

Performance Efficiency of Employees in the Subcontracting Business

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Abstract:

The objectives of this research are 1) to study the level of environment, motivation, happiness, stress, and performance efficiency of employees in the subcontracting business, 2) to study the influence of environment, motivation, happiness, stress, and performance efficiency of employees in the subcontracting business, and 3) to create the approaches for improving the performance efficiency of employees in the subcontracting business. This is the mixture of qualitative and quantitative researches. The sample group consists of 360 subcontracting business employees in Chonburi Province using a proportionate sampling. The tools used for data collection are questionnaires and the data analysis has been done by analyzing structural equation models. Regarding the qualitative research, the data were collected by in-depth interviews with two groups of key informants; 1) 8 entrepreneurs of subcontracting companies with at least 5 years of experience in the business, and 2) 8 subcontracting company employees with more than 5 years of experience in the business, totaling 16 persons selected by specific method. The data was analyzed by content analysis. The research results revealed that 1) the environment, motivation, happiness, stress and performance efficiency of employees in the subcontracting business in all factors were at the high level, and 2) the motivation had the most direct influence on the performance efficiency of employees in the subcontracting business followed by happiness and environment having the highest indirect influence on the performance efficiency of the employees, and 3) the approaches for improving the performance efficiency of employees in the subcontracting business were to provide appropriate rewards and remunerations, giving freedom and value to work, creating happiness with employees along with taking care of the safety of the workplace environment. The results of this research were beneficial to the entrepreneurs in promoting the performance efficiency of employees by providing a work environment conducive to motivation and happiness to the employees.

Keywords: Motivations/ Happiness/ Stress/ Performance Efficiency/ Subcontracting Business

BACKGROUND AND SIGNIFICANCE OF PROBLEMS

The subcontracting business is one type of businesses that drive success to many organizations. This is because the nature of subcontracting work cuts some work or some aspects that the organizations do not necessarily have to perform or operate on their own. This will help them with regards to the quickness, reduction of processes and costs for businesses than having to perform the manufacturing or operation themselves. The core competencies of the organizations can be more focused. The businesses then outsource for numerical and financial flexibility (Linder, 2004). The subcontracting business helps the companies or businesses reduce the costs required in manufacturing the products and services that they are not skilled at. It also helps keeping the rest of the work run efficiently without any additional effort and investment to learn the types of activities that the companies or businesses are unfamiliar with. In addition, the subcontracting business makes products have quality with lower prices and less time to manufacture (Tayauova, 2012).

At present, the subcontracting business is growing and many factors involve in making the subcontracting business unsuccessful such as ambiguous objectives and business goals, choosing of bad customers, employees lacking skills, infrastructure, management, communication, fear and morale of

employees including the performance efficiency of employees (Elmuti, 2003). Thus, the subcontracting business needs to have knowledgeable employees with competences in performing the tasks to provide quality subcontracting work that meets the needs of customers and able to deliver work on time. The performance efficiency of employees is critical to competitiveness and the growth of the organizations. The performance efficiency refers to the level of successful missions, duties, or responsibilities of each employee to achieve the organization's goals. It is one of the most important structures in organizational psychology and Human Resource Management (Huang, Ryan, Zabel & Palmer, 2014; Chetthamrongchai & Jermisittiparsert, 2020; Sawasdee, Saengchai, & Jermisittiparsert, 2020). Therefore, in order to success, the organizations always emphasize the employees to be able to work within the framework of limitations within the organizations and the limitation of the available resources to be the best (Jena & Pradhan, 2014). As the organizations are currently in intense competition, it is very important to have competent employees to create the competitive advantages. The organizations also require the hard-working and efficient employees to help the companies survive. For realizing these, one factor is to create the motivation on the employees (Abbas & Yaqoob, 2009).

RESEARCH'S OBJECTIVES

- 1) To study the levels of environment, motivation, happiness, stress and performance of employees in the subcontracting business.
- 2) To study the influence of environment, motivation, happiness, stress, and performance efficiency of employees in the subcontracting business.

RESEARCH'S CONCEPTUAL FRAMEWORK

From literature review, the researchers analyzed the factors affecting the performance efficiency of employees in the subcontracting businesses including environment, motivation, happiness, and stress. The research's concept framework can be drawn as shown in Figure 1.

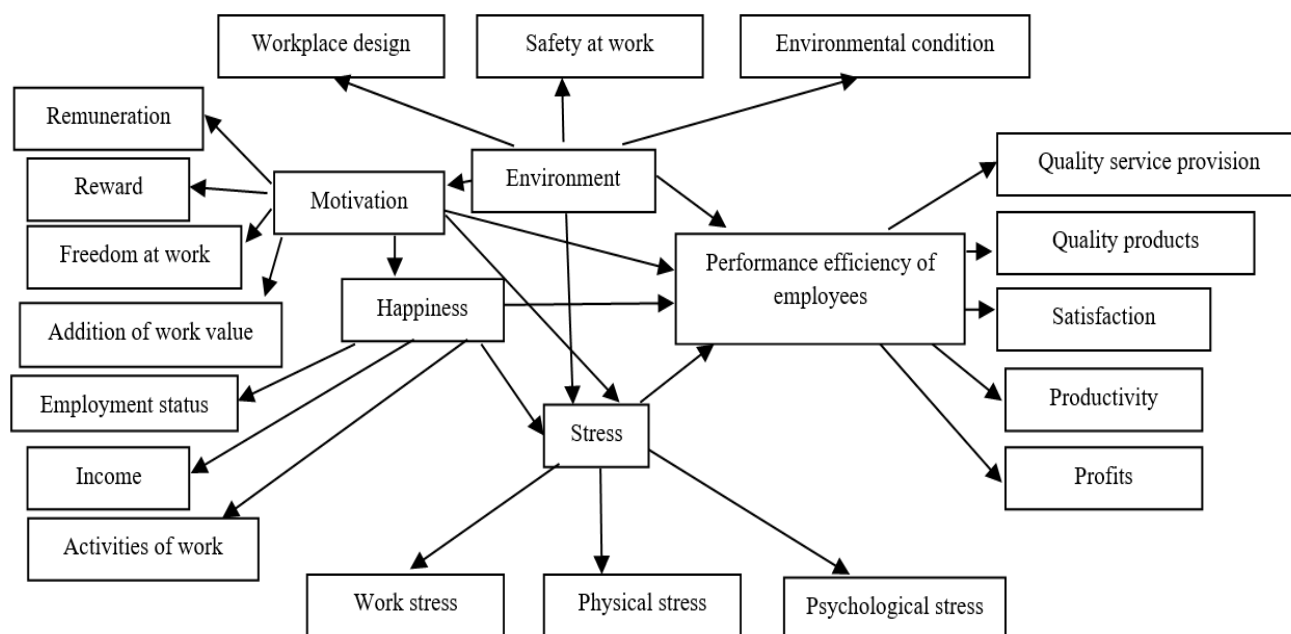


Figure 1 Research's concept framework

RESEARCH'S METHODOLOGY

This research is the combination of quantitative research and qualitative research.

Quantitative research: The sample group consisted of 360 employees of the subcontracting companies in Chonburi province who were qualified and selected from the random sampling following the proportion of number of population and the sample group as shown in Table 1.

Table 1 Work experiences, number of population and the sample group in Chonburi province

Work experiences	25 workplaces in Chonburi province	
	Number of population	Sample group)persons(
1-5 years	730	91
6-10 years	1,100	137
10 years and over	1,050	132
Total	2,880	360

The tools were questionnaires generated by the researchers from the literature review divided into 2 parts; 1) 6 questions on personal factors for 2-4 options, and 2) 90 questions on the factors affecting the performance efficiency of the employees of subcontracting business in the type of 5-level scale. The quality inspection of the tool was done by finding the IOC which was between 0.60-1.00. After that, the questionnaires were used to tryout with the employees of subcontracting business in Chonburi province with the qualifications similar to the sample group but not the sample for 30 persons. The confidence value was found by finding the Cronbach's alpha coefficient to obtain the confidence of the entire questionnaire of .958.

In the data collection, the researchers and the team collected the data with the sample group. The completeness of all questionnaires was checked and the complete questionnaire was taken for analysis.

The data was analyzed using the descriptive statistics and structural equation model.

Qualitative research: The key informants are 1) 8 executives or entrepreneurs of subcontracting companies with at least 5 years of experience in business operation and agreeing to be the key informants, and 2) 8 subcontracting

company employees with more than 5 years of experience in the business agreeing to be the key informants totaling 16 persons. The group of key informants was obtained from the purposive sampling following the research's objectives. The data collection tools were structured interview questionnaires created by the researchers from the research's conceptual framework in the type of 11 open-ended questions. The tool quality was inspected by finding IOC and it was found to be 0.60-1.00.

For the data collection, the researchers conducted in-depth interviews with all key informants.

The data analysis was done with content analysis on the theme of each factor affecting the performance efficiency of employees in the subcontracting companies.

RESEARCH'S RESULTS

1) The environment, motivation, happiness, and stress directly affected the performance efficiency of employees in the subcontracting business at the high level for all factors.

2) The analysis results revealed that the influence of environment, motivation, happiness, and stress affected the performance efficiency of employees in the subcontracting business. From analyzing the structural equation model, it was found that the model and the empirical data was at the excellent level as detailed below.

2.1) The comparison on hypothesis-based models and alternative models, hypothesis-based structural equation model adjustment was for the consistence with the empirical data. This was conducted by adjusting each parameter individually to provide relative tolerances until the harmonization index is consistent with the empirical data. Thus, an alternative model was obtained with the statistics calculated as Chi-square = 89.34, df = 71, p-value = 0.069, GFI = 0.97, AGFI = 0.94, RMR= 0.007, RMSEA = 0.027, CFI = 1.00 and CN = 391.08. Therefore, it can be concluded that the structural equation model was suitable, harmonized with the empirical data in Table 2 and alternative models as shown in Figure 2.

Table 2 Results of comparison on hypothesis-based models and alternative models

Details	Statistics	Hypothesis-based models	Alternative models
1. Chi-square) χ^2 (*LOW AND NEAR 0	554.89	89.34
	*EQUAL TO df	125	71
Relative Chi-square	DIVISION OF) χ^2 /df(< 2.00	4.44	1.26
2. GFI	> 0.90	0.85	0.97
3. AGFI	> 0.90	0.80	0.94
4. RMR	APPROACHING 0.00	0.014	0.007
5. RMSEA	< 0.05	0.098	0.027
6. CFI	*0.00-1.00	0.98	1.00
7. CN	> 200	107.57	391.08

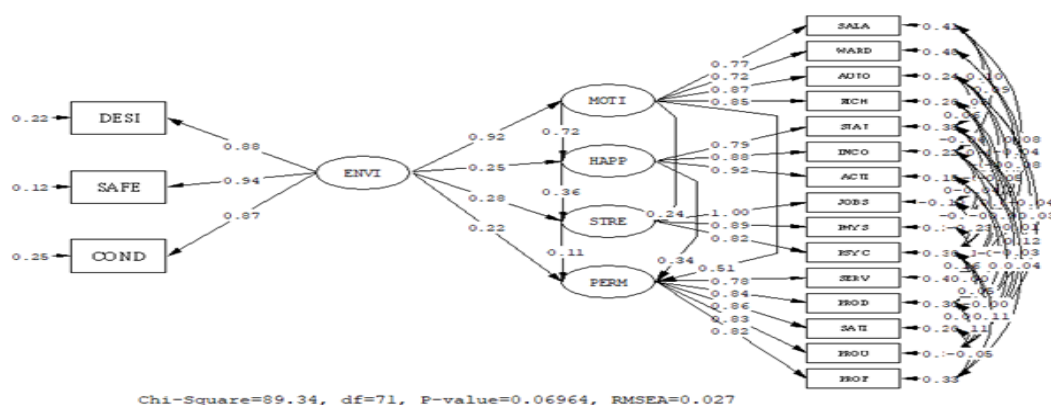


Figure 2 Alternative models of relation structure (Estimates)

2.2) The results of influence path analysis from structural model which was an alternative model described the correlation, direct relation, and indirect relation of alternative models. The correlation path could be described

that the environment (ENVI) had the highest direct correlation with motivation (MOTI) at 0.92, followed by direct effect on stress (STRE), happiness (HAPP), and performance efficiency of employees at 0.28, 0.25 and 0.22

respectively along with having an indirect effect on performance efficiency of employees (PERM), happiness (HAPP), and stress (STRE) equaling to 0.70, 66, and 0.55 respectively as shown in Table. 3

2.3) The details of the hypothesis test could be proposed as shown in Table 4.

The environment (ENVI), motivation (MOTI), happiness (HAPP), and stress (STRE) affected the performance efficiency of employees in the subcontracting business (PERM). It was found that the environment directly affected the performance efficiency of employees in the subcontracting business with the path coefficient of 0.22, t statistics of 2.16 supporting the hypothesis with the statistical significance of 0.05. It could also be interpreted that the studied variables had the relations in the same direction. When the environment increased, the performance efficiency of employees in the subcontracting business also increased.

The motivation directly affected the performance efficiency of employees in the subcontracting business with the path coefficient of 0.51, t statistics of 3.09 supporting the hypothesis with the statistical significance of 0.01. It could also be interpreted that the studied variables had the relations in the same direction. When the motivation increased, the performance efficiency of employees in the subcontracting business also increased.

The happiness directly affected the performance efficiency of employees in the subcontracting business with the path coefficient of 0.34, t statistics of 2.28 supporting the hypothesis with the statistical significance of 0.05. It could also be interpreted that the studied variables had the relations in the same direction. When the happiness increased, the performance efficiency of employees in the subcontracting business also increased.

The stress directly affected the performance efficiency of employees in the subcontracting business with the path coefficient of 0.11, t statistics of 2.19 supporting the hypothesis with the statistical significance of 0.05. It could also be interpreted that the studied variables had the relations in the same direction. When the stress increased, the performance efficiency of employees in the subcontracting business also increased.

The environment indirectly affected the performance efficiency of employees in the subcontracting business with the path coefficient of 0.70, t statistics of 6.76 supporting the hypothesis with the statistical significance of 0.01. It could also be interpreted that the studied variables had the relations in the same direction. When the environment increased, the motivation, happiness, and stress would be improved resulting in better performance efficiency of employees.

Table 3 Results of correlation, direct relation, and indirect relation of alternative models

Dependent variables	Relations	Independent variables				
		ENVI	MOTI	HAPP	STRE	PERM
MOTI	DE	0.92**	N/A	N/A	N/A	N/A
	IE	N/A	N/A	N/A	N/A	N/A
	TE	0.92**	N/A	N/A	N/A	N/A
HAPP	DE	0.25*	0.72**	N/A	N/A	N/A
	IE	0.66**	N/A	N/A	N/A	N/A
	TE	0.91**	0.72**	N/A	N/A	N/A
STRE	DE	0.28*	0.24*	0.36**	N/A	N/A
	IE	0.55**	0.26**	N/A	N/A	N/A
	TE	0.83**	0.50*	0.36**	N/A	N/A
PERM	DE	0.22*	0.51**	0.34*	0.11*	N/A
	IE	0.70**	0.19*	0.04	N/A	N/A
	TE	0.92**	0.70**	0.38*	0.11*	N/A
Chi-Square= 89.34, df= 71, p-value = 0.069, GFI= 0.97, AGFI= 0.94, RMR= 0.007, RMSEA= 0.027, CFI=1.00, CN=391.08						

Table 4.4 Results of hypothesis testing

Research hypothesis	Path coefficient	t statistics	Results
The background and family (BAFA), characteristics of entrepreneurs (CHAR), human capital (HUMA), and financial support (FINA) affected the efficiency of business operations of female entrepreneurs (BUSI)			
1.1 The background and family directly affected the business operations of female entrepreneurs (BAFA --> BUSI).	0.13	1.63	ไม่สนับสนุน
1.2 The characteristics of entrepreneurs directly affected the business operations of female entrepreneurs (CHAR --> BUSI).	0.42**	5.15	สนับสนุน
1.3 The human capital of entrepreneurs directly affected the	0.26**	2.76	สนับสนุน

business operations of female entrepreneurs)HUMA --> BUSI(
1.4 The financial support directly affected the business operations of female entrepreneurs)FINA --> BUSI(0.31**	4.69	สนับสนุน
1.5 The background and family indirectly affected the business operations)BAFA --> CHAR --> HUMA--> FINA--> BUSI(0.45**	2.63	สนับสนุน

** p value ≤ 0.01 , * p value ≤ 0.05

3) The approach in increasing the performance efficiency of employees in the subcontracting business was to develop the

work environment for the employees to be motivated and happy in working as shown in Figure 3.

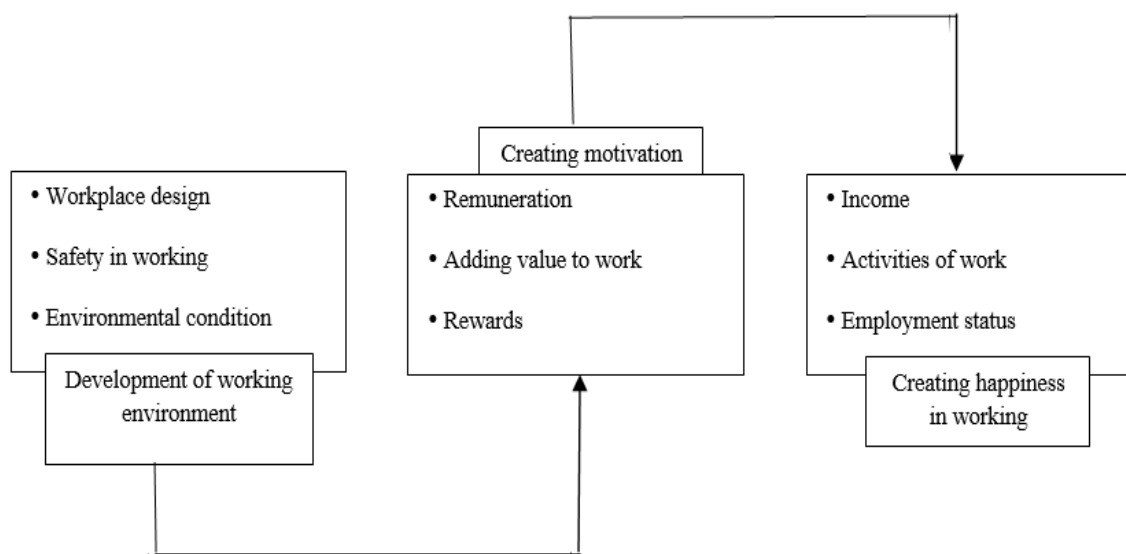


Figure 3 Approach in increasing the performance efficiency of employees in the subcontracting business obtained from the research

DISCUSSION OF RESULTS

1) The environment affected the performance efficiency of employees in the subcontracting business. It could be discussed that as the environment was the state where the employees had to work for 8-10 hours, it then influenced the performance efficiency of employees inevitably. This was consistent with Naseem, Sikandar, Hameed & Khan (2012) mentioning the environment factor with regards to internal environment such as the workplace design, availability of devices for work, and external environment such as sound and light affected the performance efficiency of Pakistani employees in public and private sectors. This agreed with Makhkul (2012) and Gladys, Asawo & Gabriel (2017).

2) The motivation affected the performance efficiency of employees in the subcontracting business. It could be discussed that the motivation was the psychological factor causing the employees to want or not to want to work. This agreed with Khan, Nawaz, Aleem & Hamed (2012) studying and finding that the wages, promotion, job safety, operating conditions, and independence in working were related to the satisfaction and the performance efficiency of the group of physicians in hospitals in Pakistan. This was in line with Shaikh, Tunio & Shah (2017) and Muda, Rafiki & Harhap.

3) The happiness affected the performance efficiency of employees in the subcontracting business. It could be discussed that the happiness was important for the employees and general people. The happiness was about emotion, feeling, and satisfaction from working on their own responsibilities, on their colleagues, or other persons related to the operation. The sample group could assess that the happiness was important and affected the performance efficiency of employees in the subcontracting business. This agreed with Joo & Lee (2017), Awada, Johar, Ismail (2019) and Bakan, Buyukbese & Ersahan (2014).

4) The stress affected the performance efficiency of employees in the subcontracting business. It could be discussed that the stress was the state of emotion and feeling when encountering the situations, problems, or troubles disturbing the operation or living to cause the discomfort, worriedness, frustration, anxiety, or mental depression. The disrupting things affected the performance efficiency of employees. This was consistent with the study of Muda, Rafiki & Harhap (2014) finding that the factors of stress, motivation, and communication could predict the performance efficiency of employees of the Islamic Bank in Indonesia. This was also correspondent with the study of

Shaikh, Tunio & Shah (2017), Murali, Basit & Hassan (2017) and Imtiaz & Ahmad (2009).

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