

Examine the Impact of Job Quality on the Performance of MSMEs: A Study of Explorative Factor Analysis

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Abstract

Micro, Small, and Medium Businesses (MSMEs) are essential to India's economic growth since they make major contributions to exports, industrial production, and job creation. One of the most important factors influencing organisational effectiveness in the current competitive corporate climate is job quality. Based on employers' perspectives in a few industrial regions of the districts of Bengaluru and Tumakuru, the current study investigates the effect of work quality on the performance of MSMEs. The primary goal of the study is to employ structural equation modelling (SEM), confirmatory factor analysis (CFA), and exploratory factor analysis (EFA) to find the underlying characteristics of work quality and job performance. Employers of MSMEs were given a standardised questionnaire to complete in order to get primary data, and several government papers and public sources were used to gather secondary data. Cronbach's alpha was used to assess the constructs' reliability, and KMO and Bartlett's Test of Sphericity were used to verify that the data was sufficient for factor analysis. Two important latent variables that characterise work performance and quality were identified by the EFA findings, and they accounted for a sizable amount of the overall variation. The measurement model's validity was confirmed by the CFA findings, which showed a satisfactory model fit (RMSEA = 0.023). Additionally, the structural model showed that work performance and job quality were positively and statistically significantly correlated ($\beta = 0.261$, $p < 0.05$). The study found that improvements in career advancement opportunities, work environment, compensation, and work-life balance significantly boost MSMEs' output, sales, investment, and profitability. The study concludes that improving work quality is essential to improving organisational performance and guaranteeing the long-term survival of MSMEs.

Keywords: Employers, Job Quality, Job Performance, Explorative Factor Analysis

Employers Perception on Job Quality in MSMEs

In today's fast-paced business world, organizations rely on their employees to maintain their competitive edge. The Success of an organization depends on the Job performance and job quality of its employees. Employers perceive job performance and job quality as critical indicators of employee productivity, and their perceptions of these factors can influence their decisions regarding employee recruitment, retention, and compensation. The perceptions of employers regarding job performance and job quality are influenced by several factors such as age, nature of employment, and work experience. Understanding the perceptions of employers regarding job performance and job quality can provide insights into strategies that organizations can use to attract, retain, and motivate their employees. In this direction, the present segment is focusing on three aspects namely, profile of the employers, perception of employers on job performance and job quality.

Perception of Employers on Job Performance

Job performance is defined as the degree to which an employee accomplishes the tasks assigned to him or her by the employer (Borman & Motowidlo, 1997). Employers perceive job performance as a critical factor in achieving organizational objectives. Employers' perceptions of job performance are influenced by several factors, including age, nature of employment, and work experience.

Age is one of the critical factors that influence the perception of employers regarding job performance. Several studies have found that older employees have higher levels of job performance than their younger counterparts (Ng & Feldman, 2008; Sterns & Miklos, 1995). The reason for this is that older employees have more experience, which enables them to make better decisions and handle challenging situations effectively. Employers perceive older employees as more reliable and stable, which makes them more valuable assets to the organization.

Nature of employment is another factor that influences the perception of employers regarding job performance. Permanent employees are perceived to have higher levels of job performance than temporary or part-time employees (Rentsch & Steel, 1997). This is because permanent employees have a higher level of job security, which motivates them to perform at their best to retain their positions. On the other hand, temporary or part-time employees may have lower levels of motivation because they do not have the same level of job security.

Work experience is also a critical factor that influences the perception of employers regarding job performance. Employees with more work experience are perceived to have higher levels of job performance than those with less experience (Ng & Feldman, 2008). This is because employees with more work experience have a better understanding of the job requirements and are better equipped to handle challenges that arise. Employers perceive experienced employees as more valuable assets to the organization because they require less training and can take on more significant responsibilities.

Perception of Employers on Job Quality

Job quality refers to the degree to which an employee is satisfied with his or her job and the working conditions (Hackman & Oldham, 1975). Employers perceive job quality as a critical factor in attracting and retaining employees. Employers' perceptions of job quality are influenced by several factors, including age, nature of employment, and work experience.

Moreover, the perceptions of job quality and job performance may vary depending on the industry, organizational size, and organizational culture (Rasmussen et al., 2018). For example, small businesses may prioritize employee retention and job satisfaction over job performance metrics due to the limited resources available for training and recruitment. On the other hand, larger organizations may prioritize job performance metrics due to their size and complexity, which requires a higher level of productivity and efficiency from their employees.

Despite the significant role of employers' perceptions of job quality and job performance in shaping workplace dynamics, there is a limited understanding of the factors that influence their perceptions. Further research is needed to explore the interplay between individual, organizational, and external factors in shaping employers' perceptions of job quality and job performance.

In conclusion, employers' perceptions of job quality and job performance play a critical role in shaping workplace dynamics and employee outcomes. Perceptions of job quality are linked to employee satisfaction, retention, and well-being, while perceptions of job performance are associated with productivity, efficiency, and cost savings. However, the perceptions of job quality and job performance are complex and influenced by various factors, including individual, organizational, and external factors. Further research is needed to deepen our understanding of the interplay between these factors and how they shape employers' perceptions of job quality and job performance. By better understanding these perceptions, employers can create a more positive work environment that promotes both job quality and job performance, resulting in improved employee outcomes and organizational success.

Objectives of the Study

- Perception of Employers on Job Quality and Job Performance in MSMEs
- To examine the impact of job quality on the performance of MSMEs

Research Methodology

Area and Type of Study: The study is made in Indian MSMEs, the study are only selected for the research work is employers of MSMEs at Bangalore and Tumkur district. Thus, employer's view on the job quality and performance is the some components of the present research study. Thus, employers working in MSMEs at Peenya Industrial area in Bangalore and Antharasanahalli I-Phase and II. Vasanthanarasa Tumkur and their perception in the field of the in this research.

Data Collection: The Primary data being collected through survey method via distribution of structurally designed questionnaire to the employer of the MSMEs in the Bangalore and Tumakuru District. The Secondary source of data relating to MSMEs in Bangalore and Tumakuru district is collected from various sources. The lists of sources referred in the study are Economic Survey of Karnataka, Economic

Survey of India, Annual Report of MSMEs department, Reports from Confederation of Indian Industries are also important secondary sources referred for identifying the literature..

Population: The population in this research study comprising few some aspects. Like elements of sampling. The sampling elements are number of MSMEs at Bangalore and Tumakuru district. The study of the data collected from the sample during the time period of 2021 – 2022.

Descriptive and Inferential Statistics of the study: The following statistical tools have been used in the study to test for the hypothesis in the Research Database, Mendeley, MS office, 2010, trial version of SPSS. To test Granger causality test, Eviews 7.0 is used. The granger causality, Johnsen- Co integration along with cusum test outs is derived with the help of Eviews.

Descriptive and Inferential statistics tools have been used in the study to test the hypothesis like t-test, ANOVA, Chisquares, and Goodness of the fit model. OLS, correlation test, Karl pearson test, etc.

Explorative Factor Analysis of Job Quality and Job Performance

Exploratory Factor Analysis (EFA) is a statistical method that helps to identify underlying factors or dimensions that explain correlations among observed variables. It aims to simplify a large number of observed variables into a smaller number of unobserved variables, known as factors or latent variables that can account for the variability in the data. EFA is commonly used to identify and measure underlying constructs or dimensions that are not directly observable but are assumed to exist. The technique assumes that observed variables are linearly related to underlying factors, and each observed variable can be represented as a linear combination of the underlying factors and an error term. The goal of EFA is to estimate the factor loadings, which represent the strength and direction of the relationship between the observed variables and the underlying factors.

In this research, the focus is on two latent factors that represents job quality and job performance in the workplace and can be used to measure the stated latent factor of the study. The perception of the employers on job quality and job performance of MSMEs of the study area is considered to measure them; hence, EFA is applied to identify the linear combinations of the underlying factors of job quality and job performance in MSMEs in Bengaluru and Tumkur.

The table presents the mean and standard deviation values for factors or dimensions related to job quality and job performance. The mean values for each statement range from 3.17 to 3.52, indicating that respondents, on average, have a moderately positive perception of job quality and job performance.

In terms of job quality, the statement with the highest mean score is "The job provides ample opportunities for career growth and development" (JQ1) with a mean score of 3.52 and a standard deviation of 1.186, indicating that respondents tend to agree with this statement. The statement with the lowest mean score is "The job allows for a good work-life balance" (JQ4) with a mean score of 3.23 and a standard deviation of 1.095, suggesting that respondents are relatively neutral about this aspect of job quality.

Regarding job performance, the statement with the highest mean score is "Job quality increases the production of the company" (JP2) with a mean score of 3.38 and a standard deviation of 1.277, indicating that respondents tend to agree that employees possess job knowledge and technical competence.

Descriptive Statistics of Job Quality and Job Performance

Factors/ Dimensions	Statement	Code	Mean	Std. Dev.
Job Quality	The job provides ample opportunities for career growth and development	JQ1	3.52	1.186
	The job offers competitive pay and benefits compared to similar positions in the industry	JQ2	3.43	1.140
	The job provides a safe and healthy work environment	JQ3	3.30	1.154
	The job allows for a good work-life balance	JQ4	3.23	1.095
Job Performance	Job quality increases the induced investment	JP1	3.17	1.342
	Job quality increases the production of the company	JP2	3.38	1.277
	Job quality maximises the sales of the company	JP3	3.38	1.303
	Job quality helps to earn more profit	JP4	3.22	1.391

The statement with the lowest mean score is "Job quality increases the induced investment" (JP1) with a mean score of 3.17 and a standard deviation of 1.342, suggesting that respondents are relatively neutral about the consistency of employee performance.

It is suggested that MSMEs units need to focus on improving work-life balance as it seems to be an area that needs attention. Employers should also ensure that employees are consistently meeting or exceeding performance expectations as it is essential for organizational success. Furthermore, investing in employee development and career growth opportunities can be beneficial for both job quality and job performance. Finally, effective communication and collaboration among colleagues and supervisors can help in enhancing job performance.

KMO and Bartlett's Test of Job Quality and Job Performance

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.603
Bartlett's Test of Sphericity	Approx. Chi-Square	311.315
	Df	28
	Sig.	.000

Table Presents the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity for job quality and job performance. The KMO value of 0.603 indicates that the sample size is adequate for factor analysis, as a KMO value of 0.6 or higher is generally considered acceptable. The Bartlett's test of sphericity with an approximate chi-square value of 311.315 and a significance level of 0.000 indicates that the correlation matrix is not an identity matrix, and hence the variables are not independent. Therefore, the factor analysis is appropriate for analyzing the data. The factor analysis results obtained for job quality and job performance can be considered reliable and valid. The KMO value indicates that there is enough variance among the variables to perform the factor analysis, and the Bartlett's test of sphericity confirms that the variables are intercorrelated and hence are suitable for factor analysis. Therefore, the factor analysis results based on the data obtained from the sample can be generalized to the larger population of interest.

Total Variance Explained of Job Quality and Job Performance

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sum of Squared of loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	3.508	43.847	43.847	3.034	37.920	37.920	2.765
2	2.316	28.951	72.798	2.129	26.614	64.534	2.664
3	.858	10.727	83.525				
4	.429	5.358	88.883				
5	.388	4.851	93.734				
6	.249	3.112	96.846				
7	.183	2.287	99.133				
8	.069	.867	100.000				

Table presents the total variance explained for the job quality and job performance factors. The initial eigenvalues, extraction sums of squared loadings, and rotation sums of squared loadings are displayed for each factor. The results indicate that the first factor for job quality explains 43.847% of the variance, while the second factor explains 28.951% of the variance. Together, these two factors explain 72.798% of the total variance. For job performance, the first factor explains 37.920% of the variance, while the second factor explains 26.614% of the variance. Together, these two factors explain 64.534% of the total variance.

The remaining factors for both job quality and job performance explain a smaller amount of variance, with each subsequent factor explaining less than 10% of the total variance. These results suggest that the first two factors for both job quality and job performance are the most important and explain the majority of the variance in the data. The factors beyond the second factor may not be as meaningful and may not contribute significantly to understanding the underlying constructs of job quality and job performance.

Patten Matrix of Job Quality and Job Performance

Variables	Factors	
	Job Quality	Job Performance
JQ3	0.951	
JQ4	0.885	
JQ1	0.694	
JQ2	0.666	
JP3		0.880
JP2		0.865
JP4		0.807
JP1		0.519

Table presents the Patten matrix of Job Quality and Job Performance. The matrix shows the factor loadings of the observed variables for the two factors extracted from the data. The factor loadings represent the strength and direction of the relationship between the observed variables and the underlying factors.

For Job Quality, the highest factor loading is observed for JQ3, which measures the provision of a safe and healthy work environment, with a factor loading of 0.951. This is followed by JQ4, which measures the ability to maintain a good work-life balance, with a factor loading of 0.885. JQ1, which measures the provision of ample opportunities for career growth and development, has a moderate factor loading of 0.694, whereas JQ2, which measures the provision of competitive pay and benefits, has a relatively lower factor loading of 0.666.

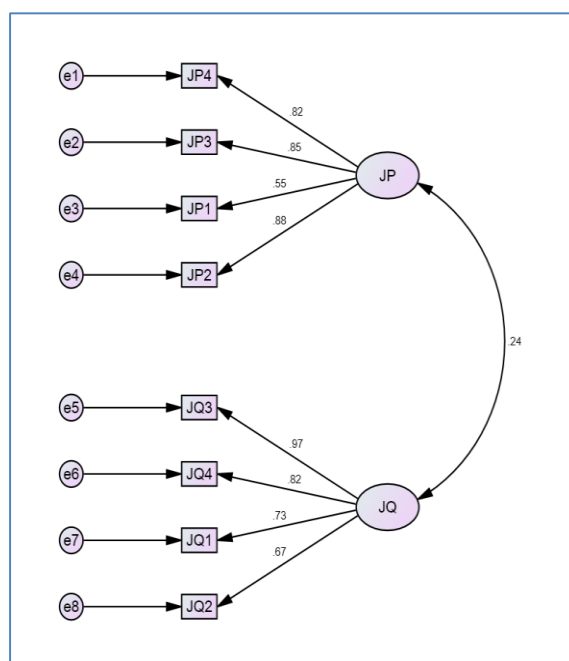
For Job Performance, the highest factor loading is observed for JP3, which measures the degree of commitment to Job quality maximizes the sales of the company with a factor loading of 0.880. This is followed by JP2, which measures the level Job quality increases the production of the company with a factor loading of 0.865. JP4, which measures the Job quality helps to earn more profit has a factor loading of 0.807, whereas JP1, which measures the ability to Job quality increases the induced investment has a relatively lower factor loading of 0.519. The Patten matrix shows that the observed variables are associated with the factors as expected, and the factor loadings indicate the relative importance of the observed variables in defining the underlying factors. This information can be used to understand the underlying dimensions of Job Quality and Job Performance and to develop strategies to improve them in the workplace.

Confirmatory Factor Analysis of Job Quality and Job Performance

Confirmatory factor analysis (CFA) is a statistical technique used to test and evaluate the theoretical structure of a set of observed variables, based on prior knowledge or assumptions about the underlying latent factors or constructs. Unlike exploratory factor analysis (EFA), which is used to identify the underlying factors or dimensions that explain the patterns of correlations among a set of observed variables, CFA tests a pre-specified model of the relationships between the observed variables and the underlying factors. The aim of CFA is to determine whether the observed variables

are consistent with the hypothesized factor structure, and to estimate the strength and direction of the relationships between the observed variables and the underlying factors. In the present study, there are two latent factors i.e., job quality and job performance are identified, and the factor loading of the statements or items of latent factors are confirmed that the items are loading their respective factors.

The measurement model represented in Figure 6.33 shows that there are two latent factors are identified, and four statements for each of the latent factors are loading to their respective factors. The chi-square statistic measures the discrepancy between the observed data and the model-predicted data. In this case, the chi-square value of 78.446 indicates that there is some discrepancy between the observed data and the hypothesized model. However, the chi-square statistic is known to be sensitive to sample size, which means that larger sample sizes will result in larger chi-square values. The degrees of freedom (df) refer to the number of estimated parameters in the model minus the number of constraints. In this case, the model has 19 degrees of freedom. The probability level (p-value) of .000 suggests that the model fits the data well, since a p-value less than .05 (or .01) is typically considered statistically significant. The root mean square error of approximation (RMSEA) measures the discrepancy between the predicted covariance matrix and the observed covariance matrix. In this case, the RMSEA value of 0.023 suggests that the model fits the data well, since a RMSEA value less than .05 is generally considered a good fit. Overall, the results suggest that the confirmatory factor analysis model fits the data well, and the hypothesized relationships among the variables are supported by the data.



Measurement Model

Chi-square = 78.446, Degrees of freedom = 19, Probability level = .000, RMSEA = 0.023

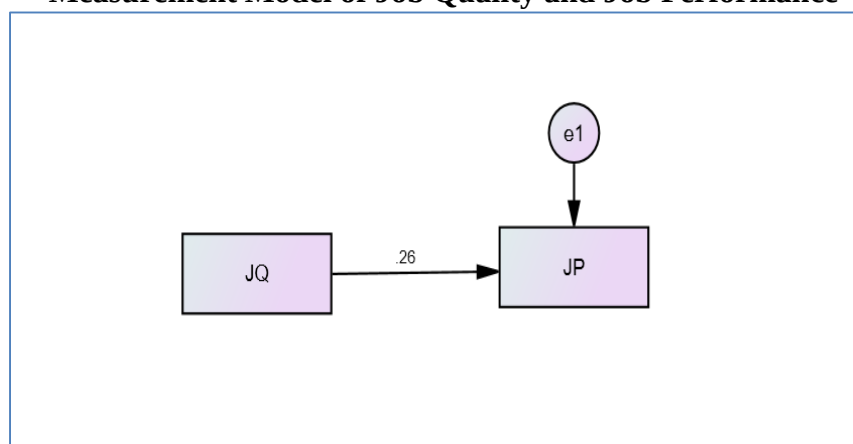
Structural Model of Job Quality and Job Performance

Null Hypothesis: Job quality has no significant positive impact on the performance of MSMEs

Alternative Hypothesis: Job quality has significant positive impact on the performance of MSMEs

Structural modeling is a statistical technique used in data analysis to test and estimate the relationships between latent (unobservable) variables and observed variables. The structural model specifies the underlying theoretical framework that explains how the latent variables are related to each other and to the observed variables. The structural model consists of a set of equations that represent the hypothesized relationships between the variables. These equations can be estimated using various statistical methods, such as regression analysis, path analysis, and structural equation modeling. Structural modeling is used in various fields, including social sciences, marketing, finance, and engineering, to study complex relationships among variables and to make predictions about the behaviour of the system under study.

Measurement Model of Job Quality and Job Performance



Results of the Structural Model

Factors	Standardized Estimates	Unstandardized Estimate	S.E.	C.R.	P
JP←JQ	0.261	.259	.125	2.077	.038

The table presents the results of the standardized estimates, unstandardized estimate, standard error, critical ratio, and probability for the relationship between Job Performance (JP) and Job Quality (JQ). The standardized estimate for JP←JQ is 0.261, which indicates a positive relationship between job performance and job quality. The unstandardized estimate is 0.259, which indicates that a one-unit increase in job quality results in a 0.259 unit increase in job performance. The standard error is 0.125, and the critical ratio is 2.077, which indicates that the relationship is statistically significant. The probability value of 0.038 indicates that there is a low probability that this relationship occurred by chance. Therefore, it is inferred that there is a positive and significant relationship between job performance and job

quality. This implies that employees who experience higher job quality tend to perform better in their job roles.

Conclusion

In conclusion, this study emphasizes the critical role of job quality in elevating job performance within MSMEs. The practical implications of these findings are noteworthy for MSMEs, offering potential directions for future research. By implementing the suggested strategies and investing in their employees, MSMEs can create a conducive work environment that fosters employee engagement, elevates job satisfaction, and ultimately leads to improved job performance. In this direction, the present study of data analysis of job quality and job performance from employer's perception of MSMEs in Bangalore and Tumakuru also provides the clear evidence that job quality has a positive impact on job performance. MSMEs that offer quality jobs are more likely to attract and retain qualified employees, and they are more likely to survive and grow.

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