

THE ROLE OF INCENTIVES ON IMPROVING PERFORMANCE OF HUMAN
RESOURCES IN NESMA HOLDING COMPANY IN SAUDI ARABIA

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RESOURCES IN NESMA HOLDING COMPANY IN SAUDI ARABIA

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DEDICATION

This thesis is dedicated to my father; My God, have mercy on him, who taught me that success does not come easily. One must exercise fatigue to research success and happiness. It's also

I dedicated myself to my mother, who taught me that even the biggest task could be accomplished if it's done step by step. It's also dedicated to my husband and children, who endure my absence at the time of writing the thesis. It's also dedicated to my brothers and sisters, who always support me. I also dedicated myself to my friend Baha, who has been supportive on the thesis journey. And thanks, and appreciation for the supervisor's support, encouragement and understanding.

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ABSTRACT

The importance of incentives lies in their effect on human behaviour, as it is considered an important factor in improving the performance of employees, and this study aims to identify the role of material and moral incentives on the performance of the human resource in Nesma Holding Company in Jeddah. We have relied on the descriptive and analytical approach in the theoretical side; where the study sample consisted of 60 workers in Nesma Holding Company, 60 questionnaires were distributed to the workers of the company, and they were completely retrieved. In conclusion, the results show that having appropriate materials and moral incentives, and good training can have a significant impact on employee motivation, knowledge and job performance.

ABSTRAK

Kepentingan insentif terletak pada kesannya terhadap tingkah laku manusia, kerana ia dianggap sebagai faktor penting dalam meningkatkan prestasi pekerja, dan kajian ini bertujuan untuk mengenal pasti peranan insentif material dan moral terhadap prestasi sumber manusia di Syarikat Induk Nesma. di Jeddah. Kami telah bergantung kepada pendekatan deskriptif dan analitikal dalam aspek teori; Di mana sampel kajian terdiri daripada 60 pekerja di Syarikat Induk Nesma, 60 soal selidik telah diedarkan kepada pekerja syarikat itu, dan mereka telah diambil sepenuhnya. Kesimpulannya, keputusan menunjukkan bahawa mempunyai bahan dan insentif moral yang sesuai, dan latihan yang baik boleh memberi kesan yang besar terhadap motivasi, pengetahuan dan prestasi kerja pekerja.

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LIST OF ABBREVIATIONS

EOA	-	Expert Opinion Analysis
HR	-	human resources
KPI	-	Key performance indicators
PEST	-	Political, economic, social and technological
UTM	-	Universiti Teknologi Malaysia

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CHAPTER 1

INTRODUCTION

1.1 Introduction

The human element is one of the most important elements that organizations depend on in the implementation of their activities, programs and achieving their goals, as it is the main pillar for their success or failure, and organizations are still working hard to make this element present. Material and moral incentives play a great role in Affecting the performance of employees, whether positively or negatively, and means their unavailability and not distributing them fairly, affecting the performance of diligent employees and may negatively affect their performance and thus affect the opportunity to achieve the desired goals of the researched organization. The issue of incentives has received the attention of many administrative behavioural scholars; perhaps the reason for that is that incentives of all kinds, both material and moral, are one of the most important positive independent variables in motivation to work. Incentives are divided into two types: material incentives, which are represented in gifts, grades, financial rewards, and exceptional bonuses that are given to the employee for undertaking a clear effort or a distinguished work to advance the organization, and the second type are the moral incentives, which are represented in speeches. The importance of incentives lies in their effect on human behaviour, as it is considered an important factor in improving the performance of employees, and this study aims to identify the role of material and moral incentives on the performance of the human resource in Nesma Holding Company in Jeddah. We have relied on the descriptive and analytical approach in the theoretical side, where the study sample consisted of 60 workers in Nesma Holding Company, 60 questionnaires were distributed to the workers of the company, and they were completely retrieved.

1.2 Case Company Introduction

Nesma Holding Company faces some serious challenges in the varying level of performance of employees. So the executives of Nesma Holding Company realized that the low level of performance among some is a problem, and from here the company's management focused its attention and time to maintain the level of morale of the individuals working in it, and its development to achieve integration between individuals and the company, by stimulating The human resource, as it sought to provide various material, moral incentives and training represented in various external influences and temptations, which encourage the individual to increase his performance. The company's vision was to continuously improve its strategic human resource practices. As for its mission, it was to achieve high-performance levels for the company's employees compared to competitors from other companies.

1.2.1 Background of Organization

Nesma Holding Company, a Saudi company, headquartered in Jeddah, was established in 1979 in light of the economic renaissance that the Kingdom witnessed in that era. In light of the favourable economic conditions in the Kingdom and government support for the private sector, an ideal environment was provided for the founder and his partners, and strengthened their orientations and encouraged them to invest in pioneering projects. Throughout those years, the company adopted a development strategy that pursued diversification as a basis for growth and was able to harness opportunities in promising and balanced fields to achieve sustainable growth. Construction, logistics, provision of innovative products and support and back-up services, manufacturing and recycling. The Nesma Holding Company in Jeddah, Saudi Arabia, was chosen as a model for conducting the research, and the researcher conducted a live interview with the company via online social networks; and through that interview, a questionnaire was made and the information collected about the company.

1.2.2 PEST Analysis

Political, economic, social and technological (PEST) analysis was used in this research because it is an effective and appropriate analysis to understand the strategic factors, variables and influences surrounding the competitive position of the company (Sammut-Bonnici & Galea, 2015). Through the analysis of PEST, we tried to understand the effects on the factors that could affect the job performance of Nesma Holding Company and its development for the better.

The scope of work at Nesma Holding is becoming more complex and challenging. This is due to changes in policies and management orientations, and therefore, the level of work efficiency needs to be greatly improved in Nesma Holding Company to deal with employees. In the context of human resources, the management of Nesma Holding Company has provided material and moral incentives and training to the employees who served in the company in order to maintain their productivity.

In conclusion, the lack of motivation, training, and employee attitudes towards their job has a significant impact on the job performance of employees in Nesma Holding, and therefore by conducting a PEST analysis, this approach enables Nesma Holding to understand and identify the impact of material and moral incentives and training in the company and prepare good employee to take advantage of his services to improve performance.

1.3 Problem Statement

During the interview session with the manager of Nesma Holding Company. The human resource department of the Company had reviewed some of the related information and data regarding performance levels among employees in the organization. The data showed that the performance level among employees is steadily decreased in these few years. It became a severe concern towards Nesma Holding Company and later showed a signal where the organization had a loss of skilled

employees. The continuous low in employee's performance on the organization had affected, internal and externally, and brings to serious delays towards important projects. Moreover, the performance level among employees will affect the motivation, attitudes, and moral values of those who work in the organization. Those who work in the organization may feel demotivated and hence decrease their engagement and towards their job. As a consequence, it will threaten the quality of employees and lead to decreasing in their job productivity, efficiency and performance. While as externally ruining the reputation of the organization. Therefore,

The human element is one of the important elements in which business organizations live and the main driver of all their activities. The lack of appropriate material or moral incentives for the hardworking employee in his work may negatively affect his future performance and contribute to weak productivity and thus reduce the opportunity to achieve the goals previously set by the organization. Therefore, the human element is considered an important resource for its interaction with the internal and external variables of the organization, and this is what led us to raise the following problem: At Nesma Holding Company in Jeddah, Saudi Arabia, how does the incentive policy affect improve the performance of the human resource?

1.3.1 Problem Diagnosis

Figure 1.1 with using a fishbone diagram, can be the factors that affect employee performance. The problem is shown as the head of the fish looks toward the right, and the causes spread when fish bones to the left; the fishbone diagram was developed by Kaoru Ishikawa, who developed quality management processes in the 1960s. In the case of Nesma Holding, the prosed factors that affect employee performance in the company are material incentives, moral incentives and training. Shows the main reason for the lack of job performance improvement among the employees of Nesma Holding Company. There are four factors that contribute to a problem arising in Nesma Holding, which are the employee's material incentives, moral incentives, training, and problems in the company. Based on Figures 1-2 shows that the

longer employees remain without material incentives for an extended period of time, such as a salary delay or no rewards, employees will feel frustrated and bored, fatigue will increase dramatically, and they lose the enjoyment of a sense of accomplishment. Also, management pressure can affect the employee's work efficiency since the level of motivation is low, resulting in lower productivity and work performance.



Figure 1.1 Fish bone for problem diagnosis

Morale incentives also have a significant impact. It is known that the nature of the work of Nesma Holding Company requires the employee to perform well at work, but the company is obligated to provide motivation and encouragement to the employee. For example, respect or participation of the employee in making decisions. When there is not enough support from the company, it will cause inefficiency of the employee's work because he will feel that he is not worthy of respect by the company. Thus, it may cause loopholes in the work that create the problem of inefficiency of work.

Another important factor that affects the employee's work performance in Nesma Holding Company is training. Training on machines and training on occupational safety and including the employee in internal or external training courses will reflect positively on the employee's performance and thus improve performance efficiency.

When employees seem unqualified to perform their duties, this affects the work efficiency of Nesma Holding, reduces the quality of work and distorts the company's image. Besides, problems related to work inefficiency led to an increase in the workload of employees who are particularly concerned about the efficiency of their work as well as a delay in work, and in order to alleviate this problem, an intervention must be made in Nesma Holding to increase the employee's work performance and improve work efficiency.

1.3.2 Theoretical Gaps

The topic of incentives, both in its material and intangible forms, is among the important topics for both the organization and the individual. The material and moral incentives are the means by which he can satisfy some unmet desires and needs. Therefore, the researcher believes that this study may enrich the scientific library with the information it contains about the study variables and the findings of the researcher.

1.3.3 Practical Gaps

This study directs its main attention to focus and application on the category of workers in Nesma Holding Company (study sample), and then the findings will be primarily attributable to the workers of Nesma Holding Company in general, which leads to presenting recommendations to those in charge of this institution, and the possibility of using them in amending the systems of material and moral incentives and the consequences of that Find effective motivation systems that contribute strongly to increase job performance and achieving goals.

1.4 Research Questions

The research aims to answer the following questions:

RQ1-What role do material, moral incentives and training play on the performance of Nesma Holding Company's employees?

RQ2- What is the level of material & moral incentives in Nesma Holding Company?

RQ3-What is the level of training in Nesma Holding Company?

RQ4-How do incentives affect the performance of Nesma Holding Company employees?

1.5 Research Objectives

The research aims to identify the following:

RO1 - Knowing the reality of the material, moral incentives and training system in force in Nesma Holding Company

RO2 - Identifying the most attractive types of material and moral incentives for workers in Nesma Holding Company.

RO3 - Searching for the relationship between material, moral incentives, training and improving the performance of Nesma Holding Company employees.

RO4- Reaching out to recommendations and proposals in order to create an effective incentive system.

1.6 Researcher's Role

Recently, as we know, doing procedural research needs the group or team so that tasks are distributed equally, each according to his knowledge and experience, in order to complete the research. Since the nature of this research is procedural research, in other words, it is conducted during the researcher's employment in the company, and for this reason, the researcher needs assistance from the company's team represented the owner of the company (CEO) and the managing director of the company and the sales manager at Nesma Holding Company in order to conduct this research. The researcher had a significant and influential role in ensuring the conduct of this research. The researcher had to know the research methodology, do the work of data systems, take the appropriate decision regarding the methods of data collection, and implement data collection and analysis, as well as and it must be ensured that the data has been collected and documented correctly, then the researcher with the CEO and managing director of the company formulated research questions regarding the design of the appropriate intervention process for the research. As we know that the procedural research takes a long period of time, but the joint cooperation between the researcher and the company members) Managers) have eased the difficulties for the researcher in conducting this research.

1.7 Research Ethics

There are ethical standards that must not be exceeded when conducting research. The first criterion that the researcher must adhere to is to reduce the risk of harm to the research participants. Because otherwise, the researcher will be exposed to criticism, and the research will fail. The second ethical criterion that the researcher must adhere to is to maintain the privacy and confidentiality of the respondents during the data collection process. Finally, the researcher gives respondents the right to withdraw their participation in this research if they decide to withdraw.

1.8 Significance of the Research

The study seeks to shed light on one of the scientifically important topics because of its great effects in guiding the behaviour of workers, and in practice for the results that the research will reach and the possibility to benefit from this is in the amendment of the material and moral incentives systems in Nesma Holding Company. It becomes clear to us the importance of research through the following:

1.8.1 Significance to Theory

The topic of incentives, both in its material and intangible forms, is among the important topics for both the organization and the individual. The material and moral incentives are the means by which he can satisfy some unmet desires and needs. Therefore, the researcher believes that this study may enrich the scientific library with the information it contains about the study variables and the findings of the researcher.

1.8.2 Significance to Practice

his study directs its main attention to focus and application on the category of workers in Nesma Holding Company (study sample), and then the findings will be primarily attributable to the workers of Nesma Holding Company in general, which leads to presenting recommendations to those in charge of this institution, and the possibility of using them in amending the systems of material and moral incentives and the consequences of that Find effective motivation systems that contribute strongly to increase job performance and achieving goals.

1.9 Definition of Terms

Through the conceptual definition and operational definition, researchers will clarify the meanings of the terms for this research which is an important part of the research paper.

1.9.1 The Concept of Incentives

Incentives are defined as the external factors and influences that arouse the individual and push him to perform the tasks entrusted to him in the best way by satisfying his material and moral needs and desires (Alkhaladeh, 2011). (Alazawi & Jawad, 2010) indicated Incentives are the set of policies and instruments that design and adapt to a wooing the employee is about to perform the job entrusted to him in a manner that is consistent with achieving the goals of the organization. Incentives are the factors that aim to stimulate the inherent strength in the individual that determines the pattern of behaviour and behaviour required by satisfying all human needs (Munir & Cortil, 2010). Incentives are also defined as a set of external factors and influences that arouse the individual and push him to perform the tasks entrusted to him in the best way by satisfying his various needs (Al-Taie, Al-Fadl, & Al-Abadi, 2006).

1.9.1.1 Material Incentives

It includes material incentives in addition to salaries and wages and any other monetary form that is fractional or combined, which satisfies the individual's material needs only (Munir & Cortil, 2010)

1.9.1.2 Moral incentives

Promotion, respect for workers and appreciation of their efforts, and stability and improvement of work conditions (Munir & Cortil, 2010)

1.9.2 Training

It is an activity concerned with the transmission of instructions and information. With the aim of developing the performance of the individual receiving it.

1.9.3 Problems

Lack of material and moral incentives and training in the company, which is reflected in the employee's job performance.

1.9.4 The Concept of Job Performance

Performance is defined as (activities that convert parent materials into goods and services produced by the organization and is known to perform the task) or (behaviours that are characterized by the effectiveness of the organization by providing a good environment from which task performance can occur, which is known as implicit performance (Abdel Muttalib,2018).

1.9.5 Concept of Performance Appraisal:

The performance evaluation must be subject to precise and clear criteria in order not to injustice to anyone, and the performance evaluation must achieve fairness and objectivity, reduce the possibility of error and emotion, and give everyone the right his right (Abd al-Nabi, 2010). (Munir & Cortil, Human Resources Management, 2010) They indicated that performance appraisal is the process of regular and continuous evaluation of an individual in relation to his work achievement and expectations for his development and development in the future. While (Al-Sarayrah, 2010) believes that the performance is evaluated, it is a determination of the extent of the employee's contribution towards achieving the goals set for him and to be achieved. As (Alazawi & Jawad, 2010) known, Performance Appraisal is an important means of verifying the extent to which individuals can work according to standards Performance, while (Alkhaladeh, 2011) believes that the performance evaluation is a periodic report it shows the level of the individual's performance and the type of behaviour compared to the tasks and duties of the assigned job with it. (Dora & ALSabbagh , 2010) referred to performance appraisal as a judgment process regarding the performance and behaviour of workers at work, decisions related to the issuance of judgment shall result

by retaining the worker, promoting him, or transferring him to another job inside or outside the organization or downgrading his financial degree, training, development, discipline, or dismissal. As for (Al-Taie, Al-Fadl, & Al-Abadi, 2006), they defined performance evaluation as that process that means measuring the efficiency of workers, their suitability, their achievements, and their behaviour in theirs.

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