

## The Role of Rewards in Improving the Performance of Customer Service in Government Sector

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### Abstract

This paper is an exploratory study of rewards and performance, and examines the role of rewards on the performance of customer service; (also called front desk officers) in the context of Saudi Arabia government sector using content analysis on the country's current traditional pay structures. From the review of literature and practices it is observed that the use of performance related incentives (rewards) is more problematic in the public sector than in the private sector. Nevertheless, there have been some degrees of successes even in some developing countries' civil service in the class of Saudi Arabia. The traditional pay structures for Saudi Arabia government service based on grades and seniority, rather than performance may not produce the required productivity and efficiency. The World Bank has also recognized the problems caused by the traditional model of civil service pay structures, which it sees as central to what it terms as 'bureaucratic dysfunction'. In view of the notable successes recorded in countries similar to Saudi Arabia in the use of reward for performance scheme, the Kingdom needs to review its current traditional pay structures for the public sector to enhance productivity and efficiency.

**Keywords:** Rewards; Performance; Customer service; Government; HRM

### Introduction

The use of rewards or incentives to improve productivity and efficiency of the public sector is an important policy of Saudi Arabia as it carries out the country's government sector modernization and reform programs. The Ministry of Civil Service plans the civil manpower required in the government sector and ensure that the competence of the civil servants matches the requirements of the kingdom as it carries out this modernization brought about by increased citizens' expectations and enormous changes in the environment for public service. The current traditional system of pay in the Saudi governmental sector is based on grades and seniority, which pays less emphasis on performance. This paper is an exploratory study of success of rewards for performance in the public sector especially in developing countries and examines the role of rewards on the performance of customer service; also called front desk officers in the context of Saudi Arabia government sector.

Rewards are crucial components of any effective performance management system [1]. They are for attracting and retaining suitable employees as well as making them to improve on their performance through motivation. Prior studies have identified several forms of incentives ranging from intrinsic to extrinsic which may lead to motivate employees. In certain conditions, Rewards may have been positive influence on performance [2]. People are usually motivated when they know their hard work will be rewarded adequately. It is therefore, necessary that when employees meet or surpass their targets, managers should reward them immediately as a show of appreciation. Reward programs should be properly designed in the organization so as to reinforce positive behavior which leads to performance [3].

### Theoretical Background

According to Blinder [2] rewards have elements of motivation. This study is based on motivational theory; specifically Vroom's Expectancy Theory. This view indorse that people will value behaviors when match what they believe and result in more probability of achieving specific outcomes. According to Vroom [4], a rational human being in deciding how much effort he or she is prepared to put in an endeavor depends

upon his disposition to three things, namely: Valence, Instrumentality and Expectancy, commonly referred to as 'VIE'. These three variables are considered to influence motivation in a combined manner to create a driving force which eventually motivates an individual to put in effort, achieving a level of performance and obtain rewards. Employers should intimate their employees that increased efforts result in higher productivity or performance and consequently in valued rewards.

The relevance of this theory to the study of Saudi Arabia civil service performance is that as the kingdom initiate its intended reforms in the public sector aimed at improving service delivery especially as it relates to front desk officers , rewards that are attractive (valued) should be considered so as to achieve desired outcomes i.e., improved performance.

### Statement of the Problem

Saudi Arabia public sector is under increasing pressure to improve the quality of their social services, become more accountable, customer focused and responsive to stakeholders' needs, especially customer services. This call for a reassessment of the public sector in the areas of: recruitment, training, promotion/staff evaluation and more especially the motivation of employees which is the main focus of this paper. The current traditional system of pay in the governmental sector based on grades and seniority; often have no link at all between pay and performance. This model allows incompetent and lazy civil servants to get the same pay raises as productive and efficient employees. Since equity is seen as an important element in employee motivation; this can easily lead to a perception of inequality of treatment and a decline

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in overall morale and motivation, and consequently adversely affect the quality of service rendered especially with regards to customer service.

## Objective of the Study

Explore the relationship between rewards and employees performance in the civil service in the light existing literature and practices.

Examine the current pay structure of the Saudi Arabia civil service.

Suggest useful recommendation that will ensure improved civil service; especially customer service performance through effective design and management of reward system as seen in other developing countries and literature.

## Research Question

Can the incentivizing of the public sector produce the desired result of producing quality and efficient services?

## Significance of the Study

The civil service is the engine room of all efficient government. The customer services unit (front desk officers) especially is the mirror of what a government is, as viewed by outsiders. It is no gain saying, that if you want to improve quality of service and ensure efficiency in any organization, the single most effective thing you can do is to improve employee morale and motivation. A well rewarded and motivated civil service is therefore necessary for the Saudi Arabia government to achieve success as it carries out its modernization and innovation to improve the civil service.

## Research Method

This research is exploratory in nature as it seeks to find out about a situation. It uses current data (Ministry of Civil Service, 2015) and adopted content analysis. This instrument was utilized in collecting relevant data from texts, journals, magazines, newspapers and especially Saudi Arabia Civil Service pay structure manual and document.

## Literature Review

### Public service motivation (PSM) theory

Greater proportion of the research on reward system has their link to the works of Maslow [5] who developed the needs-hierarchy theory. This theory postulates that needs are structured in hierarchy with the esteem and self-actualization at the apex while biological needs are considered to be at the base of the hierarchy. This theory was later adapted to the work place by [6] whose work was influential in promoting the concept of job enrichment and the identification and differentiation of extrinsic and intrinsic rewards and their role in motivating staff. The public vision of the extrinsic rewards is usually seen as salary, better working situation or fringe benefits. The intrinsic rewards define by [7] as a feeling of competency, willing to achievement, responsibility, challenge, accomplishment and independency.

The Public Service Motivation (PSM) theory postulates that public employees are unique and differ from their private sector counterparts insofar as they are driven primarily by intrinsic motives rather than extrinsic ones, such as financial rewards [8]. PSM, posits that public servants are driven by higher-order needs and have a zeal for serving the general public good and action in the public domain that are intended to do good for others and shape the well-being of society" [9]. On the other hand the market-style mechanisms like performance-

related pay into the public service sees the public servants as primarily motivated by their own self-interest, and therefore, their behavior should be controlled by extrinsic and not intrinsic incentives [10].

## Performance

Staff performance depends on multiple and diverse types of factors. Measuring performance is essential to any incentive plan and it is also a means of indicating the organization's goals. As rightly pointed out by Bohlander et al. [11] that what is measured and rewarded gets attention. Literature has also recorded several ways of measuring performance which include; the percentage of job completed, how timely or fast an assignment is concluded by the staff. Customer satisfaction can be measured by the number of loyal customers and customer feedback, and achievement of objectives measured when an employee has surpassed his/her set targets, he/she is then considered to have performed well to achieve objectives [12,13].

It is increasingly being recognized that planning an enabling environment have a critical effect on individual performance, focusing on performance, appropriate resources availability, guidance and support from the managers all being central [3]. Staff performance cannot be completely isolated from behavior. Campbell [14] argued that staff performance is behavior and should be distinguished from the outcomes; they can be contaminated by system factors. According to Brumbach [15], performance means both behaviors and results. It is therefore, essential for employers to consider both inputs (behaviours) and outputs (results) when managing performance [16].

## Employee performance and reward management

The fact that producing a proper reward system for targeted performance in the civil service is considered as a matter of challenge. However, the counterpart which is private sector has more enough room to create or develop the system of rewards like bonuses or initiating perks like cars and holidays [17]. In the civil service much of the good performance comes down to effective team work rather than necessarily that of individuals. A Poorly constructed reward schemes that fail to recognize this work arrangement may distort performance achievements. As explain, there is not a simple principal/agent relationship that economic theory expects. Marsden et al. [18] address that employees often lack or miss the same clear goals in comparison to workers in the private sector. For these and other reasons, rewarding performance in the civil service is not straightforward. Many scholars have also referred to profit maximization as the main difference between the private and the public sector [19], and hence the lack of a bottom line against which performance can be measured in the public sector. On the other hand, some argue, that since there still exists an equivalent financial measure to profitability in the public sector which is "value for money", then, there is no considerable difference between both sectors [20].

Nevertheless, rewards can be used to improve performance by setting targets in relation to the work given e.g. surpassing some set performance targets. When the employees surpass their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more [1]. When managers take time to meet and recognize employees who have performed well, it plays a big role in enhancing employees' performance [3]. Organizations should reward employees more often. This greatly improves performance compared to having the rewards maybe only once a year. This is because frequent rewards are easily linked to the performance [21]. It is also, worthy to note that managers while structuring reward schemes to recognize

that all work environments are not the same. Incentive schemes cannot be copied wholly from one organization to another, but need to be designed, developed within the unique nature of the organization concerned.

Reward system management is interested in the formulation and implementation of strategies and policies that aim to reward people equally and fairly and consistently in accordance with the values of the organization [22]. System that is interested in the development of positive working relationship and the adoption of "total reward" approach which recognizes that there are a number of ways that people can be rewarded.

Reward management system contains both financial and non-financial rewards, these two key elements when combined is geared towards developing the skills and competencies of staff in order to increase efficiencies. The overall strategic objective of the management rewards system is to develop and implement reward strategies, bonuses and processes necessary to support the efficient achievement of organizational goals and practices by motivating and maintaining people with skills [23]. The philosophy behind the strategy is mainly based on the principle that people should be rewarded as they gave. Thus, the goal is to create a reward based system focus on what is relevant and valuable for the organization and thus to pay for accomplishment.

Ahmed et al. [24] confirm that effective reward system administration contribute to the process of achieving goals that are related to the organizational objectives, as well as creating a positive relationship between rewards and works satisfaction as well as motivation. According to Reilly [25], it is hard to decide whether incentives in the public sector play a role in more retention or recruitment, but the focus was mainly on role of motivating employees. Cash bonus has no effect on employee performance, but organizations should focus on changing the intrinsic nature and content of jobs. The problem of using incentives in public services result in the process of practice. Many employees have doubts about whether their managers

have the skills to exercise their judgment in a fair and consistent manner [25].

Finally, research has shown that the impact of rewards varies from one individual to another. Some individuals may find extrinsic rewards fulfill their needs, whilst others find practice of intrinsic rewards more attractive. Expectancy theories of motivation build on these findings indicate that individuals are motivated to perform well if they value the mix of rewards on offer and see that their performance will lead to them gaining those rewards [26]. It is also deemed to be important that a mix of extrinsic and intrinsic rewards is distributed fairly and that the process is seen to be fair and equitable, and need to be adapted to the requirements of the workforce.

## The Current Saudi Arabia Civil Service Payment Structures and Performance-based Wage System

### Traditional Payment Structures for Saudi Arabia Government Service

The typical, or traditional, system of pay in Saudi Arabia civil service, like in most other governmental sectors has been a system of grades and seniority. This system of grades has produced a sense of grades are linked to particular positions which result in variation in base pay or prerequisite demands in filling these positions. Civil servants are basically compensated in terms of seniority. As a result of this incremental salary scale system, which guarantees automatic annual increment for the employee, the productivity of the staff becomes secondary (Tables 1 and 2). Furthermore, workers in the Saudi public sector are hard to terminate from their positions regardless of performance. This kind of practice results in "public perceptions of civil servants as under-worked and overpaid." [27]. The World Bank has announced that "bureaucratic dysfunction" is a problem which is discovered over thirty years which is caused by the practice of traditional structures of civil service pay.

Beneficiaries	Amount	Motivation name	
For the employee who are on fixed jobs working in far places as per rules and regulation	20% Max of monthly salary	Far places allowance	
Instead of accreditation for those employees who are traveling continuously as per rules and regulation	1/6 (Salary max)	Travel allowance	
For the employees who are taking training in another city in which they are working for the first three months	100% of monthly salary	Training reward	
For outperformed employee in training courses inside if the trainer recommend the reward	Half month salary	Outperformed reward	
For the employee who asked to work through normal working days	50% out of daily salary	Normal days	Overtime rewards
For the employee who is asked to work through week end and holidays	50% of salary	Official holidays	
Vet and physicians	Annual reward equal to two months' salary	Vet and physicians rewards	
For the employees who are supervising slotting and meet after the working days	Half month salary		
For early retirement	Four months' salary	End of service rewards	
When the employee retired because of legal age limit or paralysis or death	Six months' salary		
Any employee who died or paralysis prevent him to work because of work	100.000 riyal	Compensation for work accident	
If the service ended because of death or paralysis	Full vacations balance	Compensation for full vacation balance	
Compensated max by 180 days as per last salary	Max 180 days		
For the employee whose service has been ended if they need him for giving all entrust	From one to two months' salary	Reward	
For any employee who is still working after the end of his contract because of getting Saudi nationality till the completion of employment procedures	Equal to one month salary	Reward	

Source: Ministry of Civil Service, Saudi Arabia

Table 1: Civil service pay structure.

Beneficiaries	Amount	Motivation name
Paid on time only for whom employed for the first time in government sectors, judges and investigation members	One month salary	Assignment allowance
(500) for the level from 1-5 of the scale (700) for the level from 6-10 of the scale (900) for the level from 11-13 of the scale (1200) for the level from 14 of the scale	500-1200 riyal	Monthly transport allowance
The employee delegate in charge of the additional work in non-official time 300 riyal for the level 14,15 if they delegated outside the kingdom	30/1 from monthly allowance	Extra transport allowance
For whom delegated inside the kingdom	800-150 as per the level	Delegation allowance
Those who are assigned outside the Kingdom as per of classification of countries by categories of representation rings	1680-248 as per the level	
The employee transferred within or the outside	Max three days	The allowance for the assignment of a distance of the road
For those who are transfer from one country to another, or assigned duration more than 90 days or mission to a far place compared with his work place or assigned outside the Kingdom	Two month salary	Relay allowance
Jobs that are hard work or the exposure of the incumbent or required work in the field as backup and custodians of the funds, and security and safety, in accordance with the rules of order of the organization	20% a max of the first tied to a level	Nature of work allowance
Working in the field of teaching and training covered by the salary scale accordance with the rules of order of the organization	30-20% from the first tied to a level	Profession allowance
Staff who are vulnerable by virtue of their direct to damage or infection according to the rules of order the organization to pay	750 riyal monthly	Damage and infection allowance
Staff who are vulnerable by virtue of their direct risk according to the rules of order the organization to pay	600 riyal monthly	Danger allowance

Source: Ministry of Civil Service, Saudi Arabia 2015

Table 2: Civil service pay structure.

### Performance-based wage system

Reward or Pay-for-performance, or merit pay, therefore, has become seen as an alternative to the traditional structure of salaries within the governmental sector. It is adjudged as a means of ending the 'bureaucratic dysfunction' within the government sector and improves the performance of public servants. There are several forms of this scheme which could be adopted as 'stand-alone', a combination of similar schemes or even with a mixture of the traditional salary system with this new scheme. Whatever model or approach that is adopted, the basic ideas are that financial or other rewards are key to motivating employees. Secondly, that tying financial rewards to quantifiable work production will increase employee productivity because employees will behave in ways that maximize their earnings.

The adoption and implementation of this system in some developing countries similar to Saudi Arabia has resulted into some measure of success. Uganda in the 1990s initiated a scheme called 'Individual Performance Related Pay', and the results, as observed by the World Bank and others have been a great increase in effectiveness and professionalism in the Ugandan civil service [28].

South Korea's adoption of the reward for performance scheme in its public service is seen by many as a major success story [29]. Another classical example of where this system has recorded tremendous success is the case of Spain. There is improvement gained in the Spanish social security system, where claims once took six months to process but now average seven days [30]. From the point of view of the Hungarian government their program has been successful in tending toward the creation of a more efficient and professional and motivated civil service [31].

The main perceived advantage of the pay-for-performance scheme in the public sector has some perceived advantages like that some form of performance-based payment will increase cost-effectiveness and productivity. Further, it is believed, such performance based scheme

will enable authorities to weed out less effective employees, or at least reward them less than their more effective and productive counterparts. In this situation equity which is an ingredient of motivation is seen to have been served. Another positive effect of the ability to increase pay for top performing employees will, again at least in theory, make public sector employment attractive as against private sector employment. The current perception is that the 'best' people go into the private sector, in general, and that the reason for this is the opportunity for higher salaries and bonuses [29]. Tying financial rewards to measurable work output will therefore increase employee productivity.

### Conclusion and Recommendation

From the review of literature in this paper it is observed that a major classical issue from the theory is that the use of performance related incentives (Rewards) is more problematic in the public sector than in the private sector. Nevertheless there had been some notable successes and some failures, the results generally have been inconclusive. However no reward system is perfect, this is because motivation is personal and what motivates one employee could be different from what motivates the next. Therefore, the organization should get to know their employees well so that they can employ the right motivational strategy. Uganda and Kenya among other sub Saharan African countries illustrate the upside of the reward-for-performance very well. Successes have also been recorded in the UK, South Korea and Hungarian civil service among others. Even in the face of mixed results, however, most governments have some sort of reward-for-service scheme either in part or in the whole civil service. The reason is that reward-for-performance does hold promise if carefully designed and supported over a long term. It therefore, has potentials to make the civil service more productive and cost effective.

Saudi Arabia has to key into this scheme to exploit its potential benefits. The government sector should improve its management techniques and work ethics. Different governmental divisions need to leave the practice of staying at a comfort zone. The automatic

promotion mechanism in the public sector also breeds inefficiency. The employees have no doubt about the end of year regular promotions and small payment increases, in case they are efficient in work or not. Employees know their positions and salaries at each stage of their career. So this kind of rigid working environment lead less desire to learn new skills or work hard. Lazy employees can keep their jobs in the public sector because the level of service offered to citizen is never monitored properly. It is no gain saying, that if you want to improve quality of service and ensure efficiency in any organization, the single most effective thing you can do is to improve employee morale and motivation.

A carefully designed reward scheme should be instituted by the government, as a strong team of enthusiastic customer service who are motivated to satisfy the service needs of the citizens can give the country a competitive edge. This reinforces the commonsense observation that customer services people in the public sector who enjoy their jobs will not only perform those jobs better but will also create a striking positive image of the country.

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