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# Employee Perceptions of Loyalty as a Factor of Performance. Grounded Theory Approach

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Abstract

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Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

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## Abstract

The relationship between employee loyalty and organizational performance has long been recognized but not included in performance appraisal models. This study identifies the perspectives of Master of Business Administration (MBA) candidates at a small private university in the eastern U.S. Fifteen interviews were conducted after distributing flyers among MBA classes and interested students volunteered to participate. The study was qualitative, based on personal interviews, to explore how loyalty is perceived in relation to performance. The theoretical framework used was Hogan's (1983) socioanalytic theory to explain differences in people's performance at work. Through use of a grounded theory approach, employees' perceptions on loyalty as a component of employee performance evaluation inducted to a theoretical model. This research shows, for the first time, loyalty as an expectation of performance from the perspective of individuals preparing to be future managers. The model explains the interrelationship between the suggested dimensions inducted from participants' perceptions for the purpose to assess both company and employee loyalty. The theoretical model demonstrates that a balance is needed to build a loyalty base between the company and employee loyalty that will lead to better performance. Specifically, respondents identified components of loyalty in the dimensions of integrity, flexibility, transparency support, dedication, conscientiousness, accountability, and advocacy. The model supports intuitive recognition that management behavior that creates employee loyalty also improves employee performance. The theoretical model can be used by researchers and human resource professionals to shape their quantitative research and organizational policies.

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# Chapter 1: Introduction to the Study

## Introduction

In an increasingly competitive world, neither employers nor employees can rest on their laurels if they wish to remain in business (Imtiaz, 2013; Philip, 2003). Performance measurement is one important and powerful tool that organizations use to better understand and determine what works and what does not and why. It is essential to efficiently manage human resources (HR) in organizations and effectively evaluate individuals for the purpose of contributing to their moral development and motivation and improving overall organizational performance. Performance appraisal systems (PASs) are important tools designed and used for the all-round development and growth of employees and organizations (Shagufta, 2013). Shagufta (2013) is one of the many researchers who have examined the importance of employees' performance appraisal and appraisal systems' impact on employees and organizational performance.

Performance appraisal (PA) is still an emerging concept that is finding space in both academic and practitioner spheres (Shagufta, 2013; Walsh & Dalmar, 2005). In appraising performance, some researchers and practitioners' concern is about why employees' performance changes from time to time (Shahraji et al., 2012); others have focused in resolving performance issues pertaining to performance measurements themselves and are more concerned about what constitutes an appropriate criterion measure (McCloy, Campbell, & Cudeck, 1994; Shagufta, 2013; Shahraji et al., 2012). Some of the quantitative measures for organizational or employee performance that have been covered by the literature for many years are the balanced scorecard by Kaplan and

Norton (1992, as cited in Allen, 1997) and outcome-based evaluation by United Way of America (1996, as cited in Hendricks, Plantz, & Pritchard, 2008). These tools are the most commonly used, and they relate directly to the employee’s job description. However, there has been no consensus on what exactly constitute the indicators and measures of performance in relation to quality or job domain (Teng, 2014). The complexities of developing meaningful performance measures are addressed in the literature. No definitive conclusions have been reached (Franco-Santos et al., 2007).

In relation to measuring performance with a focus on job domain, PA helps employees answer two key questions: What are my employer’s expectations of me? And how am I doing in my efforts to meet my employer’s expectations? (Grote, 2002). Socioanalytic theory (Hogan, 1991; Hogan & Holland, 2003) was used to explain individual differences in people’s performance at work and is examined in more detail in Chapter 2.

## Background of the Problem

In assessing employees’ job performance in relation to job domain, the gap in the literature is that loyalty does not figure among the pre-established criteria for individual employee assessment in any of the historical models or among the attributes used in these models. The well-known constructs are the following:

1. organizational citizenship behavior (Organ, 1988);
2. contextual performance (Borman & Motowidlo, 1993);
3. accomplishments, which involve the measurement of internal group dynamics processes, such as decision-making or problem-solving processes, or

group/team development through a role-results matrix (Workforce Compensation and Performance Service, 2001, p. 39);

4. potential for future improvement, or simply potential improvement, which is based on testing characteristics such as methodological expertise, social competence, professional competence, critical thinking, competence in modification, etc. (Backer, 2012; Ritz, 2005; Steindl, 2003); and
5. employee’s strengths and weaknesses, which involve the evaluation of key attributes such as attendance, communication (oral, written), creativity, customer service, decision-making abilities (judgment), etc. (Managing Employees, 2007).

These models are discussed in depth in Chapter 2.

The literature revealed that there is no consensus on the definition of employee loyalty; however, a relationship between employees’ loyalty and performance has been significantly endorsed in the literature (Guillon & Cezanne, 2014). Researchers have used trust, identification, participation, commitment, and attachment as constructs of loyalty. Baker and Schaufeli (2008) asserted that employees’ dedication and commitment to the job are important for the longevity and performance of organizations.

Two theories are suggested to better understand and interpret loyalty: the analytical framework proposed by Hirshman (1970) and the behavioral approach of Farrell (1983) and Rusbult et al. (1988). The analytical approach is an attitudinal approach to loyalty expressed by the observation of feeling related to attachment or commitment to the organization (Allen & Meyer, 1990; Leck & Saunders, 1992). The main objections to this theory have been that it is purely empirical, ambiguous in its treatment of how to observe and measure feeling, and subjective as it relies on self-reporting, which might lead to shortcomings. With the behavioral approach, loyalty is materialized in the relation between the employee and organization, modeled by many as the exit, voice, and neglect (EVLN) model (Tucker, 2010), which is detailed later in Chapter 2. However, it is important to indicate that the items used for evaluation vary from one researcher to another.

## Statement of the Problem

In the workplace, actions that are in the workers' best interest are not necessarily in the best interest of the firm (Hayes & Cooley, 2013; Jovanović, 2014). Even the most loyal employees may not have personal objectives in line with the firm, making performance measurement a complex matter. Employers may not realize what perceptions their workers have about how employees' performance is measured. Recent research conducted on performance has focused on compensation (Banker, Chng, Rodgers, Shih, & Song, 2012, Darrough, Rong, & Plehn-Dujowich, 2013; Rajgopal, Taylor, & Venkatachalam, 2012; Tafkov, 2013), the impact of compensation on performance (Dustin, & Belasen, 2013; Larkin, Pierce, & Gino, 2012), team performance (Blazovich, 2013), pay for performance in specific industries (Faria, Martins, & Brandão, 2013; Robinson & Sensoy, 2013); and approaches to performance and competency evaluation in organizations (Ahmed, Sultana, Paul, & Azeem, 2013; Drumea, 2014; Kuzmin, Oleksiv, & Mykhailyak, 2014; Shahraji et al., 2012). While empirical, these studies did not address employees' perception of performance standards or even what constituted performance from their point of view.

The problem is that critical success factors in today's competitive environment are different from the past (Sun & Scott, 2003). Being based on quantitative measurements and putting too much value on numbers is today insufficient to cope with rapid market changes and contribute effectively to organizational excellence (Likerman, 2009; Sun & Scott, 2003). Success today requires an effective balance between quantitative and qualitative measures. Interpreting numbers is not sufficient to maximize employees' performance in the workplace. Designing and exploiting key opportunities for improving employees' effectiveness, efficiency, determination, and ability to cope with changes and challenges represent a real challenge that companies are facing. Ignoring how employees feel, think, integrate, invest their time, and adapt to change is making performance appraisals subjective and disgraceful (Drumea, 2014) and does not create value for the organization.

Using EBSCOHost, ABI/Inform Complete, and other databases and specialized journals such as *Harvard Business Review*, I explored the apparent gap in the literature related to the fact that loyalty does not figure among the pre-established criteria for individual employee assessment in any of the historical models or among the attributes used in these models. In fact, the relationship between employees' loyalty and organizational performance is significantly endorsed in the literature (Guillon & Cezanne, 2014); however, none of the suggested models include loyalty as a performance indicator. I found no studies demonstrating that loyalty is a key consideration when evaluating performance in the workplace.

## Research Questions

1. What is the perception of employees with respect to the meaning of loyalty in the workplace?
2. What is the perception of employees with respect to the importance of loyalty as a component of employee performance evaluation?
3. What are the hidden criteria identified by the participants as to what constitutes performance in the process of appraisal?

## Purpose of the Study

The purpose of the study was to identify the perceptions of employees with respect to the importance of loyalty in conducting performance appraisal. This study pursued only employees who had at least a bachelor’s degree because this population constitutes the majority of the workforce (82.8% of employees 25 to 64 years old hold a bachelor's or higher degree), according to the National Center for Education Statistics (NCES, 2015). This percentage is the highest since 2008. According to Delong (2011), these employees are individuals who make up the majority of employees in most organizations, ignored by executives but also never questioning their own significance in their workplaces (Delong, 2011). This study used working Master of Business Administration (MBA) candidates as a sample of the population described above. MBA students are individuals who have at least a bachelor’s degree and voluntarily undertake studies to improve their career prospects. Thus, the target audience for this research was based upon self-selected MBA candidates preparing to advance their careers. The expressed perceptions of working MBA candidates on loyalty as a factor of performance appraisal were the focus of this study.

## Theoretical Framework

The theoretical framework for this study was Hogan's (1983, 1991, 1996) and Hogan and Holland's (2003) socioanalytic theory to explain individual differences in people's performance at work. Specific focus within the theory is given to personality and job occupational performance to understand and define personality from the perspective of (a) identity (who do employees think they are?) and (b) reputation (who do managers think employees are?). Socioanalytic theory indicates that self-ratings reflect internal dynamics that impact the individual's future behavior, and observer-ratings capture the individual's reputation and personality. Within this theory, information about different yet related aspects of the individual is considered (Kluemper & McLarty, 2015, p. 237).

Hogan and Holland (2003) contended that meta-analytical reviews have demonstrated that personality measures are "useful predictors of job performance" (p. 100). Hogan and Shelton (1998) also demonstrated that well-constructed personality measures could predict occupational performance (p. 129). Personality is often defined in terms of trait theory (Hogan & Shelton, 1998) and the five-factor model (FFM) consisting of emotional stability, extraversion-ambition, agreeableness, conscientiousness, and intellect-openness (Hogan & Holland, 2003), which are examined in Chapter 2.

Special attention was given to *personality from the inside*, as it is mostly used to explain a person's performance (Hogan & Shelton, 1998, p. 132). Personality from the inside, as previously stated, is defined as a person's identity. It was also crucial to talk about morality because it is a core element of individual identity and the soul of moral motivation. For that reason, other theoretical models that might shed additional light on moral motivation and its relation to individual performance were considered.

## Operational Definitions

*Job domain*: Job domain, also referred to as *performance domain*, is a set of qualitative indicators that give an overview of staff's motivation, strive, ability, and commitment to values (Drumea, 2014). It also focuses on characteristics or behaviors of successful and/or exemplary performers (DuBois, 1999). It has been defined as set of behaviors related to adaptability, organizational citizenship, counterproductive behavior, and effective performance (Levine, 2006).

*Loyalty*: This study relied on McCusker and Wolman's (1998) definition of loyalty, which is devotion to the company and the positive presentation of the company to the community at large (p. 12).

*Qualitative employee performance appraisal (QEPA)*: QEPA is the process used to determine how an employee is performing in a job. It provides input for training and development purposes and validation of selection procedures and human resource planning (Riggio, 2003). It focuses on the company's and employees' expectations. The main objective is to improve performance in terms of both behavior and results (Kirkpatrick, 2006; Thomas, 1997).

*Employee*: Apart from the literature review, the word *employee* in this study is used to refer to an MBA professional.

## Assumptions, Limitations, Scope, and Delimitations

To avoid biases, minimize limitations, and uphold ethics, I applied the guidelines suggested by Charmaz (2002) and Strauss and Corbin (1998) to this research. Charmaz (2002) indicated that for qualitative research, the canons of good science should be retained, which include significance, theory observation, compatibility, generalizability, consistency, reproducibility, precision, and verification. Through the use of grounded theory in this research, I sought not only to uncover relevant conditions, but also to determine how employees under investigation actively respond to certain conditions and to the consequences of their actions. It is the responsibility of a researcher to catch the interplay among these elements. Moreover, in grounded theory, a researcher needs to make sure that data collection and analysis are interrelated processes and that the analysis is necessary from the outset of a study and is going to provide guidance to the interviews that will follow.

As the investigator in this research, I entered the field with questions, collected data based on these questions, analyzed data for cues, incorporated all seemingly relevant issues into the next set of interviews, continued to capture all potentially relevant aspects as soon as they were perceived, and examined all possibly rewarding avenues toward understanding.

Every concept that was brought into the study or discovered in the research process was at first considered provisional, and then it earned its way into the theory by repeatedly being present in each interview. As Charmaz (2002) asserted, having a concept that demonstrates its relevance to the evolving theory helps in guarding against research bias and preventing unethical research. Some of the measures that have been taken were as follow:

- Hypotheses remained unverified and were constantly revised during the course of the research until they held true for the phenomenon under study.
- Opening up the analysis to the scrutiny of others led to other insights that helped me to guard against biases.

For ethical purposes, the following questions were asked to guide the study:

- Are the concepts generated?
- Are the concepts systematically related?
- Are there many conceptual linkages, and are the categories well developed?
- Are there variations built into the theory?
- Are the broader conditions built into its explanation?
- Has process been taken into account?
- Do the theoretical findings seem significant, and to what extent?

As expected,

- Employees' willingness to participate was somehow difficult to obtain. A pool of participants was identified with the intention of finding 30 participants.
- Through self-selection in the recruitment of the sample, participants essentially met the criteria as suggested in scholarly literature on this topic.
- Participants were open and honest in their answers to the questions presented.

- Grounded theory inquiry did not provide the quantitative descriptions that previous studies on loyalty in relation to employees' performance have found. In this qualitative study, I was able to specifically identify the association of loyalty with employees' performance.

## Significance of the Study

The literature revealed that performance can be measured; however, the criteria for measurements remain incomplete. What about the hidden criteria that constitute performance, and on which decision makers base their choices concerning remuneration and even hiring decisions? These are criteria that Lemieux, MacLeod, and Parent (2009) called undefined. There is a need to find evidence to help answer certain questions that are important to many people. As Hakala (2008) suggested, performance measurement is an ongoing activity for all managers and their subordinates, and this research helps to fill a gap in the performance measurement literature.

The significance of this study resides in its contribution to a better understanding of whether loyalty should receive more attention when organizations evaluate performance. The findings may contribute to efforts to resolve a number of issues being examined by economic, psychological, and social science researchers. The study may also impact human resources practices and have an effect on workers' commitment. Because it predicts the impact of worker commitment on improved firm performance, this study may be highly valuable to academics, practitioners, and organizations seeking a better understanding of how different professional employees view performance.

This study has implications for positive social change at the individual, organizational, and even societal level, in that it may promote a better understanding of an important but changing component of performance in organizations. It also answers the following question: If employees commit to an organization and achieve the performance levels outlined in job descriptions and human resources appraisals, can they depend upon consistent and long-term support from the organization? At one time, professionals who joined corporations, government agencies, and large nonprofits could plan for 30-year careers with relatively steady advancement in position and salary, followed by a corporate pension that removed anxiety from the retirement years. It is clear from the study that as a result of technology, economic constraints, and shifting values and attitudes, the situation has changed.

This reality led directly to the examination of the role of loyalty in the process of appraising employee performance and raised key conceptual issues in human resources management. From the perspective of the employer, a positive perception of loyalty toward the entity has many positive aspects, whereas a negative viewpoint from employees can be a disaster in a complex situation with changing technology, market turbulence, and customer preferences. From the perspective of the employees themselves, if loyalty is seen as an unimportant factor in their hiring, retention, and advancement, they will engage in efforts to protect themselves at the expense of the organization. Thus, this research pursued the following significant findings:

- In relation to Research Question 1, a better understanding of current employees' perception of the meaning of loyalty can help organizations shape hiring, compensation, and advancement policies.
- In relation to Research Question 2, a better understanding of how employees perceive employee performance evaluation can shape appraisal processes and feedback mechanisms.
- In relation to Research Question 3, the identification of hidden criteria used by employees as they make judgments concerning whether they should be loyal and perceive whether the organization is loyal in return can shape how future researchers and human resources professionals advise individuals on their careers and organizations on their human resource policies.

In fact, this research might also lead to other positive outcomes, such as reducing unethical practices at work such as bullying and counterproductive behaviors (Soylu, 2011). Considering loyalty when evaluating performance might also create a family atmosphere at work and strengthen individualized relationships. Soylu's (2011) hierarchical regression analysis revealed that the expectation for loyalty in exchange for nurturance at work relates positively with the experience of bullying (p. 217), as managers expect unquestioned obedience. Considering loyalty when evaluating performance would reduce "favouritism or clientelism" (Soylu, 2011, p. 219) and, therefore, low moral standards.

## Summary

Performance appraisal systems (PASs) are important tools designed and used for the development and growth of employees and organizations. Indicators and measures of performance in relation to quality or job domain remain understudied. Among all of the models that exist, none includes loyalty as an attribute for individual employee assessment. Some historical models exist, and many studies have been conducted in an attempt to identify criteria pertaining to employers' expectations of employees, as well as how employees assess their own performance to meet employers' expectations. Some of these models are examined in more detail in Chapter 2.

A relationship between employees' loyalty and performance is significantly endorsed in the literature. Researchers have indirectly used trust, identification, participation, commitment, and attachment as constructs of loyalty and the items used for evaluation have varied from one researcher to another. Some have considered these factors as constructs of behavior, motivation, or work ethics. Chapter 2 provides a better understating of the relationship of these constructs to performance.

# Chapter 2: Review of the Literature

## Overview of the Chapter

The history of qualitative performance appraisal could date back to 1980, when Scheneier et al. (1986) described how appraisal was limited to three objectives: results, behaviors, and personal characteristics (Manoharan, Muralidharan, & Deshmukh, 2012, p. 450). With rapid economic development, personnel potential became an important factor in the advancement of companies' competitive power. As Manoharan et al. (2012) indicated, and Rajput (2015) agreed on, most of these models failed to achieve employees' expectations, and there are still gaps in empirical investigations of performance evaluation.

Sun and Scott (2003) and later Rajput (2015) sought to provide a better understanding of how to pursue an optimum balance of quantitative and qualitative measures to monitor performance. Sun and Scott started with the recognition that a major difficulty with qualitative measures is the reliability of the measurement, a problem that arises because it is often difficult to represent relationships and interaction in quantitative terms. To deal with this situation, Sun and Scott asserted researchers' need to develop the right framework of thought process to guide practitioners in developing the appropriate qualitative measures for evaluating performance. The authors raised few questions such as:

1. What is the nature of reality?
2. Can the phenomenon be realistically measured?
3. What are the processes used for constructing the measure?

4. Are the processes appropriate and sufficiently influential?
5. What usefulness and power does this measure provide?
6. Is it powerful in a practical environment? (Sun & Scott, 2003, p. 259)

In their work, Sun and Scott (2003) focused on understanding the nature of performance before comparing qualitative and quantitative appraisals. They reviewed 10 models (Figure 1) and presented their deficiencies and suggestions on how they might be improved. As they suggested, the measurement processes should be appropriate and sufficiently influential to provide useful results. It should also provide practitioners with tools that can reliably measure progress and alter behaviors, if necessary, to achieve objectives. They used an iceberg analogy to describe the process used for constructing a measure (Sun & Scott, 2003, p. 269). The authors developed a framework and tested it in a number of environments; then they identified deficiencies and made suggestions to improve qualitative performance measurement.

Sun and Scott (2003) indicated that four components need to be addressed in each appraisal model: (a) *archetype*, which takes the form of a visual map of the model that shows employees where they need to be; (b) *monitoring*, which is a way/system to monitor trends that makes it possible to determine which predictor is more significant than another; (c) *objective*, which refers to the capability of the model to communicate results for effective decision making; and (d) *practicality*, which can be demonstrated in the model's ease of implementation. The authors concluded that these four components should be considered for any qualitative performance measures. They added that for a qualitative phenomenon to be measured, each of the elements that go into the framework need to be carefully considered. These elements should form the breadth, depth, and height of the model and determine its practical power. Rajput (2015), however, identified all quantitative and qualitative appraisal methods and presented their advantages and disadvantages.

In recent research, PASs have been recognized as important human resource development (HRD) tools designed for the all-around development of employees, not only in relation to their assigned job descriptions, but also for meeting the job domain and the expectations of supervisors and the organization at large (Rajput, 2015; Showkat, 2013; Venclová, Salková, & Kolácková, 2013). A PAS, as described by Showkat (2013) and Venclová et al. (2013), is also capable of solving internal problems, attaining targeted business goals, and identifying employees with potentiality.

While Venclová et al. (2013) discussed formal appraisal systems for personnel, Showkat (2013) questioned the meaning of informal judgments of personality traits, which, in this research, are described as *job domain*. Job domain requires evaluators to measure personalities objectively with valid indicators, which has proven to be extremely difficult. Job domain can be defined as the noncognitive process that underlies the act of judging the performance of others (Showkat, 2013, p. 67). As Showkat asserted, PA practices are ill designed in most organizations, and few organizational leaders are happy with what they use. Showkat attempted to identify factors responsible at the employee and organization levels for an effective and workable appraisal in order to relieve some of researchers' concerns about qualitative appraisal models.

Based on Showkat's (2013) literature review, it is clear that most researchers have focused on the psychometric characteristics of performance ratings, not acknowledging the socioanalytic characteristics that would also grant importance to the utility value of employee performance. As Showcat indicated, there are several gaps in previous research works related to employee PASs. For instance, some researchers have focused on either process, content, or appraisee reactions, according little to no focus to the process variables and the developmental aspect of the APS. Some have failed to define the independent variable or have excluded some variables such as design component, process component, outcome component, or organizational content. Some have also accorded little flexibility to respondents with respect to the response format.

Dattner (2013) précised that many of those who have researched or used qualitative PASs have been more focused on the person than the situation. According to Dattner, psychologists have long debated whether the characteristics of a person are most important in explaining behavior, or whether behavior can be better explained by the situation (p. 25). He suggested that a trusting relationship between management and employees is a necessary element of success in general, and for performance appraisal in particular to be effective.

## Variance in Performance Appraisal Approaches

Appraisal efficiency is determined by selected appraisal criteria, appraisers, and appraisal methods and the quality of their application (Lukášová, 2010). As was discussed by Venclová, Salková, and Kolácková (2013), confusion among appraisers and some researchers emanates from the nature of PA systems, which can take two forms, formal and informal (Salková & Kolácková, 2013), and fall into two categories, administrative and developmental (Kondrasuk, 2012). Salková and Kolácková (2013) indicated in their article that formal PA relates to systematic appraisal, whereas informal PA is non-systematic (p. 21). By relating the word *formal* with the word *systematic* (p. 21), Salková and Kolácková indicated that formality involves continuous evaluation of employees during the work process.  Kondrasuk (2012), however, defined PA in four different ways and related the formal appraisal to the "system of setting employee job expectations/employee actual job performance/assessing that performance/feedback to the employee on the performance assessment and how to improve it in the future/setting new goals and expectations for another period" (p. 117). Kondrasuk also questioned the meaning of an ideal performance appraisal and indicated that the ideal PA is one that is accurate and helpful in improving an employee's job performance and making administrative decisions from a management perspective, enabling continued career growth for individuals from the employee's perspective, and justly assessing an employee's performance to make the organization more useful to society from a societal perspective (p. 116).

Kondrasuk's (2012) research led to the identification of 76 different problems with PAS. As Kondrasuk asserted, when one looks at the literature, it is obvious that there are more problems with appraisal systems than suggested solutions for improvements. Kondrasuk categorized those problems in terms of four main themes: (a) the purpose of PA, (b) individuals involved with PA, (c) criteria measured and how they are measured, and (d) the system and process of PA. He also suggested that an ideal PAS could only exist if there were no complaints about any of these major categories. He added that, independently from those categories, problems could occur when appraisers and employees had conflicting views of the purpose of the PA. One of the recommendations that Kondrasuk stressed is that the PA should not be integrated within the organization’s daily functions. Kondrasuk suggested main elements of an ideal PAS and concluded by indicating that PAS is a process that involves setting expectations for both management and subordinates, performing expectations, feeding back results, and applying the results in a way that will benefit everyone.

Manoharan et al. (2012) discussed employees’ performance appraisals using data envelopment analysis and integrated fuzzy models focusing on output enhancement, quality function deployment, multiattribute decision making, and input enhancement. Agreeing with Kondrasuk (2012), in their conclusion Manoharan et al. stressed some of the factors that should be included in an appraisal system, such as the number of main factors selected for appraisal and what is needed for effective application and use of an appraisal system.

The literature thus indicates that in considering performance appraisal, researchers’ concerns have varied. Some have focused on resolving performance issues, especially those pertaining to performance measurements. The ultimate goal has been to search for what constitutes an appropriate criterion measure.

McCloy, Campbell, and Cudeck (1994) indicated that there are issues when performance evaluation is conducted. These issues occur as a result of widely variable assessments among supervisors. As McCloy et al. asserted, one manager could rank an employee as showing high performance, whereas a subsequent review by a different manager might reflect a totally different perspective. Total variance in any observed measure of performance may be attributed to three sources. The first is how the manager perceives a correlation of the evaluation factors to the viewpoint of the evaluator. The second essentially consists of factors that may make the process or tool unreliable. The third exists simply because of error in the process.

McCloy et al. (1994) presented evidence to support a model explaining only three determinants of relevant variances. The first two determinants deal with the reviewer's knowledge of the nature of evaluation and then with skill in the evaluation process. The third involves the motivation of the reviewer and the tendency to be supportive, neutral, or negative. Kondrasuk (2012) used the McCloy et al. model to determine biases and problems in relation to PASs.

According to Appelbaum, Roy, and Gilliland (2011), trust between administrators and the workforce is essential to attaining valuable performance appraisals (Figure 2). An intense environment, as Mir and Ahmed (2014) indicated in their research, can create a gap between employees and administration/management, which can bring more harm than lower productivity due to the malfunctioning of the instrument to the performance and strategies of the confined organization. Performance appraisal can be a stressor on employees' mental status. Mir and Ahmad (2014) evinced in their research the strong relationship between employee evaluation and performance. They propounded that employees in any organization have many instincts to keep their morale high or low and advocated identifying these instincts by studying the behavior of employees as well as environmental effects on their performance (p. 147).

## Individual Differences

### Socioanalytic Theory

Hogan (1983) indicated that socioanalytic theory takes an impersonal perspective and is influenced by three strains of thought. The first is the understanding that people are the product of the biological evolution; this evolutionary theory holds that people have changed little over time and human nature is better understood when placed in the context of the original conditions of "evolutionary adaptation" (Hogan, 1983, p. 55). The second influence consists of lessons learned from the work of Nietzsche, Freud, and Jung in relation to adult psychology, which stipulates that adult personality is shaped by childhood experience and that adults are frequently unaware of their actions and react to other persons and/or events in a metaphorical rather than a literal fashion (Hogan, 1983, p. 56). The third influence is Mead's (1934) study on mind, self, and society. Mead explicitly stressed that "the impulse to social interaction must itself have a biological explanation" (Hogan, 1983, p. 56), expressed by no more than biological adaptation. Socioanalytic theory is a synthesis of those theorists' work (Figure 1).

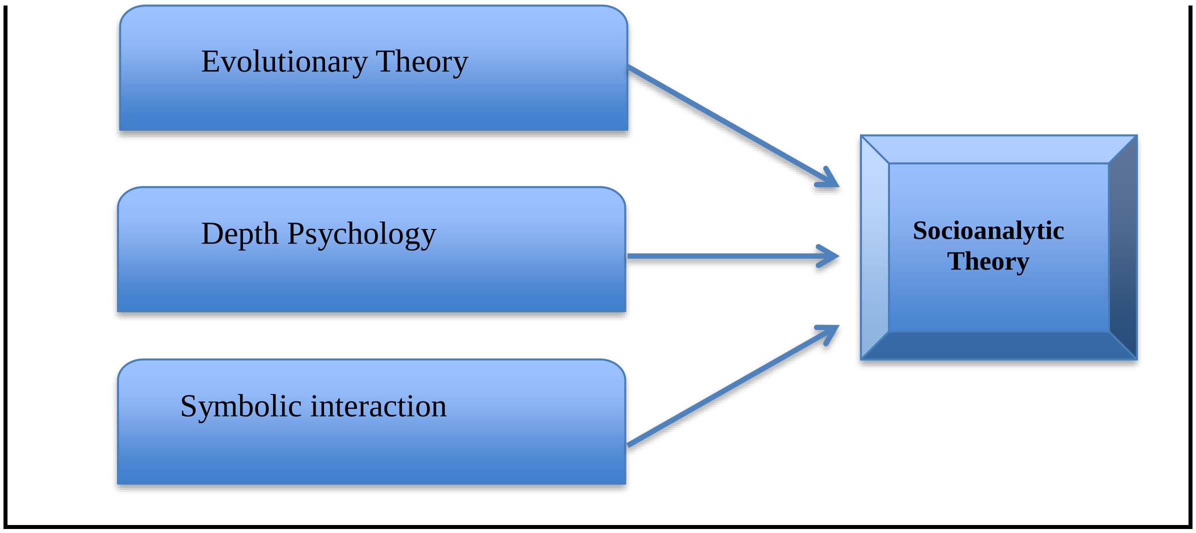



*Figure 1*. Synthesis of socioanalytic theory.

Departing from the assumption that everyone is neurotic and that people's concern is how to overcome neuroticism, the evolutionary theory suggests that because people live in groups and groups are organized in terms of status hierarchy, people's main concerns are status and popularity (Blickle et al., 2011). Competing for a status and avoiding social failure constitute the primary motive in a social group of any complexity. Hogan (1983) also talked about status and popularity; he indicated that "status and popularity exist in a state of tension …. People can forgive you anything but your success … success breeds resentment in others … popularity is sometimes bought at the price of individual achievement" (p. 57). Hogan's first interpretation was that people are compelled to interact.

Deep psychology suggested that reaching a satisfactory status and maintaining peer popularity is biologically mandated and they derive from unconscious biological motives which Hogan calls "aximos or theoretical primitives" (Hogan, 1983, p. 57). These motives are of two natures. The first, is sociocentric, the powerful need for social approval expressed in the social environment by the powerful need for structure. The second motive is egocentric expressed by the powerful need to succeed at the expense of others, which in people's social environment is expressed by the powerful need for predictability and order.

The symbolic interaction suggested that the set of biological evolution and motives could vary among people. Individual differences exist. People might vary in their egoistic need and the need for structure and order. Some might be excessively competitive, with obsessive need for predictability, and status oriented. Others might be passive, unassertive, and tolerant of ambiguity in their lives (Blickle et al., 2011).

Hogan (1983) and Hogan and Holland (2003) suggested that personality could be defined in two ways. The trait term of personality, which signifies the person's distinctive interpersonal style and the kind of impression that he could make on others; it is, as a matter of fact, the perspective of the group towards an individual person. The second way is the perspective of the one person towards the group; it reflects the cause or reason of that person's unique reputation.

**Socioanalytic Theory and Personality**

Hogan (1996) contributed with his perspective on the five-factor model of personality (FFM), a model that first appeared 70 years ago to better understand what personality means and for a better self and peer rating. Hogan first examined the meaning of personality in relation to each factor. The five-factors view of personality is neuroticism (adjustment), extraversion, conscientiousness, agreeableness, and a combination of imagination and curiosity (openness) (Wiggins, 1996, p. 13). These five factors were determined to be stable across studies, had long history of robustness across cultures, age groups, media, and offered a model for unifying the field of personality attributes (Wiggins, 1996, p.16).

In his defense, Hogan (1996) argued that socioanalytic theory proposes a model of human nature that is empirically grounded and consistent with the evolutionary theory (p. 164). The strength about the socioanalytic theory is that it could explain its own measurement procedures because of its commitment to the evolutionary theory, naturalistic observation, and the inevitable self-deception. According to Hogan, personality is two folds: The impression a person gives off, which in the socioanalytic theory expressed as understanding personality from the perspective of the observer, and the inner aspect of the self, which in the socioanalytic theory described as the understanding of personality from the perspective of the actor (p. 166). From the first perspective, it's the observer's view of the distinctive features of one person's behavior reflected in that person's reputation; "the degree of status a person enjoys in his or her community" (Hogan, 1996, p.166). According to Hogan, protecting own reputation really matters for everyone. Personality in this regard could easily be assessed with reasonable reality; if a person is a serial killer, he will simply kill again.  From the second perspective, it is the structure inside one person that causes or explains one's reputation. It is harder to assess because it emanates from the actor and can't be assessed directly or verified with the same reality that we had about one's reputation. Nevertheless, personality from the actor's perspective could be assessed through components such as the genetic based temperaments and the perception that a person holds about the self.

**Socioanalytic Theory and Measurement**

In personality psychology, the most common unit for analysis is traits. There are traits that psychologists use to describe actors. For this purpose, scales of personality inventory in the form of survey questions are used; and there are traits that actors use to describe themselves. These traits were originally determined from previous individual interviews and observations of behaviors. In his argument, Hogan indicated that the notion of trait assumes three aspects. First, it requires the existence of detectable pattern of consistent feeling and behavior; from the perspective of socioanalytic theory, traits means the observed consistencies in behaviors; second, the neurobiological structure that causes that feeling and behavior, and third, the ability to map the feeling and behavior onto their cause (Hogan, 1996, p. 171).

Hogan asserted that reputations are encoded in trait words as result of their stability. Because they are publicly observable and easy to be verified, reputations could also be used to predict future behavior. As the Hogan stated, "observers code to characteristic features of another person's social behavior in terms of trait words and the composite of agreed upon trait words used to describe a person becomes that person's reputation" (Hogan, 1996, p. 173). The FFM in socioanalytic theory is no more than but a structure of observer ratings. By using this model people could interpret each other through the vehicle of reputation; in terms of the FFM we could assess how well a person is doing in the game of life.

Reputation is encoded in the FFM as follows:

1. Adjustment dimension: how well a person could perform under stress and/ or emotionally be on a day-to-day basis?
2. Sociability and ambition: what is a person's leadership potential?
3. Prudential: how much is the person's trustworthiness and dependability?
4. Likability: how much a person is liked in his company?
5. Intellectance: how much a person could be a resource of solving problems such as technical ones confronting the group (creative, adventurous, and analytical).

Because socioanalytic theory postulates that job performance ratings are predicted by basic social motives moderated by social competency, in a recent study by Vo and Bogg (2015) socioanalytic theory was considered as the joint between the theory-of-planned-behavior (Ajzen , 1991; Ajzen et al., 2011) and the social cognitive theory (Bandura, 1986; Schunk & Usher, 2012). The theory of planned behavior holds that "intentions to perform behaviors of different kinds can be predicted with high accuracy from attitudes toward the behavior, subjective norms, and perceived behavioral control" (Ajzen, 1991, p. 179), whereas social cognitive theory postulates that individuals learn from the social environment through observation to develop a sense of agency in their lives. While the former holds that some of the individual's knowledge acquisition can be related to observing others within the context of social interactions and experiences, the theory of planned behavior links believes to behaviors.

# Individual Employee Performance Assessment

## Constructs/Models of Performance Assessment

In assessing employees' job performance in relation to job domain the literature revealed some well known constructs such as organizational citizenship behavior (Mehrabi et al., 2013; Organ, 1988, 1997; Zhang et al., 2011); contextual performance (Borman & Motowidlo, 1993; Demerouti et al., 2014) through the use of the scales of Goodman and Svyantek (1999); accomplishments by which is meant measuring internal group dynamics processes, such as decision-making or problem-solving processes, or group/team development through role-results matrix (Workforce Compensation and Performance Service, 2001, p. 39); potential for future improvement or simply potential improvement which is based on testing some characteristics such as methodological expertise, social competence, professional competence, critical thinking, competence in modification, etc. (Backer, 2012; Ritz, 2005; Steindl, 2003), and employees' strengths and weaknesses by evaluating some key attributes such as attendance, communication (oral, written), creativity, customer service, decision Making abilities (judgment), etc. (Managing Employees, 2007).

***Organizational citizenship behavior.*** *According to Mehrabi et al. (2013) almost 30 different types of organizational citizenship behavior have been identified but most importantly they all converge to assess types of behaviors that go beyond formal organizations according to predefined behaviors that are not directly rewarded or are not recognized by formal structures (p. 510). Summarized in Figure 2, organizational performance is the volatility that is explained by the dimensions of organizational citizenship behavior (Mehrabi, Abtahi, & Dehbalaee, 2013).*

1. Constructive statements about the team and the organization;

2. Avoid unnecessary conflict;

3. To help team members;

4. Volunteering for cross-functional activities;

5. Respect for rules and regulations;

6. Withstand the harsh conditions imposed on business.

*Figure 2*. Characteristics of good corporate citizenship.

Organ (1988, as cited in Mohanty, 2013, p. 183; & Kegans et al., 2012, p. 75) defined OCB with five dimensions (Figure 3). However, it is important to note that four subtypes of organizational citizenship behavior could be identified namely altruistic OCB based on personality, responsible OCB based on reciprocity, instrumental OCB based on self-interest, and compulsory OCB based on stress (Zhang et al., 2011, p. 364).

**The Organizational Citizenship Behavior Variables**

**Altruism**

Discretionary workplace behaviors on the part of the employees that have the effect of helping a specific other with an organizationally relevant problem.

**Conscientiousness**

Discretionary workplace behaviors on the part of the employees that go well beyond the minimum role requirements of the organization in the areas of attendance, obeying rules and regulations, taking breaks, and so forth.

**Sportsmanship**

Willingness of the employee to tolerate less than ideal circumstances without complaining - to "avoid complaining, petty grievances, railing against real or imagined slights, and making federal cases of small potatoes" (Organ, 1988, p. 11).

**Courtesy**

Discretionary workplace behaviors on the part of an individual aimed at preventing work-related problems with others from occurring.

**Civic Virtue**

Behavior on the part of an individual that indicates that he or she responsibly participates in, is involved in, or is concerned about the life of the company (Podsakoff et al. 1990).

*Figure 3*. Organizational citizenship behavior variables.

***Contextual performance.*** *Contextual performance is defined as a performance that is "not formally required as part of the job but that helps shape the social and psychological context of the organization" (Borman & Motowidlo, 1997, p. 99). As Christian et al. (2011) advanced, when individuals invest energy into their job related roles, they would normally produce higher contextual performance, which would lead to an individual's tendency to behave in ways that facilitate the social and psychological context of an organization (p. 101). Employees who invest such energy are likely to carry a broader conception of their role and step outside of the formal boundaries of their job to facilitate the organization and the people within. Christian et al. (2011) studied the correlations among different independent variables on a mediator variable (work engagement) and* *on task performance and contextual performance as dependent variables. They identified five categories of contextual performance (Figure 4).*

1. volunteering to carry out task activities that are not formally part of the job;

2. persisting with extra enthusiasm when necessary;

3. helping and cooperating with others;

4. following organizational rules and procedures;

5. endorsing, supporting, and defending organizational objectives.

*Figure 4.* Five categories of contextual performance.

Nevertheless, Campbell (1990a; Campbell et al., 1993) provided one of the first large scales that integrated the numerous dimensions of contextual performance into a comprehensive model (Figure 5).

1. job-specific task proficiency;
2. non-job-specific task proficiency;
3. written and oral communication;
4. demonstrating effort;
5. maintaining personal discipline;
6. facilitating peer and team performance;
7. supervision/leadership;
8. management/administration.

*Figure 5.* Dimensions of contextual performance.

In their article, Christian et al. (2011) broached the limitation of research in determining what dimensions to use to measure within-person and between person criteria (Figure 6). The authors advanced that the majority of studies use the self-report methods which most of the time benchmarked against estimates taken from other studies. The authors suggested that researches should augment their methodologies for assessing the motivation and capability of workers. Christian et al. also suggested more focused should be accorded to attachment and motivation as they could better explain the relationship between personality and performance (p. 123).

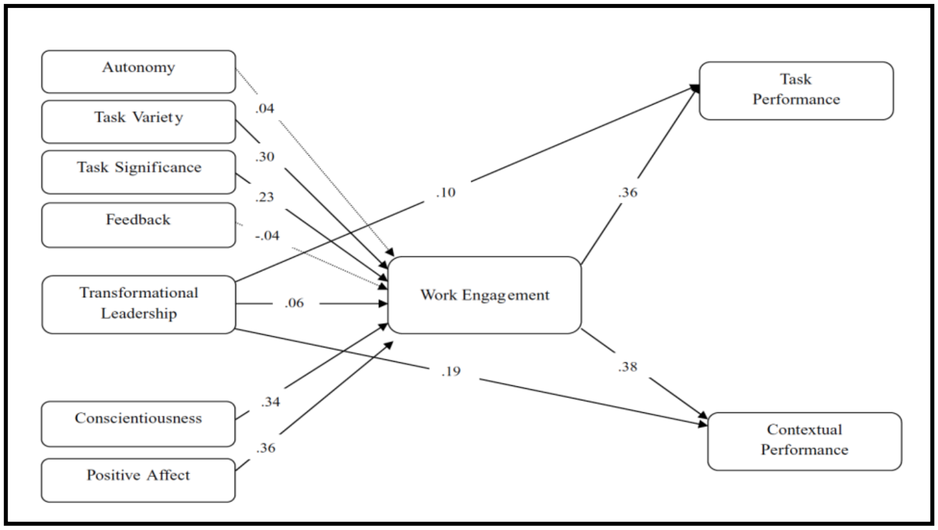



*Figure 6.* Relationship between personality and performance. Adapted from "Work Engagement: A Quantitative Review and Test of Its Relations With Task and Contextual Performance," by M. S. Christian, A. S. Garza, and J. E. Slaughter, 2011, *Personnel Psychology*, *64*(1), p. 119. Copyright [2011] by [Wiley Periodicals, Inc.].

***Role-results matrix.*** *Role-results matrix is a matrix in which each employee report the results of what they produced to support the unit's accomplishments (Figure 7). It's used to especially measure individual involvement within teams.*

| Unit Employees | Unit Product or Service | Unit Product or Service | Unit Product or Service | Unit Product or Service |
|---|---|---|---|---|
| **Employee 1** | *Accomplishment* | *Accomplishment* | *Accomplishment* | *Accomplishment* |
| **Employee 2** | *Accomplishment* | *Accomplishment* | *Accomplishment* | **N/A* |
| **Employee 3** | *Accomplishment* | **N/A* | *Accomplishment* | *Accomplishment* |
| **Employee 4** | **N/A* | *Accomplishment* | *Accomplishment* | *Accomplishment* |

*The employee had no part in this work unit product or service.

*Figure 7.* Role-results matrix. Adapted from "A Handbook for Measuring Employee Performance Aligning Employee Performance Plans With Organizational Goals" (p. 39), U.S. Office of Personnel Management, Performance Management and Incentive Awards Division, 2001, Washington, DC: Author.

*Self-report, tradition, and the 360-degree appraisal. Some scholars and practitioners compared and contrasted these forms of appraisals in their research to mostly measure competencies' motivation, or the impact of personality on motivation (Craig & Hannum, 2006; O'Boyle, 2013; Potočnik & Anderson, 2012). The difference between the traditional and the 360-degree appraisal was presented by O'Boyle (2013). Most importantly, the* *dimensions used to assess employee performance with each of these systems are similar. The mainly used dimensions are the Bartram Dimensions (Figure 8). Managers refer to both 360-degree and self-report to compare results of self-perceptions on behaviors and observed behaviors or competencies (Figure 9). Competency is defined as a "set of knowledge, skills, attitudes, values, and personal qualities that individuals should posses to successfully perform a group of related tasks" (Hensel et al. 2010, as cited in Potočnik & Anderson, 2012, p. 499).*

1. leading and deciding;
2. supporting and cooperating;
3. interacting and presenting;
4. analyzing and interpreting;
5. creating and conceptualizing (innovation competence is included);
6. organizing and executing;
7. adapting and coping;
8. enterprising and performing.

*Figure 8.* Bartram dimensions.

Welbourne et al. (1998) also presented components of employee behavior that encompass different aspects of performance namely, job, organization, career, innovator, and team roles.

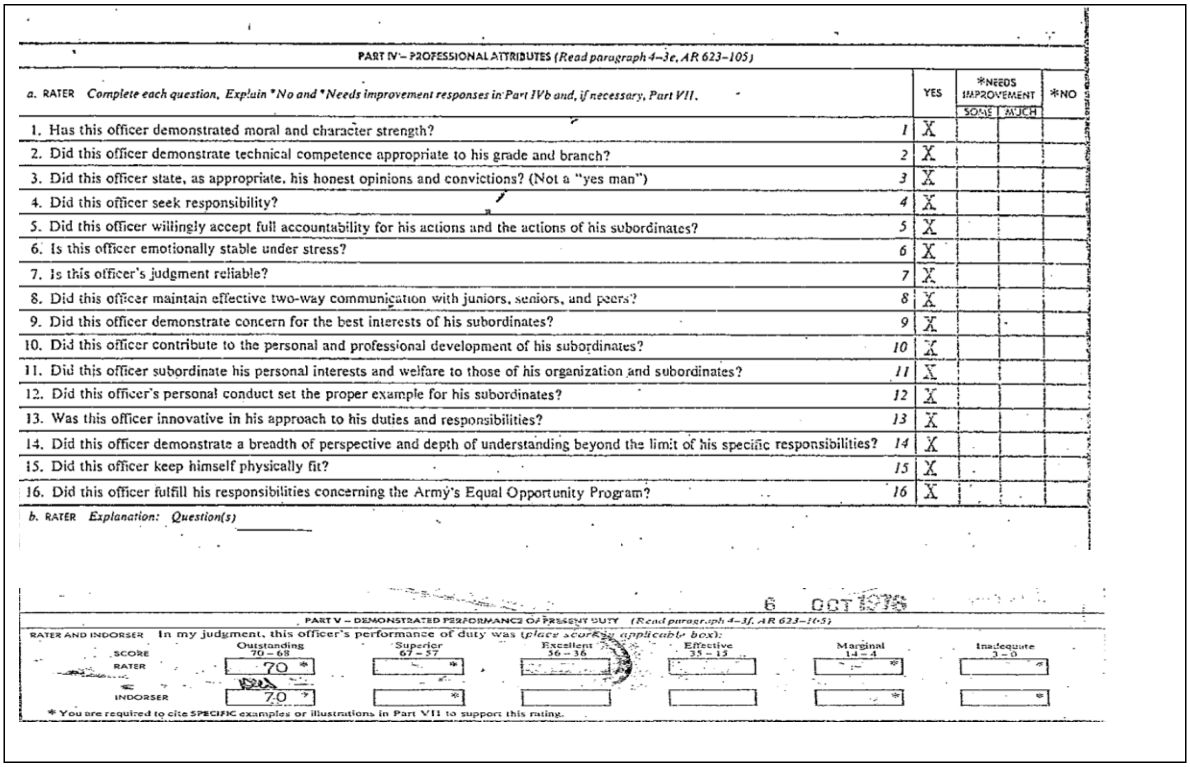
*Table I. Traditional performance appraisals versus 360-degree feedback*

| Criteria | Traditional performance appraisals | 360-degree feedback |
|---|---|---|
| Why? | To provide an evaluation on past performances from a single source | To provide an evaluation and feedback on behaviour and development needs from multiple sources |
| Raters | Line manager | Peers, subordinates, self, line manager, external individuals and groups |
| Feedback | The line manager cannot have anonymity | The multiple sources of feedback are able to remain anonymous |
| Assessment | Both quantitative and qualitative methods are employed | Generally only quantitative methods are employed |
| Outcomes | Salary, promotion, transfer, demotion, training and development | A strong focus on training and development in order to improve future performance. Can also be linked to compensation |
| Frequency | Annual event | Continuous, not limited to specific time frames |
| Applicability | All employees | All employees (unless there are too many staff) |

*Figure 1 Potential raters in 360-degree feedback (adapted from McCarthy and Garavan, 2001)*

*Figure 9*. Traditional performance appraisal versus 360-degree feedback. Adapted from "Traditional Performance Appraisal Versus 360-Degree Feedback," by I. O'Boyle, 2013, *Training & Management Development Methods*, *27*(1), p. 204. Copyright [2013] by [Emerald Group Publishing Limited].

***Professional attributes.*** *Mostly used by the military and hospitals to appraise their employees (Currey et al., 2015). Professional attributes (Figure 10) are mostly related to: demonstration of moral and character strength, technical competency in relation to branch, honest opinion and convictions, responsibility, full accountability for own actions, emotional stability under stress, reliable judgments, maintenance of effective communication, leadership, innovativeness, breadth of perspective and depth of understanding, physical fit, and responsibility fulfillment. Potential, however was related to promotion (Figure 11).*



PART IV – PROFESSIONAL ATTRIBUTES (Read paragraph 4–3e, AR 623–105)

| a. RATER Complete each question. Explain *No and *Needs improvement responses in Part IVb and, if necessary, Part VII. | | YES | *NEEDS IMPROVEMENT SOME | *NEEDS IMPROVEMENT MUCH | *NO |
|---|---|---|---|---|---|
| 1. Has this officer demonstrated moral and character strength? | 1 | X | | | |
| 2. Did this officer demonstrate technical competence appropriate to his grade and branch? | 2 | X | | | |
| 3. Did this officer state, as appropriate, his honest opinions and convictions? (Not a "yes man") | 3 | X | | | |
| 4. Did this officer seek responsibility? | 4 | X | | | |
| 5. Did this officer willingly accept full accountability for his actions and the actions of his subordinates? | 5 | X | | | |
| 6. Is this officer emotionally stable under stress? | 6 | X | | | |
| 7. Is this officer's judgment reliable? | 7 | X | | | |
| 8. Did this officer maintain effective two-way communication with juniors, seniors, and peers? | 8 | X | | | |
| 9. Did this officer demonstrate concern for the best interests of his subordinates? | 9 | X | | | |
| 10. Did this officer contribute to the personal and professional development of his subordinates? | 10 | X | | | |
| 11. Did this officer subordinate his personal interests and welfare to those of his organization and subordinates? | 11 | X | | | |
| 12. Did this officer's personal conduct set the proper example for his subordinates? | 12 | X | | | |
| 13. Was this officer innovative in his approach to his duties and responsibilities? | 13 | X | | | |
| 14. Did this officer demonstrate a breadth of perspective and depth of understanding beyond the limit of his specific responsibilities? | 14 | X | | | |
| 15. Did this officer keep himself physically fit? | 15 | X | | | |
| 16. Did this officer fulfill his responsibilities concerning the Army's Equal Opportunity Program? | 16 | X | | | |

b. RATER Explanation: Question(s)

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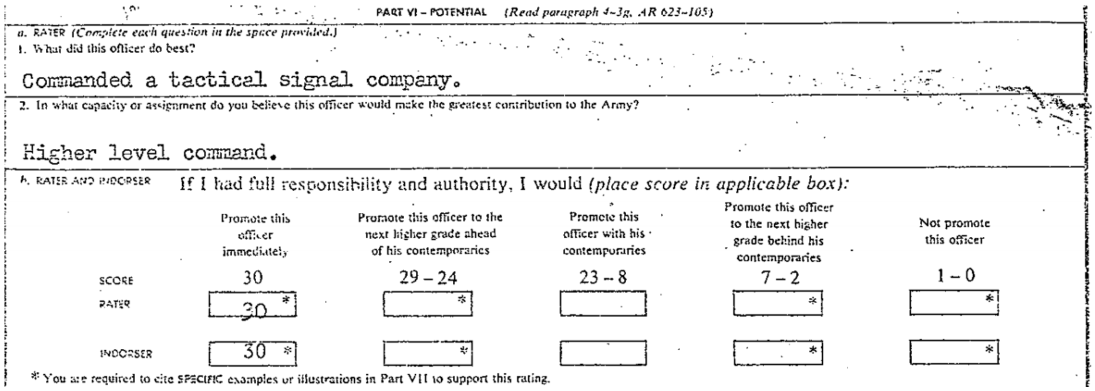
PART V – DEMONSTRATED PERFORMANCE OF PRESENT DUTY (Read paragraph 4–3f, AR 623–105)

RATER AND INDORSER In my judgment, this officer's performance of duty was (place score in applicable box):

| SCORE | Outstanding 70 – 68 | Superior 67 – 57 | Excellent 56 – 36 | Effective 35 – 15 | Marginal 14 – 4 | Inadequate 3 – 0 |
|---|---|---|---|---|---|---|
| RATER | 70 * | * | | | * | * |
| INDORSER | 70 * | * | | | * | * |

* You are required to cite SPECIFIC examples or illustrations in Part VII to support this rating.

*Figure 10*. Professional attributes.


PART VI – POTENTIAL (Read paragraph 4–3g, AR 623–105)

a. RATER (Complete each question in the space provided.)

1. What did this officer do best?

Commanded a tactical signal company.

2. In what capacity or assignment do you believe this officer would make the greatest contribution to the Army?

Higher level command.

b. RATER AND INDORSER If I had full responsibility and authority, I would (place score in applicable box):

| | Promote this officer immediately | Promote this officer to the next higher grade ahead of his contemporaries | Promote this officer with his contemporaries | Promote this officer to the next higher grade behind his contemporaries | Not promote this officer |
|---|---|---|---|---|---|
| SCORE | 30 | 29 – 24 | 23 – 8 | 7 – 2 | 1 – 0 |
| RATER | 30 * | * | | * | * |
| INDORSER | 30 * | * | | * | * |

* You are required to cite SPECIFIC examples or illustrations in Part VII to support this rating.

*Figure 11*. Potential.

## Performance and Motivation

Because of the complexity of some models when relating personality, motivation and performance, it was crucial to take a closer look to the nature of the relationship between employee performance and motivation. Rizwan et al. (2014) stated that motivation is a very important driving force that leads toward attaining organizational goals and objectives. The purpose of their study was to determine the factors influencing employee motivation in Pakistan. The authors were also interested to determine the extent to which motivation affects employee performance.

Like Rizwan et al. (2014) alleged, every individual in an organization could be motivated by something different, however, managers should be able to motivate employees since employees represent the assets of any organization. Up to this date, subject of motivation is still not clearly understood by practitioners/managers and more often poorly practiced. It is crucial, consequently, to understand human nature to be able to understand what motivate participants. Understanding the human nature or personality is a complex matter as well. It is that willingness to give more to the organizations that managers must strive to build.

According to Rizwan et al. (2014), goals can be achieved through motivation if co-ordination and co-operation take place simultaneously. Stability is another important factor, as it would promote reputation and premium value for the company. The authors asserted that an employee could become loyal to the enterprise only when they feel the sense of inclusion or have a feeling of participation in management. Employee efficiency and skills would always be an advantage to the organization and the employee, and a good public image to both, especially to the organization such as in attracting competent and qualified people.

Organizational performance and its management system could highly impact the moral and productivity of employees (Stajkovic, 1999) and it is better explained through the path-goal model (House, 1996; Judge et al., 2013).

Reward management is a form of motivational technique that is mostly used to achieve desired goals and enhance employee performance. Organizations believe when they motivate their employees they could attract, capture, and retain employees with high potential. The literature revealed that motivation is of two forms: intrinsic and extrinsic. While extrinsic is more about the financial rewards, intrinsic is about the extra advantages that would make an employee more satisfied. Intrinsic motivation is the intangible award of recognition that is explained in Maslow's hierarchy of need by conscious satisfaction. Rizwan et al. (2014) asserted that motivation is a mean to an end. It enables behavioral change and drives an individual to act in the direction of a specific goal, which, according to Grant (2008) productivity, performance, and persistence. Herzberg (1966) thought that an intrinsic satisfaction with the job leads to better performance and enhanced work satisfaction.

Rizwan et al. (2014) affirmed that in a business-to-business environment employees are motivated by the autonomy and freedom they were accorded and also the responsibility, position, and task they are given. They concluded that while the study demonstrated strong correlation between intrinsic rewards and motivation and that motivation has always been the pushing force towards employee performance, variables such as demographic characteristics, personal characteristics, and abilities and needs should also be considered for goal achievement in examining employee motivation. States-of-mind and behaviors measured are important to consider when examining the relationship between motivation and performance.

Christen et al. (2006) have linked performance to motivation and job satisfaction. In their study, performance was linked to the motivation of employees and thus the degree of effort they make was examined from the perspective of ambiguities in the literature. The authors argued that empirical research is weak with respect to showing a positive relationship between job performance and job satisfaction. In this regard, Lazaroiu (2015) provided evidence on the causal link between different need satisfactions and employee job performance. However, he advanced that intrinsic motivation is the dimension that presents a problem for practitioners. Managers are aware that intrinsic motivation brings about the type of conduct managers seek in their ideal worker, but the link between effort and performance is similarly not supported by strong empirical data.

Both authors concluded that conflicting findings in much research is the result of either inconsistency in both measurement and definition of constructs, failure to clearly distinguish between employee input in a work relationship, or failure to account for omitted variables that could eliminate bias.

**Motivation and Behavior**

New management procedures (Drumea, 2011) are needed to bring about the performance required for tactical success. According to Maslow's hierarchy of needs (Vanagas, & Raksnys, 2014) workers are interested in fulfilling external necessities such as physiological needs, safety, and security that require provision by employers. At the workplace, workers look for a sense of community and acceptance by fellows and overseers. The management role, in this case, is to assist staff in feeling associated with the organization and its culture. Employees also look for the external esteem that could be fulfilled by attaining the social and professional standing, gratitude, appreciation, and recognition by others.

Adams (1963) defined equity as the craft of one person being honest and neutral with another individual(s) in a social interplay. When an inequity occurs, a person will always look to go back to a stage of equity by clearing up an inequity. Inequity could be caused by stress, tension, pressure, and demotivation. According to Adams a sentiment of equity emanates from a balance between the inputs and output of self in relation to others and a contrast between persons that would converge to an arrangement. When the arrangements diverge, inequity is perceived and stress would surface. As Adams explained, demotivation happens when workers feel that their workplace inputs, requiring their work endeavors, is higher than the outputs targeted. Inequity enhances discontentment and may not attract or retain the better employees. Adams's equity theory should employed by managers because as Shore and Strauss (2012) suggested when individuals feel discomfort from inequity, they may limit their inputs, question mark the relationship between work and gain, or literally leave the organization.

Fomenky (2015) identified the factors that affect employee motivation with an inclusive viewpoint of the relationship between organizational effectiveness, employee motivation, and workers performance. He also used Maslow hierarchy of needs as a backbone theory for his study. Fomenky sought a better understanding of causal relationships that improve performance. Data were gathered from a sample population and then analyzed. Performance was addressed from both intrinsic and extrinsic perspectives. Similar to the previous researches, the findings indicated that financial incentives were the strongest factor correlating to performance.

Motivation was also examined from another angle and especially from the perspective of non-for-profit or faith-based organizations. Carter (2011) in her dissertation noted that the power and affiliation stages of employee integration are marked by higher performance levels and is correlated with a greater sense of loyalty. Loyalty should really be examined as an intrinsic motivator factor.

Understanding the factors that motivate employees is essential to the success of achieving organizational objectives. Therefore, capturing and explaining the full range of such motivations links directly to performance. A review of earlier research found classical and most popular theories describing employee motives neglecting, or omitting entirely, the ethical and spiritual dimensions of motivation. The impact on performance could be expanded on linkages to self-interested, amoral, and non-spiritual reinforcement of behavior. The ethical and spiritual dimensions of motivation could serve as a guide for further research that might lead to improved employee performance by fostering greater human flourishing the workplace.

**Motivation and Personality**

Vaiman et al. (2011) sought to challenge the claim that traditional and non-traditional employees differ significantly in terms of their needs, personality characteristics, and work motivation patterns. The authors defined the non-traditional employees as the contingent worker, self-employed, contractors, temporary staff, etc. Traditional workers are those hired on a permanent basis, “full-time work under an unlimited-duration contract” (p. 311). Vaiman et al. added that many categories are used to label contingent workers but no matter what the category is, these employees, due to the nature of their employment contract, are less committed to the firm, less satisfied, and less likely to exhibit extra-role behaviors (p. 315). Contingent workers are assumed to possess certain personality characteristics such as being both suppliers and risk takers (p. 315). They strive for autonomy, flexibility, and self-control and have high level of self-efficacy and high need for achievement. They generally value direct feedback on their performances. The personality characteristics that would categorize these workers could be labeled as “extraversion, agreeableness, conscientiousness, emotional stability, openness, and general self-efficacy” (p. 316).

It appears that for personality characteristics appraisal, the model that is used by most researchers is the one already mentioned previously in this research, the big five personality dimensions (BFPD) which dimensions are: extraversion, agreeableness, conscientiousness, emotional stability, and openness. The self-efficacy dimension was measured through self-belief. Interestingly, when traditional and non-traditional workers were asked about rating the reasons for staying with their companies, the factors suggested were: adequate payment, working autonomy, training and mentoring opportunities, providing clear goals, deliverables and feedbacks, recognizing achievement and offering career advancement opportunities, and provide flexible working hours and flexible compensation plans.

Vaiman et al. (2011) acknowledged that many studies have focused on employees needs, personality characteristics, and work motivation patterns differences; however, their study demonstrated no significant differences in relation to traditional and non-traditional workers' needs, motivation, and personality characteristics. As they suggested, a deeper investigation on workers' personality differences is necessary as other existent characteristics might influence human resource management strategies in attracting, selecting, and retaining workers.

Lijun et al. (2014) used motivation as a control variable, to examine how the variables of personality, motivation, and performance are related. The authors defined organizational performance as the way to measure employees' quality and their social reaction. Criteria for measurement used are satisfaction, quality, social responsibility, etc. (p. 126). Lijun et al. discussed, scholars' arguments about the definition and criteria of personality. Lijun et al. indicated that “Allport (1963) [defined] personality [as] an inherent tendency of the individual’s response to the stimuli from the environment… Zhangchun Xing (1997) thinks that the personality trait is the unique character of individual adapt to the transaction and the whole environment” (p. 128). In psychology, personality relates to individual's behavior and his responses to personality characteristics such as shyness and timidity.

Lijun et al. (2014) saw that in today’s environment, extrinsic motivation such as monetary reward is not among workers’ first choice. Today employees support innovation, vision, independence and challenges. In relation to performance, the author used performance metrics to measure financial, business, and organizational performance (moral). Lijun et al. concluded that those employees who have higher level of agreeableness extrovert have better business performance.

Nelson (2011) examined whether there was a statistically significant relationship between any personality traits (agreeableness, conscientiousness, extroversion, neuroticism, and openness) and performance in an incentive program that does not involve extrinsic motivation (cash-incentive). Nelson sought to examine if any combination of these five personality traits could sufficiently predict performance. Unfortunately, despite that the literature on personality pointed to the fact that some personality traits of the big five do have a relationship to performance and even to incentive performance. There was no significant correlation found between any of the personality traits and performance in the non-cash incentives in Nelson’s study. The study’s results were insignificant to build the conclusion that personality dimensions predict performance.

**Motivation and Employee’s Work Ethic**

When searching the literature about motivation in relation to employee work ethics, it was noticeable that many studies were located in that area. As a matter of fact, when searching the subject, studies were more likely to relate the concept of employee work ethics to employee’s job satisfaction (Arminda, 2013; Zaman et al., 2013), innovative work behavior (Thaliath & Rejoice, 2012; Tu & Lu, 2013; Yidong & Xinxin, 2013), work attitude (Valentine et al., 2014), and citizenship behavior (Abbasi & Rana, 2012). Nonetheless, in their study, Osibanjo et al. (2015) discussed how work ethic affects workers job performance and emphasized that sustainable performance could only be achieved through strong work ethics.

Work ethics could be observed through employee encouragement for integrity and his/her sense of responsibility, quality, self-discipline, and sense of teamwork. It is important to know, however, that some scholars have argued that any of such conducts are limited just to the job description and responsibilities. Osibanjo et al. (2015) defined ethic as “the collection of values and norms, functioning as standards or yardstick for assessing the integrity of individual conduct” (p. 109). Osibanjo et al. also offered four areas in which ethic is usually conceptualized: “actions, the act (right, wrong, permissive), Consequences (good, bad, indifferent), Character (virtuous, vicious) and Motive (goodwill, evil will)” (p. 109). When defining ethics as a field involving the studies of human behavior, the definition that was given by most of the scholars is very similar to the Hogan (1963) socioanalytic theory. It involves as a matter of fact what is expected of an employee when the employee is performing one's duties at work. It is also what is expected of him/her by others within the society.

Osibanjo et al. (2015) also discussed what constitute ethical behaviors and suggested four main perspectives/views. The utilitarian view considered how things are done, "does a decision or behavior do the greatest good for the most people?" (p. 109) It assesses the moral implications of decisions in terms of their consequences. It can promote worker's efficiency but at the same time can result into ignoring the rights of some individuals in the larger society. The individualism view; "does a decision or behavior promote one's long term self-interest?" (p. 109) holds that one primary commitment depends on the long-term self-interests. Individualism view promotes honesty and integrity but sometimes might result into "pecuniary ethics" (p. 110). The moral-right view; "does a decision or behavior maintain the fundamental rights of all human beings?" (p. 109) intends to protect the fundamental rights of people and the justice view; " does a decision or behavior show fairness and impartiality?" (p. 109) is based on the "belief that ethical decisions treat people impartially and fairly according to guiding rules and standard" (p. 110). Osibanjo et al. (2015) confirmed that work ethics guide workers activities and help management to monitor and control the employees' activities. Osibanjo et al. concluded that strong work ethics is capable of creating a long lasting employees job performance and to attain excellent job performance, it is imperative for employees and organizations to promote good practices at work.

## Performance and Loyalty

Employees could make a critical difference on the business success of an organization especially on its innovation, performance, and competitiveness. Therefore, employees' dedication to the job, emotional investment, and the regularity of their commitment to the organization are important for the longevity and the performance of the organization (Bakker & Schaufeli, 2008). Managers have long used the four D approach (damage, disease, dysfunction, and disorder) to prevent low performance, low-motivation, unwell-being, and employees' disengagements.  As Bakker and Schaufeli (2008) described, something more is needed such as positive organizational behavior (POB) focusing on positive qualities rather mental illness initially addressed by psychology (p. 148). "The economics and management literatures seem to be unanimous about the positive effects of loyalty for organizational performance" (Guillon & Cezanne, 2014, p. 839). Loyalty is also another positive quality that might boost employee and organizational performance.

A closer look to the literature revealed that loyalty was not among the variables considered in performance domain appraisal. The models used to qualitatively appraise performance mostly covered job-specific and non-job-specific tasks, how to maintain personal discipline, supervision and leadership, flexibility, and others. Perhaps loyalty dimension of performance was not included in most of the performance frameworks because researchers conceder loyalty as generic, non-job specific, work behavior, or part of all jobs. However, past research has shown that loyalty is present in any type of job.

Guillon and Cezanne (2014) clarified the relationship between employee loyalty and organizational performance. A key premise is that employee loyalty creates value for the organization, even as the authors point out, in the absence of a consensus on the definition of loyalty. Their research addressed the question of whether there is a robust positive link between factors associated in the literature with respect to linkages between employee loyalty and employee performance. The authors identified and summarized what they called various and/or divergent factors comprising loyalty. They re-examined the existing work on employee loyalty and identified points of agreement and difference. They provided a survey of the literature by reviewing the various approaches to employee loyalty in the literature. They followed the snowball effect method (p. 840) by examining the studies that focused on employee loyalty and performance published between 1970 and 2013 in peer-reviewed academic journals. Following are the most important indicators:

- Attachment
- Feeling of belonging
- Staying late at work
- Length of service
- Rate of mobility, employee turnover
- Commitment
- Degree of participation
- Psychological contract
- Trust

- Organizational deviance,
- Intention/desire to leave
- Absenteeism intentions
- Sense of sacrifice
- Positive word-of-mouth
- Specific human capital

**Measuring Loyalty**

Guillon and Cezanne (2014) compared these indicators of loyalty in relation to their relevance to different indicators of performance. In the findings the authors pointed out ambiguity with respect to any practical means of measuring loyalty as a source of value for the organization. It was noticeable that two stratifications could be deduced from Guillon and Cezanne. The first relates to moral, emotion, and attitudinal approach that could be described as feelings. In this regards, many researchers have agreed that feelings are hard to observe. Researchers and practitioners rely on self-reported qualitative evaluation to measure feelings which outcomes are not condemned from ambiguity because of the diverse meaning that relate to these indicators. The second stratification relate to the constructive behavioral approach (p. 840). Guillon and Cezanne indicated that most of the related indicators are materialized in the relation between the employee and the organization. Researchers and practitioners use the "EVLN" (Rusbult et al., 1988; Naus et al., 2007) frameworks.

In the EVLN model, loyalty was suggested as one of five possible reactions to dissatisfaction (Guillon & Cezanne, 2014, p. 841); these reactions are: exit, voice, loyalty, neglect, and cynicism (Hirschman, 1970; Mellahi et al., 2010; Naus et al., 2007; Rusbult et al., 1988; Tucker, 2010). As a matter of fact loyalty is one employee's choice to remain as a constructive worker despite the dissatisfaction in the job. The literature revealed that link between employee loyalty and performance varies as different organizations incorporate various indicators into their measurement tools.

Sharyn (2005) examined how to simplify and shorten loyalty surveys for marketers and to summarize and categorize loyalty measures developed in previous academic surveys. The research helped in understanding the links between loyalty and performance because it considered a broad range of survey-based loyalty measures. In a marketing construct the issue of loyalty is in relation to customers or potential customers. Researchers, in this regard, suggested attitudinal loyalty as the most important dimension. In the marketplace, key loyalty issues are related to behavioral intentions, complaints about various issues, and acceptance or resistance to alternative choices affecting performance. I concluded by affirming the existence of important managerial implications to the workforce. Perhaps the most significant is that loyalty measurement is complicated and researchers must take care to refine their understanding of what measures may be most appropriate for use and what their loyalty survey captures.

In their article, Whiting et al. (2008) considered voice and organizational loyalty as important forms of citizenship behavior aimed to enhance organizational effectiveness. As the authors indicated:

> One reason why loyalty might be an important determinant of appraisals relates to the common perception that commitment to organizations in present-day work

> environments is on the decline…. Loyalty behaviors are, in many ways, behavioral manifestations of organizational commitment. Indeed, supporting and defending the organization to outsiders, remaining committed to the organization even in difficult circumstances, and contributing to its good reputation all seem to be behaviors consistent with an attitude of affective commitment to the organization. If managers believe that commitment is on the decline, as reported in the business press…and if loyalty can be considered a behavioral manifestation of commitment, then it makes sense for raters to value such behaviors in their performance evaluations (p. 129).

Whiting et al. presented statistical evidence that task performance, helping behavior, and organizational loyalty behavior were each significantly related to overall performance appraisals. The higher is the level of these behaviors, the greater is the performance appraisal ratings. More significance was shown by task performance, followed by loyalty then helping behavior. The estimated effect sizes showed that all three behaviors explained considerable amounts of variance in appraisal decisions (p. 133). The study suggested that it would be wise to pay additional attention to organizational loyalty and the potential impact that it might have on other decisions such as pay allocation and promotions in organizational settings.

**Knowledge Management and Loyalty**

Some researchers have proposed that loyalty is a performance factor because of the issues that managers face when they try to retain high performing employees. As previously indicated, Hirschman (1970) developed the concept into the Exit-Voice-

Loyalty-Neglect (EVLN) model in organizational behavior. When an individual's performance is being hurt by management policies or behaviors, the party seeks to be heard through performance decrease so they intend to reduce work efforts, pay less attention to quality, or increase absenteeism and lateness. Loyalty declines and the individual must choose to increase performance or seek employment elsewhere. Whether alternative positions are an option is determined by the exit costs such as physical, moral, material, or cognitive situational factors. Whatever the specific situation, the decline in loyalty offers potential for harm to the organization because of performance decline.

Tucker (2010) examined worker performance in a construct of a lack of employer loyalty, namely a failure to provide a safe working environment for employees. It seeks to understand a reduction in performance measured against four safety-specific variables. Using the acronym EVPN (Exit, Voice, Patience, and Neglect), the author presented an original study on reactions of young workers to declining safety conditions. Essentially the focus was whether data would show a lack of performance if employers allow careless conditions, and thus abandon loyalty in the context of protecting performance. The measurements assume reduced performance when employees think about quitting the job, actively complain about conditions, quiet but angry about a failure to respond, or when they neglect own safe practices in spite against the organization. The results were most participants in the survey chose patience as a response to concerns about workplace safety. Voice is reserved for serious safety concerns. Unsafe behavior by the employee is rare and exit is uncommon and only used when all else fails.

Brown et al. (2011) explored the determinants of a measure of worker commitment and loyalty (CLI). Their objective was to find out whether the CLI impacts workplace performance. They sought to ascertain whether worker commitment and loyalty influence labor productivity and financial performance at the firm level (p. 926). In their discussions about loyalty, the authors indirectly subscribed three different dimensions to describe loyalty and those are affective commitment, attachment, and attitude. Nevertheless, a closer look to the literature revealed that among the various factors influencing affective commitment, the most relevant factors are organizational communication, employee empowerment through participation and involvement, and trust or better yet communication, involvement, and trust. The authors concluded that employee characteristics, specifically age and gender, play a great role in terms of the magnitude of the marginal effects across the CLI thresholds (p. 944). The age groups considered in his study were as follows:

Age 16-19

Age 20-29

Age 30-39

Age 40-49

Age 50-59

Age 60-64

Brown et al. (2011) inferred that the youngest age group is more likely to respond in the lowest CLI category relative to those aged over 65 by 78 percentage points (p. 944). Interesting findings as more practitioners and organizations are leaning towards a better understanding of the millennial workers as millennials have a different outlook on what they expect from their employment experience. Moreover, the employee level analysis of the determinants of employee attitudes suggested "not only a role for worker characteristics, but also for workplace characteristics, in particular human resource practices and engendering employee trust in the organization" (p. 952).

## Summary

The literature revealed that the history of qualitative performance appraisal (PAS) was particularly focused on three objectives: results, behaviors, and personal characteristics. With the rapid economic development, personnel potential became an important factor to advance companies' competitive power. In recent researches, PAS was recognized as an important human resource development (HRD) tool designed for the round development of employees not only for the assigned jobs description but also for meeting the job domain and the expectations of supervisors and the organization at large. The PAS, as described in the literature is also capable to solve internal problems, attain targeted business goals, and identify employees with potentiality.

Specialized in socioanalytic theory, Hogan (1983) discussed behavioral concepts by combining evidence and insights from psychoanalysis. Theories discussed related concepts in coordination with symbolic interactionism where most research uses qualitative techniques to examine social interaction built upon identity and reputation. Literature revealed that the majority of interactional research focused on motivation, behaviors, and/or their components ignoring loyalty as a component of either identity or reputation. Addressing the question of whether there is a robust positive link between factors associated in the literature with respect to linkages between employee loyalty and employee performance, as it was revealed in the literature, from an identity perspective, whether we are loyal is major factor in our value system. Researches has proposed that loyalty impacts the organizational performance and some have even considered it as a performance factor because of the issues that managers face when they try to retain high performing employees. A person's identity is often established by the loyal relationship with organizations and can be viewed under a psychoanalytic perspective. It also has a component in reputation as loyalty is a positive factor and disloyalty is negative. These issues are consistent with the material in this referenced work as they build upon the recognition that people are basically oriented toward social interaction and thus might prefer to bond in a loyalty framework to enhance relationships.

This sociological perspective of loyalty in the referenced work is enhanced by the socioanalytic theory. Since people behave in pursuit of their values derived from social interaction, research implies that employees constantly must assess or must be assessed about these relationships. The above referenced work offers many other compelling places to include loyalty in discussions of socioanalytic efforts to link theory and measurement.

# Chapter 3: Research Method

## Introduction

The two previous chapters dealt with the collection of artifacts, texts, and models that relate to employee performance, qualitative performance appraisal, and loyalty in relation to performance. The literature revealed that loyalty is a performance factor; however, measuring it is a challenge for practitioners and researchers. As the literature revealed, most of the suggested indicators are related to either feelings (morale, emotion, or attitude), which are hard to measure, or constructive behavior (staying late at work, absenteeism, positive word-of-mouth, etc.) measured through the use of exit, voice, loyalty, and neglect (EVLN). The EVLN is an approach that is more related to organizational behavior than to employee behavior.

This chapter outlines a qualitative method that was used to assist in exploring the perceptions of employees with respect to the role of loyalty as a component of performance in the workplace for the purpose of building a loyalty construct. This research pursued the following significant findings under the expectation that they would lead to positive social changes at the individual and organizational levels:

- For Research Question 1, a better understanding of current employees' perception of the meaning of loyalty can help organizations shape hiring, compensation, and advancement policies.
- For Research Question 2, a better understanding of how employees perceive employee performance evaluation can shape appraisal processes and feedback mechanisms.

- For Research Question 3, identification of hidden criteria used by employees as they make judgments of whether they should be loyal and whether the organization is loyal in return can shape how future researchers and human resource professionals advise individuals on their careers and organizations on their human resources policies.

## Research Methodology

The nature of this study was qualitative, and the basic methodology that was used was grounded theory, which was based on a series of personal interviews to explore how loyalty in relation to performance is perceived. Grounded theory relies on the production of theoretical perspectives that derive from data (Glaser, 1978, 1992, 1998, 2002, 2007; Strauss & Corbin, 1998). In this respect, focus was given to the ground/data for the purpose of inductively generating more abstract concepts (Cuban & Spiliopoulos, 2010). The use of grounded theory permitted the establishment of themes across the participants' data. The grounded theory approach also contributes in addressing a number of issues such as current developments in the employer-employee relationship, workplace characteristics changing between employers and subordinates, and criteria or factors undetermined by previous researchers.

By analogy to the ideology of Burrell and Morgan (1979), the present research was nomothetic, as it was concerned with the discovery of general or universal perceptions about the role of employees' loyalty as a component of their performance. It was assumed that social reality is historically constituted and that it is produced and reproduced by people; therefore, critical epistemology was used as the underlying philosophical assumption of the study.

The attempt of this current study was to generate a theoretical framework for what constitutes loyalty. Some questions initially addressed the limits of (a) theories; (b) the kinds, relevance, and data collected in the past about employee loyalty in relation to performance; and (c) workers' right to know about some of the assumptions that surround the concept. This qualitative study investigated emic perspectives and uncovered the cultural experience and perception of employees in relation to the concept.

## Research Design

Strauss and Corbin (1998) indicated that the sources for data in grounded theory studies are similar to those in other modes of qualitative research, such as ethnographic, phenomenological, and narrative studies. Structured and open-ended interviews and audiotapes were used. In grounded theory, the role of the researcher is not limited to the description of the data collected; the researcher must also take full responsibility, as in any other qualitative research, in interpretative roles.

The purpose of interviewing was to enter into other people's perceptions. In the current study, the perceptions of others were meaningful. What are employees' experiences about the role of loyalty in relation to their performance in the workplace? What knowledge do they have about what constitutes loyalty? What are their expectations in relation to being loyal? All of these questions were addressed in standard open-ended interviews (Chong & Agrawal, 2012). The interview protocol covered four main areas: background/demographic questions, experience and behavioral questions, opinion and value questions, and knowledge questions (Khan, 2014). Methodologically, open-ended questions serve to minimize bias when several interviewees are involved. The technique allowed me to compare answers of different respondents (Sewell, n.d.).

## Participants of the Study

Cho and Lee (2014) indicated that there are no rules for sample size in qualitative enquiry. Purposeful sampling that focused on cases of special interest that were information rich was used in this study (Foley & Timonen, 2015; Lawrence & Tar, 2013; Timmermans & Tavory, 2012). I considered the use of purposeful/judgment maximum variation sampling. For the purpose and rationale of the study, a small sample with great diversity was used to discover the important shared patterns among a heterogeneous sample of MBA students.

Although there seems to be no consensus about the sample size in a grounded theory study, in that the sample size is determined by when one achieves saturation of information (Patton, 1990), I planned to start with at least 15 participants (Bertaux, 1981) but intended to use no more than 30 (Mason, 2010). I continued to conduct interviews until no additional data could be found to develop the properties of the study's conceptual categories (Khan, 2014). According to Guest et al. (2006) and Soklaridis (2009), a sample is complete when there is nothing new to code in the data, meaning that the data do not offer any new insights on the categories. Guest et al., in their conclusion, suggested that when there is homogeneity among the population, a small sample of even six interviews might be sufficient to enable development of meaningful themes and useful interpretations.

Participants in this study were limited to working MBA professionals in the New York metropolitan area. Participants were from a convenience sample of MBA students. All participants had some work experience and were at least 25 years old. Studies have suggested that more years of working experience and older age groups are more likely to respond in the highest CLI category (Brown et al., 2011).

Participants were MBA and postgraduate students from the New York metropolitan area. I conducted participant recruitment after receiving approval from the director of the MBA program (Appendix A) and IRB approval from Saint Peter's University (Appendix B). In-person distribution of flyers at Saint Peter's University MBA classes (Appendix C) was established.

Participants contacted me via telephone or email to indicate interest in participating in the study. The consent form was emailed to each volunteering participant upon first contact. I was contacted by volunteering participants to schedule the interview at a day, time, and place convenient to the participant. Each volunteering participant received a reminder email or telephone call (according to the volunteering participant's preferred method of contact) 2 days prior to the scheduled interview. Once approval to proceed with the research had been secured, I began the process with each volunteering participant (Devers & Frankel, 2000). Prior to beginning the interview, the volunteering participant received a hard copy of the informed consent form (Appendix D). I asked the volunteering participant if he or she had any questions or concerns about the informed consent form prior to the interview. I provided clarification of the information as needed. Each participant was asked to provide his or her signature on the informed consent form.

A copy of the signed consent form was provided to each participant at the conclusion of the interview. An open-ended interview protocol (Appendix E) was used to gather the perceptions of the participants related to the purpose of the study. Each participant was interviewed one time for approximately 1 hour. I used a field log to record notes and an audio-recording device to record interviews. All audio recordings of interviews were uploaded to MAXQDA12 and were transcribed verbatim to text.

## Data Collection and Analysis

Grounded theory relies on the production of theoretical perspectives derived from data. In this respect, focus was given to the ground/data for the purpose of inductively generating more abstract concepts (Cuban & Spiliopoulos, 2010). Through the open-ended interviews, participants expressed their feelings and perceptions about what constitutes performance in the workplace and desired attitude and behavior in the workplace function. The use of grounded theory permitted the establishment of themes across data. However, as Charmaz (2006) asserted, grounded theory construction is an evolving process. Thus, as Creswell (2013), Pandit (1996), and Corbin and Strauss (2008) noted, coding in grounded theory is open and axial.

*Open coding* entails finding key phrases or words in the data collected and relating them to meanings. Coding entails a critical linkage between the data collected and the explanation of the data’s meaning (Miles & Huberman, 1994; Miles, Huberman, & Saldana, 2014). By analogy to what was described by Miles et al. (2014), open coding is the first cycle of coding that consists of identifying concepts (patterns) and their properties in the data collected. According to Pandit (1996), *axial coding* consists of creating subcategories and associating them with dimensions; it involves grouping patterns into a number of categories, themes, or constructs (Miles et al., 2014, p. 86). Data management principles of Miles and Huberman (1994) were used in this study.

In order to achieve saturation (Corbin & Strauss, 2008), grounded theory analysis requires *selective coding*, which involves an attempt to integrate the contexts of the participants and create a case of their particular issue (Cuban & Spiliopoulos, 2010). In Vivo holistic coding (Miles et al., 2014, p. 77) was used, which consisted of using words or short phrases in participants' own language because the objective was to demonstrate and preserve the participants' voice. Holistic coding was used because a single code was determined to capture a sense of the overall contents. In Vivo method is perceived to be very useful to find patterns in the data. This method was later critiqued. The qualitative data analysis software MAXQDA12 was used. MAXQDA has been supported for grounded theory studies (Denzin & Lincoln, 2011). Specific questions for the first interview are listed in Appendix C.

## Research Questions

RQ1. What is the perception of employees with respect to the meaning of loyalty in the workplace?

RQ2. What is the perception of employees with respect to the importance of loyalty as a component of employee performance evaluation?

RQ3. What are the hidden criteria identified by the participants for what constitutes performance in the process of appraisal?

## Ethical Protection of Participants

To avoid bias, minimize limitations, and act ethically, the research was guided by the rules defined by Strauss and Corbin (1998) and Charmaz (2002). The literature revealed that for qualitative research, the usual canons of good science should be present, and those include significance, theory observation, compatibility, generalizability, consistency, reproducibility, precision, and verification (Corbin, 1998, p. 4). In adopting a grounded theory approach in this research, I sought not only to uncover relevant conditions in this study, but also to determine how the actors or stakeholders under investigation actively responded to certain conditions and to the consequences of their actions. It was my responsibility to capture the interplay.

In grounded theory, a researcher needs to ensure that the following are true:

- Data collection and analysis are interrelated processes.
- Analysis is incorporated at the outset of a study as it directs the next interviews and focus groups.
- The investigator enters the field with some questions, collects data based on these questions, analyzes data for cues, incorporates all seemingly relevant issues into the next set of interviews, captures all potentially relevant aspects as they are perceived, and examines all possibly rewarding avenues toward understanding.

“The research method is one of the discovery” (Charmaz, 2002, p. 240). Every concept brought into the study or discovered in the research process is at first considered provisional and then earns its way into the theory by repeatedly being present in subsequent interviews. As Corbin (1998) and Charmaz (2002) indicated, having a concept that demonstrates its relevance to the evolving theory helps a researcher to guard against research bias and avoid being unethical. In this research I made sure that the

- hypotheses remained unverified and were constantly revised during the course of the research until they held true about the phenomenon under study.
- Opening up analysis to the scrutiny of others led to other insights that helped guard against biases.

For ethical purposes, I asked some questions to guide the study:

- Are the concepts generated?
- Are the concepts systematically related?
- Are there many conceptual linkages, and are the categories well developed?
- Are variations built into the theory?
- Are the broader conditions built into explanations?
- Has process been taken into account?
- Do the findings seem significant, and to what extent?

The participants in this study were adult male and female volunteers who were free to choose whether or not to participate. No known harm was associated with participating in this study. Participants were told that if they experienced harm or difficulty associated with participating, withdrawal from the study would be accorded. Each member completed a consent form, and confidentiality was protected. Files and audiotapes were stored in my home office.  Only I have access to transcripts, files, and audiotapes. Identifying information was removed from transcripts. A copy of the consent to audiotape and a statement of confidentiality are presented in Appendix B.

## Procedure

The grounded theory method requires systematic data collection, analysis, coding, and handling (Glaser, 1978). Glaser and Strauss (1965) emphasized the central characteristics of the constant comparative method on which grounded theory rests. This research had the following characteristics:

- Emphasis was placed on the respondent's own interpretations and intentions, with the least possible researcher interference (Douglas, 2003; Glaser, 1978; Wells, 1995).
- The data collected were first (first stage) coded using substantive coding, as suggested by Glaser (1978). The literature indicated that Glaser's method is more adequate and less prescriptive that any other method (Charmaz, 2002; Walker & Myrick, 2006). However, after recognizing the core idea, the repetitive process with every set of data required admitting changes to early coding as I moved in the direction of theory generation (Douglas, 2003). Open coding, as suggested by Strauss and Corbin (1998), was also used, as the purpose was to find dimensions of the category "loyalty" properties as well. Nonetheless, the transcripts were also analyzed word for word and line-by-line, as suggested by Strauss and Corbin.
- The core category (loyalty) was adequately elaborated in terms of its connections to other core codes that related to employee performance.

Glaser's (1978) approach was used to categorize loyalty and relate it to employee performance. The reason for using Glaser was that data cannot build conceptual categories, characteristics, or theory on their own. "It is the theorization of data and their phenomena that produces grounded theory. The theory becomes grounded in the data; the theory is not the data themselves" (Douglas, 2003, as cited in Amsteus, 2014, p. 13). Glaser recommended the use of theoretical codes that emerge from cues in the data and supported views that no structure needs to follow in advance.

- Core categories' attributes were analyzed (as a second stage) and adjusted using Glaser's method. A second set of coding; both selective coding (Glaser, 1978) and axial coding (Strauss & Corbin, 1998) were used. Selective coding was based on integrating and refining categories (Strauss & Corbin, 1998, p. 143), whereas axial coding was geared towards comprehension of categories in relation to other categories.
- The connection between the distinguishing attributes of loyalty (the core category) and their interaction with employee performance category was determined through the frequency of appearance in the data. At this stage the elaboration was contingent and the procedure continued till no new attributes were recognized. An effective and parsimonious explanation of the interaction was discussed. The ones that are more connected and more frequent were highlighted.

- The interactions were coded (final phase coding) using theoretical coding (Glaser, 1978) until the theme ‘loyalty’ got dense with a theoretical meaning (Douglas, 2003). At this phase, merging the data around a central theme or dimensions to build a theory was important (Walker & Myrick, 2006). According to Glaser, “theoretical coding is the procedure of employing theoretical codes, which emerge from cues in the data, to conceptualize how substantive codes may relate to each other as hypotheses to be merged into a theory” (Amsteus, 2014, p. 13).

## Verification of Findings

Truth and validity are criteria for quality judgment (Lomborg & Kirkevold, 2003). Grounded theory uses reasoning to find patterns and characteristics in data and the behavior of human subjects in their epistemological and ontological status of everyday life. The concurrent data collection and analysis, and the development of an emergent theory in this study, represented the participants’ perceptions. The credibility of the research was built into the research process itself. The constant comparative analysis that was used during data coding and analysis provided an integrated research approach to data collection, analysis, and check on the validity of research findings. Recorded reflecting notes about the patterns, categories, themes, constructs and their relationships provided a tracking record of the analysis that was grounded in the data. The data were the analytical building blocks from which the emerging theory was developed. As Lazenbatt and Elliott (2005) discussed, in grounded theory, “checking is built in the research process…and used as an ongoing process throughout the research, which is clearly different from it being used as a distinct exercise of checking the research findings after analysis has been completed" (p. 51).

## Summary

The present research is qualitative and grounded theory was used as a methodology. The research questions focused on identifying the perception of employees with respect to the meaning of loyalty in the workplace and to the importance of loyalty as a component of employee performance evaluation as well as on uncovering the hidden criteria identified by the participants as to what constitutes performance in the process of appraisal. The implications of the research questions were to provide an understanding of current employees' perception of the meaning of loyalty for the purpose to help organizations shape hiring, compensation, and advancement policies; provide a better understanding of how employees perceive employee performance evaluation for the purpose to shape appraisal processes and feedback mechanisms; and help in unveiling some hidden criteria used by employees, as they make judgments of whether they should be loyal and is the organization loyal in return. The findings would contribute in shaping how future researchers and human resources professionals advise individuals on their careers and organizations on their human resources policies.

The use of grounded theory allowed the establishment of themes across participants' data and a better understanding of some issues related to employer-employee relations and the evolving workplace behavior. Participants in this study were limited to working professionals in the New York Metropolitan area and they consisted of MBA students from a convenience sample of MBA professionals from the New York

Metropolitan area. The participants had some working experience and were at least 25 years old. Standard open-ended interviews were used and interviews continued till saturation was achieved and no additional data were found to develop the properties of the conceptual categories. Selective coding (In Vivo coding) which attempts to integrate the contexts of the participants and create a case of their particular issue was used. First cycle to second cycle coding was also used for data description, inference, interpretation, and representation.

# Chapter 4: Results

## Introduction

Grounded theory relies on the production of theoretical perspectives that derive from data (Strauss & Corbin, 1998). In analyzing the data, focus was given to the grounded data for the purpose of inductively generating more abstract concepts (Cuban & Spiliopoulos, 2010). The use of grounded theory permitted the establishment of themes across the participants' data. The interview protocol covered four main areas: background/demographic questions, experience and behavioral questions, opinion and value questions, and knowledge questions. The sample had great diversity, allowing the discovery of the important shared patterns among a heterogeneous sample of MBA students. The results of the interviews were coded first manually, and the data were then organized and coded again using MAXQDA12.

## Interviews

The purpose of this grounded theory study was to identify the perceptions of employees with respect to the importance of loyalty in conducting performance appraisal. A total of 130 flyers were distributed at the end of the Fall quarter, and some were distributed at the beginning of Spring Quarter 2017 in multiple MBA classes at Saint Peter's University. Twenty potential participants responded by email. Two were eliminated, as they did not meet the participation criteria: one because of age (under 25 years old) and the second because the participant asked for a phone interview. Fifteen interviews were conducted; among the 18 volunteering participants, three were not able to meet face to face due to the holidays and inclement weather. Among the volunteering participants, 60% were female and 40% were male. No additional themes emerged after the eighth interview; however, all 15 participants were interviewed.

**Coding**

The results section was organized in conjunction with the process of data analysis in the grounded theory research of Corbin and Strauss (2008). Open coding entailed finding key phrases or words in the data collected and relating them to meanings from the data collected. The codes consisted of words and short phrases in participants' own language because the objective was to demonstrate and preserve the participants' voice. Axial coding consisted of creating subcategories and associating them with dimensions. It consisted of grouping patterns into a number of categories, themes, and constructs. In Vivo holistic coding was used, and single codes were determined to capture a sense of the overall contents. Figure 12 is a visual diagram of the data analysis process.

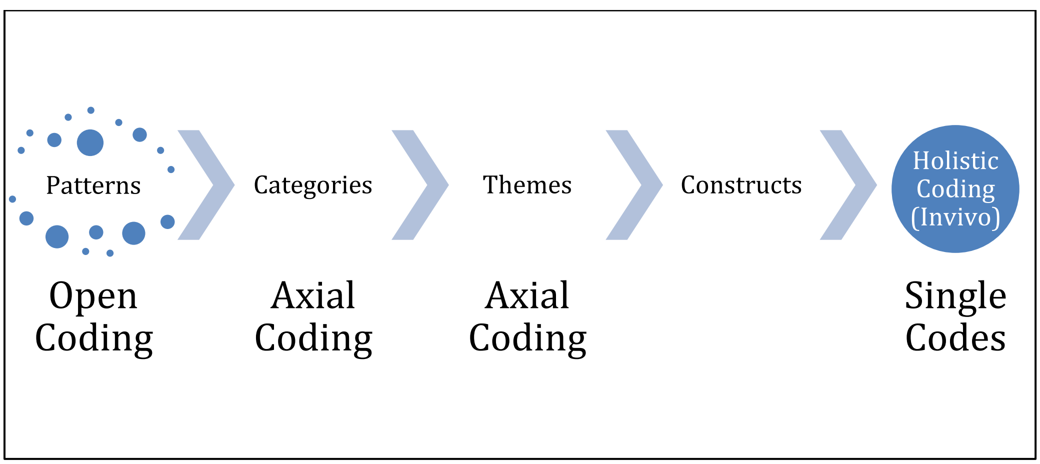



*Figure 12*. Grounded theory coding process.

As noted in Chapter 3, open coding is the first step in data analysis in a grounded theory study. In open coding, I formed initial categories of participants' perceptions in relation to loyalty as a factor of performance. The purpose was "not trying to control variables but to discover them" (Corbin & Strauss, 2008, p. 318). A constant comparative analysis (Corbin & Strauss, 1994) among participants' perceptions was used to identify patterns and the relationship among them (Glaser, 1978). Data were then categorized and clustered from the identified patterns. The axial coding process was both hierarchical and recursive (Morse & Field, 1995). Memos were written, and categories were identified. The axial coding was presented through a process in which categories, themes, and constructs were identified and explored. The interrelation among the categories and subcategories lend themselves to a discussion of loyalty issues and intervening solutions that would lead to organizational success.

Finally, holistic coding was used to determine single codes from all participants' data to capture their perceptions concerning loyalty in relation to the performance appraisal system.

## Recursion in Data Structure

The main patterns that emerged from the open coding are shown from bottom up in Figure 13: loyalty in the workplace, performance appraisal, and measuring loyalty.

| Code System |
|---|
| Code System |
| Measuring loyalty |
| Employee loyalty |
| Organizational loyalty |
| Organizational responsibility |
| Organizational disloyalty |
| Performance appraisal |
| Job expectation |
| Ethical responsibility |
| Loyalty expectation |
| Loyalty in the workplace |
| Millennials' loyalty |
| Factor in loyalty |
| Loyalty to the boss |
| Loyalty to the organization |

*Figure 13*. Code system.

## Loyalty in the Workplace

In analyzing the data, I determined that the unity of organizational loyalty and employee loyalty leads to the bottom line. It is the "momentum of reciprocation between employer/employee," as Participant 14 (P-14) indicated, that will create harmony in such a way that both will march as one. It is what makes the company unique, as P-15 asserted. More than half of the participants thought that organizational loyalty was more important than employee loyalty (Figure 14).


*Figure 14*. Workplace loyalty.

When comparing the two themes with the two constructs (loyalty to the boss and loyalty to the organization), participants perceived that it was more important to be loyal to the organization than to the boss (Figure 15). As a matter of fact, less than one-third thought that these loyalties needed to be balanced, in that loyalty to the boss meant also being loyal to the organization; the rest of the participants, however, thought that employees needed to be loyal to both (17). Some expressed that being loyal to the organization was what determined their existence in the workplace, and it was defined through their commitment to the company's mission. P-12 indicated,

> When you say you have a loyalty to an organization or you believe in its principles you can, but you also have to recognize that there's a balance to be able to maintain that relationship with the organization so ultimately if you don't have a certain loyalty to your boss that bounces also with the loyalty to the organization. However, where you can be loyal to your boss and then the

> president will say, you are loyal to the boss but you are not loyal to the organization I don't need you anymore and the same holds true in reverse.

It will be "flawed," as P-9 mentioned; if we retrench between both, loyalty to the boss and loyalty to the organization, the two "need to go hand in hand" (P-8). We should not necessarily distinguish between loyalty to the boss and loyalty the organization (P-11). As P-11 evoked "If I am loyal to my work, I feel I am meeting both."

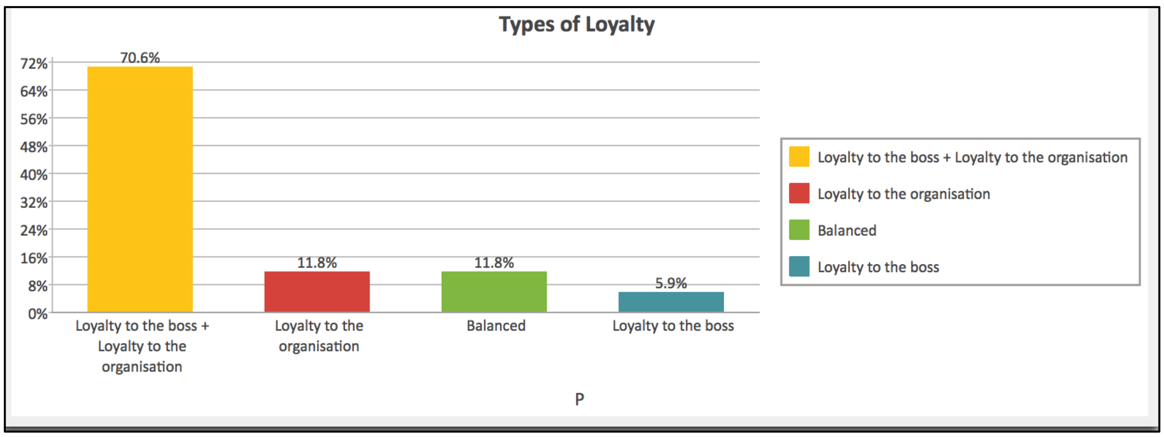



*Figure 15*. Types of loyalty.

## Performance Appraisal

In relation to ethics, most participants agreed that ethics and loyalty are not the same, although they go "hand-in-hand" (P-9). Participants related ethics to morals and values (P-12) and to the job description, "abiding to the law" (P-15); "do the right things" (P-6); "black and white" (P-2) and loyalty to the job domain "do things right" (P-7). Some related ethics to the "tangibles" (P-8) and "longevity part" (P-14) and loyalty to the "intangibles," which P-8 defined as "anything that you don't have to do but you do it for the goodness of the company." P- 14 described it as the "substantives," which means having practical importance, value, or effect. The intangibles, according to the participants, serve as moderators for the success of tangibles and vice versa, as P-10 and P-14 agreed. P-12 stressed that "loyalty cannot be placed in an ethical context."

Participants also perceived that an employee could be ethical but disloyal and vice versa. P-14 indicated that "unethical means mak[ing] bad decisions that can lead to negative actions that would produce a disloyal person." Most participants pointed out that most people want to have a positive influence, and that is what ethics are about. Ethics has a strong foundation in morality, values, and intentions. Loyalty goes hand in hand with ethics, but as P-10 suggested, loyalty is more than ethics; it relates to both the organization and the person. As P-10 described it, loyalty is a greater deal, and there is a little bit done about it. Loyalty, as P-10 explained, should work its way down from the top (management and executives) to the bottom (employees); P-9 described this as "a domino effect." If employers expect loyalty, they should initiate that loyalty. As P-10 remarked, "Loyalty is up to the boss when they give their employees wings in such way they are showing that they are interested in what they (employees) do."

When employers expect loyalty, they should first give each employee an understanding of what it is expected from him or her. Sometimes, as some participants have expressed, employees feel that loyalty is only among people who are in charge and barely transfers to those who are working under them; if there is no "transparency" or "trust" (P-7), there will be no loyalty. Transparency starts in the job description. However, if within the organization those who are responsible are "riffraffing back and forth," (P-10) meaning trashing each other, it lies on the employee, and that is why some organizations are seeing high turnover or why some employees (especially millennials) are not staying in their jobs. In other words, high turnover results from some organizations' "disloyalty" (P-2, P-15).

Some participants raised concern about the future of organizations and the need to adjust organizational systems to accommodate a new generation. This concern applied to millennials, defined by the World Economic Forum as the generation that born between 1981 and 2000 (17 to 36 years old). P-11 indicated that the perceptions that some organizational leaders hold about millennials, whereby they are seen as "lazy" or "unconsidered," meaning don't regard their jobs with respect and esteem, is completely false. Employees need to be appraised on their loyalty and so does the organization. As P-11 expressed, "employees need to feel that they are loyal to their work so the right balance between the organizational loyalty and employee loyalty needs to exist."

Millennials are definitely the new generation in the workplace, and their perceptions about the working environment are different; they are more "relaxed" (P-15) and expect "less micromanagement and more space for them to work the way they feel like" (P-11). Companies may have to offer millennials the option to work "remotely" (P-11), which represents a real challenge for companies. Organizational loyalty is important because millennials are going to be a challenge in the workplace. P-15 perceived that companies might have to restructure and redefine how they can incorporate millennials into an organization where the "old way of working" (P-10) can no longer be practiced.

**Measuring Loyalty**

Based on the results, it was perceived that in the performance appraisals conducted by the participants' companies, questions on loyalty, if they existed, were never put directly. However, P-6 indicated that in the corner of the evaluation (performance appraisal checklist), there were three questions that related to quality of work, punctuality, and organization. Twelve participants indicated a belief that loyalty weighed heavily when management conducted an appraisal of their performance but also indicated that they did not perceive the inclusion of loyalty in their evaluation.

It was clear from the participants' perceptions that when loyalty was measured in relation to performance appraisal and loyalty expectation, the appraisal was more related to the job description (job expectation) than the job domain (loyalty expectation), despite their emphasis on the fact that most employers factor in loyalty when they conduct an annual performance appraisal of employees. P-5 indicated, "perfectionism is related to the job description, professionalism is related to job domain;" P-11 stressed, "I am not looking for the boss to favor me or the company to favor me, I am here to meet the company's expectations." P-4 pointed out that bosses have high expectations, expressing the opinion that "if the boss ask to do something I better do it otherwise I won't be considered as loyal." P-14 stipulated,

> even when the performance appraisal in general exceeds expectations, that one little remark during the interview appraisal of me being intense made me think maybe I should look somewhere else, I am only doing what is best for my subordinates.

P-5, P-7, P-8, and P-10 declared, “it’s all about the bottom line”; however, when an employee “gossiped” or delivered irrelevant information, the employer would consider that as well during an evaluation.

It is possible to assess loyalty, as P-11 pointed out, but companies need to evaluate personalities as well. As P-11 indicated, “loyalty is like a skill” that one brings from the lifestyle outside work. As P-11 added, “it’s either one is good at it or not good at it.” It is not something that one learns; it is like a skill. P-12 suggested that everyone has his or her own desire concerning what he or she wants to accomplish in life. The perception of work is a very complex dynamic that drives people’s loyalty. “Loyalty is part of the ticket, part of the job description,” as P-12 expressed. Loyalty derives from a common culture that employees accept and to which they adhere. Loyalty should not just come from the employee side; as P-12 suggested, it is expected that all (management and employees) will be loyal to the beliefs, strategies, and culture of an organization. Loyalty needs to be a “reciprocal relationship.” (P-12) Employees will be given space to make decisions and will receive services and support, but they are also expected to be loyal. It goes both ways; “it has to be binary” (P-12).

Companies are responsible for maintaining the organization within the board of reasonability and good sense of judgment so employees can feel “comfortable” (P-7) and “respected.” (P-2) Loyalty needs to be “modeled” more than being expected, and that model, as P-12 explained, “needs to be revised on a regular basis.” Loyalty is a wall people build, as P-12 asserted, and there is no algorithm for it. Some participants described loyalty as weighing heavily in decisions of whether to promote an employee or to keep an employee (P-13), even when performance is at its greatest. If employees are “inconsistent” (P-12) in their work, companies will not hold onto them. The reverse situation is also true; loyalty with no performance will not do much for a company. “Balance” is necessary, according to most participants. If company leaders look down on their employees, as described by participants, their behavior will create an imbalance that will lead to disloyalty and then to turnover or bad performance. As P-13 explained, “I don’t think employers are treating the employee the way it should be treated.” P-8 wondered, “Why should be loyal to a corporation when they haven’t shown them loyalty?” P-15 added, “Organizations are not going to be loyal to their employees because ultimately they have to think from a business perspective.” P-3 indicated that employers “care more about what comes into their pocket.” Some other participants’ remarks are represented by these examples: “I could be replaced” (P-6); “There is no vice versa situation” (P-5); “There are 10 thousand people out there that could do the same job.” (P-15)

If employers treat their employees the way they are supposed to be treated, for example “caring” (P-4) and “flexible” (P-6), then the employee will care more about the company. Millennials are not lazy but they are “loyal to their own person first” (P-13) so if they are not happy in the workplace, they would move to another where they would be happier. “It’s like a self serving.” (P-12)

The work place needs to be “congenial.” (P-14) Employees trying to do what is best for the company and not “tarnishing company policy” (P-15) is not sufficient if not complemented by organization’s loyalty to the employee, they both need to “fit each other.” (P-14) A bad loyalty evaluation could be worse than an evaluation on performance (P-14). As P-15 illustrated “a bad evaluation on loyalty could turn the company down;” “an employee could do something really bad.” (P-14) Participants’ remarks are represented well by these examples: “gossip;” (P-5) representing the organization with “irrelevant information;” (P-11) “badmouthing the company.” (P-3)

## Data Results

The major finding that derived from the data of this grounded theory study were the loyalty model and the dimensions with which it is possible to both assess organizational loyalty and employee loyalty at the workplace. Indeed following are the few dimensions that would define employee loyalty and organizational loyalty according to the participants’ perceptions.

Company’s loyalty is defined through tangible (Job description) and non tangible (job domain). Data revealed that the job description relates to job expectations and to everything that might lead to tangible results with tangible indicators. These indicators are the measurable components of the performance appraisal system such as quantity of production, achievement, and deliverables to name few. Job domain, however, is the artistic part, the intangibles that would take what is expected to the next level and give the company a better quality and a greater performance.

## Company Loyalty

The criteria derived from the data and mostly describe company loyalty were summarized in Figure 16. Participants have also agreed that if we want to measure loyalty within the workplace some of the dimensions that need to be considered are integrity, flexibility, transparency, and support.

| Company Loyalty |
| --- |
| • Trust<br>• Recognition<br>• Acknowledgement<br>• Flexibility<br>• Gratification<br>• Room for error<br>• Transparency<br>• Comfort<br>• Caring<br>• Good environment<br>• Transparency<br>• Openness<br>• Employees advocacy<br>• Coaching<br>• Counseling<br>• Clear policy<br>• No favoritism in the deliverables<br>• Knowing employee perception of work and desire<br>• Coach<br>• Support<br>• Clear<br>• On point with everything<br>• Correct behavior |

*Figure 16*. Company loyalty.

**Flexibility**

As participants demonstrated, flexibility could be assessed based on few dimensions such as, openness and degree of error tolerance. It could also be seen through the lower level of rigidity a company could accord the employee in relation to punctuality as far as the deliverables are met. Lastly through trust when empowering an employee to make own decisions as long as the objectives described in the job performance are met.

Some other Participants' remarks were " I appreciate the fact that there are some flexibility and not rigidity as far as these hours [of work] goes;" (P-14) "I think they need to be more accommodating in terms of being flexible;" (P-9) "I think if you are a company that is very conscientious and loyal you have to be flexible and you have to be very pleasant and smart. You need to remind employees that you appreciate them;" (P-6) "they were flexible on how he is going to show these numbers. He was different from everybody else and they gave him that shot." (P-10)

**Integrity**

Integrity was identified by participants, through the degree of involvement of management in teams and teams work. Respect of each other's opinion would "build mutual loyalty as management needs to lead by example" as P-4 described. P-13 asserted "I am loyal to my boss because if have confidence in his integrity then I will be loyal to him and to the organization;" P-14 connoted "loyalty in the workplace means to me working in a team, respecting each other's opinions, the integrity of how we manage our job."

**Transparency**

Transparency, as it was described, is how the information is transferred to those who need it or those who don't know it (P-7). Having all necessary information that would help employees making decisions and being able to provide regular feedbacks on company's status (P-5), employee status (P-2), and overall goals and objective would lead a stronger organizational culture where everyone including management need to abide to the culture and organizational mission (P-12).

**Support**

Support was defined by most participants as “back covering,” a company could provide an employee and that is again if the employee is meeting the expectations. Some participant described it as “competent support,” (P-6) which means acting as a coach and a reference point for those who need help or further information. Participants also meant reward (P-8, P-2, P-11), recognition (P-10, P-15, P-8), and worship (P-1). Employees need to feel that they are assets not liabilities (P-10).

## Employee Loyalty

As data revealed, employees’ loyalty could be defined through multiple criteria summarized in Figure 17. The criteria inducted from the data were summarized and categorized through four mean dimensions derived from the participants’ words: Dedication, consistency, accountability, and advocacy.

| People Loyalty |
|---|
| • Respect (punctuality)<br>• Want to learn and help<br>• Meeting the expectations (the tangibles)<br>• Quality of work<br>• Detail orientation<br>• Trust (don't violate the system)<br>• Integration on how we manage the job (gossip, talk on the back)<br>• Presence of being there and showing face<br>• Dedication<br>• Don't overstep the boundaries<br>• Willing to chip in and assist other departments whenever they are short handed<br>• Make the company succeed<br>• Get the Job done<br>• Fair and consistency with the practices<br>• Own moral responsibility<br>• Keeping the information confidential<br>• Meeting goals<br>• Getting the work done<br>• Getting along with others<br>• Making the right decision in the organization<br>• Not being biased<br>• Know the balance<br>• Conscientious<br>• Not looking favoritism<br>• On time (punctuality)<br>• Form best interest<br>• Honest with response of responsibilities<br>• Feedback<br>• Meet the expectations<br>• Honesty<br>• No gossip or irrelevant information<br>• Produce results that benefit the organization<br>• Dedicated<br>• Ambitious<br>• Honest<br>• Respect<br>• Straightforward (don't look for just own benefit)<br>• Passion<br>• Accountability<br>• Learn something new everyday<br>• Be an employee advocate<br>• A sense of purpose<br>• A noble purpose<br>• Desire to accomplish life<br>• Don't do anything that goes against the interest of the firm<br>• Make the company appear in the best light<br>• No being selfish<br>• Keep the reputation of the company as a goal |

*Figure 17*. People loyalty.

**Dedication**

Dedication (P-8) was identified by participants in different ways but as it was demonstrated by participants it is more related to devotion (P-6, P-8, P-11, P-14) that would show that an employee is committed to learn about the company (P-3), to learn new skills/things (P-7), and to learn what is the best for the company (P-4) without depending on just friendship relations (P-9) with team leaders or management.

**Conscientiousness**

"Conscientiousness," (P-6) was defined by participants in different ways; it included punctuality (P-9), as showing on time (P-3, P-6, P-7, P-8, P-9); going above and beyond (P-3, P-4, P-6, P-7, P-13) for the company own interest, such as not being selfish (P-10, P-14) and trying to balance between self-interest and company interest (P-1). Staying overtime without getting paid is not a necessary a condition but when done, it would show that the employee was there overtime to complete a job that would enable the company to reach a milestone as P-15 described. Conscientiousness (P-15) was also described as dedication (P-8) that the employee is there not only just for the mission but also for the cause (P-2, P-4, P-7, P-10, P-12, P-14), and that means the personal interest and the company interest balance (P-1, P-7, P-11, P-12). Conscientiousness was also identified by honesty in response to responsibility (P-3, P-4, P-11).

**Accountability**

Accountability (P-12) was identified through few dimensions and behaviors such as not overstepping the boundaries (P-10). Work friendship could be misinterpreted by some employees as not having to be dedicated to their job description because of the tied liaison they have with one of the bosses or team leaders as P-12 described. Accountability was also seen through the duty of an employee to keep the company's secret and information confidential (P-4, P-9, P-10, P-11, P-13). An employee should also be accountable to meet the goals and get the work done in the most professional way. "Professionalism," (P-4, P-5, P-7) as some have defined, means doing what needs to be done the right way as they are serving a noble purpose.

### Advocacy

Advocacy (P-7, P-11) was identified through few dimensions such as "gossip" (P-5, P-11, P-14, P-15). Participants evoked, in this regard, that not gossiping about the organization and acting as a spokesperson for the organization should be the responsibility of every employee. Keeping the reputation of the organization as a goal is important if the employee think straightforward (P-11) and not considering the company as a step stone (P-7). Employees if happy, independently of the age, would never think to look somewhere else if they are satisfied with what they have (P-2). Advocacy could also be identified through the willingness of an employee to chip in (P-11) and assist other departments whenever they are short handed (P-1, P-11, P-14).

## Conclusion

Open coding was the first step in data analysis and main patterns derived from the data (loyalty in the workplace, performance appraisal, and measuring loyalty). From these patterns, an axial coding was performed and a set of categories emerged from the data (Loyalty in the workplace and employee loyalty). Main themes were inducted from the data using In Vivo holistic coding to capture the sense of the overall constructs and results revealed that company loyalty need to be assessed according to few agreed upon dimensions such as flexibility, integrity, transparency, and support. Loyalty according to participants is an important factor to consider when appraising employee performance; participants have also suggested the dimensions that would assess the loyalty of employees in the workplace. Participants agreed that among the factors that determines organizational success and especially organizational performance is loyalty; however, loyalty would only happen if the right balance between company loyalty and employee loyalty exists. A theoretical model was inducted from the data and was discussed in Chapter 5.

# Chapter 5: Discussion, Conclusions, and Recommendations

## Discussion

A figure skating analogy could be used to describe participants' perceptions of loyalty in relation to employee performance appraisal systems. In figure skating, the only way an athlete can make it to the podium (the bottom line for organizations) is to be proficient in two areas. The first area consists of "techniques" (the job description). In figure skating, it is important to master all techniques. The second area is the "artistic" part (the job domain). This involves intangibles that relate to harmony and choreography, which the figure skaters bring to the techniques.

The evaluation of a skater depends on both technique and art, and that is what makes the difference between a good and an outstanding performer. Only those who skate with feelings and are in complete harmony with those techniques make it to the podium. In the workplace, participant responses supported the importance of loyalty in the job description as related to policies, rules, restrictions, laws, and even ethics. Responses also supported the importance of the job domain as determined by the psychological rules that hold the organization together for the better achievement of the bottom line.

Based on the results of the perceptions, a theoretical model was inducted from the data (Figure 18).

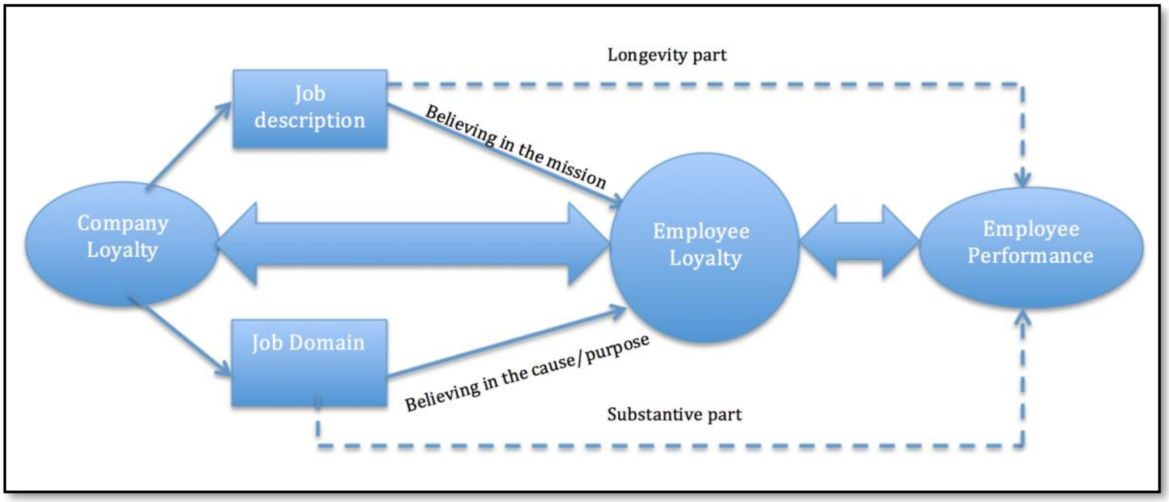



*Figure 18*. Theoretical model.

If employers want to see employees commit to the organization and achieve the performance levels outlined in job descriptions and human resource appraisals, organizations need to offer consistent and long-term support to them. As was demonstrated in Chapter 4, data revealed that a balance is needed between company loyalty and employee loyalty to build a loyalty base between the management/ organization and employee loyalty that will lead to better performance. Good performance, according to the participants, can only be achieved if employee loyalty and company loyalty are expressed simultaneously. Company loyalty was perceived through two dimensions (job description and job domain) for which an employee needs to adhere to in order to be loyal. Belief in the mission along with the cause and purpose of the organization will build employee loyalty. Nevertheless, data suggested that in order to achieve loyalty within the workplace, both the company and employees must be assessed on their efforts to promote loyalty on a regular basis. The suggested dimensions to assess both company loyalty and employee loyalty were discussed in Chapter 4. For company loyalty, four measurable dimensions derived from the data: flexibility, integrity, transparency, and support. For employee loyalty, data revealed that dedication, conscientiousness, advocacy, and accountability were the most supported dimensions among participants. Job description was also perceived as the longevity part of employee performance, and job domain was perceived as the substantive part of employee performance.

## Significance and Implications

The implications of the findings are multiple and cross many disciplines. Most important among them, however, are the human service administration improvements suggested by the balance that the theoretical model creates within the organization itself and society at large. These implications support the findings from a study conducted by McKinsey Global Institute and published by the World Economic Forum. Between 2005 and 2014, the real income of up to 70% of households in advanced economies fell, and this figure was projected to continue to fall over the next 10 years (Dobbs et al, 2016). The author recommended that governments look at other measures that would focus on raising productivity to boost growth and create new jobs. The researchers advanced that one of the reasons for the decline was the number of unemployed people who are ready to take any work available even part-time and/or temporary position.

The theoretical model showed the importance of making companies and employees aware of the importance of loyalty as a component of success for individuals and the organization itself in a competitive environment. Data showed that reciprocal loyalty is a requirement for companies to hire and retain quality employees. It implies that they should assess their efforts to promote loyalty on regular basis. Further, organizations will not achieve employee loyalty if they themselves do not display loyalty vis-à-vis their employees. As was discussed in the results section of the dissertation, the criteria for measurement of employee and company loyalty are different; however, they both need to be evaluated.

The importance of effective encouragement of loyalty has public policy implications. Court cases dealing with employee behavior and treatment in recent years have shown dramatically changing legal aspects of employment responsibility. Much of the effort that concerns employment responsibility is related to the linkage between company loyalty and public responsibility (William, Glueck, & Osborn, 1978). The findings and model can assist human resource professionals in this area.

The findings may also find applications in academic theory and practice. They provide insight supporting an understanding of public policy, theoretical approaches to it, and lessons that may be incorporated into business and management courses. These efforts may provide knowledge to students, benefiting them by informing them of their rights and obligations as well as the benefits of loyalty within an organization. Today, as Bill Gates indicated, organizations are not looking for employees to tell them what to do, but are looking for employees who will tell them what to do (Rafati, 2015).

Finally, this study expands research on human resource management as well as organizational behavior. It helps to remedy a relative lack of focus on dimensions of loyalty in the workplace, a basic component of organizational culture and a factor explaining the success or failure of corporate policies and the achievement of organizational goals.

## Limitations

This study has the strengths of rigorous and persuasive grounded theory research, as it was based on Strauss and Corbin’s (1998) seven examination criteria for the assessment of the grounding of a study. According to Egan (2000), grounded theory research has few limitations with respect to the quality of the concepts generated, the systematic relationships between the concepts, the clarity and density of conceptual linkages, the inclusion of variation into the theory, a clear description of the conditions under which variation can be found, an account of the research process, and the significance of theoretical findings (p. 289). At the same time, the results cannot be generalized, as the research model has not been tested. People’s perceptions might change if a sample from a different state were used. Thus, the theoretical model needs to be tested in other states to be able to generalize the findings. Second, the dimensions were inducted directly from the data of individuals who selected a single institution for an advanced management degree. By virtue of geographic region, most respondents were professionals working in service as opposed to manufacturing environments. In this grounded theory study, I used an approach that involved looking systematically at the data, aiming at the generation of theory. The general theory developed on loyalty fit the data.

## Future Directions

The current study generated a theory of loyalty, and assessment instruments for organizational and employee loyalty were also suggested. A logical future step would be to verify the assessment instrument based on the definitions inducted from the data. If the assessment tools can be verified, they would be beneficial in relation to appraising organizations and employees on their loyalty. After verification, researchers could investigate links between loyalty behavior and deficiencies in employee management systems. The data could be used to improve perceptions of loyalty to reduce instances of employee misbehavior and legal liability in the workplace or with customers, vendors, third parties, or government agencies. Further, researchers could apply the assessment tools to specific industries or workplace situations. These efforts could extend the model through the creation of specific quantitative measurements. An additional area of research would involve applying the model to issues of gender symmetry in loyalty and performance.

## Conclusion

There is burgeoning global mobility now thanks to all of the multinational corporations that exist, and there are more opportunities now for employees, especially millennials. Companies should not be based on or build a hostile environment where employees, especially millennials, feel frightened and pushed to look for greener pastures. To gain a loyalty compromise, companies have to be flexible. Employees need to be reminded in many ways that they are appreciated; they should not have to wait for indications that they appreciated until they receive their appraisals because, as P-14 indicated, “that culture is changing.” There should be a good balance among loyalty to the organization, organizational loyalty, and the loyalty to the self. If that loyalty does not exist, then employees will look for stepping-stones. Loyalty should be among the criteria used when appraising employees on their performance. Organizations should also assess their own loyalty toward their employees because the relationship is supposed to be mutual.

Measurements of employee loyalty should be based on two elements: the longevity part and the substantive part. The longevity part is the tangible and physical responsibility that ties the employee to the organization for a long-lasting relationship. The substantive part is the essential and actual part that links the employee directly to performance and the cause of the organization. When employees are happy, they will look for stepping-stones from one organization to another, as most millennials are doing. If an organization and its employee are equally loyal, they can reach a balance by means of mutual satisfaction.

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# Appendix A: Letter of Cooperation

Saint Peter's UNIVERSITY

MBA 1988 25 2013 Years

Graduate Business Programs

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**Letter of Cooperation from a Research Partner**

October 10, 2016

Dear Chanaz,

I approve your visit to MBA classes to distribute a flyer to our MBA students in support of your study entitled: What are Employee Perceptions of Loyalty as a Factor of Performance? A Grounded Theory Approach.

I want you to highlight to individuals that their participation is completely voluntary and will have no effect on their course grade or their performance in the MBA Program. You will ensure the integrity of data collected from individuals remains entirely confidential and may not be provided to anyone.

The MBA Program's responsibilities are limited to a one-time visit to classes.

I confirm that I am authorized to approve research in this setting and that this plan complies with the organization's policies.

Sincerely,

Louis R Ruvolo

Louis R. Ruvolo, M.B.A.
Director of Graduate Business Programs

# Appendix B: IRB, Saint Peter's University

Saint Peter's UNIVERSITY 1872 — Institutional Review Board

| | |
|---|---|
| To: | Chanaz Gargouri<br>School of Business<br>Saint Peter's University |
| From: | Dr. Peter P. Cvek, chair<br>SPU Institutional Review Board |
| Date: | November 10, 2016 |

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| | |
|---|---|
| Project Title: | What are Employee Perceptions of Loyalty as a Factor of Performance? A Grounded Theory Approach |
| Protocol Approval Date: | November 10, 2016 – March 1, 2017 |

In accordance with DHHS Regulations for Protection of Human Subjects (45 CFR 46.110), the human subjects application for this project underwent **Expedited** review and was approved as minimal risk to subjects. This project is approved as of November 10, 2016 and the approval remains active until March 1, 2017.

The IRB acknowledges letter of cooperation and conditions from Louis R. Ruvolo, M.B.A., Director of Graduate Business Programs, Saint Peter's University, October 10, 2016.

The investigator agrees to conduct the research in accordance with the Belmont Report and the SPU Institutional Review Board guidelines, as well as the use of all approved protocols and forms.

Re-review of this project is required if:

You wish to continue the project beyond March 1, 2017.
There are any changes in the research protocol.
There are any reports of injury or unanticipated problems involving risks to human subjects.

Note: any injuries or adverse events must be reported to the IRB within three days of the event.

Peter Cvek

Peter P. Cvek, Ph.D.
Chair, Institutional Review Board
Saint Peter's University
pcvek@saintpeters.edu

Appendix C: Recruitment Flyer

## VOLUNTEERS NEEDED FOR RESEARCH STUDY

My name is Chanaz Gargouri, I am a Ph.D. candidate at Walden University. I am doing a research study entitled: Employees Perception of Loyalty as a Factor of Performance? A Grounded Theory Approach.
You may already know me as Professor Chanaz Gargouri at Saint Peter's University but this research is completely separate from my role as an Instructor.

The purpose of this grounded theory study is to identify the perceptions of MBA or postgraduate students with respect to the importance of loyalty as a factor in performance appraisals.

Participants will self-identify as being working professionals in the New York Metropolitan area and at least 25 years of age.
Volunteering participants will be asked to participate in an in-person interview to take place at the interviewee convenient time and location. The total time commitment for participation is estimated at a maximum 3 hours spread over several weeks.

If you are willing to participate, need more information about participating, or have any questions or concerns, please contact me directly by email or phone.
All interview data will be coded in a way that it is not connected to you personally and even your name will be replaced with a code number. If you change your mind at any time during the process, you may withdraw from the study and your data will be destroyed.

Your participation is appreciated

Best Regards
Chanaz Gargouri
Ph.D. Candidate at Walden University
Email:
Phone number:

Appendix D: Consent Form

You are invited to take part in a research study about employee performance and loyalty in the workplace. The participants are graduate students who are at least 25 years old and who have some work experience. This form is part of a process called "informed consent" to understand the study before deciding whether to take part.

This study is being conducted by a researcher named Chanaz Gargouri who is a Ph.D. candidate at Walden University. You may already know me as Professor Chanaz Gargouri at Saint Peter's University but this research is completely separate from my role as an Instructor.

**Background Information:**
The purpose of this study is to understand perceptions to the meaning of loyalty in the workplace and to the importance of loyalty as a component of employee performance appraisal.

**Procedure:**

1. Study participants will contact the researcher via email or phone call to confirm their interest to participate in the study.
2. A consent form will be emailed to each participant upon confirming interest to participate.
3. The researcher will contact study participants within seven days of the receipt of "I consent" email to schedule a 60 minutes face-to face-interview at participant's convenient time and location.
4. At the interview, participants will receive a hard copy of the consent form.
5. The researcher may request a second interview to clarify comments.

Here are some sample questions:
What does loyalty in the workplace mean to you?
What does loyalty to your organization mean to you?
Do you believe that most supervisors consider loyalty as an important factor when completing an annual performance appraisal on their subordinates?

**Voluntary Nature of the Study:**
This study is voluntary. Everyone will respect your decision of whether or not you choose to be in the study. No one at Walden University, the company that you work for, or Saint Peter's University will treat you differently if you decide not to be in the study. If you decide to join the study now, you can change your mind and withdraw at anytime later.

**Risks and Benefits of Being in the Study:**
There are no known risks for participating in this study. Being in this study would not pose risk to your safety or wellbeing. If an interview question makes you uncomfortable, you could decline to answer it. Participating may not directly benefit you but might help us improve our understanding of human behavior. After the dissertation is completed and accepted, you will receive a one to two pages summary of the results.

**Payment:**
Volunteers will not be paid for participation.

**Privacy:**
Any information you provide will be kept confidential. The researcher will not use your personal information for any purposes outside of this research project and will not include your name or any information that could identify you in the study reports. Data will be kept secure on digital devices and only the researcher will have access to your personal information. Your name will be replaced with a code number and all interview data will be coded in a way that it is not connected to you personally. Data will be kept for a period of at least 5 years, as required by Walden University.

**Contacts and Questions:**
If you have questions later, contact the researcher at XXX-XXX-XXXX or email address. If you want to talk privately about your rights as a participant, you can call Dr. Leilani Endicott. She is the Walden University representative who can discuss this with you. Her phone number is 612-312-1210.

Walden University's approval number for this study is **IRB ---------** and it expires on **IRB ----------.**

Please save this consent form copy for your records.

**Obtaining Your Consent**

If you feel you understand the study well enough to make a decision about it, please indicate your consent by replying to this email with the words, "I consent."

Printed Name of Participant ______________________________

Date of consent ______________________________

Appendix E: Interview Protocol Form

## Loyalty and Performance Interview

### A- Participants Interview Protocol

Interviewee (Title and Name):

Interviewer: Chanaz Gargouri

Other Topics Discussed:

Post Interview Comments or Leads:

### B- Introductory Protocol

*To facilitate our note taking, I would like to audio tape our conversation today. Please sign the consent form. For your information, only researchers on the project will be privy to the tapes, which will be eventually destroyed after they are transcribed. The consent form states that: (1) all information will be held confidential, (2) your participation is voluntary and you may stop at any time if you feel uncomfortable, and (3) I do not intend to inflict any harm.*
*Thank you for your agreeing to participate.*
*I have planned this interview to last no longer than one hour. During this time, I have several questions that I would like to cover. If time begins to run short, it may be necessary to interrupt you in order to push ahead and complete the line of questioning.*

### C. Interview Questions

1. What does loyalty in the workplace mean to you?

2. What does loyalty to your boss mean to you?

3. What does loyalty to your organization mean to you?

4. Which is more important to you, being loyal to your boss or being loyal to the organization?

5. What supervisory behaviors might indicate that the supervisor expects loyalty from their subordinates?

6. How do supervisors factor in loyalty when completing annual performance appraisals on your work?

7. How much weight do bosses and senior managers place on loyalty when they appraise employee performance?

8. If you were a boss, how much loyalty would you expect from your subordinates?

9. How would you measure loyalty?

10. How would you relate loyalty to an organization or-employer to ethical responsibility?

11. Other than what we discussed, what is your professional experience with loyalty?

**D. Interviewee Background**

1. Are you an MBA Candidate?

2. How long have you been in your present position?

3. What is your highest degree?

4. What is/was your field of study?

5. Briefly describe your job role (if appropriate).

6. How did you get involved in your company?

7. What motivates you at your workplace?

Appendix F: Wiley Permission

**From:** Wiley Global Permissions <permissions@wiley.com>
**Sent:** Tuesday, June 13, 2017 3:23:19 PM
**To:** Chanaz Gargouri
**Subject:** FW: Permission Your case 02001171 [ ref:_00Dd0eeku._5000W13k4Qd:ref ]

Dear Chanaz,

Thank you for your email.

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Sincerely,

Sheik Safdar
Permissions Coordinator II/Sr.
Copyright & Permissions
**Wiley**

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