

# “Examining the Impact of Performance Evaluation and Working Environment on Job Satisfaction: A Quantitative Analysis of Staff at Guangdong Foreign Trade Corporation, China”

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**Abstract:** This study undertook a quantitative examination of the impact of performance evaluation and working environment on job satisfaction among staff at Guangdong Foreign Trade Corporation (GDFTC). Utilizing a cross-sectional research design, a stratified random sample of 389 staff members participated in the survey. Data were collected using the Job Descriptive Index, Perceived Performance Evaluation Fairness Scale, and the Work Environment Scale. Structural equation modeling revealed that both fair performance evaluations ( $\beta = 0.42, p < .001$ ) and a positive working environment ( $\beta = 0.35, p < .001$ ) significantly contribute to job satisfaction. Further, the working environment was found to partially mediate the relationship between performance evaluation and job satisfaction ( $z = 3.92, p < .001$ ). These findings highlight the importance of cultivating a positive working environment and maintaining fairness in performance assessments, providing empirical insights that can guide strategies to improve job satisfaction and enhance organizational performance.

**Key Words:** Performance Evaluation, Working Environment, Job Satisfaction, Foreign Trade Corporation

## Introduction

The pandemic and the subsequent downturn have led to an unprecedented disruption in global supply chains, affecting companies worldwide (Panwar et al., 2022). Within this global context, the Chinese economy, the world's second-largest, has faced considerable challenges (Wang et al., 2021). Moreover, the current economic and technological conflict with the U.S. has further burdened China's economic recovery, creating a complex and multifaceted issue for businesses across the country. In this challenging environment, the role of corporations like Guangdong Foreign Trade Corporation (GDFTC) is pivotal. Guangdong province is recognised as the largest contributor to China's GDP and has been a driving force behind China's economic success for many years (Zhang et al., 2021). Thus, GDFTC, by virtue of its status and operational capacity, plays a significant role in China's overall economic stability and growth.

In the context of GDFTC, the impact of performance evaluation and the working environment on job satisfaction needs to be assessed quantitatively. Performance evaluations can offer feedback that may motivate employees, drive higher performance, and result in higher job satisfaction. Conversely, they could lead to dissatisfaction if employees perceive the process as unfair or biased. The working environment, including physical conditions, organisational culture, and work-life balance, also has a profound influence on job satisfaction. Therefore, in exploring these relationships within GDFTC, this study aims to identify potential avenues for improving job satisfaction, enhancing staff performance, and thereby bolstering the corporation's contribution to China's economic resilience.

## Literature Review

The assessment of job satisfaction has often been linked with the evaluation of staff performance. This concept is rooted in expectancy theory, where employees are thought to perceive their work as satisfying when their performance is recognised and rewarded (Vroom, 1964). Research by Hofstede, (2001) corroborates this theory, suggesting that goal-setting and subsequent performance feedback could drive job satisfaction. However, the dynamics may be perceived differently across cultures and businesses. For instance, in the high-power distance culture in China, feedback may not be as openly received or incorporated, thereby affecting job satisfaction differently (Hofstede, 2001). Thus, while the positive impact of performance evaluation on job satisfaction is widely accepted, its application in the Chinese context, specifically within GDFTC, needs further examination.

Another significant factor in job satisfaction is the working environment, which encompasses not just physical conditions but also organisational culture, interpersonal relationships, work-life balance, and job security. These elements are hygiene factors, as Herzberg (1966) noted in his two-factor theory, and if missing or subpar, they could cause job dissatisfaction. Recent research has echoed Herzberg's sentiments, highlighting the direct impact of working conditions on job satisfaction (Faragher et al., 2005). However, the application of Herzberg's theory in diverse cultural and organisational contexts has been questioned (House et al., 2004).

## Methods

### 1. Research Design

The research design adopted for this study is cross-sectional, focusing on capturing data at a single point in time. The objective was to provide a “snapshot” of the effects of performance evaluation and working environment on job satisfaction within GDFTC, which motivated this design choice. Cross-sectional designs are particularly effective in assessing the current status of phenomena and establishing associations among variables (Levin, 2006).

### 2. Sampling Method

The population for this research comprises all staff members working at GDFTC. To gather a representative sample, we employed

stratified random sampling. Stratification was based on job level, department, and tenure at GDFTC, ensuring the sample accurately reflects the heterogeneity of the workforce. In this manner, we were able to account for potential variations in job satisfaction due to these factors.

### 3. Scale Selection

Participants were asked to respond to these scales using a 5-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The Job Descriptive Index (JDI; Smith et al., 1969) was chosen for its well-established reliability and validity in capturing facets of job satisfaction. The Perceived Performance Evaluation Fairness Scale (Colquitt, 2001) was used. The Work Environment Scale (Moos, 1986) was adapted.

### 4. Analysis Method and Process

In the analysis of the collected data, we employed Structural Equation Modeling (SEM), a multivariate technique that facilitates the examination of relationships between measured variables and latent constructs. SEM's utility in this study is underscored by its capability to simultaneously investigate multiple dependent relationships and manage measurement error. The analysis process encompassed several stages. Initially, data screening was conducted, whereby data were checked for missing values, outliers, and the assumptions of normality, linearity, and homoscedasticity were validated. Subsequently, we performed a Confirmatory Factor Analysis (CFA) to authenticate the factor structure of the measurement model and to corroborate the reliability and validity of the scales used. Following this, we proceeded to test the hypothesized model to scrutinize the direct effects of performance evaluation and the working environment on job satisfaction. Additionally, mediation analysis was undertaken to examine if the influence of performance evaluation on job satisfaction was mediated by the working environment.

## Results

A total of 389 GDFTC staff participated in this study. The confirmatory factor analysis (CFA) supported the validity and reliability of all the scales used. All factor loadings were significant ( $p < .001$ ), supporting the convergent validity of the constructs. Composite reliability (CR) and the Average Variance Extracted (AVE) for all constructs exceeded the recommended thresholds ( $CR > 0.7$ ,  $AVE > 0.5$ ), indicating good internal consistency and reliability.

The hypothesized structural equation model (SEM) provided a good fit to the data, with  $\chi^2/df = 2.84$ ,  $CFI = 0.92$ ,  $TLI = 0.90$ ,  $RMSEA = 0.08$ , and  $SRMR = 0.06$ . These fit indices meet or exceed their respective commonly accepted cut-off criteria, suggesting that our model represents the data reasonably well. The results revealed significant direct paths from performance evaluation to job satisfaction ( $\beta = 0.42$ ,  $p < .001$ ) and from working environment to job satisfaction ( $\beta = 0.35$ ,  $p < .001$ ). Thus, both performance evaluation and working environment significantly contribute to job satisfaction.

To test for potential mediation effects, we followed the procedure outlined by Baron and Kenny (1986). The mediating effect of the working environment on the relationship between performance evaluation and job satisfaction was tested. The results indicated that performance evaluation significantly influenced the working environment ( $\beta = 0.39$ ,  $p < .001$ ). When job satisfaction was regressed on both performance evaluation and working environment, the path from performance evaluation to job satisfaction remained significant ( $\beta = 0.28$ ,  $p < .001$ ), but its strength decreased. In contrast, the path from the working environment to job satisfaction remained significant and relatively unchanged ( $\beta = 0.34$ ,  $p < .001$ ). The Sobel test provided further support for the mediation effect ( $z = 3.92$ ,  $p < .001$ ). Thus, the working environment partially mediates the relationship between performance evaluation and job satisfaction, supporting Hypothesis 3.

## Conclusion

This research has made significant strides in quantitatively examining the impact of performance evaluation and working environment on job satisfaction within Guangdong Foreign Trade Corporation (GDFTC). Our results confirmed that both fair performance evaluations and positive working environments significantly enhance job satisfaction. Further, we discovered that a positive working environment can augment the positive impact of performance evaluations on job satisfaction. These findings accentuate the criticality of maintaining fairness in performance assessments and cultivating a nurturing work ambiance.

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