

# Critical Evaluation of the Current Bonus and Merits Policy and Its Impacts on Employees' Pay Satisfaction: Reference to Two Oil and Gas Service Companies

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## Abstract

This research explores the relationship between the current Bonus & Merit (B&M) policy along with its effects, if any, and pay satisfaction (PS) of the employees working in two oil and gas service companies. It should be noted that once satisfied in terms of pay, working staff are expected to deliver much more intensely at all levels so that the company realizes its objectives. With this notion in mind, the study aims to explore in-depth ways and means to get to the desired level of pay satisfaction that suits the working staff. The research seeks to conceptualize various associated dimensions generated from an extensive literature review aiming to prove or otherwise the sets of hypotheses and research questions. A sequential explanatory mixed methods research pattern is employed. The study findings indicate the importance of analysing all associated dimensions that are generated from and within the content of the B&M policy. This impacts the employees' level of PS, and accordingly their expected productivity. In other words, the terms and contents of the B&M policy need to be viewed differently, in accordance with the study findings so that the objectives are realized.

## Keywords

Pay Satisfaction, Bonus and Merit Policy, Discrepancy Theory, Job Dissatisfaction, Job Descriptive Index, Distributive Justice, Adaptation Theory, Productivity, Motivation

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## 1. Introduction

The current research is intended to reflect the Bonus and Merit (B&M) policy of

two local service oil and gas companies, along with its effects on the level of pay satisfaction (PS) of the employees. Indeed, this area seems to cause the most unrest and perhaps antagonism from the working staff who should always be regarded as the people to please; those who constitute the backbone of the industry. That said, it is important to identify that bulk of employees of the oil and gas industry companies comprise a disparity of nationalities with differing levels of education, and different age groups of both sexes.

The research critically assesses the fundamentals of the B&M policy, being one of the several influential factors that impinge on the PS level of the working staff of the local oil and gas service companies. It is also necessary to attempt to establish a model of reference against which B&M policies could be utilised at their best, acting as a model for the present and perhaps for the future, not just for employee PS in the Oil and Gas industry, but rather at large. Once achieved, the working staff could then be compensated for hazards and risks which would certainly reflect positively on the industry, on staff morale and thereafter on the entire economy.

Furthermore, as a side effect of this study, it also intends to provide scientific guidelines, through the use of mixed research methods along with representative conceptual framework that covers the main elements of the B&M policy and its effects on PS, as to how best PS issues can be studied and henceforth employed, with the intention of ensuring a healthy relationship among working crews. This could also suggest a model for other societal engagements and institutions follow once the ideas and thoughts are established.

A further consideration of the efficacy of the B&M policy and its impact on PS is the fact that the policy itself is rather rigid and falls short in accounting for oil price fluctuations. When oil prices are very high, there should be scope to grant generous financial incentives as a positive addition to PS. However, when oil prices are much lower, or unsatisfactory in comparison to the cost, it would be difficult to afford high financial incentives.

Pay satisfaction is thus the key motive that affects employees and their entire efficiency and dedication to the business. Therefore, it is important to undertake this area with serious scientific research in this area to understand the entirety of a policy that is unique in nature and if it meets its desired ends of achieving productive PS. It is to be noted that the archives of the two oil and gas service do not manifest enough attempts of scientific research to determine the trend of any arising issues regarding PS. Consequently, this study performs critical scientific analysis using quantitative and qualitative tools to verify the claims and criticisms of the employees towards the reliability of the current B&M policy and hopefully to provide a policy that works in the realm of PS.

## **2. Research Questions**

The researcher attempts to provide adequate responses to the following questions:

- What is the impact of perceptions of the current B&M policy on pay satisfac-

tion with regard to it being a measure of evaluation?

- What are the crucial dimensions that enjoy relevant PS in the oil and gas service companies?
- What are other problems that may possibly generate a lack of PS among the employees?
- What are the means to curtail foreseen problems?

To further clarify, the term “crucial dimensions”, as mentioned in the second research question, refers to the managerial officials who enjoy a position whereby they play a fundamental role in the company. The term “foreseen problems”, as mentioned in the fourth research question, refers to the kind of expected problems that are likely to emerge during the application of the current B&M policy.

### 3. Research Gaps

The actual gaps of the research problem consist of two types: theoretical gaps and practical ones. It is apparent that there is a lack of local studies in the field. Consequently, the fundamental theoretical gap is concerned with the reliability of the bonus and merit policy in terms of the applicability of its terms to the existing conditions that concern the working staff. This includes the reality of the set aims and of the objectives of the policy in the way in which they are met, in addition to the expectations of the employees, especially the ones that relate to pay satisfaction perspective.

As for the practical side of the gaps that seem to hinder the efficacy of the policy, it is mainly concerned with the observations and comments that reach the researcher from being in the field for a long time. The researcher listened to employees' various complaints that were mainly related to pay satisfaction.

As a result, the research gap is to subject the B&M policy as a manifestation of the job satisfaction level of the working staff in the Oil and Gas service companies to critical analysis and evaluation.

### 4. Research Hypotheses

The researcher states the following research study hypotheses:

- Research hypothesis 1: There is no pay satisfaction among the working staff of the two oil and gas service companies.
- Research hypothesis 2: There is no relationship between the current B&M policy and pay satisfaction of the employees of the two oil and gas service companies.
- Research hypothesis 3: There are no significant differences regarding pay satisfaction because of age differences among the working staff of the two oil and gas service companies.
- Research hypothesis 4: There are no significant differences regarding pay satisfaction because of different levels of education among the working staff of the two oil and gas service companies.

- Research hypothesis 5: There are no significant differences regarding pay satisfaction because of gender differences among the working staff of the two oil and gas service companies.

## 5. Literature Review

Pay Satisfaction (PS), being one of the central factors in research literature, has been subjected to several definitions in different disciplines. Historically, [Schaffer \(1953\)](#) views pay satisfaction as one of the psychological needs that directly attach employees to work. [Yao et al. \(2017\)](#) qualify such views as being the core of the direct link theory which considers pay level as the main issue that predicts employees' satisfaction. [Opsahl and Dunnette \(1966\)](#) focused on the significance of the role of money on motivation suggesting that money is one of the main drives that motivate workers to put forth extra efforts to maximise their material benefits mainly in financial terms. The different roles of money whether described as a generalized conditioned reinforcer, conditioned incentive, and/or anxiety reducer, affect the behaviour of the workers towards their jobs ([Opsahl & Dunnette, 1966](#)).

It was noted in the research by [Weiss et al. \(1967\)](#) as what the researchers call MSQ reference or Minnesota Satisfaction Questionnaire. The authors used twenty factors to measure satisfaction in the workplace. Pay was one of the major factors that dominated the scale and the end put of the questionnaire shows pay as being outstanding due to the fact that it differs in weight of major influence depending on the individual, the job, and the needs and outlooks of the individual involved ([Weiss et al., 1967](#)). This opinion is shared by [Locke \(1969\)](#) in promoting the discrepancy theory. He considers satisfaction that results from pay factor as a difference that pertains to individual satisfaction level ([Locke, 1969](#)). This in turn is dependent on the amount of financial pay that is viewed by the individual worker as relevant to the minimum amount of money that could, in one way or another, meet his/her demands and needs ([Locke, 1969](#)). [Locke \(1969\)](#) perceives that receiving a minimum pay that is less than the individual needs, leads to dissatisfaction particularly where pay is less than expected.

[Smith, Kendall and Hulim \(1969\)](#) developed a "Job Descriptive Index" (JDI). The questionnaire is composed of 72 questions intended to measure several factors of satisfaction with pay being one such factor ([Smith et al., 1969](#)). The major aim was to get to know whether people have different views with regard to environmental differences that might exist among the working staff ([Smith et al., 1969](#)).

[Heneman & Schwab \(1985\)](#) investigated pay satisfaction by studying the relations of five elements of pay: pay level, benefits, raises, structure, and administration. They conclude that pay satisfaction is a multidimensional construct of different degree components. They also studied the relationships that combine all the mentioned five elements which facilitated the generation of pay satisfaction questionnaire (PSQ). It is also worth noting that the personal outlooks of

the working staff with regard to the pay they receive are effective when comparing financial rewards with other working staff members (Heneman & Judge, 2000). To restore equity as a predominant factor among different working personnel is an undertaking that should prevail (Heneman & Judge, 2000).

Williams et al. (2006) developed a model that deals with the fact that the comparison arises between the type of work that is performed by the staff that should, in one way or another, compensate for that type of work. It is termed “Distributive Justice” regardless of who is the doer among the staff members, their age, sex or whatever (Williams et al., 2006). The authors add that satisfaction level is also influenced by the different policies that exist in the working environment regardless of whether such policies are of administrative or organisational types.

Judge et al. (2000) link pay satisfaction to adaptation theory. The adaptation theory indicates that individual adapts to the surrounding social events. “*As soon as an individual receives an increase in pay, it may be quickly psychologically spent and thereby loses its satisfying value*” (Judge et al., 2000).

It is thus shown that pay satisfaction is not just a factor influencing satisfaction; rather it should be observed with caution but eagerness. The desired success of companies is highly dependent on the performance of their satisfied employees (Shmailan, 2016: p. 2). As cited by the same author, “*Employee satisfaction makes good business sense...*” On the other hand, research literature stresses employees’ pay satisfaction in general to pinpoint their sense of productivity thereafter (Renaud & Morin, 2013: p. 466). Tabatabaie et al. (2014) note that realisation of planned goals is dependent on employee satisfaction.

Al-Harthy (2008) believes that motivation is an important factor in raising the employee’s level of performance. Pay satisfaction, as a financial element, is one of the ways to improve employee performance (Owiredu & Yeboah, 2019). “*Most employees perform better when they had higher levels of satisfaction on the job*” (Mfon et al., 2020). When employees are satisfied with the pay they receive, they realize that what they are doing is satisfactory (Mfon et al., 2020). As an opposite feeling, pay dissatisfaction may have effective and undesirable impacts on numerous employee outcomes such as not completing assigned tasks in timely manner which is also related to a reduced level of performance (Currall et al., 2005). Rynes et al. (2004) believe that pay is a powerful motivator.

## 6. Conceptual Framework

The conceptual framework of this study depicts the interactions between several dimensions and elements of the research study. It includes some of the events and influences leading to overall pay satisfaction and/or to pay dissatisfaction among company employees with respect to B&M policy and its effects. Thus, PS is the dependent variable while B&M policy is the independent variable.

Several elements of the study play a significant role in forming the status of the employee’s level of pay satisfaction. The first dimension is the pay level sa-

tisfaction which is influenced and measured by several variables, such as “pay fairness” and “demographic effects”. The demographic characteristics of age, gender and education level are moderators of B&M policy and PS. The second dimension is mainly concerned with the current B&M policy where the aim is to evaluate its current form. This component is measured by many facets, the most important ones are: “applicability of the policy” and “qualification-based policy”. The third dimension is concerned with the content of the B&M policy which in turn is measured mostly by “bonus suitability” and “effort-based bonus”. The last dimension is the appraisal system that is measured by “justice”, “supervisor effect”, and “favouritism”. It is to be noted that “supervisor effect” is the authority power a supervisor has on the process of the appraisal system (Grubb, 2007). If the authority power is improperly utilized, employees’ performance evaluation process should not prevail. “Favouritism” is the state of preferring one or a group of employees at the expense of others which is culturally and socially based on common interests such as personal business outside the workplace (Büte, 2011).

After aggregating all these components and constructs inside the main component of **pay satisfaction**, the outcome will then be judged based on the level of satisfaction. Thus, satisfaction output would then lead to an increase in the expected productivity, which could manifest an overall feeling of belonging among employees. As a result, the prevailing feeling of belonging is expected to lead to the desired growth of the company. The opposite scenario would manifest through an overriding atmosphere of dissatisfaction. Such an atmosphere might trigger unwanted behaviour of employees towards work achievements and productivity and would probably lead to the company’s decline in its performance.

It should be noted that the conceptual framework reveals the connections between the factors and variables in terms of cause and effect of the many variables that are considered both intrinsic and extrinsic concepts which are involved in the theme of pay satisfaction. The extrinsic concepts yield themselves to actual materialistic gains, whereas the intrinsic ones are more related to feelings and non-tangible benefits.

## 7. Research Instrumentality & Data Collection

This research employed quantitative and qualitative mixed research methods which fall under the explanatory sequential design type. For the first phase, the quantitative methodology was obtainable by using questionnaire instrumentality to seek relevant data from an indicative sample of the working staff in the chosen service companies. The total number of participants was 71. The sample size was determined by the actual existing numbers that are considered for the study’s purposes. For example, the female participants in the study were fewer in number compared to males, a discrepancy reflected by male workers vastly outnumbering female workers within the industry. To ensure representation of the sample to the total population, the sampling considered the actual numbers of

each category of employees in terms of percentiles, their age, gender, and level of education.

The majority of the questions in the questionnaire survey were intended to test the sample of respondents to yield insights into the fundamental areas that may require amendments or be further considered as likely to provide vital information. Appendix-1 shows the questionnaire statements related to the five dimensions of the study.

The researcher used a 5-point Likert Scale to differentiate between those who were financially satisfied with received pay and who were not, and those who expressed objections and reservations about the policy. Each scale has been assigned to a standardized quantification degree (1 - 5) in order to be numerically quantifiable. This was to show the magnitude of differences in value of the employees, especially those who were dissatisfied and determine the reasons behind their dissatisfaction.

The employees' questionnaire comprises 31 questions. The participants were asked to answer all questions by placing a (✓) mark inside the cell that is applicable to their personal situation and opinions.

The questionnaire statements were ordered and designed in accordance with several measures and worded as briefly as possible to retain clarity. The meanings and the intentions of the statements were linear and did not allow for different interpretations. The themes of the study were all represented in the order of appearance following the structure of the study dimensions. One other regard was not to allow for the memory capacity to intervene.

As for the validity of the questionnaire, it enjoys both face and content validity. The questionnaire sets to test what it is meant to test; the level of pay satisfaction of the study respondents. It is also clear that the item questionnaire does adequately sample the content areas that measure the level of pay satisfaction, and thus the construct validity of the questionnaire is realised. As for face validity, it is apparent that the measure is mainly geared for measuring the pay satisfaction level and this coincides with the attested judges of the study instrumentality.

The content validity is "*concerned with uncovering the apparent content of the item in question*" (Bell & Bryman, 2007: p. 303). It is a representation of the major effective scales that are chosen as representatives of pay satisfaction of the employees. The numbers of statements that are assigned to each scale represent the efficacy of the scale in terms of content.

The researcher used the hit-ratio index of Moore and Benbasat (1991) to assess the content validity of the questionnaire in the pilot group. This was done by comparing the pilot group participants' agreement levels by analysing the frequencies of questionnaire items connected within the intended target content (Rahim et al., 2018).

The reliability assurance of the questionnaire lies in gauging the consistency of test results over time of administering the test questionnaire to the same subjects under the same conditions and to test whether the end product produces the



same results (Drost, 2011: p. 106). This way of testing the correlation between the two questionnaire results is known as the test-retest method of reliability estimation. The researcher chooses to use this method by deciding to administer the questionnaire to a pilot sample of respondents, analyse the results and then re-administer the same questionnaire over a two-week period.

The following step was to compute the internal consistency of reliability known as Cronbach's Alpha, which is the correlation of the results, to get to the correlation coefficient of the test-retest method (Bonett & Wright, 2014). The results of the piloting group were then analysed to reveal the level of reliability of the instrument.

The researcher sought the help of colleagues to identify fifteen staff members from different age groups, different gender and varying levels of education working for the chosen companies. This number of pilot group members is relatively adequate to represent the number of employees for the sake of testing the reliability coefficient of the questionnaire. They comprise three senior officials, two expat males and one female. The other twelve respondents represent a sample of the variety of workers in two different oil and gas service companies.

The following table illustrates the demographic information for the pilot group (Table 1).

The value of Cronbach's alpha factor ranges from 0.1 to 1.0, where values above 0.7 prove that the questionnaire has an acceptable level of consistency (Bonett & Wright, 2014). The pilot questionnaire survey resulted in a high reliability and consistency factor. The following table shows the results of the analysis of Cronbach's alpha factor (Table 2).

For the second phase, the qualitative method mainly utilized several interviews with Human Resources (HR) management and decision-makers from the selected oil and gas local service companies. Appendix-2 shows the interview schedule. The research method design is summarised in Figure 1.

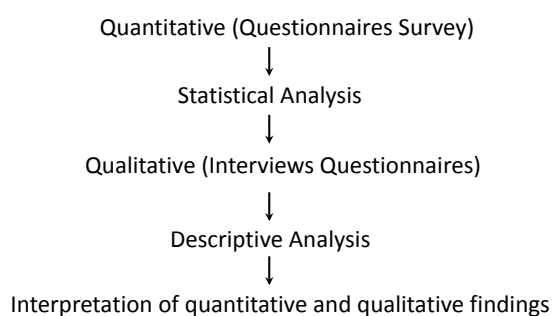
**Table 1.** Demographic Information of pilot group. Sample size (N = 15).

Demographics	N	%
Age		
18 - 30	6	40.0%
31 - 45	5	33.3%
46 - 60	4	26.7%
Gender		
Female	5	33.3%
Male	10	66.7%
Education level		
Diploma	9	60.0%
Bachelor	6	40.0%



**Table 2.** Results of the analysis of cronbach's alpha factors of the pilot survey.

Measure's Dimensions	Cronbach's alpha factor	No. of Items
N = 15 (pilot size)		
Overall result for all the dimensions	0.836	31
Dimension 1: PS and Demographic Effects in General	0.974	7
Dimension 2: PS and Productivity	0.726	5
Dimension 3: The Current B&M Policy	0.708	7
Dimension 4: Relevance of Content of Bonus and Merit	0.898	5
Dimension 5: Overview and Evaluation of the Appraisal System	0.745	7

**Figure 1.** Research method design.

## 8. Presentation of the Results of Data Collection Methods

### 8.1. Statistical Analysis

The aggregate for each question of the survey was averaged to its corresponding question. Thus, five variables were obtained using the averaging function performed for each participant (**Table 3**).

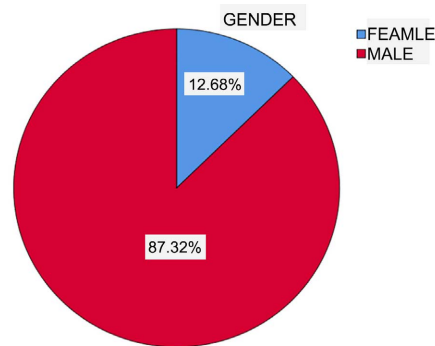
The variable of Pay Level Satisfaction has the lowest average score of 2.25 out of 5, while the variable of Appraisal System has the highest average score of 2.98. In addition, by inspecting the value of the range of each of the dimensions, it was observed that there was a lot of variability in the responses for Pay Level Satisfaction, PS Productivity, and Current BM Policy with a value range greater than 2.5, while the variability in the two remaining dimensions (namely relevance of content of Bonus and Merit, and the appraisal system) was much lower.

### 8.2. Respondents' Profile

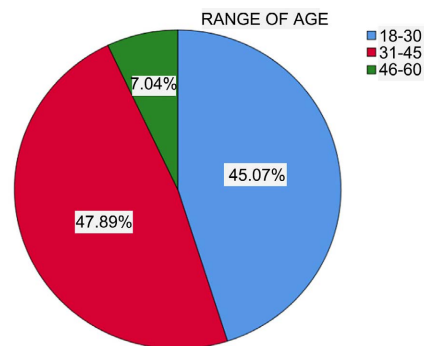
**Figure 2** shows that 12.68% of the respondents were female and 87.32% are male. **Figure 3** shows that 7.04% of the participants were aged between 46 - 60 years old, 45.07% of them were between 18 - 30 years old, and 47.89% were aged between 31 - 45 years of age.

**Table 3.** Dimensions' statistical analysis.

		Pay Level Satisfaction	PS Productivity	Current BM Policy	Bonus & Merit	Appraisal System
N	Valid	71	71	71	71	71
	Miss	0	0	0	0	0
Mean		2.25	2.42	2.67	2.82	2.98
Std. Error of Mean		0.06	0.051	0.048	0.039	0.04
Std. Deviation		0.58	0.436	0.409	0.33	0.35
Range		2.57	2.60	2.83	1.67	1.86
Minimum		1.00	1.40	1.33	2.00	2.00
Maximum		3.57	4.00	4.17	3.67	3.86



**Figure 2.** Gender distribution.



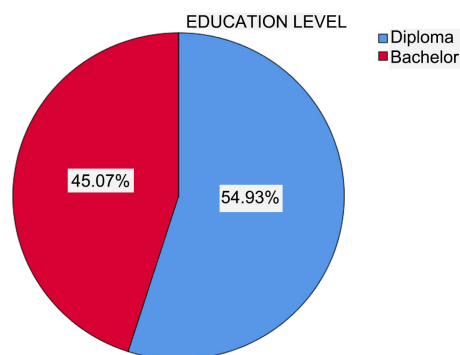
**Figure 3.** Age distribution.

The percentage of participants holding a Bachelor’s degree was 45.07%, while those who received a Diploma identified to be 54.93% of the total sample (Figure 4).

### 8.3. Descriptive Statistical Analysis of Study Dimensions

#### DIMENSION ONE: PAY LEVEL SATISFACTION

The result of the descriptive statistics shows that only 2.8% expressed their satisfaction level about “I am satisfied with the pay I receive” while 22.5% were neutral and the remaining (74.7%) were dissatisfied with the pay they receive.



**Figure 4.** Education level.

In addition, no participants viewed that the organisation's pay structure as indicated by their answers which amounted to 0% as the totality of their answers was "strongly agree" or "agree" for the pay fairness question: "The Company I work for fairly treats its employees in terms of pay". The same can be said for the effect of demographics on Pay Satisfaction since 0% answered "strongly agree" or "agree" for the pay effect survey statement: "Pay satisfaction is not affected by the demographics of the working staff" (Table 4).

#### **DIMENSION TWO: PS and PRODUCTIVITY**

The analysis of the individual pay level survey questions that considers the relationship between Pay Satisfaction level and that of productivity indicates a moderate level of satisfaction for both phrases: "A raise in pay will increase employee productivity", and "Our company uses performance-based rewards". This is clarified by the results of the satisfaction percentages which are 43.6% and 29.6% respectively. The participants believe that productivity is associated with a raise in pay which is indicated in their responses that amounted to nearly 44%. Study participants totally disagree with the preposition that: "High productive employees are rewarded significantly". The results indicate a satisfaction percentage equaling only 4.2%, while the majority abstained to this kind of relationship (Table 5).

#### **DIMENSION THREE: THE CURRENT B&M POLICY**

Respondents were asked to rate their perceptions of the Current B&M Policy. The analysis of the responses of the participants on the dimension of Current B&M Policy in simple percentages shows that the majority of the participants expressed a low satisfaction level. Only 2.8% of the responses adhere to the fact that "The B&M policy as it stands is fair", while 71.9% of the respondents believe it is unfair. The remaining responses are neutral and the respondents did not express opposing views to counterfeit the claim.

Reference to the statement with regard to the current B&M policy as being based on qualification, i.e. that the policy as it stands is a final product of qualified HR specialists, only 5.6% of participants chose "strongly agree" or "agree". The majority, 73.2% were neutral (Table 6).

#### **DIMENSION FOUR: RELEVANCE of CONTENT of BONUS & MERIT**

**Table 4.** Frequency and percentage distribution of the participants on pay level satisfaction. Sample size (N = 71).

Variables	S.A		A		N		D		S.D	
	n	%	n	%	n	%	n	%	n	%
I am satisfied with the pay I receive	1	1.4%	1	1.4%	16	22.5%	38	53.5%	15	21.1%
The pay I receive compares to that of similar jobs in other companies	0	0%	3	4.2%	34	47.9%	23	32.4%	11	15.5%
The company I work for fairly treats its employees in terms of pay	0	0%	0	0%	16	22.5%	42	59.2%	13	18.3%
The pay I receive does not compare to that of other workers in my company	2	2.8%	7	9.9%	15	21.1%	34	47.9%	13	18.3%
The salary I receive is suitable to my line of work	1	1.4%	2	2.8%	24	33.8%	31	43.7%	13	18.3%
Pay satisfaction is not affected by the demographics of the working staff	0	0%	3	4.2%	27	38.0%	32	45.1%	9	12.7%
I am satisfied with my overall level of pay	2	2.8%	2	2.8%	23	32.4%	34	47.9%	10	14.1%

**Table 5.** Frequency and percentage distribution of the participants on ps and productivity. Sample size (N = 71).

Variables	S.A		A		N		D		S.D	
	n	%	n	%	n	%	n	%	n	%
Level of productivity implies the amount of pay the employees receive	0	1.4%	7	9.9%	7	9.9%	47	66.2%	10	14.4%
High productive employees are rewarded significantly	0	0%	3	4.2%	21	29.6%	35	49.3%	12	16.9%
There is no difference in pay between high and low productive employees	0	0%	2	2.8%	2	2.8%	18	25.4%	49	69.0%
A raise in pay will increase employee productivity	5	7.0%	26	36.6%	27	38.0%	13	38.0%	0	0%
Our company use performance-based rewards	5	2.8%	19	26.8%	24	33.8%	20	28.2%	3	4.2%

**Table 6.** Frequency and percentage distribution of the current B&M policy. Sample size (N = 71).

Variables	S.A		A		N		D		S.D	
	n	%	n	%	n	%	n	%	n	%
The B&M policy as it stands is fair	0	0%	2	2.8%	18	25.4%	45	63.4%	6	8.5%
The B&M policy meets my financial aspiration	1	1.4%	2	2.8%	24	33.8%	36	54.9%	5	7.0%
The B&M policy fairly guarantees promotion	0	0%	0	0%	66	93%	3	4.2%	2	2.8%
The B&M policy is not fair for the amount of bonus I receive for my work achievement	0	0%	7	9.9%	32	45.1%	28	39.4%	4	5.6%
The B&M policy provides the chance to make as much money as my colleagues do	4	5.6%	18	25.4%	35	49.3%	13	18.3%	1	1.4%
The B&M Policy is based on qualification	1	1.4%	3	4.2%	52	73.2%	12	16.9%	3	4.2%

The analysis shows that 14.1% agree upon the non-suitability of “amount of bonus” while 39.4% consider to be suitable. The results also present that 28.1% of participants agree with the proposition that: “*The merits directly tie employee’s efforts with the company*” while 12.7% do not agree. This shows that nearly 25% of the employees appreciate that the organisation is in favor of and does actually give credit to employees’ efforts.

Concerning the fairness of the number of employees receiving bonuses, 11.3% believe that the number of those who actually receive an annual bonus is not fair. Conversely, believe that under the current practice, the number of those who receive an annual bonus is fair as it is practiced. Again, it is worth noting that the percentage of participants who responded neutrally is very high; 70.4% (Table 7).

#### **DIMENSION FIVE: OVERVIEW and EVALUATION of the APPRAISAL SYSTEM**

The percentage of participants who believe that “*The appraisal system is not in line with the beliefs of employees*” was (23.9%). It is evident that the agreeing responses outnumber those who disagree, (14.1%).

2.8% of respondents believe that “The evaluation scale of appraisal is suitable for employee’s morale” while 18.3% believe the opposite. The remaining percentage of respondents, (78.9%), is obviously neutral.

In addition, the distribution of bonuses based on categories of performance was also evaluated leading to 26.7% of participants seeing it as unfair while 7.8% see it as being appropriate and fair.

Participants were also assessed concerning favouritism as a phenomenon that marks bonus distribution. The results show that 43.6% believe that “*Favouritism is practised in pay and merits distribution among employees*”. Only 5.6% believe the opposite (Table 8).

**Table 7.** Frequency and percentage distribution of relevance of content of bonus & merit. Sample size (N = 71).

Variables	S.A		A		N		D		S.D	
	n	%	n	%	n	%	n	%	n	%
The amount of bonuses is not suitable	3	4.2%	7	9.9%	33	46.5%	23	32.4%	5	7.0%
The merits directly tie employees’ efforts with the company	4	5.6%	16	22.5%	42	59.2%	8	11.3%	1	1.4%
Bonuses are regarded annual obligations	1	1.4%	2	2.8%	38	53.5%	25	35.2%	5	7.0%
Eligibility of bonus and merit is attributed to performance	0	0%	6	8.5%	46	64.8%	16	22.5%	3	4.2%
Eligibility of bonus and merit in the B&M policy should be contractual	5	2.8%	19	26.8%	24	33.8%	20	28.2%	3	4.2%
The number of employees receiving bonuses is not fair	2	2.8%	11	15.5%	50	70.4%	8	11.3%	0	0%

**Table 8.** Frequency and percentage distribution of evaluation of the appraisal system. Sample size (N = 71).

Variables	S.A		A		N		D		S.D	
	n	%	n	%	n	%	n	%	n	%
The appraisal system is not in line with the beliefs of employees	4	5.6%	13	18.3%	44	62.2%	8	11.3%	2	2.8%
The appraisal system is influenced by personal judgements	3	4.2%	10	14.1%	47	66.2%	9	12.7%	2	2.8%
The distribution of bonuses based on categories of performance is not fair	3	4.2%	16	22.5%	46	64.8%	4	5.6%	2	2.8%
The evaluation scale of appraisal is not suitable for employees morale	3	4.2%	10	14.1%	56	78.9%	1	1.4%	1	1.4%
Favoritism is not practised in pay and merits distribution among employees	4	5.6%	0	0%	40	56.3%	23	32.4%	4	5.6%
My supervisor's influence on my pay is fair	0	0%	5	7.0%	35	49.3%	26	36.6%	5	7.0%
The way my raises are determined is not fair	5	7.0%	11	15.5%	45	63.4%	8	11.3%	0	2.8%

#### 8.4. Hypotheses Testing

*Hypothesis 1: There is no pay satisfaction among the working staff of the two oil and gas service companies.*

The One Sample t-Test is used to test the statistical difference between a sample mean (Pay Satisfaction) and a known or hypothesised value of the mean in the population (satisfaction threshold = 4).

If  $\mu$  is the average satisfaction level, and  $\mu_0$  is the satisfaction threshold (4 in our case: Agree), then the null hypothesis can be written as follows:  $\mu > \mu_0$ . Satisfaction is expressed by the responses of participants where the average equals or is greater than 4.

A  $p$ -value = 0.000 < 0.05 is obtained to indicate that the evidence is enough to accept the research hypothesis, and thus to conclude that there is no pay satisfaction among the working staff. As a result, hypothesis 1 is accepted.

*Hypothesis 2: There is no relationship between significant impact of the current B&M policy and pay satisfaction of the employees of the two oil and gas service companies ( $p \leq 0.05$ ).*

The Pearson correlation is a number between -1 and +1 which indicates to what extent two numerical variables are linearly related (Oakshott, 2009: p. 273). When the correlation between the variable of the Current B&M Policy and Pay Level Satisfaction is inspected, the  $p$ -value = 0.001 < 0.05, the Pearson correlation = 0.376 and  $r$  squared is equal to 0.143. This shows that 14.3% of variation in the variable of Pay Level Satisfaction correlates with the variable of the current B&M Policy. This implies that there is a positive relationship between the variable of the current B&M Policy and that of Pay Level Satisfaction. This analysis leads to the rejection of hypothesis 2.

*Hypothesis 3: There are no significant differences regarding pay satisfaction*

because of age difference among the working staff of the two oil and gas service companies.

*Hypothesis 4:* There are no significant differences regarding pay satisfaction because of different levels of education among the working staff of the two oil and gas service companies.

*Hypothesis 5:* There are no significant differences regarding pay satisfaction because of gender difference among the working staff of the two oil and gas service companies.

The researcher performed a correlation analysis between the variable of Pay Level Satisfaction and the three demographic variables: Gender, Age, Education levels.

As shown in **Table 9**, each dimension consists of two values; the first value represents the  $p$ -value; the other represents the value of the Pearson correlation. The above results show that the  $p$ -value of the three demographic variables of Gender, Age, and Education level, with respect to Pay Satisfaction were  $>0.05$  (0.355, 0.203, and 0.168 respectively). The hypotheses state that there is no correlation between the demographic variables and pay satisfaction. Thus, no significant evidence is present to reject the hypothesis, and it can therefore be concluded that there is no correlation between Gender, Age, and Level of Education as study variables and that of Pay Satisfaction. As a result, the three hypotheses are accepted.

### 8.5. Results of Qualitative Method Using Interviews

The researcher uses the content analysis method as an ideal way to interpret the various statements obtained from the interviews. Administrators with previous and current expertise of HR are most likely to be able to help the researcher to accomplish the research objectives. The following table provides a succinct description of the three participants in the interviews (**Table 10**):

**Table 9.** Correlation analysis of demographic variables of study participants.

	Pay Satisfaction	
	Pearson Correlation	Significance ( $p$ -value)
Gender	-0.111	0.355
Age	-0.153	0.203
Education's level	0.165	0.168

**Table 10.** Profiles of interview participants.

Demographic characteristics	Participant 1 (A)	Participant 2 (B)	Participant 3 (C)
Gender	Male	Male	Male
Age	42	33	35
Educational level	Master	Bachelor	MBA
Years of experience in HR field	20	9	11



The data related to qualitative content analysis are organised, stored, and retrieved by MAXQDA software. Using the coding process, the data were categorized into relevant themes. **Table 11** shows the final themes and categories after conducting the coding process.

**Table 11.** Major themes and categories.

Subcategories	Categories	Theme
Effect of Age of B&M policy application		
Effect of gender on B&M policy application	Demographics effect	
Effect of Education level on B&M policy application		
Employee self-esteem and company recognition		PS factors
Employee-supervisor relationship		
Employees' motivation	Employee related factors	
Employees' appreciation of B&M policy		
Balance between company vision and employee's aspiration		
Policy acceptance by employees		
Resistance from Senior employees	Employee related barriers	B&M Policy application barriers
New employee adaptation issues		
Local standards and policies	B&M Policy adaptation issues	
Oversee standards and policies		
B&M policy increases positivism		
B&M policy increases productivity		
B&M Policy increases job satisfaction		
B&M policy improves teamwork in the organization	Effects of B&M Policy	B&M Policy evaluation
B&M policy increases productivity		
B&M policy increases ownership		
B&M policy improves leadership		
Ability to attract and retain talent		
Awareness		
Team culture		
Communication	Company related factors	Policy enhancement
Clear guidelines		
Management support		

## 9. Integrated Discussion of the Results of Quantitative and Qualitative Methods

### 9.1. The Dimension of Pay Level Satisfaction

The first dimension which is related to pay level satisfaction reveals a significant level of dissatisfaction among the study participants, which supports the acceptance of the first hypothesis. The responses that address the pay amount show that the participants disagree with what they receive as 74% of them voiced a negative opinion. This opens huge doors for speculations as it reflects evidence that the participants do not really agree with what they are actually receiving in terms of what they think that they deserve. It is important here to look for reasons behind the huge differences that are exposed. The feeling of dissatisfaction is also apparent in the answers to the statement that implies satisfaction with the overall level of pay, where 62% of the respondents' voiced disagreement to this statement. Although Interviewee A is in total disagreement with the results stating that employees are happy in general with their current pay, he emphasised the idea that pay satisfaction should not be the goal where employees focus solely on pay satisfaction; rather the focus should be passed on to the entirety of factors that bring about the satisfaction. This is one of the areas where management's view diverges from that of the employees' view. According to Interviewee A, "*Money is never enough*", where other factors need to be brought to the fore to increase satisfaction or otherwise. Interviewee B agrees with this perception as he indicates that it is not just the bonus that is the deciding factor in the "*employee's happiness*". Interviewee C seems to have a balanced view. He stresses that to reach an acceptable level of pay satisfaction; it is eminent that both the employees and employers should communicate effectively for the continuous enhancement of the company's policy. "*There are always both sides when it comes to acceptance of a policy. However, it is our duty as HR to make sure it is communicated the right way*" (Interviewee C). The communication that shows honesty and open mindedness aims at enhancing the policies and procedures that are adopted (Mansor & Amdan, 2015: p. 47).

Interviewee A considers fairness as a conditional status linked to the level of understanding and awareness of the employees regarding the current pay system. He highlights that: "*Fairness in pay works as long as the pay philosophy is communicated well, and employees are educated*". In his view, if the employees were to acquire a better understanding of the financial aspect of the pay package, then they would be satisfied regarding the pay they receive.

From the quantitative data analysis, a very low percentage of males and females express satisfaction with the pay they receive, almost 2%. On the dissatisfaction side, almost 41% of males and 7% of females expressed dissatisfaction with their pay level. It seems that female employees are more satisfied with their pay being in a male dominant society where female employees are less expectant of promotions and salary increase (Keaveny & Inderrieden, 2000: p. 364). One way to possibly interpret the dissatisfaction of male employees towards pay is

related to the socio-cultural norms that characterise them as “bread-winners” and the main wage-earner in the family. This aspect is described by Hicks-Clarke and Iles (2000) as “gender biasing”. According to them, “inequality at workplace will always exist”. Here, it is to be noted that these researchers are so emphatic that it is the case, and it is binding regardless of the many pay laws that govern this particular area of gender and pay.

Crothers et al. (2010) state that female employees earn significantly less than their male counterparts which concurs with the results from the latest survey of the Society of Petroleum Engineers (SPE) conducted in 2019. “Females continue to earn less overall compensation than males” (SPE, 2019). This shows that the effect of gender on PS is weighted in favour of the males, a fact also supported by Okpara (2006) who concludes that there is a clear relationship concerning the discrepancy between the two genders and pay satisfaction in favor of males in particular. One of the explanations could be related to the continuous high demand for multi skilled site workers. At the risk of sounding stereotyping, males are physically more able to endure harsh environments such as offshore fields. In the local oil and gas service companies, females in the local culture are usually employed to do office work and most male employees work at offshore and on-shore sites. Male assignments can be quite challenging as they encompass responsibilities that are technical, operational, involve safety, and functional (Cali-giuri & Colakogli, 2007: p. 396). However, Parveen (2015) comments differently, insisting that males are generally more satisfied with their pay as they have the intentions and the physical abilities to sustain work for the longer term (Parveen, 2015: p. 85).

## 9.2. The Dimension of PS and Productivity

The second dimension of PS and Productivity is primarily concerned with the effects of the materialistic side on productivity. The main statement in the second dimension reads: “Level of productivity implies the amount of pay the employees receive”. It is generally acceptable that the financial incentive introduces a fundamental drive force to generate better productivity (Chaudhary & Kashyap, 2016: p. 55). However, it does not seem to be the case in this study, with 80.6% of the study participants voiced disagreement with this statement. The reasons for wide dissatisfaction, as highlighted by some of the interviewees, could be related to the misalignment of roles and responsibilities of the individual employee conditioned by the working hours in relation to the existing pay schemes. It is most likely that such misalignment between wages and work responsibilities lead to the development of negative feelings among employees. The main objective of the pay policy, as explained by one of the interviewees, is to “get the best inputs from the employees, as it is also a tool to increase productivity”.

The potential issue here is that the dissatisfied employees start comparing their workloads and the pay they receive with that of other colleagues within the organisation or externally. These differences might be the reasons that influence

their productivity. This suggestion agrees with (Ray, 2019) who notes that productivity increases when the amount of salary or pay increases. Once the balance between employees' efforts and pay is disturbed, dissatisfaction occurs which impacts on productivity (Shaffer et al., 2013: p. 2969). Whether this notion is truly evident or otherwise, it is to be taken as exactly reflecting the responses. This sounds contradictory to the norm that states the positive effect of the financial incentive. There must be other intervening elements that cause such contradictory influence which could be attributed to the fact that those who demand a better status for the company at large are not necessarily influenced by the salary rise or even by the pressures of the financial factor (Gunawan & Amalia, 2015: p. 352). In this regard, Interviewee A emphasises that efforts cannot guarantee pay increases particularly during economic downtime. Such view seems to be merely a justification for management to take sharp measures toward employees' pay packages and benefits during a crisis. This causes misunderstanding by certain employees who do not seem to take into account the drastic measures at times of crisis especially when related to payment. This view diverges from the employees' expectations. However, Interviewee B mentions that if incentive bonuses tie up to a performance, they are expected to trigger employees' potential for increased productivity.

### 9.3. The Dimension of Current Bonus & Merit Policy

The percentage of those who agreed with the fairness of the B&M policy was only 2.8% denoting a marginal response perhaps by those who feel that they do not benefit from the policy's status. The vast majority register their disagreement implying the necessity for a drastic and fundamental change to the policy that currently does not seem to gain their acceptance. Here, the employees' view relatively converges with that of the management view. Fairness in pay is a key message that is highlighted by interviewee A implying the importance of implementing a reliable B&M pay policy. The change and continuous review of the policy is a step welcomed by all the interviewees. One good of this is what happened during the crisis period when the oil prices dropped significantly. There were no specific terms based on adjusting, reducing and/or cutting the bonus and merit package when companies were impacted with a significant oil price drop. No variation to the recruitment contract took place, and usually no negotiation on the pay level cut was enacted with the employees (Ching, 2020). In this connection, Interviewee B highlights the difficulty of implementing the policy during an economic crisis. Such view diverges with that of the employees especially those who realize the importance of a reliable and fair B&M policy. The improper practice of such a vital policy causes the employees to feel that they are being treated unfairly, which in turn, causes the link between the bonus policy and equity to be weakened (Amey & VanDerLinden, 2002: p. 9).

All the interviewees believe that the current B&M policy, in general, is effective enough to motivate the employees towards productivity, regardless of their gender or any other demographic characteristics. It should be noted that the

management perceives matters differently. Aside from the belief that employee dissatisfaction stems from greed, the management remains insistent for the most part, that employee claims are highly unlikely to be met. Furthermore, the management team would strive to protect their views in addition to their protection of the welfare of the company's financial status.

#### 9.4. The Dimension of Relevance of Content of the B&M Policy

The fourth dimension highlights some of the important terms and conditions of the B&M policy. This dimension is mainly investigated in terms of **amount** of bonus and its **eligibility**. When it comes to the amount of bonus deemed suitable, 14.1% of the participants agreed, while 46.4% expressed a neutral standpoint and 39.4% disagreed with the offer. It is pertinent to look analytically at the resulting figures to try to determine the reasons behind the fact that neutrality among the participants is significantly high as nearly half of them do not seem to be concerned with this influential factor. Thus, it could be stipulated that the majority of them are not actually aware of the effect that the B&M policy has or that they are being careless about understanding that it could have great significance to their welfare. Again, the proportion of respondents who disagree with the amount of pay they receive is alarming. This might be due to what they expect in terms of a reasonable basis for the calculation of the bonus amount (Sooahoo & Haney, 1998: p. 6). The first interviewee highlighted those efforts that are exerted by employees do not necessarily guarantee a pay increase. One high achieving employee may receive fewer bonuses than others due to reaching the limits of the salary ceiling. In another instance, the same person might be in a situation related to the way his/her key performance indicators are weighted. After all, it is the efforts that are exerted by the employees that are weighed to indicate goal achievement (Sooahoo & Haney, 1998: p. 6). The same concept is elaborated by the second interviewee saying that "*The percentage of bonus for an employee is based on the profit he/she made in a project*". This view represents the view of the policy maker and the management who establish and endorse certain metrics and objectives to assess the amount of awarded bonus.

Chimhutu et al. (2016) believed that workers may be more irritated to receive an unwanted result due to their imagination that a better outcome could be achieved instead, meaning that the events or actions that prevented the better outcome are deemed unacceptable. This aspect must be questioned with the intention to determine the reasons or even to suggest a drastic change to the policy, or of the amount of bonus and of the tools that govern apportionment of such amounts. It is alarming to note that only 14.1% of the respondents were in favour of the amount of bonus they receive annually. Clearly, this segment constitutes those who are benefiting from this system as it stands for specific reasons that meet their wishes and needs. Those respondents who remain neutral are the group that causes an implacable problem in the face of any serious analysis as the reasons behind such neutrality are too many to preclude. Such a stand might be related to the psychological state of avoiding negative feelings (Baka et al.,

2012: p. 248).

### 9.5. The Dimension of the Evaluation of the Appraisal System

When it comes to the appraisal system not being in line with the beliefs of employees, 23.9% of respondents voiced agreement, 62.2% were neutral to the notion, and 14.1% of them disagreed. Obviously, nearly 24% voiced agreement and more than double this figure stand as neutral while the rest of the respondents are in disagreement. According to [Murphy et al. \(2019: p. 4\)](#), the majority of appraisal systems are not effective enough to accommodate the beliefs of the employees and that is the reason why appraisal systems have a very high failure rate. The neutrality of responses is a serious concern which suggests that the majority of the employees are either not clear about the appraisal system as it is run, or that the content and application of the appraisal system need to be looked into for further clarification. This is in line with the interviewees' opinions who reasoned to that such result linked to lack of clarity on the part of the appraisal system, its performance and evaluation.

When it comes to the appraisal system being influenced by personal judgments, 18.3% agreed with this statement, facing disagreements of 15.5%, while 66.2% were neutral. The agreeing and the disagreeing percentiles do not seem to be problematic, especially when more than 65% of the study sample voiced neutrality. Speculation suggests that the effect of the personal judgment issue is either not understood or witnessed, or the area itself does not trigger a questionable issue to bother about in the respondents' sphere. It seems important to question the reason/s behind the disagreements of part of the responses which stand as a stumbling block that might be the cause behind the unrest that faces the appraisal system and its application in the company. Such disagreement can be linked to the effectiveness of the supervisory judgment as not being based on mutual involvement with the employee and coaching for improved performance and contribution ([Grubb, 2007: p. 3](#)). In such a case, the appraisal system may end up as an exercise in futility ([Grubb, 2007: p. 1](#)). Again, it is the lack of clarity on various aspects of the appraisal system that possibly triggers such a low percentage of disagreement among the working staff.

The interviewees do not believe in the presence of favouritism, at least in their respective companies. According to one of them, this is due to the relatively fair representation of the performance evaluation process, which in turn represents the B&M policy. It was highlighted that favoritism does not exist once two conditions are met: clear guidelines and an unbiased approach. The chances for favouritism are negligible and will not creep into the organisations once a neutral approach is taken during the process.

## 10. Contribution to Existing B&M Policy

Five main dimensions of the components of the B&M policy and their effects on pay satisfaction of the staff in the local oil and gas service companies were inves-

tigated. The study revealed the different relationships regarding pay satisfaction that are felt by the employees as a result of employing the right B&M policy. In addition to other factors such as fairness of the application of the policy, the current B&M policy, being the key tool in the hands of the HR management, requires undergoing a rigorous verification process. The intention is to control the implications of the associated dimensions and of the suggested factors. Consequently, the policy would be expected to be put under scrutiny so that it further helps to achieve the desired goals. This would push the whole status of the policy to meet the expectations of the employees and align such expectations with those of the company along with the shared set goals and objectives.

This study has several practical implications for the B&M policy as it currently stands. Firstly, it points out the nature of the financial support that is offered by the company to the employees which should be put into the right perspective to ensure fairness. This offers top management a clear understanding of the impact and the importance of pay satisfaction on company ability to adopt practical initiatives. From the perspective of organisations and managers, as well policy makers, sustainability in a competitive market such as the oil and gas industry is a strategic goal. This implies management realisation to comprehend various dimensional issues that are generated from the links between pay satisfaction and main elements and variables of the B&M policy, such as productivity and reliability of the appraisal system. This is important to decide an action plan that will make an optimum utilisation of available resources and tools for enhancing B&M policy.

Furthermore, top managers such those working in the oil and gas service companies should be mindful that not only does PS impact on individual job performance, but it may also have a direct link with overall company performance and practice, which, in turn, can impact the company's competitiveness among competitor companies.

Secondly, knowing the predictive power of selected dimensions of the B&M policy as well as having a clearer understanding on the contextual factors involved may assist the top management and HR personnel in developing more effective processes to close any gaps, which will eventually enhance the policy's application. As an example, the HR department could ensure that the regular appraisal sessions are introduced in such a way as to closely monitor the performance of the individual worker and to effectively feed the evaluation system with evidence of employee progress.

Finally, the outcomes of the questionnaire survey could be used as a springboard in the hands of the top management personnel to further analyse the comments raised by the participants. This will help in measuring the actual level of pay satisfaction within their companies. The management could also employ the connectivity measure among the employees to ensure in-house solidarity. It is also a prelude to using all other highlighted dimensions of pay satisfaction of the employees as tools to better pay and therefore to better productivity.



## 11. Limitations

Covid-19 was certainly a serious limitation that was considered and accommodated. One of the oil and gas service companies withdrew its participation due to the spread of the virus. Since two other company employees took part as members of the study, they are a constituent that still meets the validity of the research scheme. Having said that, it is indeed a research limitation as the intended participating number suffered the loss of those of workers who were to take part in the research project as members of the group that were expected to answer the interview questions.

For the data collection process, the quantitative phase was conducted using a questionnaire survey with close-ended questions. Although the statements of the survey are in line with the research objectives and aims, the use of a questionnaire survey put a limitation on the expressions and thoughts of the participants. The style of the survey is of direct questioning method, and therefore, the chosen sample of participants does not have the freedom to answer otherwise except in the way suggested by the researcher. This might be one reason why some neutral responses were received which makes it an obstacle to determine the position and attitude of the views. However, it is the general nature of questionnaire surveys to have neutral response within the Likert scale.

As for the qualitative phase, only three interviewees participated to allow the collection of qualitative data. The results covered wide range of dimensions and variables particular for the semi structure interview. However, the structured interview has limited scope due to mainly close end type of questions. Furthermore, the structured interview has a rigid framework that focuses on specific trends of themes. Such style of interviews makes it almost impossible to develop a rapport with the interviewee, unlike the style and process of a semi structured interview.

## 12. Recommendations

The benchmarking of other companies is one of the recommendations that implies certain considerations. The salaries assigned to employees, regardless of status, is a serious issue since the company management needs to retain its valuable employees and discourage them from leaving to join rival organisations by offering attractive salary and bonus packages.

The other recommendation is related to the terms that govern salary amounts. They should be subject to continuous revision with the intention to safeguard the quality of employees. Other types of allowances and financial gains should also be considered so that monetary comparisons do not cause an issue leading to as the loss of quality staff members as a direct result of negative pay satisfaction.

Since the B&M policy is intended to attain fairness and push for better productivity, it is imperative that fairness in pay needs to be improved to the satisfaction of all those that are involved. It is a necessity that every staff member should feel that he/she does count, and that the management offers good and fair care to the well-being of everyone regardless of position or seniority. The whole company

operates as a team to achieve the desired goals of the industry, and so, it is appropriate that job satisfaction should prevail starting with the most important area, that is pay satisfaction.

Since the differences in productivity vary even at the level of individual workers, the appraisal system should provide ways and possibilities to differentiate between the working staff in terms of efforts and quality of individual care that is exerted. The highly productive members should somehow be found and rewarded. This is an undertaking that should be employed to allow for competitions, if not for collaborations. The criterion that is embedded in the present B&M policy is mostly of a qualitative nature. This—in the view of the researcher—should allow for a measure that helps to distinguish between those who deserve additional financial consideration and those that do not. This means that the B&M policy should cater for the quantitative side of measures, i.e. to resort to figures instead of values.

During the appraisal system process, favouritism should be eliminated along with the supervisor's influence on pay. The elimination of favouritism is attainable once the issue of objectivity is to govern. This aspect should always be subject of training to understand the practicalities of behaviour among all employees.

### 13. Conclusion

The study has critically evaluated the Bonus and Merit Policy and its effects on the pay satisfaction of the employees working in two oil and gas service companies. The findings support the main hypothesis that there is no pay satisfaction among the workers and staff of the two oil and gas service companies. It also rejects the hypothesis that states that there is no relationship between the current B&M policy on pay satisfaction of the employees of the two oil and gas service companies.

### Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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## Appendix 1: Tables of Questionnaire Survey

### Dimension One: Pay Level Satisfaction

No.	Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	I am satisfied with the pay I receive					
2	The pay I receive compares to that of similar jobs in other companies					
3	The company I work for fairly treats its employees in terms of pay					
4	The pay I receive does not compare to that of other workers in my company					
5	The salary I receive is suitable to my line of work					
6	Pay satisfaction is not affected by the demographics of the working staff					
7	I am satisfied with my overall level of pay					

### Dimension Two: PS and Productivity

No.	Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
8	Level of productivity implies the amount of pay the employees receive					
9	High productive employees are rewarded significantly					
10	There is no difference in pay between high and low productive employees					
11	A raise in pay will increase employee productivity					
12	Our company use performance-based rewards					

### Dimension Three: The Current B&M Policy

No.	Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
13	The B&M policy as it stands is fair					
14	The B&M policy meets my financial aspiration					
15	The B&M policy fairly guarantees promotion					
16	The B&M policy is not fair for the amount of bonus I receive for my work achievement					
17	The B&M policy provides the chance to make as much money as my colleagues do					
18	The B&M Policy is based on qualification					

### Dimension Four: Relevance of Content of Bonus & Merit

No.	Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
19	The amount of bonuses is not suitable					
20	The merits directly tie employees' efforts with the company					
21	Bonuses are regarded annual obligations					
22	Eligibility of bonus and merit is attributed to performance					
23	Eligibility of bonus and merit in the B&M policy should be contractual					
24	The number of employees receiving bonuses is not fair					

## Dimension Five: Overview and Evaluation of the Appraisal System

No.	Phrase	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
25	The appraisal system is not in line with the beliefs of employees					
26	The appraisal system is influenced by personal judgements					
27	The distribution of bonuses based on categories of performance is not fair					
28	The evaluation scale of appraisal is not suitable for employee's morale					
29	Favouritism is not practised in pay and merits distribution among employees					
30	My supervisor's influence on my pay is fair					
31	The way my raises are determined is not fair					

## Appendix 2: The Interview Schedule

### I: Bio data:

Name: (Optional)..... Age: .....

Gender: ..... Level of Education: .....

### II: Interview Questions:

- 1) How long have you been working for the oil and gas sector? Of those years, how long have you worked as HR person?
- 2) Generally speaking, what do you think of Bonus and Merit (B&M) policy employed by the company?
- 3) Do you have any comments, reservations ...etc on the B&M Policy as it stands?
- 4) What problem/s (if any) have you faced or observed in the application of the policy?
- 5) How does the application of the B&M policy affect the differences of the employees with regard to age?
- 6) How does the application of the B&M policy affect the differences of the employees with regard to gender?
- 7) How does the application of the B&M policy affect the differences of the employees with regard to the level of education of the employees?
- 8) To what extent do the employees of your company find the Policy of Bonus and Merit effective in promoting motivation and productivity?
- 9) What does the application of the policy reveal in terms of positivism or negativism towards the policy as it stands?
- 10) What is the level of acceptance or lack of it among the employees with regard to the policy in total?
- 11) What is your reaction to basing the policy bonus and merit in accordance to the salary range of the employee?
- 12) How often should the employee's performance be reviewed in order to base the B&M policy against it?
- 13) What amendments would you specifically suggest to the policy (if any)?
- 14) What are other key issues to take on board in order to better evaluate the annual appraisal system?
- 15) How does the B&M policy as it stands, affect the level of pay satisfaction of the employees in your views?
- 16) In case reviewed to satisfaction, how do you expect the effect of the B&M policy be like with regard to pay satisfaction level of the employees at large?
- 17) How fair is the B&M policy as it stands (as you see it)?
- 18) Are there any other areas in this concern that you would like to comment on?