

# EFFECT OF DELEGATION OF AUTHORITY (FINANCIAL, ADMINISTRATIVE) ON THE PERFORMANCE LEVEL OF EMPLOYEES: FIELD STUDY WITH BANKS IN THE KINGDOM OF SAUDI ARABIA

Tayseer Said Zatar

Assistance Professor, Faculty of Business – Khulais, University of Jeddah, Jeddah, SAUDI ARABIA.

tayseer.zatar@gmail.com

## ABSTRACT

*The development of technology and knowledge has led to increased interest in the process of delegation of authority, and keen to take advantage of the available time, and the delegation of authorities is one of the most important work with banks in the Kingdom of Saudi Arabia, and also the performance of employees of the important topics with banks, as the organizations of all kinds today to maximize productivity and upgrade The performance of the employees to the maximum levels in order to ensure their survival and the continuation of the activity and achieve its objectives.*

*The researcher sought to study this subject for a number of reasons including the study of the delegation of authority in the financial and administrative branches and its impact on the level of performance of employees, and also because of the activity of the Kingdom of Saudi Arabia financially, and the most important study preliminary exploratory study by the researcher for the study sample and noted that some employees do not realize the importance The mandate of the study is to measure the effect of delegation of authority (financial, administrative) as a separate variable on the level of performance of employees as a dependent variable among the banks in the Kingdom of Saudi Arabia. The most important characteristic of this study is that the researcher will discuss the issue of delegation of authorities in the financial and administrative branches, because of the lack of studies on this subject.*

*The study found that there is a statistically significant effect at the level of ( $\alpha \leq 0.05$ ) for the delegation of authority (financial, administrative) on the level of performance of employees in banks in Saudi Arabia The study recommended a number of recommendations, most important of which is to guide managers and encourage them to delegate powers to subordinates Financial and administrative work, and encourage them to do so by empowering and empowering creative workers with the necessary skills and skills.*

**Keywords:** delegation of authority (financial, administrative), performance of employees.

## INTRODUCTION

Business organizations of all sizes and fields face many changes, challenges and rapid changes in their different environments due to global openness, globalization and development in the field of communications and information technology (Philip, 2007).

Delegation of authority is one of the most important works of banks in Saudi Arabia. The delegation plays a major role in the successful management of the administrative operations and the achievement of the objectives of the desired organizations (Abu Sheikha, 2009). In order to ensure this, managers must work to adopt the concept of delegation of authority well,

and intense competition and service discrimination are currently playing a vital and vital role in determining the status of organizations in the market (Jack, 1995 Schriesheim, 2008).

Al-Taei et al., (2006) emphasized that delegation of powers contributes to uncovering the untapped potential of employees and contributes to the modification of performance standards and increased employee performance. The performance of employees are mainly used to recruit staff to fill the higher positions (Redman & Wilkinson, 2008; Yamin & Mahasneh, 2018).

This study was conducted to reveal the effect of the delegation of authority (financial, administrative) on the level of performance of employees in the management of banks in Saudi Arabia.

### **Delegation of Authority (Financial, Administrative)**

The development of technology and knowledge has led to increased attention to the process of delegation of authority, and keenness to exploit the available time. The delegation of authority (financial, administrative) is one of the most important works of the banks in Saudi Arabia, and the delegation of financial and administrative powers is a basic requirement of internal controls in all business As it works to identify the responsibilities and financial and administrative powers of the incumbents.

Bagwell, (2006) reported that delegation of authority is the temporary transfer of powers from a person at a lower administrative level or higher to another person at another administrative level.

Al-Harbi, (2007) also stated that the mandate is for expeditious decision-making and problem solving for subordinates.

Abadi, (2012) stated that delegation of authority is the temporary transfer or delegation of authority from a person at a given administrative level to another person at another administrative level. Effective delegation requires the president to ascertain the competence and capacity of the person-delegated authority.

(Tarawneh, (2012) stated that delegation is one of the most important skills a successful manager must have. People who are well- appointed have ample time to plan, organize and train staff.

Al-Kubaisi, (2001) and Burke, (2004) defined delegation of authority by granting employees the right to act and make decisions in the management of their activities within the organization by empowering them and providing them with the required information on time. Study (Al-Masry, 2012) provide that the ambiguity of the job role negatively affect the delegation of authority.

Masad, (2004) defined the financial delegation for the manager to distribute some work on the financial side to his employees by granting him some of his financial powers.

Gilali, (2008) stated that the administrative delegation is of great importance as it reduces the burden of administrative tasks on the administrative head and the development and promotion of management services through speed and flexibility in carrying out administrative function.

Sayed, (2003) defined administrative authority as a time-consuming measure by the Director to relieve the burden placed on him by giving others the power to act on administrative matters and to take appropriate decisions.

Administrative authority can be define as delegating tasks and powers to others without relinquishing the responsibility or consequences of this process, others here mean subordinates who are at a lower managerial level than those with the authorization process (Hijab, 2009).

According to Koreitem, (2011) the full administrative delegation is that the commissioner with the inherent competence shall delegate all of his authority or powers granted under the laws and regulations to one of the subordinates.

### **Performance of Employees**

Today's organizations strive to maximize productivity and raise the level of performance of employees to the highest levels in order to ensure their survival and the continuation of their activities and achieving their objectives (Sayed, 2003).

The level of performance of the workers is the level of influence on the individual's cognitive and behavioral characteristics and will be measured by identifying three levels, high, medium, low (Dora & Pigment, 2008).

Heinz, (1998) defined performance as the practical results that result from activities and achievements or what individuals do within the organization.

Thabit, (2001) defined performance as referring to the degree to which the functions of the individual function are fulfilled and it reflects how the individual fulfills the requirements of the function, and the performance is measured on the basis of the results achieved by the individual.

Al-Saud, (2008) defined performance as the product of a particular effort undertaken by an individual or group of individuals to accomplish a specific work.

Al-Otaibi, (2007) and (Abdul-Razzaq, 2007) describe performance as what an individual can achieve at the present time of specific behavior, and what an external observer can record with the greatest clarity and accuracy.

Al-Khatib, (2009) proved in his study that the level of employee performance is directly affected by the successful management of time in Jordanian cellular operators.

Torrington, (2008) asserts that the determination of the level of performance of employees is used to judge the validity of new employees who are subject to a probationary period determined by their continuing to occupy or dispense with their jobs.

### **REVIEW OF LITERATURE**

Al-Dhafairi (2010), entitled "The Effect of Delegation of Authority on the Performance Effectiveness of Employees in Public Sector Institutions in Kuwait City, An Empirical Study on the Ministry of Social Affairs and Labor". The study aimed at finding out the effect of delegation of authority on the performance of the employees of the Ministry of Social Affairs and Labor in Kuwait City. The study found a statistically significant effect between the delegation of authority and the effectiveness of performance among the employees of the Kuwaiti Ministry of Social Affairs and Labor.

Darwish and Al-Shamri (2010), entitled "Delegation of Authority, the Best Method for Improving Efficiency of Job Performance, Sample Study in the General Company for Fertilizer Industry". The study aims at diagnosing the actual reality of the authorities' practice through delegating the research sample to the organization and its effect on the efficiency of the performance. The most important results of the research is that the follow-up of the

inaccurate managers of the delegated persons resulted in issuing some directives that do not serve the administrative work in the organization.

Tuwaijri (2007) entitled "Delegation of authority and its role in developing leadership skills in King Khalid Airport in Riyadh". The study aims to know the importance of delegation of authority and identify the compatibility of the practice of administrative leaders to the scientific method of delegation of authority. The study concluded that most administrative leaders are aware of the importance of delegation of authority and that their exercise of delegation of authority corresponds to the scientific method of delegation of authority.

Helo (2010) entitled "The impact of delegation of authority on the development of managerial skills for the workers in Palestinian universities in the Gaza Sector.

The study aimed to identify the impact of the delegation on the development of the managerial skills of the employees in the Palestinian universities. The study concluded that the delegation of authority contributes effectively to the development of leadership skills, strengthening human relations and raising the level of skill of organizing and managing time in the Palestinian universities in the Gaza Sector.

Al-Othman (2003) entitled "Delegation of authority and its impact on efficiency of performance". The study aims at identifying the effect of delegation of authority on efficiency of performance. The study concluded that the effect of delegation of authority on performance efficiency increases the degree of acceptance of subordinates for additional work.

Al-Fateh (2014) entitled "Delegation of authority and its impact on the performance of employees". The study concluded that the principle of delegation of authority has several advantages in the performance of the director and the staff, as it works to reduce the burden on the manager, and the authorization of the most important means that stimulate employees.

## **PROBLEM OF STUDY**

During the interview and the preliminary survey conducted by the researcher on banks in the Kingdom of Saudi Arabia through the interview, to poll the opinion of 30 employees in the management of banks in Saudi Arabia. And after the interview to poll their opinions and answer questions, it was found that 12 employees (40%) of the society of the survey are not aware of the importance of delegation of authority (financial, administrative) to employees. And this entails the disadvantages and problems on the personal, official and social level, and leads to the lack of full-time managers to monitor and follow their subordinates closely. Also not full-time to think about important strategic processes in the organization, the fact of this matter lies in the official working time where no active investment is invested in favor of the organization as much as it is an investor in the right manner.

## **IMPORTANCE OF STUDY**

The importance of the study can be determined in the following points:

- 1- Determining the importance of delegation of authority (financial, administrative) and their impact on the performance of employees in banks in the Kingdom of Saudi Arabia.
2. Provide researchers, stakeholders and decision makers with a theoretical and field framework on the subject of delegation of authority (financial, administrative) and its effectiveness on the performance of employees in banks in the Kingdom of Saudi Arabia.

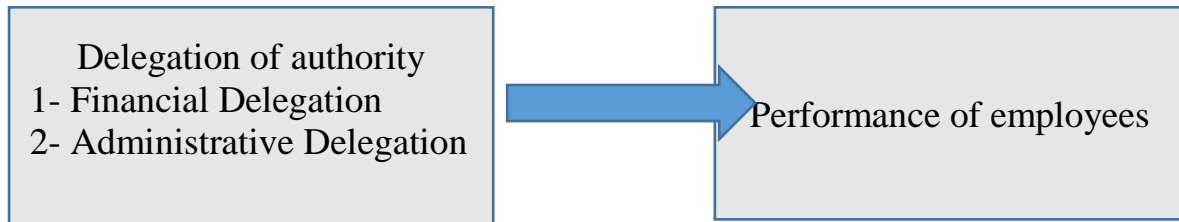
## OBJECTIVES OF THE STUDY

The objectives of this study are as follows:

1. Provide a theoretical framework on the delegation of authority (financial, administrative) and through reference to books and previous studies related to this subject.
2. Learn how to deal with delegation of authority (financial, administrative) from the point of view of managers at banks in the Kingdom of Saudi Arabia.
3. Recognition of the level of performance of employees in banks in the Kingdom of Saudi Arabia.
4. Determining the effect of delegation of authority (financial, administrative) on the level of performance of employees in banks in the Kingdom of Saudi Arabia.

## STUDY MODEL

The model of the study includes an explanation of the main variables (dependent and independent) associated with this study. The independent variable model illustrates the delegation of authority (financial, administrative) and the dependent variable, the performance of the employees.



## STUDY HYPOTHESES

The study seeks to test the following main hypothesis:

There was no statistically significant effect at the level of ( $\alpha \leq 0.05$ ) for delegation of powers (financial, administrative) on the level of performance of employees in banks in the Saudi Arabia.

## METHODOLOGY OF THE STUDY

The researcher used the analytical descriptive method in this study in order to reach the conclusions and results raised by the reality of the problem and its prospects, objectives and hypotheses, in addition to the default model of the study, which includes two variables (independent variable) delegation of authority in its financial and administrative branches and (dependent variable).

To achieve the objectives of the study, the researcher built the questionnaire as a tool for study and was distributed to a randomly selected sample of (100) employees of banks in the Kingdom of Saudi Arabia. The number of respondents was (90) employees and (6) Number of valid questionnaires (84).

In order to answer the questions and hypotheses of the study, the data were analyzed using the SPSS, V.17. The computational averages, the standard deviation, the multiple regression, the differential comparisons were calculated in a less variable manner, and the T test was used for the independent samples.



**STATISTICAL ANALYSIS OF RESULTS**

Table 1 shows the arithmetical averages, the standard deviations and the order of the responses of the respondents on the paragraphs of the delegation of powers (financial), which was measured based on (8) paragraphs.

**Table 1. Arithmetical averages, standard deviations and order of the responses of respondents the delegation of powers**

No.	Delegation of authority ( Financial)	Mean	Standard Deviation	Ranking	Level
1	The financial delegation reduces the incidence of money theft.	4.32	0.64	2	High
2	Employees are trained on financial systems in banks before being delegated.	4.20	0.72	3	High
3	Senior management involved in problem solving and financial decision making.	3.92	0.82	7	High
4	Senior management in delegation of authority depends on the abilities and skills of financial personnel.	4.06	0.66	4	High
5	The senior management distributes the work and tasks according to the functional specialization.	4.00	0.55	5	High
6	The senior management authorizes employees in certain financial matters permitted by the banking system.	4.37	0.63	1	High
7	Senior management is encouraged to delegate authority in the funding process.	3.85	0.87	8	Mid
8	Encourages senior management to be free to determine the appropriate way to accomplish the work of employees	3.98	0.86	6	High
	The mean of delegation of authority (financial)	4.08	0.72		High

Table 1 shows that the general mean of the respondents' estimates on the delegated authority variable (financial) was at the high level (4.08) and by a standard deviation (0.72).

The results of the study indicate that the managers of the banks in the Kingdom of Saudi Arabia have a high degree in the authorization of managers working in some of the financial work allowed by the system in place in banks, and found that the delegation of authorities to financial activities contribute to reduce theft of funds.

And the management of banks is interested in training employees on financial systems in banks before their authorization. And that managers rely on delegation of authority on the abilities and skills of employees, and it turns out that the administration did not encourage the delegation of authorities in the financing operations.

Table 2 shows the Mean, standard deviations and the order of the responses of the respondents on the paragraphs of the delegated administration variable, which was measured based on (8) paragraphs.

**Table 2. Mean, standard deviations and the order of the responses of the respondents on the delegated administration variable**

No.	Delegation of authority (Administration)	Mean	Standard Deviation	Ranking	Level
1	Administrative delegation increases the chances of completing business on time.	4.30	0.67	2	High
2	Senior management prefers staff participation in problem solving and management decision making.	4.20	0.72	4	High
3	The authorities delegated to subordinates of managers are clarified in the administrative processes.	3.96	0.86	7	High
4	Senior management in delegating authority depends on individuals' abilities and management skills.	4.06	0.66	5	High
5	The senior management is keen to distribute the work and tasks to the functional specialization.	4.00	0.56	6	High
6	Senior management is encouraged to delegate authority in routine administrative work.	4.38	0.62	1	High
7	Senior management encourages staff to identify the appropriate way to accomplish their administrative work	3.85	0.68	8	High
8	The subordinates are encouraged when delegated administrative authority.	4.22	0.72	3	High
	The mean of delegation of authority (Administration)	4.12	0.69		High

Table 2 shows that the general mean of the respondents' estimates on the delegate variable (administrative) came within the high level (4.12) and by standard deviation (0.69).

The results of the study indicate that the managers of the banks in the Kingdom of Saudi Arabia have a high degree of delegation of authority in the administrative processes of the employees. Because the administration encourages the delegation of authority in the routine administrative work, as well as the administrative delegation increases the chances of completing the work on time. When delegated some administrative authority, and management prefer the participation of employees in solving problems and make administrative decisions, and depends on the administration in the delegation of authority on the capabilities and skills of administrative employees.

Table (3) shows the mean, the standard deviation and the order of the responses of the respondents on the levels of the performance of workers, which was measured based on (8) paragraphs.

Table 3 shows that the general mean for the respondents' estimates on the employee performance variable was at the high level (4.19) and by standard deviation (0.63).

The results of the study indicate that the level of performance of employees improves directly in the application of decentralized management of work, and when giving training courses for the staff in the delegation of authority, and participation of decision-making personnel, and also open door policy of managers working to improve performance.

**Table 3. Mean, the standard deviation and the order of the responses of the respondents on the levels of the performance of workers**

No.	Performance of employees	Mean	Standard Deviation	Ranking	Level
1	The worker performs the work assigned to him in a renewed manner.	4.13	0.58	6	High
2	The senior management works to raise the performance of the employees by training them to delegate the authority.	4.25	0.61	2	High
3	The open door policy of managers contributes to improving the performance of employees.	4.18	0.49	4	High
4	Staff performance is improved directly in decentralized management.	4.39	0.67	1	High
5	Work is distribute among employees fairly.	4.12	0.64	7	High
6	My decision-making helped me improve my performance.	4.21	0.68	3	High
7	Lack of interaction between the manager and employees causes a reduction in the level of performance.	4.15	0.63	5	High
8	Senior management is concerned with the humanitarian aspects in evaluating the performance of employees.	4.08	0.77	8	High
	The mean of employee performance	4.19	0.63		High

To examine the main hypothesis, multiple regression analysis was used to measure the effect of delegation of powers (financial, administrative) on the level of performance of employees in banks in Saudi Arabia.

**Table 4. Results of the multiple regression test to measure the effect of delegation of authority (financial, administrative) on the level of performance of employees in Saudi banks**

Independent variable	B	Beta	Calculated t value	Level of significance
Delegation of authority (financial)	0.188	0.175	2.979	*0.003
Delegation of authority (administrative)	0.235	0.238	3.843	*0.000
Multiple correlation coefficient (R)		0.721		
The value (R2) of the model		0.519		
The calculated value (F) of the model		58.410		
Level of significance ( $\alpha$ )		*0.000		

\* Statistical function

The results shown in Table (4) show that the value of the correlation coefficient between the independent variable (financial and administrative) and the performance of the workers reached (0.721) and the value of the (R2) (0.519). This means that the delegation of authority



explains 51.9% of the variance in the dependent variable. The calculated value of (F) of the model (58.410) is statistically significant at ( $\alpha \leq 0.05$ ).

Accordingly, we reject the main hypothesis that "there is no statistically significant effect at the level of ( $\alpha \leq 0.05$ ) for delegation of powers (financial, administrative) on the level of performance of employees of banks in Saudi Arabia."

The results of the previous table indicate that the delegation of administrative authority was the most influential variable with the value of (Beta = 0.238 ) and (T= 3,843 ), which are statistically significant at ( $\alpha \leq 0.05$ ). This result means that the increase in the process of delegation of administrative authority to the value of one unit leads to an increase in the performance of the employees in general by (23.8%) of this unit.

Followed by the influence of the delegation authority variable (financial). The value of (Beta = 0.175) and ( T = 2.979). which are statistically significant at ( $\alpha \leq 0.05$ ). This result means that the increase in the process of delegation of authority (financial) value of one unit leads to an increase in the performance of workers in general by 17.5% of this unit.

From the previous results, the rejection of the null hypothesis and the acceptance of the alternative hypothesis are as follows: There is a statistically significant effect at the level of ( $\alpha \leq 0.05$ ) for the delegation of authority (financial, administrative) on the level of performance of employees in banks in Saudi Arabia.

This result is in line with Tafiri's (2010) study, Khamis (2008), and Al-Othman (2003), which indicated that there is an impact on empowering employees.

## **CONCLUSIONS AND RECOMMENDATIONS**

The results of the study indicate that the managers of the banks in the Kingdom of Saudi Arabia have a high degree in the delegation of authority to the employees, in some of the financial work allowed by the system in place in the banks, and found that the delegation of authority financial acts contribute to reduce theft of funds. The management of banks is interested in training employees on financial systems in banks before their authorization.

The managers rely on delegation of authority on the abilities and skills of employees and their participation in solving problems and administrative decisions. Also encourages the delegation of authority in the routine administrative work, as well as the delegation of administrative authority increases the motivation of employees and the completion of work on time. Senior management was not encouraged to delegate authority over funding operations.

The study recommends directing managers and encouraging them to delegate powers to subordinates in various jobs and encourage them to do so by:

1. Empowering and empowering creative workers with the skills and skills needed to lead non-routine work.
2. To delegate part of the authority to the distinguished employees and to follow up their career abilities as a paved path to motivate and promote them.

## REFERENCES

- [1] Abadi, H. (2012): *Sustainable strategic management - Introduction to management of organizations in the third millennium*. Jordan, Amman, Al-Warraq Publishing and Distribution.
- [2] Abdul, R. M. (2007). *Strategic planning and its impact on performance in Islamic charitable organizations*. Jordan: Series of Functional Research.
- [3] Abu, S., & Nader, A. (2009). *Introduction to time management*. Jordan, Amman: Dar Al Masirah for Publishing, Distribution and Printing.
- [4] Al Saud, S. (2008). *Public administration in Saudi Arabia*. Saudi Arabia, Riyadh: King Fahad National Library.
- [5] Al-Harbi, M. A. (2007). *Delegation of powers to administrative leaders*. Saudi Arabia: Faculty of Science and Arts, King Saud University.
- [6] Al-Khatib, A. Fawzi (2009). *Time management and its impact on the level of employee performance, a field study on cellular communications companies in Jordan*. Jordan: Middle East University.
- [7] Almasri, R. M. (2012). *Ambiguity of the role of the role and its impact on the delegation of powers*. Gaza, Palestine: Islamic University.
- [8] Al-Otaibi, D. (2007). *The administrative process: Principles and principles*. Jordan, Amman: Dar Al-Yazuri Press.
- [9] Al-Othman, M. A. (2003). *Delegation of authority and its effect on performance efficiency*. Riyadh, Saudi Arabia: Naif Academy for Security Sciences.
- [10] Al-Taei, Y. H., & Al-Fadl, M. A. M. (2006). *Human resources management: Integrated strategic approach*. Jordan, Amman: Al-Warraq Publishing and Distribution.
- [11] Al-Tarawneh, H. A., & Mobaselat, M. M. (2012). *Skills of managers and staff using time to improve their performance effectively*. Jordan, Amman: Dar Al Safa Publishing and Distribution.
- [12] Altwaijri, A. A. I. (2007). *Delegation of powers and his role in the development of leadership skills in King Khalid Airport in Riyadh*. Riyadh, Saudi Arabia: Naif Arab University for Security Sciences.
- [13] Al-Zafairi, M. S. (2010). *Effect of delegation of authority on performance effectiveness of employees of government sector institutions in Kuwait City*. Amman, Jordan: Middle East University.
- [14] Burke, S.H. (2001). *Strengthening administration through effective delegation*. *Pakistan Administrative Staff College Journal*, 8(1).
- [15] Darra, A. B., & Al-Sabbagh, Z. N. (2008). *Human resource management in the 21st century*. Jordan, Amman: Dar Wael Publishing and Distribution.
- [16] Darwish, M. S., & Al-Shammari, I. R. (2010). *Delegation of authority the best way to improve the efficiency of job performance, sample study in the general company for fertilizer industry*. Iraq: Mustansiriya University.

- [17] El-Fateh, M. N. (2014). *Delegation of authority and its impact on the functionality of employees*. Syria: University of Damascus.
- [18] El-Helow, A. A. M. (2010). *The effect of delegation of powers on the development of administrative skills of workers*. Gaza, Palestine: Islamic University.
- [19] Gilali, T. (2008). *Legal system of administrative delegation in Algeria*. Algeria: Abi Bakr Belqaid University.
- [20] Hijab, S. O. A. (2009). *General theory of administrative and legislative delegation*. Alexandria, Egypt: New University Dar.
- [21] Khamis, A. M. (2008). *The effect of delegation of authority on administrative performance*. Sudan: Sudan University of Science and Technology for Business Studies.
- [22] Koreitem, E. (2011). *Authorization in administrative jurisdictions*. Lebanon: Halabi Publications.
- [23] Kubaisi, A. K. (2004). *Knowledge management and organizational development*. Alexandria, Egypt: Authors.
- [24] Mesad, M. (2004). *Effective management* Beirut, Lebanon: Lebanon Publishing Dar.
- [25] Sayed, R. E. (2003). *Principles of administrative law*. Cairo, Egypt: Dar al-Nahda al-Arabiya.
- [26] Schriesheim, C. A. (2008). Delegation and leadership member exchange: Main effects, moderators, measurement issues. *Academy of Management Journal*, 41(3).
- [27] Torrington, D., Laura, H., & Steven, T. (2008). *Fundamentals of human resource management managing people at work*. USA: Pearson.
- [28] Yamin, M. A., & Mahasneh, M. S. (2018). *The impact of value – based leadership on ethical loyalty in Saudi Arabia health organizations*. *International Review of Management and Marketing*, 8(3).