

INFO US\$AHAWAN

usahawan pemacu ekonomi mapan



EDISI

26

ISSN 1823-6421

Factors that Influenced Employees' Performance That Need to Be Known by the Business Owner

1Kardina Kamaruddin, 2Noor Malinjasasari Ali, 3Rahayu Izwani Borhanuddin, 4Hasmi Mokhlas

1Faculty of Business and Management, Universiti Teknologi MARA, Kedah Branch, Kedah Darul Aman, Malaysia

2Faculty of Business and Management, Universiti Teknologi MARA, Terengganu Branch, Dungun Campus, Terengganu, Malaysia

3Faculty of Accountancy, Universiti Teknologi MARA, Johor Branch, Pasir Gudang, Johor, Malaysia

4Faculty of Business and Management, Universiti Teknologi MARA, Malacca Branch, Malacca, Malaysia

Corresponding author: rahay823@uitm.edu.my

A business owner or an entrepreneur is the one who own the company. As the owner expands its business, he or she need to employ more workers. It is not easy to manage a large numbers of workers, therefore the business owner need to know what are the factors that influenced the workers or employees' performance?

Employees' performance can be defined as the ability of an employee to accomplish the expectations or goals of the organization (Farooqui S and Nagendra A, 2014; Aragon B.I.M, Jimenez D.J, Valle S.R, 2014; Zainab and Khairunnisa, 2015). However, under-performed workers will give impact thus reflects the organization overall performance (Purnama, 2017). Therefore, organizations strive to recruit and retain effective employees in order to have a strong standing in the industries (Pawirosumarto, Sarjana and Muchtar, 2017). Effective employees are also found to be contributive to the success of an organization (Watanabe et al, 2017; Rivai, 2014). Employees performance in private sector is not only be evaluated by their superiors but also by the customers. Satisfied customers will continually buy the products, whereby unsatisfied customers sometimes will talk bad about the company. Thus, it is important that business employees be given ample opportunities to improve their performance. Although, employees training and attitudes do have direct impact on performance, many organizations tend to ignore the problem (Ibrahim, Boerhannueddin and Kayode, 2017;

Training

The relationship between training and employees' performance is based on system theories and also learning theories (Ibrahim, Boerhannueddin, and Kayode, 2017). The system theory posits that a system is a cohesive conglomeration of interrelated and interdependent parts which cannot be viewed separately. Thus, anything that happens in a system will greatly impact the employees. Thus, training syllabus, training methodology and the trainers' effectiveness could have significant impact on the employees. Past researchers accentuate that training improves organizational performance by creating a workforce with vast knowledge and skills (Aragon, Jimenez and Valle, 2014). Hence, training plays a vital role in enhancing human capital which could be translated to employees' performance and firm's knowledge (Aragon, Jimenez, and Valle, 2014). Even though the general consensus agreed on the positive effect of training on employees' performance (Ibrahim et al, 2017; Sila, 2014; Elnaga A and Imran, 2013), the empirical research on training and performance does not often provide positive evidence on such relationship (Aragon, Jimenez, and Valle, 2014). Aragon and et al (2014) stated that the relationship between training and performance is indistinct because the existence of mediation variables such as organizational learning. Therefore, business owner need to train their workers on how to manage their customers and ensuring overflowing of business.

Attitude

Expectancy theory have identified clearly on the relationship between attitude and performance (Inuwa, Mashi, and Salisu, 2017). The theory provides an explanation as to why an individual chooses to act out a specific behavior as opposed to another. Thus, employees' attitudes are shaped in a certain way due to what they expect the result of that selected behavior will give them. Attitude can be defined as an unobservable cognitive constructs that are socially learned, socially changed and expressed as mentioned by Terry and Hogg (2000) in Sila (2014) study. Attitude can affect performance (Johlke and Iyer, 2013). Many studies that focus on job attitude and performance have been extensively debated and researched. Consequently, there is robust evidence that employees' attitude has a positive relationship with the organizational performance and employees' performance (Inuwa, Mashi and Salisu, 2017; Nurfaizzah et al, 2016; Johlke and Iyer, 2013). Employees' attitude is operationalized as supervisory support, co-workers' influences and employees own personal attributes (Susanti and Rizqi, 2013). Hence, business owner need to monitor the attitudes of their workers and make corrective action if necessary.

Reward

Basically, performance and rewards are inseparable. Performance and reward strategies are driven by the concept that employees put in their maximum effort every day with the desire to be compensated either financially or non-financially (Gungor, 2011). The relationship between performance and rewards is explained through Path Goal Model Theory of leadership and Herzberg Two Factor Theories on Motivation (Norlida and et al., 2014). Both theories agreed that motivation come when employees believe they are rewarded equally and adequately (Ibrar dan Khan, 2015). Reward includes financial and non-financial rewards which are salary increases, bonuses, promotions, responsibility, comfortable environment at the workplace, recognition and so forth (Khan, Waqas and Muneer, 2017). It can also be divided into two types; extrinsic rewards which includes salary, bonus, benefit, promotion; and intrinsic rewards which includes recognition, career advancement, responsibility and learning opportunity (Ibrar and Khan, 2015). The main objectives of rewards are to attract and retain employees, motivating employees to achieve high level of performance and to elicit and reinforce desired behavior of the employees. The present of financial reward such as money will not be a great motivation but the lack of it will be a great de-motivator (Ranjan and Mishra, 2017; Khan, Waqas and Muneer, 2017; Ibrar and Khan, 2015). Therefore, business owner need to make sure that the reward to their workers is justified.

As a conclusion, business owners or entrepreneurs need to understand and study factors that affect the employees' performance such as training, attitude and reward. All this factors have the positive influenced on workers' performance. Hopefully if the performance of the workers is good, it could improve the sales of the business of the owner.

References

- [1] Aragon B.I.M, Jimenez D.J, and Valle S.R (2014). Training and performance: the mediating role of organizational learning. *Business Research Quaterly*, 17, 161-173
- [2] Elnaga A, and Imran A (2013). The effect of training on employees' performance. *European Journal of Business and Management*, Vol 5, No 4
- [3] Farooqui.S and Nagendra.A (2014). The impact of person organization fit on job satisfaction and performance of the employees. *Procedia Economic and Finance* 11, 122-129
- [4] Gungor P. (2011). The relationship between reward management system and employees' performance with the mediating role of motivation: a quantitative study on global banks. *Procedia Social and Behavioral Sciences*, 24, 1510-1520
- [5] Ibrahim, R., Boerhannueddin A, and Kayode B.K (2017), Organizational culture and development: testing the structural path of factors affecting employees work performance in an organization, *Asia Pacific Management Review*, 22, 104-111
- [6] Ibrar M and Khan O (2015). The impact of reward on employees' performance: A case study of Malakand private school. *International Letters of Social and Humanistic Sciences*, Vol 52, pp 95-103
- [7] Inuwa M, Mashi M.S and Salisu I.M (2017). Job attitude and employees' performance: an empirical study of non-academic staff of Bauchi State University Gadou, Nigeria, *International Journal of Business and Management Future*, Vol 1, No 1
- [8] Johlke M C and Iyer R (2013). A model of retail job characteristics, employee role ambiguity, external customer mind set and sales performance. *Journal of Retailing and Consumer Services*, 20, 58-67
- [9] Khan N, Waqas H and Muneer R (2017). Impact of rewards (intrinsic and extrinsic) on employees' performance with special reference to courier companies of City Faisalabad, Pakistan. *International Journal of Management Excellence*, Vol 8, No 2
- [10] Norlida Kamaludin, Za'faran Hassan, Rabiah Abdul Wahab & Rohaya Mohd Hussein (2014), *Principles of Management*, Oxford University Press.
- [11] Nurfaizzah Ramlee, Abdullah Osman, Shahrul Nizam Salahuddin, Sin K.Y, Sim C.L, and Muhammad Safizal (2016). The influence of religious, stress and job attitude towards organizational behavior, evidence from public university at Malaysia. *Procedia Economic and Finance*, 35, 563-573
- [12] Pawirosumarto, S., Sarjana, P. K., and Muchtar, M. (2017). Factors affecting employee performance of PT. Kiyokuni Indonesia. *International Journal of Law and Management*, 59(4), 602-614.
- [13] Purnama, C. (2017). Islamic culture impact of increasing satisfaction and performance of employees: Study of educational institutions Sabilillah Sampang. *Asian Economic and Finance Review*, Vol 7(5), 528-540.
- [14] Ranjan R and Mishra U (2017). Impact of rewards on employees' performance: a case study of Indian Corporation, Patra Region. *IOSR Journal of Business and Management (IOSR-JM)*, Volume 19, Issues 6, Version 11, pp 22-30
- [15] Rivai, V. (2004). *Manajemen sumber daya manusia untuk perusahaan dari teori ke. praktik*. Jakarta: PT Raja Grafindo Persada.
- [16] Sila A.K (2014). Relationship between training and performance: A case study of Kenya women finance trust Eastern Nyanza Region, Kenya. *European Journal of Business and Social Sciences*, Vol 3, No 1, pp 95-117
- [17] Susanty.A and Rizqi.M (2013). Employee's Job Performance: The effect of attitude towards organizational commitment and job satisfaction. *Jurnal Teknik Industri*, Vol 15, 13-24
- [18] Watanabe-M.R., Uchida, T., Orsini, P., and Benton, C. (2017). Organizational virtuousness and job performance in Japan: Does happiness matter? *International Journal of Organizational Analysis*, 25(4), 628-646.
- [19] Zainab Aman and Khairunnisa Abd Shukor (2015). Faktor-faktor yang mempengaruhi prestasi kerja dalam kalangan staf sokongan Kolej Universiti Islam Antarabangsa Selangor in *Proceeding of the 2nd International Conference in Management and Muamalah 2015 (2nd ICOMM)*, 16-17th November 2015.

