The strategic Role of Work Environment Satisfaction on Oil Refineries staff Performance in Algeria

Hachemi Merazga¹, Dr.Nouna Sammari, Dr. Ahmed Abdul Malik, Dr. Khairunneeza Bin Mohd Noor
Faculty of Leadership and Management, Universiti Sains Islam Malaysia

Abstract: The study aims to examine the strategic role of work environment satisfaction on performance of staff of oil refineries in Algeria. The study uses Herzberg Two Factor and Social Exchange Theory to explain conceptual paradigms and motivational factors for understanding employee workplace behaviour. Literature review methodology is used to explore the area of research. The findings explore the literature in terms of internal job factors as motivating forces for employees. The study shows suitable work environment creates the opportunity for employees to take part in planning, performing and evaluating their work and motivate the relation between workplace environment and employee performance. Workplace antecedents lead to interpersonal connections through social exchange relationships which support the believed that motivation and satisfaction leads to employee performance. This study provides rich insight of literatures that have been missing in relation to suitable conceptual framework on working conditions in oil sector especially in Algeria.

Keywords: Work Environment Satisfaction, Employee Perceived Level of Performance, Task Performance, Contextual Performance, Counter-Productive Work Behaviour

I. Introduction

Originally the oil and gas industry is one of the riskiest industries when it comes to health and safety of its employees. Interruptions in oil production caused by fires and accidents easily lead to significant economic losses, and potential hazards to humans and the environment when people feel unsafe in their circumstances, their behavior is affected. The physical and organizational work conditions affect work pressure and tension, as well as risk perceptions. This in turn affects the ability of employees to deal with situations with objective risk (Boughaba, Hassane, & Roukia, 2014).

One of the factors that influence the success rate of an organization is the performance of its employees. Employee performance is an action performed by employees in carrying out the work given the company (Koppelman & Bhat, 2006). Every company always expects employees to have achievement, because by having employees who excel will provide an optimal contribution for the company. In addition, by having employees who excel the company can improve the performance of his company.

The need to pay greater attention in identification and handling work environment has been stressed, due to the fact that where workers have negative perception to their working environment this could lead to the suffering of severe work stress (Noble, 2009). However, the working environment comprises of the process, system structure, tool or condition within a given work. Those factors that influences how an individual worker perform his duties also include policy, rule work culture, resources as well a working relations, location and internal as well as external factors relating to the work environment.

Therefore, considering the fundamental impact of safe working environment and perception of risk on the performance outcome of individual employees of oil refineries in Algeria, this study is aimed at examining the effects of working environment and perception of risks on performance of employees of oil refineries in Algeria. Through this study the oil refineries will get to know how its work environment impacted over time on the operators and supervisors’ level of motivation and performance after the implementation of HSE management system. Employee’s morale is often interrelated when it comes to productivity in the work environment. It is therefore important to find out the impact of working environment satisfaction on employees’ perceived level of performance at some selected refineries which will provide knowledge and measures that will benefit the management of the companies for improved performance, safety and environment recently put in place.

¹HachemiMerazga (Corresponding Author)

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1.1 Problem Statement

According to literatures, the regulations, rules and policies of oil and gas industry in Algeria are not enough to maintain the effectiveness of employees, and that workplaces are unique to themselves, diverse and ever-changing. The general relationship between employer and employee that was thought of in the past has now changed. In this regard, Khan, Farooq & Ullar (2010) stated that successful organizations achieve the ongoing dynamic changes happening within them and with their employees. Therefore, top management is now responsible to create a significant relationship between their employees. On one end of the continuum, organizations mandate their employees to adhere to the rules and regulations of work based on established standards and on the other end, employees expect good working environment, recognition, fair and equal treatment, career development and their involvement in making organization-wide decisions.

No significant correlations were found between the limited set of physical variables and job stress. But the bivariate correlation between job stress and self-reported physical symptoms was found to be significant and in the proposed direction. Nevertheless, support for the direct relationship of variables is still lacking. In other words, the question remains whether or not the perception of their work environment directly or indirectly impact workers’ job satisfaction, and ultimately result in committed workers to achieving company productivity. Researchers have also focused on the mediating relationship between work environment and organizational outcomes. Crede et al. (2010) supported the presence of potential mediators like employee risk perception, job satisfaction and job commitment that may explain the significant relationship between negative workplace behavior, organizational behavior, commitment and performance. Mediating role of risk perception between work environment satisfaction and employee perceived level of performance relationship is still largely unexplored. Considering the significance of this issue, further studies are needed to investigate the mediating effect of risk perception on the work environment and perceived level of performance. Thus, this study attempts to determine the influence of work environments in the context of Algeria’s oil refineries to provide an insight into workers’ perception of risk, work environment satisfaction on employee performance.

II. Literature Review

The work environment is everything that exists around workers who can influence themselves in performing the tasks that are charged (Niitsemito, 2010). According to some scholars, working conditions is a situation where a good workplace covers the physical environment and nonphysical environment that can give the impression of fun, safe, peace and so forth. If good working conditions is provided to employees, then it can spur the emergence of a sense of satisfaction in the employee and can ultimately give a positive influence on employee performance and vice versa, if the working conditions are bad then employees will not have satisfaction in work. The condition of a comfortable working environment will affect employees to work harder and concentrate on completing their tasks on schedule. The success of performance improvement requires the agency to know its performance goals (Mangkunegara, 2005).

By definition, work environment is a work setting in which policies, procedures, and systems are designed so that employees are able to meet organizational objectives and achieve personal satisfaction in their work (Kieft et al., 2014). Workplace environment, in the literal sense bring the meaning of the surroundings at your place of occupation which include inside, outside, at a desk and in a cubicle (Karim, 2014). Besides, it is also refers to positive, negative or friendly mental state of an individual. A supportive workplace environment is said to have the ability in engaging employee with their performance. Many managers in an organization have started to realize the importance of workplace environments towards producing positive employees and aware that it is the quality of the employee’s workplace environment that related to job performance. In fact, it is the quality of workplace environment that most impacts the employee level of job performance and motivation (Chandrasekar, 2011).

Organizations that have a good and suitable working environment will provide motivation for employees to improve performance (Moekijat 2012). In addition, good working conditions will help reduce burnout and fatigue, so it is expected to improve employee performance. Among efforts to improve employee performance, is to pay attention to job stress. Stress is a condition of a person’s state of tension because of the conditions that affect it. The condition can be obtained from within a person and the environment outside of a person. Stress can have a negative impact on the psychological and biological state for employees.

According to Ouddai, et al., (2012), continuous occurrence of several accidents in some of the oil refineries in Algeria has increased the insecurity feeling and decreasing the trust between employees and employers. These results mean that all these changes in safety policy and management commitment have not yet provided a positive attitude towards safety for all employees. Ouddai et al., (2012) reveal a significant difference amongst employees’ perceptions, with the executives’ having positive perceptions as they are more involved in safety issues. In addition, their safety culture has been influenced by their foreign colleagues, international partners. But the study revealed that even with Management commitment this did not influence operators’
commitment. Moreover, the study further revealed that supervisors and operators were not involved in the safety setting.

In a related study, Newsham, et al., (2009) showed that greater environmental satisfaction was related with higher satisfaction with both compensation and management, which are in turn related with higher job satisfaction. They proposed and tested a model where job satisfaction was examined as a mediating variable between job stress and employee’s wellbeing. The findings rejected the mediating effect but the bivariate correlations between the two variables were significant and with expected directions. They also tested a model where job stress was examined to be a mediating variables between physical conditions and self-reported physical symptoms, like the first one, the mediating relationship was rejected.

Considering the fact that developing a proactive safety culture may take long time and require spending of large sum of money for planning, investigating and implementing into each level within the organization. Similarly, an organization may have the same policies and procedures, individuals and workgroups may interpret policies and procedures differently.

2.1 Measuring Work Environment and Employee Performance

The concept of ‘employee performance’ means that the factor of workplace environment that is being provided by the employer to their employees that could support the employees performance at work (Clements-Croome, 2006). By having a high level performance of employees, it will increase the levels of the corporate productivity and thus will increase the company’s profit.

According to Leaman (1995), he stated that those employees who have their performance affected by the workplace environments are those who always complaints on the discomfort and dissatisfaction at the workplace. Based on the research done by Grzywacz & Almeida (2008), they stated that most of the respondent rated that the factors of work environment gives impact on their job. Therefore, it also shows that workplace environment factor has a very strong relationship towards the health, facilities and. The workplace design might result in physiological and psychological reactions whether direct or indirectly. This might result into a long term reaction which includes the decreased in performance (De Croon, 2005).

Employees’ performance is the most important dependent variables in an industrial and organizational psychology. Some main application need to be applied as to improve the employees’ performance (Borman, 2004). There are two types of employees’ behavior that could leads to the employees’ performance. The two types of employees’ behavior are the task performance and also the contextual performance (Kîker & Motowidlo, 1999). According to Motowidlo and Van Scotter (1994), a task performance can be measured by seven criteria and based on the result of the job analysis; it could be used for the identification of task and behavior of the employees. In the other hand, in term of the contextual performance, based on the previous study, twenty-five contextual performances were generated. Some tools had been generated and being implemented in the city (Naharuddin & Sadegi, 2013).

Many empirical studies were conducted to examine the relationship between employee performance and its predictors. For instance, among the most widely reported predictors of employee performance is the work environment. A study by Ettner & Grzywacz (2008), demonstrated that workplace environment factors give significant impact on the respondents’ job performance where it shows build relationship between both (Naharuddin, & Sadegi 2013). In a study conducted among 254 hotel workers at twenty-five chain hotels in Bristol, England shows a significant relationship between work environmental factors and job performance stressing that conducive workplace environment should be prioritized as it provides support to the employees in carrying out their jobs (Jayaweera, 2015).

Hamid & Hassan, (2015) reported a weak association between work environment and job performance in their study of 150 respondents selected from 10 government offices in Malaysia investigate the effect of workplace environment’s factors towards employees’ performance. In a related study by Naharuddin & Sadegi, (2013) on 139 employees from three main workplace of Miyaz, Malaysia shows that workplace environment is having a significant relationship towards the employees’ performance.

2.2 Underpinning Theories

2.2.1 Herzberg Two Factor Theory

The Two Factor Theory was advanced by Frederick Herzberg in 1959. This study is grounded on this theory that has been explored by various scholars to explain the relation between workplace environment and employee performance. Herzberg defined two sets of factors in deciding employees’ working attitudes and levels of performance, named motivation and hygiene factors (Robbins & Judge, 2007). He stated that motivation factors are intrinsic factors that will increase employees’ job satisfaction; while hygiene factors are extrinsic factors to prevent any employees’ dissatisfaction. The theory pointed out that improving the environment in which the job is performed motivates employees to perform better.
Herzberg’s theory concentrates on the importance of internal job factors as motivating forces for employees. He wanted to create the opportunity for employees to take part in planning, performing and evaluating their work. The content of the theory has been widely accepted as relevant in motivating employees to give their best in organizations.

It has been a great influence on the body knowledge about workplace motivation and performance. It has generated a great amount of further research by many scholars. It draws its thought from Maslow’s famous hierarchy of needs theory and human behaviour. However due to changes in organizational environment and the advancement in technology, it is necessary to develop new methods of analysis. This will provide new ways of conducting research and reevaluating the results of existing findings.

2.2.2 Social Exchange Theory

Social exchange theory (SET) is among the most influential conceptual paradigms for understanding employee workplace behavior (Markos, 2010). It is the most accepted and widely used theory in the recent research on employee performance (Dajani, 2015). Its venerable roots can be traced back to disciplines as anthropology (social psychology (Cook, Cheshire, Rice, & Nakagawa, 2013), and sociology (Burke et al., 2006).

Although different views of social exchange have emerged, theorists agree that social exchange involves a series of interactions that generate obligations (Cropanzano & Mitchell, 2005). Within SET, these interactions are usually seen as interdependent and contingent on the actions of another person (Markos, 2010).

Within contemporary management research, the aspect of SET that has garnered by far the most research attention has been the notion of workplace relationships (Shore et al., 1999). This model of SET stipulates that certain workplace antecedents lead to interpersonal connections, referred to as social exchange relationships (Cropanzano, Byrne, Bobocel, & Rupp, 2001). Social exchange relationships evolve when employers “take care of employees,” which thereby engenders beneficial consequences.

In other words, the social exchange relationship is a mediator or intervening variable: Advantageous and fair transactions between strong relationships and these relationships produce effective work behavior and positive employee performance. This line of reasoning has received much attention—most of which uses Blau’s (1964) framework to describe social exchange relationships (Markos, 2010).

Meta-analytic evidence speaks for a strong relationship between cognitive ability and job performance. Individuals with high cognitive abilities perform better than individuals with low cognitive abilities across a broad range of different jobs (Hung, Luoto, & Parker, 2017; Jackson, Kleitman, Howie, & Stankov, 2017) Most authors assume an underlying mechanism of cognitive ability helping to acquire job knowledge and job skills which in turn have a positive impact on job performance (Hakanen & Schaufeli, 2012).

Researchers also addressed the question whether personality accounts for performance differences across individuals. Meta-analyses showed that the general relationships between personality factors and job performance are relatively insignificant, but a strong relationship emerged for neuroticism/emotional stability and conscientiousness(Kappagoda, 2013). However, the relevance of specific personality factors for performance varies between different jobs (Cubel, Nuevo-Chiquero, Sanchez-Pages, & Vidal-Fernandez, 2016; Kramer, Bhave, & Johnson, 2014).

Mathews & Khann (2016) reported that work environment have great impact on the performance level of 100 employees of a textile manufacturing sector in India. In a study by Jabbour et al., (2013) on the influence of Environmental Management (EM) on Operational Performance (OP) in 75 Brazilian automotive companies, findings revealed an adequate goodness of fit, showing a positive relationship. Ismail et al. (2010) opine that the conditions of physical workplace environment influence the employees’ functions and it will determine the well-being of organizations. They add that the physical work environment includes the internal and external office layout, temperature, comfort zone and also the work setting or arrangement.

Literatures in human resource have stressed the relationship between safety and employee performance. A recent study by Wanberg et al., (2013) in a construction company on 32 building construction employee indicates a significant relationship. Morrow (2014), studied 2,876 employees of a nuclear power plant, findings from the study shows that there is a significant relationship between safety culture and nuclear power plant performance. Similarly, studies by Hon et al., (2014) in a private property management performance companies on 396 respondents, revealed a significant relationship between safety climate and employee performance.

Longitudinal studies have reached mixed conclusions about the relationship between safety culture and safety performance. Mearns et al. (2003) found some support for a relationship between safety climate and safety performance in offshore oil and gas installations. However, the study suffered from a lack of statistical power when the data were analyzed at the organization level because only 13 installations were included in the study. Correlations between the organizations’ safety climate survey results and measures of accident and incident rates were in the expected directions, but were not statistically significant, and the effects were much
stronger in time one as compared to time two. Neal and Griffin (2006) found support for group-level safety climate as a predictor of safety motivation, which subsequently influenced safety behaviors. The study tested these relationships over a five-year time period, focusing on the causal chain linking safety climate to safety performance.

Studies by Dar et al., (2011) on 143 employees of different multinational companies, revealed a negative relationship between Job stress and employees’ job performance and shows that job stress significantly reduces the employee’s job performance. Job stress although has belittling impact on any organization and individual’s performance but can shape dire consequences when related to health care (Westermann et al., 2014). The stress in work environment reduces the intention of employees to perform better in jobs with the increasing level of stress the employees thinking demoralize and his tendency to work well also decreases (Dar et al., 2011).

In another related studies, job stress has been shown as a major factor which leads to declining job performance of employees (Gilboa, Shirom, Fried, & Cooper, 2008; Lepine, Podakoff, & Lepine, 2005) and High level of exhaustion leads to decline in employees’ capability to learn new things (Lepine, Lepine, & Jackson, 2004) which leads to withdrawal, more depressive symptoms, and hostility. It is discovered in research that there is a negative correlation between quality of services delivered to customers and work related stress, that is, highly stressed employees have failed to provide high quality services as compared to less stressed ones (Varca, 2009). Moreover, employees, who are responsible for customer services, report chronic stress and they perform poorly in their jobs (Beehr, Jex, Stacy, & Murray, 2000).

In Kenya, Mohamed (2014) notes that with excessive pressures, the job demands cannot be met, relaxation turns to exhaustion and a sense of satisfaction replaces with the feelings of stress, motivation sheds away and the workers start losing interest in the work and hence performance chart shows a negative trend. The performance of individuals also decreased when stress is caused by inability of individual to maintain a reasonable balance between family life and work life as he/she has to spend a lot of time in his/her working (Abdi, 2001). Riketta (2002) did a study in Ghana about the effect of job stress on employee performance and identified that work overloads and time constraints were significant contributors to work stress among community nurses. Paunonen, (2003) studied the link between stress and performance of employees, and they found out that lower stress improves performance of employee’s. Mowday & Steers (1982) found the relationship between occupational stressors and the performance of employees of an organization as well as it can affect the employees psychologically. Suleiman & Iles (2000) studied an association between job stress and job performance between managers and blue-collar employees. Therefore, the current study bridge the literature gap of the previous researches by examining the mediating effect of employee risk perception between the work environment and employees’ performance among staff of oil refineries in Algeria.

2.3 Research Framework

In this study, research framework is the organization of concepts derived from the reviewed theories. For instance, the Herzberg’s theory which focuses on the importance of internal job factors as motivating forces for employees. It aimed to create the opportunity for employees to take part in planning, performing and evaluating their work and it explained the relation between workplace environment and employee performance. Social exchange theory as adopted in this study also explained the notion of workplace relationships (Hom et al., 2009; Shore et al., 2004). This model of SET stipulates that certain workplace antecedents lead to interpersonal connections, referred to as social exchange relationships (Cropanzano, Byrne, Bobocel, & Rupp, 2001). It supports the believed that motivation and satisfaction leads to employee performance. Based on this, the researcher attempt to show the interconnectivity between concepts of work environment and employee performance based on the previous literature in order to offer a clear understanding of the relationship. The Figure 3.1 illustrates the relationship between the dependent variable (Employee job performance) and the independent variable (work environment satisfaction).
III. Conclusion

This study provides information about the global overview of the oil and gas development, Algeria’s oil and gas industry and its challenges. Other aspect such as the work environment and employee perceived level of performance. Empirical literatures was provided and also the theoretical framework.

Prior research also suggested that, employee’s job performance level will be depending on the factor of workplace environment. Thus, when the workplace environment is inappropriate, employee productivity and performance will also decrease. Sudheer & Iles (2000) studied an association between job stress and job performance between managers and blue-collar employees. Therefore, the current study bridge the literature gap of the previous researches by examining the strategic effect of the work environment and employees’ performance among staff of oil refineries in Algeria. It has been shown that suitable working environment and job satisfaction are able to influence increased staff productivity and diversity among staff of oil refineries and can reduces the challenges faced by oil sector organization. Future research should look into how work environment and performance could be measured using quantitative and qualitative approach.

Reference

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Figure 1: Research Framework
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This is a research paper discussing the strategic role of work environment satisfaction on oil refineries staff performance in Algeria. The study highlights the importance of an optimized work environment in enhancing employee performance and overall organizational success. The paper cites several studies and sources to support its findings, including works by Shore et al. (2004), Suliman (2000), Varca (2009), Wanberg et al. (2013), and Westerman et al. (2014).