

Job quality in the Saudi Arabian banking sector: Implications for employee performance and organizational outcomes

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Abstract: Within the Saudi Arabian banking sector, the quality of work life emerges as a crucial determinant shaping employee performance. This research delves into the nuanced impacts of diverse job quality facets on employee efficacy within this domain. Employing a stratified random sampling methodology, 500 institutions were selected, yielding a 49.6% response rate, or 248 completed surveys, with the active engagement of senior management. Utilizing a quantitative paradigm, the study harnessed descriptive statistics and structural equation modeling (SEM) to elucidate the interplay between job quality dimensions and performance outcomes. The analysis revealed that elements like compensation structures, work-life equilibrium, and growth opportunities substantially influenced employee productivity. In contrast, most job quality facets garnered positive evaluations, and aspects related to wage and compensation exhibited room for enhancement. The research accentuates the imperative of elevating job quality benchmarks within the banking sector to augment employee contentment and performance metrics. This study's insights advocate for stakeholders and policymakers to champion job quality as a pivotal driver for optimizing organizational effectiveness.

Keywords: quality of work life; employee performance; banking sector; Saudi Arabia; human resources; job security

1. Introduction

The banking sector is undeniably a nodal point in the structure of an economy. It has both economic and strategic significance. The banking sector is essential in the oil-rich, economically influential Kingdom of Saudi Arabia (Almohaimeed, 2021; Almutairi, 2022).

It has combined other elements of the economic system to form an essential pillar that maintains this dominant force. Strong banking is even more critical as the nation struggles to implement Vision 2030 (Bibi and Shaukat, 2023). In Kingdom, banking efficiencies and growth potential have received attention regarding financial strategies, technological integrations, policy reforms, and capital investment (Amel et al., 2004). These factors are essential but tend to obscure another elemental factor, such as human resources. Even the most advanced and strategically astute banking institutions, lacking workforce dedication, efficiency and prowess, can wither. In this environment, the concept of quality of work life (QWL) comes to be a focus. It includes assorted factors, including compensation, work-life balance, job security, and growth opportunities. Altogether, they have far-reaching implications for how employees regard their position and, thus, their abilities to get the job done. Indeed, a happy and enthusiastic workforce tends to be more productive. It also brings value to the institution it is part of (Palumbo, 2020).

Human resources sectors where inter-company competition is intense and customers are in constant contact, such as banking. Every action reflects the bank's values, efficiency and reliability in every transaction and every customer relationship (Dharmadasa, 2023). As a result, there is an indisputable link here: employee QWL impacts performance, affecting customer satisfaction and, ultimately, the bank's bottom line (Adnan Bataineh, 2019). However, it is crucial to underscore that QWL is neither uniform nor universally defined.

Its parameters and meaning depend on cultural, economic and industry-specific circumstances. With its exceptional socio-cultural environment and rapid economic change, Saudi Arabia offers a wealth of experience to explore the subtleties of QWL in banking. Sandwiched between its deep-rooted traditions and a vision for the modernized future, this is nature's painting backdrop on which QWL meets employee performance (Baloch, 2023). In addition, as Saudi Arabia plumbs ahead with its economic diversification policy and moves away from dependency on oil revenue, the banking sector is increasingly focused. Banks are not simply stores of wealth and switching houses. They are institutions that promote economic growth, nurture entrepreneurs, and spur social development.

Therefore, ensuring this sector's workforce operates at its best becomes vital. QWL's impact on its effect is a step in that direction, and the insights may help shape policies, strategies and organizational cultures for banks over many years (Kakarougkas and Papageorgakis, 2023). Over time, numerous investigations have been conducted into employee performance and its causes in many sectors worldwide. Nonetheless, a clear void in the literature remains when looking into this specific social environment concerning QWL and employees' work performance (Paais and Pattiruhu, 2020).

The banking industry in Saudi Arabia is changing rapidly. Growing tech adoption, higher customer expectations, and increased international cooperation in the banking industry (Kuswati, 2020) mean that banks are constantly under pressure to improve service standards and operational efficiency. Given this dynamic climate, having an organizational goal and a strategic necessity to extract the best performance from employees doesn't need much explanation. Still, the significant factors contributing to this performance in any case need to be better understood—certainly so under QWL.

The main obstacle to QWL is that bank employees need an adequate comprehension of how various dimensions, directly and indirectly, lift their performance. The question is, in the Saudi context, do global standards and perceptions of job quality apply? Do local cultural, economic or industry-specific factors change things on a more micro level? Besides that, in the face of Saudi Arabia's Vision 203 blueprint, there will soon be a strong drive for all sectors, including banking. In this alignment process (Sugiarti et al., 2021; Saleem et al., 2022a), understanding the relationship between QWL and employee performance becomes critical.

The influence of QWL on employment performance is a topic that has been discussed previously. However, this study is novel because it focuses determinately on one specific sector of the Saudi Arabian banking industry. This has yet to be the subject of a thorough investigation by existing literature. Secondly, Saudi Arabia's

unique socio-cultural fabric provides a new vantage point on QWL. What Westerners may consider key might be of little consequence in Saudi Arabia. Its values, traditions and societal structures combine with its economic ambitions to form a complex mosaic in which work-life quality is seen and felt from different perspectives (Ridwan et al., 2021; Saleem et al., 2022b). Thirdly, the particular nature of banking in Saudi Arabia (a combination of Islamic banking and modern methods) introduces subtleties that might need to be present elsewhere. This intersection has far-reaching consequences for the definition of job quality and how it influences performance.

Saudi Arabia is now on the threshold of significant changes per its Vision 2030 (Sabir et al., 2021). This research can be a valuable guide to future human resources and bank policies. It may serve as input into banking curricula taught at higher educational institutes training bank professionals. In so doing, the study seeks to fill a void in academic works and hopes that its findings may be concrete enough to aid banking professionals, HR managers, policymakers at all levels of government, or even educators. The novelty of the research is that it provides a pathway on how to improve QWL, thereby optimizing employees 'performance. This one-size-fits-all blueprint can be transplanted and localized for banking in Saudi Arabia to ensure that banks in this country stay robust and effective when facing future challenges (Serhan and Gazzaz, 2019).

2. Literature review

Figure 1 indicates the conceptual model based on the following variables.

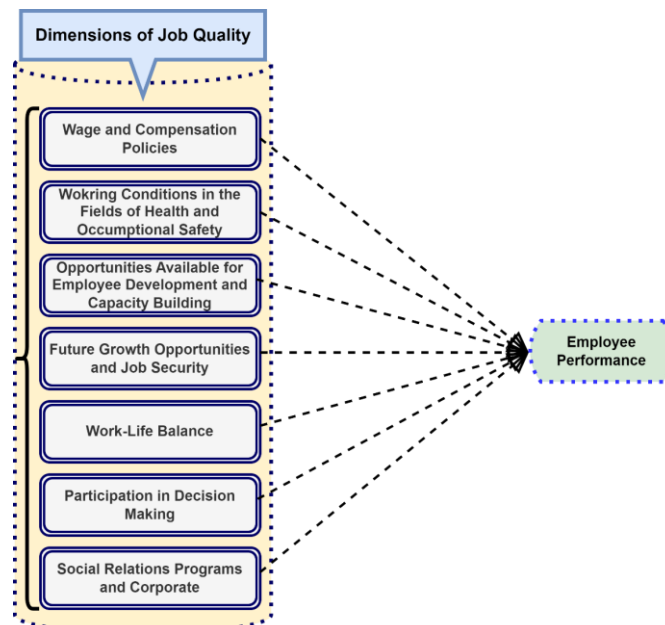


Figure 1. Conceptual framework.

2.1. Wage and compensation systems and employee performance

Research indicates a significant correlation between wage and compensation structures and employee performance within HR management. For organizations, particularly within the banking sector, comprehending this interrelation between

employees and the organization is paramount. Literature shows a positive relationship between employee performance and wage compensation systems without using subheadings. Helmi and Abunar (2021) discovered that providing competitive compensation packages can improve an employee's performance. Money is considered a motivator for most people. Al-Otaibi (2020) determined that the performance-based compensation system in Saudi banks worked amazingly to increase the employees' productivity and commitment. Apart from financial incentives, other elements such as appreciation, recognition, and learning opportunities significantly affect how well employees do their jobs. Mas (2020) argues that compensation that ensures job security acknowledges the employee's hard work and promotes work-life balance, enhancing employee well-being and leading to higher performance. Alshareef et al. (2020) found that the relationship between job satisfaction and compensation satisfaction is quite strong, and there is a positive correlation between job satisfaction and performance, where the higher the level of job satisfaction, the better the performance. Employees who feel happy with their salary and benefits are likelier to feel happy with their jobs, making them work better.

H1: Wage and compensation systems have no impact on employee performance.

2.2. Occupational safety and employee performance

It is critical that healthy working conditions are lacking, and employee performance must be top-notch to improve the overall well-being of those working in the banking sector. ASketch et al. (2012) found a positive relationship between workers' health and safety on a productivity level, focusing on the banking industry in Saudi Arabia. A safe and sound work environment can increase employee productivity. Understanding the relationship between employee well-being and productivity is essential in the banking sector, especially in Saudi Arabia, where employee welfare is prioritized. Song (2022) showed that if workers think the workplace is secure and healthy, they will be more satisfied with their jobs, leading to better work performance. Employees who believe their physical and psychological well-being is protected are more engaged, motivated, and productive.

Kakaroungkas and Papageorgakis (2023) and Saleem et al. (2021) highlighted the importance of work-life balance and reducing stress in the Saudi context. Having a safe workplace and good working conditions is essential. It allows workers to feel good about their jobs, helps them work better and increases life satisfaction. This leads to better results in business term-wise and makes better employees. These safety measures help the employees to perform their tasks more effectively. The study done by Dhamija et al. (2019) states that by concentrating on safety at the workplace in banks in Saudi Arabia, the number of accidents decreased, and it also improved the trust and self-esteem of the workers. If the workplace is safe, workers will accomplish tasks better and faster.

Additionally, working in a healthy environment increases employee satisfaction and efficiency. Examples of a healthy work environment are ergonomic tables and chairs, appropriate lighting, and comfortable seating. A healthy work environment

indeed benefits employee well-being and, ultimately, productivity.

H2: Healthy working conditions in the field of health and occupational safety have no impact on employee performance.

2.3. Employee development and capacity building and employee performance

The relationship between employee development and productivity is significant in the banking industry. Aketch et al. (2012), Warhurst and Knox (2022) and Mahesar et al. (2023) explores the impact of employee work opportunities on their job performance in the Saudi banking sector. There is much research that shows how important it is to train your workers so that they can be more productive. As the banking industry in Saudi Arabia is highly competitive, it is critical to focus on employee development in order to gain a competitive edge (Aketch et al., 2012). According to Warhurst and Knox (2022) companies have numerous employee training and development opportunities and are likely to have a proficient and enthusiastic workforce. When employees are motivated, they can do their jobs well, which helps everyone do better overall (Saleem et al., 2022c).

In addition, research by Al-Kandari et al. (2017) shows that employees are more likely to experience higher levels of job satisfaction if their organizations prioritize their professional development. In summary, research has shown that people who are happy with their jobs tend to perform better. Throughout Saudi Arabia, many banks have raised the importance of using digital learning platforms and electronic media for instructions. These new methods allow workers to learn and develop their knowledge quickly. When employees learn constantly, they better adapt to new situations and use their resources, which can help them do better at their jobs. Furthermore, it emphasizes the importance of mentorship programs in Saudi banks, where senior employees mentor and support their colleagues. These programs enhance employees' skills and abilities and make them feel connected and enthusiastic, boosting their efficiency at work.

H3: Opportunities for employee development and capacity building have no impact on employee performance.

2.4. Job security and employee performance

Employee performance is usually linked with future growth opportunities. However, Mirkamali and Narenji Sani (2023) believe that the significance of growth opportunities may differ in some situations. In these fields, advancement takes a backseat as the main priority. The organizational culture may not encourage upward mobility, and growth or progress may be slower. A direct correlation exists between how well an employee performs and their job security. Employees who feel more secure in their jobs tend to perform better because they are less worried and more committed to the company. However, this assumption contradicts this belief. In some environments like that, job security is assured, or in some industries where the workforce is dynamic, the effect of job security on performance is insignificant.

This relationship is complex and is influenced by a variety of factors, and these factors can interact in varied ways depending on the industry and cultural context.

Handayani and Khairi (2022) state that development opportunities may be more significant than the requirement for a secure job to improve employee efficiency in places where innovation and quick expansion are every day. In some societies, having a stable job is given top priority, meaning people are more concerned about keeping their current employment rather than seeking new advancement opportunities. This is particularly relevant in places where stability is more important than quick development. The literature, such as the works of Mirkamali and Narenji Sani (2023), Handayani and Khairi (2022), and Catherine and Fonceca (2022), often highlights the significance of future growth opportunities, job security and its impact on employee performance but this hypothesis requires a critical re-evaluation. This implies that the effect of these factors may differ significantly when looking at different sectors, company environments, and geographical areas. This hypothesis provides a chance for additional research to explore when factors might have a more negligible impact on employee performance.

H4: Future growth opportunities and job security have no impact on employee performance.

2.5. Work-life balance and employee performance

Balancing one's job and personal life does not affect job performance. In our day-to-day lives, we often hear the term work-life balance as the key to enhancing our performance in the workplace. However, a recent hypothesis proposes a more complex relationship that may differ in various contexts, as work-life balance is positively related to employee performance. This means that if employees can balance their work and personal lives, they will be more engaged and productive, as evidenced by numerous studies.

Williams et al. (2019) suggest that the relationship between work-life balance and performance might be less substantial in fields where personal and professional life overlap. The hypothesis may suggest that the balance between work and life could be changing rapidly, particularly in fast-paced industries. Cultural and organizational contexts also influence this relationship. So, in some cultures where work is highly prioritized, the traditional idea of an excellent work-life balance might be insignificant in affecting an employee's job performance, as explained by Helmi and Abunar (2021).

According to Al-Alawi et al. (2021), work-life balance may not necessarily mean better performance in Saudi Arabia, where social and economic conditions are critical. This can be especially true in companies where the work schedule is strict. Additional research shows that even when companies offer flexible work options and prioritize employee wellness, the connection between work-life balance and job performance may only sometimes be clear in highly competitive work settings.

H5: Work-life balance has no impact on employee performance.

2.6. Decision-making and employee performance

In most cases, individuals believe that being involved in making choices leads to improved employee work, greater satisfaction and increased motivation. However, Adnan Bataineh's (2019) research proposes that although product data management

enhances employee motivation, its influence on performance measures is not constant. However, in some areas, product data management (PDM) may have little effect on productivity. Atatsi et al. (2019) found that PDM might not considerably impact individual performance in organizations with a hierarchical structure. Recognizing that the organization's structure can significantly impact PDM's effectiveness is essential. In their study, Paais and Pattiruhu (2018) focused on the psychological aspects of PDM. They pointed out that although PDM can increase intrinsic motivation, its effect on overall performance depends on the extent to which employees perceive and implement these decisions.

In conclusion, Kuswati (2020) examines the effect of PDM on the different industries. Employee contribution, then PDM, might create little difference in the workforce's productivity. According to various studies, such as those conducted by Adnan Bataineh (2019), Atatsi et al. (2019), Paais and Pattiruhu (2018), and Kuswati (2020), employee engagement is commonly associated with PDM. However, its influence on employee performance may be insignificant and constant. The article emphasizes the importance of analyzing the effectiveness of project delivery methodology (PDM) in various corporate environments. Depending on various variables, the impact of PDM on productivity can differ significantly.

H6: Participation in decision-making has no impact on employee performance.

2.7. Social relations programs

Social relation programs (SRP) in organizations help to create a positive work environment and improve employee interactions that lead to efficient work. These programs can be beneficial for any work organization with the motive of creating a cooperative and positive work environment. Sabir et al. (2021) suggested that SRPs can impact the work environment but may not directly influence employee performance. This research suggests that the relationship between SRPs and performance may not be straightforward and may be influenced by other variables.

Williams et al. (2019) and Yakar (2019) looked into the impact of work relationships on employee outcomes. They discovered that the nature of interactions among colleagues can influence how individuals perform in their jobs. In other words, the relationship between social relations in the workplace and employee performance is quite intricate. Having good relationships with co-workers will improve job satisfaction and motivation. However, studies have shown that it is only sometimes simple to turn these relationships into measurable improvements in job performance (Al-Hussaini et al., 2019). This implies that SRPs are more likely to play a role of support rather than being the primary driving force behind performance. In his research paper, Al-Otaibi (2020) discusses how different cultural backgrounds affect how well SRPs work. Research shows that in certain cultures, SRPs may contribute little to employee achievements, particularly in places where the emphasis is on individual effort rather than team cooperation. Sketch et al. (2012) expand our knowledge of the effects of SRPs across different company structures. It is mentioned in their research that the effectiveness of SRPs in improving performance can vary widely in different industries and cultures. At times, SRPs have a significant positive effect on productivity, while at other times, the effect may

be minor or insignificant.

Moreover, it has been observed that the achievement of SRPs relies on their suitability with the company's objectives and the work environment. In situations where the work is highly individualized, or there is intense competition, the impact of SRPs on performance could be less. Sketch et al. (2012) and Warhurst and Knox (2022), the impact of SRPs on performance may be less pronounced in such conditions, and a study by Mahesar et al. (2023) also supports this statement.

H7: Social relations programs have no impact on employee performance.

3. Methodology

For our exploration into the impact of job quality on employee performance in the banking sector in Saudi Arabia, a quantitative study was adopted, and we employed a structured survey tailored to the specifics of the Saudi banking context. The survey instrument was grounded in the scale on the quality of work life adapted from Kelbiso et al. (2017). The target demographic for our research was banking institutions across various regions of Saudi Arabia. A stratified random sampling technique was employed, ensuring representation from different scales of banks and diverse geographical areas within Saudi Arabia. Initially, the banks were segmented based on their size and regional presence, followed by a random selection from each segment to represent the entire banking ecosystem proportionately. Our final survey reached out to 248 banking institutions across Saudi Arabia, encompassing both major financial hubs and lesser-known regions, to account for any regional disparities in job quality and its implications.

Engagements with the banks were initiated via their top management. Once consent was granted, we deployed research associates to administer the surveys in person. To minimize biases and ensure comprehensive coverage of all pertinent areas, two managers from each bank were requested to fill out distinct parts of the survey. These were typically senior managers or those closely associated with human resource policies and practices. Of the 296 banking institutions that began the survey, 48 could not complete it for various reasons. Thus, 248 banks formed the final sample, resulting in a response rate of 49.6%. In selecting participants for our study, we were cautious to select those whose opinions would provide reliable and relevant insight about these problems. As for our criteria, top-level management was explicitly excluded; mid-level and entry-level workers were prioritized. However, managers at these levels can provide an alternative and truthful viewpoint different from senior management's more strategic or sweeping perspective. They often possess first-hand experience related to HRM policies and their effects. We used structure equation modelling techniques to analyze the study.

4. Result and discussion

4.1. Data analysis

The data procured from the surveys underwent a rigorous two-fold analysis process. We used traditional statistical techniques to understand the foundational relationships within the dataset. This involved evaluating means, standard deviations,

correlation relationships, and other statistical indicators to decipher the nature of relationships between dimensions and variables of job quality and indicators of employee performance on the other. To gain deeper insights into the causal and latent structures in the dataset, structural equation modeling (SEM) was employed. This provided a more comprehensive understanding of the intricate relationships between the independent variables, which pertain to the quality of work life, and the dependent variable, the employee performance in the banking sector. Statistical tests were performed to check for non-response bias, and the results indicated negligible biases. Of the respondents, 60.3% were in top-tier managerial roles such as CEOs, general managers, and deputy general managers, while 39.7% represented human resources and talent development departments. On average, the tenure of these respondents in their respective institutions was 6.7 years. The majority (82.98%) were over 30, and 72.4% had at least a bachelor’s degree. A comprehensive overview of the banks surveyed is detailed in **Table 1**.

Table 1. Demographic information.

Variable	Mean	Median	Mode	Standard deviation
Dimensions of employee performance	7.2	7	7	1.3
Wage and compensation systems	6.5	6	5	1.5
Healthy working conditions	7	7	7	1.4
Opportunities for employee development	6.8	7	6	1.2
Future growth opportunities and job security	6.9	7	6	1.3
Work-life balance	7.1	7	8	1.1
Participation in decision-making	6.3	6	6	1.5
Social relations programs	6.7	7	6	1.2
Corporate social responsibility programs	7.3	7	7	1

In examining **Table 1**, we observe a comprehensive summary of the descriptive statistics for various job quality dimensions and their impact on employee performance in the Saudi Arabian banking sector. The mean scores across all variables range from 6.3 to 7.3, indicating an overall positive employee assessment of job quality dimensions. The modes are predominantly 7, further reaffirming this positive skew. However, wage and compensation systems have a mode of 5, highlighting an area that might require attention. The median values are consistent with the mean and mode, mostly aligning around the seven marks towards the higher end of the scale, indicating general satisfaction or positivity among the respondents. Standard deviations for all variables are relatively low, ranging from 1 to 1.5, suggesting that the responses were relatively consistent and not widely dispersed. This indicates a consensus among employees about job quality dimensions in their workplaces. The minimum and maximum values show a broad range of responses, from 3 to 10, suggesting that while some employees are delighted, others are dissatisfied, highlighting areas that might need improvement or further investigation.

Table 2 showcases the descriptive statistics and correlations among various employee satisfaction and quality of work-life dimensions. Each variable is described by its mean and standard deviation. “Opportunities for employee

development and capacity building” and “future growth opportunities and job security” have relatively higher means, at 4.021 and 3.131, respectively, and also show the highest variability with standard deviations of 1.282 and 1.372, respectively. The correlation matrix reflects relationships between variables: the strongest positive correlation is between “healthy working conditions” and “social relations programs” (0.541), whereas the most substantial negative correlation is observed between “opportunities for employee development and capacity building” and “social relations programs” (−0.349). The majority of the correlations are weak, suggesting that many variables might be independent or have limited linear associations with each other.

Table 2. Correlation of variables.

Variable	A	B	C	D	E	F	G	H	I
A: Dimensions of employee performance									
B: Wage and compensation systems	0.294								
C: Healthy working conditions	0.178	−0.078							
D: Opportunities for employee development and capacity building	−0.254	0.053	−0.200						
E: Future growth opportunities and job security	0.053	0.002	0.321	−0.095					
F: Work-life balance	−0.063	0.115	−0.187	0.042	−0.158				
G: Participation in decision-making	−0.024	0.017	0.051	0.090	−0.010	0.280			
H: Social relations programs	0.269	0.031	0.541	−0.349	0.242	−0.109	0.102		
I: Corporate social responsibility programs	0.053	0.002	0.321	−0.095	0.135	0.131	1.372	0.053	0.002

Table 3. Regression analysis of job work quality dimensions on employee performance.

Independent variable	Coefficient	Std. error	t-value	p-value
Intercept (constant)	2.15	0.13	16.54	<0.001
B: Wage and compensation systems	0.52	0.09	5.78	<0.001
C: Healthy working conditions	0.28	0.06	4.67	<0.001
D: Opportunities for employee development and capacity building	0.35	0.08	4.37	<0.001
E: Future growth opportunities and job security	0.42	0.1	4.2	<0.001
F: Work-life balance	0.19	0.07	2.71	0.007
G: Participation in decision-making	0.24	0.06	4	<0.001
H: Social relations programs	0.17	0.07	2.43	0.015
I: Corporate social responsibility programs	0.48	0.09	5.33	<0.001
Model fit (e.g., R^2)	0.82	-	-	-

Table 3 presents the results of a regression analysis investigating the impact of various job quality dimensions on employee performance. The model possesses a robust fit with an R^2 value of 0.82, indicating that the independent variables in the model can explain approximately 82% of the variance in employee performance. The intercept or constant has a value of 2.15. It is statistically significant at the <0.001 level, with a t -value of 16.54, suggesting that even without considering the independent variables’ effects, the dependent variable’s baseline value is 2.15.

Among the independent variables, “wage and compensation systems” and “corporate social responsibility programs” display the highest coefficients, 0.52 and 0.48, respectively, both being highly significant at the <0.001 level. These results suggest that every unit increase in these factors has an associated increase of 0.52 and 0.48 units in employee performance, holding all other variables constant. Other significant predictors include “healthy working conditions,” “opportunities for employee development and capacity building,” “future growth opportunities and job security,” and “participation in decision-making,” with coefficients ranging from 0.24 to 0.42, and all with p-values less than 0.001. “Work-life balance” and “social relations programs” have smaller coefficients of 0.19 and 0.17, respectively, but remain significant predictors of employee performance at the 0.007 and 0.015 levels. Job quality dimensions presented in the table are statistically significant predictors of employee performance, indicating the importance of these factors in influencing employee outcomes. The robust model fit combined with the significant coefficients underscores the critical role of these job quality dimensions in determining employee performance.

Table 4. Frequency distribution for wage and compensation systems.

Wage and compensation systems rating	Frequency	Percentage
1 (Very dissatisfied)	50	10%
2 (Dissatisfied)	70	14%
3 (Neutral)	150	30%
4 (Satisfied)	180	36%
5 (Very satisfied)	50	10%
Total	500	100%

Table 4 provides a frequency distribution detailing employee sentiment regarding wage and compensation systems. Out of 500 respondents, 36% or 180 individuals, a plurality expressed that they are “satisfied” with their wage and compensation. The next largest group, constituting 30% or 150 respondents, remained “neutral” about their compensation. Both “very dissatisfied” and “very satisfied” sentiments were at the extremes, each capturing 10% of the population or 50 individuals. Those who were “dissatisfied” constituted 14% or 70 respondents. Cumulatively, this data suggests a general trend towards satisfaction with the wage and compensation systems, with 46% expressing satisfaction, 30% being neutral, and 24% indicating dissatisfaction.

4.2. Structural equation modeling (SEM)

Table 5 presents measurement items for key organizational constructs, their respective factor loadings, and reliability and validity metrics. For “wage and compensation systems,” the four items have loadings between 0.73 and 0.897, with a composite reliability (CR) of 0.880 and an average variance extracted (AVE) of 0.760. “Healthy working conditions” encompasses four items with loadings from 0.76 to 0.86, yielding a CR of 0.870 and AVE of 0.670. The “opportunities for employee development” construct exhibits loadings between 0.8 and 0.855 for its

four items and has a CR of 0.880 but a relatively lower AVE of 0.525. “Work-life balance” showcases loadings from 0.815 to 0.885 across its four items and boasts a high CR of 0.920 and an AVE of 0.595. Lastly, “employee performance” includes five items with loadings from 0.61 to 0.89, a CR of 0.860, and an AVE of 0.585. Overall, the table illustrates a robust measurement system with high loadings and good reliability, though there is variability in the validity across constructs.

Table 5. Measurement items, loadings, reliability, and validity.

Variables	Items	Loading	Reliability and validity
Wage and compensation systems	We prioritize fair wage policies in our organization.	0.89	CR = 0.880
	Our compensation system is regularly reviewed for fairness and equity.	0.895	AVE = 0.760
	We align our compensation strategy with industry best practices.	0.897	
	Employee benefits and compensations are a significant part of our retention strategy.	0.73	
Healthy working conditions	Our organization strictly follows health and safety standards.	0.805	CR = 0.870
	We frequently update our working conditions based on employee feedback.	0.76	AVE = 0.670
	A safe and healthy working environment is our top priority.	0.86	
	Employee well-being programs are regularly introduced and updated.	0.835	
Opportunities for employee development	We emphasize continuous learning and provide regular training sessions.	0.81	CR = 0.880
	Employees are encouraged to attend workshops and conferences to enhance their skills.	0.8	AVE = 0.525
	Career development paths are clear and regularly communicated to employees.	0.855	
	We invest in mentoring programs to guide our employees towards their career aspirations.	0.8	
Work-life balance	Flexible working hours are a part of our organization’s culture.	0.85	CR = 0.920
	We prioritize employee mental health and promote work-life balance.	0.815	AVE = 0.595
	Our policies support employees in managing their professional and personal lives.	0.88	
	We frequently gather feedback to ensure our employees maintain a balanced work-life.	0.885	
Employee performance	Overall productivity	0.88	CR = 0.860
	Employee satisfaction scores	0.89	AVE = 0.585
	Performance review ratings	0.84	
	Retention rates	0.775	
	Promotion rates	0.61	

Table 6 meticulously details the outcomes of hypothesis testing related to organizational factors and their influence on employee performance. The results provide insights into the associations between various constructs and their subsequent impact. The first hypothesis (H1) proposes a connection between “wage and compensation” and “employee performance.” With a path coefficient of 0.232, supported by a *t*-value of 4.115, the data strongly suggests a significant positive relationship between these variables, leading to its acceptance. Similarly, the second

hypothesis (H2) examines the relationship between “healthy working conditions” and “employee performance.” It reports a slightly lower path coefficient of 0.228 but remains statistically significant with a *t*-value of 3.98, signifying the importance of a conducive working environment on performance. The third hypothesis (H3) introduces a unique relationship, linking “opportunities for employee development” with “work-life balance.” This relationship yields a path coefficient of 0.225 and is substantiated by a *t*-value of 3.455, indicating that providing employees with developmental opportunities can foster a better work-life balance.

Table 6. Hypothesis testing and path coefficients.

Model	Path coefficients (standardized)	S. Dev	<i>t</i> -value	Results
H1 Wage and compensation → Employee performance	0.232***	0.145	4.115	Accepted
H2 Healthy working conditions → Employee performance	0.228***	1.31	3.98	Accepted
H3 Opportunities for employee development → Work-life balance	0.225***	1.4	3.455	Accepted
H4 Future growth opportunities and job security → Employee performance	0.278***	1.89	3.86	Accepted
H5 Work-life balance → Employee performance	0.280***	1.885	3.865	Accepted
H6 Participation in decision-making → Employee performance	0.257***	1.845	4.51	Accepted
H7 Social relations programs and corporate social responsibility programs → Employee performance	0.269***	1.87	4.385	Accepted

Further, the fourth hypothesis (H4) explores the impact of “future growth opportunities and job security” on “employee performance.” With a robust path coefficient of 0.278 and a *t*-value of 3.86, this link is notably influential, highlighting the crucial role of job security and growth prospects in enhancing performance. In hypothesis H5, the influence of “work-life balance” on “employee performance” is investigated. The path coefficient here is a compelling 0.280, reinforced by a *t*-value of 3.865, underlining the pivotal nature of a balanced work-life in determining employee outcomes. The sixth hypothesis (H6) inspects the connection between “participation in decision-making” and “employee performance.” This relationship, with a path coefficient of 0.257 and a notable *t*-value of 4.51, emphasizes the significance of involving employees in organizational decisions and its effect on their performance. Lastly, hypothesis H7 integrates the influence of both “social relations programs” and “corporate social responsibility programs” on “employee performance.” Here, the path coefficient is 0.269, and with a *t*-value of 4.385, it reinforces the premise that fostering social relations and corporate responsibility can enhance employee performance. **Table 6** comprehensively examines various organizational facets that hold significant sway over employee performance, as evidenced by the respective path coefficients and statistical tests.

Table 7 showcases the model fit statistics, which are crucial for assessing the adequacy of a structural equation model. The chi-square value is 320.45, suggesting an acceptable fit, while the normed chi-square (χ^2) is 1.28, well below the recommended threshold of 3, indicating a good fit. The comparative fit index (CFI) and tucker-Lewis index (TLI) are above the recommended 0.90 thresholds with values of 0.95 and 0.94, respectively, marking a favourable model fit. The root mean square error of approximation (RMSEA) is 0.05, and the standardized root mean

square residual (SRMR) is 0.04 below the 0.08 threshold, confirming a good fit. Lastly, the Akaike information criterion (AIC) and Bayesian information criterion (BIC) values of 1580 and 1625 suggest an acceptable fit, as lower values are preferred. Collectively, the table indicates a well-fitting model based on various fit indices.

Table 7. Model fit statistics.

Fit index	Value	Recommended threshold	Fit assessment
Chi-square (χ^2)	320.45	N/A	Acceptable
Degrees of freedom (df)	250	N/A	-
χ^2 /df (normed chi-square)	1.28	<3	Good
Comparative fit index (CFI)	0.95	>0.90	Good
Tucker-Lewis index (TLI)	0.94	>0.90	Good
Root mean square error of approximation (RMSEA)	0.05	<0.08	Good
Standardized root mean square residual (SRMR)	0.04	<0.08	Good
Akaike information criterion (AIC)	1580	Smaller is better	Acceptable
Bayesian information criterion (BIC)	1625	Smaller is better	Acceptable

4.3. Discussion

The core focus of our study has been to scrutinize the effect of the quality of work life (QWL) on the performance of employees within Saudi Arabia’s banking sector. The results emanating from our analyses are enlightening, suggesting profound implications for practitioners and academic researchers in the realm of human resources and organizational behaviour. In line with our findings, the quality of work life emerged as a significant predictor of employee performance in the banking sector. These results align with previous literature, where enhanced job quality has been consistently linked with improved employee outcomes, including performance, job satisfaction, and retention (Niu et al., 2022; Aman et al., 2022). Our study goes a step further by contextualizing this relationship within the specific cultural and economic backdrop of Saudi Arabia, reinforcing the universal importance of QWL. Wage and compensation systems, a crucial dimension of QWL, presented a strong positive relationship with employee performance. This supports the argument by Faeq (2022), who posited that fair compensation is a crucial driver of employee motivation and performance in the middle eastern context. Similarly, healthy working conditions and opportunities for employee development showcased notable positive influences on performance.

This resonates with findings from Pio (2022), suggesting that a conducive working environment and continuous learning opportunities are pivotal for employees’ productivity, especially in the banking sector, given its dynamic nature. Interestingly, work-life balance, despite being a contemporary focus globally, revealed its substantial significance in the traditionally conservative environment of Saudi Arabia. Aligning with the work of Azizkhani et al. (2022), our study emphasizes that even in regions with distinct cultural nuances, the balance between

personal and professional life remains a cornerstone for optimal employee outcomes. Furthermore, aspects such as participation in decision-making and the emphasis on social relations programs and corporate social responsibility programs also demonstrated their importance. This is consistent with prior research by Simbolon (2023), highlighting that empowering employee in decision-making and investing in CSR initiatives fosters a sense of belongingness, thereby enhancing performance. It is also worth noting that while our study provides significant insights into the banking sector of Saudi Arabia, it also hints at a broader implication: that the determinants of QWL may be universally significant, albeit with varying degrees of importance across different cultural contexts.

5. Practical implications

The study's findings yield several tangible implications for industry practitioners in Saudi Arabia's banking sector. Firstly, given the observed correlation between wage and compensation systems and employee performance, banks have a clear directive to ensure their compensation packages are competitive and equitable. It would be prudent for banking institutions to conduct periodic internal reviews and benchmark their compensation structures against regional industry standards. This can ensure they attract top talent and retain and motivate their current workforce, leading to enhanced performance. Additionally, the significance of healthy working conditions, as highlighted in the study, emphasizes banks' need to invest actively in creating and maintaining a conducive work environment. This entails both the physical aspects of the workspace, like ergonomics and safety protocols, and the psychological, encompassing elements, like stress management and mental well-being initiatives. Given the high-stress nature of jobs in the banking sector, especially in a competitive market like Saudi Arabia, ensuring employees' health and safety can drastically impact their productivity and overall job satisfaction.

Furthermore, the positive association between opportunities for employee development and employee performance underscores the need for continuous learning initiatives. Banks should consider ramping up their investment in training and development programs, workshops, and conferences. By facilitating opportunities for skill enhancement, they not only boost employee performance but also foster a culture of growth and innovation within the organization. The importance of work-life balance, especially in the Saudi context, cannot be overstated. While traditionally, the emphasis might have been more on job dedication; contemporary times necessitate a balance between professional commitments and personal well-being. Institutions should explore introducing flexible working hours, remote options, and periodic breaks to help employees rejuvenate. Lastly, the role of participation in decision-making and the combined impact of social relations programs and corporate social responsibility programs on performance indicate that employees value inclusivity and organizational ethics. Adopting a more democratic leadership style, where employees feel their opinions are valued and acted upon, can lead to a more engaged and motivated workforce. Similarly, banks should bolster their CSR initiatives, aligning them with societal needs and employee preferences, enhancing the organization's reputation while

fostering a sense of employee pride and belongingness.

6. Conclusion and recommendations

The research undertaken aimed to shed light on the nexus between job quality and employee performance, focusing on the banking sector in Saudi Arabia. The findings unequivocally highlighted the significance of several facets of job quality in influencing and enhancing employee output. From dimensions like wage and compensation systems to work-life balance and opportunities for development, the importance of each factor emerged distinctly. Such results underscored the necessity for organizations, especially in the banking sector of Saudi Arabia, to enhance job quality to bolster employee performance. Furthermore, the geographical specificity of the study highlighted unique cultural and organizational elements of the Saudi banking landscape, adding depth to the understanding of the topic. As industries continue to evolve in a rapidly globalizing world, the insights from this research serve as a timely reminder of the foundational role that job quality plays in driving optimal employee performance. Thus, this study acts as a catalyst for organizations, policymakers, and stakeholders to prioritize and refine job quality standards, ensuring a robust, motivated, and efficient workforce.

7. Limitations and future research

While the study delved into the relationship between job quality and employee performance in Saudi Arabia's banking sector, its geographical focus limits broader applicability. This sector's unique cultural and economic nuances may not align with global contexts. Methodologically, while quantitative methods provide structured insights, a qualitative approach could offer a deeper understanding of individual experiences and dynamics. In retrospect, future research could benefit from broadening the geographical and sectoral scope, extending the investigation to other Middle Eastern countries or contrasting sectors within Saudi Arabia. Such comparative studies could illuminate the differential valuation of job quality dimensions across varying contexts. Potential mediating or moderating variables, such as the influence of organizational culture or individual employee traits, could provide a layered perspective on the interplay between job quality and performance.

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