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Determinants of Individual Work Performance in Tunisian Small and Medium-Sized Enterprises: A Managerial versus Employee Perspectives

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Adel Necib[1], Anis Jarboui[2]

Abstract:

Purpose: *This study examines the antecedents of individual work performance in Tunisian small and medium-sized enterprises (SMEs), focusing on differences between owner-managers' and employees' perceptions of financial and non-financial performance-related factors.*
Design/methodology/approach: *The study adopts a positivist, hypothetico-deductive approach and employs two parallel surveys involving 296 employees and 91 owner-managers, selected through purposive sampling. Data were analysed using SPSS, with descriptive statistics, principal component analysis, linear regression, and one-way analysis of variance.*
Findings: *The findings reveal a notable difference between the two groups. Employees perceive both financial and non-financial factors as important determinants of individual work performance, whereas owner-managers recognize the importance of non-financial factors but do not consider financial factors equally influential. Recognition, training, and working conditions are supported by both groups, while appraisal frequency is not perceived as influential by either group. The differing perceptions of financial factors constitute the study's central finding.*
Practical implications: *SME owner-managers should consider recognition, training, and favourable working conditions as complements to, rather than substitutes for, fair and equitable remuneration. They should also redesign performance appraisal systems to emphasise employee development rather than punishment or control.*
Originality/value: *This study extends the discussion of individual work performance to the Tunisian SME context by providing a comparative assessment of employees' and owner-managers' perceptions. It conceptualizes the gap between the two groups not merely as a difference of opinion but as a managerial and organizational governance issue. Although the cross-sectional design and the institutional specificity of Tunisia limit the generalizability of the findings, the comparative framework offers a basis for further research in other North African economies.*

Keywords: *Individual work performance, Small and medium-sized enterprises, Tunisia, Owner-managers, Employees, Social exchange theory.*

JEL Classification: *M12, M54, L26, J24.*
Paper Type: *Research paper.*

[1]*Prof., University of GAFSA, Tunisia, e-mail: adelnecib314@gmail.com;*
[2]*Prof., University of SFAX, Tunisia, e-mail: anisjarboui@gmail.com;*

1. Introduction

Small and medium-sized enterprises (SMEs) constitute the structural backbone of most emerging and developing economies, and Tunisia is no exception. Official statistics indicate that enterprises of limited size make up the overwhelming majority of the national productive fabric and absorb a substantial share of private employment. Yet their contribution to national wealth remains below its potential, because many of these firms struggle to survive, to grow and to convert human effort into durable value. The gap between the numerical weight of SMEs and their economic yield is, in large part, a managerial gap: the way in which they mobilize, recognize and develop the people who work for them.

Within that gap, individual work performance occupies a strategic position. It is the elementary unit from which collective and organizational performance is built, and it is also the dimension over which employers believe they have the greatest latitude.

The literature on human resource management (HRM) in small firms has repeatedly shown, however, that the levers presumed to act on individual performance are neither uniformly understood nor uniformly deployed. Owner-managers and employees occupy different positions in the employment relationship, and it is plausible that they do not attach the same meaning to the same practices. When such a divergence exists and remains unaddressed, it generates a silent misalignment between managerial intent and worker experience, eroding trust and undermining the very performance it seeks to improve.

The present paper takes the Tunisian SME as its terrain and asks a deliberately comparative question: which factors do owner-managers and employees respectively believe improve individual work performance, and how do their readings differ? Social exchange theory provides analytical scaffolding. Its core premise of reciprocity suggests that employees calibrate their discretionary effort according to the balance they perceive between what they contribute and what they receive. The theory also anticipates that the two parties to the exchange may not evaluate that balance identically, because they do not hold the same information, the same power or the same interests.

The Tunisian setting is analytically valuable for three reasons. First, it presents a distinctive configuration of informality, weakly formalized HRM and strongly personalized authority, which the SME literature has begun to document in North Africa. Second, it has experienced a decade and a half of economic and political turbulence that has reshaped the terms of the employment relationship, particularly for young and precarious workers. Third, public policy has progressively recognised SMEs as a priority target for support, making the managerial question of human performance directly relevant to national strategy. Studying individual performance in Tunisia therefore illuminates both a general theoretical problem and a specific policy challenge.

The paper is organized into seven sections. Section 2 delineates the Tunisian SME landscape and its institutional environment. Section 3 develops the theoretical framework, the conceptual model and the hypotheses. Section 4 sets out the methodology. Section 5 presents the findings. Section 6 discusses them, with particular attention to the perception gap between the two groups. Section 7 concludes, states the limitations and outlines a research agenda.

2. The Tunisian SME Landscape and Institutional Environment

Tunisia possesses a dense and highly fragmented productive fabric. The National Business Register maintained by the Institut National de la Statistique (INS) recorded more than eight hundred thousand enterprises for the most recent reference year, and the distribution by size confirms the overwhelming predominance of very small units (INS, 2023).

For statistical purposes, the register classifies economic units into micro-enterprises of fewer than six employees, small enterprises of six to forty-nine employees, medium enterprises of fifty to one hundred and ninety-nine employees, and large enterprises of two hundred employees or more. On this reading, enterprises of fewer than two hundred employees account for more than ninety-nine per cent of the total.

This statistical pre-eminence conceals considerable heterogeneity, and it must be interpreted with care. When attention shifts from the register of all units to the subset of employing firms, the picture changes. Recent national enterprise reporting suggests that fewer than fifteen thousand units are genuine employers of any significant size, of which the great majority are micro-enterprises and only a little over twelve thousand qualify as SMEs in the fuller sense (INS, 2023).

In other words, Tunisia’s enterprise population is dominated numerically by self-employment and micro-activity, while the segment that corresponds to the analytically meaningful category of the SME is far narrower than the headline figure suggests. A clear statement of this distinction matters, because policy discourse frequently conflates the two.

The legal definition of the SME in Tunisia is likewise plural. There is no single statutory definition; instead, the criteria vary according to the legislative or regulatory instrument establishing the relevant support scheme. The register’s statistical definition, based on headcount, coexists with threshold-based definitions used by financing and promotion bodies.

This definitional plurality has two consequences for research. It complicates comparability across studies, and it obliges the researcher to state explicitly which convention is adopted. The present study follows the statistical headcount convention of the national register and treats the SME as an employing unit of between six and two hundred employees.

On the economic side, the contribution of small enterprises to employment is substantial but, in comparative perspective, not dominant. Studies of the southern Mediterranean have estimated that micro, small and medium enterprises generate a little under sixty per cent of private-sector jobs in Tunisia, a share lower than in several neighboring economies, partly because the public sector and a small number of large, often export-oriented firms absorb a disproportionate share of formal employment (EMNES, 2017).

International financial institutions have put the aggregate contribution of these enterprises at roughly forty per cent of gross domestic product and a majority of employment (IFC, 2019). Whatever precise figure is retained, the conclusion is the same: small firms are central to job creation, yet their productivity lags and their survival rates are fragile.

Three structural features of the Tunisian environment bear directly on human performance. The first is the weight of informal activity. Estimates place informal employment at close to half of total employment, and informal activity at a significant share of national output (INS, 2020). Informality means that a large proportion of workers operate outside the protections, the social security entitlements and the formal appraisal systems that underpin standard models of the employment relationship.

Within formally registered SMEs, informal practices nonetheless persist recruitment through personal networks, discretionary and frequently opaque pay arrangements, and a reliance on unwritten expectations. Recent research has shown that these informal mechanisms are not accidental but institutionally driven, and that they shape both organizational performance and the quality of employee relations in Tunisian SMEs (Abid and Alsarhan, 2025).

The second feature is the decade and a half of macroeconomic turbulence that followed 2011. Average growth between 2011 and 2019 fell well below the pre-2011 trend; the COVID-19 shock contracted output sharply and pushed unemployment to around seventeen per cent, with youth unemployment exceeding forty per cent (World Bank, 2024). Inflation peaked above nine per cent in 2023.

This environment has compressed the financial room for maneuver of small firms and has made wage restraint a recurrent managerial reflex. It has simultaneously raised the stakes for employees, for whom job security and fair remuneration have become overriding concerns.

The third feature is the institutional architecture of support. Tunisia has built a comparatively elaborate set of public and quasi-public bodies: the agency responsible for promoting industry and innovation, which manages support programmes and international partnerships; the bank dedicated to financing SMEs; guarantee and venture-capital mechanisms; and the principal employers' federation,

which articulates the voice of business. Multilateral institutions have added further instruments, and a recent country assessment has argued that unlocking Tunisia's human capital requires deeper support for private enterprise, better access to finance and accelerated formalization (AfDB, 2024).

This architecture is significant for the present study because it signals that the state recognizes SMEs as strategic actors while, at the same time, the everyday practice of managing people within those firms remains largely informal and under-professionalized.

Taken together, these features define a specific managerial context. Tunisian SMEs operate with limited financial slack, rely heavily on personalized authority and informal HRM, face a labour market in which employees are anxious about security and pay, and are embedded in a policy environment that encourages formalization without, in practice, always enabling it. It is within this context that the question of what improves individual work performance must be posed, and it is this context that makes the comparison between managerial and employee reading especially consequential.

3. Theoretical Framework and Hypotheses

3.1 Social Exchange Theory as an Analytical Anchor

Social exchange theory provides the most serviceable lens for interpreting performance-related behavior in small firms. Formulated initially by Homans (1958) and extended by Blau (1964), it holds that social interaction is organized around the exchange of resources, and that parties to an exchange seek a reasonable balance between the costs they incur and the benefits they obtain.

Cropanzano and Mitchell (2005) describe the theory as one of the most influential paradigms for understanding individual conduct in social settings, while Molm (2003) emphasizes that its predictive force derives from the norm of reciprocity, that is, from the expectation that a benefit received will, in due course, be returned.

Transposed to the workplace, the theory suggests that employees interpret the organization's treatment of them and respond in kind. Where employees perceive support, respect and recognition, they tend to reciprocate with discretionary effort and with behaviors that exceed the strict requirements of their contract. Where they perceive an imbalance, their engagement contracts. In this reading, individual performance is not merely the mechanical output of technical competence; it is a behavioral response to a perceived relationship.

Blau (1964) distinguishes within this framework between economic exchange, which is formal, contractual and immediate, and social exchange, which is informal, open-ended and grounded in trust. This distinction is analytically productive because

it maps directly onto the financial and non-financial families of antecedents examined below. The theory's applicability to Tunisian SMEs is, however, bounded by context.

Limited financial resources, the prevalence of informality, hierarchical distance and communitarian norms all condition the extent to which behaviour conforms to a calculative logic. Employees may perform without a balanced exchange, out of necessity, habit or loyalty. The theory is therefore adopted here as a heuristic for structuring comparison rather than as a deterministic model, and the paper treats cultural and institutional mediation as a substantive part of the analysis rather than as a residual.

3.2 The Conceptualization of Individual Work Performance

Individual work performance has attracted abundant scholarly attention without reaching a settled conceptualization. Much of the literature has concentrated on measurement instruments, such as supervisory ratings or productivity, service-quality and lead-time indicators, while comparatively less has been devoted to the construct itself (Campbell *et al.*, 1996; Motowidlo, 2003; Viswesvaran and Ones, 2000).

A parallel strand has investigated individual determinants, including motivation, involvement, satisfaction and dispositional traits (Charles-Pauvers *et al.*, 2007). Other studies have linked performance to trust (Campoy and Neveu, 2006), organizational justice (Moorman, 1991; Frimousse *et al.*, 2008), employability (Swalhi *et al.*, 2011), participative management (Bel Hadj, 2007), social exchange (Raneiri, 2015) and recognition (Amri, 2016).

Several definitions converge on behavioral reading. Murphy (1989) treats individual performance as the accomplishment of the duties and responsibilities attached to a given job. Campbell (1990) and Campbell *et al.* (1990) define it as observable individual behaviors that are appropriate to organizational goals, thereby displacing the exclusive focus on outcomes.

Williams and Anderson (1991) approach the construct through organizational citizenship behavior; distinguishing citizenship directed towards the organization from citizenship directed towards individuals. The former encompasses conscientiousness, sportsmanship and civic virtue; the latter, altruism and courtesy.

Motowidlo (2003, p. 39) offers a synthesizing definition of work performance as the total expected value to the organization of the discrete behavioral episodes an individual carries out over a given period, and distinguishes task performance, which requires job-specific skills, from contextual performance, which sustains and enriches the organizational setting (Borman and Motowidlo, 1997).

A complementary strand extends the construct towards discretionary and counterproductive behaviors, distinguishing in-role compliance from extra-role contributions whose boundaries remain contested (Van Dyne *et al.*, 1995; Sackett, 2002), and treats the disposition–behavior–outcome chain as the core causal architecture of job performance (Schmidt and Hunter, 1992).

Graham (2006) approaches the same construct through the employer-employee exchange, arguing that employees are entitled to civil, political and social rights and that, in return, employers may legitimately expect obedience, loyalty and participation.

Recent contributions have continued to broaden the construct. Dlimi *et al.* (2024) highlight its strategic stakes and levers, El Kiassi and Jahidi (2022) map its determinants through a systematic review, and Hakikir (2026) demonstrates how cultural specificity shapes the mobilisation of employees in North African settings. The cumulative picture is of a multidimensional, context-sensitive construct whose behavioural and contextual dimensions matter as much as its task-related core.

3.3 Financial Antecedents: Remuneration and the Terms of Economic Exchange

If economic exchange is contractual and immediate, then remuneration is its archetypal expression. Peretti (1999) defines remuneration as the counterpart of the employee's work, determined by the employment contract and by collective agreements, custom or unilateral employer commitments.

Firms differ in the extent to which pay is linked to performance, and this choice is not neutral. A substantial strand of the literature assumes that organizations enjoy considerable latitude in designing pay policy, and that those choices carry performance consequences (Gomez-Mejia and Welbourne, 1988; Lawler, 1986; Milkovich and Newman, 1996).

Gerhart and Milkovich (1990) showed that firms similar on observable characteristics nonetheless adopt markedly different pay structures, and that individual and job characteristics plus contingency factors explain only part of that variation. From a social exchange standpoint, employees evaluate the ratio of their contributions to their rewards and compare it with the ratios they attribute to comparable others; the resulting equity ratio conditions their reciprocal behavior.

The design of performance-related pay introduces a further complication. Wageman and Baker (1997) and Deckop *et al.* (1999) examined how individual and collective rewards affect behavior among colleagues. Collective incentives tend to reinforce cooperation, whereas individual incentives risk encouraging competitive individualism, which may breed conflict (Balkin and Montemayor, 2000; McClurg, 2001; Zenger and Marshall, 2000).

Deckop *et al.* (1999) found that performance-related pay damages citizenship behavior among weakly committed employees but not among strongly committed ones, so that the direction of the effect depends on the degree of involvement. Efficiency-wage arguments reinforce the point from a different angle: pay above the market-clearing level can elicit effort and discipline (Akerlof, 1982; Akerlof and Yellen, 1990; Shapiro and Stiglitz, 1984).

In the Tunisian SME, this literature meets a specific reality. Financial slack is limited, pay practices are frequently discretionary and informal, and wage restraint has been a dominant managerial response to a decade of crisis. Two readings of the same situation therefore become possible: the employer may view financial levers as unavailable and therefore irrelevant, while the employee may view them as both available in principle and decisive in practice. The first hypothesis reflects the mainstream expectation that pay regimes influence performance.

H1. The remuneration regime used by the firm exerts a positive influence on individual work performance.

3.4 Non-financial Antecedents: Recognition, Appraisal, Training and Working Conditions

Non-financial levers belong to the domain of social exchange. Because social exchange is open-ended and grounded in trust, its returns are symbolic and emotional rather than contractual, and the norm of reciprocity obliges the beneficiary to reciprocate, though not within a fixed time horizon (Blau, 1964; Mills and Clark, 1982).

3.4.1 Recognition

Recognition may be defined as the constructive and personalized response expressed by one person towards an action or attitude that, in their eyes, merits acknowledgement (Bourcier and Palobart, 1997). It is multidimensional, encompassing distributive, procedural and interactional justice; Moorman (1991) associates distributive and procedural justice with the equity of the organization and interactional justice with the equity of the manager.

Organ (1988) argued that employees behave as organizational citizens when they believe they are treated fairly. Recognition may be material or symbolic, and its symbolic form is conveyed through attentive words, approval and appreciation for work well done (Stajkovic and Luthans, 2001, p. 582). The earlier evidence that contingent managerial attention systematically raises task performance supports this reading (Stajkovic and Luthans, 1997).

Spontaneous appreciation, encouragement in difficult moments and simple thanks all fall within this moral dimension, which Gagné and Deci (2005) connect to enhanced closeness with the collaborator and, consequently, to satisfaction and performance.

Recognition is not, however, unconditionally beneficial: poorly calibrated or flattering recognition can generate negative effects (Boukar *et al.*, 2018; Gavrancic *et al.*, 2007).

H2. The moral recognition of employees exerts a positive influence on individual work performance.

3.4.2 Performance Appraisal

Appraisal denotes the systematic evaluation of a person's performance in the post and their development potential (Peretti, 1999). Its formalization has expanded over time and has attracted contrasting interpretations. Some authors regard appraisal systems primarily as instruments for intensifying pressure on the individual (Levinson, 1970; Mohrman *et al.*, 1989), while others see them as a means by which managers discover talent through professional dialogue (Laurans, 1974; Freiche, 1992; Fluck, 2001; Trépo *et al.*, 2002).

In practice, skepticism is widespread: surveys of human resource managers have found that a majority are dissatisfied with their appraisal systems, which are often experienced as ritualistic and as vehicles of management by fear (Bowles and Coates, 1993; Walter, 2024).

H3. The frequency of employee appraisal explains individual work performance.

3.4.3 Training

The rapid obsolescence of knowledge has made continuous learning a condition of effective professional practice (Baudoin *et al.*, 1992; Mamlouk, 1995). Training signals that the firm invests in its people and is associated with higher involvement (Arthur, 1994; Delery and Doty, 1996), though some employers continue to regard it as a cost rather than an investment (Plane, 2004).

For employees, training creates opportunities for learning and competence development (Koenig, 1994; Hatchuel, 1994) and is a source of professional development conducive to performance (Cailley, 1996). At the macro level, continuous training is associated with national productivity and competitiveness; at sector level, with the upgrading of industries; and at the micro level, with individual performance, mobility and entrepreneurship (Barrett and O'Connell, 2001; Claudia, 2026).

H4. The frequency of employee training exerts a positive influence on individual work performance.

3.4.4 Working Conditions

Working conditions encompass the physical environment, hygiene and safety, workstation design, working hours and task content (Vatteville, 1985). In a broader reading, factors such as schedules, the quality of premises, and the availability of

amenities affect task accomplishment (Prokopenko, 1990). Time is a particularly decisive dimension: the reduction and reorganization of working time are levers of competitiveness (Stalk and Hout, 2002), while breaks, training time and meeting time are prerequisites of sustained output (Zarifian, 1995).

Arrangements that reconcile work and private life also shape effort and morale (Moisdon, 1997; Hogarth *et al.*, 2001). Since a firm suffers when its employees suffer, even where the causal chain is not direct (Cailley, 1998), the improvement of working conditions is expected to translate into performance.

H5. The improvement of employees' working conditions exerts a positive influence on individual work performance.

3.5 The Comparative Lens: A Moderating Framework

The hypotheses above specify expected relationships without specifying who holds them. The distinguishing feature of this study is its insistence that the antecedent-performance link is not a single relationship but two readings of one relationship.

The position occupied by the respondent in the employment relationship is treated as a moderating condition that shapes both the salience attached to each antecedent and the assessment of whether that antecedent is deployed.

This comparative lens rests on four arguments drawn from the social exchange tradition and from institutional analysis. The first is information: owner-managers observe pay decisions, budgets and constraints that employees do not, and employees observe the lived texture of daily work that owner-managers do not.

The second is positional: owner-managers hold the resources that constitute the exchange, while employees supply the effort, so each party evaluates the fairness of the terms from a different vantage point.

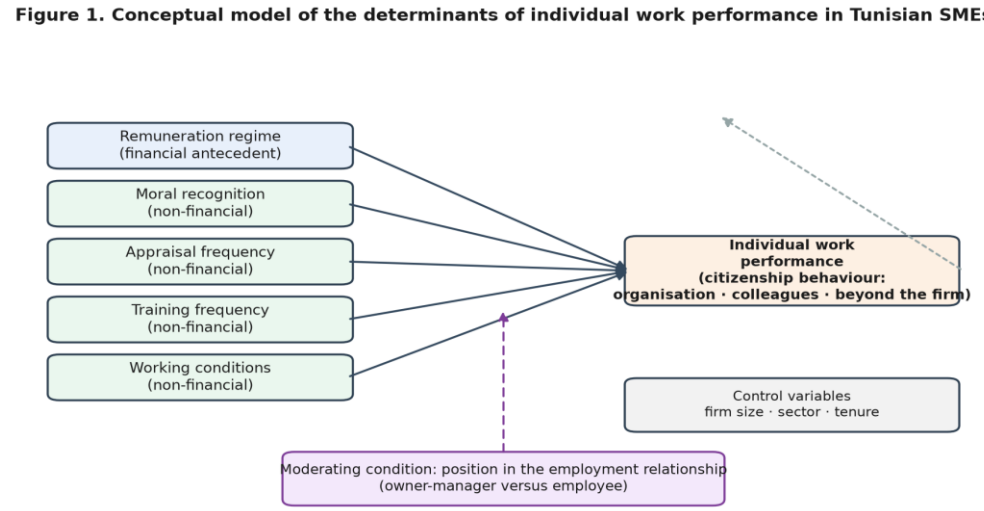
The third is institutional: in the context of informal HRM and personalized authority, employees depend on discretionary goodwill, which amplifies the weight they attach to tangible, enforceable rewards. The fourth is normative: managerial discourse may privilege non-financial levers because they are less costly, which risks converting recognition into a substitute for pay rather than a complement to it.

Taken together, these arguments generate the paper's integrating conjecture, formulated as a proposition to be examined empirically rather than as a further hypothesis: the perception gap between owner-managers and employees is not merely a difference of taste but a structural asymmetry, which may itself become a source of organizational injustice and, paradoxically, of diminished performance (Aït Razouk and Bayad, 2011).

3.6 Conceptual Model

The model brings together five antecedents, one outcome and one moderate condition. The outcome is individual work performance, operationalized through citizenship behaviors directed at the organization, at colleagues and beyond the firm. The antecedents are the remuneration regime, moral recognition, appraisal frequency, training frequency and working conditions. The moderating condition is the respondent's position as owner-manager or employee. Size, sector and tenure are retained as control variables. Figure 1 summarizes the model.

Figure 1. *Conceptual model of the determinants of individual work performance in Tunisian SMEs*



Note: *The moderating condition (owner-manager versus employee) conditions the strength and salience of each antecedent–outcome relationship; control variables are firm size, sector and tenure. Source: developed by the authors from literature.*
Source: *Own study.*

4. Research Methodology

4.1 Epistemological Stance and Design

The study adopts a positivist epistemology and a hypothetico-deductive strategy. A deductive route was preferred because the antecedents under scrutiny are derived from an established body of theory and can be translated into testable propositions. Two parallel surveys were conducted, addressing owner-managers and employees of Tunisian SMEs simultaneously. Dual design was essential to the research question: a single-population survey could not have captured the comparative dimension that constitutes the paper's distinctive contribution.

4.2 Sampling and Data Collection

Purposive sampling was used, following the logic that respondents should be selected based on their presumed possession of the relevant information. Recognizing that larger samples reproduce population characteristics with greater precision (De Serres, 2003), the study sought to reach as many employees and owner-managers as practicable.

The resulting sample comprises 387 individuals, of whom 296 are employees and 91 are owner-managers. Prior studies in this field have typically relied on samples of between two hundred and four hundred respondents, which support the adequacy of the present size. Respondents were drawn from SMEs operating in the services, manufacturing and trade sectors, and the questionnaire was administered in a form that allowed both groups to address an equivalent set of items while preserving the distinction of perspective.

4.3 Measurement and Analysis

The constructs were measured with Likert-scaled items. Individual work performance was operationalized through citizenship behaviors, distinguishing behaviors directed at the organization, at colleagues and beyond the firm. Remuneration, recognition, appraisal frequency, training frequency and working conditions were measured as antecedent variables, with firm size, sector and tenure retained as controls. Data was processed with the Statistical Package for the Social Sciences.

Four analytical tools were used: frequency distributions, principal component analysis (PCA) to verify the dimensional structure of the performance construct, linear regression to estimate the antecedent–outcome relationships, and one-way analysis of variance (ANOVA) to test group differences.

4.4 Reliability

Internal consistency was assessed through Cronbach's alpha. For employees, PCA yielded three components of citizenship behavior: behavior directed at the organization ($\alpha = 0.636$), behavior directed at colleagues ($\alpha = 0.710$) and behavior directed beyond the firm ($\alpha = 0.639$).

For owner-managers, PCA yielded two components: behavior directed at the organization ($\alpha = 0.919$) and behavior directed at colleagues ($\alpha = 0.880$). The dimensional divergence between the two groups is itself informative: employees distinguish a third, externally oriented facet of citizenship that owner-managers do not spontaneously recognize.

5. Findings

5.1 Structure of the Results

The results are presented against the five hypotheses and, for each, reported separately for employees and for owner-managers. Table I consolidates the coefficients and significance levels. The consolidated presentation departs from the conventional practice of presenting one table per hypothesis per group and is intended to make the comparative structure of the evidence immediately visible. Where a coefficient is not reported, the relationship was examined through one-way ANOVA, for which the F statistic and its significance are the relevant parameters.

Table 1. *Comparative results by antecedent and respondent group*

Antecedent	Respondent group	R	R^2	F	Significance	Decision
H1 Remuneration regime	Employees (organisation / colleagues)	0.737 / 0.776	0.543 / 0.602	174.17 / 221.63	$p < 0.001$	Supported
H1 Remuneration regime	Owner-managers (organisation / colleagues)	0.177 / 0.257	0.031 / 0.066	0.937 / 2.056	not significant	Rejected
H2 Moral recognition	Employees and owner-managers (organisation / colleagues)	0.679 / 0.699	0.461 / 0.489	76.05 / 85.03	$p < 0.001$	Supported
H3 Appraisal frequency	Employees and owner-managers	–	–	not significant	not significant	Rejected
H4 Training frequency	Employees and owner-managers	–	–	mostly significant	$p < 0.05$	Supported
H5 Working conditions	Employees and owner-managers	–	–	significant	$p < 0.001$	Supported

Note: *The recognition coefficients are reported once because both respondent groups returned identical values in the source dataset, which is consistent with the convergent reading documented in Section 5.3.*
Source: *Authors' analysis of survey data.*

5.2 Remuneration and Individual Performance

The regression results diverge sharply between the two groups. Among employees, the coefficients are substantial, and the Fisher statistics are significant at the one-in-a-thousand threshold, indicating a robust positive relationship between the remuneration regime and individual work performance across the organizational and collegial dimensions of citizenship. Among owner-managers, by contrast, the correlations are negligible and the Fisher statistics are not significant, indicating the absence of a perceived relationship.

This finding contradicts the expectation derived from the mainstream literature, according to which performance-related pay shapes citizenship behavior, in a

direction that depends on employees' degree of involvement (Deckop *et al.*, 1999). It is not, however, inexplicable. It suggests that owner-managers in the Tunisian sample do not conceive of pay as a lever of performance at all, either because they consider it fixed by external constraints or because they regard effort as an obligation independent of financial reciprocity. For employees, the same variable is decisive. H1 is therefore supported by employees and rejected by owner-managers.

5.3 Recognition and Individual Performance

Recognition produces convergent results. For both groups the correlation coefficients are high and the Fisher statistics significant, establishing a positive relationship between moral recognition and individual work performance across the dimensions examined. This aligns with work on positive feedback as a form of recognition, which shows that encouragement, thanks and congratulation exchanged between the managerial hierarchy and employees matter for effort and are liable to raise performance (Swansburg, 2002). H2 is supported by both groups.

5.4 Appraisal and Individual Performance

The one-way ANOVA indicates non-significant Fisher values, which implies the independence of appraisal frequency and individual work performance for both respondent groups. This converges with evidence that a large majority of human resource managers are dissatisfied with appraisal systems, which are frequently experienced as useless rituals producing counter-intuitive effects, and in which evaluators adopt avoidance strategies such as declaring everyone excellent. Appraisal then appears satisfactory precisely when it is unnecessary and unusable when it is most needed (Bowles and Coates, 1993; Walter, 2024). H3 is rejected for both groups.

5.5 Training and Individual Performance

The Fisher values arising from the one-way ANOVA are largely significant, indicating a dependence between training frequency and individual work performance for employees and owner-managers alike. This result diverges from the view that training amounts to an additional cost for the firm (Plane, 2004) and is consistent with arguments that training generates learning opportunities and professional development conducive to performance (Cailley, 1996; Barrett and O'Connell, 2001; Claudia, 2026). H4 is supported.

5.6 Working Conditions and Individual Performance

Regression analysis confirms a positive relationship between the improvement of working conditions and individual work performance, the overall model being of good quality with Fisher coefficients significant at the one-in-a-thousand level. This corroborates evidence that improved working conditions—and, in particular, the

reorganization of working time through arrangements such as flexible schedules and compressed working weeks—produce positive effects on employee attitudes and morale and, through them, on performance (Hogarth *et al.*, 2001). H5 is supported by both groups.

5.7 Synthesis

Two patterns emerge. The first is convergence on non-financial levels: recognition, training and working conditions are endorsed by both groups, while appraisal is endorsed by neither. The second is divergence on financial levels: employees acknowledge both financial and non-financial determinants, whereas owner-managers recognize only non-financial ones. Appendix A summarizes the comparative pattern.

6. Discussion

6.1 The Asymmetry of Perception

The central result of this study is the asymmetry with which financial levers are read. Employees hold a compound view of performance, in which pay and recognition are jointly constitutive. Owner-managers hold a singular view, in which recognition and other symbolic levers carry the explanatory weight and pay is treated as irrelevant. The divergence is not a minor variation in emphasis; it is a structural difference in the way the employment relationship is understood by its two constituent parties.

Three interpretations are available. The first is normative. The privileging of non-financial levers by owner-managers may function as a managerial construction that seeks to direct employee behavior without mobilizing additional financial resources. On this reading, the discourse of recognition serves as a substitute for, rather than a complement to, material reward.

The second is pragmatic. Employees, situated at the receiving end of the exchange, judge it against the concrete terms they experience, and the terms of economic exchange are the most tangible of those terms. Their compound view is therefore an accurate reflection of the composite nature of the exchange rather than a lesser degree of sophistication.

The third is institutional. Where HRM is informal and authority is personalized, employees cannot rely on procedural guarantees and must therefore achieve their expectations in the most visible and enforceable of the resources exchanged. The Tunisian institutional context, characterized by informality and by weakly formalized appraisal, tends to amplify rather than attenuate this anchoring (Abid and Alsarhan, 2025; Abid and Loufrani, 2024).

6.2 Power, Legitimacy and the Definition of Performance

The asymmetry also reflects an unequal distribution of power and of legitimacy in defining what performance is. Owner-managers hold the institutional capacity to impose their conception through management tools, appraisal systems and human resource policies.

The predominance they accord with non-financial levers may therefore express not an objective reading of reality but a preference for a form of control that is less costly and more consonant with personal authority. This reading is consistent with the observation that where HRM formalization is weak, the managerial definition of performance tends to be both idiosyncratic and unilateral (Aït Razouk and Bayad, 2011).

The consequence for the employment relationship is significant. When the party that defines performance also determines which of its determinants count, the space for contestation narrows. Employees may comply while withholding the discretionary contribution on which contextual performance ultimately depends. The theory of social exchange predicts precisely this outcome: an exchange that is perceived as unbalanced produces reciprocity in kind, that is, contracted rather than discretionary effort (Blau, 1964; Molm, 2003; Cropanzano and Mitchell, 2005).

6.3 The Paradox of Recognition Without Reciprocity

If recognition is valorized in isolation from material reward, it risks becoming discourse rather than practice. Recognition is powerful when it accompanies an exchange that is otherwise perceived as fair; it is corrosive when it displaces the substantive terms of that exchange.

The finding that recognition is endorsed by both groups' points in a positive direction, but its coexistence with the managerial rejection of remuneration introduces a tension. Employees may interpret the emphasis on recognition as an attempt to obtain discretionary effort at no cost, and the resulting sense of organizational injustice may depress engagement and, paradoxically, performance (Organ, 1988; Moorman, 1991; Boukar *et al.*, 2018).

The appraisal result sharpens this paradox. Since appraisal is the instrument through which recognition could be formalised and rendered equitable, its failure to register as a determinant of performance suggests that, in Tunisian SMEs, appraisal is not functioning as a vehicle of recognition at all.

It is experienced as administrative inert, and its absence from the explanatory picture is consistent with the broader finding in the literature that appraisal systems frequently produce counter-intuitive effects (Bowles and Coates, 1993; Trépo *et al.*, 2002).

6.4 Theoretical Contribution

The study makes three contributions. First, it relocates an established debate on individual performance to a North African setting that remains under-represented in the HRM literature, and in doing so it shows that the comparative dimension is not accessory but constitutive.

Second, it demonstrates that social exchange theory, developed in a different institutional context, requires explicit qualification when applied to economies marked by informality and personalized authority; the theory's predictive reach is real but conditional.

Third, it reframes the managerial-employee divergence as a governance question, situated at the intersection of power, legitimacy and the definition of performance, rather than as a discrepancy to be corrected by better communication alone. Recent Tunisian scholarship on informal networks reinforces this reframing by showing that informality is institutionally produced rather than merely residual (Abid and Alsarhan, 2025).

6.5 Managerial and Policy Implications

For owner-managers, the practical message is that non-financial levels and financial levels are complements, not substitutes. Recognition, training and the improvement of working conditions are demonstrably associated with performance in this study, but their effect is likely to be conditional on a remuneration regime that employees judge equitably. Owner-managers should therefore resist the temptation to substitute symbolic reward for material reward in the context of financial pressure.

For HRM practice, the appraisal finding indicates a need to redesign appraisal so that it operates developmentally rather than punitively, anchored in transparent criteria and connected to the recognition processes that this study finds to be consequential. This is precisely where the support architecture described in Section 2 can contribute, by offering diagnostic and training instruments adapted to the small-firm setting.

For policy, the implications concern formalization. To the extent that informality and the personalization of authority amplify employees' attachment to tangible rewards, measures that strengthen the formalization of the employment relationship—clearer contracts, more transparent pay rules, institutionalized appraisal—may reduce the perception gap and improve the quality of the exchange.

This is consistent with the argument that unlocking Tunisia's human capital requires deeper support for enterprise development and accelerated formalization (AfDB, 2024).

7. Conclusions

7.1 Summary of Contributions

This study set out to identify the factors that explain the improvement of individual work performance in Tunisian SMEs and to compare the readings of owner-managers and employees. The evidence supports a compound answer. Non-financial levers—recognition, training and working conditions—are endorsed by both groups.

Financial levers are endorsed by employees and dismissed by owner-managers. Appraisal, an ostensibly non-financial level, is endorsed by neither. The result is a picture in which the two parties to the exchange agree on much and disagree on the one dimension that touches the material foundations of the relationship.

7.2 Limitations

Four limitations qualify for these conclusions. The first concerns measurement. Because the data are declarative and simultaneous, the findings capture perceived relationships rather than verified causal mechanisms; common-method variance cannot be excluded.

The second concerns scope. The sample, while of appropriate size for the design, is confined to a single national setting, and its purposive construction limits statistical generalization.

The third concerns institutional specificity. Tunisia's configuration of informality, personalized authority and evolving policy environment conditions the results in ways that may not obtain elsewhere. The fourth concerns definitional plurality: because the SME has no single statutory definition in Tunisia, the boundary of the population under study is not entirely unambiguous.

7.3 Research Agenda

Three directions follow. First, a qualitative or longitudinal design could trace how perceptions of the exchange evolve over time, particularly as young employees encounter a labor market marked by high youth unemployment.

Second, a cross-national comparison within the Maghreb would allow the institutional mediation identified here to be tested against variation in informality and in HRM formalization.

Third, research could examine whether formalization interventions actually narrow the perception gap, thereby converting a managerial observation into a policy-evaluable proposition.

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Appendix A. Comparative synopsis of findings

Hypothesis	Antecedent	Owner-managers	Employees	Convergence
H1	Remuneration regime	Not significant	Significant ($p < 0.001$)	Divergent

Hypothesis	Antecedent	Owner-managers	Employees	Convergence
H2	Moral recognition	Significant ($p < 0.001$)	Significant ($p < 0.001$)	Convergent
H3	Appraisal frequency	Not significant	Not significant	Convergent
H4	Training frequency	Significant	Significant	Convergent
H5	Working conditions	Significant ($p < 0.001$)	Significant ($p < 0.001$)	Convergent

Source: *Authors' analysis.*