Factors Affecting Employee Performance of Small and Medium Enterprise in Beijing, China

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ABSTRACT

The research was to investigate actual to study factors affecting employee performance of small and medium enterprise in Beijing, China. The conceptual framework was developed from the literature review and survey in the area and other contemporary research in employee performance. Accordingly, the researchers consider the importance of the factors of leadership, motivation, knowledge sharing, and employee performance. In this the researchers employed the quantitative research approaches. The instruments of research were steps of a questionnaire. Data were collected from 329 people who are entrepreneurs of small and medium enterprise in Beijing, China. The data collected were analyzed using path modeling, multiple regression analysis and on the basis of observing the actual employee performance of the organizations studied through all operational links in the human resource management theory.
Findings are as follows: Applications of leadership, motivation, and knowledge sharing were explanatory of the variance in employee performance at 44.1 percent ($R^2 = 0.441$). Each factor involves significant aspects with the total being 29. All aspects should be addressed if problems are to be successfully solved over the long haul.

Keywords: Leadership, motivation, knowledge sharing, employee performance

INTRODUCTION

Small and Medium Enterprises (SMEs) are the driving force behind the economic growth of China, making up about 97% of all enterprises in the country. They play a vital role in providing employment opportunities, keeping the market active through enticing fresh business while maintaining competitiveness against larger firms. We discuss in this guide what SMEs are in China, their roles in the market, and how they are supported and promoted in the country. In China, the definition of an SME is quite complex and different to what other countries may classify it as. Compared to most countries that look at a company's number of employees to qualify it as an SME, China uses the SME Promotion Law to categorize which businesses are SMEs. Under this law, the classification depends on the industry, assets, number of employees, and sales. For example, a business in the retail sector needs to have fewer than a hundred employees and a revenue of less than RMB 10 million to be classified as a small company. When the retail company exceeds a hundred employees and starts earning more than RMB 10 million per year, it is considered a medium-sized enterprise. For those in the construction industry, employees fewer than 600, assets less than RMB 40 million, and revenue not exceeding RMB 30 million are needed in order for the company to be considered small under the SME Promotion Law. (Xu & Li, 2019).

In countries that belong to the Organization for Economic Cooperation and Development (OECD), such as the United States and EU nations, SMEs are often classified according to the number of working employees. Usually, the upper limit for an SME is 200 employees, but this may vary across countries. In the US, SMEs are firms with fewer than 500 employees, while

EU countries limit the number to 250 employees. According to China's Vice-Premier Liu He, SMEs are the country's mainstay and a primary source of jobs. Since 2019, small businesses have been responsible for employing 80% of the non-government workforce. In China, small firms with fewer than 300 employees make up most of the economy. These enterprises contribute to almost 75% of all job creation and 68% of exports. New business creation reached a record-high in 2018, with an average of 18,000 companies being created on a daily basis. The major leap in growth in SMEs is due to the government's continuous improvements in the commercial registration system. (Xu & Li, 2019)

METHODOLOGY

The study of factors affecting employee performance of small and medium enterprise in Beijing, China, the researcher has studied documents, textbooks, concepts, theories, and related research consistent with the study's objectives. This research is quantitative research in the format is survey research. The research tool was a questionnaire. Data was collected by instrument-based interviews. The population is entrepreneurs of small and medium in Beijing, the total number of entrepreneurs is 1,850 people in Beijing, China. The survey sample was 329 residents from entrepreneurs of small and medium in Beijing, China. The researchers used a simple random sampling method to conduct a random sample size, as determined according to the Taro Yamane formula (Yamane, 1973). The researchers conducted a simple random sampling calculation using the Taro Yamane formula, and based on the calculation results, the number of samples was 329.Multiple Regression Analysis to test the influence of variables between leadership, motivation, knowledge sharing, and employee performance.

RESULTS

Determination of instrument confidence

Reliability Test (Reliability) The researcher used the revised questionnaire to try out the researcher (Try Out) with Entrepreneurs of SME business in Henan 30 people who are not a sample group. Internal consistency was tested using composite reliability and Cronbach' Alpha coefficients, where the researchers analyzed the reliability coefficients of each question and each measure. The alpha value is between $0.5 – 0.65$, which is a moderately reliable value. And at values from 0.7 and up, it has quite high reliability. But if it is below 0.5, it is less reliable. Normally, the criterion used to measure these two values should not be less than 0.6 (Cronbach, 1990).

Validity checking after collecting the data, the researchers checked their validity using the corrected Item-total correlation. Which is a measure of the correlation between the score of any question and the total score of the category in which the question appears, in the calculation process, the total score must be adjusted by deducting the data value of any question issued in order to prevent the information of the questionnaire from appearing in both places. The decision criteria were that the correlation must not be less than 0.70.

The reliability and validity test results are shown in the following table.

Table 1 Results of testing reliability and validity by statistical methods

Variable	Corrected Item-Total Correlation	Cronbach's Alpha
Leadership		0.942
1. There are team members show genuine concern for well-being	0.883	
2. There are team members supported and encouraged by team members	0.827	
3. There are team members comfortable proposing and exploring unconventional approaches	0.857	
4. There are efficiently do synchronize their actions to ensure smooth task execution	0.888	
5. There are team members collectively determine the planning of major operations.	0.833	
6.There are team members jointly determine the implementation of new business	0.883	
7. There are team members encourage each other to high expectations in the work.	0.789	
8. There are team members encourage each other to jointly evaluate business performance.	0.887	
Knowledge sharing		0.892
1. There is share expertise from education or training in a more effective way.	0.867	
2. There are always provide know-where or know whom at the request of team members.	0.844	
3. There is share experience or know-how from work frequently.	0.876	
4. There is share work reports and official documents frequently in effective way.	0.843	
5. There are always provide manuals, methodologies, and models to team members.	0.856	
6. The organization values and recognizes the importance of collaborative communication	0.885	
7. The organization emphasizes the importance of knowledge sharing and shows appreciation for those who engage in it.	0.887	
Motivation		0.893
1. Because we derive much pleasure from learning new things.	0.878	
2. To have the satisfaction experience from taking on interesting challenges.	0.884	
3. We have fully absorbed and engrossed in this task, losing track of time.	0.881	
4. We engage in this task simply because we find it intrinsically rewarding.	0.831	
	0.855	

5. We motivated by the praise and validation receive from others	0.882	
6.The presence of competition fuels motivation to achieve success	0.891	
7. We value external recognition and the praise I receive from others		
Employee performance		0.921
1. I consistently complete tasks with a high level of accuracy	0.881	
2. I am satisfied with performance because it's mostly good	0.889	
3. I consistently produce accurate, error-free, and high-quality work.	0.798	
4. I take pride in delivering high-quality work that meets or exceeds expectations	0.835	
5.I actively contribute to creating a positive and harmonious work environment	0.833	
6. I voluntarily engage in activities that benefit the organization but are not directly related to job responsibilities	0.884	
7. I am proactive in identifying and addressing organizational needs beyond immediate role	0.779	

The results of the study of factors affecting employee performance of small and medium enterprise in Beijing, China are as follows:
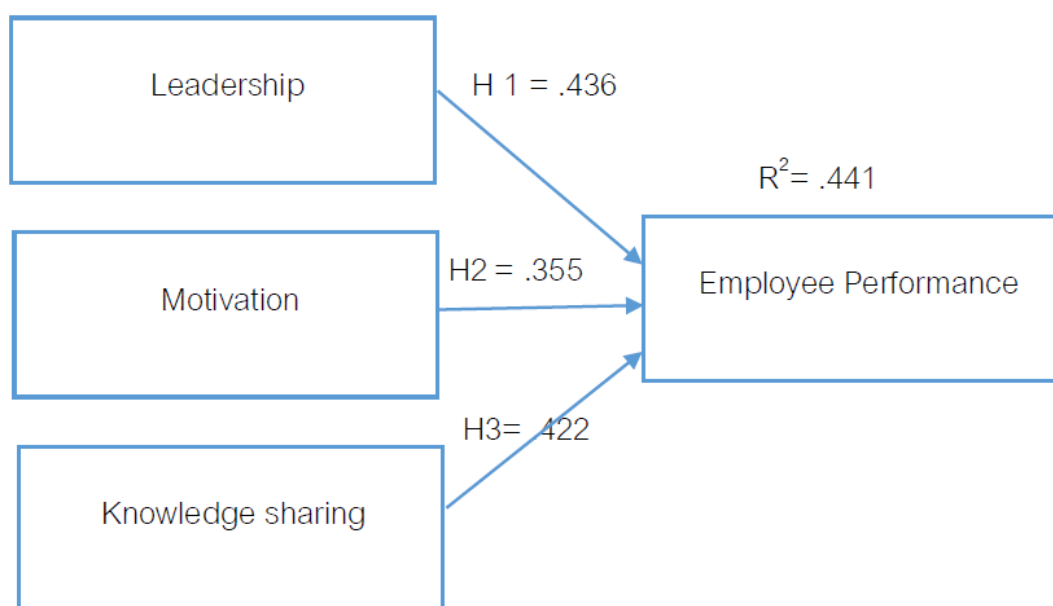

Figure 1 Results of path analysis

Source: Atatsi, Stoffers & Kil, 2019; Asbari, Hidayat & Purwanto, 2021; Chen et al., 2020; Çobanoglu & Bozbayindir, 2019; Deshan, Ying & Ghosh, 2023; Kotler, 1999; Sun, He & Wen, 2023; Vandavasi, 2020)

Research hypothesis testing

The researcher formulates research hypotheses for testing in accordance with the route equation according to the route analysis model with the following equations and assumptions:

$$EMP = \beta_0 + \beta_1 LEA + \beta_2 MOT + \beta_3 KNS + \zeta_1 \ldots\ldots\ldots(1)$$

Hypothesis 1 Leadership has positive direct effect on employee performance

Hypothesis 2 Motivation has positive direct effect on employee performance

Hypothesis 3 Knowledge sharing has positive direct effect on employee performance

Table 2 Hypothesis Testing Results

Path	Path coefficient	t-stat	p-value	Hypothesis
H1:Leadership→ Employee performance	0.436	4.777***	0.001	support
H2: Motivation→ Employee performance	0.355	3.871***	0.000	support
H3: Knowledge Sharing→ Employee performance	0.422	5.229***	0.000	support

Table 3 Influence of variables affecting employee performance

Dependent Variable	R square	Effect	Independent variable		
			LEA	MOT	KNS
EMP	0.441	Direct Effect	0.436	0.355	0.422
		Indirect Effect	N/A	N/A	N/A
		Total Effect	0.436	0.355	0.422

From the table of hypothesis test results

Hypothesis 1 found that leadership (LEA) has a positive direct effect on employee performance (EMP), true to the hypothesis. The path coefficient is equal to 0.436 and the t-statistics value is 4.777. The p-value is close to 0.001, which is a statistically significant value.

Hypothesis 2 found that motivation (MOT) has a positive direct effect on employee performance (EMP), true to the hypothesis. With a path coefficient of 0.355, a t-statistics value of 3.871, the p-value is close to 0.000, which is a statistically significant value.

Hypothesis 3 found that knowledge sharing (KNS) has a positive direct effect on employee performance (EMP), true to the hypothesis. It has a path coefficient of 0.422, a t-statistics value of 5.229 and a p-value close to 0.000, which is a statistically significant value.

The significance level was tested at 0.01.

Table 4.4 Summary of hypothesis test results

hypothesis	results	Path coefficient	R^2
H1: Leadership has positive direct effect on employee performance	Accept	0.436	0.441
H2: Motivation has positive direct effect on employee performance	Accept	0.355	0.441
H3: Knowledge sharing positive direct effect on employee performance	Accept	0.422	0.441

CONCLUSION

Study the effect of factors affecting employee performance of small and medium enterprise in Beijing, China. There was a positive linear relationship between the four variables: Leadership, motivation, knowledge sharing, and employee performance of small and medium in Beijing, China. A mutually positive influence was also found in Leadership, motivation, knowledge sharing have a positive direct effect on employee performance. This indicates that the study results confirm the employee performance consistency of a small and medium in Beijing, China, and can be used in a small and medium in Beijing, China.

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