



## Employee's Performance in Small and Medium Enterprises (SME)

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### Abstract

**Purpose-** This study aims to identify causes of role stress such as factors such as role conflict, role ambiguity, role overload, interpersonal relationship and physical work environment on job performance of employee's in Malaysia.

**Design/methodology/approach-** 240 questionnaires were distributed to employees in small and medium enterprise (SMEs), but only 200 questionnaires were collected for data analysis.

**Findings-** The result shows that role conflict, role ambiguity, role overload and interpersonal relationship significantly affect employee's performance. However, physical work environment does not significantly affect employee's job performance.

**Practical implications-** This present research study will be useful to help SMEs to improve employee performance. It will suggest ways to solve the problem of role conflict, role overload, role ambiguity and interpersonal relationship that will tends to affect the employee performance. This study will be useful to help the employee's that work in SMEs to improve their performance after have a better understanding of factor that affect job performance. Guidance could be provided to assist the employee to get sufficient information to finish job task and improve the interpersonal relationship with other employee's in an organization.

**Keywords - Employee's performance; Role overload; Role conflict; Role ambiguity; Interpersonal relationship; Physical work environment.**

### I. INTRODUCTION

Stress is a psychological mental disorder, which will occur under pressure, especially when the available working and living conditions are incapable to satisfy the requirement of an individual. Nowadays, as most of the people spend their time at work, job stress are widely experienced by working adults and it is found that job stress affects working adult in every profession. Most of the employee's spend their time in working so they are easily targeted by the stress, which will eventually decrease their productivity at workplace (Syed Mubasher, 2013).

One of the important factors that are contributing to the poor job performance among employee's are stress. Stress are more prevalent in public sector because 50 percent of employee's in public sector are found to work under stress (Syed Mubasher, 2013). Causes of stress includes management styles, work overload, bad relationship between family and colleague and job security (Syed Mubasher, 2013).

Job stress is considered as a serious problem in Malaysia. The main causes of stress to the employees who include long hour working, mistreatment between supervisor and employee's and salary packages. According to Lee *et al.* (2007), Malaysia employee's work up to 40 hours per week. This does not include overtime. This implies that an employee work around 8 hours daily and are at the high risk of heart attacks and hypertension. Job stress does not only affects Malaysian employees but also incurs additional monetary and non-monetary costs in the organization. Additional monetary spending are needed to recover employee's' stress borne health problem and non-monetary cost is used to recover the absenteeism of employee's (Syed Mubasher, 2013).

Job performance refers to the ability of an employee to complete the task successfully (Laiba Dar, 2011). When an employee gives full commitment in terms of opportunities, motivation and abilities, it is recognized as having good job performance (Ali, 2014). Job performance evaluates whether a person is perform the job well. The performance of an employee demonstrates the effectiveness of an employee towards achieving a particular organizational target. Few factors that affect the employee job performance as indicated by Iqbal (2015) were training, stress and hour of working.

In this study, the researchers intend to investigate the type of role stress among employees. Several types of role stress which will affect Malaysian job performance in small and medium enterprise (SME), i.e. role conflict, role ambiguity, role overload, interpersonal relationship and physical environment are examined.

## II. LITERATURE REVIEW

### **Job Performance**

Job performance refers to how well an employee produces the overall output to the organization and how well it is recognized by the organization (Glazer & Beehr, 2005). Job performance is measured by an employee motivation, ability and opportunity on job (Ali, 2014).

Stress can affect employee job performance and cause unfavourable negative outcome such as turnover and lassitude (Glazer & Beehr, 2005). Types of stressors that affects job performance are role conflict, role ambiguity, role overload, interpersonal relationship, physical work environment (Behrman & Perreault, 1984).

### **Role Conflict**

When role demands of an individual are antithetical, it will generate role conflict (Ali, 2014). Role conflict also can defined as the differing opinion that will occur because of the organization's expectation and customer's expectation is clash. Such as, when the employer expects that employees can serve many customer in same time, but the customer request the personal attention at a single point of time (Naik & Srinivasan, 2016).

Role conflict has a negative effect to the employee's performance. As indicated by previous research (Saranani, 2015), show that role conflict significantly affects employee's performance. Role conflict can be said as psychological symptoms that experienced by the organization member which can lead to discomfort when in work, which might demote job performance. Furthermore, when employees feel confused about what is done and what is going to do, their job performance will be deteriorate. Role conflict affects the employee performance, especially when the conflict takes place very frequently and cannot be avoided in the organization (Saranani, 2015). Thus, it is hypothesized in this study that:

H1: There is a significant relationship between role conflict and employee's performance.

### **Role Ambiguity**

Role ambiguity is defined as the lack of information about expected duty, authority, power to implement a specific role in a company (Ling et al., 2014). Unclear and inconsistent information at workplace results in role ambiguity (Beauchamp, 2001). Eys and Carron (2001) indicated that unclear responsibilities and performance expectations by management will lead to role ambiguity and worsen the job performance. Dasgupta (2012) stated role ambiguity can lead to exhaustion and disengagement which will eventually lead to emotional unbalance and defiant behaviour at workplace. A study by Eys and Carron (2001) stated role ambiguity as the main cause of a person negative workplace attitude, resignation, mental pressure and dissatisfaction.

Role ambiguity can reduce employee's job performance, commitment and satisfaction (Chang, 2007). There is a significant relationship between role ambiguity and employee performance in service sector (Ahmad *et al.*, 2018). Other researcher (Singh & Rhoads, 1991) also shares the same finding that job performance will be affected by role ambiguity. Abramis (1994) and Khan and Imtiaz (2013) discovered that role ambiguity will decrease the work performance in the service sector due to lacking knowledge about the employee's duties and responsibility at the workplace. Thus, it is hypothesized in this study that:

H2: There is a significant relationship between role ambiguity and employee performance.

### **Role Overload**

According to Shahram (2011), work stress can be caused by role overload. Elloy (2003) stated that when an employee is given too much work or work, which is too difficult to be accomplish, employee will feel stressed about the task that need complete in short period and submit to supervisor (Ram *et al.*, 2011). Thus, there is a significant relationship between role overload and employee's performance especially in service sector (Khan & Imtiaz, 2013). Direct relationship between role overload with the employee performance can be associated with abundant assignment of tasks, long working hour or unreachable deadlines (Rod, 2008; Yesiltas, 2014). Multi-tasking job orientation may also result in role overload, which directly affecting employee performance (Khan & Imtiaz, 2013). Thus, it is hypothesized in this study that:

H3: There is a significant relationship between role overload and employee performance.

### **Interpersonal relationship**

Relationship such as customer relationships, supervisor-subordinate relationships and peer-worker relationships are classified as interpersonal relationship at workplace (Amy Hillmann, 2008). Interpersonal relationship is an important psychosocial personal trait at work which can directly affect job performance (Dasgupta, 2012).

Lack of organizational support or good interpersonal relationship at workplace has a negative effect on employee performance (Abe, 2016). Poor interpersonal relationship will decrease the employee's performance due to poor management of emotional and social linkage between stakeholders in an organization (Dasgupta, 2012). Thus, it is hypothesized in this study that:

H4: There is a significant relationship between interpersonal relationship and employee performance.

### **Physical work environment**

Physical work environment plays an important role to determine employee's job performance (Sadegi, 2013) as it will positively influence employee sentiment and productivity (Chandrasekar, 2011). According to Haynes (2008), physical work environment such as temperature, office work setting, internal and external office layout and comfort zone will affect employee's comfortableness and willingness to work in the organization.

Working respondents tend to strongly agree that the physical work environment will influence their productivity and performance in the organization (Itumbiri, 2013). Furthermore, a helpful and friendly work environment will also influence the employee performance (Chandrasekar, 2011). Thus, it is hypothesized in this study that:

H5: There is a significant relationship between physical work environment and employee performance.

### **Research Methodology**

In this study, 240 questionnaires were distributed to employees in small and medium enterprise (SMEs), but only 200 complete questionnaires were successfully collected from respondents and used for subsequent data analysis from July to November 2018. The questionnaire began with demographics questions inquiring respondent's profile, with the purpose of understanding the background characteristics of respondents. There are 30 items measuring independent and dependent variables in the questionnaire, which are measured by 5-point Likert scale, anchored by 1-strongly disagree, 2-agree, 3-neutral, 4-agree and 5-strongly agree.

## **III. RESULT AND DISCUSSION**

Female respondents in this study are more than male respondents. There are 119 female respondents participate in this study, constitutes to 59.50% of the total respondents compared to 81 or 49.5% male respondents. The respondents of this study comprise of 103 or 51.5% Chinese, 53 or 26.5% Indian and 44 or 22% Malay. Majority of the respondents are from the young adult age group of 20-40 years old which comprises 59.5% of the total respondents. A considerable amount of respondents in this study are SPM/STPM holders which makes up of 42% of the total respondents, followed by Master/PhD holders which comprise of 29.5% of the respondents. Diploma/Degree holders comprise of 28.5% of the total respondents or 57 people. On top of that, 42% of the total respondents in this study have 1-3 years of working experience, followed by 28% with 7-9 years working experience and 18% with 4-6 years working experience. Majority of the respondents are involved in the department of Marketing (41%), Accounting and Finance (24.5%) and production (13.5%) departments.

### **Multiple Linear Regression Analysis**

Multiple linear regression analysis is conducted in this study to test the relationship between employee's performance and role conflict, role ambiguity, role overload, interpersonal relationship and physical work environment. R square value of 0.591 shows that 59.10% of variance in employee's performance are explained by predictors such as role conflict, role overload, role ambiguity, interpersonal relationship and physical work environment. On the other hand, variables such as physical work environment does not significantly affect employee's performance. After, all variables are free from multi-collinearity issue with an acceptable value of VIF of less than 10, and an acceptable tolerance value of greater than 0.2.

Table 1: Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.691	.459		3.688	.000		
Role Conflict	.233	.066	.230	3.544	.000	.992	1.008
Role Ambiguity	.259	.066	.272	3.934	.000	.871	1.148
Role Overload	-.176	.071	-.171	-2.488	.014	.877	1.140
Interpersonal Relationship	.234	.068	.225	3.426	.001	.963	1.038
Physical Work Environment	.039	.052	.049	.750	.454	.995	1.005

a. Dependent Variable: Employee Performance

### Managerial Implications

This present research study will be useful in helping SME to improve employee's performance by solving problem associated with role conflict, role overload, role ambiguity and interpersonal relationship.

In order to alleviate role overload problems, manager can distribute the task of employees based on employee's ability which can reduce the employee's having heavy task which is beyond his or her capability to handle. For the role ambiguity, the manager can explain clearly about the task associated with the employee position on a meeting which should be held before the start of any project. In order to resolve role conflict problem, manager can give adequate guidance to help the employee to get sufficient information to finish the task. In addition to interpersonal relationship, manager can always plan some activities about group for improve the relationship within the employee in an organization.

### IV. CONCLUSION

The main finding of this research is that role conflict, role overload, role ambiguity and interpersonal relationship has a significant impact on employee's performance.

This result provides important implication for improving employee's performance in SME. It allows managers and employees to have better understanding on factors affecting job performance and subsequently undertaking better solution to overcome the problem.

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