

## **IMPACT OF JOB SATISFACTION DIMENSIONS ON JOB PERFORMANCE IN A SMALL AND MEDIUM ENTERPRISE IN IBADAN, SOUTH WESTERN, NIGERIA.**

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### **Abstract**

This research paper examined the impact of job satisfaction dimensions on job performance of Small and Medium Enterprises' employees in Ibadan metropolis, south western Nigeria. Simple random sampling technique was adopted to collect data from one hundred and five (105) respondents from three different sectors through structured questionnaire. Both Pearson Product Moment Correlation Coefficient and Multiple Regressions Analysis were used to analysis the data with the aid of statistical package for social sciences (SPSS) version 20. The result showed that job satisfaction dimensions have significant effect on job performance. It was also found that job satisfaction dimensions jointly predict job performance, which accounted for 33% variance of job performance. The study concluded that SMEs operators should use these job satisfaction dimensions as policy instruments for retention and as strategies which have the tendency to reduce employee turnover and enhance job performance.

Keywords: Pay, Promotion, Supervision, Work itself, Job performance and SMEs

### **1.0 INTRODUCTION**

Small and medium enterprises (SMEs) are the engine of economy growth and development globally, Nigeria inclusive. By their very nature, SMEs constitute the most viable and veritable vehicle for self-sustaining industrial development. From varied experiences especially in developing countries, SMEs indeed possess enormous capability to grow an indigenous enterprise culture more than any other strategy. It is therefore not unusual that SMEs are generally synonymous with indigenous businesses wherever they exist. From all account, SMEs in most developing economies represent the sub-sector of special focus in any meaningful economic restructuring programme that targets employment generation, poverty alleviation, food security, rapid industrialization and reversing rural-urban migration. SMEs are necessarily of interest to those concerned with employment relations and considered to be critical to

organizational and performance improvement in order for them to gain competitive advantage (Ofori, 2009).

Small and Medium Enterprises (SMEs) in Nigeria have not performed creditably well and hence have not played the expected vital and vibrant role in the economic growth and development of Nigeria. This situation has been of great concern to the government, citizenry, operators, practitioners and the organised private sector groups. They are facing challenges in human resources performance which is having negative effect on the organization's performance, product quality, customer satisfaction and profitability. Small and medium enterprises (SMEs) operators need not just only to retain talented workers, but fully engaging them, capturing their minds and hearts at each stage of their work lives in order to survive the pressure from global market competitive environment. It is on this note that this research paper wishes to examine the impact of job satisfaction dimensions on job performance with special reference to the selected Small and Medium Enterprises (SMEs) in Ibadan metropolis. This research also provides new data and empirical evidence on how job satisfaction dimensions affect job performance in the Small and Medium Enterprises (SMEs).

## **2.0 EMPIRICAL REVIEW OF JOB SATISFACTION**

Dawis and Nestron (1984) defined job satisfaction as the result of the worker's appraisal of the degree to which the work environment fulfills the individual's needs. The term job satisfactions refer to the attitudes and feelings people have about their work. Positive and favorable attitudes towards the job indicate job satisfaction. Negative and unfavorable attitudes towards the job indicate job dissatisfaction (Armstrong, 2006). Smith et al. (1969) suggested that job satisfaction is feelings or affective responses to facets of the situation." Job satisfaction can be defined also as the extent to which a worker is content with the rewards he or she gets out of his or her job particularly in terms of intrinsic motivation (Statt, 2004). Nash (1985) discovered that the nature of job satisfaction in the industrial world is attributed not only to one but many factors such as promotion, pay package, supervision, work itself, work group and work condition. Job satisfaction was perceived by Peretomode (2006) as fulfillment acquired with experiencing various job activities and reward. Rose (2001) as cited in Olorusola (2012) viewed job satisfaction as a bi-dimensional concept consisting of intrinsic and extrinsic satisfaction dimensions. She further asserted that intrinsic sources of satisfaction depends on individual characteristics of the person, such as ability to use initiative, relations with supervisors, or the work that the person actually performs, all these are symbolic or qualitative facts of the job while

extrinsic sources of satisfaction are situational and depends on environment such as pay, promotion or job security; these are financial and other materials.

Job satisfaction is a component of organisational commitment. Spector (1996) stated that job satisfaction can be considered as a global feeling about the job or as a related constellation of attitudes about various aspects or facets of the job. Robbins, (2003) discovered that organisations with more satisfied workers are more effective than those with less satisfied workers.

## **2.1 EMPIRICAL STUDIES ON DIMENSIONS OF JOB SATISFACTION AND PERFORMANCE**

### **2.1.1 Impact Of Pay On Job Satisfaction And Performance**

Pay refers to the amount of financial compensation that an individual receives as well as the extent to which such compensation is perceived to be equitable. According to Luthans (1998), salaries not only assist people to attain their basic needs, but are also instrumental in satisfying the higher level needs of people. Previous researches (Ojokuku and Sajuyigbe, 2009; Sajuyigbe, Olaoye and Adeyemi, 2013) discovered that pay is one of the most significant variables in explaining job performance and satisfaction. Frye (2004) also found that there is positive relationship between pay and performance. It was further concluded that pay plays vital role in human capital intensive firms to attract and retain expert workforce. In the research carried out by Sajuyigbe, Olaoye, and Adeyemi, (2013); Igalens and Roussel,(1999); Brudney and Coudry,(1993); and Tessema and Soeters, (2006) they found that pay has significant impact on job satisfaction and performance. Lambert, Hogan, Barton and Lubbock (2001) finding was in line with previous researchers who agreed that financial rewards have a significant impact on job satisfaction and performance. They concluded that, the greater the financial reward, the less worry employees have concerning their financial state, thereby enhancing their impression of their self-worth to the organisation. According to Robbins et al. (2003), employees seek pay systems that are perceived as just, unambiguous, and in line with their expectations.

### **2.1.2 Impact of Promotion on job satisfaction and performance**

Robbins (2003) maintains that promotions provide opportunities for personal growth, increased responsibility, and increased social status. (Nguyen et al., 2003) concluded that job satisfaction is

the result of promotion opportunities in the organization. Teseema and Soeters (2006) also discovered that there is positive relationship between promotion practices and perceived performance of employee. The finding of Sajuyigbe *et al* (2013) agreed with other researchers that many people experience satisfaction when they believe that their future prospects are good. This may translate into opportunities for advancement and growth in their current workplace, or enhance the chance of finding alternative employment. They maintain that if people feel they have limited opportunities for career advancement, their job satisfaction may decrease. If organizations want to accelerate performance of employees in the organization, fair promotional opportunities should be given to employees (Park et al., 2003).

### **2.1.3 Impact of Supervision on job satisfaction and performance**

Brunetto and Farr-Wharton (2002) concluded that supervision of the immediate manager increases the level of job satisfaction and performance. The productivity and performance of subordinates can be improved with managerial actions and supervision. Sajuyigbe, Olaoye and Adeyemi, (2013) noted that recognition of the achievements by the supervisors leads toward job satisfaction and performance.

Similar result was reported by Okpara (2004) that supervision plays significant roles in job satisfaction and performance. Ojukuku and Sajuyigbe, (2009) also noted that productivity and performance of the subordinates is significant toward the managerial actions and supervision of the workers. All researchers agreed that supervision has a significant impact on job satisfaction and performance except Roelen et al.,( 2008) who have contrary view.

### **2.1.4 Impact of Work Itself on job satisfaction and performance**

Robbins et al. (2003) refer to the work itself as “the extent to which the job provides the individual with stimulating tasks, opportunities for learning and personal growth, and the chance to be responsible and accountable for results”. Jobs matched with the competencies and that are mentally stimulating are liked by the employees. Luthans (1998) and Landy (1989) reported that employees derive satisfaction from work that is interesting and challenging, and a job that provides them with status. They concluded that work itself has a significant effect on job satisfaction and performance. Accordingly, Robbins (2003) argues that “under conditions of moderate challenge, most employees will experience pleasure and satisfaction.” Rose, (2001) indicated that employees should be given opportunities to advance in their field of work so that they could accept responsibilities entrusted to them. Study leave can be provided for those

employees with the desired skills and willingness to perform the job, who want to improve their skills and knowledge.

### **2.1.5 Impact of Working Conditions on job satisfaction and performance**

Spector,( 2008) found that work environment is an important determinant of job satisfaction and performance of employees. Working condition was also found to be better determinant of job satisfaction and performance by the researchers (Reiner and Zhao, 1999; Carlan, 2007; Ellickson and Logsdon, 2001;Forsyth and Copes, 1994). Luthans, (1998) has the same view that working conditions has a moderate impact on the employee's job satisfaction and performance. Luthans, (1998) said that if working conditions are good, for instance – clean, and attractive surroundings, employees will find it easier to carry out their jobs. On the other hand, if the working conditions are poor like hot and noisy surroundings, employees will find it difficult to get their work done and thereby experience dissatisfaction. Sajuyigbe *et al* (2013) also maintained that working conditions are only likely to have a significant impact on job satisfaction and performance when, for example, the working conditions are either extremely good or extremely poor.

## **2.2 CHARACTERISTICS AND STATE OF SMES IN THE NIGERIAN ECONOMY**

SMEs have contributed to the Nigerian Economy in some ways; a few years ago SME represent about 90 percent of the industrial sector in terms of number of enterprises and furthermore they contribute a scanty 1 percent of gross domestic product (NIPC 2002). This is significant when compared to countries like Indone- sia, India and Thailand, where SMEs contribute almost 40 percent of their GDP. In many other countries SMEs forms an important part of the business landscape, but they are faced with significant challenge and obstacles that compromise their efficient ability to function and to give or contribute to the Nigerian economy. In Nigeria, Small and Medium Enterprises has been defined by various agencies as stated in the table 1 below:

	Assets Excluding Real Estate (million Naira)			Annual Turnover (In million Naira)			Number of Employees		
	Medium	Small	Micro	Medium	Small	Micro	Medium	Small	Micro
NERFUND		<10							
NASSI		<40	<1		<40			3-35	
Min. of industry	<200	<50					<300	<100	<10
NASME	<150	<50	<1	<500	<100	<10	<100	<50	<10
Arthur Anderson				<500	<50				
CBN	<150	<1		<150	<1		<100	<50	

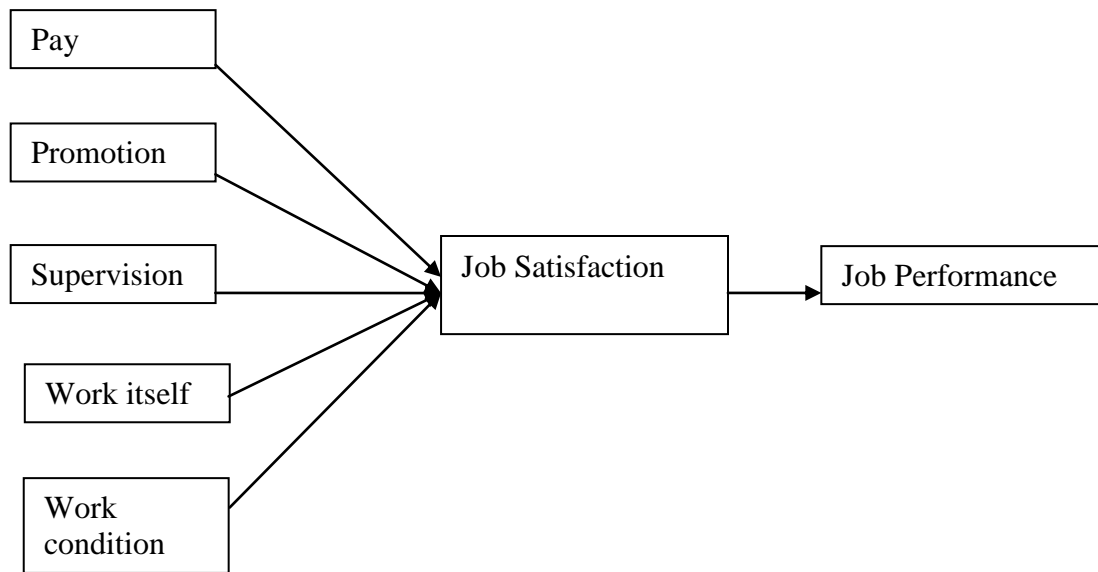
Source: World Bank (2002).

Aluko, Oguntoye, and Afonja (1975) characterised SMEs as follows:

- 1) The same manager or proprietor finds it difficult to raise short or long term capital from the organized capital market, instead relies on personal savings or loans from friends, relatives or money lenders.
- 2) The same manager/proprietor handles/supervises the production, financing, marketing and personnel functions of the enterprise.
- 3) The manager/proprietor's vision is confined to the local community in which he carries on his line of business. There is little or no knowledge of the wider or distant markets.
- 4) The rate of business mortality is high probably because of strong mutual distrust and dominance of the sole proprietor which militates against the formation of partnerships or limited liability companies.
- 5) The enterprise is generally poorly equipped as the small scale industrialist feels reluctant to accept outside help owing to prejudice or fear that information about the enterprise might reach the tax authorities or a nearby competitor.
- 6) Little or no account of business costs or revenue is kept and the banking system is hardly utilized. The result is that banking facilities for business financing and expansion are extended to only very few of the industrialists.
- 7) The level of education of the proprietor is usually very low with a consequent low level of business management technique, skill or market information.

### 2.3 CONCEPTUAL FRAME WORK

After the careful study of literature review, the following conceptual model is formulated to illustrate the relationship between job satisfaction dimensions and job performance.



Source: Designed by Researchers

**Figure 1: Relationship between job satisfaction dimensions and job performance**

The general form of the model was as follows:  $JP = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$

Where, JP = Job Performance

X1 = Pay

X2 = Promotion

X3 = Supervision

X4 = Work itself

X5 = Work condition

And  $\alpha$  is constant and  $\beta_1, \beta_2, \beta_3, \beta_4$  and  $\beta_5$ , are coefficient to estimate, and e is the error term.

### 3.0 RESEARCH HYPOTHESIS

Ho: Job satisfaction dimensions have no significant effect on job performance

### 3.1 METHODOLOGY

The survey research design method was used in this study. It involves using a self-design questionnaire in collecting data from the respondents. The population of the study covered all

selected Small and Medium Enterprises (SMEs) in Ibadan metropolis. The sample size for this study was ninety (105) respondents as stated in table 2 below:

Sector	No of Respondents
Manufacturing sector	55
Construction sector	15
Banking/ Service sector	35
Total	105

The instrument used in this study is a close-ended questionnaire that was designed by the researchers. In order to establish the reliability of this instrument, a pilot study was carried out on a sample of ninety (105) respondents in Ibadan, using a test – retest method. In order to confirm the validities of the instrument, face and content validities were ensured the instrument was given to professionals for scrutiny and evaluation. Pearson Product Moment Correlation and Multiple Regression analysis were used to analyze the data.

**Table 3: Cronbach’s Alpha Reliability Coefficients**

Items	Cronbach’s Alpha (r)
Pay	0.78
Promotion	0.81
Supervision	0.79
Work itself	0.84
Work condition	0.83
Job performance	0.89



#### 4.0 DATA ANALYSIS AND INTERPRETATION OF RESULT

Table 4: Means, standard deviations and correlations for all variables

Variables	$\bar{X}$	SD	1	2	3	4	5	6
1.Job Satisfaction	4.714	0.453	1.000					
2.Pay	5.276	4.915	0.087*	1.000				
3.Supervision	4.742	0.439	0.303*	0.051	1.000			
4.Promotion	4.723	0.449	0.552*	0.087	-0.022*	1.000		
5.Work itself	4.771	0.421	0.108*	-0.061	-0.061	0.171*	1.000	
6.Work condition	4.838	0.374	0.352	0.041*	0.215	0.249*	0.130	1.000

Source: Authors computation

Table 4 shows that job satisfaction dimensions,( Pay. Supervision, Promotion, Work itself and Work condition) have positive relationship with job performance with ( $r = 0.087, 0.303, 0.552, 0.108$  and  $0.352$   $df= 100, p<.05$ ) respectively. This simply means that job satisfaction dimensions, ( Pay. Supervision, Promotion, Work itself and Work condition) are jointly and independently influence job performance. It can be deduced from the table 4 above that Pay has highest mean value followed by work condition, work itself, supervision, and promotion respectively. This implies that pay package has strong influence on job performance and this result was supported by Ojokuku and Sajuyigbe, (2009) ; Sajuyigbe, Olaoye, and Adeyemi, (2013); Igalens and Roussel,(1999); Brudney and Coundry,(1993); and Tessema and Soeters, (2006).

Table 5: Multiple Regression Analysis Table Showing Pay, Supervision, Promotion, Work itself and Work condition Prediction of Job Performance among the Respondents.

	$\beta$	T	Probability	$R^2$	Adjusted $R^2$	P	Durbin Watson
Pay	0.363	4.254	$P<.05$	0.33	0.30	$P<.05$	2.213
Supervision	0.195	2.103	$P<.05$				
Promotion	0.283	3.345	$P<.05$				
Work itself	0.292	3.479	$P<.05$				
Work condition	0.386	4.346	$P<.05$				

a. Dependent variable: Job Performance

b. Predictors (constant): Work condition, Work itself, Promotion, Supervision and Pay

The results from table 5 indicate that job satisfaction dimensions (Pay, Supervision, Promotion, Work itself and Work condition) were jointly predictors of job performance ( $F(5,100) = 9.930$ ;  $R^2 = 0.33$ ;  $P < .05$ ). The predictor variables jointly explained 33% of the variance of job performance, while the remaining 67% could be due to the effect of extraneous variables. Pay ( $\beta = 0.363$ ;  $t = 4.25$ ;  $P < .05$ ); Supervision ( $\beta = 0.195$ ;  $t = 2.103$ ;  $P < .05$ ); Promotion ( $\beta = 0.283$ ;  $t = 3.345$ ;  $P < .05$ ); Work itself ( $\beta = 0.292$ ;  $t = 3.479$ ;  $P < .05$ ) and Work condition ( $\beta = 0.386$ ;  $t = 4.346$ ;  $P < .05$ ) were significantly independent predictor of job performance. This implies that job satisfaction dimensions have significant effect on job performance. Therefore, null hypothesis is rejected, while alternative is accepted. This result is in line with previous research (Robbins et al., 2003; Ojokuku and Sajuyigbe, 2009; 2002; Spector, 2008; Sajuyigbe, Olaoye and Adeyemi, 2013; Reiner and Zhao, 1999; Carlan, 2007; Ellickson and Logsdon, 2001).

## 5.0 CONCLUSION AND RECOMMENDATIONS

This research paper examined the impact of job satisfaction dimensions (Pay, Supervision, Promotion, Work itself and Work condition) on job performance of Small and Medium Enterprises (SMEs) employees in Ibadan metropolis. This research work discovered that job satisfaction dimensions jointly and independently predict job performance. This research found that pay has significant impact on job satisfaction and performance especially when employees seek pay systems that are perceived as just, unambiguous, and in line with their expectations.

This study found that the quality of the supervisor-subordinate relationship have a significant, positive influence on the employee's job satisfaction and performance. This study also discovered that employee' opportunities for promotion will exert an influence on job satisfaction and performance. In conclusion the study found that when opportunities are given to employees to advance in their field of work, it will enhance job satisfaction and performance. Based on these findings the following recommendations were made:

- SMEs operators should allow their employees to participate in determining what they earn or what they think they deserve to earn.
- Proper training and promotion should be given to all employees irrespective of their sex.
- Employees should be given opportunities to advance in their field of work so that they could accept responsibilities entrusted to them.
- Government should provide enabling environment for SMEs operators in Nigeria.
- SMEs operators should encourage quality supervisor-subordinate relationship.

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