Performance Management in Egypt: Rhetoric and Reality

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ABSTRACT:

This research aims to explore the extent to which the Performance Management (PM) system that is adopted by a selection of different companies that work in Egypt has the characteristics of the ideal PM system. The characteristics of an ideal PM system that have been developed by Aguinis (2007) were adopted in this research. In addition, it aims to explore the most important practical constraints that hinder the implementation of an ideal PM system in the selected companies. The study uses a convenient sample of 60 human resource managers in 60 different companies that work in Egypt. The findings indicate that the surveyed companies do not adopt an ideal performance management system (reality) although they believe that what they actually use is an ideal performance management system (rhetoric). Based on the results of this research there is no correlation between the nature of the companies surveyed (service or product) and the idealism of the performance management systems adopted. The findings also indicate that the most important obstacles that may hinder the adoption of an ideal performance management system are the managers' perception of and attitudes toward the performance management and the cost associated with its adoption and implementation. The main recommendations that have been given at the end of this research are that the surveyed companies should review and revise their performance management systems in order to make it ideal by adding those characteristics that are currently missing and enhancing a high-trust organizational atmosphere

to encourage both managers and employees raise and share ideas that of value to the organization as one entity.

INTRODUCTION:

"Organizations are groups of people" is a definition that is widely accepted and recommended by HR professionals and academicians to support their belief in the fact that without the human resource no single organization can achieve its goals neither in the short run nor in the long run. Keeping the HR professionals' & academicians' belief in mind and the many researches that argue for it, organizations start to search for some ways to ensure that the performance of their employees (both managers and followers) is supporting the overall organizational objectives. One of these ways is the implementation of a performance management system that helps the interested organizations define, measure, and stimulate employees' performance to ultimately improve the organizational performance. If companies fail to do so totally by ignoring the implementation of an ideal performance management system, or partially by just focusing on or implementing a performance management system that is not ideal they should expect major problems on their ways towards their overall organizational objectives, especially in today's competitive business environment. Based on research evidence to date, it is becoming increasingly clear that the Human Resource system is one important component that can help an organization become more effective and achieve a competitive advantage (Becker and Huselid, 1998).

A critical issue to be raised here is the confusion that may exist between performance management and performance appraisal, as many managers use these two terms or concepts interchangeably, which is not true as performance appraisal could be treated as and it is part of the performance

management process. Earlier research may support the existence of such confusion by reporting the following statistics:

1) Based on a research conducted by IXP3, 87% of organizations have some type of appraisal system. Often this is referred to as the performance management system. Of the 87% that have these systems, 95% were manual systems without performance objectives or development plans, and 68% were annual appraisal systems (Potgieter, 2005).

2) 56% of line managers believe their performance management systems are not valuable (Laff, 2007).

3) Only 36% of organizations actually consider performance management essential (Oakes, 2007).

4) A recent survey by On Point Consulting found that less than half of HR professionals believe that their performance management systems add value to the business while only 30% believe that the systems achieve the desired objectives (Williams, 2007).

Moreover, it seems that one of the interesting cases of confusion between performance appraisal and performance management may exist in the Egyptian business organizations and this is why it is believed that one of the most interesting topics in Egypt that needs to be raised for discussion and analysis is the existence of ideal performance management systems (PM). Simply because it seems that most Egyptian organizations argue that they are implementing a PM system, while it seems in reality that the PM system they are adopting is not ideal and what these companies are implementing is a performance appraisal or measurement system (PA). The gap between ideal and actual PM systems and the confusion between PM

and PA could be due to the fact that the differences between performance management and performance appraisal are not perceived clearly and correctly, and most companies when start shifting from PA to PM discover that a huge job should be done to prepare for the correct implementation of any PM system, so they prefer; to save time, money and effort, to continue adopting the PA system but at the same time, they assume that they adopt an PM system. Hence; it is worth exploring to what extent the PM systems that a selection of these companies are adopting have the characteristics of an ideal PM system, as well as the most important practical constraints that hinder the implementation of the ideal PM system.

RESEARCH OBJECTIVES:

In a selection of Egyptian companies, this research aims to:

1. Study the extent to which the PM systems that the surveyed companies are adopting have the characteristics of the ideal PM system.

2. Explain some of the most important practical constraints that may hinder the implementation of the ideal PM system in the selected companies.

3. Make some recommendations that could be used to help the surveyed companies adopt an ideal PM system?

RESEARCH METHODOLOGY and SAMPLING:

This research uses the non-probability convenience sampling. The non-probability sampling is adopted as time and cost rather than generalizability are critical to the purpose of this research. Convenience sampling, as one of

the types of non-probability sampling, is used to collect quick, convenient and less expensive information. In convenient sampling the most easily accessible members are chosen as subjects. This study uses a simple convenient sample of 60 human resource managers in 60 companies that work in Egypt. The surveyed human resource managers were attending a performance management training course as trainees and they were given the questionnaire (see appendix 1) to fill in at the end of the training program and they were given 30 to 45 minutes to respond to the items included in the questionnaire. The questionnaire was headed by the following question: "Does your company use a performance management system?" This Yes/No question was used to help the researcher exclude those companies that do not use a performance management system. 5 human resource managers, out of 65, have selected the "No" answer, hence; they were excluded from this research as the aim is to test whether the performance management system that the company is using is ideal or not. The researcher was available for any clarification or queries.

Frequencies and percentages, mean, standard deviation, and correlation coefficient were used to analyze the data collected for this research, as these statistical techniques seem relevant to meet the objectives of this research and to answer its research questions.

RESEARCH QUESTIONS:

This research aims to answer the following questions:

1. Do the surveyed companies in Egypt really adopt an ideal performance management system?

2. Is there any correlation between the nature of the company (service or product) and the adoption of an ideal performance management system?

3. What are the main obstacles that may hinder the use of an ideal performance management system in the surveyed companies in Egypt?

LITERATURE REVIEW:

"In today's globalized world, it is relatively easy to gain access to the competition's technology and products. Thanks to the Internet and the accompanying high speed of communications, technological and product differentiation is no longer a key competitive advantage in most industries. So, what makes some businesses more successful than others? What is today's key competitive advantage? The answer is people. Organizations with motivated and talented employees offering outstanding service to customers are likely to pull ahead of the competition, even if the products offered are similar to those offered by the competitors" (Aguinis, 2007: xvii). The main point here is how to transform people's motivation and talent into strategic business advantage. The simple answer is through the use of performance management systems as such systems are the key tools to achieve such transformation.

Performance Management: The "What" Question

Performance management could be defined as the process of measuring and subsequently actively managing organizational and employee performance in order to improve organizational effectiveness. Although different models of performance management are found, such models have

stressed its importance as a system for managing organizational performance, managing employee performance, and for integrating the management of organizational and employee performance (Hartog, *et al.*, 2004). It could also be seen as an integrated process in which managers work with their employees to set expectations, measure and review results, and reward performance, in order to improve employee performance, with the ultimate aim of positively affecting organizational success (e.g. Mondy, *et al.*, 2002). It has been seen as a process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. It is a whole work system that begins when a job is defined as needed and ends when it is determined why an excellent employee left the organization for another opportunity (Heathfield, 2007). DeNisi (2002) argues that performance management refers to the range of activities engaged in by the organization to enhance the performance of a target person or group, with the ultimate purpose of improving organizational effectiveness. Pinnington and Edwards (2000) define performance management as an approach that is used by organizations to try to achieve strategic goals consistently through better formal and informal motivation, monitoring, evaluating, and rewarding of performance. Aguinis (2009) suggests a very comprehensive definition of performance management. According to Aguinis (2007: xvii), performance management is "a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization". This definition is adopted by the researcher as it has the following basic advantages:

1. The continuity nature of the performance management system has a

great value to the organization and the employees, as both will be able to very early identify any undesirable deviation that may negatively affect each party's own objectives, as well as the possible negative impact on both parties' collective objectives.

2. Aiming to identify, measure, and develop the individuals and teams performance is the second advantage of Aguinis' definition, as paying attention to individuals' performance only may have a negative effect on the performance of teams in the organization, hence; it could negatively affect the team spirit. On the other hand, when organizations focus on teams' performance only the chance of unfair employees' treatment tends to be very high, as many free-riders do exist.

3. Linking performance management system to the strategic goals of the organization is the third advantage, as if we admit that one of the aims of most and all organizations is survival and growth, this link may help those organizations foresee their future and prepare for it by developing and sustaining the performance, including results and behaviors, that could help the organizations pursuing their strategic objectives.

4. Believing in the three strategic objectives of human resource management that are attracting, retaining, and developing organizations' personnel, performance management as defined by Aguinis may play an essential and critical role in helping the interested organizations meet the three HRM strategic objectives.

5. Finally, this definition adopts the process approach, as it presents the steps that managers will follow to manage the performance of their

individuals and organizations. Hence; performance management could be viewed, based on Aguinis' definition, as a management process that ensures employees are focusing their work efforts in ways that contribute to achieving the organization's vision, mission, and objectives.

Performance Management: The "Why" Question

Before moving from a performance appraisal system to a performance management system, or before adopting a performance management system managers need to answer the question of "why? Simply because without a clear and specific answer to this question the movement will not be justified, hence; it will lose all and any kind of support. To answer this question, Heathfield (2007) argues that organizations have to avoid wasting their time on painful performance appraisals, and they should devote themselves to implementing a performance management system. This argument raises the issues of why the performance management system and what differences do exist, if any, between performance management and performance appraisal.

Concerning the first issue of why performance management systems, performance management's emphasis on the integrated nature of goal setting, appraisal and development reflects Total Quality Management (TQM) concepts. Second, it reflects what many studies have shown that traditional performance appraisals are useless and counter-productive (Lee and Son, 1998; Antonioni, 1994; Siegel, 2000; Bates, 2003). Third, it is a process that recognizes that every employee's efforts must focus on helping the company achieve its strategic goals (Dessler, 2005). In addition,

performance management is thought to facilitate rigorous specification of performance standards and measures and increase the likelihood of achieving organizational goals at a time when organizations need to respond to increasingly competitive business conditions (Pinnington and Edwards, 2000). Moreover, many researchers believe that organizations can gain competitive advantage through human resource practices, including the adoption of an ideal or effective performance management system (Schuler and MacMillan, 1984). Aguinins (2009) answers the question of why performance management by simply discussing the contribution of performance management for employees, managers, and organizations. For employees, performance management could:

- Clarify definition of job and success criteria.
- Increase motivation to perform.
- Increase self-esteem.
- Enhance self-insight and development.

For managers, performance management could help,

- Supervisors communicate views of performance more clearly.
- Managers gain insight about subordinates, and their results and behaviours.
- Identifying good and poor performance better.
- Employees improve their performance.

Finally, for organizations, performance management could:

- Clarify organizational strategic and operations goals.
- Facilitate organizational change.

- Take administrative actions that are more fair and appropriate.
- Better protect organizations from lawsuits.

In addition, performance management could help organizations prioritize what gets done and ensure there are sufficient resources to do it, hence; it is believed that any company's human resource practices, including managing employees' performance, must develop the company's employees skills, knowledge, and motivation such that employees behave in ways that are instrumental to the implementation of a particular strategy (Bowen and Ostroff, 2004).

Moreover, performance management involves aligning human resource practices so that employee performance and development are enhanced, with the aim of maximizing organizational performance (Hartog, *et al.*, 2004).

As far as the second issue of the differences between performance management and performance appraisal is concerned, it could be accepted to differentiate between the performance appraisal and performance management by examining some of the components of performance appraisal systems that the performance management systems eliminate or ignore as these components are considered errors in the performance appraisal systems. The eliminated components are (Heathfield, 2007):

1. Numeric ratings
2. Forced ranking of employees across the organization.
3. Imposed goals and objectives.
4. The manager in a judge role with an appraisal document completely written prior to the meeting.

5. The annual meeting.

6. The tie between the performance appraisal and the employee raise.

In addition, many researchers (Glendinning, 2002; Dessler, 2005) have examined these differences and report the following:

1. Performance appraisal is but only one part of the bigger process of performance management. Performance management is an integral part of the organizational management system, and it is involved in all the functions, departments, and systems. Performance appraisal is viewed as a process that is involved in the performance management process, as it is the tool used to appraise the employees' performance.

2. While performance management is a strategic system used by managers to manage employees performance and enable them to perform effectively and efficiently according to the desired standards to achieve the organizational strategic goals, performance appraisal is defined as the process of setting job standards, measuring and evaluating employees performance over a definite period of time, and giving relevant feedback to the employees.

3. Although performance management is a continuous process whenever the organization is survived, performance appraisal is done once or twice a year.

4. Performance management focuses on the performance of the organization, a department, some processes to build a product or service, employees and assess the achievement of strategic objectives. While performance appraisal, on the other hand, focuses mainly on employee performance and measure the gap in employee

performance against the organization standards of performance.

5. Performance appraisal focuses only on results, while performance management focuses on results, behaviors, attitudes, and competencies.

In addition, it seems that one of the major differences between performance management and performance appraisal is the main aim of each. While performance appraisal focuses on past job performance and is used to make decisions on pay, promotion, and other changes, performance management focuses on all aspects of the work environment, work and workers that impact on performance and can be past, present, or future (Rothwell, 2007).

To conclude, and based on the previous discussion, Table (1) shows and summarizes some of the basic differences between performance appraisal and performance management.

Table (1): Basic differences between performance appraisal and performance management

Performance Appraisal	Performance Management
Top-down assessment	Joint process through dialogue
Annual appraisal meeting	Continuous review with one or more formal reviews
Use of rating	Less use of rating
Monolithic system	Flexible system
Focus on quantified objectives	Focus on values, behavior as well as objectives
Often linked to pay	Less linked to pay
Bureaucratic-complex paper work	Documentation kept to a minimum
Owned by the HR department or manager	Owned by the line manager

Ideal Performance Management System:

Once the decision to move from a performance appraisal system to a performance management system has been made, managers need to invest a lot of time and effort to make sure that the performance management system they will be using is effective or ideal (Effective and Ideal will be used interchangeably in this research as it is believed that effective performance management systems tend to be ideal and ideal performance management systems are effective). Hence; it seems beneficial here to present and discuss some of the ideal characteristics of effective or ideal

performance management systems.

Heathfield (2007) argues that effective performance management systems should include the following components:

1. Schedule update and discussion meetings quarterly with each employee.

2. Make the performance development planning meetings interactive.

3. Negotiate and agree upon goals for both business development and employee development.

4. Keep any assignment or discussion of employee compensation completely separate from the performance-development planning meeting.

Results showed that implementation of nine key practices increased the effectiveness of performance management systems (Oaks, 2007). These nine critical practices are:

1. The performance management process includes developmental plans for the future.

2. Training is provided to managers on how to conduct a performance appraisal meeting.

3. The quality of performance appraisal is measured.

4. There is a system in place to address and resolve poor performance.

5. The appraisal includes information other than that based on the judgment of managers.

6. The performance management process is consistent across the organization.

7. Employees can expect feedback on their performance more than once a year.

8. 360 degree feedback is used to support the performance management process.

9. The performance management process includes ongoing goal review and feedback from managers.

In addition, the following ten practices are considered important to ensure the ongoing success of a performance management system (Simba Information, 2007):

1. Sell performance management system as a key to strategy execution.

2. Establish ownership and accountability.

3. Seek advice from line managers and employees.

4. Drive workforce alignment with cascading goals.

5. Help managers and employees set a limited number of SMART goals.

6. Assess people on standardized competencies.

7. Drive performance management adoption through the organization.

8. Encourage frequent, bottom up feedback and coaching.

9. Tightly integrate performance management with employee learning and development.

10. Recognize and reward people through pay-for-performance.

Moreover, ideal performance management systems should have the following features (Hartog, *et al.*, 2004, Bowen and Ostroff, 2004):

- They tie unit and/or organizational objectives to employees' objectives.

- They are specific to individual.

- They should facilitate employee and supervisor communication.

- Future – oriented and flexible (or can be compromised by changing circumstances).
- Can be put into place for all employees, but more easily used for employees with a broader scope of responsibilities, and a mixture of non-routine and routine work.
- Can focus on annual results, while ignoring routine aspects of job.
- Care must be taken to ensure objectives are realistic.
- Must be consistent with culture and can be time consuming to implement a fully integrated system.
- They are tied to job duties and responsibilities.
- Best when applied to any employee performing the same job duties.
- They make it very clear how performance will be measured.

Finally, in answering the question of what does a good performance management system look like? Aguinis (2009) develops a list of fourteen characteristics that is likely to allow a performance management system to be successful. The list includes the following characteristics:

1. Strategic congruence. This means there is a clear link among individual, unit, and organizational goals.
2. Thorough. Which means that the performance management system includes all relevant performance dimensions.
3. Practicality. This means the performance management system does not require excessive time and resources.
4. Meaningfulness. This means the performance management system has important consequences. For example, the performance management systems provide for continuing skill development of evaluators, only the functions that are under the control of the

employee are measured, and results of the system are used for important administrative decisions.

5. Specific. Which means that the performance management system provides a concrete employee improvement agenda.

6. Identification of effective and ineffective performance. This means the performance management system helps distinguish employees at different performance levels.

7. Reliable. This means the measurement of performance is consistent.

8. Valid. This means the measures of performance are not contaminated or deficient.

9. Acceptable and Fair. Which means people participating in the system believe the processes and outcomes are just.

10. Inclusiveness. This means the performance management system includes input from multiple sources on an ongoing basis.

11. Openness. This means the performance management system is transparent and there are no secrets.

12. Correctable. This means the performance management system includes mechanisms so that errors can be corrected.

13. Standardization. Which means performance is evaluated consistently across people and time.

14. Ethical. This means the performance management system complies with ethical standards.

Reviewing the characteristics of ideal systems suggested by different researchers and mentioned here-above may support the researcher's belief that the 14 characteristics of ideal performance management systems that have been developed by Aguinis are very comprehensive, hence; they were

used in this research to assess the idealism of the performance management systems adopted by the surveyed companies.

METHOD:

Sample:

This research uses a sample of 60 Human Resource managers from 60 different companies. The 60 surveyed managers were attending a performance management training course as trainees. Sample respondents are working in a variety of industries. Table (2) describes the nature of the companies its human resource managers were used in this research.

Table (2): Sample Description

Company Nature	Service	Product (Manufacturing)	Total
Number	**24**	**36**	**60**

Research Instrument:

"The Reality Check: Ideal Versus Actual Performance Management System" questionnaire was used to answer the main question of this research (see Appendix 1). This questionnaire is developed by Aguinis (2007), and it contains the 14 characteristics that Aguinis sees as a must in any ideal performance management system.

A simple definition for each characteristic is given to help respondents understand what the characteristic means, hence makes it easy for them identify whether the characteristic does exist in their organizations or not.

The respondents were asked to use the Y/N (Yes/No) column in the table to identify whether each of the characteristics is present or not. The Y/N

response was coded as follows: (Y: yes = 2) and (N: no = 1).

Because in some cases, some of the characteristics may be present to a matter of degree and may require that respondents include some additional information in the "Comments" column.

The questionnaire was headed by a question that aims to clarify the surveyed company's nature; whether it is a service or a product company as one of the questions that this research aims to answer is "Is there any correlation between the nature of the company (service or product) and the adoption of an ideal performance management system?"

Although it is not included in the original questionnaire, the researcher has added an essay-format open question that aims to help targeted respondents identify the major obstacles, if any, that may hinder the adoption of an ideal performance management system by their organization to answer the third question of this research.

DATA ANALYSIS and RESULTS:

Means, as a measure of central tendency, and the standard deviation, as a measure of dispersion, were calculated to present the general results of the study. Table (3) presents the mean and standard deviation (SD) for the 60 performance management systems examined in this research.

Table (3): 60 Surveyed Companies Mean & SD

Mean	47.12
SD	3.53
Minimum	39
Maximum	55

It appears from Table (3) that the sample mean tends considerably toward the lowest score, and the standard deviation is small, which may mean that the dispersion among the surveyed human resource managers concerning their companies' performance management system idealism is small, which may mean that the surveyed companies' managers agree to a large extent that their performance management systems are not ideal since there is no much dispersion among their response.

To answer the first question of this research "Do the surveyed companies in Egypt really adopt an ideal performance management system or they do use an appraisal system or a PM system that is not ideal?" the respondents' "Yes" or "No" frequencies and percentages were calculated.

The "Yes" or "No" frequencies and percentages shown on table (4) indicate that all surveyed human resource managers believe that the performance management systems their companies are adopting are not ideal by all means, as for each surveyed company some of the ideal characteristics are missing.

The company by company analysis supports the nonexistence of an ideal performance management system as for each company some ideal characteristics are missing.

Table (4): 14 Characteristics Mean and Standard Deviation

No.	Characteristics	Mean	SD
1	Strategic Congruence	1.38	0.490
2	Thoroughness	5.30	0.926
3	Practicality	5.37	1.025
4	Meaningfulness	6.88	0.825
5	Specificity	1.47	0.503
6	Identification of effective and ineffective performance	1.45	0.502
7	Reliability	2.85	0.732
8	Validity	4.45	0.852
9	Acceptability and Fairness	2.70	0.702
10	Inclusiveness	2.75	0.437
11	Openness	5.87	0.833
12	Correctability	1.32	0.469
13	Standardization	1.48	0.504
14	Ethicality	3.85	0.755

As far as the second research question of "Is there any correlation between the nature of the company (service or product) and the adoption of an ideal performance management system?" is concerned, the correlation coefficient was calculated. Table (5) shows that there is no significant ($p > 0.05$) correlation between the nature of the company (service or product) and the adoption of an ideal performance management system, as it seems that all surveyed companies may adopt a performance management system that is not ideal since some of the ideal characteristics are missing.

Table (5): Correlation Coefficients (Pearson *r*)

		PM Sys	Nature
PM Sys	Pearson	1	0.231
	Sig.	0	0.076
	(2.tailed)	60	60
	N		
Nature	Pearson	0.231	1
	Sig.	0.076	0
	(2.tailed)	60	60
	N		

The main conclusion that could be made based on the piece of information Table (5) presents is that regardless of the nature of the company, whether a service or a product, the performance management systems adopted by the companies surveyed are not ideal.

As far as the third question of this research is concerned the following is a list of the main causes that may hinder the surveyed companies' adoption of an ideal performance management system:

1. The cost of developing and implementing or using a performance management system may outweigh its benefits, especially when the information and data it generates are ignored when related decisions are made.

2. The nature of the Egyptian culture which demonstrates two related things; the first is the parental relationship between the managers and

their employees, and the second is the low level of participation permitted to Egyptian employees.

3. Lack of faith in the value that an ideal performance management system may add to the overall company's performance.

4. The Egyptian poor economic conditions and the high level of unemployment rate in Egypt, which may lead employees to accept, being treated unfairly especially when there is no other alternative but the current employer.

5. Employees' perception that the Labor Union in Egypt is very week and it does not effectively play its role to protect the Egyptian employees' rights.

DISCUSSION:

The results of this research are consistent with earlier research results. Earlier research reports the following:

5) Based on a research conducted by IXP3, 87% of organizations have some type of appraisal system. Often this is referred to as the performance management system. Of the 87% that have these systems, 95% were manual systems without performance objectives or development plans, and 68% were annual appraisal systems (Potgieter, 2005).

6) 56% of line managers believe their performance management systems are not valuable (Laff, 2007).

7) Only 36% of organizations actually consider performance management essential (Oakes, 2007).

8) A recent survey by On Point Consulting found that less than half of HR professionals believe that their performance management systems add value to the business while only 30% believe that the systems achieve the desired objectives (Williams, 2007).

The results of the current research could be justified by referring to some cultural values that dominate the Egyptian work environment. Hickson and Pugh (1995), in their comprehensive study on the impact of societal culture on organisations around the world, argued that Arab culture has certain distinctive features that dominate managerial thinking and behaviour. Most of those features were derived from a case study for Jordan conducted by Al-Faleh (1987; cited in Hickson and Pugh, 1995). The features of interest here are those that seem to have some reflection on the way Arab organisations treat their employees. Among those features are:

1. Arab organisations are centrally controlled with a low level of delegation, i.e. the power to decide is centralised and rarely delegated. The opportunities for lower-level managers to bear responsibilities and initiative can be restricted. So too can the opportunities for those at the top to appreciate what is happening below. And in as much as both those below and those above have a personalised concept of power, failures are blamed on the head of the organisation personally and the solution is seen in his removal as much as in an analysis of what is wrong.

2. Subordinates in Arab organisations act with deference and obedience in the formal hierarchy of authority.

3. Authoritarian management style is predominant in Arab organisations.

4. Decision-making is constantly pushed upwards in the organisation.

5. The decision-making process is influenced by the prevalence of paternalistic and familial patterns. There is an absence of Western-style democratic systems.

6. Organisation members are motivated by affiliation and power needs rather than by performance objectives.

7. Social formalities are extremely important.

8. A low-trust atmosphere and political gamesmanship characterise Arab organisations, together with closed information systems and low levels of disclosure to organisation members.

9. Constant change and high levels of uncertainty at work.

10. There is little opposition and resistance from subordinates.

As far as the Egyptian culture is concerned, Hickson and Pugh (1995) argued that there is no evidence that the Egyptian approach to management differs markedly from that in the other Arab societies. For example, job responsibilities are less precisely defined than in organisations in the more clearly structured of Western societies, and this implicit discretion facilitates the exercise of authority in a personal manner.

In addition, the findings of this research could also be justified in light of the Hofstede's study on the national culture and how it might affect the business organisation (Hofstede, 1991). Hofstede (1991) identified four dimensions of work-related value differences. These four dimensions are: power distance, uncertainty avoidance, individualism versus collectivism, and masculinity versus femininity. What is of interest here is the first dimension; the power distance.

According to Hofstede (1991), power distance refers to the extent to which employees accept that their boss has more power than they have and the

extent to which they accept that their boss's opinions and decisions are correct simply because he or she is the boss. In large power distance organisational settings superiors and subordinates consider each other as unequal; the hierarchical system is felt to be based on some existing inequality. Those organisations centralise power more and subordinates expect to be told what to do. Superiors are entitled to privileges in high power distance cultures. There are more visible signs of status, and contacts between superiors and subordinates are supposed to be initiated only by superiors. Arab countries recorded high scores on the power distance dimension. No delegation of authority, high centralisation of power, and 'the boss is always right because he or she is the boss' is the dominant belief among both managers and employees. Employees often avoid expressing their true opinions and managers often avoid accepting others' opinions as correct because others may consider this a weak point in their superiors, hence; they may lose a lot of their prestige and status. In such cultures, it is not expected to find real participation in the decision-making process, as both parties often avoid such exchange of opinions and ideas. Managers make the decisions autocratically as well as paternalistically. A low power distance organisational setting is one where employees do not accept that their boss has more power and is right only when he or she knows the best way to do something and knows the correct answers. Egyptian managers, in a high power distance culture (Hofstede, 1991), are unlikely to find it easy to delegate authority, or to be flexible in executing decisions or to respond well to criticism.

Although the authoritarian style of management may be dominant in Egyptian companies, it seems that to make the efficient use of their

employees' hands and minds (i.e. their physical and mental abilities), some employers, especially in the private sector, may be more interested in collecting as much information as they could from their employees and help them express their thoughts and ideas, to some extent, to form a good base for decision makers, and this may justify why some respondents believe their organizations are decentralized and not highly formalized.

From the previous discussion, it is likely that managers and employees who work in the Egyptian culture may be reluctant to develop an ideal performance management system regardless of the nature of their organizations.

CONCLUSION:

It could be concluded that the surveyed companies' human resource managers do agree that the performance management systems their companies are adopting are not ideal since some of the ideal characteristics of ideal performance management systems are missing in all surveyed companies, regardless of the nature of the companies surveyed. The results of this research could be justified in light of some of the values that dominate the Egyptian culture.

RECOMMENDATIONS:

It is recommended –based on the findings of this research- that the surveyed companies may need to review and revise their performance management systems in order to make it ideal by adding those characteristics that are currently missing.

Finally, as a starting point, it is also recommended that the surveyed companies should investigate the impact of their adopting an ideal

performance management system on their overall performance in the short and long run.

Hereunder the researcher will briefly explore some recommendations and corrective actions in order to recover the major weaknesses that do exist in the surveyed companies' performance management systems:

a) Enhancing a high-trust organizational atmosphere is the first task the surveyed companies have to do in order to encourage both managers and employees raise and share ideas that of value to the organization as one entity.

b) Regularly communicate the corporate goals and strategies.

c) Consistently review performance standards that must be aligned with corporate, departmental and individual goals.

d) Job descriptions must be available for all departments, and to follow up that KJRs' are included in the performance review.

e) Set a yearly refreshment training sessions for all employees at all levels to familiarize them with the performance management process, leadership competencies, goal setting, and general scoring system.

f) Communicate the corporate long term and short term goals and targets early up to one month, in order to provide a span of time for proper preparation.

g) Reinforce the reviews meeting, as part of this meeting to set future performance expectations and goals. Heads of departments must be involved in this process to ensure its consistency.

h) Plan and provide a rewarding matrix for performance reviews results, which must be discussed during the review meeting.

i) Plan and provide "Appraisal Skills Training" to all the supervisory level as to enhance their appraising skills during performance reviews.

j) Clearly communicate the desired outcomes from the performance management process.

k) Apply the concept of performance management system as a continuous, ongoing process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization.

l) Using a standard formats to serve the documentation purpose.

m) Include some other important KPIs and dimensions in the PM (coaching, activities required by one's job planning and complying with code of conduct ……… etc) (i.e. "task and contextual", that will help the strategic and developmental purposes) to help the individuals improve their performance in the future, hence; improve their companies' competitiveness.

n) Include performance standards that address and measures behaviours such as (Team work, communication and work relationship etc., as the PM is about the behaviours or what employees do not only about the outcome.

o) Train the staff on the new PM system to ensure better understanding of the New PM System, training on the approaches to measure the performance to ensure unified and standardized system.

p) Widen the scope of the purpose of the PM system to help the company to use it for administrative &strategic decisions; identifying and retaining pool of talents, succession plans, link the performance with salary increase, recognition, retention and managing poor performance.

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Appendix (1)

The Reality Check: Ideal versus Actual Performance Management System

Characteristics	Y	N	Definition	Comments
Strategic Congruence			Individual goals are aligned with unit and organizational goals.	
Thoroughness			All employees are evaluated.	
			Evaluations include performance spanning the entire review period.	
			All major job responsibilities are evaluated.	
			Feedback is provided on both positive and negative performance.	
Practicality			It is readily available for use.	
			It is easy to use.	
			It is acceptable to those who use it for decisions.	
			Benefits of the system outweigh the costs.	
Meaningfulness			Standards and evaluations for each job function are important and relevant.	
			Only the functions that are under the control of the employee are measured.	
			Evaluations take place at regular intervals and at appropriate moments.	
			System provides for continuing skill development of evaluators.	
			Results are used for important administrative decisions.	
Specificity			Detailed guidance is provided to employees about what is expected of them and how they can meet these	

Characteristics	Y	N	Definition	Comments
			expectations.	
Identification of effective and ineffective performance			The system distinguishes between effective and ineffective behaviours and results, thereby also identifying employees displaying various levels of performance effectiveness.	
Reliability			Measures of performance are consistent.	
			Measures of performance are free of error.	
Validity			Measures include all critical performance facets.	
			Measures don't leave out any important performance facets.	
			Measures don't include factors outside employee control.	
Acceptability and Fairness			Employees perceive the performance evaluation and rewards received relative to the work performed as fair (distributive justice).	
			Employees perceive the procedures used to determine the rating and subsequent rewards as fair (procedural justice).	
Inclusiveness			Employee input about their performance is gathered from the employees before appraisal meetings.	
			Employees participate in the process of creating the system by providing input on how performance should be measured.	

Characteristics	Y	N	Definition	Comments
Openness			Performance is evaluated frequently and feedback is provided on an ongoing basis.	
			Appraisal meeting is a two-way communication process and not one-way communication delivered from the supervisor to the employee.	
			Standards are clear and communicated on an ongoing basis.	
			Communications are factual, open and honest.	
Correctability			There is an appeals process, through which employees can challenge unjust or incorrect decisions.	
Standardization			Performance is evaluated consistently across people and time.	
Ethicality			Supervisors suppress their personal self-interest in providing evaluations.	
			Supervisors evaluate performance dimensions for which they have sufficient information only.	
			Employee privacy is respected.	