes.
Disadvantages	<ul style="list-style-type: none"> - Inflexible-direction often cannot be changed once data collection has started. - Weak at understanding social process. - Often does not discover the meaning people attach to social phenomena 	<ul style="list-style-type: none"> - Data collection can be time consuming. - Data analysis is difficult. - Researcher has to live with the uncertainty. - Patterns may not emerge. - Generally perceived as less credible by “non-researchers.

Source: Saunders et al. (2007 :74)

5.5.2.4 Selecting a Research Philosophy

Saunders et al. (2007) believe that there is no one research philosophy better than other. Each research philosophy is better at doing different things and, therefore, a researcher should select the right one which can help to achieve research objectives.

It is important to note that the two main paradigms (positivism and interpretivism) represent two extremities on the continuum and that the research paradigm and the associated methodology and methods may represent a blending of some of the philosophical assumptions. Table 5.4 lists some of the main methodologies used in the social sciences.

Table 5.4: Methodologies Associated with the Main Paradigms

Positivism ←-----	-----→ Interpretivism
Experimental studies	Hermeneutics
Surveys (using primary or secondary data)	Ethnography
Cross-sectional studies	Participative enquiry
Longitudinal studies	Action research
	Case studies
	Grounded theory
	Feminist, gender and ethnicity studies

Source: Collis and Hussey (2009: 74)

Although Table 5.4 does not provide an exhaustive list, it gives a good picture of the methodologies that are available under each paradigm.

Each philosophy has its own strengths and weaknesses which depend on the type of research and the methods used in collecting and analysing the data. Drawing a clear demarcation between the two paradigms – positivism and interpretivism - is useful to understand the main differences between these two philosophies. However, considering the quantitative and the qualitative research as polar opposites is detrimental and a misleading way of thinking. In pursuing good level of understanding about the social reality, researchers basically tend to mix quantitative and qualitative research techniques, methods, approaches, concepts or language into a single study. Gilbert (2008: 139) indicates:

“The view is that research that explicitly mixes paradigms leads to a fuller understanding of the social world..... because complexity itself consists of both ‘interpretivist’ and ‘positivist’ aspects”.

The philosophical framework of this study makes use of the strengths of both paradigms – positivism and interpretivism. This is mainly because the quantitative data (numerical) and the qualitative data (non-numerical) are the two main sources of information which are used to: (1) answer the research questions, (2) achieve the research objectives, and (3) examine the validity of the research hypotheses. Given the nature of this research problem, the objectives, questions and hypotheses, positivism has been used as the main research paradigm. However, interpretivism has been used to strength the reliability of the findings of this research. This mixed methodology is used because social reality

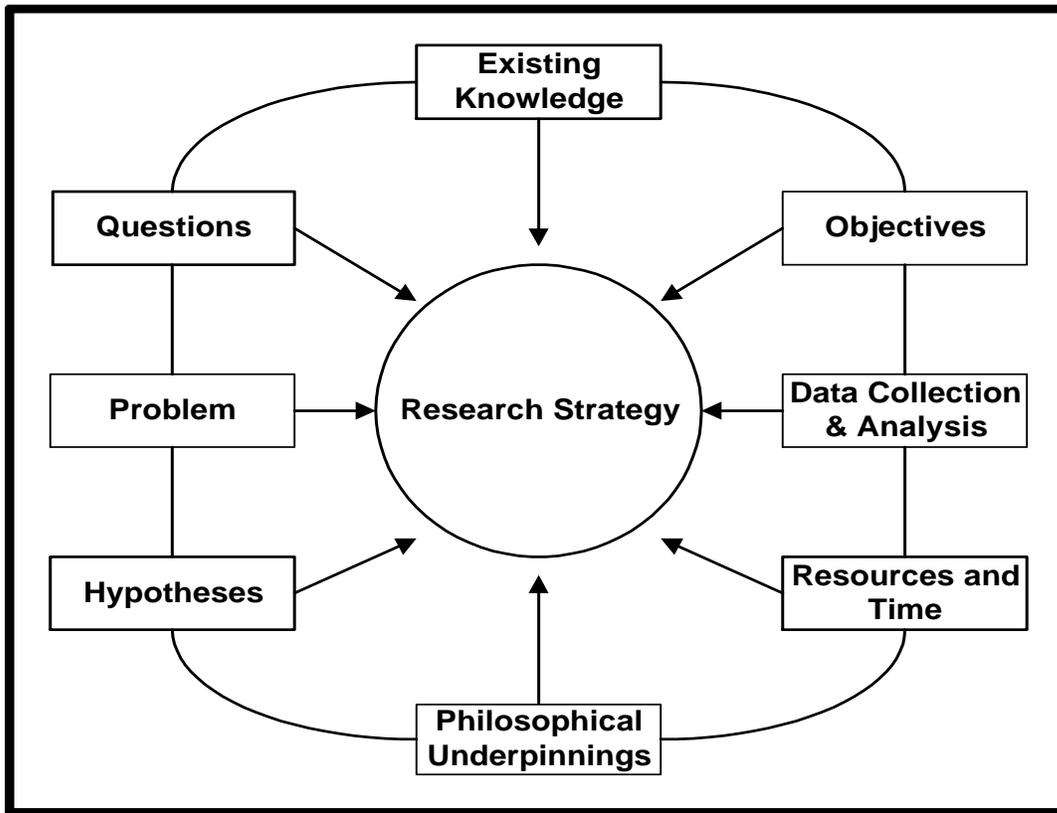
consists of both quantitative and qualitative meanings. Apart from strengthening the reliability of the findings, the use of mixed methodology is justifiable because it can overcome any potential deficiency that may take place as a result of employing a singly methodology. It might be thought or said that mixing both philosophies in the same study is not a good thing to do. In fact, social researchers, who believe and support mixed methodology, are not mixing positivism with interpretivism but rather they are capitalising on the strengths of both philosophies to strength the reliability of the findings of their researches.

5.6 Research Strategy

A research strategy is described as the overall direction of the research including the process by which the research is conducted (Creswell, 2003). The strategy determines the structure to be utilised in the collection and analysis of data. A strategy is also described as a research design for conducting research. Strategy in business terms is a “plan of action” or “game plan” developed for the purpose of achieving specific goals.

Figure 5.3 illustrates that strategy is a reflection of such important building blocks as problem, objectives, questions, hypotheses, existing knowledge, philosophical underpinnings, available resources, time constraints, collection and analysis of data. Choosing the right strategy is influenced by these building blocks which form a series of highly interrelated research initiatives.

Figure 5.3: Building Blocks of Research Strategy



Source: Designed by the present researcher.

Research is classified based on its purpose and each strategy can be used for exploratory, descriptive and explanatory research (Yin, 2003). Exploratory research examines phenomena to introduce new insights. It is concerned with the situations when not much information is available (Zikmund, 2000). Descriptive research portrays an accurate profile of persons, events or situations (Sekaran, 2003). Explanatory research aims to study a situation or problem in order to explain the relationships between variables. Saunders et al. (2009) identify seven research strategies:

Experiment: the main purpose of an experiment is to study causal relationships (Hakim 2000). It focuses on examining the link between two or more variables (dependent and independent).

Survey: this research strategy is very popular in the business field. It allows the collection of a large amount of data from a sizable population in a highly economical/efficient way through such data collection instruments as interview (oral) and/or questionnaire (written).

Case Study: in a case study, a particular individual, programme, or event is studied in depth for a defined period of time. It involves an empirical investigation of a particular phenomenon within its real life context using different sources of evidence (Robson 2002). Yin (2003) distinguishes between four case study strategies: (1) single case (studying one unique case), (2) multiple case (investigating more than one case to generalise the findings), (3) holistic case (the research is concerned with studying the whole organisation as a unit of analysis), and (4) embedded case (studying a number of departments within the organisation).

Action research: the main focus is on the purpose of research (resolving issues of major concern to the organisation). It is called research in action rather than research about action (Coghlan and Brannick 2005).

Grounded Theory: Grounded Theory can be used to explore a wide spectrum of organisational issues. The aim is developing and building theory through a combination of induction and deduction analysis.

“Well-executed grounded theory ... is the product of considerable experience, hard work, creativity, and, occasionally, a healthy dose of good luck” Suddaby (2006: 640).

This strategy is discussed in more details in the next section.

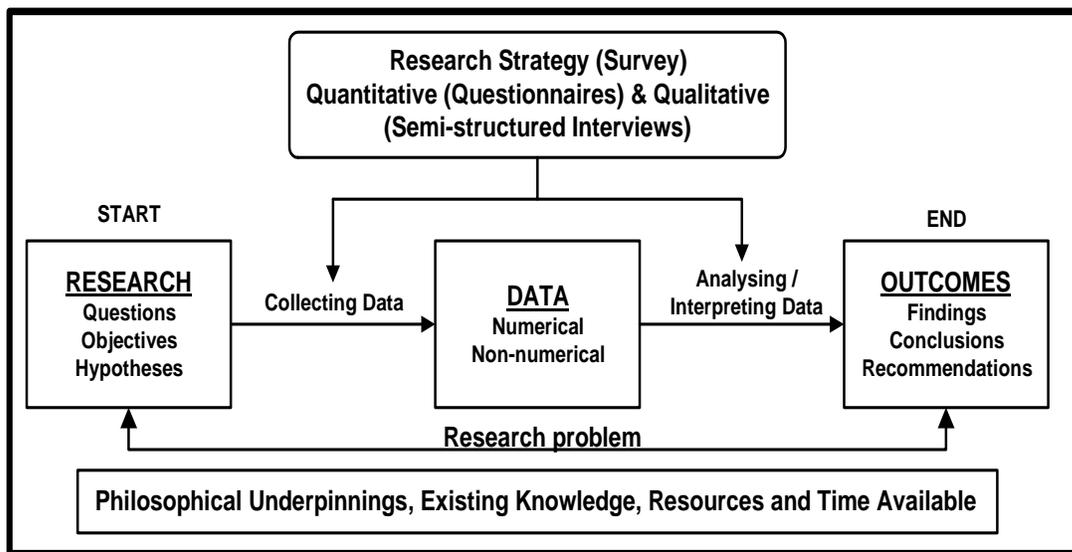
Ethnography: the branch of anthropology that deals with the scientific description of specific human cultures. It is rooted firmly in the inductive approach. It aims to explain the social world. It is time consuming strategy – conducted over an extended period of time – and, hence, requires a great deal of adaptability and responsiveness to reflect new changes and patterns in the study.

Archival research: involves secondary analysis of data that can be collected from recent and historical administrative records.

From the seven strategies, survey is the most popular and a common strategy in business and management studies. Sarantakos (1998: 223) states that *“Surveys are the most commonly used method of data collection in the social sciences”*.

Surveys are often used to measure the frequency of attitudes, behaviours, feelings and beliefs of people. Robson (2002) and Saunders et al. (2007) indicate that the survey is appropriate for both exploratory and explanatory research. Given the nature of this research problem, objectives, questions and hypotheses, survey has been selected as the most appropriate strategy. Figure 5.4 illustrates the main components of the strategy of this research.

Figure 5.4: Research Strategy



Source: Designed by the present researcher.

Figure 5.4 indicates that the strategy of this research involves the use of quantitative (questionnaire) and qualitative instruments (semi-structured interview) to collect and analyse the required numerical and non-numerical data in order to bridge the gap between the “start” (researches questions, objectives and hypotheses) and the “end” (findings, conclusions and recommendations). The main link between the start and the end is the research problem – organisational inequity in the conventional retail banking sector in Bahrain.

5.7 Research Approaches

Researchers have two key choices open to them, whether to choose qualitative or quantitative research; however, the distinction between them according to Davies (2007) is not 'clear-cut'. Grix (2004: 30) states that the choice of any approach will be influenced by "*ontological and epistemological assumptions and, of course, the questions you are asking and the type of project you are undertaking*".

"A quantitative approach involves collecting and analysing numerical data and applying statistical tests. Some researchers prefer the qualitative approach, which is more subjective in nature and involves examining and reflecting on perceptions in order to gain an understanding of social and human activities" Hussey and Hussey (1997:12).

5.7.1 Quantitative Approach

The purpose of quantitative research is to find out answers to questions through the application of scientific procedures (Davies, 2007). The quantitative research is linked to the positivist philosophy. It specifies the required data before the research starts, designs the most appropriate research instrument for collecting the required data, provides interpretation of the results, and presents critical evaluation of the findings. Quantitative research represents the use of numerical data which is objective in nature. Onwuegbuzie (2004:19) point out in Table 5.5 (a number of quantitative strengths and weaknesses that are embedded in the quantitative approach).

Table 5.5: Strengths and Weaknesses of Quantitative Approach

STRENGTHS	WEAKNESSES
Testing and validating already constructed theories about how/why phenomena occur.	The researcher may use categories that do not reflect the local constituencies' understanding.
Testing hypotheses that are constructed before the data are collected.	The theories used in the study may not represent the understanding of the respondents.
Can generalise a research finding when it has been replicated on many different populations.	The main focus is on theory or hypothesis testing rather than on theory or hypothesis generation (called the confirmation bias).
Quantitative predictions can be made.	Knowledge produced may be too abstract and general for direct application to specific local situations, contexts and individuals.
The researcher can construct a controlled environment where cause – and – effect relationships can be examined.	
Data collection is more efficient and economic. It is a good approach for studying a large number of people.	
Quantitative or numerical data is more precise and reliable for the purpose of analysis.	
Data analysis is relatively less time – consuming because of using statistical software.	
The research results are relatively independent of the researcher.	
The results or findings may have higher credibility and can be generalised.	

Source: Tabulated and adapted by the researcher from Johnson and Onwuegbuzie (2004:19)

5.7.2 Qualitative Approach

The qualitative research, which falls within the interpretivism philosophy, involves the collection of a variety of empirical materials in order to interpret certain phenomena, events, problems, occurrences, behaviours etc. Qualitative research seeks to capture the wealth of people's experience in their own terms.

Researchers are at the centre of the process to understand, challenge and interpret the social world.

Qualitative research is an interpretive, naturalistic approach to the world.

“Qualitative research attempts to make sense of or interpret a phenomenon in terms of the meanings people bring to them” (Lincoln cited in Davies, 2007:10).

Johnson and Onwuegbuzie (2004:20) present a number of strengths and weaknesses of the qualitative approach as summarised in Table 5.6.

Table 5.6: Strengths and Weaknesses of Qualitative Approach

Strengths	Weaknesses
Qualitative data in the words and categories of participants help to explore how and why phenomena occur.	Knowledge produced may not be generalised to other people or other settings because relatively few people are included in the research study.
It is useful for studying a limited number of cases in depth.	It is difficult to make quantitative predictions.
It is useful for describing complex phenomena.	It is more difficult to test hypotheses and theories.
Provides individual case information.	It may have lower credibility with some administrators and commissioners of programmes.
Can conduct cross-case comparisons and analysis.	Collection of data is a time consuming process.
Provides understanding and description of people’s personal experiences of phenomena.	Data analysis is difficult and often time consuming.
Can describe phenomena as they are embedded in local contexts.	The results can be influenced by the researcher’s personal biases and idiosyncrasies.
The researcher can use the primarily qualitative method of “grounded theory” to generate inductively a tentative but explanatory theory about a phenomenon.	
Data are usually collected in naturalistic settings.	
Qualitative approaches are responsive to changes that may occur during the study.	

Source: Tabulated and adapted by the researcher from Johnson and Onwuegbuzie (2004:20)

“Approaches are selected because they are appropriate for specific aspects of investigation and specific kinds of problem” Denscombe (2003:3).

In this study, the quantitative approach (personally administered questionnaires) was used as the main instrument for collecting the required numerical data. In addition, the qualitative approach (semi-structured interviews) were conducted to collect the required non-numerical data and to corroborate the findings of the quantitative approach. This combination is important and relevant to achieve the objectives of this study. In fact, each approach has its own strengths and weaknesses. The best way to minimise the weaknesses of each approach is to use them both.

5.7.3 Quantitative Data vs. Qualitative Data

Qualitative data means all non-numeric data or data that cannot be quantified, while quantitative data means all numerical data or data that could be quantified and can be used in most of the research strategies. Saunders et al (2007: 472) believe that the distinctions between qualitative and quantitative research exist in the following points:

- 1) Quantitative data is based on meanings derived from numbers. However, qualitative data is based on meanings expressed through words.
- 2) Quantitative data collection results in numerical and standardised data, while qualitative data collection results in a non-standardised approach requiring classification into categories.

- 3) Quantitative data analysis is conducted through the use of diagrams and statistics, as opposed to qualitative data analysis which is conducted through the use of conceptualisation.

5.7.4 Deductive vs. Inductive

Whorf was an insurance investigator assigned to look into explosions in warehouses (Schultz 1991). He interviewed truckers and found that they associated the word “empty” with “harmless” and acted in accordance with this perception, meaning and understanding. From these specific observations and findings he “inductively” formulated his general theory about language and perception that has informed a half-century of communications scholarship (Lee 1996).

According to Patton (2002) a qualitative approach is used to inductively understand human experience in context-specific setting while a quantitative approach is used to test hypothetical-deductive generalisations.

Qualitative inquiry is particularly oriented towards exploration, discovery, and inductive logic. Inductive analysis starts with specific observations and builds towards general patterns, “micro to macro” or “bottom up”. The hypothetical-deductive approach requires the specification of main variables and formulation of specific hypotheses before data collection begins, “macro to micro” or “top down”.

5.7.5 Grounded Theory

Once patterns, themes, categories, dimensions, concepts, ideas etc. have been established through inductive analysis, the final confirmatory stage of qualitative analysis may be deductive in testing and validating the content of the inductive oriented research. Formulating hypotheses or theoretical propositions after inductive analysis is considered deductive analysis by grounded theorists Strauss and Corbin (1998). Grounded theory involves both inductive and deductive processes.

“At the heart of theorising lies the interplay of making inductions (deriving concepts, their properties, and dimensions from data) and deductions (hypothesising about the relationships between concepts”

Strauss and Corbin (1998: 22).

Grounded theory emphasises becoming immersed in the data – being grounded – so that embedded meanings and relationships can be explored. Grounded theory is meant to build theory rather than test theory.

5.7.6 Triangulation

Triangulation establishes a third paradigm which bridges the gap between quantitative and qualitative research. It refers to the use of different research techniques within the same study. Collis and Hussey (2003:77) claim that it is perfectly possible to use both qualitative and quantitative methods for collecting data. Tashakkori and Teddlie (2003) claim that mixed methods provide better answers to the research questions; lay down the base to formulate more reliable

inferences; and open the door for obtaining a greater diversity of views. Sarantakos (1998) points out that triangulation allows the researcher to get a variety of information on the same issue to achieve a higher degree of validity and reliability, and to overcome the deficiencies of employing a single method. According to Saunders et al (2007:139) triangulation is:

“The use of different data collection techniques within one study in order to ensure that the data are telling you what you think they are telling you”.

Collis and Hussey (2003: 78) identify four types of triangulation as explained in Table (5.7).

Table: 5.7: Types of Triangulation

Types of Triangulation	Explanation
Data triangulation	Where data is collected at different times or from different sources in the study of a phenomenon.
Investigator triangulation	Where different researchers independently collect data on the same phenomenon.
Triangulation of theories	Where a theory is taken from one discipline and used to explain a phenomenon in another discipline.
Methodological triangulation	Where both quantitative and qualitative methods of data collection are used.

Source: Collis and Hussey (2003:78).

The most important point that should be considered in selecting the research approach is that the research methods should follow the research questions in a way that offers the best opportunity to get useful answers.

Johnson and Onwuegbuzie (2004:21) present a good number of the main strengths and weaknesses of the mixed methodology which are included in Table 5.8.

Table 5.8: Strengths and Weaknesses of Mixed Methodology

Strengths	Weaknesses
Words, pictures, and narrative can be used to add meaning to numbers. The opposite is true - numbers can be used to add precision to words, pictures, and narrative.	It is difficult for a single researcher to carry out both qualitative and quantitative researches concurrently.
Researcher can generate and test a grounded theory.	Researcher may not have the required skills and experience to use multiple methods and understand how to integrate the results appropriately.
A broader and more complete range of research questions can be answered.	Methodological purists contend that one should always work within either a qualitative or a quantitative paradigm – specialisation leads to more focus.
A researcher can use the strengths of an additional method to overcome the weaknesses in another method by using both in the same study.	Using more than one method involves higher expenses.
Good conclusions can be made through convergence and corroboration of findings.	Collecting the required data tends to be a time-consuming process.
Supports generalisability of the results.	Some of the details of mixed research remain to be worked out fully by research methodologists (e.g., problems of paradigm mixing, how to qualitatively analyse quantitative data, how to interpret conflicting results).
Introduces reliable knowledge and contributions to link theory with practice.	

Source: Adapted and summarised by the present researcher (original source: Onwuegbuzie, 2004:21).

Based on the nature of this research problem, objectives, questions and objectives, the quantitative approach is deemed relevant and suitable. However, in order to support and strengthen the quantitative findings, the use of the qualitative approach is justifiable as it fits well within the methodological framework of this study. The strategy of using mixed methods will add value to the credibility of this research because of the following reasons:

- 1) Examine the subject matter from all angles.
- 2) Enhance the degree of reliability, validity and generalisability of the findings.
- 3) Overcome any potential deficiencies that may occur as a result of employing a single method.
- 4) Introduce practical contributions to address the organisational inequity in the conventional retail banking.

Triangulation in this research implies that questionnaires and semi-structured interviews are used to defend the findings, conclusions and recommendations of this research.

5.8 Research Sampling

Sampling can be referred to as the process of selecting items from the population so that the sample characteristics can be generalised to the population. Sampling involves both design choice and sample size decisions. When the objective of

the study is to achieve the greatest possible amount of information on a given problem or a phenomenon, sampling becomes the most appropriate technique for establishing the basis for collecting the required data.

5.8.1 Sampling Population

The term population refers to the whole set of entities while the term sample refers to a subset of those entities from which data is gathered. Sekaran (2003:265) defines the term population as *“The entire group of people, events, or things of interest that the researcher wishes to investigate”*. According to Robson (2002:260) *“A sample is a selection from a population.”* Collis and Hussey (2003:56) consider sample as *“A subset of a population and should represent the main interests of the study.”* Kumar (2011: 193) defines sampling as:

Sampling, therefore, is the process of selecting a few (a sample) from a bigger group (the sampling population) to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group. A sample is a subgroup of the population you are interested in”.

Easterby Smith et al. (2008) suggest that the correctness of conclusions drawn from a sample depends on whether it has the same characteristics similar to the population from which it is drawn. If the sample is methodically different in some way, then the sample is biased. Cohen et al. (2000) consider that there is no

exact number or percentage that can be universally prescribed to be adopted in all studies. On the contrary, Saunders et al (2009) report that a sample size of 30 or more usually will result in a sampling distribution for the mean that is very close to a normal distribution.

5.8.2 Sampling Main Principles

Kumar (2011) identifies three main principles in sampling which can be explained as follows:

Principle 1: In most of the cases there will be a difference between the sample statistics average and the actual population mean which is the result of the selection of the units in the sample.

Principle 2: The greater the size of the sample, the more accurate the estimate of the actual population mean.

Principle 3: The greater the difference in the variables under study in a population for a given sample size, the greater the difference between the sample statistics average and the actual population mean.

In fact, the size of the sample and the extent of variations in the study population affect the level of accuracy and standard deviation or error which, in turn, have direct impact on the reliability of the data and the credibility of the findings.

5.8.3 Sampling Strategies

Sampling strategies or designs can be classified under three main categories (Kumar 2011: 198):

- 1) Random/probability sampling.
- 2) Non-random/non-probability sampling.
- 3) Mixed sampling.

According to the random sampling, the probability of the selection of every case of the population is known, and equal for all cases (Saunders et al 2007). Leedy and Ormrod (2005) stress that with this type, each element or segment of the population has an equal chance of being selected in the sample. According to Saunders et al (2007) this type of sampling is more appropriate with survey and experimental research strategies. Saunders et al (2007: 208) claim that:

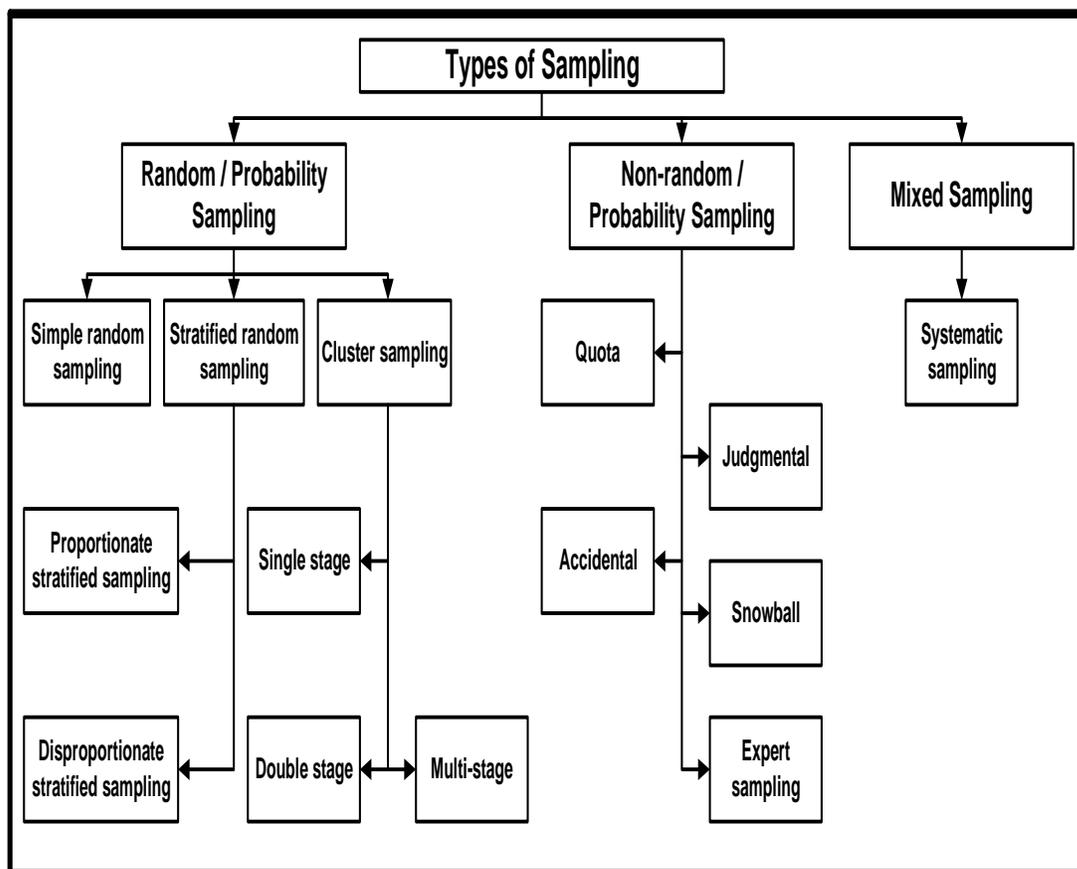
“Probability sampling is most commonly associated with survey-based research strategies where you need to make inferences from your sample about a population to answer your research question (s) or to meet your objectives.”

Although probability sampling, as compared to non-probability sampling, is relatively expensive, time consuming and complicated, it offers a high degree of representativeness (Robson 2002). The non-random sampling involves that the probability of selection of every case of the population is not known – each

sample unit or element does not have equal and independent chance of being selected in the study. The selection of the sample is left up to the researcher (Sarantakos 1998). This type is most commonly used with a case study strategy (Sarantakos 1998) and when the sampling cases of population are difficult to specify (Saunders et al. 2007).

Kumar (2011) provides a good picture of the different types of sampling designs as illustrated in Figure 5.5, which is followed by some relevant explanations from the same source.

Figure 5.5: Types of Sampling



Source: Kumar (2011: 198).

5.8.3.1 Random/probability Sampling

Simple random sampling, stratified random sampling and cluster sampling are the main designs which fall under this category.

Simple random sampling (SRS): this is where each respondent has equal and independent chance of selection.

Proportionate stratified sampling; the number of respondents from each stratum in relation to its proportion in the total population is selected.

Disproportionate stratified sampling: the number of respondents from each stratum is determined by dividing the sample size by the number of strata.

Cluster sampling: it is used when it is not possible to identify each element or unit in a large population. Cluster sampling divides the sampling population into groups on the basis of identifiable characteristics (i.e. geographical proximity) and then selects the required sample by using the SRS technique. Sampling may be done at different levels which constitute the different stages (single, double or multiple).

5.8.3.2 Non-random/non-probability sampling

There are five common non-random sampling designs which are used in quantitative and qualitative research.

Quota Sampling: this implies that the sample is selected on the basis of specific visible characteristics.

Accidental Sampling: this type of sampling does not attempt to select the sampling units on the basis of specific visible characteristics, although it goes through the same process as Quota Sampling.

Judgmental or Purposive Sampling: the researcher decides and goes to people who in his opinion are most likely have the required information he is looking for.

Expert Sampling: in this type of sampling the selected respondents must be known experts in the field of the study.

Snowball sampling: under this type of sampling, using networks is the basis for collecting the required data. It starts with selecting a few individuals in the organisation to collect the required information. Then these individuals are asked to identify other people in the organisation who will be part of the sample.

5.8.3.3 Mixed Sampling (Systematic Sampling Design)

Systematic sampling has been classified as “mixed” sampling mainly because it includes the characteristics of both random and non-random sampling designs. Here the sampling frame is divided into a number of segments called intervals. From the first segment or interval, one unit, element or respondent is selected randomly. The selection of the other units from the other intervals depends entirely on the first selection.

5.8.4 Sampling in Quantitative vs. Qualitative Research

Sampling in quantitative and qualitative research is governed by different considerations as explained through the following points (Kumar, 2011):

5.8.4.1 Quantitative Research:

- 1) Unbiased is the main consideration in selecting a sample from the study population.
- 2) The main purpose of sampling is to make inferences about the group from which the sample has been selected.
- 3) The size of the sample is predetermined to achieve the required level of accuracy and reliability.
- 4) Randomisation is the basis for selecting the potential respondents.
- 5) A mix of random and non-random samplings can be used in quantitative research.

5.8.4.2 Qualitative Research:

- 1) The ease in accessing the potential respondents is an important consideration in the selection process.
- 2) The researcher is the one who judges that the selected respondent who has good knowledge about the phenomenon being studied and his/her participation in the research will add value.
- 3) The main purpose is to gain in-depth knowledge about the phenomenon (situation, event, behaviour etc.) in the question.

- 4) The size of the sample is not predetermined.
- 5) Qualitative research implies a great deal of bias because selection of sample is based on how much the selected respondents know about the phenomenon being studied. Only Non-random (Non-probability) samplings are used in qualitative research.

5.8.5 Cost and Benefits Analysis of Sampling

According to Saunders et al. (2007) using a sample is important and a more efficient way to collect the required data because of the following reasons:

- 1) It is almost impracticable, and may be impossible, for the researcher to collect data from the entire population.
- 2) The cost of collecting data from the whole population would most likely be very high even if it is do-able.
- 3) The researchers normally do not have the luxury of time to collect data from the whole population due to time constraints and tight deadlines.

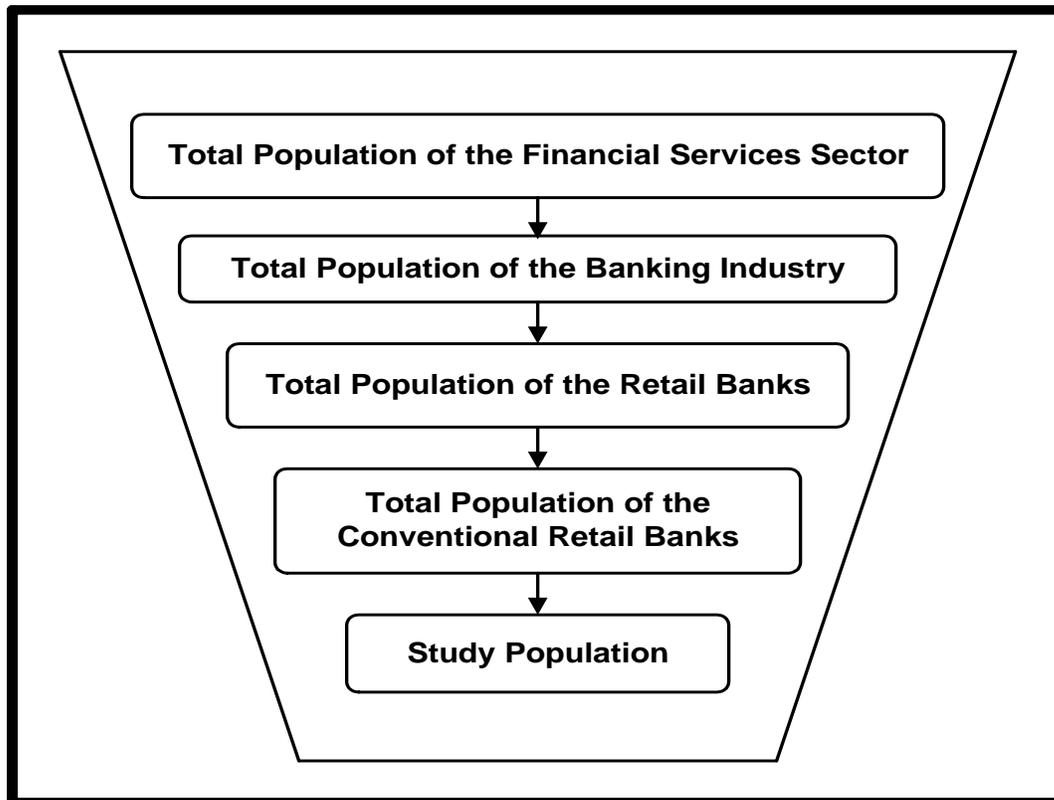
While the advantages of sampling include saving time and cost, and efficient utilisation of resources, sampling, on the other hand, does not secure obtaining facts but rather estimating or predicting them.

5.8.6 Selection of the Research Sample

The selection of the required sample in this study went through three stages:

Stage 1: Determining the size of the study population: a top-down approach was used to determine the study population as illustrated in Figure 5.6 which sets out the road map for this stage.

Figure 5.6: Sampling Population



Source: Developed by the present researcher.

The main steps involved within this stage can be explained as follows:

- 1) Find out the total number of employees in the Financial Services Sector (Total Population of the Financial Services Sector] which include wholesale banks, retails banks, insurance companies, investment companies etc.)

- 2) Derive from the Total Population of the Financial Services Sector the number of employees in the banking industry - wholesale banks, investment banks, and retail banks (Total Population of the Banking Industry).
- 3) Extract from the Total Population of the Banking Industry the number of employees in the retail banks (Total Population of the Retail Banks).
- 4) Exclude from the Total Population of the Retail Banks the employees who work in the Islamic Retail Banks to get the Total Population of the Conventional Retail Banks.
- 5) Exclude Non-Bahraini employees from the Total Population of the Conventional Retail Banks to get the total number of Bahraini Employees in this segment of the banking industry (Study Population).

Stage 2: Selecting the representative group: the biggest conventional retail banks (AAA, BBB, and CCC) – artificial names are given to maintain high level of confidentiality - were used to select almost 43% of the required sample. These banks were selected on the basis of the following criteria:

- 1) The total number of employees.
- 2) The size of employment (the total number of employees as a % of the Study Population).

- 3) The Bahrainisation Ratio (the total number of Bahraini employees as a % of the total employees).
- 4) The size of the balance sheet.
- 5) The local market coverage i.e. the number of branches and automated teller machines (ATMs).

Stage 3: Proportionate stratified sampling: the targeted sample of 10% to 15% of the study population was selected on the basis of proportionate stratified sampling.

The actual implementation of the above stages is covered through the remaining part of this section. Table 5.9 provides the total employment (total population) of the financial sector in which there are 13922 employees. This table shows that the banking sector occupies 69% of the total employees in the financial services sector where retail and wholesale banks employ 38% and 29% of the total employees respectively. The non-bank financial sector, which is composed of insurance companies, insurance-related activities companies, money changers, stock brokers etc., represents 28% of the total employees in the financial services sector. The biggest share goes to insurance companies, which occupy 10% of the total employment. Other institutions such as Central Bank of Bahrain, Bahrain Institute of Banking and Finance, and Bahrain Stock Exchange have a minor share of the total employment i.e. 3% only.

Table 5.9: Number of Employees in the Financial Services Sector

FINANCIAL SECTOR	BAHRAINI			NON-BAHRAINI			Total	%
	Male	Female	Total	Male	Female	Total		
<i>I) Banking Sector</i>								
Retail Banks	2725	1569	4294	861	187	1048	5342	38%
Wholesale Banks	1543	1003	2546	1230	306	1536	4082	29%
Representative Offices	43	33	76	59	23	82	158	1%
Sub-Total	4311	2605	6916	2150	516	2666	9582	69%
<i>II) Non-Bank Financial Sector</i>								
Insurance Companies	532	322	854	405	119	524	1378	10%
Insurance Related Activities Cos.	138	70	208	287	57	344	552	4%
Money Changers	179	59	238	458	109	567	805	6%
Stock Brokers	28	5	33	7	0	7	40	0%
Financial Companies	126	77	203	10	2	12	215	2%
Investment Business Firms	136	71	207	212	37	249	456	3%
Other*	170	53	223	189	32	221	444	3%
Sub-Total	1309	657	1966	1568	356	1924	3890	28%
<i>III) Other Institutions **</i>	219	182	401	38	11	49	450	3%
Total	5839	3444	9283	3756	883	4639	13922	100%
* Includes Provider of Ancillary Services, Trust Service Providers & Registered Administrators.								
** Includes Central Bank of Bahrain, Bahrain Institute of Banking & Finance, and Bahrain Stock Exchange.								

Source: Central Bank of Bahrain (<http://www.cbb.gov.bh/>).

Bahraini employees and non-Bahraini employees represent 80.4% and 19.6% respectively of the total employment in the retail banks – Bahraini employees

dominate such a vital segment of the banking industry. The main targeted study population is Bahraini employees (male & female) in the conventional retail ranks.

The total number of Bahraini employees as reflected in Table 5.9 is 4294. This number includes Bahraini employees in both conventional and Islamic retail banks. There are 23 conventional retail banks and 6 Islamic retail banks operating in the Kingdom of Bahrain. Although the available statistics do not provide the number of employees for conventional and Islamic banks separately, the researcher managed through contacting some key figures in the conventional retail banking sector to collect some of the relevant information as presented in Table 5.10.

Table 5.10: Number of Employees in Conventional Retail Banks

DESCRIPTIONS	NUMBER	NUMBER
1) Total number of Bahraini employees (Conventional & Islamic Retail Banks – 29 banks)		4294
2) Employees in Islamic Retail Banks – 6 banks		
Al Baraka Islamic Bank	190	
Al Salam Bank	120	
Bahrain Islamic Bank	380	
Khaleeji Commercial Bank	145	
Kuwait Finance House	300	
Shamil Bank of Bahrain	160	
Gross total (Bahraini & non-Bahraini employees)	1295	
Less non-Bahraini employees (19.6%)	(254)	(1041)
3) Bahraini employees in the conventional retail banks – 23 banks		3253

Source: Compiled by the present researcher.

On the basis of Table 5.10 the employment structure in the conventional retail banks is recalculated and represented in Table 5.11.

Table 5.11: Employment Structure

Category	Bahraini Employees	Non-Bahraini Employees	Total
Conventional retail banks	3253	794	4047
Islamic retail banks	1041	254	1295
	4294	1048	5342

As explained during Stage 2, three of the biggest conventional retail banks in Bahrain were targeted for the selection of almost 43% of the required sample in order to establish a good size for the representative group. These banks and their employment structure are given in Table 5.12. Artificial names are given due to confidentiality requirements.

Table 5.12: The Representative Group

BANKS	NO. OF EMPLOYEES
AAA Bank	630
BBB Bank	540
CCC Bank	560
Total	1730
Less Non-Bahraini employees (19.6%)	(339)
Bahraini employees	1391

Source: Compiled by the present researcher.

On the basis of the statistics available from the Central Bank of Bahrain (<http://www.cbb.gov.bh/>) and the most recently published financial statements, these three banks were selected on the basis of the following criteria:

- 1) The total assets of these three banks are worth BD8 billion (US\$ 21 billion) as opposed to the consolidated balance sheet of the conventional retail banking of BD21 billion (US\$57 billion). These banks represent almost 37.5% of the total assets in the retail banking.
- 2) In terms of the employment structure, these three banks together employ 1730 employees out of which 339 are non-Bahraini employees as reflected in Table 5.12. On the basis of the information already given in Tables 5.9, 5.10, 5.11 and 5.12, it can be concluded that “AAA Bank”, “BBB Bank”, and “CCC Bank” employ 32% ($1730 \text{ employees} / 5342 \times 100$) of the total employees in the retail banks (conventional and Islamic banks), and 43% ($1391 \text{ employees} / 3253 \text{ employees} \times 100$) of the Bahraini employees in the conventional retail banks (study population).
- 3) They occupy almost 73% of the branches network and have 86% of the automated teller machines (ATMs) in the kingdom of Bahrain.

On the basis of the above information, it can be concluded that “AAA Bank”, “BBB Bank”, and “CCC Bank” are the biggest players in the conventional retail banking sector. Hence, they form a good representative group from which

reliable data can be collected to defend the reliability of the analysis, findings and recommendations of this study.

The targeted sample of 430 employees (Study Population of 3253 x 13%) from the three biggest and the other conventional retail banks were selected on the basis of “proportionate stratified sampling” as illustrated in Table 5.13.

Table 5.13: Allocation of Sample

Bank	Total Employees	Non – Bahraini Employees (19.6%)	Bahraini Employees	% of Study Population	Targeted Sample	Rep. (%)*
AAA	630	123	507	15.6%	67	13%
BBB	540	106	434	13.3%	57	13%
CCC	560	110	450	13.8%	60	13%
Sub-Total	1730	339	1391	42.7%	184	13%
Other banks	2317	455	1862	57.3%	246	13%
Total	4047	794	3253	100.0%	430	13%

* Representation (Targeted Sample as % of the Bahraini Employees)

Although the required sample was 10% (3253 x 10% = 325 employees) of the Bahraini employees in the conventional retail banks, 600 questionnaires (i.e. 18% of the study population) were distributed in order to get the final target of 430 respondents, which represent almost 13% of the total population. The main purpose was to make sure that the actual number of respondents, in all cases,

does not go below the required sample of 10% of the study population i.e. 325 employees. The response rate is highlighted in Figure 5.14.

Table 5.14: Response Rate

Bank	Bahraini Employees	% of Study Population	Targeted Sample	Distributed Questionnaires	Collected Questionnaires	Response Rate
AAA	507	15.6%	67	94	71	76%
BBB	434	13.3%	57	80	54	68%
CCC	450	13.8%	60	83	69	83%
Sub-Total	1391	42.7%	184	257	194	75%
Other banks	1862	57.3%	246	343	266	78%
Total	3253	100.0%	430	600	460	77%

Table 5.15 shows that although the response rate was 77%, the collected questionnaires of 460 represent 14% of the total population (3253 Bahraini employees) which is higher than the required sample of 325 employees (10% of the total population).

5.8.7 Sampling Population/Clarifying the Term 'employee'

For the purpose of this study the term *employee* refers only to the category of Bahraini nationals from the bank clerk to chief executive who were targeted in

the sample of the survey and who represent 80% of the working population within banks. Other nationals (expatriates) and employees such as ancillary staff (cleaners, messengers, etc.) have not been included in this study. The rationale behind this is that it would be beyond the scope of this study to include all the categories of the working population of the banks. It is suggested that further research would be useful to involve these two categories of employees to compare and contrast with the current study findings.

5.9 Research Methods

Jankowicz (2000:209) defines a research method as *“A systematic and orderly approach taken towards the collection and analysis of data so that information can be obtained from this data”*. There are many different methods for collecting data. The common methods of data collection are observation, questionnaire, and interviews (Denzin and Lincoln 2000).

5.9.1 Observation

Qualitative researchers rely on four primary methods for gathering information: (1) participating in the setting, (2) observing directly, (3) interviewing in depth, and (4) analysing documents. According to Kumar (1999: 105) *“Observation is a purposeful, systematic and selective way of watching and listening to an interaction or phenomenon as it takes place.”* Marshall and Rossman (2011: 139) refer to observation as a term which:

“captures a variety of activities that range from hanging around in the setting, getting to know people, and learning the routines to using strict time sampling to record actions and interactions and using a checklist to tick off pre-established actions.”

5.9.2 Questionnaire Survey

The survey provides a quantitative explanation of opinions, attitudes, problems etc. by studying a sample from a specific population. On the basis of the results, the researcher makes generalisations about that population.

5.9.2.1 Definition of Survey and Questionnaire

The most common methods that are associated with the survey are questionnaire and structured interview (Jankowicz 2000). Payne and Payne (2004:186) define questionnaires as:

“The printed sets of questions to be answered by respondents, either through face-to-face interviews or self-completion, as a tested, structured, clearly presented and systematic means of collecting data”.

5.9.2.2 Advantages and Disadvantages of Questionnaire

Sarantakos (1998); Gilham (2002); and Creswell (2003) identify a number of advantages and disadvantages of the use of questionnaires which are summarised in Table 5.15.

Table 5.15: Advantages and Disadvantages of Questionnaire

Advantages	Disadvantages
Questionnaires are easier to organise and arrange.	Tick appropriate boxes questions may restrict and frustrate respondents.
Questionnaires encourage pre – coded answers.	Pre- coded questions can bias the findings.
Questionnaire is suitable to respondents who do not need to think how to express their ideas.	Questionnaires give little chance for the researcher to check the truthfulness of answers.
Low cost in time and money.	Rectifying poor questionnaire result in a substantial negative damage on the progress of the research.
Easy to get information from a lot of people quickly and efficiently.	Normally questionnaires are associated with low response rate.
Respondents can complete the questionnaire when it suits them.	Lack of motivating respondents to answer the questionnaire.
Analysis of answers to close-ended questions tends to be more objective.	Problems of data quality (completeness and accuracy).
Questionnaires may be simply sent unannounced to the respondents.	Misunderstandings difficult to correct.
Respondents under less pressure for immediate response.	Lack of control over order and context of answering questions.
Respondents' anonymity and information confidentiality.	The researcher does not get information other than the written answers.
Questionnaire provides reliable data for testing a hypothesis.	It is assumed that the targeted respondents have the required answers.

Source: Tabulated and adapted by the present researcher from Sarantakos (1998), Gilham (2002) and Creswell (2003)

5.9.2.3 Questionnaire Design

The first question that should be addressed when designing questionnaire is what is the information that should be collected to answer the research questions? A questionnaire design deals with the preparation of the questions in the context of the questionnaire. The questionnaire design requires that the questions should be listed in a logical order (Sarantakos 1998). According to Robson (2003) it is important that the questions are formulated in such a way to answer the questions and achieve the objectives of the research. The sound design of the questions and structure of the questionnaire are very important to achieve the internal validity and reliability of the collected data (Saunders et al., 2007).

5.9.2.4 Language and Wording of the Questionnaire

The language and the wording of the questionnaire should be appropriate to tap respondents' attitudes, perceptions, and feelings. Kervin (1992) indicates that good question wording will ensure measurement validity. Sekaran (2003) and Moore (2006) introduce some important principles which should be considered carefully in designing the language of the questionnaire. These principles include using simple language and short questions, and avoiding double-barrelled, leading, biased, negative and ambiguous questions. The flow of questions should lead respondents to move in answering questions of a general nature to those that are more specific, and from questions that are relatively easy to answer to those that are progressively more difficult. These above principles were considered carefully in formulating the language and the wording of this study.

5.9.2.5 Questionnaire Structure

Regardless of whether the questionnaire is administered personally or by mail it has to be constructed according to certain standards and principles It has to include three main elements the covering letter, the instructions, and the main body ” Sarantakos (1998: 225).

The covering letter introduces the respondents to the topic and the main objectives of this study, indicates the importance of participation and provides assurance to respondents that a high level of anonymity and confidentiality will be maintained. The respondent is allowed to stop if he or she does not like to continue to answer the questions. The main purpose of the instructions is to explain to respondents how to answer the different parts of the questionnaire, whereas, the main body of the questionnaire consists of the questions which are to be answered by respondents (Sarantakos 1998). These principles were followed properly in designing the Questionnaire Cover Letter (**Appendix 5.1**), Participation Information Sheet (**Appendix 5.2**) and the structure of this study questionnaire (**Appendix 5.3**) which consists of six sections:

Section one: This section raises questions to examine the level of importance of different job-related factors (monetary and non-monetary) and how satisfaction or dissatisfaction with such factors determines the level of organisational equity or inequity.

Section two: The questions under this part are oriented towards analyzing how the personal factors (qualifications, experience, expectations, needs, values, principles etc.) can mitigate the negative impact of the organizational inequity on motivation.

Section three: Several external and internal factors are included under this section in order to examine the impact of situational factors on the organizational inequity.

Section four: Evaluation of the effectiveness of the existing participative management, in the conventional retail banking, on the basis of some important participative objectives, and how specific needs can stimulate high level of demand for participation are addressed through the questions of this section.

Section five: Analyzes the level of motivation on the basis of specific corporate objectives.

Section six: Provides information about the main characteristics of the sample such as respondent's age, qualification, experience, and position.

5.9.2.6 Types of Questions

The type of questions refers to the way in which the questions are presented in the questionnaire, whether the question is open-ended or closed (Sekaran, 2003). An open-ended question is where each respondent can answer the question in any way they choose. Denscombe (2003:155) defines open-ended

questions as *“those that leave the respondent to decide the wording of the answer and the length of the answer”*. On the other hand, a closed-ended question is where respondents are asked a question and required to choose their answer from a number of predetermined alternatives (Moore, 2006).

The questions in this research were formulated in such a way as to get the required data as efficiently as possible. Closed questions were used in designing the questionnaire because the time factor for bankers (targeted respondents) is very important. In fact, closed questions provide a number of alternative answers and options, quicker and easier to answer. In addition, these types of questions are easy to process, analyse and compare (Sekran 2003). However, because of forcing respondents to choose between predetermined alternatives or options, lack of spontaneity and expression can not be ruled out. Open-ended questions do not offer alternatives in terms of answering the questions; they are easy to ask and provide participants elbow room to give opinions (Sekran 2003). The disadvantages of open-ended questions lie in the fact that they are difficult to answer and analyse (Hussey and Hussey 1997). Utilisation of open-ended questions in the questionnaire of this study was minimal. In fact, proper due diligence was considered and carried out in formulating the questions to make sure that the choices were equally exclusive and there was no ambiguity embedded in any question.

5.9.2.7 Scaling Techniques

The common rating scales include: (1) Thurstone Method of Equal-Appearing Intervals, (2) Guttman's Scalogram Analysis, (3) Likert's Method of Summated Ratings, and (4) Osgood's Semantic Differential Technique (Cano and Brewer, 2002). These four scaling techniques were examined for usability in this research. Thurstone and Guttman methods are recognised for their difficulty in development and applicability.

“When compared with the Thurstone method of equal appearing intervals, or Guttman’s scalogram approach, Likert’s model proves not only more efficient in terms of time and resource expenditure, but also more effective in developing scales of high reliability (in terms of both internal consistency and temporal stability” Cano and Brewer (2002:286).

The key principle of Osgood's technique is to *“determine the subjective meanings people attach to word or concepts”* (Cano and Brewer, 2002:289). The Likert scale is a method designed to measure people's attitudes. Bryman (2008: 146) indicates that:

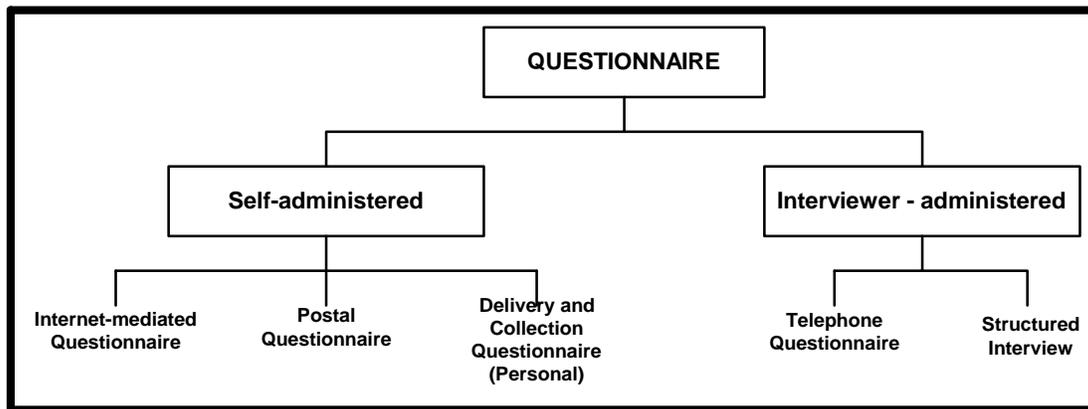
“The Likert scale is essentially a multiple-indicator or multiple-item measure of a set of attitudes relating to a particular area. The goal of the Likert scale is to measure intensity of feelings about the area in question”.

It is believed that the Likert scale is more reliable than other scales (Sarantakos 1998). All items using a nominal, ordinal, Likert or ratio scale are considered closed. Hence, the most common approach for giving answers to close-ended questions is the Likert rating scale, in which the researcher asks the respondents to rate their answers (Sekaran, 2003). Since the five-point scale is the basis for answering most of the close-ended questions in the questionnaire of this study, the Likert scale was chosen as the most preferred method for collecting the required numerical data.

5.9.2.8 Questionnaire Administration

The questionnaire can be conducted by self-administration or by interviewer-administration. Figure 5.7 shows the types of questionnaire.

Figure 5.7: Types of Questionnaires



Source: Saunders et al. (2007:357)

Self-administered questionnaires are very popular. They are relatively easy to administer and flexible in terms of collecting data under a variety of different circumstances. In self-administered questionnaires the respondent him/herself writes the answers on the form. The questionnaires can be administered either

by internet, post mail or personal delivery. Interviewer-administered questionnaires, on the other hand, are a data collection technique where the interviewer himself writes the answers through telephone or structured interview with respondents. The questionnaires in this study were administered by using personal delivery and collection channels through key figures (focal points) in the banks as explained in the next section.

5.9.2.9 Questionnaire Delivery and Response

The researcher conducted the administration process of the questionnaire by meeting key figures (focal points) in each bank personally and requesting them to distribute the questionnaire randomly to their staff. Proper arrangements and coordination were put in place and followed to pick up the questionnaires once they are completed by respondents.

5.9.2.10 Questionnaire Data Analysis

There are several parametric and nonparametric statistical techniques and descriptive statistics which are normally used in social studies to analyse data. *Data refer to known facts or things used as a basis for inference or reckoning* (Hussey and Hussey 1997: 149). Data come in all sorts of shapes and sizes – audio, video-tapes, responses to questionnaires, diary entries, reports of meetings, documents, etc. *“Many of them fall into two categories words or numbers. Or they can, without difficulty, be turned into words or numbers”* Robson (2011: 410). Data to be useful and meaningful needs to be processed, analysed and interpreted, (Saunders et al. 2007).

The statistical methods should be used on the basis of the nature and types of the collected data. Some researchers (Pallant 2007) argue that two types of statistical techniques are used in analysing data: parametric and non-parametric. The parametric techniques of statistical analysis are more powerful than non-parametric techniques because they use stringent assumptions to compare sample statistics with population. They can be used only on data which have a normal distribution, with large sample sizes greater than 30. Moreover, the parametric techniques are applicable to interval scales. On the other hand, the non-parametric techniques are more general and can be used on data which are not normally distributed, as far as the data is measured on nominal (categorical) and ordinal (ranked) scales, and they are also useful when the sample is very small (Pallant, 2007).

The data collected from the questionnaires in this study was coded using the SPSS program. The five-point Likert scale was used in most of the questions. Several data analysis techniques were used for analysing data and interpreting the results. These techniques include a reliability test (Cronbach's Alpha), a descriptive statistics method, *t*-tests, regression analysis, One-way Anova and Post Hoc Test (Tukey). Skewness and Kurtosis value tests (Hair, 2011) were used to test the normality assumption in this study. Collis and Hussey (2003: 234) state that *"If normality cannot be assumed, a large sample size will ensure that the sampling distribution of the means is approximately normal"*.

5.9.3 Interview

The interview is the most widely employed method for data collection in qualitative research (Bryman 2004). The main purpose of the interview is to collect valid and reliable data which are relevant to the questions and the objectives of the research. Interview takes more of the form of dialogue and it allows the researcher and the respondent to move back and forth in time to analyse the past, interpret the present and predict the future.

5.9.3.1 Definition of Interview

According to Saunders et al. (2003) an interview means a purposeful discussion between two or more people. O'Leary (2004:162) defines an interview as "*a method of data collection that involves researchers asking respondents basically open-ended questions*".

5.9.3.2 Types of Interviews

There are three main types of interviews: structured, semi-structured, and unstructured interviews (Sarantakos 1998). Structured interviews use pre-established questions, which are asked in a predetermined order. They are called formal or standardised interviews. They are like questionnaires read by the researcher. Structured interviews are mostly employed in quantitative research (Sarantakos 1998). Semi-structured interviews are non-standardised interviews. The interviewer has a list of questions which may vary from one interview to another – questions can be added or deleted - depending on the organisational context and the interview condition (Bryman 2004). This type of interview may be

employed in both qualitative and quantitative research. Unstructured interviews are sometimes called in-depth interviews. The interviewer has no predetermined list of questions, but has only a list of themes as an interview guide and the questions are informal (Bryman 2004). A phenomenological (qualitative) approach suggests unstructured questions (open-ended questions) to explore an answer in more depth.

5.9.3.3 Advantages and Disadvantages of Interviews

According to Sarantakos (1998) the advantages and disadvantages of interviews are summarised in Table 5.16.

Table 5.16: Advantages and Disadvantages of Interview

Advantages	Disadvantages
It is associated with a high response rate.	It is more expensive and time consuming when there is a large number of respondents to be interviewed.
The researcher has a good opportunity to explain the purpose of the research in more detail, provide explanations and clarifications as deemed necessary, and handle any difficulties and misunderstanding in an efficient way.	It is inconvenient compared to questionnaires.
The researcher has a great deal of control on the conditions under which the questions are answered.	It offers less anonymity.
It secures that the required data will be collected according to the specific conditions.	Generally speaking, people prefer not to talk about some sensitive issues, although they may be willing to write about them. Under such conditions the interview tends to be ineffective in terms of collecting the required data.
	The interview may be affected by the researcher's mood which could result in getting biased responses from the interviewees.

Source: Summarized and tabulated by the present researcher from Sarantakos (1998)

5.9.3.4 Conducting Interview

Interviews can be conducted either face-to-face, by telephone or computer-assisted. Structured interviews may be conducted either face-to-face or using the telephone depending on the level of complexity of the themes involved, the duration of interview, the convenience of both interviewee and interviewer, and the geographical area (Sekaran 2003).

In this research, semi-structured interviews (face-to-face) were used as a second data collection instrument to support the questionnaire so that better understanding of the research issues is achieved. These interviews allowed space for discussion and encouraged participants to raise and elaborate on important related issues. From this perspective, the conducted interviews complemented the questionnaire in terms of collecting the required non-numeric data to answer the questions of this study. Interviewees were selected on the basis of "Expert Sampling". Six themes (**Appendix 5.4**) relevant to the questionnaire were discussed in each interview. Notes were taken to record the answers during the interviews. The answers were organised in such a way as to simplify the analysis process.

5.9.3.5 Interview Data Analysis

It is important to use the right technique to analyse the outcomes of the interviews in order to corroborate the findings of the questionnaire. Content analysis represents a formal approach to qualitative data analysis where data is

classified into different coding units which are normally pre-constructed by the researcher (Collis and Hussey, 2003). Patton (1990) points out that interpretation is about making inference, developing insights, refining understandings and drawing conclusions. Content analysis is “*Any technique for making inference by systematic and objectivity identifying special characteristics of messages*” (Berg 2007: 306). Typically, “*content analysis is performed on various forms of human communications; this may include various permutations of written documents, photographs, motion pictures, and audiotapes,*” (Berg and Lune 2012: 350). Content analysis can be achieved by seven elements in written messages: words, themes, paragraphs, items, concepts, characters, and semantics (Berg 2007).

The main advantage of content analysis technique is that it is useful when analysing data collected by interview and it is a main technique for semi-structured interviews (Jankowicz 2000). The main weakness of content analysis lies in the fact that it is limited to examining already recorded or written messages (Berg 2007).

The data collected by the semi-structured interviews in this study were analysed by using the concept of the content analysis technique. Data gathered from the 20 semi-structured interviews was summarized and categorized under six main themes. The answers from different key figures in the conventional retail banks, were grouped on the basis of the main themes of the semi-structure interviews. Content analysis was used manually rather than using NVIVO software because

the size of the interview sample was small, i.e. 20 interviews, and hence it was possible to conduct the analysis manually.

5.10 Reliability, Validity and Generalisability

Credibility of the research can be assessed on the basis of three important criteria – reliability, validity and generalisability.

5.10.1 Reliability

The measurement is considered reliable if when repeated under the same conditions with the same subjects it produces the same results.

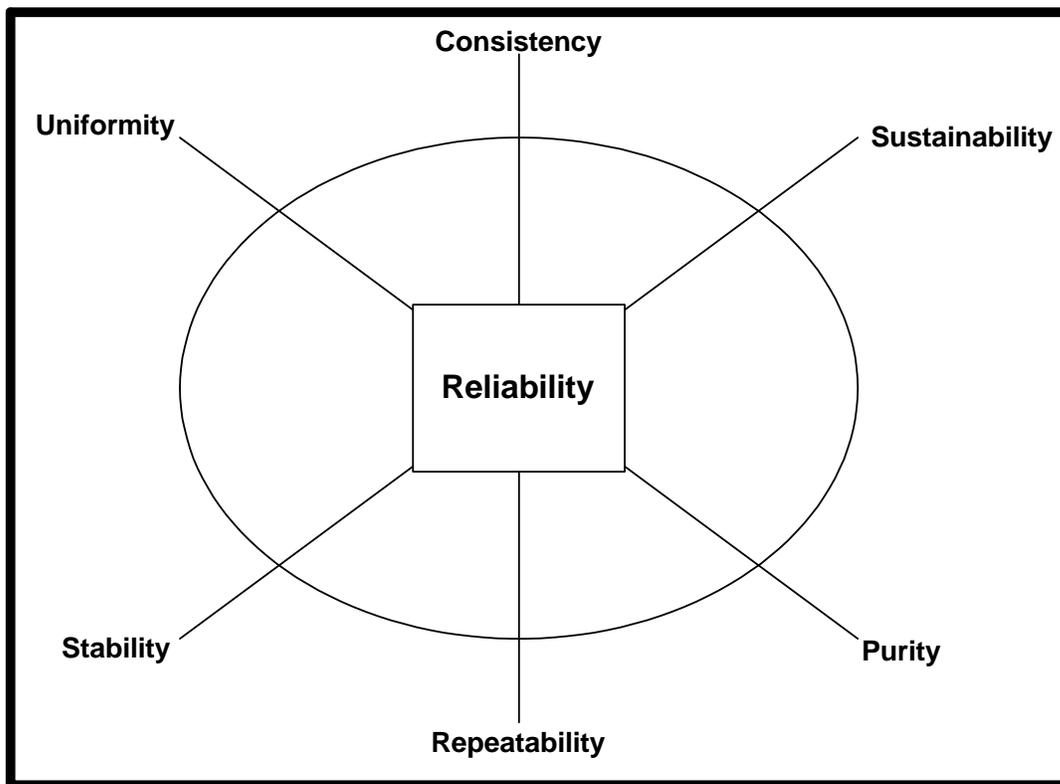
“Reliability refers to the purity and consistency of a measure ... to the probability of obtaining the same results again if the measures were to be duplicated” Oppenheim (1992: 144).

Reliability refers to *“the ability to obtain consistent results in successive measurements of the same phenomenon”* Jacob (1994:363). Reliability is the consistency of the data collection method. Consistency and repeatability are key words in determining the reliability. According to Sekaran (2003: 207) *“Reliability is established by testing for both consistency and stability”*. O’Leary (2004:56-57) states *that reliability occurs when:*

“The extent to which a measure, procedure or instrument provides the same result on repeated trials....There is some sense of uniformity or standardisation in what is being measured, and that methods need to consistently capture what is being explored.

Pallant (2007) states that Cronbach's Alpha test is one of the most commonly used to test internal reliability. Cronbach's Alpha takes a value between 1 denoting perfect internal reliability and 0 denoting no internal reliability. Rosnow and Rosenthal (2002) suggest 0.70 as acceptable and 0.80 or above as the preferable level, although a minimal score of 0.6 is viewed as 'good' (Bryman, 2008). Figure 5.8 sheds light on the keywords which are embedded in the meaning of reliability. These key words have been derived from the above definitions to get better understanding of the theoretical and practical framework of reliability.

Figure 5.8: Keywords of Reliability



Source: Developed by the present researcher.

Figure 5.8 shows that there are six key words: consistency, sustainability, stability, repeatability, uniformity and purity, which should be considered in examining and determining the level of the instrument's reliability.

5.10.2 Validity

Validity is the degree to which an item measures or describes what it is supposed to measure or describe. Validity according to Denscombe (2003:301) means that *“the data and the methods are right”*. According to O'Leary (2004:61) validity *“indicates that the conclusions you have drawn are trustworthy”*. The validity of the questionnaire in this study was obtained from the steps that were followed in the preparation and testing of the questionnaire as explained through the previous sections and later on under the pilot study.

5.10.3 Generalisability

Generalisability refers to the extent to which the findings of a research study are applicable to other settings. The degree of representativeness of the sample determines the extent to which the findings of a study can be generalised. In this context Sarantakos (2005: 98) states that:

“In social research, generalisability ... reflects the extent to which a study is able to generalise its findings from the sample to the whole population. Obviously, the higher the generalisability, the higher the value of the study”.

Saunders et al. (2009: 158) indicates that *“generalisability is sometimes referred to as external validity”*.

5.11 Ethical Issues

Survey is shaped on the basis of three main considerations: technical, practical and ethical. Technical considerations involve ensuring that matters such as sample design, questionnaire, scale development etc. are as rigorous as possible. Practical considerations imply that the survey design must take into account realities such as the purpose of the research, budget, deadlines, available resources etc. Ethical consideration plays a major role in shaping the final design of the survey. Vaus (2002: 59) indicates that:

“most professional codes of ethics stress the importance of five ethical responsibilities towards survey participants: voluntary participation, informed consent, no harm, confidentiality/anonymity, and privacy”.

Bryman (2008) emphasises that research should be undertaken after obtaining the required approval of the supervising institution in order to protect the targeted participants. Before starting this research study, the researcher obtained the approval from the Research Ethics Committee (REC), Liverpool John Moores University, on 1st November 2011. Grinnell and Unrau (2011) advise that ethical considerations are an important consideration for any research activity, especially when undertaking data collection.

The common principles of ethics which include privacy of participants, voluntary participation, consent of participants, maintenance of confidentiality and avoidance of negative reactions (embarrassment, discomfort, pain etc.) were

adhered to strictly in this study, throughout the process of collecting the required data via the questionnaires and the semi-structured interviews. It is also worth noting here that this study does not hold nor maintain any personal data (personal addresses, postcodes, faxes, emails or telephone numbers). Participants were requested to answer normal questions through the questionnaires and the semi-structured interviews. They were free to give their answers and had the full right to withdraw from the study at any time without giving any reason.

5.12 Pilot Study

The pilot study helps to examine the reliability and the validity of the questionnaire before conducting the study on a large scale. Through this process, the wording, content and flow of the questions are pre-tested. Collecting the right data at this stage gives a positive indication that the questions were well written and understood by the pilot sample and the eventual participants will have no problem in completing and returning the questionnaire. In fact, piloting the questionnaire is required to lessen response bias due to poor questionnaire design. Oppenheim (1992) states that:

“The pilot study can help us not only with the wording of questions but also with procedural matters such as the design of a letter of introduction, the ordering of question sequences and the reduction of non-response rates”.

Testing the questionnaire can be formally conducted by piloting it on a small number of respondents or at least informally by consulting friends and colleagues. Collis and Hussey (2003:175) point out that *“At the very least, have colleagues or friends read through it and play the role of respondents, even if they know little about the subject”*. Gathering constructive feedback and comments through the pilot study from the participants will not only help to improve the internal validity of the questionnaire but rather it will enhance the quality of the main study (Borg and Gall, 1989).

“Questionnaires do not emerge fully-fledged; they have to be created or adapted, fashioned and developed to maturity after many abortive test flights. In fact, every aspect of a survey has to be tried out beforehand to make sure that it works as intended” Oppenheim (2005: 47).

The pilot study in this research was conducted during the 2nd quarter of 2013. Forty three employees from the conventional retail banks participated in answering the questionnaire. Cronbach’s Alpha Test was used to examine the reliability of the questionnaire. The results of this analysis are presented in Table 5.17.

Table 5.17: Reliability Analysis

Questionnaire Sections	Cronbach's Alpha	No. of Items
1) Importance of monetary & non-monetary factors	0.821	12
- Importance of monetary factors	0.758	6
- Importance of non-monetary factors	0.779	6
2) Organisational inequity in monetary & non-monetary factors	0.783	12
- Organisational inequity in monetary factors	0.839	6
- Organisational inequity in non-monetary factors	0.821	6
3) Impact of personal factors	0.872	9
4) Impact of external & internal factors	0.823	21
- Impact of external factors	0.706	7
- Impact of internal factors	0.717	14
5) Implementation of participative management	0.786	10
6) Demand for participative management	0.741	9

Source: Pilot Study

The standard range of Cronbach's Alpha falls between 0 and 1. Since the results in Table 5.18 exceed the minimal score of 0.6 (Bryman, 2008), and the acceptable level of 0.70 (Rosnow and Rosenthal, 2002) they are a good indicator of the reliability of the questionnaire.

During the pilot study, most of the feedback and comments from the participants were positive and encouraging except about the length of the questionnaire. Their feedback was taken seriously and the relevant parts of the questionnaire

were redesigned and shortened to make sure that the target respondents, in the full study, do not spend too much time in answering the questionnaire. On the basis of the results of the pilot study, the questionnaire was reoriented to focus on the following main categories of questions:

- 1) Importance of monetary and non-monetary factors.
- 2) Organisational inequity.
- 3) Impact of personal factors.
- 4) Impact of external and internal factors.
- 5) Implementation of participative management.
- 6) Demand for participative management.

The main purpose of the amendments is to ensure that the final version of the questionnaire will help to answer the research questions. In addition to the administration of the questionnaire on a small scale basis through the pilot study, interviews were conducted with six managers, during May 2013, in order to examine the effectiveness of implementing the motivational and participative strategies in the conventional retail banks. Some analysis of the collected data was carried out by using such statistical tools as Descriptive Analysis, *t*-Test, Linear Regression, One-way Anova, and Post Hoc Test (Tukey). The initial findings regarding the existence of the organisational inequity in the conventional retail banking sector, the impact of the situational factors (personal, internal and external) on the motivational process and the high level of demand for

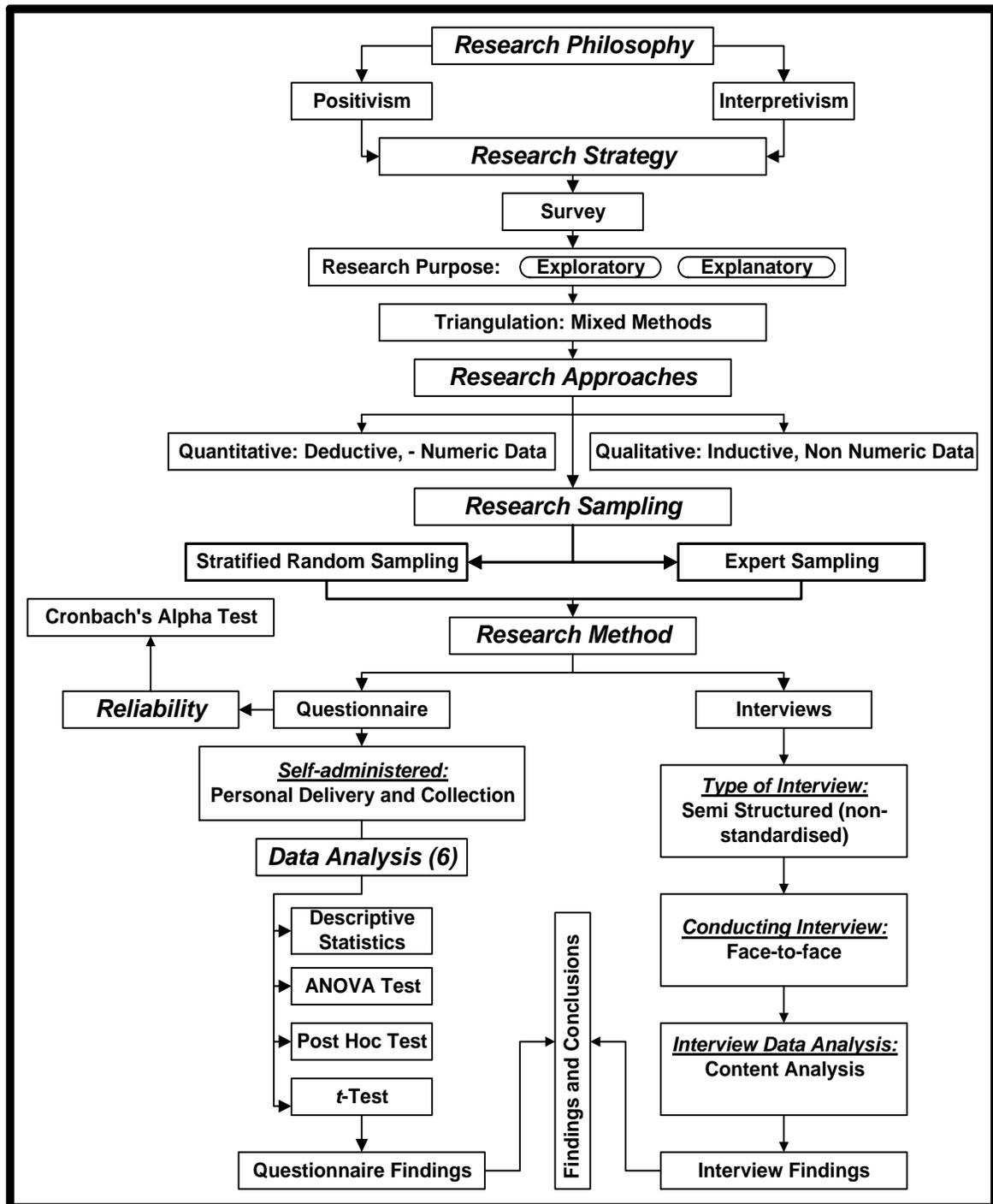
participative management have laid down the analytical framework of this study as will be explained in the next chapter.

5.13 Summary

Figure 5.9 highlights the main components and steps which have been used in developing the architecture of the research methodology. The philosophical underpinning of this study has been established on the basis of positivism and interpretivism paradigms. Survey is the most appropriate strategy because it fits with the objectives and questions of this research. Quantitative and qualitative approaches have laid down the groundwork for selecting and using the questionnaire and semi-structure interview (mixed methods) to collect the required numeric and non-numeric data. A top-down approach has been used in determining the study population from which the representative group has been selected on the basis of two sampling techniques: (1) Stratified random sampling, and (2) Expert sampling. The applicable ethical principles have been adhered to strictly to make sure that this study is conducted according to the approval of the Research Ethic Committee of LJMU. A pilot study has been conducted to test the reliability of the questionnaire and to examine the practicality of the selected research methods in terms of achieving the objectives, answering the questions, and validating the applicability of the hypotheses of this study. The encouraging results of the pilot study form the basis and the way forward for the next chapters through which full analysis of the collected numerical and non-numerical data will

be conducted by using the most important and relevant statistical tools that are available through SPSS.

Figure 5.9: Research Methodology Architecture



Source: Developed by the present researcher.

The next chapters are devoted to analysing the collected numerical and non-numerical data in order to produce reliable findings and make recommendations to address the research problem.

Chapter Six

Data Analysis and Discussion

Chapter Six

Data Analysis and Discussions

6.1 Introduction

The main purpose of this chapter is to present the quantitative and qualitative analyses. The chapter is divided into five main sections. Section 6.2 gives a complete picture of the quantitative analysis of the numerical data, which were collected from 460 completed questionnaires, by using the most relevant statistical tools available through the SPSS. The results of the qualitative analysis of the non-numerical data, which were collected from 20 semi-structured interviews with key officials in conventional retail banks, are presented in Section 6.3. Section 6.4 is devoted to give a clear picture about the main quantitative and qualitative findings.

6.2 Questionnaire Analysis

This section presents the results of the quantitative analysis of the numerical data, which were collected on the basis of the five main sections of the questionnaire: (1) organisational inequity; (2) impact of personal factors; (3) impact of internal and external factors; (4) participative management; and (5) motivation. Definition and categorisation of the situational factors, reliability analysis, hypotheses testing, consistency analysis, conceptualisation, and conclusions are the main topics which are covered under this section.

6.2.1 Definition and Categorisation of the Situational Factors

This research examines a large number of highly interrelated situational factors in order to gain deeper insight into the motivational process, which exists in the conventional retail banking sector in Bahrain. A brief explanation of these factors, dependent and independent variables, is provided under this section in order to reach a better understanding of the questionnaire's structure and the main purpose or the rationale behind the collected numerical data.

Job-related factors: This category consists of two types of variables: (a) monetary factors: salary, allowances, annual increments, bonuses, promotions and sharing programmes, (b) non-monetary factors: work, responsibility and authority, achievement, recognition, employment security, advancement and growth.

Personal factors: Qualification, experience, knowledge, needs, expectations, perceptions, beliefs, values, principles and religion.

External factors: Political, economic, legal, technological, financial, sociocultural, and market forces.

Internal factors: Mission, strategies, corporate objectives, divisional objectives, organisational structure, policies and procedures, decision-making process, control system, technology and processes, communication channels, leadership

styles, interpersonal relationships, corporate culture, size and reputation of the organisation.

Participative management factors: This category includes variables that could affect the implementation of the participative management such as common understanding, realistic goals, objective performance appraisal, fair distribution of rewards and incentive, reliable decisions, transparency, efficient communication, understanding of employees' problems and expectations, accommodating conflicts, and minimising organisational inequity.

Participation demand factors: This category consists of variables which trigger the demand for participative management such as formulating the destiny of the organisation, gaining knowledge, practicing the rights to participate, resolving conflicts, committee membership, ability to participate, feeling of importance, participating in making important decisions and establishment of interpersonal relationships.

Motivational factors: This category introduces some of the main objectives which stimulate motivation in the conventional retail banking such as profitability, quality of customer services, market share, share price, internal efficiency, number of retail outlets, diversification of customer services, audit rating and customers' survey.

The above seven categories of situational factors constitute the main building blocks of the collected numerical data.

6.2.2 Sample Characteristics Analysis

The main characteristics of the selected sample have been analysed on the basis of four criteria: age, qualification, experience, and official position. Descriptive analysis was used to analyse these characteristics.

6.2.2.1 Age

Table 6.1 presents the age frequency under five categories and it presents the frequency in terms of absolute and cumulative percentages in order to give a clear picture about the age characteristics.

Table 6.1: Age

AGE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 20	23	5.0	5.0	5.0
	21 to 30	37	8.0	8.0	13.0
	31 to 40	125	27.2	27.2	40.2
	41 to 50	220	47.8	47.8	88.0
	Over 50	55	12.0	12.0	100.0
	Total	460	100.0	100.0	

Most of the respondents, almost 48% fall within the age group 41 to 50, followed by respondents in the third category (31 to 40) who represent almost 27%. The first, second and last category include 5%, 8% and 12% respectively of the age frequency for the remaining respondents.

6.2.2.2 Qualification

Table 6.2 provides the frequency distribution of qualifications and the relevant percentages under five categories: (1) Secondary school certificate, (2) Diploma, (3) Bachelor Degree, (4) Master, and (5) PhD.

Table 6.2: Qualifications

QUALIFICATIONS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary School Certificate	18	3.9	3.9	3.9
	Diploma	69	15.0	15.0	18.9
	Bachelor Degree	277	60.2	60.2	79.1
	Master	93	20.2	20.2	99.3
	PhD	3	.7	.7	100.0
	Total	460	100.0	100.0	

Almost 60% of the respondents hold a bachelor degree. The second category, who hold a Masters, form almost 20% of the total distribution, followed by the holders of diplomas, secondary school certificates and PhDs, who approximately represent 15%, 4% and 1% respectively.

6.2.2.3 Experience

Table 6.3 introduces the distribution of the experience in the form of absolute figures and cumulative percentages under five categories.

Table 6.3: Experience

EXPERIENCE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5	37	8.0	8.0	8.0
	6 to 10	46	10.0	10.0	18.0
	11 to 15	138	30.0	30.0	48.0
	16 to 20	170	37.0	37.0	85.0
	Over 20	69	15.0	15.0	100.0
	Total	460	100.0	100.0	

The above table indicates clearly that the participants enjoy good levels of experience in the conventional retail banking sector. The majority of the respondents, i.e. 30% and 37%, fall within the third (11 to 15 years) and the fourth (16 to 20 years) categories of experience respectively. In addition, 15% of the respondents have experience of more than 20 years. The minority in terms of experience fall within the first category (8%) and the second category (10%).

6.2.2.4 Position

The official positions of the respondents are classified under five main categories: clerk - supervisor; officer - assistant manager; manager - senior manager; assistant general manager - general manager; and Chief Executive Officer (CEO) as presented in Table 6.4.

Table 6.4: Position

POSITION					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Clerk – Supervisor	36	7.8	7.8	7.8
	Officer - Asst. Mgr.	337	73.3	73.3	81.1
	Manager - Senior Mgr.	64	13.9	13.9	95.0
	Asst. Gen. Mgr. - Gen. Mgr.	14	3.0	3.0	98.0
	CEO	9	2.0	2.0	100.0
	Total	460	100.0	100.0	

The majority of the respondents, i.e. almost 73%, hold positions within the second category (officer to assistant manager) followed by respondents in the third category (manager to senior manager) who represent 14% of the total frequency distribution. The first, fourth and fifth categories represent together almost 13% of the total respondents in terms of the official positions.

The analysis of the main characteristics of the selected sample, as presented through the above descriptive statistics, indicate clearly that the majority of the participants are mature, experienced and qualified.

6.2.3 Reliability Analysis

On the basis of the outcomes of the pilot study, which was conducted during the 2nd quarter of 2013, the questionnaire was amended to focus on seven main categories of questions:

- 1) Importance of the monetary and non-monetary factors.
- 2) Organisational inequity.
- 3) Impact of personal factors.
- 4) Impact of external and internal factors.
- 5) Implementation of participative management.
- 6) Demand for participative management.
- 7) Level of motivation.

Cronbach's Alpha Test was used to examine the reliability of the questionnaire.

The results of this test are presented in Table 6.5.

Table 6.5: Reliability Analysis

Questionnaire Sections	Cronbach's Alpha	No. of Items
1) Importance of monetary and non-monetary factors	0.925	12
- Importance of monetary factors	0.839	6
- Importance of non-monetary factors	0.900	6
2) Organisational inequity in monetary & non-monetary factors	0.854	12
- Organisational inequity in monetary factors	0.707	6
- Organisational inequity in non-monetary factors	0.851	6
3) Impact of personal factors	0.927	9
4) Impact of external and internal factors	0.935	21
- Impact of external factors	0.809	7
- Impact of internal factors	0.897	14
5) Implementation of participative management	0.709	10
6) Demand for participative management	0.760	9
7) Level of motivation	0.875	10

Table 5.5 indicates that the reliability of the questionnaire was supported by Cronbach's Alpha Test because all the results in this table are above 0.7.

6.2.4 Hypotheses Testing

Eight highly interrelated hypotheses were formulated to achieve the objectives of this study. T-Test and Linear Regression were used to validate and answer these hypotheses.

Ho1: Organisational inequity is not experienced by the Bahraini employees in the conventional retail banking sector.

The significance statistics in Table 6.6 provide a good base to analyse the existence of organisational inequity in conventional retail banking.

Table 6.6: t-Test for Ho1

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
Inequity M&NMF*	460	4.9717	.11132	.00519		
One-Sample Test						
	Test Value = 3					
	t	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Inequity M&NMF*	379.882	459	.000	1.97174	1.9615	1.9819
* Inequity in Monetary and Non-monetary Factors						

High mean (4.97) and low standard deviation (.11) reflect the cohesiveness of the respondents' answers and establish an important dimension to examine and analyse the validity of Ho1. The main results that can be derived from Table 6.6 are: $t = 379.882$, $df = 459$, and $p = .000$. Since the significance level is equal to .000 which is less than .05, Ho1 was rejected. This implies that organisational inequity does exist in conventional retail banking.

Ho2: Effective implementation of motivational and participative strategies does not create congruence between the organizational objectives and employees' needs.

Statistical analysis of the respondents' answers to the questions which underpin this hypothesis is presented in Table 6.7.

Table 6.7: t-Test for Ho2

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
Ineffectiveness PM*	460	3.9891	.10690	.00498		
One-Sample Test						
	Test Value = 3					
					95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Ineffectiveness PM*	198.445	459	.000	.98913	.9793	.9989
* Ineffectiveness of participative management						

Table 6.7 shows high mean (3.98) and low standard deviation (.11). These results indicate clearly that the variances and the deviations between the respondents' answers, to this part of the questionnaire, are minimal. The *t*-Test results for Ho2 equal to $t = 198.45$, $df = 459$, and $p = .000$. On the basis of these results, and since the significance level is less than .05, Ho2 was rejected because the employees confirmed through their answers that the implementation of the participative management in the conventional retail banking sector is ineffective.

Ho3: Employees in the conventional retail banking sector do not have high demand for participative management.

The statistics in Table 6.8 provide a good platform to analyse and determine the need or demand of the employees in conventional retail banking for participative management to address their organisational inequity.

Table 6.8: t-Test for Ho3

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
Demand for PM*	460	4.9891	.06061	.00283		
One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Demand for PM*	703.832	459	.000	1.98913	1.9836	1.9947
* Demand for participative management						

The embedded statistical results in Table 6.8 in terms of high mean (4.98) and low standard deviation (.06) support the strength and the reliability of the collected data. The *t*-Test results for Ho3 are equal to $t = 703.83$, $df = 459$, and $p = .000$. Ho3 was rejected mainly because the significance level is less than .05 and the *t*-test results substantiate that there is high demand for participative management in conventional retail banking.

Ho4: The monetary and non-monetary factors (job-related factors) do not affect the level of organisational inequity.

Under this hypothesis, the impact of the monetary and non-monetary factors (independent variable) in terms of their importance on organisational inequity (dependent variable) was analysed by using the statistical results of the Linear Regression as indicated in Table 6.9.

Table 6.9: Linear Regression for Ho4

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.869 ^a	.756	.755		.05507	
a. Predictors: (Constant), Importance of M&NMF*						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	ANOVA
		B	Std. Error	Beta		Sig.
1	(Constant)	1.447	.094		15.446	.000 ^a
	Importance M&NMF*	.708	.019	.869	37.654	
a. Dependent Variable: Inequity in Monetary & Non-Monetary Factors						
* Importance of Monetary and Non-Monetary Factors						

Table 6.9 shows that there is a strong positive correlation coefficient equal to r (Regression) of .869 between monetary and non-monetary factors and the level of organisational inequity. This strong correlation is supported by r . square which indicates that the importance of monetary and non-monetary factors has an impact of almost 76% on the level of organisational inequity. From the above table the Linear Regression is equal to $Y=1.447 + .708x$. This formula can be used to predict the value of Y (organisational inequity – dependent variable) by assigning any value to x (monetary and non-monetary factors – independent variable). Since the significance level under ANOVA of .000 is less than .05, H_0 was rejected because the importance of monetary and non-monetary factors can have substantial impact on the level of organizational inequity. In addition to the Linear Regression, Table 6.10 shows the ranking of monetary and non-monetary factors according to their importance.

Table 6.10: Ranking of Monetary and Non-monetary Factors

Ranking of Monetary & Non-Monetary Factors						
Job-Related Factors	1	2	3	4	5	TOTAL
Bonuses	0	0	0	1	459	460
Basic Salary	0	0	1	1	458	460
Annual Increments	0	0	1	2	457	460
Achievements	0	0	1	2	457	460
Recognition	0	0	1	4	455	460
Allowances	0	0	2	2	456	460
Promotions	0	0	2	3	455	460
Responsibility & Authority	0	0	4	6	450	460
Security	0	0	5	7	448	460
Sharing Programmes	0	0	6	3	451	460
Advancement & Growth	0	0	6	8	446	460
The work itself	0	0	7	9	444	460

Table 6.10 indicates that although non-monetary factors such as achievement, recognition, responsibility and authority are important, monetary factors such as bonuses, basic salary and annual increments come top in terms of their importance and impact on the level of organizational inequity in conventional retail banking.

Ho5: Personal factors do not mitigate the negative impact of organisational inequity.

The correlation between personal factors (dependent variable) and organisational inequity (independent variable) was determined on the basis of the statistical results in Table 6.11.

Table 6.11: Linear Regression for Ho5

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.816 ^a	.667	.666		.07373	
a. Predictors: (Constant), Inequity M&NMF*						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	ANOVA
		B	Std. Error	Beta		Sig.
1	(Constant)	.332	.154		2.163	.000 ^a
	Inequity M&NMF*	.935	.031	.816	30.255	
a. Dependent Variable: Personal Factors						
**Inequity in Monetary and Non-Monetary Factors						

The results in Table 6.11 substantiate the existence of a strong positive correlation coefficient equal to $r .816$ between organisational inequity and personal factors. Organisational inequity has an impact of almost 67% in terms of activating the positive impact of personal factors on motivation as supported by r . square. The significance level under ANOVA of .000 which is less than .05 establishes a good base to reject H_0 which assumes that personal factors do not mitigate the negative impact of organisational inequity. The Linear Regression of $Y = .332 + 0.935x$ is an important statistical result, which can be used in predicting the value of the dependent variable.

Using ranking technique, Table 6.12 illustrates the ranking of personal factors in terms of how much these factors can mitigate the negative impact of organisational inequity on motivation in the workplace.

Table 6.12: Ranking of Personal factors

RANKING OF PERSONAL FACTORS						
Personal Factors	1	2	3	4	5	TOTAL
Needs	0	0	1	1	458	460
Experience	0	0	1	1	458	460
Religion	0	0	1	2	457	460
Principles	0	0	1	3	456	460
Values	0	0	2	3	455	460
Qualifications	0	0	2	4	454	460
Knowledge	0	0	3	6	451	460
Expectations	0	0	3	7	450	460
Perceptions	0	0	4	9	447	460

Table 6.12 highlights that while needs and experience come top of the ranking scale, religion, principles and values, which are derived from the cultures of different communities and organisations, play a major role in stimulating and sustaining motivation even if employees experience, or are exposed to, organizational inequity.

Ho6: The external and internal factors do not have any impact on organisation inequity.

The impact of external and internal factors (independent variable) on the organisational inequity (dependent variable) was examined under this hypothesis. Table 6.13 presents the main results of the Linear Regression analysis.

Table 6.13: Linear Regression for Ho6

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.881 ^a	.776	.775		.05276	
a. Predictors: (Constant), E&IF*						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	ANOVA
		B	Std. Error	Beta		Sig.
1	(Constant)	1.937	.076		25.404	.000 ^a
	E&IF*	.610	.015	.881	39.821	
a. Dependent Variable: Inequity in Monetary & Non-Monetary Factors						
* E&IF: External and Internal Factors						

Table 6.13 supports that there is a strong positive correlation coefficient, i.e. equal to r .881, between the external and internal factors and organisational

inequity. This implies that the external and internal factors have an impact of almost 78% (*r. square*) on organisational inequity. The Linear Regression is represented by $Y = 1.937 + .610x$. On the basis of this formula, it is now possible to predict the value of the dependent variable “Y” by assigning any value to the independent variable “x”. ANOVA shows a significance level of .000 which is less than .05. Hence, Ho6 was rejected because the external and internal factors can have significant impact on organisation inequity.

Ho7: The organizational inequity does not affect by the level of demand for participative management.

The correlation between organisational inequity (independent) and the demand for participative management (dependent) was analysed on the basis of the results of the Linear Regression as highlighted in Table 6.14.

Table 6.14: Linear Regression for Ho7

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.797 ^a	.636	.635		.03661	
a. Predictors: (Constant), Inequity M&NMF*						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	ANOVA
		B	Std. Error	Beta		Sig.
1	(Constant)	2.830	.076		37.074	.000 ^a
	Inequity M&NMF*	.434	.015	.797	28.283	
a. Dependent Variable: Demand for Participative Management						
**Inequity in Monetary and Non-Monetary Factors						

The results in Table 6.14 corroborate the existence of a strong positive correlation coefficient between organisational inequity and the demand for participative management as supported by r (regression) of .797. In addition, r square shows that organisational inequity has an impact of 64% on the level of demand for participative management. The Linear Regression formula is calculated as $Y = 2.830 + .434x$. The value of the correlation between the dependent and independent variables can be predicted on the basis of this formula. The significance level of .000, under ANOVA which is less than 0.05, provides a strong reason to reject H_07 and accept that organisational inequity can influence significantly the level of demand for participative management.

Ho8: The organisational inequity has negative impact on motivation.

This hypothesis was formulated on the basis of a critical review of the existing literature which to a large extent supports that dissatisfaction, which is the main root cause of different types of motivational problems in general and organisational inequity in particular, has negative impact on motivation. The correlation between organisational inequity (independent) and motivation (dependent) was examined on the basis of the statistical results of the Linear Regression as reflected in Table 6.15.

Table 6.15: Linear Regression for Ho8

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.835 ^a	.697	.696		.05545	
a. Predictors: (Constant), Inequity M&NMF*						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	ANOVA
		B	Std. Error	Beta		Sig.
1	(Constant)	1.238	.116		10.711	.000 ^a
	Inequity M&NMF*	.754	.023	.835		
a. Dependent Variable: Motivation						
*Inequity in Monetary and Non-Monetary Factors						

Table 6.15 shows that there is a strong positive correlation coefficient equal to r (regression) of .835 between organisational inequity and motivation. This strong correlation is supported by r . square which indicates that organisational inequity can have an impact of almost 70% on the level of motivation. Table 6.15 lays down the basis for the formula of the Linear Regression which is equal to $Y=1.238 + .754x$. This formula can be used to predict the value of motivation (dependent variable “Y”) by assigning any value to the organisational inequity (independent variable “x”). Since the significance level under ANOVA of .000 is less than .05, Ho8 was rejected because organisational inequity could have a positive rather than negative impact on motivation. In other words, organisational inequity, under certain circumstances or some organisational settings, could increase rather than decrease the level of motivation.

Since the above analysis contradicts the prevailing understanding in the literature which supports that satisfaction (organisational equity) increases motivation whereas dissatisfaction (organisational inequity) decreases motivation, further analysis was conducted to understand the complexity of the relationships between three important variables: motivation, internal factors and personal factors as explained through Tables 6.16 and 6.17.

Table 6.16: Correlation between Motivation and Internal Factors

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.976 ^a	.952	.952		.02199	
a. Predictors: (Constant), Internal Factors						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	ANOVA
		B	Std. Error	Beta		Sig.
1	(Constant)	1.702	.034		49.497	.000 ^a
	Internal Factors	.660	.007	.976		
a. Dependent Variable: Motivation						

Table 6.16 clearly indicates that the internal factors such as policies, procedures, objectives, culture, leadership styles, etc. can have substantial impact on the level of motivation in the workplace. This statement is supported by r. square of .952; which suggests that the internal factors can influence motivation by 95%; and the high positive correlation coefficient of r .976 between motivation (dependent variable) and internal factors (independent variable).

Table 6.17: Correlation between Motivation and Personal Factors

Model Summary						
Model	R	R Square	Adjusted R Square		Std. Error of the Estimate	
1	.969 ^a	.940	.940		.02471	
a. Predictors: (Constant), Personal Factors						
Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	ANOVA
		B	Std. Error	Beta		Sig.
1	(Constant)	1.178	.045		26.145	.000 ^a
	Personal Factors	.764	.009	.969		
a. Dependent Variable: Motivation						

Table 6.17 examines the relationship between motivation and personal factors from the Linear Regression perspective. It is very clear that the personal factors such as experience, qualifications, values, religion, expectations, perceptions, etc. play a significant role in determining the level of motivation. This finding is defended by r. square of .940; which implies that personal factors can have an impact of 94% on motivation; and the strong positive correlation coefficient of r .969 between motivation (dependent variable) and personal factors (independent variable).

6.2.5 Consistency Analysis

In additional to the application of different statistical tools, as explained under the preceding sections, One-way Anova (Post Hoc Test - Tukey) was used to analyse the consistency of the participants' answers to the questions relating organisational inequity on the basis of two factors: experience and position.

6.2.5.1 Organisational Inequity vs. Experience

The results of testing the consistency of the answers with organisational inequity on the basis of the respondents' experience are presented in Table 6.18. The results in this table show high means across the five categories of experience. The significance level of .236 is greater than 0.05. These results support that there are no major differences in the answers of the respondents, on the basis of their experience, about the existence of organisational inequity in conventional retail banking.

Table 6.18: One-way Anova for Organisational Inequity & Experience

Organisational Inequity in Monetary & Non-Monetary Factors		
Tukey HSD ^{a,b}		
Experience	N	Subset for alpha = 0.05
		1
Less than 5	37	4.9437
Over 20	69	4.9541
11 to 15	138	4.9710
6 to 10	46	4.9783
16 to 20	170	4.9838
Sig.		.236

6.2.5.2 Organisational Inequity vs. Position

Table 6.19 deals with the results of the participants' answers, on the basis of their official positions, in order to determine the consistency between these answers and the questions relating to organisational inequity.

Table 6.19: One-way Anova for Organisational Inequity & Position

Mean Inequity M&NMF			
Tukey HSD ^{a,b}			
Position	N	Subset for alpha = 0.05	
		1	2
General Mgr. – CEO	9	4.8333	
Clerk - Senior Clerk	36		4.9421
Supervisor – Officer	337		4.9733
Senior Mgr. - Asst. Gen. Mgr.	14		4.9881
Asst. Mgr. – Manager	64		4.9961
Sig.		1.000	.478

Table 6.19 classifies respondents under five categories of official positions: (1) general manager – chief executive officer, (2) clerk – senior clerk, (3) supervisor – officer, (4) senior manager – assistant general manager, and (5) assistant manager – manager. The results in this table indicate clearly that there is consistency in the answers of the respondents, irrespective of their official positions, about organisational inequity, which is being experienced by employees in conventional retail banks. This finding is supported by two important items of statistical evidence: (1) high means across the five categories of the official positions, and (b) the significance level of .478 for categories (2) to (5) and 1.000 for category (1) which is greater than .05.

6.2.6 Moving from Analysis to Conceptualisation

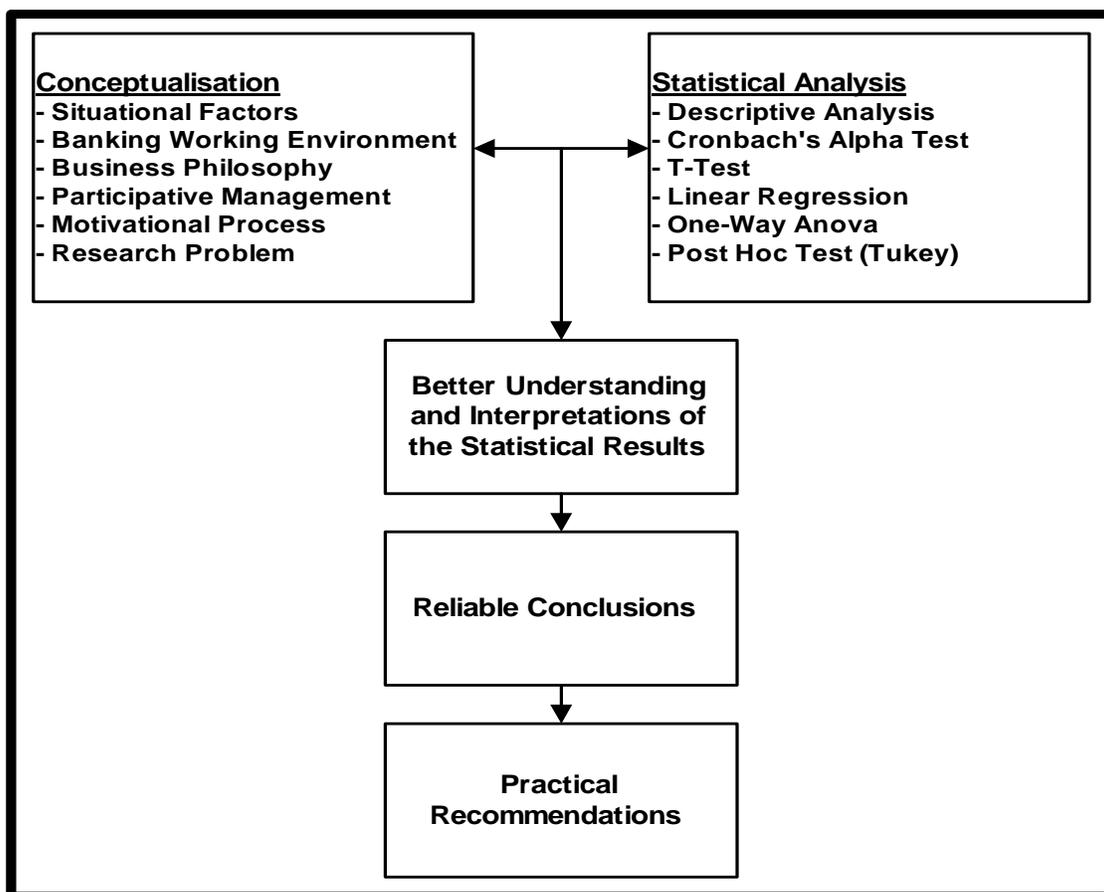
The statistical analysis of the research hypotheses, in the preceding section, brought to the surface four important categories of situational factors which can

have substantial impact on the motivational process in conventional retail banking:

- 1) Job-related factors (monetary and non-monetary factors).
- 2) Personal factors.
- 3) Internal factors.
- 4) External factors.

Figure 6.1 lays down a conceptualisation framework for the remaining part of this chapter and the following chapter.

Figure 6.1: Conceptualisation Framework



Source: Designed by the present researcher.

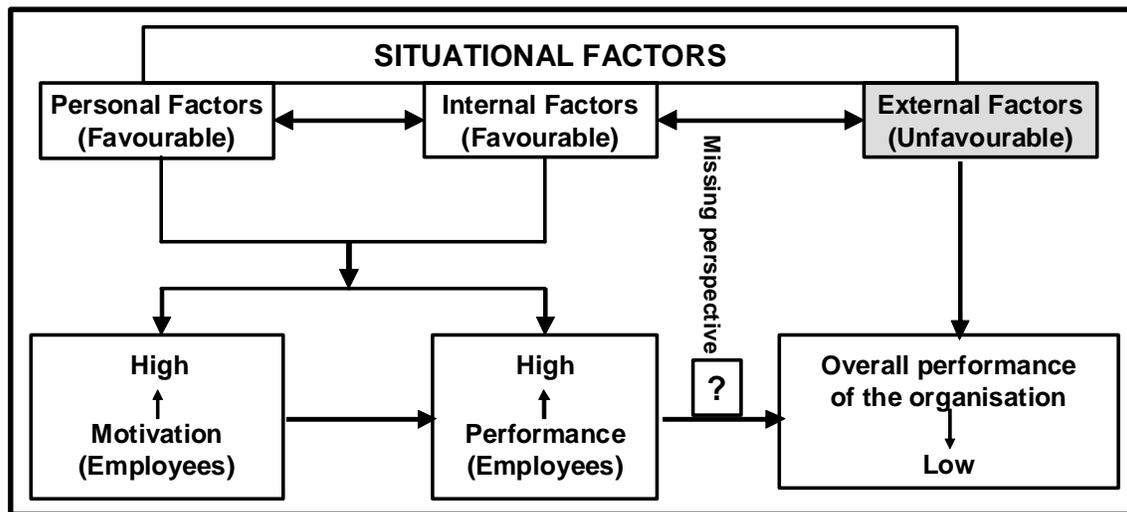
Figure 6.1 indicates that linking the results of statistical analysis – i.e. descriptive analysis, Cronbach's Alpha Test, T-Test, Linear Regression, One-Way-Anova, and Post Hoc Test (Tukey) – through highly interrelated conceptualisations of the situational factors, banking working environment, business philosophy, participative management, motivational process and research problem, would lead to better understanding and interpretations of these statistical results, reliable conclusions and practical recommendations.

6.2.6.1 Conceptualising the Implications of the Situational Factors

The banking environment is an open rather than a closed system – it affects and is affected by all surrounding situational factors in general and the external factors in particular. Hence, the situational factors could have substantial impact on the motivation of employees and the achievement of organisational objectives. In this type of organisational setting, it is important to understand the implicit relationship and to distinguish between the performance of employees (variable 1) and the overall performance of the organisation (variable 2). This is due to the fact that in conventional retail banking, it is the overall performance of the bank, rather than the individual performance, upon which the different types of incentives in general and the financial incentives in particular (bonuses, increments, promotions, allowances etc.) are determined. A high level of motivation and performance at the employees' level do not necessarily secure good performance at the organisational level in the absence of favourable situational factors. This implies that the relationship between variables 1 and 2 is

not linear and different types of correlations could take place between them due to the impact of the situational factors. Despite the fact that this sounds like a paradox, Figure 6.2 can address the validity of the implications that are embedded in the relationships between these two variables.

Figure 6.2: Implications of the Situational Factors



Sources: Developed by the present researcher.

Figure 6.2 implies that the interactions between the situational factors are highly dynamic, complicated and unpredictable. Although personal and internal factors have direct impact on the motivation and performance of employees, the external factors can play a major role in determining the performance of the organisation as a whole.

The global financial crisis in 2007 provides a relevant example to understand the implications that are involved in Figure 6.2. This financial crisis affected negatively the financial performance of many locally incorporated financial

institutions in the Kingdom of Bahrain, like Arcapita, Gulf Finance House (GFH), Gulf International Bank (GIB), Unicorn, Investcorp etc. as reflected in Table 6.20, to the extent that these financial institutions lost most of their paid up capital.

Table 6.20: Impact of the Global Financial Crisis (USD' Million)

Bank Name	2007	2008	2009	2010
Arcapita	190	362	(88)	(559)
GFH	343	291	(729)	(349)
GIB	(757)	(396)	(152)	100
Unicorn	49	35	2	(229)
Investcorp	302	151	(432)	106

Sources: a) www.zawya.com; b) websites; and c) published financial statement

The main reason for such a breakdown in the financial performance of these big financial institutions was due to the direct impact of the global financial crisis, which resulted in incurring an extraordinary level of provisions and impairments to cover the substantial decline in the real value of their investments. Even if it is assumed that due to the favourable personal and internal factors, as illustrated in Figure 6.2, the employees of these financial institutions worked “24 X 7” (twenty four hours a day, seven days a week) their high level of motivation and performance would not be sufficient enough to absorb the abnormal negative impact of the global financial crisis. Under such circumstances, it is quite possible to say that high levels of motivation and performance of employees would not

lead to good results at the organisational level in the absence of favourable external factors (the missing perspective in Figure 6.2). If a financial institution is not making profits, the yearly financial incentives will be reduced substantially and this, in turn, would affect negatively the motivation of employees who may not work hard, in the future, to achieve the organisational objectives (Reciprocal Effects).

While Figure 6.2 addresses only one of many scenarios, it is important to note that the impact of the changes in the external factors first hits the performance of the organisation at the overall level and then it is cascaded throughout the whole organisation to affect the performance of employees of each department, in different degrees, according to how much these employees and their respective departments are exposed to the external environment.

6.2.6.2 Conceptualising the Banking Working Environment

The principles of scientific management do exist in conventional retail banking in such areas as performance appraisal, rewards system, corporate governance, organisation structure, budgeting and goals setting, risk management, financial control, policies and procedures, disciplinary measures, attendance system etc.

This can be attributed to the following observations:

- 1) Conventional retail banking is a highly risky business field in which watertight policies and procedures are required to control operational,

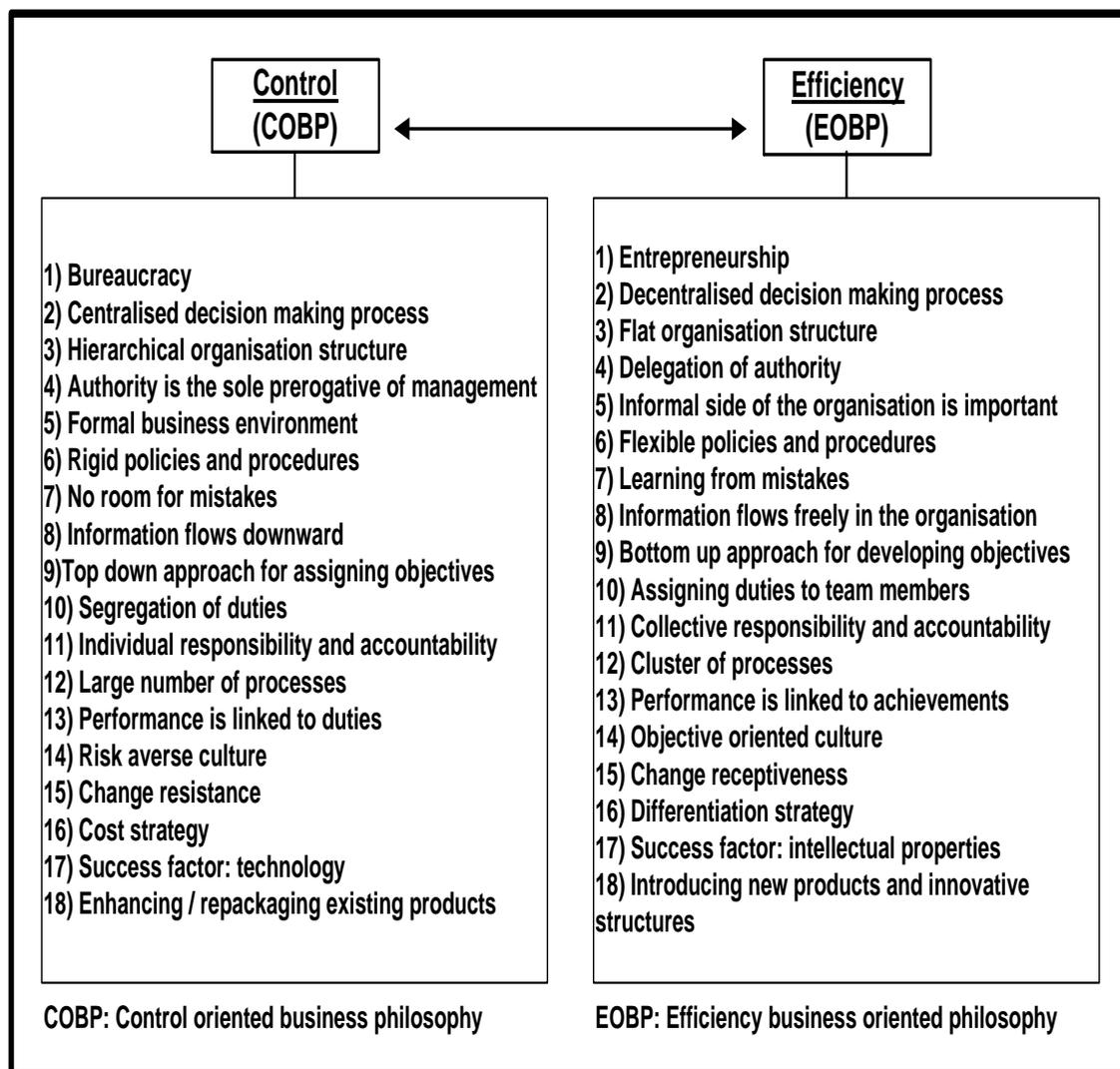
- financing and investment activities – a simple mistake could expose the bank to a huge amount of losses.
- 2) The corporate governance system in the conventional retail banking must be reliable and robust in order to meet the dynamic requirements of the local regulatory authorities (central banks), internal and external auditors, compliance officers etc. – it is a highly regulated business environment.
 - 3) The decision-making process tends to be bureaucratic and time consuming because it involves many parties at different levels (doer, reviewer and approver). This is required in order to comply with the principles of segregation of duties, and assigning of responsibilities and accountabilities.
 - 4) The monetary incentives (bonuses, increments, promotions, stock options etc.) play a major role in motivating employees to achieve their objectives. For example, perceived inequity as a result of paying bonuses, at the end of the year, that do not reflect the actual performance of the bank would have a severe negative impact on the motivation of employees at different levels of the management.

While the positive side and the importance of the above observations should not be de-emphasised, the negative side of a highly regulated and risk averse banking environment, in terms of converting employees from the main human capital of the organisation to cogs within a biological machine, should not be ruled out. Excessive division of labour, mechanistic structure, over dependence on rules, procedures and hierarchy etc. can stifle the creativity of employees.

6.2.6.3 Conceptualising the Business Philosophy

The biggest challenge in conventional retail banking, to realise the full benefits of participative management, is the confrontation with the dominant business philosophy in each bank. The business philosophy falls on a continuum where control is at one end and efficiency is at the other end as described in Figure 6.3.

Figure 6.3: Control vs. Efficiency Philosophy



Source: Structured by the present researcher.

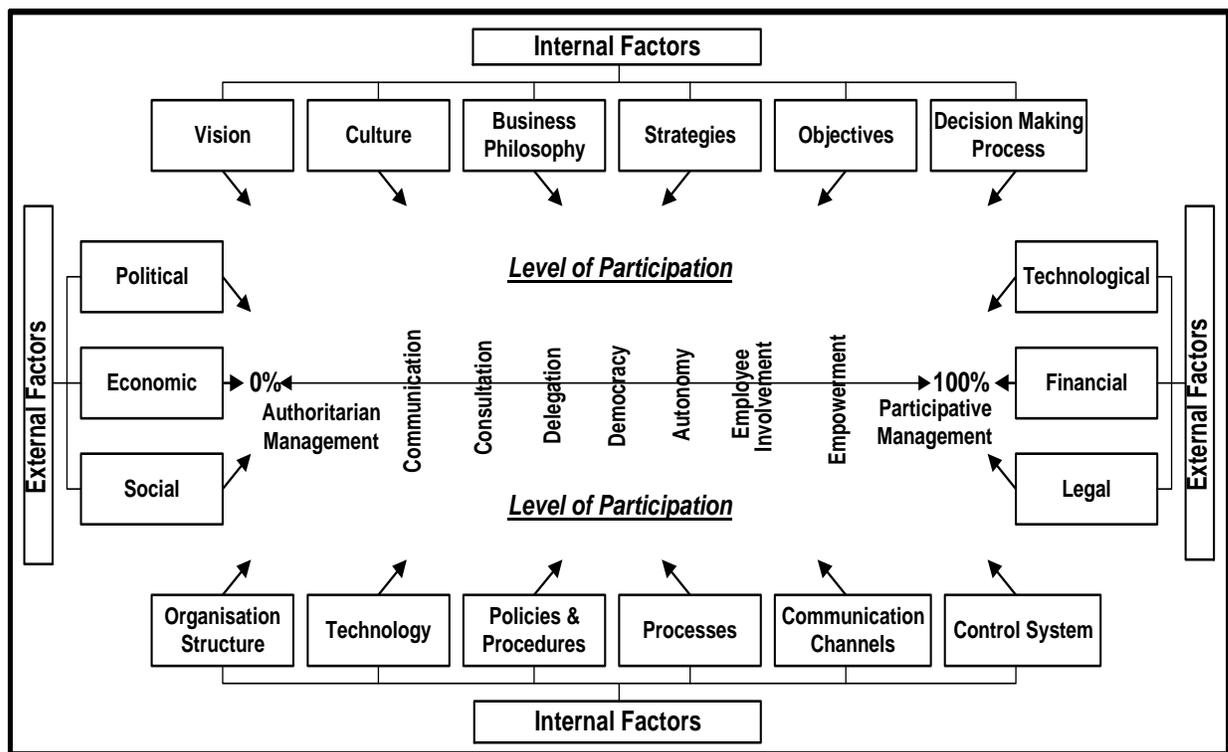
Figure 6.3 shows that Control Oriented Business Philosophy (COBP) is characterised by bureaucracy, rigid policies and procedures, centralised decision-making process etc. In this type of banking environment, bankers find themselves totally confined within the box – they do not have enough space to take initiatives in order to improve their performance and achieve better results. Efficiency Oriented Business Philosophy (EOBP), on the other hand, fosters entrepreneurship, flat organisation structure, delegation of authority, free flows of information throughout the organization etc. In such a banking environment, bankers are encouraged not only to think outside the box but to create a new box. In reality, COBP and EOBP can be found in different types of conventional and Islamic financial institutions.

Generally speaking, COBP is associated with centralised management whereas participative management is the main pillar of EOBP. However, this does not mean that COBP is unsuitable and should be excluded from the business formula. Each philosophy has its own pros and cons and only the prevailing situational factors in the market can determine which philosophy is the best. For example, during difficult times, i.e. recession, COBP could be the best philosophy whereas during good times, when the economy is booming, EOBP can provide the management with a good opportunity to capture a good share of the market and achieve high levels of profitability. This can be attributed to the fact that each philosophy stems from different schools of banking thoughts.

6.2.6.4 Conceptualising Implementation of Participative Management

The implementation of participative management in conventional retail banking is contingent upon many situational factors (internal, external, and personal) as illustrated in Figure 6.4.

Figure 6.4: Implementation of Participative Management Model



Source: Designed by the present researcher.

Figure 6.4 aims to describe the complex interactions between the situational factors and how such interactions in reality can have direct impact, positive or negative, on the implementation of participative management in conventional retail banking. Some explanations are given below in order to comprehend the logical reasoning upon which the different situational factors are brought up and linked together through Figure 6.4.

6.2.6.4.1 Political Factors

It is quite possible to say that under a democratic political system, public and private organisations tend to be more receptive to accommodate participative concepts and techniques within their internal managerial system. This can be attributed to the fact that employees in democratic countries have more power to challenge the decisions of their organisations through the labour unions, committees, societies, media and other channels because they enjoy high levels of democracy. Their rights as citizens and human beings are protected by the laws. Decision makers of organisations, which operate in democratic countries where real democracy is shared and practised by the people, tend to be cautious, vigilant and mindful of the risks and the negative public repercussions they will most likely face in the case they make wrong decisions on a unilateral basis. Hence, they are more willing to provide their employees with good opportunity to participate in making decisions that relate to and affect their works and performance.

In Bahrain, after the death of the Amir Shaikh Isa Al Khalifa in 1999, his throne was taken over by his son Shaikh Hamad Ibn Isa Al Khalifa. In 2001 His Majesty King Hamad put forward the National Action Charter in order to end the popular 1990s uprising and return the country to constitutional rule. The National Action Charter was approved in a national referendum in 2001, in which 98.4% of the voters voted in favour of the document. The referendum paved the way for

national elections and for the country to become a constitutional monarchy where the government is appointed by the King of Bahrain, the parliament is a bi-cameral legislature, with the Chamber of Deputies elected by universal suffrage, and the Shura Council (Consultative Council) appointed directly by the King. The first poll was held in 2002, with members of parliament serving four-year terms; the second and the third parliamentary elections took place in 2006 and 2010 respectively. The political reforms scrapped the restrictive state security laws, giving women the right to vote, and freeing all political prisoners.

The trend in the political system in Bahrain is conducive to establish a democratic managerial system in the public and private sector organisations, in general, and conventional retail banking in particular, to meet the growing demand of employees for participation. For example, some of the bankers have already put their heads together and established the Bankers' Union through which they have been raising legitimate requests for participation in making decisions in order to address the employees' complaints, grievances, expectations, suggestions etc. The Bankers' Union has been active in terms of holding several meetings with the executive managements of different conventional and Islamic banks, bringing up important issues through the local press, coordinating with the Bankers Society on some subjects and directives relating to the banking sector etc. This trend towards establishing a democratic banking environment, although it is at an embryonic stage, can be attributed to the political reforms in the Kingdom of Bahrain. This indicates that there is a relationship between the

political system (external factor) at the national level, and the managerial system (internal factor) at the organisational level.

6.2.6.4.2 Technological Factors

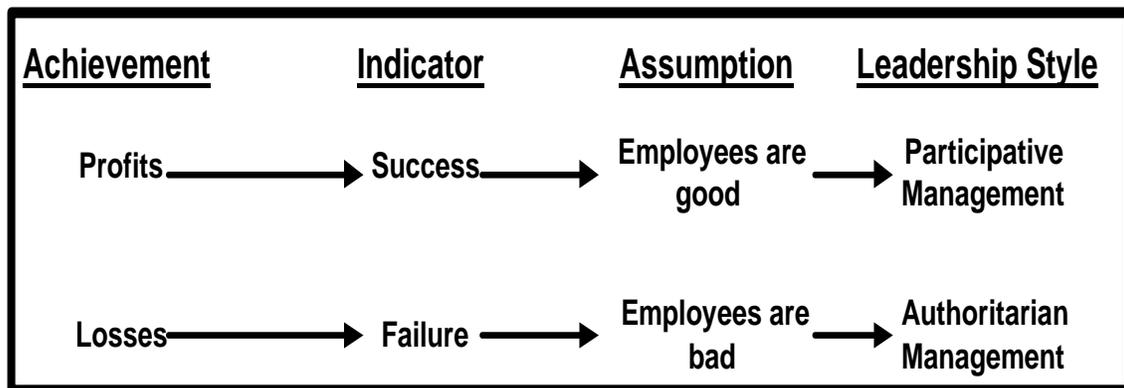
State of the art technology that is being used in conventional retail banking in the Kingdom of Bahrain, opens the door to democratise a vast range of processes and decisions. Authority can be delegated through the system to empower employees in subsidiaries, departments, local and overseas branches to electronically approve different types of transactions such as consumer loans, car loans, mortgage loans, letters of credit, guarantees, visa and master cards, life, car and fire insurance, etc. Technology can introduce a major reshuffling in the routine and daily time-consuming operations in conventional retail banks. Undoubtedly, this requires the commitment of the executive officers and the decision makers in the conventional retail banks to support this trend in technology in order to transform employees from slaves of rules and procedures to creative human capital.

6.2.6.4.3 Financial Factors

Profits and losses, across the banking industry, have profound effects on the assumptions that managers hold about their employees. Profits are normally associated with positive assumptions whereas losses, on the other hand, force managers, consciously or unconsciously, to hold negative assumptions about employees. Therefore, it is quite possible to assume that the managers of

profitable conventional retail banks would tend to support participative management because they have confidence and trust in the skills and competencies of their employees. This assumption is derived from the good results of the bank which reflect, directly or indirectly, the strength of the capabilities of employees. On the contrary, when the bank is making losses this would most likely give negative perceptions about the employees' capabilities. Under such circumstances, the managers resort to applying command and control or authoritarian management in order to minimise losses and keep the situation under control. The main assumptions of Theory X and Y are embedded in the positive and negative sides of the financial factors as described in Figure 6.5.

Figure 6.5: Theory X and Y in the Financial Factors



Source: Designed by the present researcher.

Figure 6.5 shows that profits are a good indicator of success which results in positive assumptions about employees which, in turn, stimulate management to support the implementation of participative management. The same process

applies for losses but the result under each stage is negative and this finally leads to authoritarian management.

6.2.6.4.4 Policies and Procedures

Following and adhering to rigid policies and procedures to control the operations and the business activities of the conventional retail banks would most likely lead to bureaucracy, mechanistic organisation structure, watertight control system, centralised decision making process etc. In such an internal banking environment there is a limited room for participative management to exist and thrive. In a nutshell, the prevailing situational factors, inside and outside the organisation, play a major role in determining the success or the failure of the participative management.

6.2.6.5 Conceptualising the Motivational Process

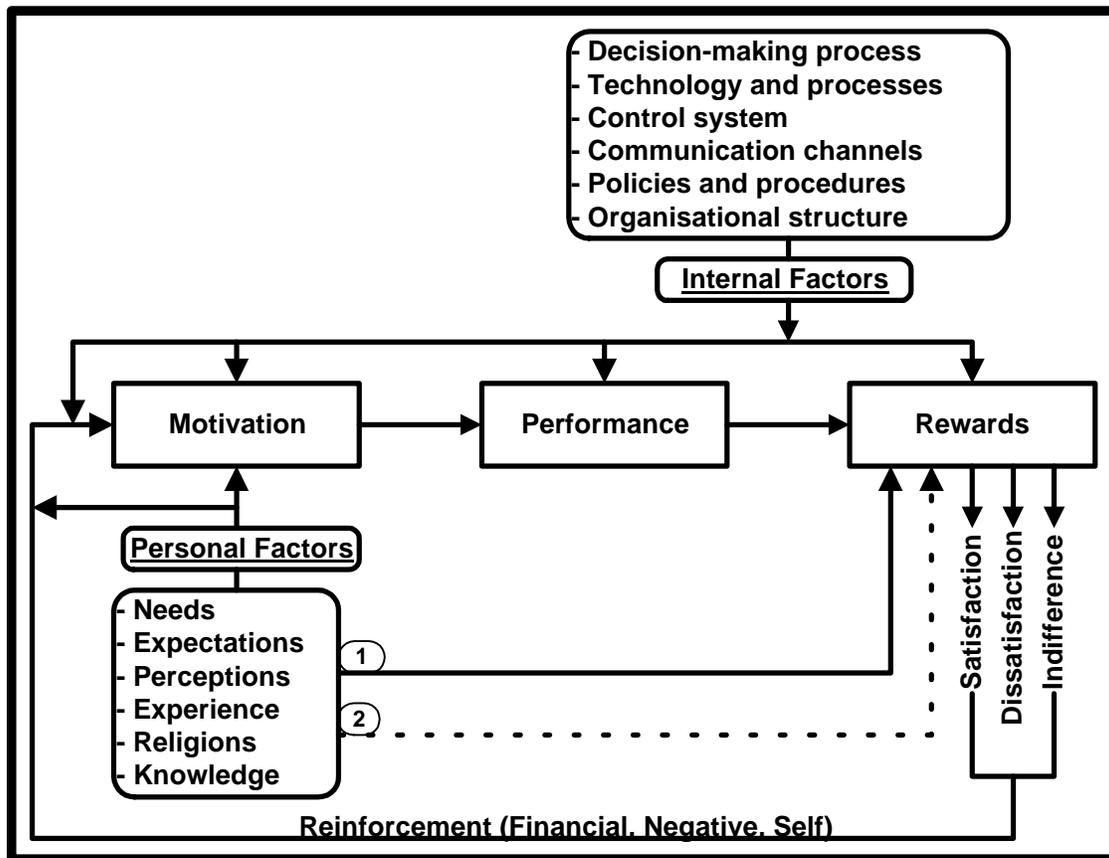
The motivational process in different organisational settings can fall between two extremes: (1) closed motivational process, and (2) open motivational process. The aim of this section is to find out where the motivational process in conventional retail banking fits within these two extremes.

6.2.6.5.1 Closed Motivational Process (CMP)

CMP can be classified on the basis of five main characteristics: (1) proper assignment and segregation of duties, responsibilities and accountabilities, (2) allocation of specific objectives, (3) accurate measurement of actual

performance, (4) individual incentive schemes (rewards are linked directly to the individual's performance), and (5) stable and controllable working environment. The motivational process embedded in this type of organisational setting is described in Figure 6.6

Figure 6.6: Closed Motivational Process



Source: Developed by the present researcher.

Figure 6.6 shows that in CMP, internal factors (decision-making processes, technology and processes, control system, communication channels etc.) and personal factors (needs, expectations, perceptions, experiences etc.) affect motivation, performance, rewards, satisfaction and reinforcement in a systematic way. The impact of the personal factors on rewards can take two different routes:

(a) solid line No.1 (direct/robust impact), or (b) dotted line No.2 (indirect/sporadic impact). In a participative organisational setting, which accommodates employees' needs, experiences, qualifications, etc. in making decisions, the impact of the personal factors follows line No. 1. However, the impact of such factors under authoritarian management takes the form of line No. 2. Irrespective of the psychological states of rewards, which can be either perceived or real satisfaction, dissatisfaction or indifference, motivation will most likely be reinforced because of three types of reinforcements: (1) Financial reinforcement – satisfaction with financial rewards or incentives; (2) Negative reinforcement – fear of punishment, disciplinary measures, employment termination etc., and (3) self-reinforcement – adaptation to and challenging reality. The level of maturity determines the adaptability of individuals to accept or live with different types of motivational problems in the workplace. Motivation can take place as a result of one or a combination of different types of reinforcements. In the case where an employee is totally dissatisfied and decide to leave the organisation for good, this kind of attitude and behaviour fall outside the conceptual framework of CMP and OMP, which is explained in the next section.

CMP can be found in manufacturing firms (i.e. assembly/production lines) and support departments like audit, operations, human resources, financial control, planning etc., of different types of organisational settings. This can be attributed to the fact that the performance of employees in such working environments is not or perhaps less exposed to the impact of external factors (closed system) –

employees work in a relatively stable or controllable working environment. There are clear rules and procedures for assigning duties, responsibilities and accountabilities to each employee. Employees know what is expected from them and the incentives or rewards they will most likely get in case of achieving or outperforming, or even if they fail to achieve, their objectives. In other words, rewards are linked entirely to the individual's performance and the cost of such rewards or financial incentives are treated as operating costs from an accounting point of view. It is also important to note that in this type of organisational setting, employees can not be held accountable for not achieving their objectives in case the reasons for that fall beyond their control. This is mainly because the main reasons of failure or poor performance, which could be due to uncontrollable internal and/or external factors, can be identified and analysed objectively. The relationship between the main constituents of motivation tends to be linear and predictable – high motivation stimulates good performance, which, in turn, leads to fair outcomes, job satisfaction and reinforcement. In other words, employees have good control over the motivational process, which tends to be individual and micro-oriented.

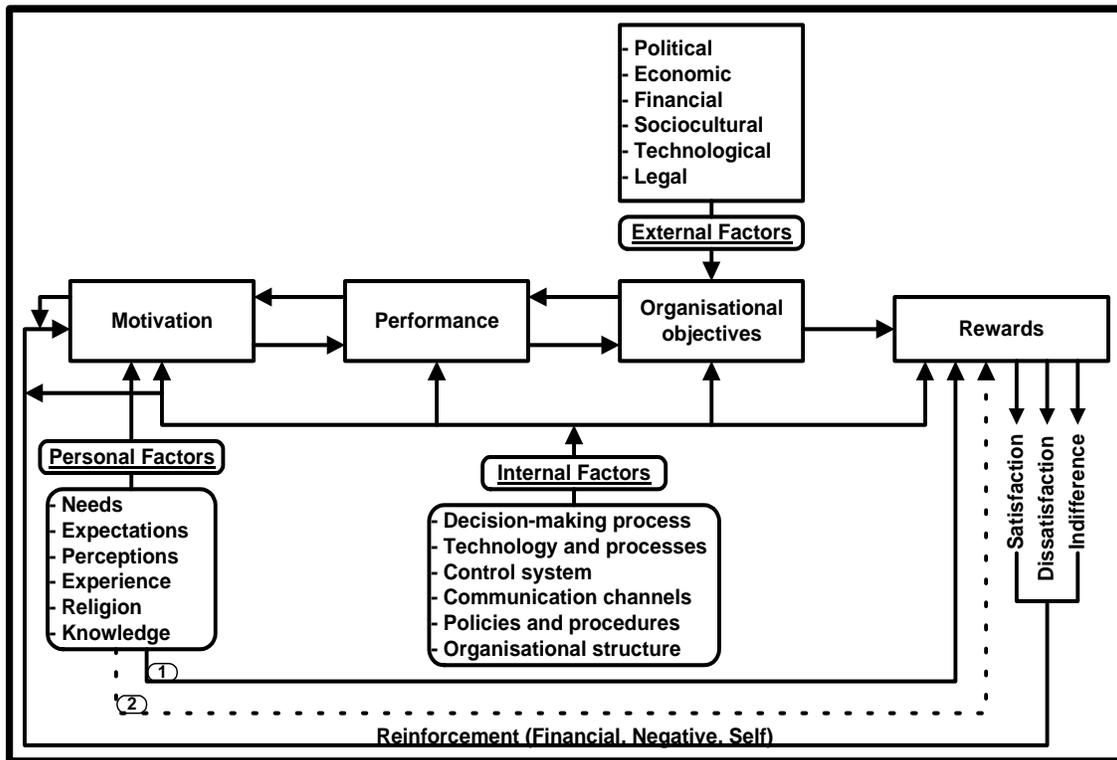
6.2.6.5.2 Open Motivational Process (OMP)

The main characteristics of Open Motivational Process (OMP) can be highlighted as follows:

- 1) While individual duties and responsibilities can be assigned on the basis of well established rules and procedures, determining precisely the cross-functional accountabilities is not an easy task due to high level of interdependency and overlapping of responsibilities between departments.
- 2) A mix of quantitative and qualitative objectives is assigned to employees.
- 3) Measurement of qualitative objectives involves a great deal of judgmental elements or subjectivity and it could be one of the most important sources of organisational inequity.
- 4) Employees' performance and organisational achievement can be affected dramatically by unpredictable changes in external factors.
- 5) Compensation consists of fixed and variable financial incentives.
- 6) Financial incentives are determined on the basis of the achievement of the organisational objectives (Institutional Incentives Scheme) and then distributed among employees according to their individual performance.

The above characteristics constitute the conceptual framework of OMP as illustrated in Figure 6.7.

Figure 6.7: Open Motivational Process



Source: Designed by the present researcher.

Figure 6.7 shows that the relationships between the personal factors, rewards, psychological states (satisfaction, dissatisfaction, indifference), and the three types of reinforcements (financial, negative, self) and their interrelated roles, flow through exactly the same process as explained in CMP. However, in OMP all types of situational factors (personal, internal and external) influence the motivational process from all angles (Open System). In addition, the effect of external factors takes the form of an inverse direction, which distorts the systematic order of the relationships between the motivational constituents. As explained previously, the impact of changes (favourable or unfavourable) in the external factors first hits the organisational objectives and then it is cascaded throughout the whole organisation to influence the performance and motivation of

employees, at different levels of management, according to the degree of their exposure to the fluctuations in the external environment. For example, employees who work on the business side such as treasury, investment, corporate banking, retail banking etc. will be affected more by the changes in external factors than employees who work on the support side such human resources, internal audit, financial control etc. The achievement of the organisational objectives is the main benchmark upon which the financial incentives are determined at the year end (Institutional Incentives Scheme). This implies that, from an accounting perspective, the financial incentives are accrued on the basis of the net profits and not expensed directly through the profit and loss account. Since external factors in OMP play a critical role in the achievement of the organisational objectives, a high level of employees' motivation alone does not secure good performance and fair rewards in the absence of favourable external factors. Hence, the relationships between the main constituents of the motivational process are nonlinear and unpredictable.

OMP is found in most of the profit seeking organisations because their business activities are vulnerable to changes in a wide spectrum of external factors. In other words, their business model is exposed to the forces of the demand and supply theory. Conventional retail banking exemplifies this type of profit seeking organisational setting because retail banks operate in highly dynamic, competitive and unpredictable business environment. The achievement of the bank's objectives can be affected dramatically by the changes in such external

factors as political, economic, financial, social, technological, legal etc. Unfavourable and unpredictable changes in the external environment, for instance the global financial crisis as a good example of such changes, can turn the performance of the bank upside down, i.e. from a profitable to a loss making business, irrespective of how much employees are motivated in their work and committed to their objectives. In addition, the internal factors can have substantial positive or negative effects on the motivational process at the individual and the organisational levels. For example, bureaucratic decision making processes, out of date technology, inefficient control systems, rigid policies and procedures etc. can affect negatively the performance of employees, which, in turn, can jeopardise the achievement of the organisational objectives. In this type of profit-seeking organisational setting, wrong decisions rather than demotivated employees could cause the whole organisation to go bust. Therefore, due to the implications and the complications of the situational factors in conventional retail banking, it is difficult to see the systematic relationship between the individual motivation and performance

CMP and OMP thus provide two types of distinctive conceptual frameworks to understand the motivational process. CMP is a micro oriented framework because it focuses on understanding the motivational process from an individual perspective as a closed system. On the other hand, OMP presents a macro picture to understand motivation from an organisational perspective as an open

system. The main differences or characteristics of CMP and OMP are summarised in Table 6.21.

Table 6.21: CMP vs. OMP

Criteria	CMP	OMP
Focus	Micro	Macro
Structure	Closed system	Open system
Perspective (theme)	Individual motivational process	Organisational motivational process
Organisational settings	Support Departments	Business Departments
Working environment	Stable	Dynamic
Impact of external factors	Low	High
Motivational process	Linear and predictable	Nonlinear and unpredictable
Cross-functional responsibilities and accountabilities	Well structured	Overlapping
Objectives	Quantitative	Mix of quantitative and qualitative
Performance	Depends largely on personal and internal factors	Depends largely on all situational factors
Rewards or incentives	Based on individual performance	Based on achievement of the organisational objectives
Incentives Scheme	Individual	Institutional
Rewards accounting treatment	Expensed through the operating costs	Accrued on the basis of net profits
Reinforcements	Affected by personal and internal factors	Affected by all situational factors

Source: Summarised by the present researcher.

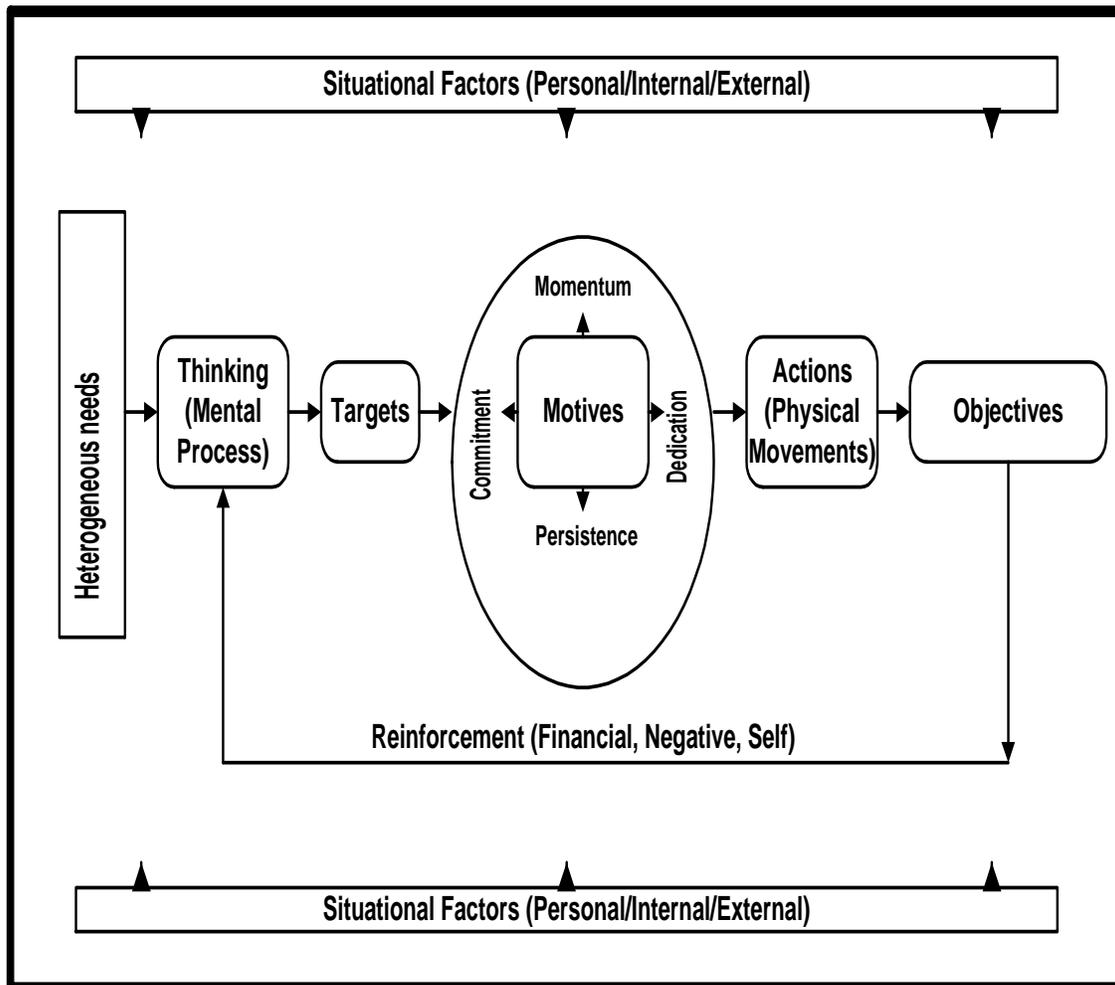
OMP provides better understanding of the motivational process and the nature of the working environment in conventional retail banking. In addition, the decision makers in the conventional retail banks are exposed to a great deal of irrationality in making some important and strategic decisions, which could have a severe impact on the employees' motivation and performance. A high level of risk,

uncertainties and resources constraints in the banking environment, are the main reasons for irrationality.

6.2.6.5.3 Rational Motivational Process (RMP)

The motivational process of rational people goes through different stages in a systematic way and in each stage there are different motivational constituents, which interact with one another in a very dynamic way to determine the level and the direction of motivation as illustrated in Figure 6.8.

Figure 6.8: Rational Motivational Process



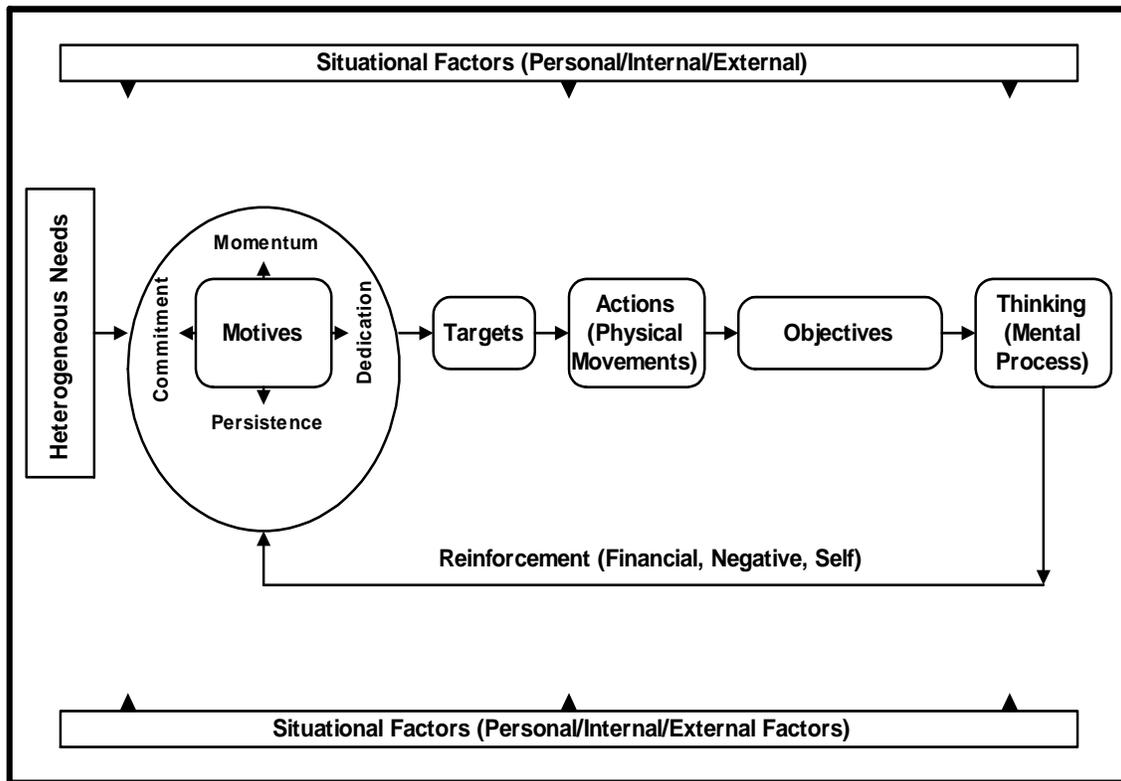
Source: Developed by the present researcher.

Figure 6.8 shows that people have heterogeneous needs and they take different types of actions to satisfy these needs. These needs are translated into targets through the mental process under which all scenarios, implications, obstacles, expectations, perceptions, risks, probabilities etc. are considered thoroughly. Targets create motives which play a major role in determining the level of momentum, commitment, dedication and persistence. Motives are translated into actions through physical movements to achieve specific objectives. In other words, physical movements transform the invisible motives into visible actions. The net results of the interactions between the different types of reinforcement (Financial, Negative, Self) will determine how the motivational constituents will interact with one another to produce the required results in the future. Situational factors (personal, internal and external) affect the whole motivational process from all angles. Incorporating the impact of these factors into the motivation formula is an important dimension of the Open Motivation Process (OMP) as explained under the preceding section. It can be concluded here, on the basis of this conceptualisation, that rational people tend to “Think before Acting”.

6.2.6.5.4 Irrational Motivational Process (IMP)

The Irrational Motivational Process (IMP) has exactly the same motivational constituents as the Rational Motivational Process (RMP) with little change in the sequence of their interactions as explained in Figure 6.9.

Figure 6.9: Irrational Motivational Process

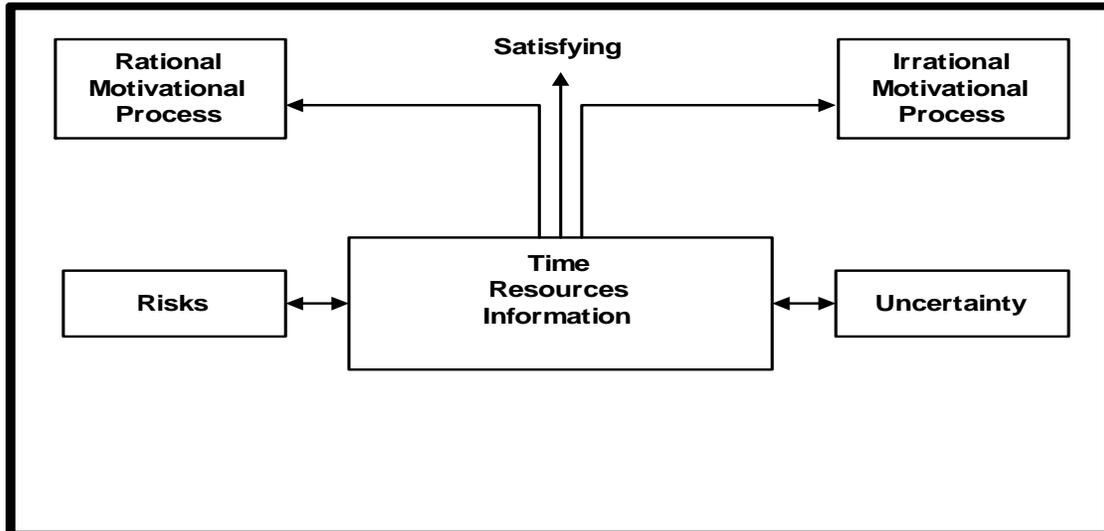


Source: Designed by the present researcher

The main difference between rational and irrational people, as can be seen from Figure 6.9, is that the latter “Act before Thinking”. This can be attributed to the fact that in reality people are subject to many constraints which inhibit them from being always rational. Lack of full and reliable information, time pressure, insufficient resources, etc, are just a few examples of the constraints, which bankers have to face, in one way or another, as a result of today’s highly competitive and dynamic banking environment. This explains, to a large extent, why people like bankers are exposed to making irrational decisions, under certain circumstances, which could expose themselves and their financial institutions to high levels of risk and losses.

The main challenge for the decision makers in conventional retail banking is how to strike a good balance between rationality and irrationality in order to create a stable and healthy working environment for employees. Since the decision makers in this type of banking industry do not have all the required resources (financial and non-financial) and information to avoid irrationality completely, they tend to “satisfy” rather than “maximise”. Figure 6.10 explains the link between the motivational process and the concept of satisfying.

Figure 6.10: Rationality & Satisfying



Source: Designed by the present researcher.

Figure 6.10 indicates that time, resources and information are some of the most important factors which can determine the movements of the motivational process between rationality and irrationality. For example, if sufficient time, resources and information are available, reliable decisions would be made most likely, which, in turn, would minimise risks and uncertainty and create a stable

and healthy rational motivational process (RMP). At the middle of the continuum, a balance between rationality and irrationality is realised through satisfying.

6.2.6.6 Conceptualising the Research Problem

Tabulating the answers of one of the respondents to the first and the second questions under Section One of the questionnaire, which relate to the levels of importance, satisfaction or dissatisfaction for the monetary and non-monetary factors (Job-related Factors) into Table 6.22 develops a hypothetical example to illustrate the quantitative side of organizational inequity.

Table 6.22: Quantitative Side of the Organisational Inequity

Organizational Equity or Inequity						
Job-Related Factors	Degree of I	Level of S	Level of D	WS %	WD %	Net Difference
<i>Monetary Factors</i>						
Basic Salary	90		3	0.0%	-4.5%	-4.5%
Allowances	100		5	0.0%	-8.3%	-8.3%
Annual Increments	30	2		1.0%	0.0%	1.0%
Bonuses	100		5	0.0%	-8.3%	-8.3%
Promotions	80		5	0.0%	-6.7%	-6.7%
Sharing Programmes	100	1		1.7%	0.0%	1.7%
Sub-Total	500			2.7%	-27.8%	-25.2%
<i>Non-Monetary Factors</i>						
The work itself	80	3		4.0%	0.0%	4.0%
Responsibility & Authority	100		5	0.0%	-8.3%	-8.3%
Achievements	10	3		0.5%	0.0%	0.5%
Recognition	100		4	0.0%	-6.7%	-6.7%
Employment Security	100		5	0.0%	-8.3%	-8.3%
Advancement & Growth	95		5	0.0%	-7.9%	-7.9%
Sub-Total	485			4.5%	0.0%	-26.8%
Organisational Equity (Inequity)	985			7.2%	-31.3%	-51.9%

Source: Developed by the present researcher.

To understand Table 6.22, some relevant explanations are provided through the following parameters:

- 1) I: Importance of the job-related factor (from 0 to 100).
- 2) S: Satisfaction with the job-related factor (from 1, lowest, to 5, highest).
- 3) D: Dissatisfaction with the job-related factor (from 1, lowest, to 5, highest).
- 4) The range of the scores in S and D reflects Likert five-point scale which is used in the questionnaire.
- 5) F: Number of job-related factors = 12.
- 6) N: Number of employees = 1.
- 7) Denominator (D): $(I (100) \times S \text{ or } D \text{ of } (5) \times F (12) \times N (1) = 6000$.
- 8) WS: Weighted satisfaction.
- 9) WD: Weighted dissatisfaction.
- 10) $WS = I \times S \times N / D$
- 11) $WD = I \times D \times N / D$
- 12) Results for WS are shown as + %.
- 13) Results for WD are shown as - %.
- 14) Organisational inequity = the net difference between WS and WD for all job-related factors.

Examples are given below to illustrate how the above parameters are applied for some of the job-related factors in Table 6.22.

Example 1: $WD \text{ for basic salary} = 90 \times 3 \times 1 / 6000 = - 4.5\%$

Example 2: $WS \text{ for work} = 80 \times 3 \times 1 / 6000 = - 4.0\%$

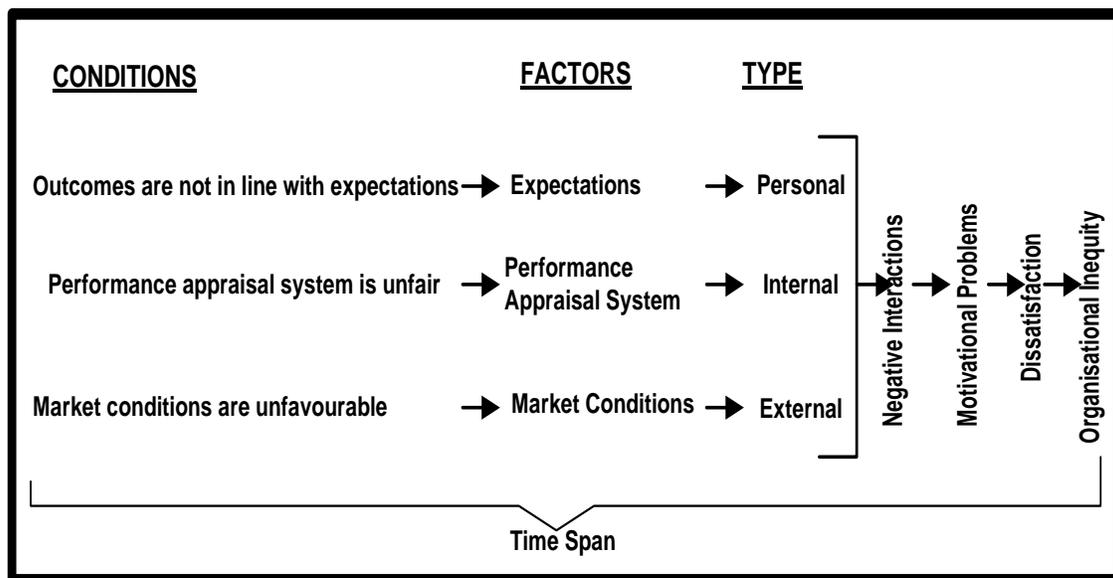
Example 3: $WD \text{ for bonus} = 100 \times 5 \times 1 / 6000 \times = - 8.3\%$

Table 6.22 sheds light on the quantitative side of the interactions between the degree of importance and the level of satisfaction or dissatisfaction for some of the most important job-related factors, and indicates how such interactions can affect the overall level of organisational inequity. In this example, the organisational inequity can be quantified at the level of 52%, which is the net difference between WS and WD for all job-related factors. Despite the fact that each factor has its own impact on motivation, it is the net difference between the positive and the negative side of all situational factors which determines the overall level of organisational inequity. Isolating the impact of each factor or category of factors from one another and assuming, for example, that inadequate monetary factors lead to dissatisfaction and adequate non-monetary factors results in satisfaction can give a misleading picture of the motivational process. In fact, it is the net result between dissatisfaction of the monetary factors and the satisfaction of the non-monetary factors which would influence motivation in the workplace. For example, an employee may be totally dissatisfied with his basic salary, but because he likes his job he is willing to sacrifice and work hard to stay in the organisation. The motivational driving force, which is embedded in this simple example, reflects the net difference between the negative side of the employee's dissatisfaction with his basic salary and the positive side of his satisfaction with his job. Since satisfaction outweighs the negative side of dissatisfaction, the employee is motivated to stay in the organisation and work hard. The main rationale here is not to draw a clear demarcation between the

situational factors, at the individual or the category levels, but rather, by using the language of the numbers, to simplify the psychological side of the motivational process, which is, in reality, unsystematic, unpredictable and may be unquantifiable under certain circumstances, particularly when qualitative factors are involved in the question.

Table 6.22 gives only half of the story and does not provide the full picture. Explaining the interactions among other situational factors and their collective impact on organisational inequity can put both the quantitative and the qualitative sides of such interactions into the right context for this research to gain deeper insight into the conceptual framework of the research problem. Therefore, Figure 6.11 presents a hypothetical example to explain the qualitative side of organizational inequity.

Figure 6.11: Qualitative Side of Organisational Inequity

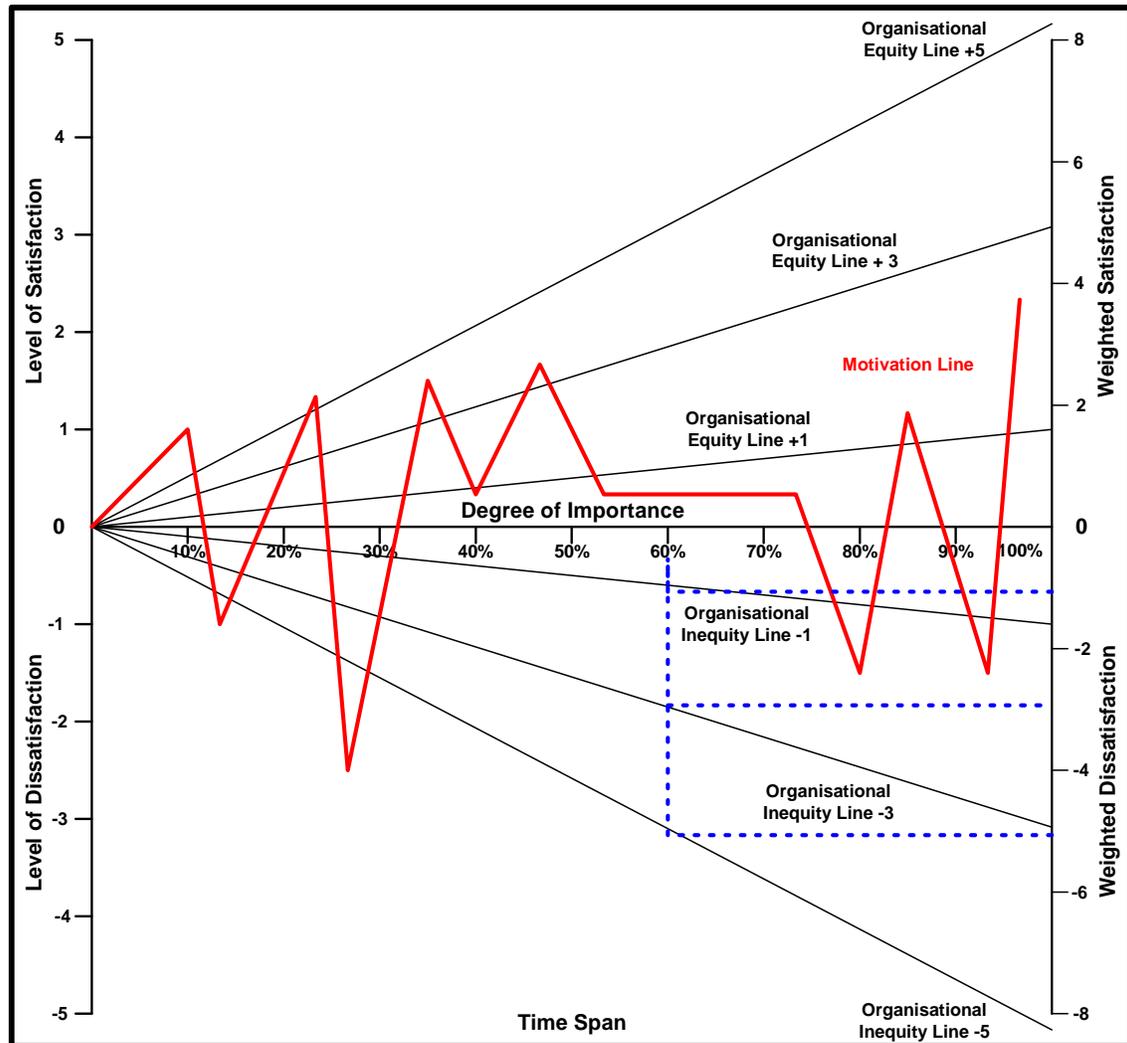


Source: Developed by the present researcher.

Figure 6.11 shows that, in reality, employees become dissatisfied as a result of some motivational problems if the outcomes or rewards are not in line with their expectations (personal factor) particularly if they work hard but due to unfavourable market forces (external factor), which fall beyond their control, they have been unable to achieve their objectives. Poor performance results in low scores, which form the main basis for appraisal. The performance appraisal system (internal factor), in conventional retail banking, normally goes by the actual scores and does not take into account justifications for poor performance, even if such performance can be justified by some uncontrollable external factors – market forces in this example. The net result of such negative interactions between the three situational factors (expectations, performance appraisal and market forces) would most likely trigger motivational problems, which, in turn, would lead to dissatisfaction and organisational inequity.

On the basis of the rationale of the quantitative and qualitative sides of organisational inequity, as explained above, Figure 6.12 introduces the statistical side of organisational inequity. This figure which is developed on the basis of the data in Table 6.22, introduces three important dimensions (3Ds): the degree of importance (D1), the level of satisfaction or dissatisfaction (D2), and the lines of equity or inequity which reflect the value of the weighted satisfaction or dissatisfaction for each job-related factor (D3).

Figure 6.12: Statistical Side of Organisational Inequity



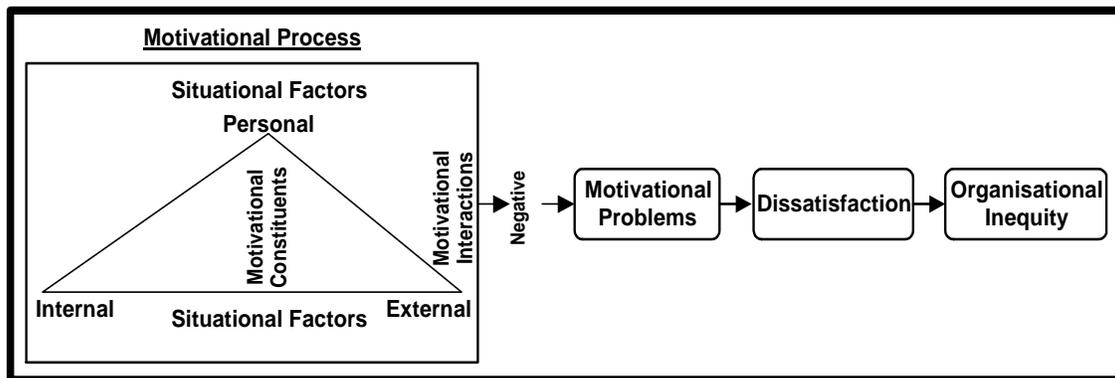
Source: Designed by the present researcher.

Organisational equity or inequity lines represent the slope or the trend (upward or downward) of different combinations between the degrees of importance and the levels of satisfaction or dissatisfaction for the job-related factors. These lines are designed to reflect three levels (Line 5 “highest”, Line 3 “average”, and Line 1 “lowest”) of the Likert five-point scale, which is the basis of the scaling technique of the questionnaire of this study. For example, at the degree of importance of 60%, the organisational inequity, which mirrors the value of the weighted

dissatisfaction, can be read as -1%, -3%, and -5% from organisational inequity lines -1, -3, and -5 respectively. The same concept can be applied to the other lines and any combinations between the degrees of importance and the levels of satisfaction or dissatisfaction in order to extrapolate the organisational equity or inequity for any job-related factor. The motivation line reflects the positive and/or the negative effects of the fluctuations in the situational factors during a specific period of time. Therefore, motivation in the conventional retail banking is not a straight line, which links effort, performance, outcomes, satisfaction and reinforcement together in a systematic order.

On the basis of the quantitative and qualitative sides of organisational inequity, the research problem is conceptualised in Figure 6.13

Figure 6.13: Conceptual Framework of the Research Problem



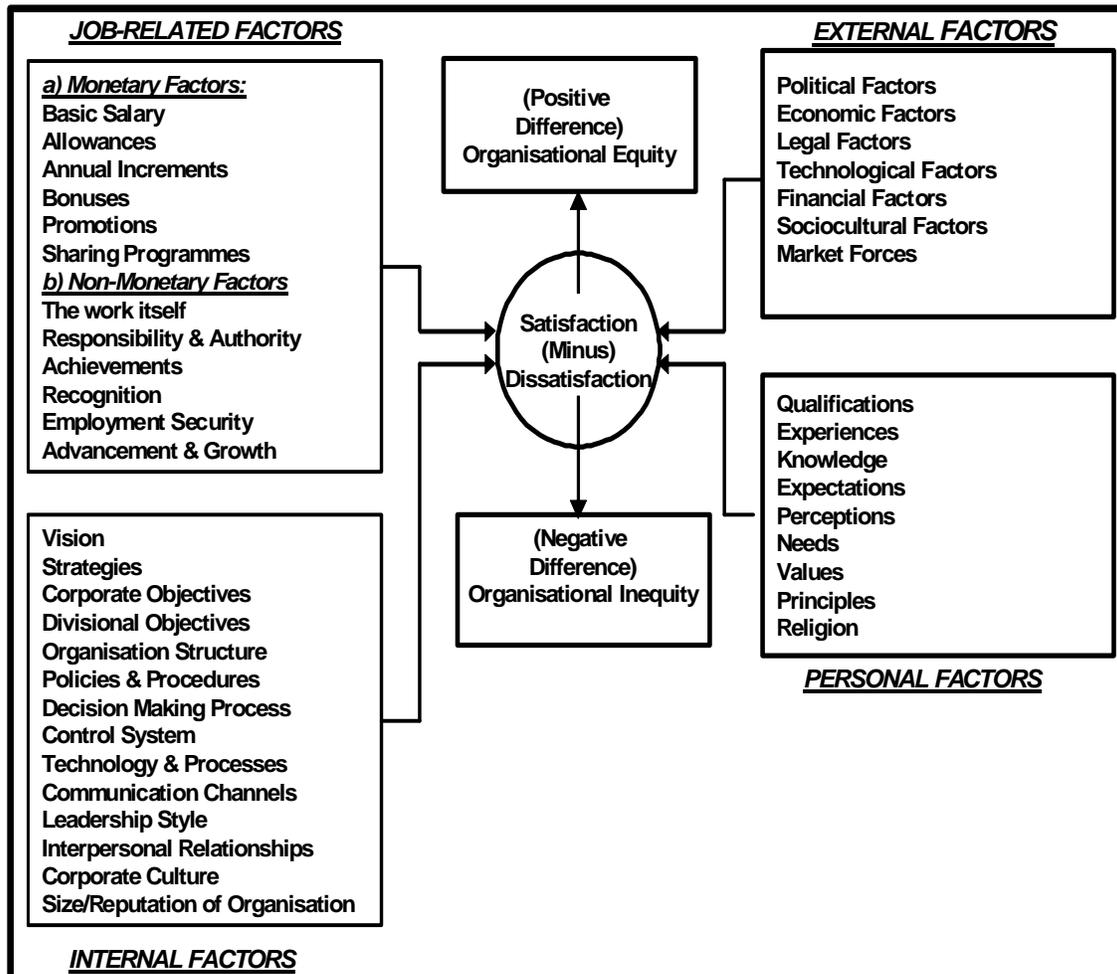
Source: Designed by the present researcher.

Figure 6.13 illustrates that motivation is a process through which a large number of motivational constituents and situational factors interact with one another. If the net result of such motivational interactions is negative, motivational problems would take place, which, in turn, would lead to dissatisfaction and organisational

inequity. Hence, organisational inequity is a reflection of highly complicated interactions between the situational factors. Although satisfaction, high morale, commitment, determination, etc., are good signs of positive psychological states, dissatisfaction, low morale, depression, frustration, disappointment, complacency etc., are serious symptoms of organisational inequity.

The analysis under this section helps to put the definition of organisational inequity into the right context for this research as illustrated in Figure 6.14.

Figure 6.14: Definition of Organisational Inequity



Source: A framework designed by the present researcher.

Figure 6.14 implies that organisational inequity is a negative psychological state, which takes place when the net difference between weighted satisfaction and dissatisfaction with all related situational factors is negative.

6.3 Semi-structured Interviews Analysis

There are 23 conventional retail banks in the Kingdom of Bahrain. Expert sampling was used to collect the required non-numerical data. 20 semi-structured interviews were conducted during the first quarter of 2014 with decision makers and key figures in this sector of the banking industry. Some of the interviews were conducted during working hours, at the offices of the interviewees, while most of the interviews were held outside the workplace. Semi-structured and open-ended questions were deliberated in these interviews to address the following main themes:

Theme 1: Organisational equity or inequity is the result of a certain interactions between the situational factors - Open System (OS).

Theme 2: Allocation and distribution of bonuses goes in favour of employees on the business side - Discrimination (D).

Theme 3: Monetary incentives are more important than anything else in the motivational process - Economic Man (EM) – an employee who is motivated primarily by financial incentives in order to maximize his income.

Theme 4: The missing link between rewards and achievement - Integration (I).

Theme 5: Effectiveness of the existing motivational and participative strategies – Effectiveness (E).

Theme 6: Demand for participative management in the conventional retail banking sector – Trend (T).

The collected non-numerical data from these 20 semi-structured interviews are categorised and summarised in Table 6.23.

Table 6.23: Interview Guide

Title	Bank	OS	D	EM	I	E	T
AM	BBK	✓	X	✓	X	✓	✓
AM	NBB	✓	✓	✓	✓	X	✓
AM	BBK	X	✓	X	X	✓	✓
AM	BDB	✓	X	✓	✓	✓	✓
M	NBK	✓	✓	✓	X	✓	✓
M	NBB	✓	✓	✓	✓	✓	✓
M	BDB	✓	X	✓	✓	X	✓
M	BMI	✓	✓	✓	✓	✓	✓
M	ICICI	✓	✓	X	✓	✓	X
M	AUB	X	X	✓	✓	✓	✓
M	Citi	✓	✓	✓	X	X	✓
M	AUB	✓	✓	✓	✓	✓	✓
M	SCB	✓	X	✓	✓	✓	✓
SM	BBK	✓	✓	X	✓	✓	✓
SM	BDB	✓	✓	✓	✓	✓	✓
SM	BMI	✓	✓	✓	X	✓	✓
SM	AUB	✓	X	✓	✓	✓	✓
SM	AUB	✓	✓	✓	✓	✓	✓
SM	HSBC	✓	✓	X	✓	✓	✓
AGM	NBB	✓	X	✓	✓	✓	✓

✓: Supporting theme X: Not supporting theme
 AM: Assistant Manager; M: Manager; SM: Senior Manager; AGM: Assistant General Manager

The main conclusions that can be drawn from Table 6.23 are as follows:

Theme 1: 90% of interviewees felt that the organisational equity or inequity can not be looked at from an individual point of view because the conventional retail banking sector is a highly competitive business environment. Changes in the internal and external factors can have substantial impact on the decision making

process, which could have either positive or negative effects on the motivation and performance of employees. Despite the fact that the Kingdom of Bahrain is a small island, it has a large and diversified financial market with over 400 financial institutions. It is a hub for the biggest local, regional and international financial institutions. Therefore, the competition and its impact on the performance at the organisational and the individual levels cannot be ruled out. The following quotations explain the nature of business climate in the conventional retail banking sector from the viewpoint of interviewees:

“Time has come for the executive managements in the whole banking industry in the Kingdom of Bahrain, to challenge out of date traditional and bureaucratic mentality and initiate some radical changes to the existing practices in order to make their main assets, I mean their employees, more productive and creative if they want to stay in such highly competitive market”, AGM.

“How come in such a small island like the Kingdom of Bahrain, the Central Bank of Bahrain issued a large number of licenses to local, regional and international investors to operate different types of banking activities – retail, wholesale, investment, Islamic, etc., in the local market. As much as competition is good, it has direct and may be negative impact on the motivation and performance of employees”, AM.

“I am not saying that competition is not a good thing, but it is important to achieve a balance between competition and the size of the local market to avoid diminishing law of returns, which would not only affect the profitability of retail banks but it could have negative impact on the advancement and growth of bankers”, SM.

“While I do understand that opening more banks in Bahrain would create more employment opportunities, improve customer services, push the interest rate down, avoid monopoly, etc., we should not rule out the risk of creating imbalanced competition which could lead to downsizing, liquidation and layoff of Bahraini employees who may feel insecure all the time during their career”, SM.

In addition to the local, regional and international competition, the negative consequences of the global financial crisis not only affected the financial performance of most of the banks in the Kingdom of Bahrain, but they also forced some of the banks to layoff some of their employees. This crisis which started in 2007, has initiated an extensive global focus to stop “Casino Banking” practices and the abuses in terms of huge payments to members of the executive management in the form of bonuses. There is now increased focus on executives’ remuneration practices with requirements to linkage to risk taking and achieving more transparency. In fact, the global impact has been profound,

leading to pressure on capping remuneration. The central banks and regulatory authorities need to adjust their practices and provide a proof to compliance within the required timeframe, which is very challenging. The new regulatory requirements will enforce a review of performance measures being used for the purpose of executive incentives pool. Banks will have to increase their use of risk metrics to assess pay and performance, and introduce claw-back provisions. In addition, the new rules will, over time, dramatically change the role of the board of directors where it will require clearer accountability to better exercise the oversight role on the performance of senior management and taking control of the compensation of approved persons (key figures) and material risk-takers (decision makers who work on the business side). This is different of how banks are being run for decades in the G.C.C. in general and Bahrain in particular. Almost every central bank and regulatory authority are requiring licensed banks to enforce the role of the board of directors in determining the compensation structures, and introducing wider and deeper disclosure of quantitative and qualitative information on their remuneration methodologies. Sound Remuneration Practices (SRP) will be brought into full force commencing from 1st July 2014 in the Kingdom of Bahrain. The Central Bank of Bahrain (CBB) issued a circular dated 26th November 2013, Ref. EDBS/KH/217/2013, in which each licensed bank was directed to comply with the following directions:

- 1) Transition period: the CBB will allow for a transition period until end of June 2014 for the implementation of SRP.

- 2) Back testing and stress testing: banks should refer to Basel Committee Paper on the range of methodologies for risk and performance alignment of remuneration.
- 3) Review of contracts of employment and existing policies: banks are required to review all employment contracts and existing policies currently in place for approved persons and material risk-takers to ensure that these documents are compliant with SRP.
- 4) Deferred remuneration: the contracts of employment should specify the terms dealing with deferred remuneration with the minimum 3 year deferred period. The deferral must continue to apply and any remuneration owing is subject to clawbacks, should the deferred remuneration related to the risk not be aligned with the actual outcome of the risk.
- 5) Share retention period: all shares received as part of the remuneration packages must be retained for a minimum period of 3 years once awarded.
- 6) Threshold of remuneration: the remuneration rules apply to all approved persons and material-risk takers whose total annual remuneration is in excess of BD100,000 (US\$265,000).
- 7) Articles and Memorandum of Association: the bank's articles and memorandum of association need to be updated so that no reference is made to remuneration, which must be addressed in a separate policy issued by the bank and approved by the board of directors and CBB.

The challenges and implications of this recent strategic trend in the banking industry and their impacts on the internal working environment, motivation and performance of employees can be assessed from the following quotations:

“Changing the culture and raising the awareness of board members and executive management on the area of performance and risk linked remuneration can be a challenging task”, AGM.

“Linking performance to risk taking and materialisation can be difficult. Particularly, many building blocks may not exist to evaluate risk appetite embedded in each transaction accurately”, SM.

“Defining the right approach becomes a challenge to balance between complexity and fulfilling regulatory requirements. It is not one an approach fits all”, MA.

“Establishing a comprehensive remuneration framework that is adequate and proportionate to the size and complexity of each bank and flexible to balance complex commercial needs with regulatory and other stakeholders’ influences and expectations is extremely a challenging task”, SM.

“Conflicts may arise with local laws related to compensations, this may create certain compliance and legal risks that need to be considered and managed properly throughout the implementation process of SRP”, M.

“Governance around remuneration is getting increasingly complex and is involving the board of directors and most of its committees. Getting the buy-in from executives on this change could be difficult”, SM.

Despite the fact that SRP has its own merits, this major external requirement or trend would trigger radical changes in the internal human resources policies and procedures of all banks.

Global financial crisis, competition and SRP were discussed by the interviewees to illustrate a few examples of unlimited number of interactions, which could take place between the external and internal working environments, and how such interactions can affect the motivation and performance of employees in the conventional retail banking sector from an open system perspective.

The qualitative analysis under this theme indicates clearly that external and internal factors are an integral element of the motivational process and their positive or negative consequences play a major role in determining the level of organisational equity or inequity.

Theme 2: 65% of the interviewees were of the opinion that there is discrimination in terms of allocation and distribution of bonuses between the business and the support sides of the bank – employees who work on the business side normally get higher bonuses as compared to their peers on the support side. This kind of discrimination triggers high levels of organisational inequity at the end of each year when the bonuses are paid to the employees.

While 65% of the employees do not feel comfortable with the existing practice, the remaining 35% of the interviewees stated that this kind of discrimination can be justified to a large extent because employees who work on the business side are the ones who can make the difference in the performance of the bank. In addition, the continuation of their employment in the bank is at risk if they do not achieve their financial objectives. Therefore, they should be compensated for taking additional risks, which their counterparts on the support side are not exposed to directly. Irrespective of this justification, which sounds convincing, the majority of the interviewees felt that this kind of discrimination is a major source of concern because it creates, unnecessarily, organisational inequity between employees in the same bank, who should work together as one team. Some of the relevant comments and statements which were raised through the interviews are reflected through the following quotations:

“Creating some demarcations for the purpose of allocating and distributing bonuses between employees who work on both sides of the organization - business and support - without proper justifications and procedures does not create a healthy working environment where synergy, common purpose and trust are shared between all employees irrespective of their divisional or departmental identity”,
SM.

“I can not understand the forced ranking which is being used by our bank for paying bonuses where 10% of employees are ranked as “A”, 20% as “B”, 30% as “C”, and 40% as “D”. While “A” stands for top performers who receive the highest bonuses, employees who come under “D” category are classified as below average performers and, hence, they are deprived totally from getting any bonuses. I believe strongly that the bonuses should be paid on the basis of the weighted scores and every employee should be entitled to receive something even if it is one Dollar”, AM.

“Even implementation of the Sound Remuneration Practices will not break the barriers between business and support because the rationale behind such practices is to defer the payment of bonuses over a period of 3 years and has nothing to do with the current demarcation between these two areas”, M.

Developing the organisational structure of conventional retail banks on the basis of business and support is an important corporate governance requirement, which must be adhered to by all financial institutions in order to have proper segregation of duties and assignment of responsibilities and accountabilities. While the main purpose of this organisational structure is not to create any kind of discrimination between employees of the same organisation, the decision makers in the conventional retail banking sector should take all the necessary actions and measures to rectify the

perceptions of their employees. Implementing objective and reliable criteria for allocating and distributing financial incentives, creating open and efficient communications channels at all levels of management, encouraging involvement of employees in making decisions relating to rewards distribution, etc. are some of the measures which will be discussed in the next chapter to formulate the most practical solutions to curb the perceived and/or real discrimination which is one of the root causes of the organisational inequity in conventional retail banks.

Theme 3: 80% of the interviewees indicated that the monetary incentives such as basic salaries, bonuses, increments, promotions, etc., are the most important driving force without which employees would find it difficult to put in the extra effort to work beyond the normal working hours in order to achieve the bank's objectives. While this does not mean, in any way, that they totally neglect the importance of the other non-monetary factors, the monetary incentives have direct impact on the motivation and the performance of the bankers who normally act as "economic man". This statement is derived from the following quotations:

"Employees can work without good leaders, comfortable working conditions, efficient communication channels, sophisticated technology, supportive interpersonal relationships, proper policies and procedures, and even without clear directions from their superiors. But, will they work or stay in the bank if we do not pay them their salaries on time?" M.

“Shareholders invest their money in the bank to get it back in the form of higher dividends; retail customers come to the bank to borrow money in the form of consumer loans, personal loans, mortgage loans, etc.; companies establish corporate relationships with different banks in order to borrow money for the purpose of financing their projects; investors invest their money in different types of investment vehicles in order to maximise their returns and capital, etc. By the same token, employees invest their time, energy and intellectual capabilities to get fair financial incentives in the form of money”, SM.

“Bankers are greedy and motivated by money. It is extremely difficult to retain top performer employees if you can not pay them attractive salary, increments and bonuses. Most of the resignations which I have come across throughout my career were triggered by financial incentives, i.e. employees submitted their resignations because they received better offer from other financial institutions. Today, some of them have become millionaires, and you now their names very well”, M.

As explained in Chapter 3, under Micro Analysis of the Key Motivation Theories (Section 3.6), Needs Hierarchy Theory was criticised because self-actualisation can be an end and a means at the same time. This criticism was addressed in this research by introducing a concept called “Inverse Satisfaction Process”. For

instance, this concept implies that employees throughout their careers pursue promotion not only to satisfy their higher level needs, i.e. prestige and ego, but also to improve their standard of living by increasing their income which is a satisfaction of lower level need.

The analysis of this theme indicates that it is really difficult to know what motivates everyone without making an effort to find out. It might be something straightforward such as empowerment, recognition, growth, leadership, financial incentives, etc., or it might be a strange angle on a conventional motivator. Irrespective of the conflicting views and differences in the existing literature about the concept of motivation, the above quotations and the results of the statistical analysis indicate clearly that the financial incentives play a major role in determining the motivation and performance of bankers. While money is an important motivational factor for many bankers, it isn't for everyone. There is no guarantee that a "best way" will suit everyone. Although employees work for reasons other than financial rewards, money will remain one of the most important motivational driving forces in the conventional retail banking sector. *“Advancement and growth without an increase in the salary does not mean anything and it is a myth in the banking industry”*, M.

Theme 4: 75% of the interviewees argued that the employees in the conventional retail banking sector cannot see, at the individual level, the link between their objectives, which are normally assigned to them at the beginning of the year, and

the expected rewards, mainly bonuses, at the end of the year in the case they achieve these objectives at the end of the year. The main reason can be attributed to the existing practice, in most of the conventional retail banks, which involves developing budgets and objectives at the divisional, departmental and individual levels without indicating the expected rewards for each level. Although in some of the biggest conventional retail banks the link between the objectives and the expected rewards is clear at the bank's level as a whole, the picture is not so at the other levels. Hence, the integration between the employees' expectations and the organisational objectives is missing. The analysis of this theme is supported by the comments and concerns which were raised and communicated through the following quotations:

“Employees at the grass roots level who are responsible for executing the executive management's directions can not see the link between the bank's strategies and corporate objectives and their individual goals – they do not see the full picture”, M.

“Creating reliable and practical methodology through which employees' needs and expectations are integrated with the organisational objectives involves a radical change in the existing performance appraisal system and rewards scheme which is a mammoth job”, SM.

“In each 3-years strategy cycle we participate in developing the bank’s strategies and formulating realistic corporate objectives through dedicated sessions and meetings. Immediately after each cycle we get surprised to see that many of the agreed strategies and objectives have been changed by the consultant either unilaterally or on the basis of specific directions from the board of directors or the executive management. Do you think mock participation can lead to integration?” AGM.

“Performance appraisal system tends to be subjective particularly when qualitative objectives are involved. While judgmental element can not be eliminated from the semi annual and yearly appraisals, flexibility does not exist in the current practices to strengthen the objectivity of measuring and evaluating the performance of employees”, SM.

“Employees find it difficult to see the link between their achievements and the expected rewards because the incentives scheme does not give them a clear picture about how rewards will be distributed, at the end of the year, if the bank’s objectives have or haven’t been achieved. The incentives scheme is the “black box” of the executive management,” AM.

Some of the interviewees shared some of highly confidential information, relating to the existing performance appraisal system and incentives scheme in their banks, which helped to gain better understanding about the implications and complications which are embedded in the existing human resources practices in conventional retail banking sector. One of the interviewees (SM) said, "*Our Human Resources Division is acting as an administration office because the developmental side of the human resources is missing from their agenda*".

Theme 5: 85% of the interviewees raised a concern about the effectiveness of the existing motivational and participative strategies. Employees do not enjoy real participation in making the final decisions, although there are a large number of committees and there is enough representation in terms of the number of employees who are involved in such committees from the different levels of management. In addition, there is a general feeling that the number of the weekly and monthly committees' meetings is too excessive and such meetings are just a waste of time and resources, which should be devoted to providing better services to the customers. One of the interviewees (AM) said, "*Customers find it difficult to meet our manager because most of his time is wasted in such unproductive committees*". Another interviewee (M) stated that, "*If the managers of our bank had spent the same time they spent in the committees with our customers, we would have been the best bank in the local market*". It seems that some of the committees have been established in the conventional retail banks just to have the required structure in place in order to meet some of the corporate

governance requirements. As a consequence, the employees do not feel the real motivational and participative value of these committees. The views of employees and management about the existing motivational and participative strategies can be derived from the following quotations:

“I do not think that the existing motivational and participative strategies are effective in terms of creating synergy between cross functional employees, establishing a common understanding of the bank’s strategies and corporate objectives at the different levels of management, formulating realistic objectives and making reliable decisions. In most of the committees’ meetings, I take my laptop with me in order to complete my work and respond to important emails to avoid wasting of my time in unproductive discussions and predetermined decisions”, SM.

“The decision making authority is centralised in the hands of a few members of executive management. Delegation is given on the basis of favoritism rather than competence, and committee membership is the sole prerogative of senior officials”, AM.

“Officials in the human resources department lack the skills in using practical managerial tools to resolve conflicts and accommodate differences between employees. They are good in processing payroll and issuing warning letters”, AM.

“Although our bank spent a huge amount of investment in developing and improving technology, still the customers’ requests and applications go through a long process, from one station to another, until they got approved by the final authority holder. Centralisation to keep control on everything from “A” to “Z” is the dominant business philosophy in our bank”, AM.

“The credit applications for credit facilities must be processed and approved according to rigid and stringent policies and procedures. As a result, the executive management is bombarded, almost on a daily basis, with excessive paper works in order to approve a large number of routine exceptions which cannot be accommodated or approved by employees at the middle level of management” SM.

Analysis of this theme through the above quotations raise a big question mark about the effectiveness of the existing motivational and participative strategies in terms of achieving some of the most important managerial objectives.

Theme 6: 95% of the interviewees claimed that there is a strong demand for participative management due to the fact that the existing motivational and participative strategies do not provide a good platform for the employees to exercise real participation in making decisions that affect their performance. They felt that by virtue of technology, employees should be empowered to make faster

and better quality decisions to provide better services to the customers. In fact, the majority of the interviewees felt that the time has come for the employees, in the conventional retail banks, to take a more active role in the decision-making process. *“Participation is a survival requirement because the existing policies and procedures are rigid and do not motivate employees to think outside the box because they do not have the power to do so”*, SM. The strong demand for participation in making decisions stems from the fact that employees have innate needs for sharing authority, power, control, information etc. *“Employees should be given enough authority to perform their jobs successfully”*, AM. Participation helps to improve the skills and knowledge of employees. *“Knowing what is going on in the organisation to take the right measures on the right time make employees feel that they are important”*, M. In social organisation facing conflicts between employees at the different levels of management is a normal phenomenon. *“Participation is one of the managerial tools which can play an effective role in resolving conflicts and strengthening interpersonal relationships between employees”* SM.

The interviewees provided through the above quotations important and relevant information, which support that there is a strong demand for participative management through which employees aim to participate in making decisions that would enable them to achieve the desired objectives and satisfy their needs and expectations.

6.4 Discussion

The quantitative analysis of numerical data, which were collected from 460 questionnaires, was supported by some relevant conceptualisations, relating to the situational factors, banking working environment, business philosophy, implementation of participative management, motivational process and research problem, in order to gain better understanding and interpretations of the statistical results. The results of quantitative analysis are summarised through the following main findings:

- 1) Organisational inequity does exist in the conventional retail banking sector because job-related factors (monetary and non-momentary factors) are not in line with employees' needs and expectations.
- 2) The implementation of motivational and participative strategies in the conventional retail banking sector is ineffective.
- 3) Employees have high demand for participative management in order to participate in making decisions that affect their motivation and performance.
- 4) Inadequate monetary factors play a major role in determining the level of organisational inequity, although non-monetary factors are important elements of the motivational process.
- 5) Personal factors help to mitigate the negative impact of the organisational inequity on the motivation and performance of employees.

- 6) Organisational inequity is the net result of highly dynamic and complicated interactions between all related situational factors.
- 7) Organisational inequity has direct impact on the level of demand for participative management.
- 8) The negative impact of organisational inequity on the motivation of employees is mitigated and mediated by personal and internal factors.

In addition to the questionnaire, semi-structured interviews were used to strengthen the reliability of the findings of this research. There are 23 conventional retail banks in the Kingdom of Bahrain. Expert sampling was used to collect the required non-numerical data, which were solicited through 20 semi-structured interviews with key officials and decisions makers in the conventional retail banking sector. The collected data were categorized under 6 themes. The qualitative analysis of the collected data shows the following main findings:

- 1) The motivation and performance of employees is exposed to changes in a wide spectrum of situational factors. Unfavourable changes in the external factors can have negative impact on the internal working environment which, in turn, could lead to organisational inequity. On the other hand, positive interactions between the situational factors could lead to organisational equity.

- 2) Discrimination is being experienced by employees in the conventional retail banking sector because the allocation and distribution of financial incentives, mainly bonuses, are carried out on the basis of subjective and unreliable criteria. Irrespective of whether this discrimination is real or perceived, it could be one the root causes of the organisational inequity.
- 3) Due to the nature of work in the conventional retail banking sector, monetary factors are the most important driving forces which stimulate and direct the motivation of employees. A banker can be assumed as an economic man who is motivated to maximize his income, although the importance of other non-monetary factors cannot be excluded from the motivational formula.
- 4) The existing performance appraisal system and incentives scheme form a strong barrier for achieving integration between employees' needs and expectations and the organisational objectives.
- 5) The current existing motivational and participative strategies are ineffective and do not establish a practical platform for realising real participation.
- 6) The conventional retail banking sector in the Kingdom of Bahrain is witnessing a strong demand for participative management.

Table 6.24 shows the link between the research questions, objectives, hypotheses and findings.

Table 6.24: The Link between Questions, Objectives, Hypotheses and Findings

No.	QUESTIONS	OBJECTIVES	HYPOTHESES	FINDINGS
1	Does organisational inequity exist in the conventional retail banking?	Determine the existence of the organisational inequity.	Ho1	Organisational inequity is experienced as a result of motivational problems.
2	What are the main root causes of the organisational inequity?	Identify the main root causes.	Ho1 and Ho4	Inadequate monetary factors and inefficient non-monetary factors.
3	Are there effective motivational and participative strategies in the conventional retail banking?	Examine if there are such strategies in the conventional retail banking.	Ho2	Some motivational and participative strategies do exist in the conventional retail banking.
4	What are the views and perceptions of employees and management about the existing motivational and participative strategies?	Assess the views and perceptions of employees and management.	Ho2	Ineffective motivational and participative strategies.
5	Is there a high demand for participative management in the conventional retail banking?	Find out the level of demand for participative management.	Ho3	There is high demand for participative management.
6	What are the main constituents of the motivational process and how do such constituents interact with one another in the workplace?	Explore and explain how the main motivational constituents interact with one another.	Ho5 and Ho6	Personal, internal and external factors which interact with one another in highly complicated ways.
7	How do situational factors affect the motivational process?	Analyse the impact of the situational factors.	Ho5 and Ho6	Motivational process in the conventional retail banking sector is open system.
8	Does organisational inequity affect the level of demand for participative management?	Examine the impact of organisational inequity on the demand for participative management.	Ho7	There is strong positive correlation between organizational inequity and the demand for participative management.
9	Does organisational inequity stop employees from working hard to achieve their goals?	Analyze the impact of the organisational inequity on motivation.	Ho8	Self-reinforcement and organisational reinforcement mitigate the negative impact of organisational inequity and stimulate motivation of dissatisfied employees.

Source: Tabulated by the present researcher

The main quantitative and qualitative findings presented in this chapter establish a good base to draw the main conclusions and formulate the most appropriate recommendations in the next chapter.

Chapter Seven

Conclusions and Recommendations

Chapter Seven

Conclusions and Recommendations

7.1 Introduction

The main purpose of this study is to provide practical motivational and participative strategies in order to curb the organisational inequity in the conventional retail banking sector in Bahrain. This chapter covers seven main sections. Section 7.2 introduces a comprehensive summary of this research. Section 7.3 presents the main conclusions of this study. Section 7.4 recommends six motivational and participative strategies, which have been derived from an integrative motivational framework, to address the research problem. Theoretical, methodological and practical contributions are covered in Section 7.5. Limitations of this study and suggestions for further research are the main focus of Sections 7.6 and 7.7 respectively.

7.2 Summary of the Research

This research was conducted to examine the motivational problems which are being experienced by employees in the conventional retail banks in the Kingdom of Bahrain, and to formulate clear and effective motivational and participative strategies to curb this problem, which has been defined in this research as organisational inequity.

Highly interrelated objectives, questions and hypotheses were developed to constitute the main basis for conducting this research. On the basis of the critical review of the existing literature, which covers three interdisciplinary fields i.e. motivation, participation and leadership, inherent limitations have been identified in most of the key motivation theories, content and process theories. In addition, the main gaps in the existing knowledge have been determined through this research. The main limitations or gaps in the existing literature can be attributed to the fact that psychoanalysis and behaviourism have dominated the developmental process of most of the motivation theories. Therefore, the existing literature does not provide enough a knowledge to understand the motivational process as an open system from business perspective. There has been a strong link between the developments in the literature of motivation, participation and leadership and this research. For example, a critical review of 38 motivation theories helps to identify the most important motivational constituents from which the main root causes of organisational inequity have been derived. In addition, motivation helps to establish the most important dimension of the theory base of this research. Participation offers a variety of participative concepts and schemes from which practical recommendations have been derived to address the organisational inequity. Leadership indicates that while situational and contingency leadership can provide “quick fixes” to the organisational inequity, transformation and participative leadership are the best long term solution. On this basis, participative leadership can secure proper implementation of the recommendations of this research.

Although positivism is the dominant philosophy, interpretivism has been used to strengthen the reliability of the findings of this research. Mixed methodology has been used mainly because social reality consists of both quantitative and qualitative meanings. Therefore, to reach better understanding of the organisational inequity in the conventional retail banking sector, it was relevant to use the mixed methodology in order to identify and examine the quantitative and qualitative meanings that were attached to the research problem from the participants' points of view. The main data collection instruments were questionnaire and semi-structured interviews. The reliability of the questionnaire was tested by Cronbach's Alpha Test through the pilot study. Other than the length of the questionnaire, most of the feedback and comments from the participants were positive and encouraging. Given the fact that employees in the conventional retail banks are exposed to high levels of work pressure during the normal working hours and they tend to be sensitive and conservative in releasing information, their comments were taken very seriously. On the basis of the outcomes of the pilot study, the questionnaire was redesigned to ensure that the respondents did not spend more than 20 minutes to complete the questionnaire. The total population in the conventional retail banking is around 3250 employees. Proportionate stratified sampling was used to collect the required numerical data from the conventional retail banks. Around 600 questionnaires were distributed to achieve the final target of 430 respondents, which represents almost 13% of the total population. The final result was 460 completed questionnaires. There are 23 conventional retail banks. Expert sampling was used to collect the required

non-numerical data. Accordingly, 20 semi-structured interviews were conducted with key figures in the conventional retail banks. 460 completed questionnaires plus 20 semi-structured interviews represent a good sample size to support the reliability of the findings of this research.

Reliable research procedures have been used throughout the research process in terms of identifying and defining the research problem, developing the research objectives, formulating the research questions and hypotheses, developing and reviewing the questionnaire and the main themes of the semi-structured interviews, complying with the ethical principles and obtaining the required approval from the Research Ethics Committee, conducting the field work, collecting the required numerical and non-numerical data, using the most relevant statistical tools that are available in the SPSS to analyse the collected data, soliciting feedback about the results of the statistical analysis from the expert staff in the university which were very positive and encouraging, and last but not least, the guidance and advice of the research advisor which was followed and implemented strictly to ensure that the progress was in line with the milestones of the research plan. It is also worth mentioning here that each statistical analysis was used for a specific purpose, for example:

- 1) Descriptive analysis was used to analyse the main characteristics of the sample (age, qualification, experience and position).
- 2) Cronbach's Alpha Test was used to determine the reliability of the questionnaire.

- 3) *t*-Test and Linear regression were used to validate and answer the research hypotheses.
- 4) One-way Anova and Post Hoc Test (Tukey) were used to analyse the consistency of answers to questions relating to organisational inequity on the basis of two factors: experience and position.

The statistical analysis was supported by six relevant conceptualisations: (1) conceptualise the implications of the situational factors, (2) conceptualise the banking working environment, (3) conceptualise the business philosophy, (4) conceptualise implementation of participative management, (5) conceptualise the motivational process, and (6) conceptualise the research problem. The main purpose is to reach a better understanding and interpretation of the statistical results. The statistical analysis and the relevant conceptualisations have helped to put the definition of organisational inequity into the right context and paved the way for the main findings and recommendations of this research.

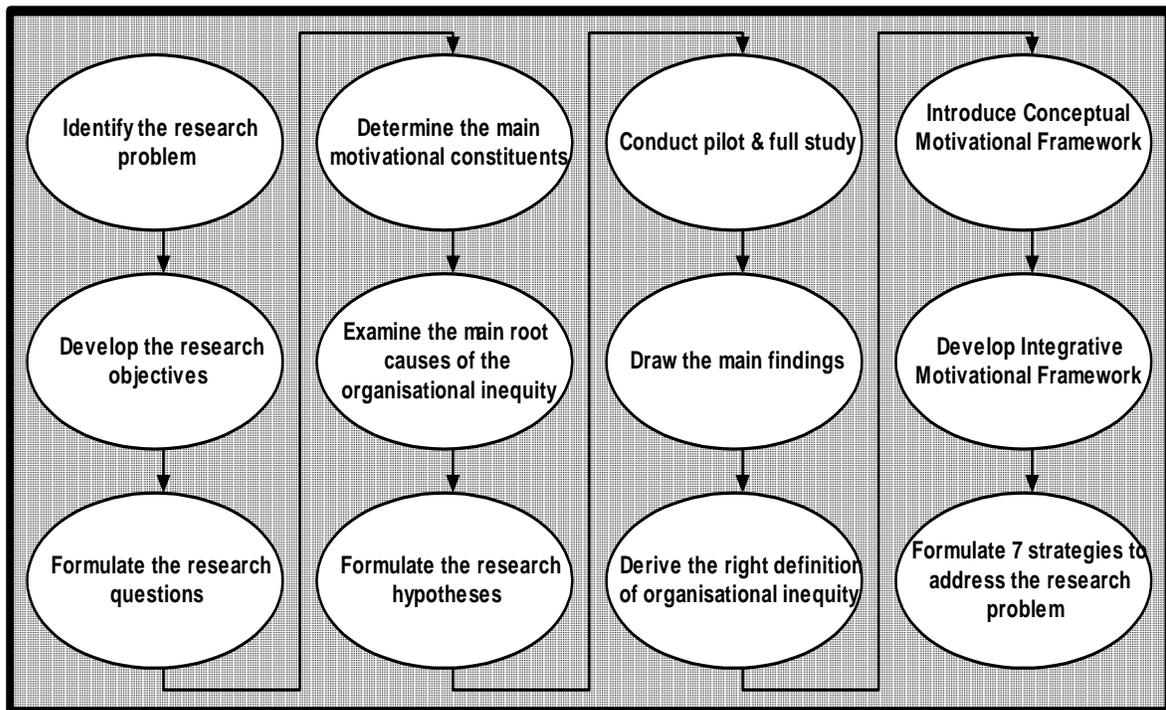
The main findings have supported the existence of organisational inequity in the conventional retail banking sector. There is high demand for participative management due to lack of clear and effective motivational and participative strategies. Although personal factors can mitigate the negative impact of the organisational inequity on motivation, monetary and non-monetary factors plays a major role in determining the level of the organisational inequity in the workplace. The motivational process in the conventional retail banks is an open system because it is exposed to changes in a wide spectrum of situational

factors. The main findings of the research have helped to introduce the conceptual motivational framework which illustrates how the motivational process in the conventional retail banking sector is exposed to changes in the prevailing situational factors during a specific period of time i.e. it is an open system.

An integrative motivational framework was derived from the main concepts and assumptions of the conceptual motivational framework in order to integrate employees' needs and expectations with the organisational objectives on the basis of six practical motivational and participative strategies, which are the main focus of the remaining part of this chapter.

Figure 7.1 gives a snapshot of the main stages from identifying the research problem to the recommendations which ends the journey of this research.

Figure 7.1 Research Journey



Source: Designed by the present researcher.

7.3 Conclusions

Most of the motivation theories, which were covered under the literature review, analyse motivation from an individual or a micro perspective (closed system) which establish a gap in the existing knowledge. While examining motivation from an individual, behavioural, or psychoanalytical perspective is relevant and practical to conducting research under a controlled working environment, it is important to study the motivational process in conventional retail banking from an organisational or macro perspective (open system).

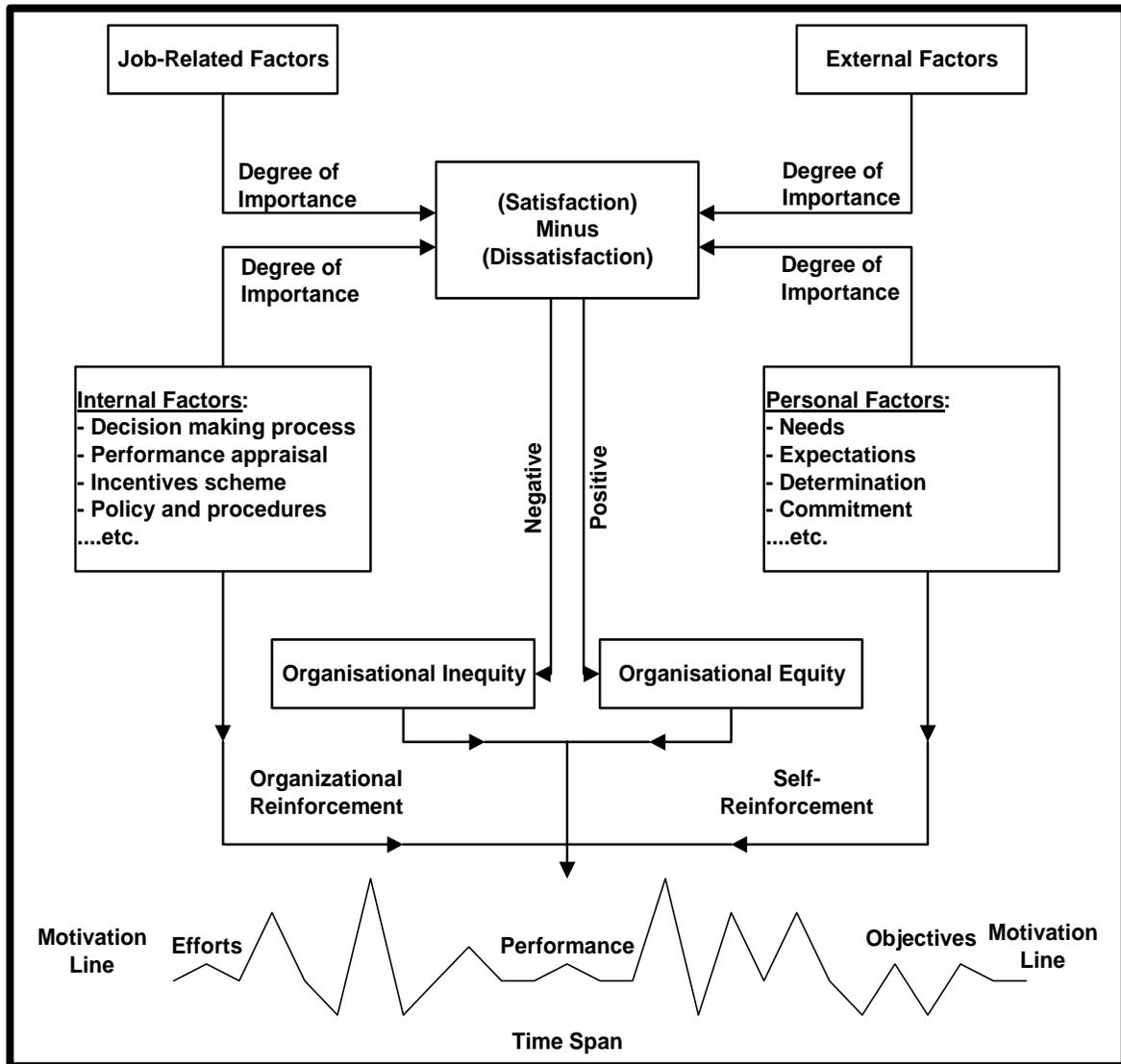
The findings of the quantitative and qualitative analyses complement each other and establish a logical groundwork to corroborate the following main conclusions:

- 1) Organisational inequity does exist and is experienced by employees in the conventional retail banking sector in Bahrain because the job-related factors (monetary and non-monetary) are not in line with their expectations.
- 2) Existing performance appraisal systems and incentive schemes in the conventional retail banking sector are the major stumbling block for achieving integration between employees' needs and expectations and the organisational objectives.
- 3) Employees express a high demand for participative management, which is triggered by organisational inequity, due to lack of clear and effective motivational and participative strategies.

- 4) Although negative non-monetary factors and unfavourable changes in the internal and external factors can have substantial impact on the motivational process, inadequate monetary factors are the main root causes, which can play a major role in determining the overall level of organisational inequity in the conventional retail banking sector.
- 5) The impact of organisational inequity on motivation is mediated by the personal factors and the internal factors. While personal factors can mitigate the negative impact of the organizational inequity through self-reinforcement, the internal factors can formally reinforce motivation by using organizational reinforcement (financial and negative reinforcements).

The research findings indicate that the motivational process in the conventional retail banking sector is vulnerable to unpredictable, favourable and/or unfavourable changes in the situational factors. Figure 7.2 puts the implicit interrelationships between these conclusions into a conceptual framework in order to understand the motivational process in the conventional retail banking sector as an open system from a business perspective and introduce a new dimension to the existing understanding of the behavioural and the psychological sides of motivation.

Figure 7.2: Conceptual Motivational Framework

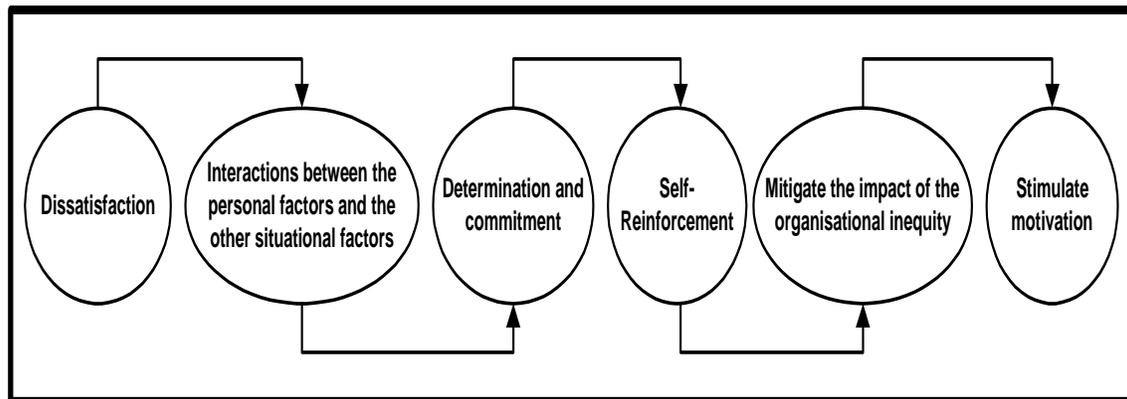


Source: Designed by the present researcher.

Figure 7.2 illustrates that the degree of importance and the level of satisfaction or dissatisfaction of each situational factor determines the overall level of organisational equity or inequity. If the net difference between satisfaction and dissatisfaction for all situational factors is negative, organisational inequity will take place, whereas, organisational equity is the positive side of such interactions. Personal factors can mitigate the negative impact of the

organisational inequity on motivation through self-reinforcement. Amending slightly the same example, which was given in the previous chapter in Table 6.22, can give a clearer illustration of the critical role of the personal factors in the motivational process. The same employee is dissatisfied with his basic salary and his job but he decides to work hard because he wants to prove to his superior that he deserves better recognition for his achievement in the future. Although dissatisfaction with basic salary + dissatisfaction with job = organisational inequity, the determination and the commitment (personal factors), of this employee to prove to his superior that he is a high achiever, trigger self-reinforcement, which can mitigate the negative impact of the organisational inequity. The logical reasoning in this part of the main conclusion can be extracted from Figure 7.3.

Figure 7.3: Motivation through Dissatisfaction



Source: Developed by the present researcher.

Figure 7.3 shows that dissatisfaction could stimulate motivation (positive side of dissatisfaction) under certain circumstances, although this finding contradicts with the existing knowledge. On the other hand, satisfaction, for example, in

terms of rewarding someone more than he actually deserves could make him complacent at the expense of demoralising other employees (the negative side of satisfaction). This implies that satisfaction and dissatisfaction are two polar opposites or independent variables, which could have both positive and negative effects on motivation depending on the prevailing situational factors, rather than they are two ends on the same continuum.

In addition to the personal factors, the internal factors can formally trigger motivation through the organisational reinforcement, which consists of two components – financial and negative reinforcements. For example, an incentives scheme (financial reinforcement) and the disciplinary code in the human resources policy (negative reinforcement) can force the employees to put the required effort in to achieve what is expected from them irrespective of whether they are satisfied or dissatisfied with their positions in the organisation. It is a survival rather than a satisfaction oriented motivational process, simply because if employees in the conventional retail banks do not work hard to achieve their objectives, they run big risks of losing their jobs.

The net collective impact of the organisational inequity or equity, self and/or organisational reinforcements determines the overall level of motivation during a specific period of time. The time span is critical because the business environment in the conventional retail banking sector is highly dynamic. The mix of the interrelationships between the same situational factors could change from

one time span to another. Therefore, the motivational process, in this type of organisational setting, is nonlinear and different types of motivational patterns could take place as a result of the fluctuations in the situational factors – open system.

7.4 Recommendations

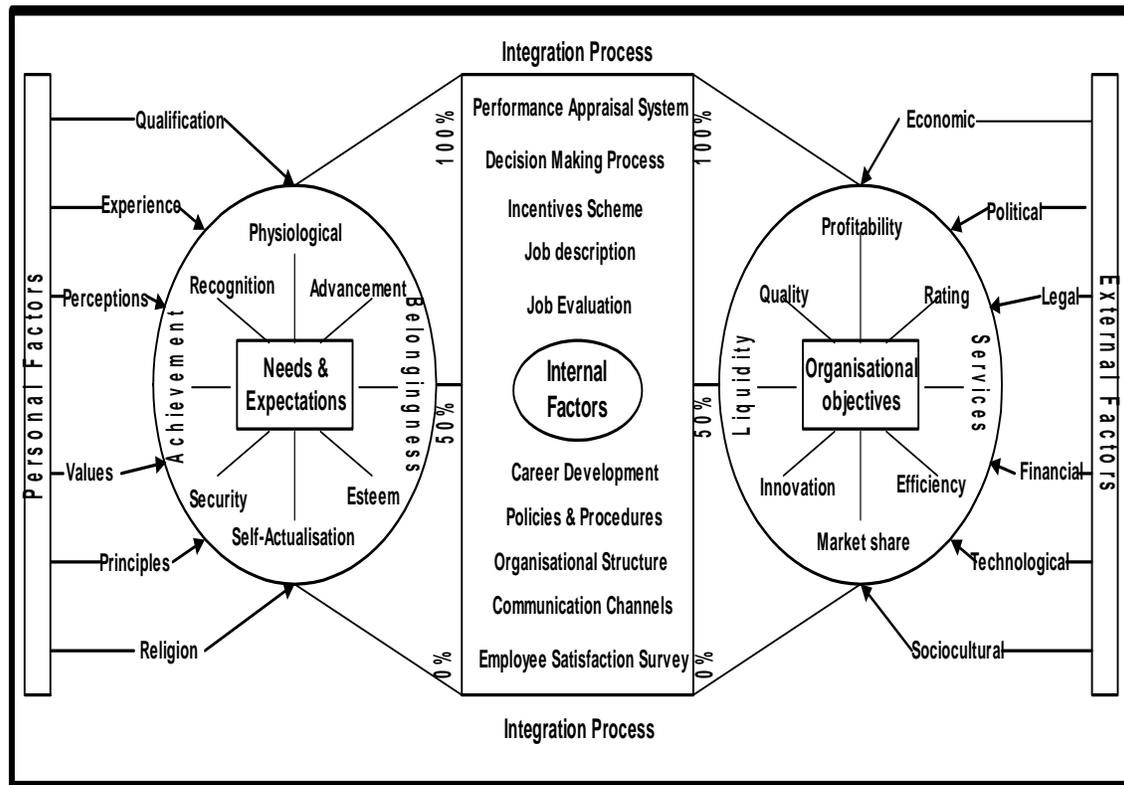
People are the main assets or the human capital of any organisation and to get the best results out of them, their needs and expectations, which are the main source of all types of motivational problems, should be integrated with the organisational objectives. The integrative motivational framework is a mechanism or process through which different organisational functions such as decision making process, performance appraisals, Incentives scheme, communications channels, organisational structure etc. are brought together in harmony on the basis of clear and effective motivational and participative strategies to integrate employees' needs and expectations with the organisational objectives so that everyone in the organisation shares exactly the same purpose.

As explained in the literature review, psychoanalysis and behaviourism have dominated the developmental process of most of the motivation theories. The key figures or decision makers, in such a profit-seeking organisational setting as the conventional retail banking sector, are not interested in psychoanalysis nor are they keen to know about the behavioural side of the motivational process. They need an integrative motivational framework through which the employees' needs and expectations are integrated with the organisational objectives on the

basis of practical motivational and participative strategies to achieve four important objectives: (1) address organisational inequity, (2) increase the productivity of employees, (3) minimise risks, and (4) maximise returns.

On the basis of the findings of this research, as explained in full detail in the previous chapter, Figure 7.4 introduces the main structure of the integrative motivational framework through which employees' needs and expectations can be integrated with the organisational objectives.

Figure 7.4: Integrative Motivational Framework



Source: Designed by the present researcher.

Figure 7.4 indicates that the needs and expectations of employees are affected by many personal factors such as qualifications, experiences, perceptions,

values, principles, religions etc. For example an employee who holds a Masters degree has a different visualised picture about his career in the organisation than an employee who did not finish secondary school. Another example can be given here about an employee whose motivation is affected, to a large extent, by the values and principles which he derives from his religion. If he believes strongly that charging customers interest on their loans is a prohibited practice, i.e. usury in Islam, most likely this employee will find it difficult to survive in such a profit-seeking organisational setting as the conventional retail banking sector. At the end of the day, he has two options either to resign from conventional banking or join one of the Islamic financial institutions.

From another perspective, the survival of the conventional retail banks in today's highly competitive business climate, is contingent upon the achievement of very important and critical objectives such as profitability, market share, efficiency, innovation, liquidity, quality, etc. As explained in the previous chapter, external factors such as political, economic, legal, financial, etc. could have either a positive or negative impact on the organisational objectives, motivation and performance of employees. High motivation at the individual level alone does not secure good achievement of the organisational objectives in the absence of favourable external factors.

Achieving the highest level of integration between employees' needs and expectations and organisational objectives in such an open system as the conventional retail banking sector is extremely difficult. However, as much as it is

difficult it is possible, but it is impossible if the decision makers in this field of the banking activities do not have the will to make it work.

This section aims to transform the main components of the integrative motivational framework (Figure 7.4) into six practical motivational and participative strategies, which form the main recommendations of this research, to curb organisational inequity in the conventional retail banking sector.

7.4.1 Diagnosing organisational inequity through the Employee Satisfaction Survey (ESS)

The decision makers in the conventional retail banking sector can diagnose the organisational inequity by conducting an Employees Satisfaction Survey (ESS) on a regular basis, through which employees, at different levels of management, can exercise their full rights to participate in making decisions by providing their opinions, independently and anonymously, about the most important situational factors, which affect their motivation and performance. A practical example of ESS for 100 employees is given in Table 7.1 in order to explain the main rationale of this strategy. The calculation of the results in this table are based on exactly the same concepts of Table 6.22, as explained in Chapter 6, with minor amendments in the formulae to address the different numbers of employees and factors – the numbers of employees and factors are 1 and 12 in Table 6.22 versus 100 and 16 in Table 7.1. To establish a clear understanding of ESS, the same parameters of Table 6.22 are represented below after incorporating some of the necessary amendments.

7.1 Table: Diagnosing the Organisational Inequity

Organizational Equity (Inequity)									
Job-Related Factors	Satisfied				Dissatisfied				Total
	Degree of I	Level of S	No.*	WS	Degree of I	Level of D	No.*	WD	No.*
Monetary Factors									
Basic Salary	100	5	20	5.5%	100	5	80	-6.5%	100
Annual Increments	90	4	40	7.9%	100	5	60	-4.9%	100
Bonuses	100	5	0	0.0%	100	5	100	-8.1%	100
Promotions	70	3	30	3.5%	100	4	70	-4.5%	100
Sub-Total			23	16.8%			78	-24.0%	
Non-Monetary Factors									
The work itself	70	4	70	10.7%	100	3	30	-1.5%	100
Recognition	60	3	10	1.0%	100	5	90	-7.3%	100
Employment Security	100	5	0	0.0%	100	5	100	-8.1%	100
Advancement & Growth	80	3	50	6.6%	100	2	50	-1.6%	100
Sub-Total			33	18.3%			68	-18.5%	
Internal Factors									
Objectives	100	4	10	2.2%	100	4	90	-5.8%	100
Policies & Procedures	65	4	15	2.1%	100	3	85	-4.1%	100
Decision making process	70	5	5	1.0%	100	5	95	-7.7%	100
Leadership	90	4	35	6.9%	100	5	65	-5.3%	100
Sub-Total			16	12.2%			84	-22.9%	
External Factors									
Central Bank Requirements	80	4	30	5.3%	100	3	70	-3.4%	100
Legal system	70	3	25	2.9%	100	5	75	-6.1%	100
Basel III	60	1	15	0.5%	100	2	85	-2.8%	100
Market Forces	90	2	10	1.0%	100	4	90	-5.8%	100
Sub-Total			20	9.6%			80	-18.1%	100
Organisational Equity (Inequity)			23**	56.9%			77*	-83.4%	100

* Number of employees ** Average number of employees

Source: Developed by the present researcher.

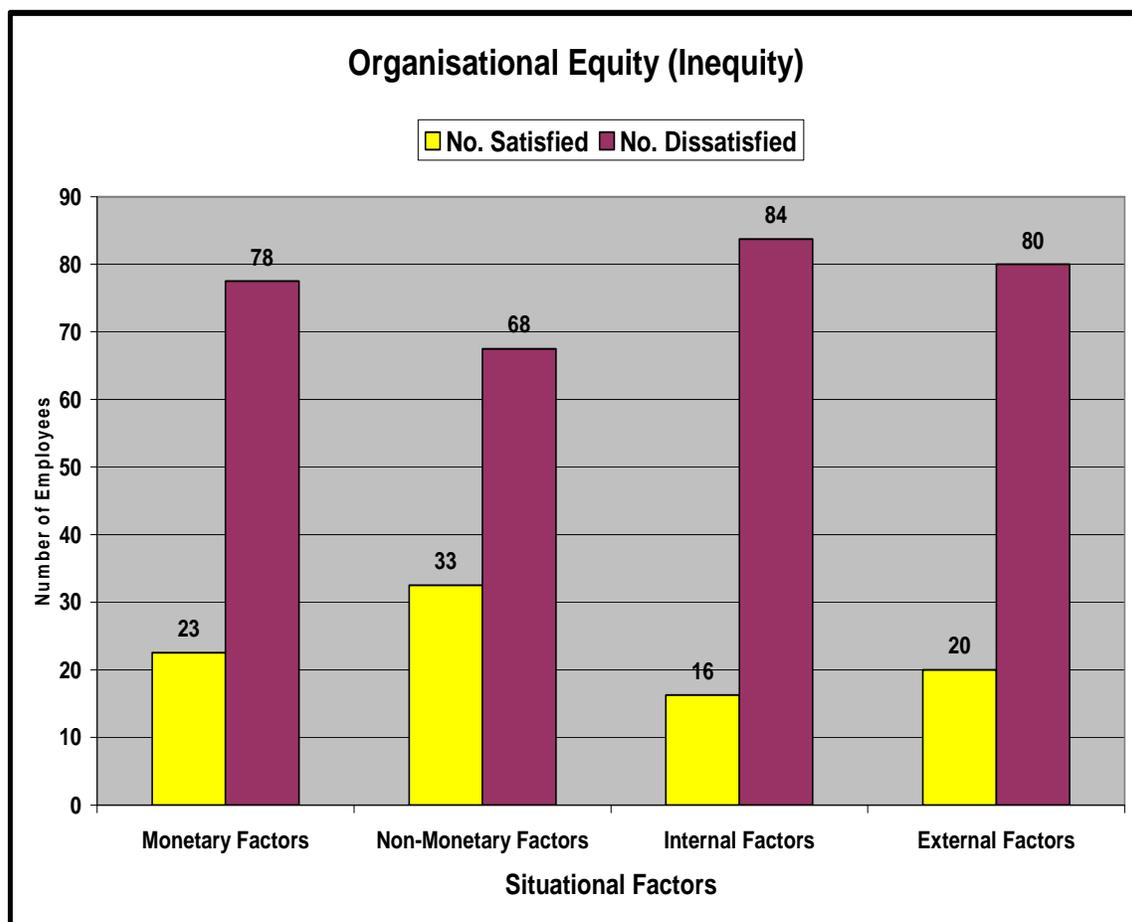
- 1) I: Importance of the situational factor (from 0 to 100).
- 2) S: Satisfaction with the situational factor (from 1, lowest, to 5, highest).
- 3) D: Dissatisfaction with the situational factor (from 1, lowest, to 5, highest).
- 4) The range of the scores in S and D reflects Likert five-point scale which is used in the questionnaire.
- 5) AS: Average number of satisfied employees = 23.
- 6) AD: Average number of dissatisfied employees = 77.
- 7) F: Number of the situational factors = 16.
- 8) N: Number of employees.
- 9) Denominator for Satisfaction (DS) = $(I (100) \times S (5) \times F (16) \times AS (23) = 184,000$.
- 10) Denominator for Dissatisfaction (DD) = $(I (100) \times D (5) \times F (16) \times AD (77) = 616,000$.
- 11) WS: Weighted satisfaction.
- 12) WD: Weighted dissatisfaction.
- 13) $WS = I \times S \times N / DS$
- 14) $WD = I \times D \times N / DD$
- 15) Results for WS are shown as +%.
- 16) Results for WD are shown as -%.
- 17) Organisational equity = Total of WS.
- 18) Organisational inequity = Total of WD.

Two examples from Table 7.1 are given here to explain the quantitative side of ESS:

- 1) WS for promotions = $70 \times 3 \times 30 / 184,000 = + 3.5\%$.
- 2) WD for employment security = $100 \times 5 \times 100 / 616,000 = - 8.1\%$.

On the basis of the results of ESS, the decision makers in the conventional retail banks can use the quantitative data in Table 7.1 to generate different types of statistical representations as illustrated in Figures 7.5 and 7.6.

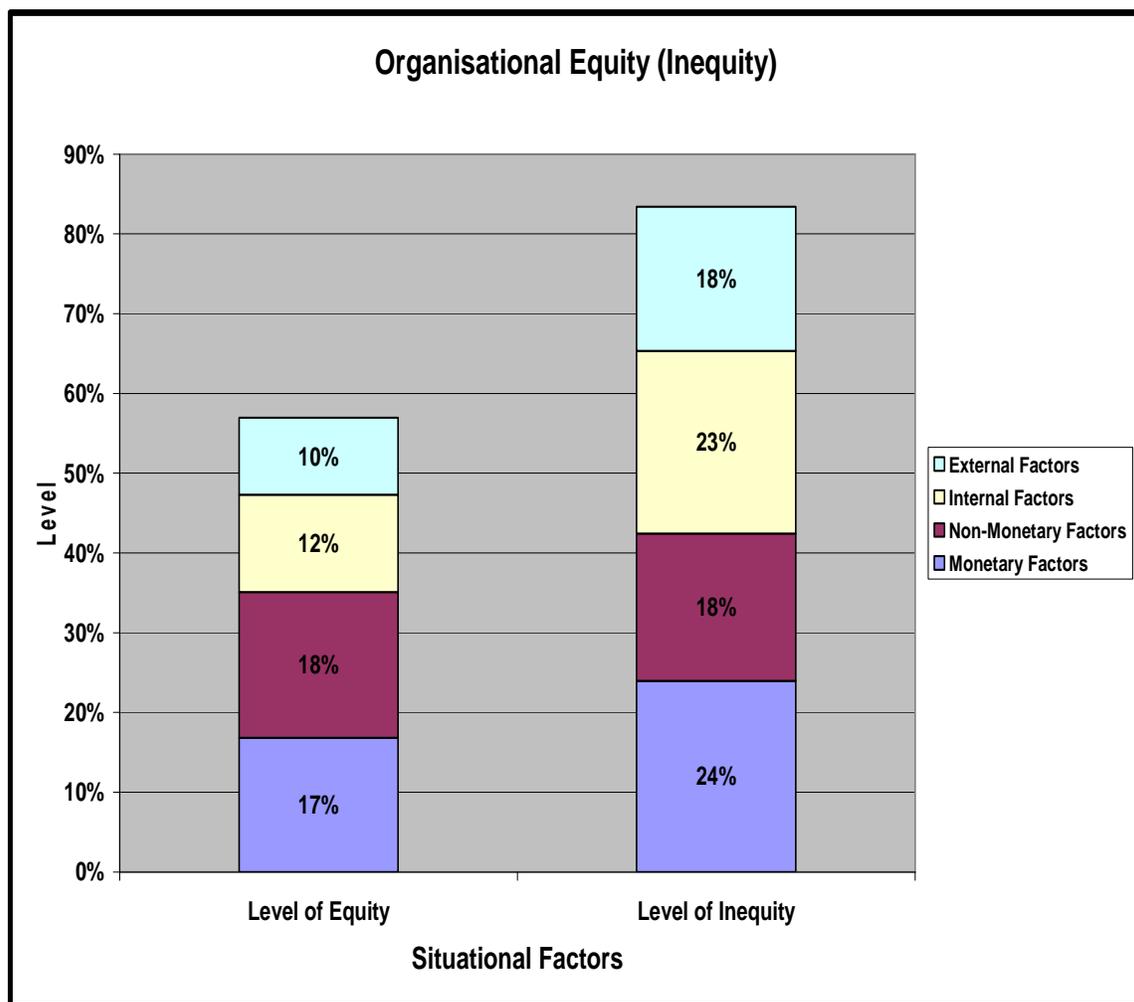
Figure 7.5: Number of Employees in the Organisational Equity (Inequity) Zones



Source: Created by the present researcher.

Figure 7.5 indicates the number of employees who experience either equity or inequity under the four main situational factors: monetary, non-monetary, internal and external factors. For example 78 of the 100 employees experience an organisational inequity versus 23 employees who are satisfied with their monetary compensations and incentives.

Figure 7.6 Levels of Organisational Equity (Inequity)



Source: Formed by the present researcher.

Figure 7.6 provides the level of organisational equity or inequity in terms of percentages for each type of situational factor. For example, the levels of

organisational inequity are 24%, 18%, 23% and 18% for monetary, non-monetary, internal and external factors respectively. The overall level of the organisational inequity is 83%.

ESS at an early stage of implementation could trigger high and unrealistic expectations which could evoke employees to participate in lobbying, through informal channels and the grapevine of the organisation, to air their concerns and raise their voices as loud as possible in order to put more pressure on the management. The ultimate purpose, for example, is to improve their monetary and non-monetary incentives, resolve some problems in the internal working environment, justify the impact of the unfavourable changes in the external factors on their own motivation and performance, etc. Employees could be biased to a large extent, and their expectations and requirements could get out of proportion. Although the downside of ESS should not be ruled out, sharing transparency to raise the level of awareness of employees about the organisational functions, challenges, constraints, etc., would normalise the whole process and establish a good base to produce more reliable and accurate results in the long run. The outcomes of ESS, from the long term perspective, would enable the decision makers in the conventional retail banks to diagnose the main root causes of the organisational inequity, at the category level of the main situational factors (Macro Diagnosis) or at the level of each situational factor (Micro Diagnosis), and come up with effective and practical solutions. ESS can provide a substantial amount of important information to integrate employees'

needs, expectations, requirements etc. through the different organisational functions such as the decision-making process, performance appraisal, incentives scheme, etc. The prototype of ESS is available on an Excel Sheet, which can be used to implement and administer this strategy on a large scale basis by the conventional retail banks.

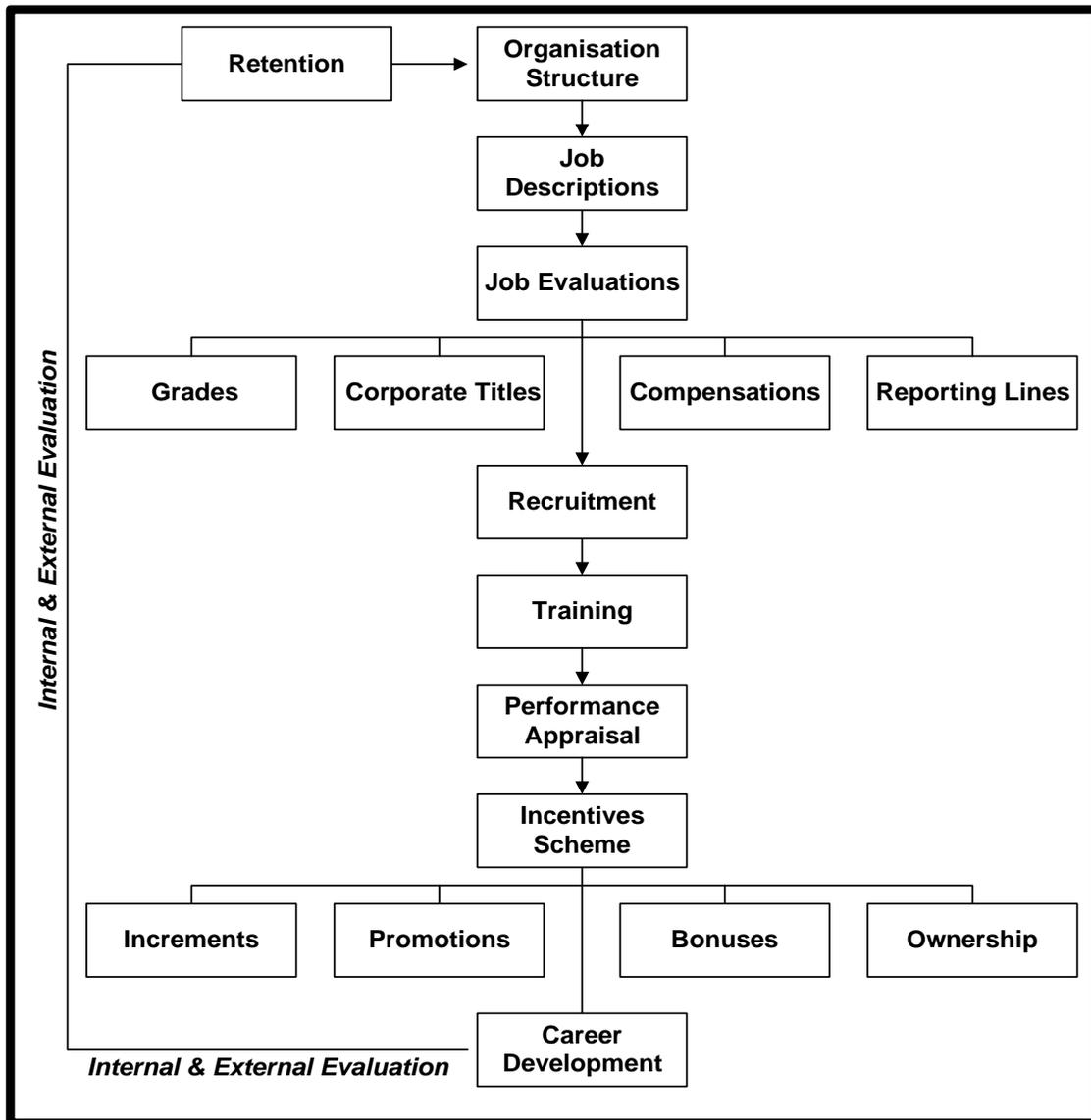
7.4.2 Move from Human Resources Management (HRM) to Human Capital Development (HRD)

As indicated in the previous chapter, one of the interviewees (SM) said:

“Our Human Resources Division is acting as an administration office because the developmental side of the human resources is missing from their agenda”.

The main focus of the Human Resources Division is not only to manage but also to develop the knowledge, competencies, experience, etc. of the human resources to take a more active role in making important organisational decisions. Therefore, most of the integrative components, which are included in Figure 7.4, such as organisational structure, job descriptions, job evaluation, performance appraisal, incentives scheme and career development are addressed through this strategy as illustrated in Figure 7.7.

Figure 7.7: Human Capital Development Model (HCDM)



Source: Designed by the present researcher

Organisation Structure: The first step in the Human Capital Development Model (HCDM) is to develop the organisation structure on the basis of professionalism, away from any personal or individual vested interests, to achieve the organisational strategies and corporate objectives.

Job descriptions: Structuring work or job design necessitates writing job descriptions for each box in the organisational structure. A properly written job description is the one which reflects the main duties, responsibilities and authorities of the job incumbent. Employees should take part in the process of writing the job descriptions to ensure that their job descriptions mirror exactly what they do. In addition, the job descriptions should be updated regularly to encompass organic and nonorganic growth in the duties, responsibilities and authorities of the job which could take place as a result of job enrichment and/or job enlargement. Taking into consideration, through the job design, how to promote employee autonomy, relationships through the reporting lines, the use of one's full competencies and knowledge, etc., is an important managerial art which can increase motivation, enhance sense of ownership and commitment, provide enough authority to employees to participate in making decisions, and strengthen the relational ties between employees and the organisation.

Job evaluation: Through the job evaluation, each job description is evaluated to determine the most appropriate grade, corporate title, compensation and reporting line. Due to the importance and sensitivity of the job evaluation, a committee, consisting of the appropriate members who have the required expertise and can represent employees at different managerial levels, should be formed to ensure that fair and objective evaluation is carried out for each job description. Job design and job evaluation play a major role in determining the level of organisational equity or inequity through the monetary factors.

Recruitment: Staffing is handled on the basis of the outcomes of the job evaluation. Staffing procedures that consider person-environment fit to ensure congruence of individuals' expectations and organisational objectives can facilitate the integration process.

Training: All types of training, i.e. on-the-job, off-the-job, internal, external, professional etc., should be oriented towards developing employees' skills and competencies so that they can make better contributions to the organisation. Employees should have a say, either directly or indirectly through their representatives, in the training programmes to make sure that their needs for growth and advancement coincide with the organisational objectives. Training can support and enhance task performance, organizational citizenship behaviours and intrinsic motivation. Proper training programmes enable the organisation to reap the fruits of its investment in the human capital.

Performance Appraisal and Incentives Scheme: A performance appraisal system that includes participative elements such as open discussions, fair performance assessment, constructive directions etc. can improve the feeling of competence, relatedness and autonomy. Performance appraisal systems should be both evaluative and developmental focus oriented. While evaluative appraisal can put the necessary corrective measures in the right place to ensure that the performance does not go off track, developmental appraisal can enhance intrinsic motivation. On the basis of the final outcomes of the performance

appraisal system, the different mix of incentives such as increments, promotions, bonuses, etc. are processed through the incentives scheme. Fairness of the performance appraisal system and incentives scheme can bridge the gap between employees' expectations and the organisational objectives. Due to the critical role of the performance appraisal system and the incentives scheme in the integration process, the next strategy is devoted to cover the important aspects of such organisational functions.

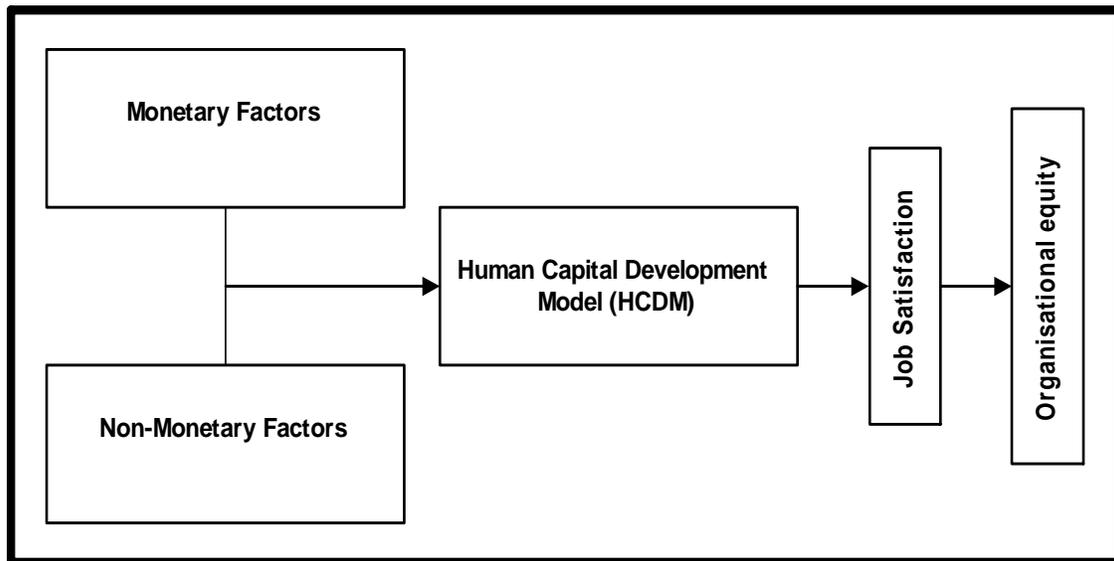
Career Development: The main objectives of career development can be achieved by conducting a "Talent Review Process." Through this process, the strengths and weakness of each employee can be assessed and employees with good potential can be identified. "Bioenergetic Analysis" to understand the personality and the innate psychological drives of each employee can be conducted along with the Talent Review Process. A specific plan should be developed for those employees with good potential to provide them with all required support for the purpose of positioning them in higher/leading positions in the future. Direct line managers should participate in the whole process with the human resources experts in drawing the final paths of their employees.

Retention: Practical organisational structure + accurate job descriptions + reliable job evaluation + efficient recruitment process + proper training + objective performance appraisal + fair incentives scheme = Retention. High levels of synchronization between HCDM and the external environment can influence substantially the integration level between employees' needs and expectations

and the organisational objectives, which, in turn, would enable the bank to retain its employees in general and the main human capital (key figures or important employees) in particular.

The main role of HCDM through the integration process is abstracted in Figure 7.8.

Figure 7.8: Role of HCDM



Source: Designed by the present researcher.

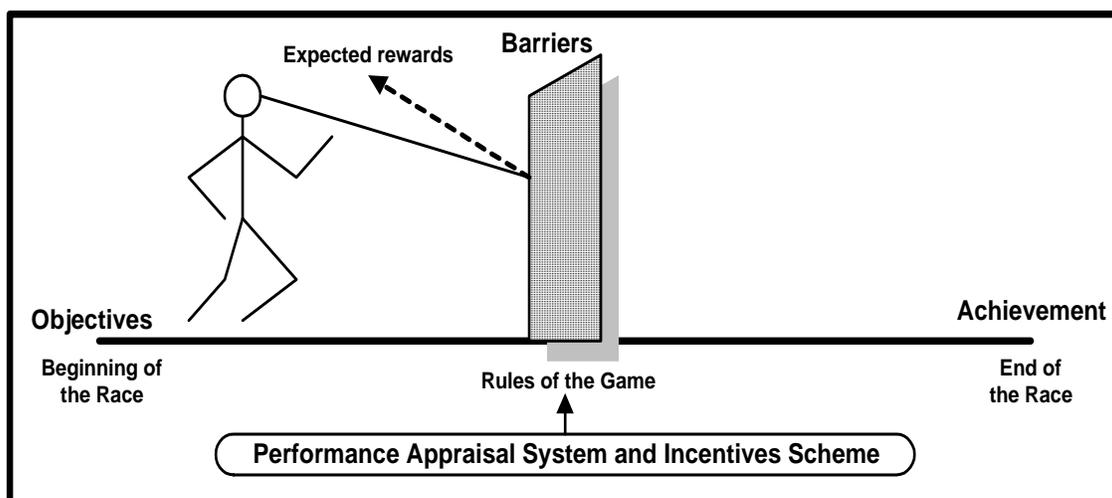
Figure 7.8 shows that proper processing of monetary and non-monetary factors through the framework of HCDM can result in job satisfaction and organisational equity.

Full support from the executive management of the conventional retail banks to instill the participative culture through the main components of HCDM can maintain the sustainability of this model over the long run.

7.4.3 Integration of employees' expectations with the organisational objectives

Interviewees through Theme 4 raised serious concern about the link between the employees' expectations and the organisational objectives. The statistical analysis of the collected numerical data indicates that inadequate or unfair monetary factors play a major role in determining the level of organisational inequity in the conventional retail banks. In addition, the ranking analysis of the monetary and non-monetary factors, as explained in the previous chapter, corroborate that monetary incentives come top of the priority list of the bankers in conventional retail banking. Since monetary incentives and financial and non-financial objectives are the main components of the performance appraisal system and the incentives scheme, this gives a clear indication that the existing practice in the conventional retail banking sector does not enable employees to see the link between objectives, achievements and expected rewards as illustrated in Figure 7.9.

Figure 7.9: Organizational Marathon (1)



Source: Designed by the present researcher.

To break the barriers so that the employees can see the full picture throughout the organisational marathon, this strategy aims to introduce: (a) integrative incentives scheme and (b) participative performance appraisal.

7.4.3.1 Integrative Incentives Scheme (IIS)

The main components of the monetary factors are basic salaries, increments (yearly or as a result of promotions), allowances and bonuses. Since the basic salaries and allowances are already addressed through the Human Capital Development, i.e. through the job descriptions and job evaluation, the main focus of IIS is to develop clear and objective criteria upon which fair allocation and distribution of bonuses are achieved between the main stakeholders (shareholders and employees) at different levels of the organisation. Bonuses in the banking industry are one of the most powerful motivational tools because basic salary and other fixed allowances are considered by the bankers as acquired rights. IIS consists of the following four consequential pillars:

Pillar 1: Organisational allocation/distribution of profits and bonuses.

Pillar 2: Group allocation/distribution of bonuses.

Pillar 3: Divisional allocation/distribution of bonuses.

Pillar 4: Individual allocation/distribution of bonuses.

These four pillars should be carried out at the beginning of each year to establish a high level of transparency and awareness across the whole organisation so

that each employee can see the link between the objectives, achievements, and expected rewards right from the beginning of the organisational marathon.

The internal validity of IIS is examined through a practical example, which links the four pillars together in a systematic way, in order to develop a reliable prototype for IIS. The embedded link between each pillar is highlighted, in the different tables of this example, for easy reference and to follow the sequence of the logical reasoning behind IIS.

Pillar No.1: Organisational allocation/distribution of profits.

The first step in IIS is to determine the basis upon which the profits between the shareholders and the staff are shared under three probabilities: (1) objectives are achieved, (2) objectives are under achieved, and (3) objectives are over achieved. Table 7.2 shows a number of scenarios in order to comprehend the main rationale of this pillar.

Table 7.2: Organizational Distribution

Pillar 1: Organisational Distribution (US\$'000)			
Descriptions	Scenario 1 <100%	Scenario 2 100%	Scenario 3 101% - 150%
Shareholders' Share	90%	90%	90%
Staff Share	10%	10%	10%
Budgeted Profit	45,000	45,000	45,000
Achievement %	90%	100%	140%
Actual Profit	40,500	45,000	63,000
Staff Bonus	3,645	4,500	5,940
Effective Bonus Rate	9.0%	10.0%	9.4%

Source: Developed by the present researcher.

Table 7.2 shows three scenarios under which different achievement levels are addressed. For example, 90% of the budgeted profit of \$45 million is achieved in Scenario 1 versus 100% in Scenario 2 and 140% in Scenario 3. Although 90% to 10% is the overall basis for sharing profits between the shareholders and employees, the organisational allocation and distribution of profits is based on three main assumptions:

- 1) If the achievement level is lower than 100%, employees will get a lower share than 10% on a pro-rata basis according to the actual achievement (Scenario 1).
- 2) If the achievement level is 100%, the distribution ratio between the shareholders and employees will be 90% to 10% (Scenario 2).
- 3) If the achievement level is higher than 100%, employees will get an additional share of the incremental profit on the basis of different profit brackets.

On the basis of the above assumptions, the calculations of the staff bonus, as reflected in Table 7.2 under the three scenarios, are simplified in Table 7.3.

Table 7.3: Staff Bonus

Profit Brackets (US\$'000)	%	Scenario 1 (90%)		Scenario 2 (100%)		Scenario 3 (140%)	
		Profit	Bonus	Profit	Bonus	Profit	Bonus
0 to 100%	10%	40,500	3,645	45,000	4,500	45,000	4,500
101% to 150%	8%					18,000	1,440
Profit		40,500	3,645	45,000	4,500	63,000	5,940

Source: Developed by the present researcher.

It is important to note that Pillar No.1 is designed in such a way as to make sure that as the profits and employees' entitlement for a bonus go up, the effective bonus rate goes down to avoid paying excessive bonuses to employees. This is achieved by allocating a lower bonus rate for the incremental profits as per the structure in Table 7.3. For example, although in Scenario 3 the profits and the staff bonus are higher in absolute terms as compared to Scenario 2, reference is made to Table 7.2, where the effective bonus rate came down from 10% to 9.4%.

Pillar No. 2: Group allocation/distribution of bonuses.

The most common organisational structure across the conventional retail banking sector in the Kingdom of Bahrain is to divide the bank into two main groups – business and support. While the business group includes the business divisions such as corporate banking, retail banking, international banking, etc., the support group consists of such divisions as the human resources, information technology, operations, financial control etc.

Most of the interviewees indicated, under Theme 2, that there is discrimination in terms of allocating and distributing higher bonuses to the employees who work on the business side as compared to their counterparts on the support side. This feeling stems from the employees' understanding that the allocation of bonuses between both groups is done on a judgmental basis, which is influenced by the whims of the executive management. The organisational inequity which is being experienced by the employees, as a result of this perceived or real

discrimination, can be addressed by allocating bonuses to both groups on the basis of objective measures. Taking from Table 7.2, Scenario 2, the staff bonus of US\$4.5 million, the main concept of Pillar 2 is explained through Tables 7.4 and 7.5.

Table 7.4: Group Distribution

Pillar 2: Group Distribution				
Managerial Level	No. of Staff	Average Salary	Total	Weight
Business Group				
Executive Management	8	42,500	340,000	7.9%
Middle Management	60	21,220	1,273,200	29.7%
First Line Management	250	3,979	994,750	23.2%
Sub-Total	318		2,607,950	60.8%
Support Group				
Executive Management	9	26,525	238,725	5.6%
Middle Management	40	21,220	848,800	19.8%
First Line Management	150	3,979	596,850	13.9%
Sub-Total	199		1,684,375	39.2%
Grand Total	517		4,292,325	100%

Source: Developed by the present researcher.

Table 7.4 establishes the main allocation criteria between the two groups on the basis of the weight of the salary structure. The result of such an approach indicates that the business group and the support group are entitled to 60.8% and 39.2% of the yearly bonuses respectively. Table 7.5 presents the final results of Pillar 2.

Table 7.5 Share of the Business and Support Groups

Group Distribution (US\$'000)		
Actual Profit		45,000
Shareholders Share	90.00%	40,500
Staff Share	10.00%	4,500
Total	100.00%	45,000
Business Share	60.8%	2,734
Support Share	39.2%	1,766
Total	100.0%	4,500

Source: Developed by the present researcher.

In this approach each employee, whether on the business or the support side, is actually exercising their full right to participate in making the final demarcation by being included in the salary structure - each employee in the organisation, as number and cost, is an integral part of the equation.

Pillar 3: Divisional allocation/distribution of bonuses.

The divisional distribution should be based on clear and reliable criteria to avoid any ambiguity across the whole organisation. On the basis of the results of Table 7.5, Table 7.6 shows the allocation of the bonuses between the business and the support divisions.

Table 7.6: Bonus Share of the Business and Support Divisions

Pillar 3: Divisional Distribution (US\$'000)				
A) Business Divisions				
Department	Budgeted Profits		Bonus Share	
	%	US\$		
Retail Banking	45%	20,250	1,230	
Corporate Banking	30%	13,500	820	
International Banking	10%	4,500	274	
Treasury & Investment	15%	6,750	410	
Total	100%	45,000	2,734	
B) Support Divisions				
Divisions	No. of Staff	Total Salary	Weight	Bonus Share
Human Resources	20	169	10.1%	177
Information Technology	40	339	20.1%	355
Compliance	5	42	2.5%	44
Financial Control	22	186	11.1%	195
Risk Management	18	152	9.0%	160
Internal Audit	12	102	6.0%	106
Legal Affairs	5	42	2.5%	44
Operations	77	652	38.7%	685
Total	199	1,684	100.0%	1,766
Grand Total				4,500

Source: Developed by the present researcher.

Table 7.6 indicates that the financial objective (profits) of each business division and the salary structure of each support division are the main criteria upon which the divisional allocation of the bonuses is determined. Different criteria are used mainly because the support divisions do not have financial objectives and their contributions to the bank are measured on the basis of the achievement of specific qualitative objectives.

Pillar 4: Individual allocation/distribution of bonuses

Table 7.7 shows how the bonus of US\$ 820,239 for the Corporate Banking Division, taken from Table 7.6, is allocated to the staff of this division.

Table 7.7: Individual Distribution within the Corporate Banking Division

Pillar 4: Individual Distribution (US\$)					
Corporate Banking Division					
Staff	Salary	Score	Weight	Bonus	Salary Multiples
General Manager	35,000	8	37.3%	306,019	8.7
Assistant General Manager	21,000	7	19.6%	160,660	7.7
Senior Manager	16,000	10	21.3%	174,868	10.9
Manager	11,000	5	7.3%	60,111	5.5
Assistant Manager	7,000	5	4.7%	38,252	5.5
Officer	4,000	6	3.2%	26,230	6.6
Supervisor	2,500	7	2.3%	19,126	7.7
Senior Clerk	2,000	10	2.7%	21,858	10.9
Clerk	1,500	8	1.6%	13,115	8.7
Total	100,000	66	100.0%	820,239	8.0
A+ = 10 (>100%); A = 8 (90% - 100%); B = 7 (80% - 90%); C = 6 (70% - 80%); D = 5 (60% - 70%); E = 4 (50% - 60%); F = 3 (< 50%)					

Source: Developed by the present researcher.

Table 7.7 shows that the individual's share of the bonus is determined mainly by the performance score and the weight of such score vis-à-vis the scores of other employees within the same division. The salary multiples are determined by the weight of the achievement and not influenced in any way by the subjectivity of the executive management's decisions. The salary multiples are calculated by dividing the amount of bonus by salary. This is a common parameter which is

used in the banking sector for the purpose of comparison. The same concept and structure of Table 7.7 can be replicated on a large scale to cover the staff of the other business and support divisions. The final distribution of bonuses at the individual level is subject entirely to the actual scores of the performance appraisal.

7.4.3.2 Participative Performance Appraisal (PPA)

PPA (**Appendix 7.1**) is designed to formulate “SMART” objectives (Simple, Measurable, Attainable, Rewarding and Time bound) and establish a reliable groundwork for conducting objective and constructive appraisal of employees’ performance. PPA consists of eight sections: (1) Quantitative and qualitative objectives, (2) Competencies, (3) Other accomplishments, (4) Justifications, (5) Areas for improvements, (6) Proposed training, (7) Direct line manager’s comments, and (8) Staff comments. Brief explanations are given below about each section.

Quantitative and qualitative objectives: Each objective should be formulated in such a way to meet the main principles of SMART. Employees and superiors should take this important participative process seriously and work together as one team to set objectives that will stimulate rather than stifle motivation. Each objective has specific weight. The final score which could be equal, below or above the weight depends on the actual achievement. The total weights allocated for this section is 75%.

Competencies: Evaluation of employees' competencies in terms of job knowledge, quality of work, attitudes and behaviours, etc. is conducted under this section. The scores scale falls between 1 (Poor) to 5 (Excellent) and the total allocated weight for this section is 10%.

Other accomplishment: It is important to evaluate and recognise, under this section, the specific tasks or assignments that were achieved by employees during the year other than the formal and approved objectives. The same scores and weights are allocated to these accomplishments as the previous section.

Justifications: As explained through the quantitative and qualitative analysis in the previous chapter, the motivational process in the conventional retail banks is an open system because it is exposed to changes in a wide spectrum of situational factors. Some of these changes fall beyond the control of employees and could have severe negative impact on their motivation and performance. Hence, this section is incorporated to justify poor performance whenever there are genuine reasons. A total weight of 5% is allocated to this section.

Other Sections: Employees' weaknesses in terms of their knowledge, competencies, experience, etc. and the proposed training to fix these weaknesses are addressed in Sections 5 and 6 respectively. On the basis of the final scores and information provided through the preceding sections, the direct line manager would be in a good position to write comments objectively under

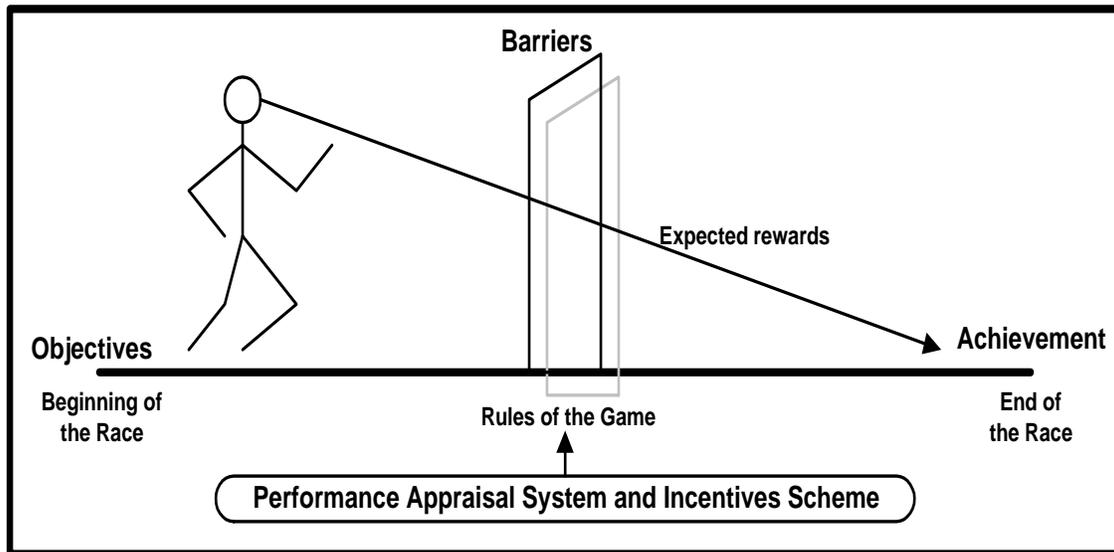
Section 7 which are followed by staff comments in Section 8. The final scores through PPA form the main basis for making the final decisions in respect of the employees' increments, promotions and bonuses. Everyone is treated equally and rewarded differently according to their actual achievements.

Proper implementation of PPA, in the conventional retail banks, would enable employees to write their performance appraisals themselves through actual achievements – appraisals are not written by direct line managers in the ivory tower.

The prototypes of IIS and PPA have been designed and available for use on Excel sheets, which include all assumptions and formulae. The Excel sheets can be used by the decision makers in the conventional retail banks to program and administer IIS and PPA on a large scale. The ultimate objective is to enable each employee in the organisation, right from the beginning of the year or the start of the organisational marathon, to extrapolate through IIS what bonus they can get under different scenarios and performance scores – information is available at the employee's fingertips.

The reliability, validity, objectivity and practicality of IIS and PPA, as explained through the preceding sections, can break the barriers of the existing practice in the conventional retail banking sector and present a completely different picture of Figure 7.9 as illustrated in Figure 7.10.

Figure 7.10: Organisational Marathon (2)



Source: Designed by the present researcher.

Giving employees real opportunity to participate in making fair and reliable decisions and sharing with them a high level of transparency through IIS and PPA, would enable them to see clearly the overall picture of the organisational marathon and reduce the probability of encountering organisational inequity in the future.

7.4.4 Shift from authoritarian management to participative decision making process

The decision makers and employees of the conventional retail banks in the Kingdom of Bahrain, are exposed to stiff competition due to the fact that the banking industry is highly fragmented - there is a large number of retail and wholesale banks, conventional and Islamic, competing with each other in the local market. The human capital plays a major role in the survival of the bank in today's highly competitive business environment. Treating employees as human

beings rather than cogs within a machine, understanding the impact of the situational factors on employees' motivation and performance, creating practical working conditions, building up employees' morale, maintaining good social interactions in the workplace etc., would create a culture in which the human capital is motivated to deliver the best results.

Participation is one of the most important organisational functions which can have direct impact on motivation and performance of employees. The benefits of participation in terms of making informed decisions, increasing productivity, enhancing performance, and realising job satisfaction would establish a good platform to address organisational inequity in the conventional retail banking sector.

The literature review offers a large number of participative concepts (communication, consultation, delegation, democracy, employee involvement, autonomy and empowerment) and schemes (brainstorming, Delphi method, nominal group technique, discussion group technique, Scanlon plan, gain sharing, creative collaboration, hot groups, committees and teams) which can be implemented by the retail banks according to the prevailing situational factors. While it is unwise to recommend one specific concept or scheme as the best participative solution, because success or failure of any participative concept or scheme depends entirely on the prevailing situational factors inside and outside the organisation, some of the important strategic directions are highlighted below

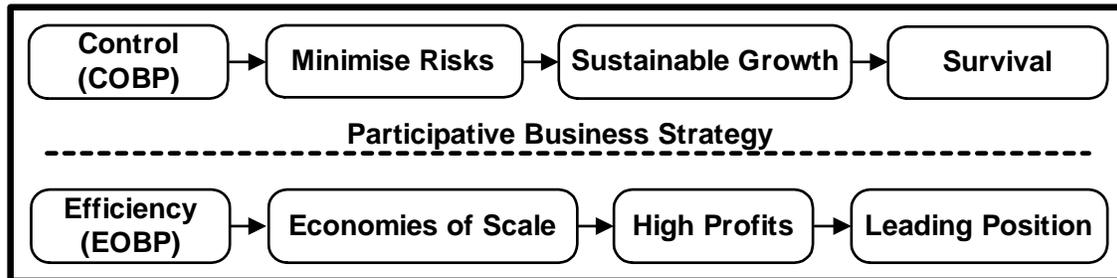
to address the main concerns which were raised by the respondents and interviewees through hypotheses Ho2, Ho3, Ho7 and themes 5 and 6 respectively.

- 1) Decisions should be made on the basis of the majority by independent voting rather than nodding heads to please the chairman of the committee.
- 2) Technology should be used up to the maximum limit to empower employees at the different levels of management, to participate in making decisions that have direct or indirect impact on their motivation and performance.
- 3) Discourage dominance and encourage equal participation.
- 4) Instill real participation and do away with mock participation.
- 5) Reduce the number of committees and meetings to make sure that the valuable time of management and employees is not wasted in unproductive discussions.
- 6) Convert employees throughout the branches' network from transactions processing clerks to revenue generation decision makers.

In addition to the above benefits, which reflect to a large extent the positive side of the relationship between participation and motivation, participation can play a major role in mitigating the negative impacts of the two extreme of the business philosophies – COBP (Control Oriented Business Philosophy) and EOBP (Efficiency Oriented Business Philosophy) - which were examined in full detail in

the previous chapter. This mediating or mitigating role of participation, in this context, is illustrated in Figure 7.11.

Figure 7.11: Philosophical Framework of COBP and EOBP



Source: Devised by the present researcher

Figure 7.11 shows that the underlying assumption of COBP is to focus on building up the business portfolio on a very selective basis to minimise risks, achieve sustainable growth and survive. On the contrary, the driving force behind EOBP is to grow the business portfolio rapidly in order to achieve economies of scale, maximise profits, and maintain a leading or dominant position in the market.

The management of the conventional retail banks should realise that although control during difficult times would result in sustainable growth and survival, excessive levels of control could stifle the motivation of employees and lead to negative or undesirable results. By the same token, the management should also understand that extreme focus on efficiency and encouraging employees to take high level of risks, in order to take advantage of the favourable market conditions, could put the bank into serious financial difficulties instead of achieving a leading position. Striking a good balance between COBP and EOBP through

participation, to avoid disturbance in the equilibrium between control and efficiency, would enable the management of the conventional retail banks to absorb the downside of bad times and take advantage of the favourable market conditions. Flexibility is a good answer to the dilemma between control and efficiency. Since authoritarian management does not provide enough flexibility, effective participative business philosophy can bridge the gap between excessive control and efficiency by establishing a middle groundwork to strike an optimum balance between risks and returns. In other words, getting the right people making informed decisions relating to the different activities of conventional retail banking, i.e. finance, investment, credit, operation etc., can address the weaknesses of the two extremes of COBP and EOBP and build up a coherent team who internalise common objectives.

7.4.5 Develop Flexible Policies and Procedures

The ultimate objective of policies and procedures is to standardise the decision making processes, behaviours, communications, etc. Banking is highly regulated industry where developing and implementing policies and procedures is a mandatory requirement. However, developing rigid, stringent and bureaucratic policies and procedures in the ivory tower of the legislator can detach employees' motivation from the organisational objectives. Giving employees the opportunity to participate in developing policies and procedures which control the activities of their respective departments, can result in the following benefits:

- 1) Implement effective and adaptable policies and procedures.
- 2) Avoid wrong interpretations, misunderstandings and conflicts.
- 3) Establish clear lines for responsibility, authority and accountability.
- 4) Secure compliance and adherence of users.
- 5) Develop efficient processes.
- 6) Facilitates the decision making process.

“Participation is a survival requirement because the existing policies and procedures are rigid and do not motivate employees to think outside the box because they do not have the power to do so”, one of the interviewees (SM) quoted under Theme 6 in the previous chapter.

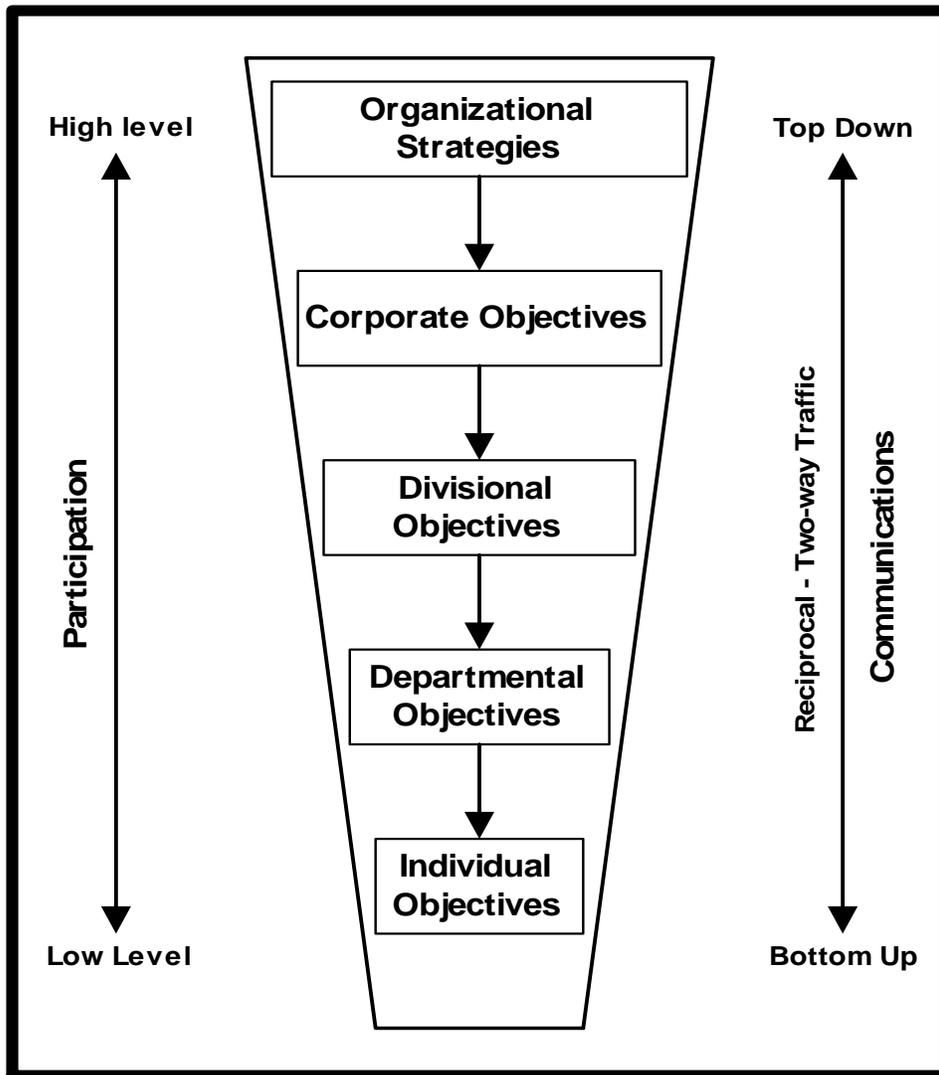
In today’s turbulent banking environment it is important to realise that useful information today may be obsolete tomorrow. Therefore the bank’s policies and procedures should be reviewed and updated regularly to keep them in line with all relevant internal and external changes and developments.

7.4.6 Move from communication of information to sharing the power of information

Asking employees a broad set of questions or giving them general directions will most likely lead to general attitudes which are not a good predictor of their specific behaviours and actions. In conventional retail banking, for most of the tasks and activities, the management should be very specific in order to achieve the desired results. Therefore the strategies of the bank should be transformed

from macro initiatives to specific individual objectives through the communication and participation channels as illustrated in Figure 7.12.

Figure 7.12: Transforming Information into Power (TIP)



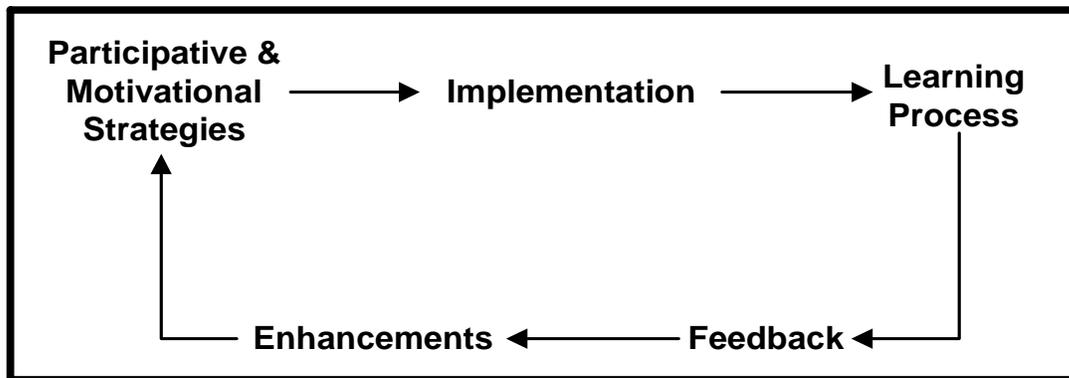
Source: Designed by the researcher

Figure 7.12 indicates how the type of communications (i.e. top down, bottom up or reciprocal) can transform information into power through the different levels of participation. For example, efficient reciprocal communications between management and employees and high level of participation would give

employees greater power to participate in making decisions. In other words, employees can have more say to transform the bank's strategies into specific realistic individual objectives.

The recommendations of this research in the form of the six motivational and participative strategies, which have been formulated for the purpose of putting the integrative motivational framework into force in order to address the organisational inequity, involves a paradigm shift – challenging and changing the existing assumptions, concepts, values and practices in conventional retail banking in Bahrain. Successful implementation of these strategies depends on the adaptiveness of the internal working environment and the support and commitment of the executive management of the banks. The paradigm shift goes through highly interdependent stages as explained in Figure 7.13.

Figure 7.13: Paradigm Shift



Source: Designed by the present researcher.

Figure 7.13 shows that formulating (Stage 1) and implementing (Stage 2) the required motivational and participative strategies would trigger a learning process (Stage 3) through which the strengths and weaknesses of each strategy will be

assessed. Evaluating the outcomes of implementing each strategy through feedback (Stage 4) will produce the necessary enhancements (Stage 5) which can strengthen the practicality, enforceability and viability of these strategies. Understanding and implementing the motivational side of the participative management properly, through the recommended strategies, would enable the decision makers in the conventional retail banking sector to trace the first step in the right direction towards resolving, or at least minimising, the organisational inequity.

7.5 Contribution to Knowledge

The importance of this research stems from its theoretical, methodological and practical contributions:

7.5.1 Theoretical Contributions

The theory base of this research was developed on the basis of conducting critical review of three interdisciplinary fields: motivation, participation and leadership. The main theoretical contributions can be summarised as follows:

- 1) On the basis of critical review of 38 motivation theories (content, process and other motivation theories), inherent limitations were identified in most of these theories by using micro and macro analysis.
- 2) In addition to the specific limitations which were identified in most of the key content and process theories, the main gaps in the existing literature were examined and determined in this research. The main gaps in the

existing literature can be attributed to the followings: (a) Most of the motivation theories were developed in the west so there are some important cultural differences and limitations, which make generalising the research findings to different organisational settings extremely difficult, (b) The existing literature provides a great deal of knowledge about the explicit relationship between satisfaction and motivation but very little about the implicit relationship between dissatisfaction and motivation. This implies that the negative side of satisfaction and the positive side of dissatisfaction are unknown and need to be explored and (c) Most of the motivation theories are micro oriented because they aim to understand motivation in the organisational setting from an individual perspective instead of understanding individual motivation from the organisational perspective – closed system.

- 3) Due to the fact that psychoanalysis, behaviorism, and drive theories have dominated the existing literature, this study introduced a “Conceptual Motivational Framework” (Figure 7.2) in order to understand the motivational process as an open system from a business perspective.
- 4) This research integrated the theoretical aspects of different types of motivation theories with the existing practise in such a profit-seeking organisational setting as the conventional retail banking sector in order to enhance the existing knowledge and establish a good base for conducting further research and building up empirical support.

- 5) The existing literature lacks similar studies in the conventional retail banking sector in the G.C.C in general and the Kingdom of Bahrain in particular. Therefore, the contributions of this study can enhance the existing knowledge by illustrating how employees in this important segment of the banking industry are motivated in the workplace.
- 6) This study introduced organisational inequity as a concept to understand and indentify the main root causes of the motivational problems in the workplace from all angles (individual, internal and external factors) – macro conceptual approach. Therefore, this concept can complement the existing knowledge which focuses on indentifying needs, drives, incentives, goals, etc. (content theories) and describing how motivation takes place in reality to satisfy individual's needs (process motivation theories) – micro conceptual approach.
- 7) This study indicates that although different terminologies have been used in the existing literature to explain the concepts of different participative schemes such as Delphi Method, Nominal Group Technique, Gainsharing, Brainstorming, Discussion Group Technique, Scanlon Plan, etc. these participative schemes represent only different procedures of sharing authority, power, control, information, rewards, etc.

7.5.2 Methodological contributions

Some say that mixing positivism and interpretivism in the same study is not a good thing to do. This study made methodological contributions in terms of providing a strong empirical evidence, which supports that the use of a mixed methods approach (quantitative and qualitative) can strengthen the reliability of research findings and overcome any potential deficiency that could take place as a result of employing a single methodology. The quantitative and qualitative analysis of the collected numerical data and non-numerical data from the questionnaire and the semi-structure interviews respectively, helped to gain better understanding of the research problem and paved the way to introduce reliable conclusions and recommendations. This research did not mix positivism with interpretivism, but rather it capitalised on the strengths of both philosophies to answer the research questions, achieve the research objectives and enhance the reliability of the final conclusions and recommendations. In addition, this study introduced large number of genuine figures and tables to simplify understanding of the link between some of the complicated motivational concepts and the contributions of this research.

7.5.3 Practical contributions

The main practical contributions of this study to the conventional retail banking sector in the Kingdom of Bahrain are summarised through the following points:

- 1) This study introduced six practical recommendations through which the decision makers in the conventional retail banking sector can address the organisational inequity and improve the productivity of employees to achieve better results. These recommendations include some important concepts such as Employees Satisfaction Survey (ESS), Human Capital Development Model (HCDM), Integrative Incentives Scheme (IIS), Participative Performance Appraisal (PPA), and Transforming Information into Power (TIP).
- 2) Although this study deals with a specific problem in the conventional retail banking sector, other financial institutions within the financial services sectors can benefit from the contributions of this study.
- 3) A conceptual motivational framework (Figure 7.2) was introduced to enable the decision makers in the conventional retail banking sector to understand the motivational process as an open system from a business perspective.
- 4) An integrative motivational framework (Figure 7.4) was developed to facilitate the process of integrating employees' needs and expectations with the organisational objectives.
- 5) Weaknesses in many areas such as the decision making process, performance appraisal, incentives scheme, policies, procedures, etc. were identified through the quantitative and qualitative analysis of this research.

Taking these weaknesses positively and seriously by the executive managements of the conventional retail banks would enable them to achieve better managerial and financial contributions.

- 6) Although this study recommended transformational and participative leaderships as the best long term solution for the organisational inequity in the conventional retail banking sector, "Implementation of Participative Management Model" (Figure 6.4) was designed and introduced to alert the decision makers in this sector of the banking industry that participation is not a panacea and the success or failure of any participative scheme depends entirely on the prevailing situational factors inside and outside the organisation.
- 7) The executive management can benefit from the 9 principles which were introduced in Chapter 4 (Section 4.10) for developing participative leadership style in the conventional retail banking sector.

7.6 Limitations of the Study

The main limitations of this research can be attributed to the following:

- 1) Although there is a great deal of similarity between Islamic and conventional retail banking, this study deals with a specific problem in the conventional retail banking sector. Therefore, the findings can not be generalised to cover the whole retail banking industry in the Kingdom of Bahrain.

- 2) The study does not examine the concentration of organizational inequity at the different levels of management due to lack of information relating to the total population at each level. However, it examines organisational inequity at the bank level as a whole.
- 3) The main purpose of this study is not oriented towards examining and presenting the level of organisational inequity for each bank separately for comparison purposes due to confidentiality, although this could be a very interesting dimension to investigate in the future.
- 4) This study was conducted during an exceptional period of time through which the banking industry across the globe has been facing serious financial difficulties as a result of the global financial crisis. The internal validity and reliability of this research in terms of obtaining consistent results through subsequent measurements of the organisational inequity in the conventional retail banks, during different business climates in the future, is an important requirement to determine the generalisability of the findings of this research.

Hopefully, the above limitations will provide a good opportunity to conduct further research in the future to enhance the existing knowledge.

7.7 Suggestions for Further Research

This study establishes a good base for conducting further research in the following areas:

- 1) The existing literature lacks similar studies in the conventional retail banking sector within the G.C.C. Conducting further research in such an important field of the banking industry, which has become the main focus of most of the local, regional and international financial institutions, would play a major role in understanding the motivational process as an open system from a business perspective and enhance the existing understanding of psychoanalysis and behaviourism for the motivational process.
- 2) Today, conglomerates and international firms have a business presence in many Arab and Muslim countries within the G.C.C., MENA, Far East, etc. Conducting research to understand the impact of Islam on the motivation of Muslims in the workplace would provide important information to the decision makers of these corporations to design and implement the most appropriate managerial structure for their international business activities.
- 3) The existing literature provides a great deal of knowledge about the explicit relationship between satisfaction and motivation but very little about the implicit relationship between dissatisfaction and motivation. Dissatisfaction could be a strong motivational driver under certain circumstances. Conducting further research to examine the negative side of satisfaction and the positive side of dissatisfaction would help to gain a deeper insight into the dichotomy of motivation (satisfaction and dissatisfaction).

- 4) Testing the acceptability, practicality and viability of the proposed conceptual and integrative motivational frameworks in different organisational settings can open the door for conducting further research in this field of knowledge.

- 5) Studying the motivational process in different organisational settings on the basis of such genuine concepts as “inverse satisfaction process”, “open motivational process”, and “irrational motivational process” which were introduced through this research, can enhance and diversity the existing knowledge.

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Appendices



Appendix 5.1 **Questionnaire Cover Letter**

Dear Respondent,

I am a PhD student at Liverpool Business School, Faculty of Business & Law, Liverpool John Moores University. I am currently conducting research on motivation and participative management. The title of the research is "Implementing Motivational and Participative Management Strategies to Curb Organisational Inequity"

The study aims to analyse the root causes of the motivational problems (**organisational inequity**) and make recommendations to implement practical motivational and participative management strategies with a view to enhancing the motivation and productivity of the Bahraini employees who work in the conventional retail banking, which is one of the most important segments of the banking industry in the Kingdom of Bahrain.

The attached questionnaire consists of 6 sections: (1) organisational inequity, (2) impact of personal factors, (3) impact of internal and external factors, (4) participative management, (5) motivation and (6) respondent's details. 5 Point Scale has been used for most of the questions. It would take you 20 minutes approximately to complete the questionnaire. Your participation in this study is voluntary and you have the full right to withdraw at any time without giving a reason. If you have any question or if you need further clarifications, please feel free to contact the researcher on the contact details below.

Please rest assured that your answers will be treated with complete confidentiality. The collected data will be consolidated under different groups for comparison purpose only so no individual response can be identified.

I would be most grateful if you could complete the questionnaire and return it in the stamped addressed envelope enclosed, before 31st December 2013.

Thank you for your cooperation and valuable contributions to this study which are highly appreciated.

Best regards

Jamal Mohamad Hejres
Tel. M. (00973) 39911733
Tel. D. (00973) 17207473
E.mail: jamal.hijres@bbkonline.com



Appendix (5.2) **Participation Information Sheet (Questionnaire)**

Title of Project:

Implementing Motivational and Participative Management Strategies to Curb Organisational Inequity

Name of Researcher and School/Faculty

Jamal Mohamad Hejres, Faculty of Business & Law, Liverpool John Moores University, United Kingdom.

Introduction

You are being invited to participate in this study, which is being conducted as part of my PhD programme at Liverpool John Moores University. Please take time to read the information in this sheet carefully. In case there is anything that is not clear, please feel free to contact the researcher.

1. What is the purpose of the study?

The study aims to examine the root causes of the motivational problems (**organisational inequity**), which is being experienced by Bahraini employees in the conventional retail banks. The ultimate objective of this study is to recommend practical motivational and participative management strategies in order to improve the productivity and performance of these employees.

2. Do I have to take part?

No, participation in this study is voluntary. However, if you decide to take part in this study, you will be given this information sheet and asked to sign a consent form. You have the full right to withdraw at any time and without giving a reason.

3. What will happen to me if I take part?

If you agree to participate in this study, you will be requested to fill in the questionnaire and return it whenever it is convenient to you. The questionnaire can be returned by post or collected in person. To answer the questions it will take you 20 minutes approximately. If you have any query in respect of any question or if you would like to get further clarifications before you answer any question, you can contact the researcher directly to get the required support.

4. Are there any risks/benefits involved?

The nature of this study, which involves administration of normal questionnaires and conducting semi-structured interviews, does not expose you to any risks, discomfort or inconvenience. In addition, certain procedures have been followed in designing and formulating the questions to minimise disturbance to routine as much as possible.

5. Will my taking part in the study be kept confidential?

Taking part in this study does not entail in any way releasing of personal details (personal addresses, postcodes, faxes, emails, telephone numbers etc.) or confidential information. In addition, the collected data will be consolidated under different groups for analysis purpose only to make sure that there is no specific reference to any individual name or disclosure of any confidential information. Collected data will be kept under strict control of the researcher to maintain the highest level of confidentiality.

Contact details of Researcher:

If you have any questions in respect of the questionnaire, the study itself or any other relevant issues, please feel free to contact me by using the details below.

Tel. M. (00973) 39911733

Tel. D. (00973) 17207473

E.mail: jamal.hijres@bbkonline.com



Appendix 5.3 Questionnaire

Acknowledgment

I am hereby confirming that I have read the Participation Information Sheet and the Covering Letter and willing to complete this questionnaire voluntarily.

Introduction

All the questions in this questionnaire have been designed on a scale from “1” to “5” (5 Point Scale). “1” reflects the lowest score and “5” the highest score. Please tick the appropriate answer.

Section one: Organisational Inequity

Q1. To what extent the following job-related factors are important in terms of their role in affecting the level of the organisational inequity?

JOB-RELATED FACTORS	LEVEL OF IMPORTANCE				
	Not Important -----Extremely Important				
	1	2	3	4	5
<u>A) Monetary Factors</u>					
Basic Salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Allowances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annual Increments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bonuses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promotions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sharing Programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>B) Non-Monetary Factors:</u>					
The work itself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsibility & Authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Achievement of objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recognition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employment security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advancement & Growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q2. Where do you assess the level of organisational inequity in the following job-related factors?

JOB-RELATED FACTORS	LEVEL OF INEQUITY				
	Extremely Low Extremely High				
	1	2	3	4	5
<i>A) Monetary Factors</i>					
Basic Salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Allowances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annual Increments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bonuses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promotions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sharing Programs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>B) Non-Monetary Factors:</i>					
The work itself	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsibility & Authority	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Achievements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recognition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advancement & Growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section two: Impact of Personal Factors

Q3. To what extent the following personal factors can mitigate the level of organisational inequity?

Personal Factors	IMPACT ON ORGANISATIONAL INEQUITY				
	Extremely Low ----- Extremely High				
	1	2	3	4	5
Qualification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Expectations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Perceptions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Values	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Principles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Religions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section three: Impact of Internal & External Factors

Q4. To what extent unfavourable changes in the following external and internal factors can affect the level of organisational inequity?

EXTERNAL & INTERNAL FACTORS	IMPACT ON ORGANISATIONAL INEQUITY				
	Extremely Low ----- Extremely High				
	1	2	3	4	5
<i>External Factors</i>					
Political Factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legal Factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technological Factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Financial Factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sociocultural Factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Market Forces	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Internal Factors</i>					
Mission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Strategies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate Objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Divisional Objectives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organisation Structure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Policies & Procedures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decision Making Process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Control System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Technology & Processes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communication Channels	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leadership Style	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interpersonal Relationships	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Corporate Culture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Size/Reputation of the Organisation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section four: Participative Management

Q5. To what extent do you think that the implementation of motivational and participative strategies in your bank is ineffective in terms of achieving the following objectives?

OBJECTIVES	Level of Ineffectiveness				
	Extremely Low ----- Extremely High				
	1	2	3	4	5
Common understanding of the bank's strategies and corporate objectives.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Realistic goals for employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Objective performance appraisals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fair sharing and distribution of rewards.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Making reliable decisions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sharing good level of transparency.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Efficient communication.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Better understanding of employees' problems and expectations.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolving conflicts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Minimise organisational inequity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q6. How would the following needs affect the level of your demand for participative management?

SPECIFIC NEEDS	THE LEVEL OF DEMAND FOR PARTICIPATION				
	Extremely Low ----- Extremely High				
	1	2	3	4	5
Participate in formulating the destiny of the bank.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gain knowledge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Practice the rights to participate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolving conflicts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Become a team / committee member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Exercise the ability to participate.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Feeling of being important.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participate in making important decisions that affect the work.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Establish good interpersonal relationships wit colleagues.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section five: Motivation

Q.7 How do you assess the motivation towards achieving the following objectives of your bank?

OBJECTIVES	Level of Motivation				
	Extremely Low -----		Extremely High		
	1	2	3	4	5
1) Increase the profitability of the bank.	<input type="checkbox"/>				
2) Provide the best customer services.	<input type="checkbox"/>				
3) Capture higher market share.	<input type="checkbox"/>				
4) Increase the share price.	<input type="checkbox"/>				
5) Enhance the internal efficiency.	<input type="checkbox"/>				
6) Expand the branches' network.	<input type="checkbox"/>				
7) Diversification of customers' services.	<input type="checkbox"/>				
8) Reduce customers' complaints.	<input type="checkbox"/>				
9) Obtain the best audit rating.	<input type="checkbox"/>				
10) Achieve the best rating for the Customers Satisfaction Survey.	<input type="checkbox"/>				

Section Six: Respondent's details

Q8. Age group:

- Under 20 years
 21 – 30 years
 31 – 40 years
 41 – 50 years
 Over 50 years

Q9. Qualifications:

- Secondary School Certificate
 Diploma
 Bachelor degree
 Master
 PhD

Q10. Work experience:

- Less than 5 6 – 10 years 11 – 15 years
 16 – 20 years Over 20 years

Q11. Position/Occupation:

- Clerk – Supervisor Officer - Assistant Manager
 Manager to Senior Manager Assistant General Manager – General Mgr.
 Chief Executive Officer

Thank you for taking the time to participate in this study.



Appendix 5.4 **Interview Themes**

- Theme 1: Organisational equity or inequity is the result of a certain interactions between the situational factors - Open System (OS).
- Theme 2: Allocation and distribution of bonuses goes in favour of employees on the business side - Discrimination (D).
- Theme 3: Monetary incentives are more important than anything else in the motivational process - Economic Man (EM) – an employee who is motivated primarily by financial incentives in order to maximize his income.
- Theme 4: The missing link between rewards and achievement -Integration (I).
- Theme 5: Effectiveness of the existing motivational and participative strategies – Effectiveness (E).
- Theme 6: Demand for participative management in the conventional retail banking sector – Trend (T).

Appendix 7.1

Participative Performance Appraisal					
Name		Employee ID:			
Title		Department			
Section 1: Quantitative & Qualitative Objectives					
Nos.	Objectives	Target	Weight	Achievement	Score
	Quantitative				
1	Achieve net profit	5000	40.00%	5300	42.40%
2	Increase assets	10,000	20.00%	10500	21.00%
3	Increase liabilities	15,000	5.00%	13000	4.33%
	Sub-Total		65.00%		67.73%
	Qualitative				
3	Introduce calling program system	6/30/2013	4.00%	9/30/2013	2.98%
5	Achieve excellent audit rating	5	3.00%	4	2.40%
7	Submit monthly report within 15 days	15	3.00%	13	3.40%
	Sub-Total		10.00%		8.78%
	Sub-Total		75.00%		76.51%
Section 2: Competencies					
Competencies	Scale 1 - 5	Achievement	Score		
Job knowledge	5	5	3.33%		
Quality of work	5	4	2.67%		
Attitudes and behaviors	5	3	2.00%		
Scale Total	15		8.00%		
Sub-Total	10%		8.00%		
Section 3: Other Accomplishments					
Accomplishments	Scale 1 - 5	Achievement	Score		
Accomplishment No.1:	5	4	2.67%		
Accomplishment No.2:	5	4	2.67%		
Accomplishment No.3:	5	5	3.33%		
Scale Total	15		8.67%		
Sub-Total	10%		8.67%		
Section 4: Justifications					
Write justification:	Weight	Achievement	Score		
	5%	5.0%	5.0%		
Grand Total	100%		98.2%		

Section 5: Areas for Improvement			
Section 6: Proposed Training			
Section 7: Direct Line Manager's Comments			
Date:		Signature	
Section 8: Staff Comments			
Date:		Signature	