



Midocean University
College of Management
Department of Management

اعداد الطالب : عمر علي عبدالرحمن الغامدي

إشراف الدكتور : عبدالرحيم نادر

العام الدراسي : 2026 م

**THE IMPACT OF PROMOTION PRACTICES ON EMPLOYEE
PERFORMANCE IN PRIVATE COMPANIES IN SAUDI ARABIA**

Abstract

Employee performance is an important factor in achieving organizational objectives and maintaining competitiveness in the private sector. Human resource management practices can influence employees' attitudes, motivation, commitment, and performance. Among these practices, promotion practices are particularly important because they provide employees with opportunities for career advancement and communicate the extent to which organizations recognize employee contribution.

This study examines the impact of promotion practices on employee performance in private companies in Saudi Arabia. The study focuses on promotion practices as the independent variable and employee performance as the dependent variable. A quantitative research approach and cross-sectional survey design are adopted. The proposed questionnaire uses a five-point Likert scale and measures employees' perceptions of promotion practices and perceived employee performance.

The research model is supported by previous empirical studies examining the relationship between human resource practices and employee performance. Tessema and Soeters (2006) examined the HRM-performance relationship and included promotion practices among the HR practices considered in their study. A later study by Singh, Mohanty and Mohanty (2017), involving 105 respondents from Indian service organizations,

found that promotion practices were significantly associated with perceived employee performance.

As a statistical benchmark for this project, the published study reported a mean of 2.80 and standard deviation of 1.224 for promotion practices, while perceived employee performance had a mean of 3.87 and standard deviation of 0.655. The Pearson correlation between promotion practices and perceived employee performance was $r = 0.664$, $p < 0.001$, indicating a positive and statistically significant relationship.

The study concludes that effective and transparent promotion practices can contribute positively to employee performance. Therefore, private companies should establish clear promotion policies, use objective performance criteria, communicate promotion requirements, and ensure fairness and consistency in promotion decisions.

Keywords: Promotion Practices, Employee Performance, Human Resource Management, Private Companies, Saudi Arabia, SPSS, Career Development.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

Human resources are among the most important resources available to organizations. Employees contribute directly to organizational productivity, service quality, innovation, customer satisfaction, and achievement of strategic objectives. Therefore, organizations increasingly recognize the importance of effective

human resource management practices in improving employee performance.

Human resource management includes several practices such as recruitment and selection, training and development, compensation, performance appraisal, and promotion. Among these practices, promotion is particularly important because it provides employees with opportunities for career advancement and greater responsibility.

Promotion practices can influence employee motivation because employees generally expect their efforts and achievements to be recognized. When employees believe that promotion decisions are based on fair and transparent criteria, they may become more motivated to improve their performance.

Previous research supports the relationship between HR practices and employee performance. Tessema and Soeters (2006) examined HRM practices and employee performance and emphasized the importance of HR practices in influencing employee-level outcomes.

Similarly, Singh et al. (2017) examined five HR practices, including promotion practices, in Indian service organizations.

Their results showed significant relationships between HR practices and perceived employee performance, with promotion practices being one of the significant indicators.

The present research extends this area of research by focusing specifically on private companies in Saudi Arabia.

1.2 Background of the Study

Private companies operate in an increasingly competitive business environment. To remain competitive, organizations need employees who are motivated, productive, committed, and capable of achieving organizational objectives.

Promotion represents an important organizational mechanism for recognizing employees and providing opportunities for career advancement. A promotion may involve increased responsibility, authority, salary, status, and professional development.

However, promotion decisions can also create dissatisfaction if employees believe that decisions are unfair, unclear, or unrelated to performance.

Therefore, organizations need promotion policies that are:

- Clear.
- Transparent.
- Consistent.
- Based on objective criteria.
- Related to employee performance.
- Supported by appropriate qualifications and experience.

Previous empirical research has found positive relationships between promotion practices and perceived employee performance. For example, the Indian study by Singh et al. found a correlation of **0.664** between promotion practices and perceived employee performance.

1.3 Problem Statement

Private companies in Saudi Arabia depend heavily on employee performance to achieve organizational goals. Although organizations implement different HR practices, promotion practices may differ considerably between companies.

Some employees may perceive promotion decisions as transparent and performance-based, while others may believe that promotion decisions are unclear or influenced by factors other than merit and performance.

The problem addressed by this research is therefore the need to understand whether promotion practices have a significant relationship with employee performance in Saudi private companies.

The study investigates whether effective promotion practices can contribute to improved employee performance and whether employees who perceive promotion practices positively also report higher levels of performance.

1.4 Research Questions

The study addresses the following questions:

1. What is the perceived level of promotion practices in private companies in Saudi Arabia?
2. What is the perceived level of employee performance?
3. Is there a significant relationship between promotion practices and employee performance?
4. Do promotion practices significantly predict employee performance?

1.5 Research Objectives

The objectives are:

1. To examine employees' perceptions of promotion practices.
2. To measure the perceived level of employee performance.
3. To examine the relationship between promotion practices and employee performance.
4. To determine whether promotion practices significantly predict employee performance.
5. To provide recommendations for improving promotion practices in private companies in Saudi Arabia.

1.6 Research Hypotheses

Null Hypothesis H0

There is no statistically significant relationship between promotion practices and employee performance in private companies in Saudi Arabia.

Alternative Hypothesis H1

There is a statistically significant positive relationship between promotion practices and employee performance in private companies in Saudi Arabia.

1.7 Significance of the Study

Theoretical Significance

The study contributes to the literature concerning human resource management and employee performance by examining promotion practices as an individual HR practice.

Practical Significance

The results can help HR managers understand the importance of effective promotion systems.

Organizational Significance

Organizations may use the findings to improve promotion policies, career development systems, and employee motivation.

Employee Significance

Employees may benefit from clearer promotion criteria and more transparent career advancement opportunities.

1.8 Scope of the Study

The study focuses on:

Geographical scope: Saudi Arabia.

Organizational scope: Private companies.

Population: Employees working in private companies.

Independent variable: Promotion Practices.

Dependent variable: Employee Performance.

Research approach: Quantitative.

Research design: Cross-sectional survey.

1.9 Conceptual Framework

The conceptual framework is:

Promotion Practices → Employee Performance

Promotion practices represent the independent variable, while employee performance represents the dependent variable.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews previous literature related to human resource management, promotion practices, and employee performance.

2.2 Human Resource Management

Human resource management refers to the policies and practices used by organizations to manage employees.

These practices include:

- Recruitment and selection.
- Training and development.
 - Compensation.
- Performance appraisal.
 - Promotion.
- Career development.

Effective HR practices can influence employee attitudes and organizational outcomes.

Tessema and Soeters (2006) examined the relationship between HR practices and employee performance and emphasized the importance of HR practices in developing employee outcomes.

2.3 Promotion Practices

Promotion is the movement of an employee from a lower position to a higher position involving increased responsibility and authority.

Promotion practices include:

1. Having a written and operational promotion policy.
2. Giving appropriate importance to employee merit.
3. Considering employee experience and seniority.

These elements were included in the promotion-practice measurement used in the related research by Singh et al.

A well-designed promotion system can provide employees with clear career expectations.

2.4 Employee Performance

Employee performance refers to how effectively employees perform their assigned responsibilities and contribute to organizational objectives.

Employee performance can involve:

- Quality of work.
- Quantity of work.
- Achievement of objectives.
 - Efficiency.
 - Effectiveness.
- Contribution to organizational goals.

Perceived employee performance is particularly useful in survey-based research where objective organizational performance data may not be available.

2.5 Relationship Between Promotion Practices and Employee Performance

Promotion practices can influence employee performance through motivation and recognition.

When employees believe that performance can lead to career advancement, they may be more willing to increase their effort.

Previous research supports this relationship. Singh et al. reported a **Pearson correlation of 0.664** between promotion practices and perceived employee performance.

This provides support for the hypothesis that promotion practices can have a positive relationship with employee performance.

2.6 Previous Studies

Tessema and Soeters (2006)

Tessema and Soeters examined the HRM-performance relationship in the Eritrean civil service. Their research considered several HR practices and examined how HR practices influence employee-level performance.

The study is particularly relevant because its HRM framework has subsequently been used as a basis for related studies.

Singh, Mohanty and Mohanty (2017)

The study investigated HR practices and perceived employee performance in Indian service organizations.

The sample consisted of **105 respondents**. The study examined recruitment and selection, compensation, training, performance appraisal, and promotion practices.

Important results included:



Variable	N	Mean	SD
Promotion Practices	105	2.80	1.224
Employee Performance	105	3.87	0.655

The correlation between Promotion Practices and Employee Performance was:

$$r = 0.664, p < 0.001$$

The study concluded that promotion practices were a significant indicator of employee performance.

Baloch et al. (2010)

Research conducted in Pakistan also examined promotion practices and perceived employee performance. The study reported:

- Promotion Practices Alpha = **0.78**
- Promotion Practices Mean = **3.10**
- Employee Performance Alpha = **0.70**
- Employee Performance Mean = **3.76**
- Promotion Practices correlation with employee performance = **0.253**
- Promotion Practices regression coefficient = **0.1147**
- $p = 0.039$

This study therefore provides additional evidence that promotion practices can have a statistically significant relationship with employee performance.

2.7 Research Gap

Although previous research has examined promotion practices and employee performance in countries such as Eritrea, India, and Pakistan, fewer studies have focused specifically on private companies in Saudi Arabia.

Therefore, this study attempts to address the contextual gap by examining the relationship between promotion practices and employee performance in Saudi private companies.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodology used to investigate the relationship between promotion practices and employee performance.

3.2 Research Approach

The study uses a **quantitative research approach**.

A quantitative approach is appropriate because the study measures variables numerically and uses statistical techniques to examine relationships between them.

3.3 Research Design

The study uses a **descriptive cross-sectional survey design**.

The questionnaire is designed to collect employee perceptions at a specific point in time.

3.4 Population

The target population consists of employees working in private companies in Saudi Arabia.

3.5 Sampling

The original methodology of the project proposes approximately **250 employees** as the intended Saudi sample.

The sampling approach is convenience sampling.

3.6 Questionnaire

The questionnaire uses a five-point Likert scale:



Scale	Meaning
1	Strongly Disagree
2	Disagree
3	Neutral
4	Agree
5	Strongly Agree

The promotion-practice items are based on measures used in previous HRM research. Singh et al.'s published questionnaire

includes three promotion-practice items covering a written promotion policy, merit in promotion decisions, and seniority in promotion decisions.

Questionnaire

Section A – Demographic Information

1. Gender:

- Male
- Female

2. Age:

- 18–25
- 26–35
- 36–45
- 46 and above

3. Educational Qualification:

- Diploma or below
- Bachelor's
- Master's
- Doctorate

4. Work Experience:

- Less than 5 years
- 5–10 years
- More than 10 years

5. Job Level:

- Entry
 - Middle
 - Senior/Management
-

Section B – Promotion Practices

PP1: My organization has a clear and documented promotion policy.

PP2: Employee merit and performance are given appropriate importance in promotion decisions.

PP3: Relevant experience and seniority are appropriately considered in promotion decisions.

Section C – Employee Performance

EP1: My performance is better than that of employees with similar qualifications.

EP2: I consistently achieve the responsibilities and objectives expected in my position.

EP3: My performance contributes positively to my organization's objectives.

CHAPTER FOUR

STATISTICAL ANALYSIS AND FINDINGS DISCUSSION

4.1 Introduction

This chapter presents the statistical analysis related to promotion practices and employee performance.

The analysis includes:

- Sample profile.
- Reliability.
- Descriptive statistics.
- Correlation analysis.
- Regression analysis.
- Hypothesis testing.
- Discussion with previous literature.

Statistical Benchmark

Because actual Saudi questionnaire responses have not been provided, the numerical values in this chapter are taken from published comparable research and are clearly identified as benchmark results. The related Indian study had **105 valid respondents**.

4.2 Sample Profile

The comparable published study reported the following demographic profile:

Gender



Gender	Frequency	Percentage
Male	90	85.80%
Female	15	14.20%
Total	105	100%

Age



Age	Frequency	Percentage
30–40	29	27.47%
41–50	43	41.67%
51–60	33	30.86%
Total	105	100%

Job Level



Level	Frequency	Percentage
Top	7	6.79%

Level	Frequency	Percentage
Middle	83	79.32%
Lower	15	13.89%
Total	105	100%

Educational Qualification



Qualification	Frequency	Percentage
Graduation	83	79.05%
Master's	14	13.33%
Higher	8	7.62%
Total	105	100%

These figures are from the comparable published study, not Saudi respondents.

4.3 Reliability Test

Cronbach's Alpha is used to assess internal consistency.
The comparable studies provide the following benchmark:



Variable	Items	Cronbach's Alpha
Promotion Practices	3	0.78
Employee Performance	3/4 depending on study	0.70–0.74

The published Indian study reported alpha of **0.78** for Promotion Practices and **0.70** for Perceived Employee Performance.

The Pakistani study reported Promotion Practices alpha of **0.78** and Employee Perceived Performance alpha of **0.70**.

These values provide evidence of acceptable internal consistency for the measurement constructs.

4.4 Descriptive Statistics



Variable	N	Minimum	Maximum	Mean	Std. Deviation
Promotion Practices	105	1.00	5.00	2.80	1.224

Variable	N	Minimum	Maximum	Mean	Std. Deviation
Employee Performance	105	2.75	4.89	3.87	0.655

The published results show that employee performance had a higher mean than promotion practices.

The Promotion Practices mean of **2.80** indicates relatively moderate perceptions of promotion practices, while the Employee Performance mean of **3.87** indicates generally favorable perceptions of employee performance.

4.5 Pearson Correlation

The Pearson correlation result was:

□

Variables	Pearson r	Sig.
Promotion Practices → Employee Performance	0.664	< 0.001

The result indicates a positive relationship between promotion practices and employee performance.

Because:

$$p < 0.05$$

the relationship is statistically significant.

Therefore, the null hypothesis is rejected in the benchmark study.

4.6 Regression Analysis

The published Indian study reported a multiple regression model examining HR practices and employee performance.

The overall model reported:



Statistic	Result
R	0.822
R ²	0.675
Adjusted R ²	0.659
F	41.152
Significance	< 0.001

Promotion Practices specifically produced:



Predictor	B	Beta	t	Sig.
Promotion Practices	0.205	0.382	5.509	<0.001

The study therefore found Promotion Practices to be a significant positive predictor of perceived employee performance.

4.7 Hypothesis Testing

H0

There is no significant relationship between promotion practices and employee performance.

H1

There is a significant positive relationship between promotion practices and employee performance.

Decision

Since:

$$r = 0.664$$

and:

$$p < 0.001$$

the null hypothesis is rejected and the alternative hypothesis is supported in the published benchmark.

Conclusion

Promotion practices have a statistically significant positive relationship with employee performance.

4.8 Discussion of Findings

The results support the proposed relationship between promotion practices and employee performance.

The correlation coefficient of **0.664** indicates a relatively strong positive relationship. This means that higher perceived quality of promotion practices was associated with higher perceived employee performance in the comparable study.

The finding is consistent with Tessema and Soeters (2006), who examined the HRM-performance relationship and included promotion among the HR practices influencing employee-level outcomes.

It is also consistent with the Pakistani study, where promotion practices had a significant regression coefficient of **0.1147 with $p = 0.039$** .

Therefore, the overall literature provides reasonable support for the proposed relationship.

CHAPTER FIVE

RESEARCH LIMITATIONS, RECOMMENDATIONS AND CONCLUSION

Assignment #4.

5.1 Introduction

This chapter presents the conclusion of the study, discusses its limitations, provides recommendations for private companies, and suggests directions for future research.

5.2 Research Limitations

Several limitations should be considered when interpreting the study findings.

5.2.1 Sampling Limitation

The proposed Saudi research uses convenience sampling. Therefore, the findings may not represent all employees working in private companies throughout Saudi Arabia.

5.2.2 Cross-Sectional Design

The study uses a cross-sectional design, meaning that data are collected at one point in time. Therefore, the research can identify relationships but cannot establish long-term causal effects with complete certainty.

5.2.3 Self-Reported Data

Employee performance is measured through employees' perceptions. Respondents may therefore provide answers influenced by personal opinions or social desirability.

5.2.4 Limited Variables

The study focuses primarily on promotion practices and employee performance. Other HR practices such as compensation, training, recruitment, and performance appraisal may also influence employee performance.

5.2.5 Organizational Differences

Private companies in Saudi Arabia differ in size, industry, organizational culture, management practices, and HR policies.

Therefore, the impact of promotion practices may differ from one organization to another.

5.2.6 Statistical Benchmark Limitation

The numerical benchmark used in this draft comes from a comparable published Indian study rather than from a primary Saudi dataset. The original study involved 105 respondents in Indian service organizations.

Consequently, the benchmark results should be interpreted as comparative evidence and not as direct evidence from Saudi employees.

5.3 Recommendations

Based on the literature and statistical evidence, the following recommendations are proposed.

Recommendation 1: Establish Clear Promotion Policies

Private companies should establish written and clearly communicated promotion policies.

Employees should understand:

- What qualifications are required.
- What performance level is required.
- How promotion decisions are made.
- Who is responsible for making promotion decisions.

Recommendation 2: Link Promotion to Performance

Promotion decisions should give appropriate importance to employee performance.

Employees who consistently achieve objectives and demonstrate strong performance should have clear opportunities for advancement.

Recommendation 3: Increase Transparency

Organizations should communicate promotion criteria to employees.

Transparency can reduce uncertainty and improve employees' perceptions of organizational fairness.

Recommendation 4: Consider Merit and Qualifications

Promotion decisions should be based on objective factors such as:

- Performance.
 - Skills.
- Qualifications.
- Experience.
- Leadership capabilities.
- Job requirements.

Recommendation 5: Provide Career Development

Organizations should provide employees with career development plans that explain how they can progress to higher positions.

Recommendation 6: Provide Performance Feedback

Managers should regularly communicate performance feedback to employees.

Employees should understand their strengths and areas requiring improvement before promotion decisions are made.

Recommendation 7: Review Promotion Decisions

HR departments should periodically review promotion decisions to ensure consistency and fairness.

Recommendation 8: Train Managers

Managers responsible for promotion decisions should receive training in:

- Performance evaluation.
- Objective decision-making.
 - Avoiding bias.
- Career development.
- Fair promotion practices.

5.4 Recommendations for Future Research

Future studies should:

1. Use a larger Saudi sample.
2. Include employees from different industries.
3. Compare small, medium, and large private companies.
4. Compare Saudi and multinational companies.
5. Examine gender and age differences.

6. Include additional HR practices.
 7. Use longitudinal research.
 8. Combine employee surveys with objective performance indicators.
-

5.5 Conclusion

The purpose of this study was to examine the impact of promotion practices on employee performance in private companies in Saudi Arabia.

The literature reviewed demonstrates that human resource practices can play an important role in employee outcomes.

Promotion practices are particularly important because they provide employees with opportunities for career advancement and communicate organizational recognition of employee contribution.

The statistical evidence from comparable published research provides support for the proposed relationship. Singh et al. (2017) reported a **Pearson correlation of 0.664 with $p < 0.001$** between promotion practices and perceived employee performance. Promotion practices were also a significant predictor in their regression analysis, with **Beta = 0.382 and $p < 0.001$** .

Similar evidence was reported in Pakistan, where promotion practices were significantly related to employee perceived performance, with a regression coefficient of **0.1147 and $p = 0.039$** .

Therefore, the evidence supports the general proposition that effective promotion practices can contribute to improved employee performance.

For private companies in Saudi Arabia, the most important practical implication is that promotion should not be viewed simply as movement to a higher position. Rather, it should be part of a broader HR strategy that connects performance, career development, employee motivation, and organizational objectives.

Companies should therefore establish transparent promotion policies, communicate promotion criteria, recognize employee merit, consider relevant experience and qualifications, and provide employees with regular performance feedback.

In conclusion, **effective promotion practices are an important HR mechanism that can support higher employee performance**, although the exact strength of this relationship should be determined using actual Saudi employee data when the primary survey is conducted.

References

Baloch, Q. B., Ali, N., Kiani, T. S., & Mufty, A. (2010). *Impact of human resource practices on employee perceived performance in banking sector of Pakistan*. African Journal of Business Management.

Singh, R., Mohanty, M., & Mohanty, A. K. (2017). *The role of HR practices on perceived employee performance: Evidence from Indian service organizations*. International Journal of Applied Business and Economic Research, 15(19), 485–504.

Tessema, M. T., & Soeters, J. L. (2006). *Challenges and prospects of HRM in developing countries: Testing the HRM-performance link in the Eritrean civil service*. The International

Journal of Human Resource Management, 17(1), 86–
105. <https://doi.org/10.1080/09585190500366532>.

Armstrong, M. (2009). *Armstrong's handbook of human resource management practice*. Kogan Page.

Griffin, M. A., Neal, A., & Parker, S. K. (2007). A new model of work role performance: Positive behavior in uncertain and interdependent contexts. *Academy of Management Journal*, 50(5).