

Employee Performance Integration in Petrochemical Companies in KSA Mediating Effect of Job Satisfaction

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Abstract

Background: The purpose of this research is to investigate how job satisfaction acts as a mediator in the connection between work environment and employee performance within petrochemical companies in Saudi Arabia (KSA). The study seeks to comprehend the influence of the work environment on employee performance, while also exploring how job satisfaction plays a role as a mediator.

Aim: In petrochemical companies in Saudi Arabia, the study aims to ascertain the relationship between work environment and employee performance, investigate the relationship between job satisfaction and work environment, and look at the mediating role of job satisfaction in this relationship.

Setting: The study population consists of the employees of the Saudi Petrochemical Company (SABIC).

Methods: The researchers distributed questionnaires to 325 employees of the Saudi Petrochemical Company (SABIC), and the responses were collected and systematized on a computer for analysis. The researchers utilized the analysis of moment structures (AMOS) technique to analyze the data and determine the relationships between work environment, job satisfaction, and employee performance. Statistical analyses were conducted on the collected data to obtain the study's results.

Results: In Saudi Arabian petrochemical businesses, there found a statistically significant link between worker performance and a number of workplace factors. Physical fitness, communication styles, company culture, training, motivation, and career advancement were some of these factors. The study also found a substantial link between the work environment and job satisfaction. The findings also showed that the association between the working environment and employee performance was mediated by job satisfaction.

Conclusion: In Saudi Arabian petrochemical businesses, the study concluded that job satisfaction mediates the relationship between the work environment and employee performance. The study highlights the need of putting in place a fair incentive structure to reward high-performing workers and improve job security. It also emphasizes how important it is to assess employee happiness objectively and build a solid rapport with staff members via appreciation, respect, and productive collaboration in order to enhance teamwork and overall performance.

Keywords: *Job Satisfaction, Work Environment, Employee Performance, etrochemical Companies, KSA.*

1. Introduction

Employee performance is a critical factor that contributes to the immediate and long-term success of any organization. Enhancing employee performance leads to improved overall corporate performance, while subpar performance can hinder organizational growth. Comprehending the factors that predict employee performance is a crucial aspect and meet the needs and expectations of employees to enhance their productivity (Wambugu, 2014).

The management of employees in an organization is significantly dependent on Human Resource Management (HRM). HRM encompasses various administrative operations, including planning, recruitment, selection, orientation, training, assessment, compensation, and motivation (McKinnon, 2003). The effective management of human resources is crucial for an organization's long-term viability, effectiveness, and efficiency (Edmondson & Harvey, 2018).

Job satisfaction is a significant factor influencing employee performance and plays a crucial role in

employee engagement. Job satisfaction mentions to a worker's emotional attachment to their work and organization, involving the evaluation of actual outcomes against expectations (McCann et al., 2014). The level of job satisfaction is often determined by the extent to which outcomes meet or exceed expectations (Kambey & Trang, 2016). Job satisfaction and job performance are highly correlated, and organizations primarily measure their performance based on employee satisfaction (Hanafi, 2017; Lee, Raschke, & Louis, 2016).

The work environment is another influential factor influencing job satisfaction and, consequently, employee performance. The work environment refers to the context in which employees carry out their daily tasks and includes any factors that may affect their ability to perform their job effectively (Agus, 2002). Several research studies have emphasized the considerable influence of the work environment on employee performance, which can be either positive or negative (LePine et al., 2016).

This literature review aims to provide an in-depth analysis of the relationship between work environment factors, employee performance, and the mediating role of job satisfaction in the Saudi petrochemical companies, with a focus on SABIC (Saudi Basic Industries Corporation).

2. Objectives of the review

The goal of this study is to investigate the impact of various environmental conditions on worker performance in Saudi Arabian (KSA) petrochemical firms. The study aims to accomplish a number of goals, including an analysis of how different work environment components affect employee performance, an understanding of the variables that influence job performance and job satisfaction, and an investigation of the mediating role of job satisfaction in the relationship between the work environment and employee performance. Additionally, the study will look into particular aspects of the workplace, including working conditions, organizational culture, communication styles, employee motivation, training, and career development, and how this affect worker performance. The study also aims to measure the relationship between job performance and job satisfaction as a result of the influence of work environment factors and to determine the level of job satisfaction and the causes of subpar performance among employees in petrochemical companies in Saudi Arabia. Additionally, the study seeks to make recommendations to increase employee performance and work satisfaction at petrochemical enterprises in the Kingdom of Saudi Arabia by bridging theoretical underpinnings and real-world experience using a case study approach.

3. Problem Statement

Performance measurement in organizations is a complex process that varies based on multiple criteria (Armstrong, 2000). Recognizing the significance of employee performance, earlier researches have explored various factors that influence performance in the workplace. These factors include characteristics such as stress and organizational culture, as well as HRM practices like training and development (Oshodi,

2019). In developing countries, there are numerous issues related to HR operations, including low wages and a lack of performance evaluation benchmarks (Harbi, 2018). The weak development of human resources in these countries, particularly in Saudi Arabia, has also been identified (Gulf Collaboration Meeting of States). Existing research on performance has primarily focused on the private sector and wealthy nations, warranting further investigation in emerging countries like Saudi Arabia (Holland, 2017; Allam & Shaik, 2020).

While previous studies have primarily examined employee performance in private organizations, research on performance in the government enterprise is ongoing. Recently, the government enterprise in Saudi Arabia has undergone reforms aimed at improving productivity and performance. Government enterprises in the country have been associated with poor performance and management, necessitating efforts to enhance effectiveness and efficiency (Rahman et al., 2014). The government's Vision 2030 program demonstrates its commitment to enhancing employee performance through education initiatives (Nurunnabi, 2017). However, despite these efforts and substantial investments in public-sector organizations, concerns remain about their effectiveness and the implementation of reforms (Biygautane et al., 2018). Many government departments continue to fall short of expectations, facing challenges such as failure to achieve performance objectives, reduced performance, and decreased motivation. The working environment in Saudi public enterprises has been identified as a significant obstacle (Alsubaie, 2021).

Moreover, the public market in Saudi Arabia faces intense competition for labor as the private sector seeks to attract and retain qualified individuals (Altrasi, 2014). The government's reform efforts, as part of the Vision 2030 program, aim to ensure that ministries and departments operate at their full capacity (Seib, 2004). Despite the milestones achieved by the Saudi public sector, performance has been lacking in recent decades, leading to low expectations (Azmi, 2009). This literature review aims to address this research gap.

Additionally, limited studies have examined job satisfaction as a mediator in the public sector of Saudi Arabia, particularly in petrochemical enterprises. Therefore, this research focuses on investigating the role of job satisfaction as a mediator between the work environment and employee performance, with SABIC Company serving as a case study. By exploring the function of job satisfaction in this context, valuable insights can be gained to enhance employee performance and contribute to the development of the petrochemical companies in Saudi Arabia (Alshebami, 2021).

4. Questions of the review

The objective of this review is to provide answers to the following questions:

- In petrochemical companies in Saudi Arabia, how much does job satisfaction act as a mediator between employee performance and the work environment?
- Is there a correlation between job satisfaction and the work environment in petrochemical companies located in KSA?

- How do physical work conditions affect the performance of employees working in petrochemical companies in KSA?
- To what extent do communication practices influence the performance of employees in petrochemical companies based in the Kingdom of Saudi Arabia?
- What is the influence of training on employee performance in petrochemical companies located in the Kingdom of Saudi Arabia?
- Does the organizational culture have an impact on the performance of employees in petrochemical companies operating in KSA?
- Is there a correlation between job satisfaction and employee motivation in petrochemical companies located in Saudi Arabia?
- To what extent does career development affect employee performance in Saudi Arabia (KSA)?

5. Literature review

The literature review investigates studies that have examined the influence of work environment on employees' performance and job satisfaction in the petrochemical industry, focusing on research conducted in Saudi Arabia and specifically within SABIC. It discusses key work environment factors such as physical working conditions, training programs, motivation theories, communication practices, organizational culture, and career development opportunities. The review summarizes the findings of relevant studies and highlights the importance of these factors in influencing employee performance and job satisfaction.

6. Petrochemical industry in Saudi Arabia

Saudi Arabia, which is the second-largest country in the Arab world, dominates most of the Arabian Peninsula and shares borders with Iraq, Jordan, Yemen, Kuwait, the United Arab Emirates, Qatar, Bahrain, and Oman. The nation's economy is dependent on petroleum exports, which has made it the globe's major oil producer and exporter. The petroleum and chemical industries are crucial to the Saudi economy, with significant growth in recent years. Saudi Arabia also has substantial natural gas reserves, which are subsidized and sold to local petroleum and chemical companies. The petroleum sector faces a human resources crisis due to a lack of new talent. Retaining and maximizing the performance of skilled personnel is a priority. External factors influencing the industry include technological advancements, environmental concerns, skilled workforce availability, and political pressures (World Population Review, 2014; IBM report, 2010).

7. Employee performance in Saudi Arabia

According to Bhanot (2022), Saudi Arabia has a population of nearly 24 million people, with a total area of 2.25 million square kilometers. The country's labor force consists of 49% Saudis and 51% non-Saudis. Saudi male workers make up 76.5% of the total labor force, while Saudi females account for 12.5%. The majority of Saudi employees work in the public sector, with females predominantly employed in fields like education and nursing. The Saudi economy heavily relies on foreign labor, particularly in the petroleum industry, with most foreign

workers coming from Arab and Asian countries. The government has implemented policies, such as Saudization, to encourage the employment of Saudi citizens and provide them with benefits and advantages. The private sector also employs temporary workers, including Saudi citizens on temporary visas (Alshahrani, 2021).

Mellahi (2007) highlights the impact of regulatory requirements and societal attitudes on human resource management in the private sector. Factors affecting labor productivity in Saudi Arabia include labor experience, communication, relations with management, payment delays, rework, and schedule misuse. Management, leader-member exchange, and information sharing directly influence employee performance, while visual administration has a modest impact on overall employee performance (Loan, 2020).

8. Overview of Saudi basic industries corporation (SABIC)

Saudi Basic Industries Corporation (SABIC) is a global company headquartered in Riyadh, KSA, and is the largest non-oil enterprise in the Middle East (SABIC Report, 2010). It is one of the six main petrochemical companies worldwide and makes steel, petrochemicals, metals, chemicals, polymers, and fertilizers. SABIC is known for its focus on research and development, aggressive expansion strategy, and investments in local network. With a market value of \$70 billion and a production capacity of 69 million tons, SABIC is the largest player among the 14 petrochemical companies listed in Saudi Arabia (Wylie, Shapiro, & Liboiron, 2017).

In addition, the company has a vision to be the preferred global chemical manager and a mission to offer excellent goods and services responsibly. SABIC emphasizes the importance of its human resources, investing in their skill development and training. The company employs over 33,000 individuals worldwide, with Saudi nationals comprising 85% of the workforce (Alzoman, 2012). SABIC recognizes its personnel as its most valuable asset, focusing on creating an inclusive culture and providing a stimulating work environment. The efficient management of human resources contributes to SABIC's overall strong performance (Alshuwairkh, 2016).

9. Conceptual framework theories

Job satisfaction is a concept that has been defined by numerous academics and professionals. The most commonly used definitions refer to employees' emotional responses and their levels of satisfaction or dissatisfaction with work (Mira et al., 2019).

Job satisfaction and motivation theories such as Maslow's hierarchy of needs theory and Herzberg's two-factor theory are closely connected. This study specifically focuses on the relationship between Maslow's theory and Herzberg's two-factor theory in understanding job satisfaction. Maslow's hierarchy of needs theory was one of the first to identify key factors influencing job satisfaction, and this study is guided by that theory ((Maslow, 1964)).

10. Conceptual framework model

The conceptual framework model in this study aimed to examine the relationship between the work environment, job satisfaction, and employee performance in petrochemical companies in Saudi Arabia. The framework consisted of the independent variable (IV) of the work environment, which included six components: physical working conditions, communication practices, organizational culture, training, motivation, and career development. These components were hypothesized to directly impact employee performance, the dependent variable (DV), based on Burns & Grove (2005). The conceptual framework further proposed that job satisfaction would mediate the relationship between the work environment and employee performance. The framework illustrated how job satisfaction (MV) played a mediating role in connecting the work environment (IV) to employee performance (DV) (Huang et al., 2016).

The justification for utilizing these variables in the study was based on previous research. Various sources highlighted the impact of each of the six components of the work environment variable on employee performance in petrochemical firms (Hoboubi et al., 2017). The conceptual framework provided a visual representation of the study's proposed relationships and served as a guide for the research. The mediator variable (MV), job satisfaction, was examined to explore its connection between the work environment and employee performance (Chang et al., 2010). Figure 1 shows this Framework model.

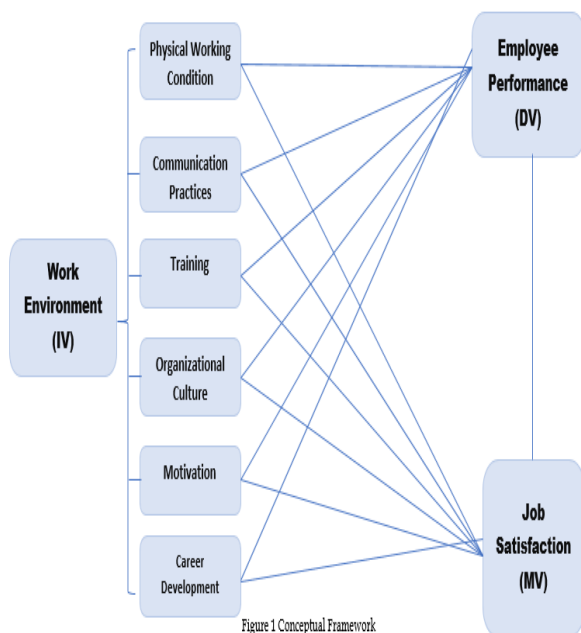


Figure 1: conceptual Framework

9. Conclusion

This literature review sought to address a number of significant issues regarding the influence of the workplace on workers'

performance in Saudi Arabian petrochemical firms as well as the function of job satisfaction as a mediating factor. The evaluation also looked at how training, corporate culture, communication techniques, physical work conditions, and career development affected employee performance.

The results of this research offer insightful information on how these factors relate to one another in the context of the Saudi petrochemical sector. According to the analysis, job satisfaction significantly mediates the link between the work environment and employee performance in Saudi Arabian petrochemical enterprises. Employees are more likely to be motivated, engaged, and perform better when they are happy with their workplace.

The review also indicates a strong correlation between the work environment and job satisfaction in petrochemical companies in the KSA. Favorable work environment factors, such as positive physical work conditions, effective communication practices, and a supportive organizational culture, contribute to higher levels of job satisfaction among employees.

Physical work conditions were found to have a direct influence on employee performance. Providing a safe and comfortable working environment positively impacts employees' well-being, productivity, and performance. Effective communication practices were also identified as significant contributors to employee performance. Open and transparent communication channels foster collaboration, coordination, and better decision-making, ultimately leading to improved performance outcomes.

Training was identified as a crucial factor in enhancing employee performance in petrochemical companies in the KSA. By investing in training and development programs, organizations can equip their employees with the necessary skills and knowledge to perform their tasks effectively. This, in turn, leads to improved job performance.

Employee performance was found to be significantly impacted by organizational culture. A strong organizational culture generates a sense of belonging, motivation, and dedication, which leads to greater levels of performance. This culture should be defined by clear objectives, values, and employee participation.

The review also highlights the relationship between job satisfaction and employee motivation in petrochemical companies in Saudi Arabia. Satisfied employees have a tendency to be more motivated, enthusiastic, and committed to their work, leading to improved performance outcomes.

Career development was identified as another important factor influencing employee performance. Providing opportunities for growth, advancement, and skill development enhances workers' job satisfaction and performance.

In conclusion, this literature study offers important insights into the connections between the working environment, job satisfaction, and staff productivity in Saudi Arabian petrochemical firms. The results highlight how crucial it is to foster a healthy work environment, encourage job satisfaction,

and make investments in elements like physical work conditions, communication techniques, training, organizational culture, and career development to improve employee performance. These results may be used by Saudi Arabian petrochemical companies to guide their practices and plans, which will enhance performance overall and help the sector as a whole. To confirm and build upon the conclusions of this analysis, more empirical research is advised. This will help us understand the dynamics between the work environment, job satisfaction, and employee performance in the Saudi petrochemical industry.

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