

# Job Satisfaction Determinants towards Employee Performance in Libyan Banks

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**Abstract**— Libyan commercial bank's total performance is highly dependent on its employees' ability to operate in a rapidly changing business environment and competitive environment. Human resource management practices and leadership styles were examined to see how they affected employee performance, with work satisfaction serving as a mediating factor. An explanatory research design was used, along with positivist research principles, such as a deductive approach and a quantitative data gathering method. As a result, a questionnaire was created to collect samples of 415 people from the 18526-person target demographic. The samples were chosen using a stratified simple random sampling strategy. SPSS V23 and Smart-PLS 3.3.3 were used to analyze the gathered data. There was a total of twelve theories, 10 of which were approved while the other two were discarded. Customers, staff, and government officials in Libya will benefit from the findings when formulating policies and evaluating employee performance in the banking sector. Only Libyan commercial banks were examined in this study, which used quantitative techniques. As a result, more research may be done by gathering data from several banks and using a mixed-method study to gain a better understanding of the problems.

**Keywords**— Determinants, Job Satisfaction, Employee Performance, Libyan Banks.

## I. INTRODUCTION

Employee performance has an impact on overall company performance and is one of the primary issues for businesses in today's rapidly changing business climate and competition among them. Employees who perform poorly due to a variety of factors, such as a lack of resources, a poor working environment, or even stress, may face legal ramifications (Meng & Berger, 2019). Leaders in organizations must establish acceptable working conditions, implement adequate rules and procedures, and employ better human resource management methods in order to achieve higher levels of performance from their employees (HRMP). More than one body of research indicates that HR practices and leadership style have a significant impact on improving employee performance, and HRMP has a significant impact on employee performance (Marwat and colleagues (2006) and overall organizational performance (Khan and Nawaz, 2016). In comparison to research done for American, European, and Asian countries, research on the impact of HRMP and leadership style on employee performance in African countries such as Libya has been scarce. Organizations in developing countries (for example, African countries) also disregard the use of HRM methods to verify their employees' efficient performance. A variety of issues arise as a result of a lack of

understanding of HRM principles and how to apply them, resulting in wasted time, financial costs, and delays in completing transactions.

Human resources are adopted as a proactive approach as a result of firms and their managers understanding market trends. On the basis of this, Pfeffer asserted that managers value people as strategic resources the most (Cooke et al., 2021). Succinctly, the value of human resources in businesses with long-term goals is always re-evaluated as part of the Human Resource Management (HRM). Human resource management (HRM) has gotten a lot more attention recently, especially in relation to how its practice affects an organization's performance and employees' attitudes in the context of the third world. Only a few studies on the impact of HRMP and leadership style on training and job turnover, as well as worker performance, have been conducted in Libya, while ignoring organizational commitment and employee satisfaction in banks (e.g. Yasir et al., 2011; Gaafar, 2012; Abdul Hameed et al., 2014; Waqas et al., 2014; Uzma, 2015; Tabouli et al., 2016; Dukhan et al. According to current empirical research, the relationship between HRMP, leadership style, and employee performance appears to be complicated, with conflicting results regarding the role of HRMP training.

According to the existing literature, employee performance is linked to HRMP and leadership style, with job satisfaction acting as a moderator (Wright & Kehoe, 2008; Saleem, 2015; Mira et al., 2019; Khan & Nawaz, 2016). Naz et al. (2020) investigate the significance of Organizational Commitment in order to comprehend the impact of HRMP on employee performance. There is also evidence of a significant relationship between leadership style and organizational commitment (Suanj & Jakopec, 2012; Yahchouchi, 2009). However, whereas Khan and Nawaz (2016) report that Job Satisfaction mediates between HRMP and employee performance, Mira et al. (2016) report that employee job satisfaction has a non-significant mediating function between HRM practices and employee performance in the ports business (2019). There is also a strong link between leadership style and job satisfaction as measured by perceptions of organizational politics and fairness. Despite this, only a few studies have examined how HRMP, and leadership style affect employee performance as measured by job satisfaction. Thus, re-examining these connections in various service industries and contexts is strongly encouraged (Alazmi & Alenezi, 2020). It's for that reason that this research will help bridge

the knowledge gap by looking into how HRM practices and leadership style relate to employee happiness. performance of the Libyan banking system. Continued underperformance by workers could lead to loss of customers as well as significant stakeholder losses for Libyan banks. In some situations, banks may even be forced to shut down (Report, LCB, 2020). Moreover, the bad performance of commercial bank personnel was found to have a detrimental impact on both their performance and the quality of the services they offered, according to Noureldin (2019). According to Mathekoor's (2020) research, employees in Libyan commercial banks perform poorly due to poor management leadership, which prevents them from participating in reform initiatives. This study may be useful to policymakers, researchers, practitioners, students, and native and international bankers in Libya in terms of information and understanding about the relationship between the aforementioned variables. Based on the previously mentioned research topics, the purpose of this study was to determine how human resource management practices (HRMP) and leadership style (LS) affect employee performance (EPB) and job satisfaction (JS) in Libyan banks.

## II. LITERATURE REVIEW

### *Job Satisfaction*

When it comes to work satisfaction, Vroom (1964) says it's the emotional attitude people have toward their job responsibilities. The level of job satisfaction affects how motivated and encouraged employees are to achieve better. Many people have tried to narrow down what it means to be happy in one's job over the years. Job satisfaction, according to Vroom (1964), is the emotional attachment people feel to their jobs. Working in an environment where people are happy is essential for motivating and encouraging them to do their best. Many people have tried to narrow down what it means to be happy in one's job over the years. According to Clark (1997), employees who are dissatisfied with their jobs are unsure of their rights, their working circumstances are hazardous, and their coworkers lack coordination. Clark (1997). Claims were not taken into consideration while making the final decisions. Does not appear to be a part of the organization. In today's environment, businesses simply cannot afford disgruntled employees who fail to meet the high standards and expectations of their superiors, resulting in the need to replace them at a significant expense. For companies, this means providing employees with a flexible environment where they feel valued, and part of the organization and their opinions are valued. A strong level of representative spirit is necessary since it will show in their presentation, as representatives with low determination will make fewer attempts to improve.

### *Employees Performance*

The employee's performance stack is determined by a variety of things. For example, they include things like how long employees stay in the office and how long they spend on breaks, as well as their in-time and out-time (Gong et al., 2017; Pedulla, 2020). Employee absenteeism, among other things, has a significant impact on the accuracy of

performance evaluations. The HRM team creates the following scorecard in the end, and the salaries and benefits of employees are enhanced over time in the following manner (Nica, 2016). The HRM team informs employees of the benefits of working for the company, including employee performance, during onboarding or training. Managing the system's performance can be attributed to the HR department, which is considered to be the most important administrative component. An HR team that works well together and is well-versed in monitoring employee performance is a huge advantage to any firm (Alagaraja & Shuck, 2015). Both the manager's and employees' performance should be evaluated. There are HR teams that also maintain good communication between managers and employees to improve the achievement of the company's goals. As part of its function, HRM shares employee performance standards and scores with the company's employees as a whole or separately (Kaufman et al., 2021).

Despite this, the primary goal of having administration in a company is to assure the accomplishment of the objectives for which the company was established. To put it another way, planning activities that will assist in reaching goals is the most important factor to consider. In order to attain optimal performance, all material, human, and moral criteria, as well as paving the way to the administrative status conditions, must be met simultaneously with the provision of information and performance-oriented established standards, according to this reasoning. As a result, there were numerous definitions for the concept of performance. Previous concepts define performance as "meaningful and functional behavior carried out by an individual to fulfil his or her job tasks in accordance with specific standards of achievement". These studies demonstrated that integrating technology with the HR department increases the efficiency of human resource management procedures, and many researchers and professionals have investigated this impact.

The development of work procedures and measures of required abilities, on the other hand, has a positive impact on employee interaction through communication processes, whether for Human Resources Management or all organization working personnel (Doz, 2020). The human resources infrastructure of an organization has a direct impact on employee productivity. It should be noted that using current technologies in human resource management reduces administrative costs on one side while shortening the time it takes to polarize and recruit on the other. Individual interaction with various activities such as determining the compensation package and training via the internet, and many other benefits related to human resource management functions, so the organization receives many other benefits from using it as an example of these benefits.

### *Human Resource Management Practices*

Human resource strategies have grown increasingly important for many firms as the global market has become more uncertain and complex. These hurdles must be solved in order to gain a competitive advantage that will help the company stay afloat and deal with these problems. Human

resource management is essential for an organization's departments and divisions to achieve its goals. This is due to the fact that it improves the skills, commitment, synergy, knowledge, and creativity of human resource practises (HRM). For instance, Harter et al., 2002; Cania, 2014) HRMP also identifies the attitudes and behaviours of employees in order to foster collaboration among co-workers and between co-workers and superiors. Thus, they are more likely to put in extra effort using creativity and innovation, which helps the organisation meet its objectives (Tan & Nasurdin, 2011). With new breakthroughs and constant change, firms need to adopt new human resource practises. Increasing worker satisfaction will help the organisation overcome various obstacles and achieve greater success (Armstrong, 2006).

**Conceptual Framework**

This research looked into how employee performance (EPB) differs across Libyan banks. According to the literature review, the study's conceptual framework is shown in Figure 1. Figure 1 depicts the relationship between HRM practice (HRMP) and leadership style (LS) and employee performance (EPB) as well as the relationship between HRMP and LS on job satisfaction (JC). Furthermore, Job Satisfaction influences EPB directly. Additionally, Job Satisfaction is considered a variable that acts as a mediator between the independent factors (HRMP and LS) and the dependent variable (EPB). We'll also look into the indirect effects of the independent variables (HRMP and LS), which are mediated by Job Satisfaction, on the dependent variable (EPB).

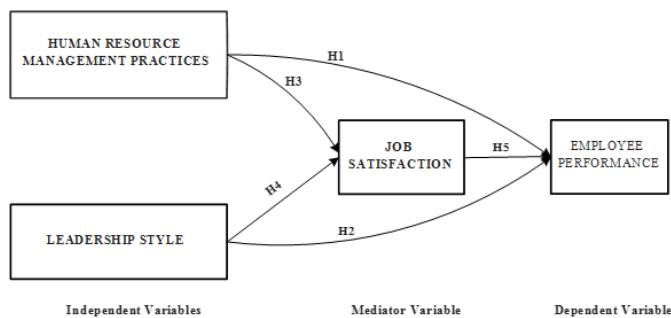


Fig. 1. Proposed Conceptual Framework

**III. RESEARCH METHODOLOGY**

Researchers must have a firm grasp of the approach to research in order to create an effective methodology for tackling a particular research challenge. As a result, a quantitative research approach is more appropriate for the current study, which will build and develop new theories based on the analysis of factors affecting HRM practice on employee performance. Research paradigm, research designs, and specific techniques are all intertwined in Creswell's (2013) description of the strategy for research as the confluence of three components. Using Creswell's (2013) diagram, we can see how three different elements are linked. As a result, the positivist paradigm is the philosophical framework in which this investigation is conducted. The following characteristics of a correlational design will be considered when applying a correlational design to the research objectives and statistical

feasibility of exploring them. Primarily, information will be acquired directly from respondents. The study's intended audience is the people who work in Libyan banks. As of the first quarter of 2020, there will be a total of 19 banks operating in Libya (including the Libyan External Bank's Libyan Dinar unit). These financial institutions have a total of 543 locations, including both branches and banking agencies. There are approximately 18526 employees (Report, LCB, 2020). utilizing a random sample design with probability sampling (Stratified random sampling). The author selects large banks based on employee size from a stratified random sample of nineteen banks. Five of the banks will be public ones, while the other five will be private. In light of all of these issues, it was decided to use a sample size of 500 employees. Using SPSS V23 and Smart-PLS 3.3.3, the researchers examined the data they had collected.

**Findings**

**Demographic profile**

In addition, respondents are divided into three or four age groups: You'll be prompted to select an age range if you're under 25, 25-35 or 36-45 or 45 years old. According to the data, just 2.89 percent of respondents (n=12) are under the age of 25, 24.48 percent (n=102) are between the ages of 25 and 35, 62.41 percent (n=259) are between the ages of 36 and 45, and 10.12 percent (n=42) are over the age of 45. 5 to 10 years of experience was followed by 11 to 15 years of experience (44.82 percent) (32.53 percent). As a result, a whopping 10.12 per cent of those polled have over 15 years of experience, while only 2.89% have less than 5 years of experience. The following table shows the participants' levels of academic qualification. responders (65.30%) had at least a bachelor's degree, followed by at least a master's degree (16.77%), at least a high school diploma (6.75%), and at least an advanced degree (4.82 percent). In addition, the samples were drawn from both public and private repositories. However, 87.99 percent of respondents (n=361) were from public banks, while 13.01 percent (n=54) were from private banks.

**Convergent validity**

AVE was found to be more than the recommended value of 0.5 (half) for each inert variable, indicating that on average, each development could explain the greater part of the variance in its evaluating items (see Table 1). (Fornell and Larcker, 1981).

TABLE 1. Internal consistency and convergence validity results

Constructs/Items	CA	CR	AVE
AU	0.815	0.877	0.641
CR	0.890	0.924	0.753
DE	0.829	0.887	0.662
EP	0.896	0.913	0.514
IN	0.893	0.925	0.756
JS	0.901	0.917	0.529
LF	0.819	0.878	0.645
PA	0.781	0.859	0.604
RS	0.811	0.876	0.638
TA	0.840	0.893	0.675
TD	0.778	0.857	0.600
TF	0.886	0.921	0.746





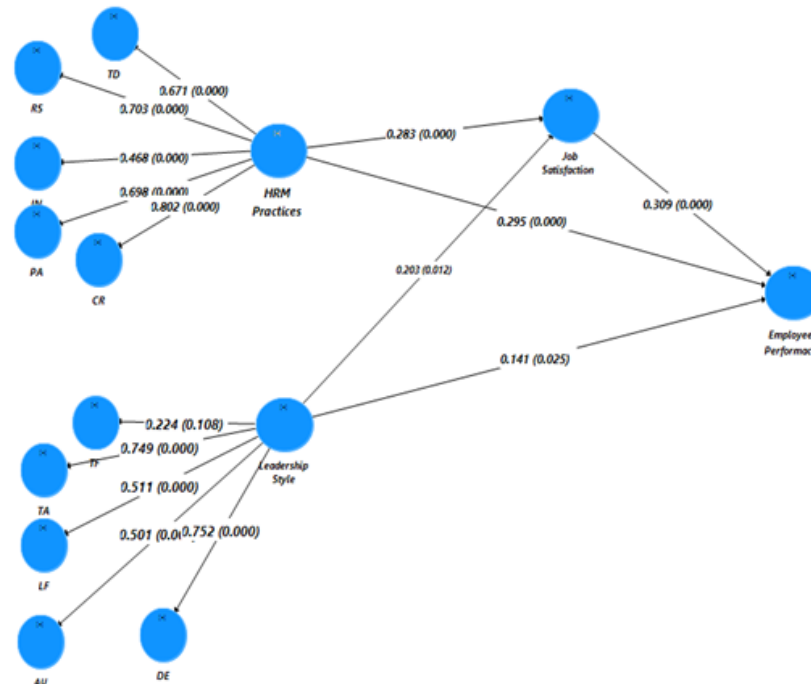


Fig. 3. Structural Model with t-values (Bootstrapping result)

TABLE 6. Mediation result

Hypotheses	S/Beta	LL	UL	T	P	Decision	Mediation
HH6 HRMP-> J.S -> EP	0.088	0.037	0.133			Sig.	Partial
HH7 LS -> J.S -> EP	0.063	0.008	0.114			Sig.	Partial

#### IV. CONCLUSION

A detailed literature analysis and examination of numerous ideas were done as part of the research. The problem statement and theoretical framework were developed based on the results of the literature review. Seven research hypotheses resulted from the formulation of four study objectives and research questions. All of the hypotheses were proven to be correct statistically. An additional 31% of the employee performance determinant was explained by the research model. Based on the survey model's explanatory power, this study presented both theoretical and managerial implications. HRM practises, leadership style, job happiness and employee performance are all linked in a way that is theorised. Extending prior and present research for ongoing information exchange is one facet of this effort. In addition, it shows how HRMP and leadership style influence employee performance, with work satisfaction serving as a mediating element. This means that in order for Libyan banks to have a competitive edge in the Libyan banking industry, policies that support HRMP on employee performance must be developed. According to the findings, HRMP and leadership style have a greater impact on employee performance in Libyan banks when bank managers and policymakers work together to support employees and bank workers. Overall, the study's findings showed how critical employees are to any organization's future, especially the banking industry, and how

they play a key role as change agents and enable organisations to maintain a competitive edge while still providing high-quality service. Additionally, the findings provide useful information for bankers, practitioners, and executives in Libya's private and public sectors.

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