

IDENTIFICATION OF DETERMINING FACTORS OF EMPLOYEE PERFORMANCE OF SME BUSINESS

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ABSTRACT

Employees are considered as the precious asset for the business firms, especially for SME firms, where employees play a pivotal role for business development. Employee performance has become central of attention for SME firms for their business development and sustainability. Therefore, the aim of the study is to identify the factors that would affect employee performance of SME business sectors in Bangladesh context. The study measured effect of employee engagement, working conditions, and job autonomy on employee performance. The study gathered the data from existing SME business firms which were operating in the capital city of Bangladesh: Dhaka city. A total of 242 employees of SME sector have participated in this study. The study has used a survey questionnaire for collecting data, and sampling method was convenience. Demographic information of the employees was captured for descriptive analysis. Reliability and validity of all items were performed. Then regression was run to test hypotheses through SPSS software. The findings show that employee engagement, working conditions, and job autonomy have been found as predictive factors of employee performance of SME sector. The findings suggest that pleasant working conditions and employee engagements are the key to boost up employee performance.

Keywords: Employee Performance, Employee Engagement, Working Conditions, Job Autonomy.

INTRODUCTION

The job performance of the employees has been considered as a yardstick to measure any business firm's overall productivity and organizational performance (Natsir et al., 2021; Mefi & Asoba, 2020). Employees develop business advantages for the business firms to become competitive in the business world. Employees are regarded as an important asset for the organizations because they help achieve goals of the firm through their job performance (Asoba et al., 2021; Mefi & Asoba, 2021). Positive employee performance essentially contributes to the business success and further business development for any organization, and employee performance is treated as one of the criteria to evaluate efficiency and business outcomes. Due to this reason, organizations must put resources to enhance the job performance of their employees for better business outcomes (Almaamari & Husain, 2021). Therefore, as employee performance has an impact on organizational success, hence it has become a vital task for the business firms to identify the factors that will contribute to the employee performance. Bangladesh has showing a positive sign moving towards tremendous economic growth and development (Rahaman et al.,

2020). In achieving this economic development, all business segments of the business sector, especially the small and medium enterprise (SME) businesses have showed an important part in obtaining this development (Rahaman et al., 2021a; Rahaman et al., 2021b; Asheq & Hossain, 2019; Kumar et al., 2019; Hossain & Asheq, 2019). SME sector creates a positive platform for the unemployed population by offering various employment opportunities. The growth of the SME sector also depends on the success and outcomes of the SME businesses. If the employees perform better in SME sector, then they can effectively add value to the SME business development and success. In Bangladesh, very few researches have been performed to explore the determinants of performance of the employees who are working in the SME sector. Therefore, the current study seeks to identify and explore the factors that would affect the employee job performance of the SME sector in Bangladesh.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Employee Engagement (EE)

The concept of employee engagement refers to the propensity of the employees to devote themselves to their workplace job role. It is noted that when employees are more engaged with their job roles, they will become satisfied and contribute to the business attainment (Nienaber & Martins, 2020). It is found that employee engagement primarily leads to positive employee performance that would affect business performance indirectly; and there has been a positive connection between employee engagement and their job performance (Bailey et al., 2017). Hence, it is hypothesized that

H₁: Employee engagement will have a positive impact on employee performance.

Work Conditions (WC)

Work conditions indicate several factors at workplace that would affect the employees' job roles. Favorable working environment is found to have an influence on workforce retention and on job contentment of the workforces (Jimenez et al., 2017). Poor and unpleasant working conditions result in negatively affecting job performance at workplace (Guan & Frenkel, 2019). Moreover, Bashir et al (2020) found that overall conditions of the workplace have a positive effect on employee performance. Hence, it is hypothesized that

H₂: Good working conditions will have a positive impact on employee performance.

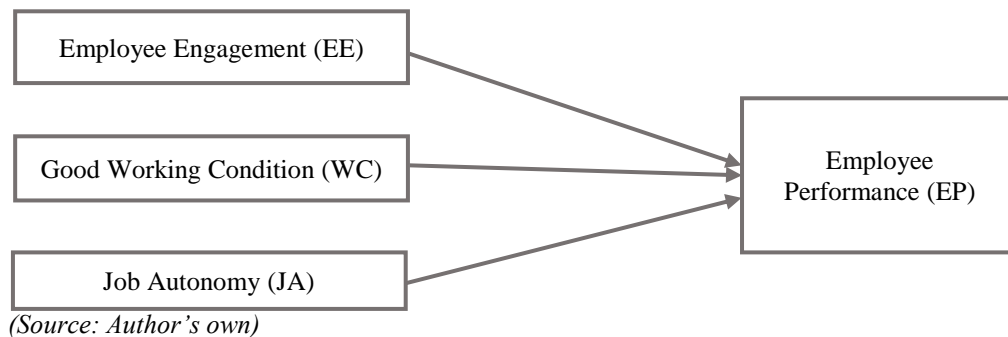
Job Autonomy (JA)

Job autonomy indicates the extent to which an employee can make work related decisions, decide the scheduling and procedure of the completion of the assigned job task independently without any interference (Morgeson & Humphrey, 2006). At workplace, employees with higher level of job autonomy develop positive impression and viewpoints towards the assigned tasks. Moreover, Joo, Jeung & Yoon (2010) found a positive connection between the level of job autonomy and workplace performance of the employees. Hence, it is hypothesized that

H₃: Job autonomy conditions will have a positive impact on employee performance.

Conceptual Model

The study proposes the following Figure 1 as the conceptual model of this research:



**FIGURE 1
CONCEPTUAL MODEL**

METHODOLOGY

Variables	Cronbach Alpha (α) value
Employee Performance (EM)	0.760
Employee Engagement (EE)	0.703
Working Conditions (WC)	0.799
Job Autonomy (JA)	0.915

The research considers the entire working employees SME sector in Bangladesh as the target population in this study. The study adopts convenience sampling method as there is no list of SME business firms publicly available (Table 1). Through searching on past literatures, a survey questionnaire was developed, and the authors visited various SME business firms in Dhaka city of Bangladesh, and distributed the questionnaires among the SME employees to fill up. Altogether 300 survey questionnaires were duly circulated among SME employees in Dhaka city, Bangladesh, and in return, 242 survey forms were found correct. As a result, the sample size of the study is $n=242$. The survey questionnaire had two sections: first section had basic information about employees (i.e. age, gender, marital status, working experience) and other section had questions on the study variables (i.e. employee performance, employee engagement, working conditions, job autonomy). The study applied Likert based questionnaire where “1” stands for “fully disagree” and “5” stands for “fully agree” with the given question. The study variables were formulated based on past literature.

RESULTS AND DISCUSSION

Table 2 shows the regression results of this study. In this study, the dependent variable is employee performance (EP) and independent variables are: employee engagement (EE), working

conditions (WC), and job autonomy (JA). A total of four hypotheses were developed and tested by running regression analysis through SPSS software. Table 2 shows that Durbin Watson value was under acceptable range, and the values of VIF and tolerance values were also under acceptable range. The model shows that independent variables explain 44.90% (R^2) variance in examining employee job performance in SME sector in Bangladesh.

	Beta-value	t- value	Sig.	Tolerance	VIF	Decision
Employee Engagement (EE)	0.699	6.800	0.000**	0.797	1.242	Accepted
Working Conditions (WC)	0.484	3.513	0.000**	0.654	1.002	Accepted
Job Autonomy (JA)	0.723	4.940	0.000**	0.440	1.121	Accepted
R ² = 0.449, Durbin Watson value= 2.226						
Dependent variable: Employee Performance (EP)						
** Significant at 5%						

Table 2 also shows that all the three hypotheses (H1, H2, H3) were accepted. The study finds that employee engagement (EE) has a positive relationship with employee performance (H1). It does mean that SME organizations need to ensure the employees remain engaged with their job roles so that they could perform better and better. H2 states that better working conditions (GC) has a positive relationship with employee performance (EP), and it is also accepted. It does mean that SME business managers need to offer better working conditions for their employees to increase work performance. H3 states that job autonomy (JA) has a positive relationship with employee performance (EP), and it is also accepted. It does mean that SME business managers need to offer some level of work autonomy of making some work decisions by the employees so that their performance can be improved.

CONCLUSIONS

To understand the factors that would affect employee performance, this study has measured the impact of employee engagement, working conditions, and job autonomy on the influence of employee performance at their job roles in SME business sector in Bangladesh. The study will work as guidelines for the Bangladeshi SME managers to develop and enhance their employee performance by creating better and favorable working conditions, where employees can feel safe and secured. Yuen et al. (2018) showed if the employees were given pleasant work conditions, then employees will be satisfied and there will be improvement in the job performance. Also, SME managers need to transfer some decision making power to the employees to make them more engaged with their job roles. Engaged employees will bring more business performance and outcomes for the business organizations, hence it has become responsibility for the SME managers to engage their employee with the assigned task so that their work productivity and job performance will increase in time.

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