

# WHAT FACTORS DO SATISFY EMPLOYEES OF SME BUSINESS SECTOR? A STUDY ON A DEVELOPING ECONOMY

**Atikur Rahaman, Jiujiang University**  
**Tazin Ahmed, International University of Scholars (IUS)**  
**Aman Gupta, Shri JJT University**  
**Rupali Dilip Taru, Shri JJT University**  
**A.R.S. Ibn Ali, Osaka University**  
**Julfikar Ali, International University of Scholars (IUS)**

## ABSTRACT

*The current study aims to examine the effect of work environment, and remuneration job satisfaction of SME employees in Bangladesh. The study applied non-probability sampling method to collect the data. 240 SME employees were given with the survey questionnaire and 202 responses were found correct, indicating 84% response rate (n=202). The study also captured basic and demographic information of the SME employees such their age, gender, employment period and marital status. Latest version of SPSS software was used to test the hypotheses. 5% significance level was used to test the study hypotheses. Based on hypotheses, the conceptual model of the research was also proposed. The regression results show that all the two independent variables: work environment, and remuneration have significant effect of employee job satisfaction in SME business sector in Bangladesh. Human resource managers will find the study findings helpful to develop their policy to satisfy and retain their existing employees at workplace.*

**Keywords:** Job Satisfaction, Work Environment, Remuneration, SME Business, Bangladesh.

## INTRODUCTION

In recent times, employees are considered as the most valuable and important asset for any business organization across the world, as they work for the organizational performance by putting their best efforts at workplace (Mefi & Asoba, 2021; Mefi & Asoba, 2020; Khan et al., 2017). Therefore, it is very crucial for the business managers and managerial committee to keep and retain their employees motivated and satisfied so that they keep performing to achieve business targets and objectives (Addis, et al., 2018). Hence, job satisfaction from employee viewpoint has become a major concern for any business organizations to consider with significant attention (Natsir et al., 2021; Jang et al., 2017). Because, workplace dissatisfaction of the employees will hamper their productivity, decrease their inner motivational level, and consequently their workplace commitment and engagement will be lower (Almaamari & Husain, 2021; Asoba & Patricia, 2021). As a result, the overall business performance of the business firm will suffer in the long run. Also, job dissatisfaction will result in increase in employee turnover

for the business organization that might hinder the growth of the business (Stamolampros, et al., 2019). On the other hand, if employees become happy and pleased with the working condition, then employee performance would be enhanced, and employees will be more willing to stay at the same business organization for long time (Rahman, et al., 2017).

Although Bangladesh has some social problems (Hossain, 2021; Hossain & Asheq, 2020), but Bangladesh has been in progress. In this economic growth, small and medium enterprise (SME) businesses have played a critical role in accelerating the achievement (Rahaman, et al., 2020; Rahaman et al., 2021a; Rahaman et al., 2021b; Rahaman et al., 2021c; Asheq & Hossain, 2019; Kumar et al., 2019). SME business segment generates a convenient environment for youth people in Bangladesh through providing numerous employment windows (Rahman et al., 2021). And importantly, the sustainability of the SME business segment is reliant on the business growth of the SME sector. If the SME sector's employees remain satisfied with their jobs, then they will become more productive at workplace, and then they would add significant economic value for the expansion and further development of SME business segment in Bangladesh. In the literatures, it is found that only few studies were performed to examine the influential factors of job satisfaction of workers and employees in the Bangladeshi SME sector. Hence, the study attempts to understand and examine the variables which may have influence on SME sectors' employees' job satisfaction in Bangladesh.

## LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

### Work Environment (WE)

Work environment indicates various variables at workplace which may affect satisfaction level of employees (Jaffar & Kappagomtula, 2015). Working atmosphere may lead to affect employee satisfaction level in several ways. Employees will be more satisfied if they are given better working conditions where they can feel safe and secure (Balouch & Hassan, 2014). If employees feel that there is no physical or mental risk present at workplace, then they will be satisfied with the working environment and they will perform better (Raziq & Maulabakhsh, 2015). If workers work under favorable working environment, they tend to be happier with their jobs (Djukic et al., 2014). Hence, it is hypothesized that

**H<sub>1</sub>:** *Work environment (WE) has a positive effect on employees' job satisfaction (EJS).*

### Remuneration (REM)

Remuneration or wages or payment is one of the most important factors of employee satisfaction (Jalalkamali, et al., 2016). It is found that money can help individuals meet their needs and demands, and money will indirectly affect individual's satisfaction level. Low payment works as a negative motivator for the workplace workers to stay in their current position. Research suggests that better remuneration or good payment structure positively motivates employees to work harder; eventually it affects their satisfaction at workplace (Judge et al., 2010). Also, better salary package plays a role in retaining talented employees at the workplace (Staelens, et al., 2018). Hence, it is hypothesized that

**H<sub>2</sub>:** *Good remuneration (REM) has a positive effect on employees' job satisfaction (EJS).*

## METHODOLOGY

The study collected the data from the employees of small and medium enterprise businesses from Bangladesh. The study considers purposive sampling method as this method has been mostly used by the researchers in this research setting. A survey questionnaire was developed based on previous literatures. Total 240 SME business firms' currently working employees have been approached and 202 responses were found as correct responses. Hence, 202 is the sample size ( $n=202$ ) in this study. The response rate of survey was 84 percent, which is acceptable. The survey questionnaire had two sections: first section had basic information about employees such as age, gender, marital status, employment period) and second part of the survey questionnaire had questions on the study variables such as employee job satisfaction (EJS), work environment (WE), and remuneration (REM). In the second part of the survey questionnaire, Likert scale was used, where "1" means for "completely dissatisfied" and "5" means for "completely satisfied" with the given statement is shown in the Table 1.

<b>Variables</b>	<b>Cronbach Alpha (<math>\alpha</math>) value</b>
Employee Job Satisfaction (EJS)	0.880
Work Environment (WE)	0.922
Remuneration (REM)	0.914

## RESULTS AND DISCUSSION

In this study, hypotheses were tested by SPSS software. The regression results were clearly given in the Table 2. The study considered employee job satisfaction (EJS) as dependent variable, and on the other hand, work environment (WE), and remuneration (REM) were considered as the independent variables in this study. And the two independent variables: work environment (WE), and remuneration (REM) all together describes 39 percent variation in understanding employee job satisfaction (EJS) in this study. From the Table 2, it is seen that the study hypotheses: H1, and H2 were also supported based on 5% significance level. H1 states that work environment (WE) has a positive effect on employees' job satisfaction (EJS), and H1 is supported. It does mean that employee friendly and convenient work environment is essential to create employee's positive job satisfaction (Akinwale & George, 2020; Al Sabei, et al., 2020). H2 states that remuneration (REM) has a positive effect on employees' job satisfaction (EJS), and H2 is supported. It does mean that handsome and better payment scale and remuneration has been very critical in ensuring job satisfaction of employees at their work station (Kollmann et al., 2020; Escardíbul & Afcha, 2017).

	<i>Beta-value</i>	<i>t- value</i>	<i>Sig.</i>	<i>Tolerance</i>	<i>VIF</i>	<i>Decision</i>
Work Environment (WE)	0.589	5.672	0.002**	0.886	1.077	Accepted
Remuneration (REM)	0.402	2.884	0.003**	0.774	1.992	Accepted
Value of $R^2 = 0.39$ , Durbin Watson value= 2.035						
Dependent variable: Employee Job Satisfaction (EJS)						
** Significant at 5%						

## CONCLUSIONS

The overall aim of the study is to identify and examine the factors that may affect employee job satisfaction in SME business segment in Bangladesh. In order to achieve this objective, the study considered the effect of work environment, and remuneration on the satisfaction of employee's current job roles. From the findings, it is seen that work environment, and remuneration significantly and positively affect the SME business's employee's job satisfaction. The study has some limitations as the study collected data only from SME business segment. Therefore, future study may consider other industries such as manufacturing or service industry to understand the employees' job satisfaction.

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