Factors Determining Employee Performance in The Cigar Companies

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Abstract: This study aimed to analyze the influence of age, gender, education, length of service and number of dependents on employee performance. This is survey-based research, using cross-sectional study. The samples consist of employees in the cigar companies in Jember Regency. Determination of the research sample using stratified random sampling by selecting ten respondents from each cigar company. From a total of 14 companies, the total samples consist of 140 respondents. The results show that age, gender, education, years of service, and the number of family dependents had a significant positive effect on employee performance. Further research may examine employee performance in companies engaged in other fields.

Keywords: Age, Gender, Education, Employment Tenure, Dependents, Employee Performance.


Human resource management deals with the regularity of the behaviour of people in interacting and the development of norms in the workgroup. It deals with the policy of the company about its employees. The employees’ biographies are the inherent factors in each employee’s individual. The employee must have constructive and active traits and attitudes such as high responsiveness, initiative, and creativity, as well as, adaptive sensitivity, which can be used as a means to increase productivity for the mutual benefits between company and employees.

One factor of the employee characteristics that affect the performance is the age. The performance of individual will gradually decrease with age, although to a certain extent it depends on the work type (Warr, 1994). Companies will be faced with an aging workforce, on the one hand, and with changes in age composition, on the other hand. Older workers have few dependents and offer other cost-saving measures, such as lower turnover, new training and young workers in consequence of their wealth of experience hence saving on costs. Some argue that older worker’s add qualities acquired during their
long career life which are difficult to replace. Gowrishankar, Kanagaraj & Krishnan (2017), show that age has a positive and significant effect on employee performance. This means that older people are related to better performance. However, Joseph (2014), finds a negative relationship between age and employee performance in a Singaporean context.

Besides age, gender is also a factor that influences employee performance. Gender has been commonly observed. Gender is believed to lead to both physical and psychological differences. However, Kimmel (2000), shows that gender differences do not apply. Today men and women are equally treated in all areas of life (Moore, 1999). Men or women compete for the same work position. In the current business globalization, all individuals are given equal opportunities to work in organizations. Dwyer, Richard, and Chadwick (2003), document gender do not have a direct impact on employee performance, but it is moderated by the company’s strategic orientation and the organizational culture. Backes-Gellner, Schneider, & Veen (2011), report that the average workforce age is negatively associated with quantitative organizational performance, but positively related to qualitative performance. Ekadah and Mboya (2012), find that gender is not a factor that determines employee performance among banks employees in Kenya.

Other factors that affect employee performance are education and years of service or tenure. The high level of education of an employee will affect performance. If the critical attitude is good, then the employee performance is good too, but the company’s workforce has an adequate level of education that corresponds to the field of work. However, empirical evidence seems to reject that education level is associated with employee performance (Arisanti, Widagdo, & Yuniorita., 2018).

Working period or tenure can also affect the quality of employee performance. The performance of employees who do not have a working period or experience will be different from the performance of employees who already have a lot of work. The longer the work period of a worker, the skills and ability to do work will increase. The experience of an employee is determined by work experience, namely the length of time or age of work, the level of knowledge and skills and mastery of work and equipment. The period of work is a period of time when a person is actively involved in an organization and reflects the loyalty of the workforce in an institution where he works, while the period of work is often also called seniority is a number of employees working period continuously in an organization (Marisa & Sonia, 2005). Early empirical evidence shows mixed findings on the association between job tenure and job performance. For example, job tenure positively contributes to core task performance (Schmidt, Hunter & Outerbridge, 1986). Job experience has a positive correlation with core task performance (McDaniel, Schmidt & Hunter, 1988), but there is a negative association between job tenure and core task performance (Medoff & Abraham, 1981).

Another factor that affects employee performance is the number of family dependents. The number of family dependents is the number of family members who are dependents of the household, both siblings and non-biological relatives who live in one house but have not worked. In developing countries like Indonesia, many consider children to be investments. Although an increase in income is used to increase the number of children, it is better to increase income used to increase the quality of their children through education. Children have a chance to get a better income than their parents in the future. Because the more the number of family members, the greater the needs that are met, there is an insufficient income to meet their needs and the family is in an unbalanced or poor condition. The more respondents have children and dependents, the more provided by respondents to work more effectively. However, A comprehensive review by Beauregard and Henry (2009), confirm that there is an inadequate indication to support the notion work-life practices enhance performance.

All individuals can work and compete at the same level regardless of their age and gender. If it is acknowledged beforehand about the level of performance, they are the same at work then they can
be treated equally in the organization particularly about financial aspects.

Empirically it was found that age, gender, education, years of service and number of family dependents affected employee performance. It is important to influence English as a Foreign Language (EFL) learning because the initial exposure to language instruction continues to produce better performance and the results show that learning English at an early age is important (Elsadig & Khalifa, 2012). There is no significant difference between the performance of sales and demographic characteristics of entrepreneurs by age (Fauzilah, 2012). The higher the age of the business owner, the better the business performance (Heck, Rowe, & Owen, 1995). Business owners aged 40 years and above have the opportunity to earn more than those aged less than 40 years (Orser & Foster, 1992).

Employees with short working period saw empowerment as the need to build confidence to adapt to the corporate environment (Huang et al., 2006). They need high socio-political support to be active in the system, namely socio-politics, resources, and information support, because it will give them the confidence to accept some responsibility as a sense of empowerment and to gain control over the work environment. (Chan, Shi, Zhang, & Cheung, 2008). Employees with higher tenure tend to resist efforts to empower because they have experience with the failure of management practices aimed at generating the challenge and motivate employees to work in the past (Foster-Fishman, 1994).

Working period is negatively correlated with psychological work of employees. Dickson and Lorenz (2009), find that the work period was positively correlated with employee psychological empowerment. We might argue that the higher a person’s work period, the higher his psychological empowerment will be. Ozaralli (2003), report that employees who have a longer service life in the company, feel more empowered than a short period of work and this suggests that the increase in empowerment associated with the work period is due to an increase in experience.

This study aims to examine and analyze the influence of age, gender, education, tenure and number of family dependents on employee performance in the cigar agro-industry in Jember Regency. Jember is well-known for its cigar-based products. Many cigar companies make them as one of the dominant industry in Jember. The cigar industry involves thousands of employees. Most of the employees are female as the industry does not require skilled-labor. Given this situation, the current study focuses on the cigar industry that in turn, the findings could be beneficial for the decision makers in the industry. Also, the income of employees is mainly determined by their productivity measured as the number of output they can generate during a certain period.

**Literature Review and Hypotheses Development**

Performance is the work that can be achieved by a person or group of people in an organization. Performance is interpreted as the work of an employee, a management process or an organization as a whole, where the results of such work must be exposed proof in real and measurable (Srivastava, 2008). Performance is the appearance of someone’s work in the form of quality or quantity measures. Performance can be an individual presence or the working group of employees.

There are three criteria for assessing individual performance, namely individual tasks, individual behaviour and individual characteristics. Gibson et al. (2009), use a time approach to measure organizational performance through the approach of the period dimensions, namely the short, medium, and long-term stages. The whole process of this stage is a system that is not separated. Even short-term periods are a prerequisite for being able to enter a medium-term period. Thus, the medium-term period is a prerequisite for entering the long-term stage. The organization that does not have a good performance in the short-term period cannot last in the future. Several studies on employee performance have been carried out. Job satisfaction affects performance (Clifford et al., 1997). Commitment is a factor that can affect employees’ performance (Khuong & Yen, 2016 and Dinc & Plakalovic, 2016).
In general view, older people are no more effective than younger people in carrying out certain tasks. This is mainly due to age factors (Gelderblom, 2006). Physically, older bodies are not as strong as younger ones to do certain tasks with the same efficiency as young people. However, in another type of assignments, older people can complete well than younger ones due to the experience factor. For example, the elder can give better advice than younger ones.

Pattern changes of age in work performance vary according to job characteristics. If work requires quick reaction or heavy physical work, age can be a loss, even in the thirties (WHO, 1993). However, if experience or expertise can improve job performance related to work, then age becomes an advantage throughout the work period (Warr, 1994). Some studies show that performance decline begins earlier in heavy physical work than demanding mental work (Ilmarinen, 1999 and Capanni, Sartori, Carpentiero, & Costa., 2005).

Age is closely related to the level of employee maturity or maturity. Maturity is the level of technical ability in carrying out tasks, and psychological maturity, the more elderly a person, increases the maturity of a person, as well as the psychology, will show the maturity of the soul. Age is a determinant of individual performance, namely the performance of individuals will gradually increase or decrease with age depending on their work (Warr, 1994). Orser and Foster (1992), find that business owners aged 40 years and over have the opportunity to produce more than those less than 40 years of age. Saks and Waldman (1998), report a negative relationship between age and performance. Fauzilah (2012), concludes that there is no significant difference between sales performance and business actor’s demographic characteristics such as the age. Interestingly, the review paper by Ng and Feldman (2013), shows that older employees are less likely to be highly agitated by contract breaches or to retaliate to with unproductive behaviour. Chung et al. (2015), document that workability among older workers increases with the enhancement of cognitive ability. Robbins and Judge (2008), reveal that if research separates professionals and nonprofessionals, it will be found that performance levels tend to increase in professionals with increasing age, whereas in nonprofessional performance decreases with age.

H₁: Age affects employee performance

At present, there is gender convergence and not divergence. Men and women today are much more similar than a few decades ago (Kimmel, 2000). This is because since childhood men and women have been difficult to be treated equally at all levels of society and society does not distinguish between the two sexes. Modern society has removed the boundary between two of his lifestyles. Moore (1999), distinguishes between traditions (i.e., women with traditional values, adhering to the role of stereotypical women) and modern society (i.e., next-generation women who are more similar to, than different from their male counterparts). Until the early 1990s research on women’s entrepreneurship identified gender variances concerning individual characteristics.

Men and women have significant differences women both physically and psychologically. This difference can lead the way men and women work at their jobs such as the average woman cannot work at the same efficiency level as men in the labor work. Goleman (1995), shows that men and women are psychologically different. A management study also predicts that the performance of the organization employees relies on their emotional intelligence (Goleman, 1995). Several studies of the performance of employees based on gender differences found that there are differences in performance between male and female employees (Brush, 1992). Ahl (2002), show there is no difference regarding productivity between men and women. Other studies have found that gender variances (one’s masculinity or femininity) are based on differences in social experience (Korabik, 1999 and Bem, 1993), and gender also does not fully determine a person’s role (Fischer, Reuber & Dyke, 1993).

Gender is generally used to distinguish a person’s sex, namely male or female. Psychological research has found that men are more aggressive and more likely to have expectations for suc-
cess, so men perform better than women (Robbins & Judge, 2008). The difference stereotype that is often used to describe men and women in the organization is invalid (Ivancevich, Konopaske & Matteson, 2011). Holmes, Holmes, and Hassanein (1978), test whether there is a difference between men and women in the performance of medical students in accomplishing a test. Plauché and Miller (1986), show that women outperform men in both clinical evaluation and a written examination. Imnyxai and Takahashi (2010), find that there are performance differences between companies led by men and women. Fauzilah (2012), documents no significant difference between sales performance and gender of business actors. Gender is not related to job performance (Ufuophu-Biri, 2014). However, Gede and Lawanson (2011), find that gender is significantly related to job performance among teachers in Nigeria.

H₂: Gender influences employee performance

Education is a conscious and prearranged effort to comprehend an education atmosphere and learning process. It is expected that the students will actively develop their ability to have religious, self-control, intelligence, noble character, personality, spiritual strength, and skills needed by themselves, society, nation, and country. Education is often interpreted as a human effort to foster his personality according to the values in society and culture. Furthermore, education is defined as an effort carried out by someone or another group of people to become adults or achieve a higher level of life or livelihood in a mental sense (Hasbullah, 2008). Education can be an indicator of a person’s level of skill, ability or productivity (Benson, Finegold, & Mohrman, 2004). Organizations often use the level of education as a precondition and determine the position of the position in the recruitment of employees deciding the decision. Many organizations subsidized current employees to obtain a college degree or advanced (Benson et al., 2004) but did not assess accurately short-term returns (for example, better performance) or long-term returns (for example, work commitments increased) on the investment. Gede and Lawanson (2011), show that education is significantly associated with job performance among teachers in Nigeria. Hassan and Ogunkoya (2014), find a positive and significant effect of level of education on job performance among insurance policy salesmen in Lagos.

H₃: Education affects employee performance

The period of work is a period of time where a person is actively involved in an organization and reflects the loyalty of the workforce in an institution where he works, while the period of work is often also called seniority is a number of employees working period continuously in an organization (Marisa & Sonia, 2005). Every organization certainly wants its employees to continue to work throughout their tenure. This is important enough to maintain the survival of the organization. The placement of labor by human resource management is very influential in the achievement of organizational goals. Therefore, the human resources department must be careful in choosing a workforce that is truly by the work to be provided. If the workforce placed can work well, then the overall performance of the company will be optimal. Every individual in each organization has the ability, intelligence, skills, and potential that can change and develop over time. The ability can be increased by giving training. Intelligence can be increased by learning, while skills can be added by doing repetitive tasks.

Robbins and Judge (2008), state that the longer a person works, the more skill and experience in the field of work will increase. When employees as new people who are not experienced in work, the ability to think critically in doing work is very limited, thus, employees must be willing to learn from other employees and accept opinions and input from others. Experience can help a person increases his ability to release his ego or power to accept the opinions of others who then analyze and test alternatives independently and systematically. Employees can try various available alternatives to solve problems that arise when the work is carried out with the experience of employees.

A long working period will make someone perform better and therefore be reliable. Evidence of the relationship between knowledge, years of ser-
vice, and performance can still be found in a profession that requires experience and specialized knowledge, as in science, politics, or art (van Vugt, 2006). A study shows that Afghan leaders possess higher connection-orientation values related to better performance (Mujtaba & Kaifi, 2008). That is, leaders with special knowledge or skills in psychology can perform better as leaders. Nsubuga (2009), claims that education and experience lead to changes in leadership attitudes and therefore school performance. Experience and education are found to be the factors that govern leadership style and performance (Cagle, 1988). Knowledge is the main power to make one effective as a leader and therefore leaders must possess adequate education, have a good experience, and strong qualification (Katozai, 2005). Leaders with good knowledge and ability in management and leadership have been known to perform more efficient and effective (Nsubuga, 2009). Gede and Lawanson (2011), provide evidence of a significant relationship between experience and job performance of employees. Also, the year of service or tenure is positively related to job performance (Hassan and Ogunkoya (2014). 

H4: The period of work affects employee performance

A person’s motivation and performance can also be influenced by the number of family dependents. In developing countries, like Indonesia, children can be considered as investments. Family dependency is one of the main reasons for household women to participate in helping husbands to decide themselves to work to earn income. Respondents have children and dependents and the respondent provides for working is more effective. Empirical study finds mixed results. Hanif et al. (2011), document that the number of family members is among the significant predictor for job performance among school teachers in Pakistan. However, there is no significant relationship between the number of family dependents and level of salary among private university workers in India (Meenakshi (2017), or among women health care professionals in India (Ravichandran and Indumathy, 2018).

H5: The number of family dependents influences employee performance

METHOD

The population of this study are all employees from 14 cigar companies in Jember Regency. The research sample was determined using the stratified random sampling method. It means that of the 14 cigar companies, ten people of each were chosen to serve as research respondents. The focus of this research is to find the influence of age, gender, education, tenure and number of family dependents on employee performance cigar companies in Jember Regency.

The primary data were collected using questionnaires as the main method. The data are collected directly from the respondents as they completed the filling out of the questionnaires. Questionnaire filling (data collection) was carried out from April to May 2018.

The questionnaire is developed using 5 points Likert scale adapted from literature related to research. Measurement of the age and sex obtained from the respondent’s age when the study was conducted were then categorized into less than 20 years with a category value of 1, 20-29 years old with a category value of 2, 30-39 years old with a category value of 3, and 40 years with a category value of 4. The male and female were given a score of 1 and a score of 2, respectively. Respondent’s education measurement is the latest education, elementary or equivalent with a score of 1, junior or equivalent with a score of 2, high school or equivalent with a score of 3, and Higher Education with a score of 4. The working period is obtained from the length of time the respondent worked at the time the research was carried out, then categorized into < 2 years with a score of 1, 2-5 years with a score of 2, 6-10 years with a grade of 3 and more than ten years with value 5. Measurement of employee performance variables is endogenous variables, measurement of performance variables adopts a questionnaire developed by Osborn and Gabler (1992), Micheli and Needy (2010), and Jankingthong and Rurkkhum (2013).
RESULTS

A total of 140 questionnaires were distributed directly to randomly selected respondents. Most of the respondents are in the range of 30-39 years old (42.1%), 77.1% female, the majority of them have an Elementary Education or equivalent (67.1%), and 50.7% of respondents have a tenure of 10 years or more. Most of the respondents have dependents of three people that is equal to 58.6%.

The results of multiple linear regression analysis of the influence of age, gender, education, years of service and number of family dependents on employee performance are presented in Table 1. The model has met the classical assumption consisting of normality model, homoskedastic assumption, and non-multicollinearity.

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Coefficients</th>
<th>t-value</th>
<th>F-Value (sig)</th>
<th>Adj.R²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Age (X₁)</td>
<td>2.292</td>
<td>2.743***</td>
<td>15.028</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Sex (X₂)</td>
<td>2.430</td>
<td>2.024*</td>
<td>0.335</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Education (X₃)</td>
<td>4.420</td>
<td>5.501**</td>
<td></td>
<td>0.335</td>
</tr>
<tr>
<td>4.</td>
<td>Years of service (X₄)</td>
<td>1.054</td>
<td>2.025*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Number of dependents (X₅)</td>
<td>4.374</td>
<td>6.180**</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: ***, * denote significant at 1%, and 5%, respectively

As can be seen in Table 1, all independent variables have a positive and significant effect on the dependent variable. The significant levels vary from 5% (Sex and years of service) to 1% (Age, Level of Education, and Number of dependents in the family). The findings confirm that all the proposed hypotheses are accepted.

DISCUSSION

Age has a positive and significant effect on employees’ performance. That is, the older the employee, the better is his performance (H₁ is accepted). The useless performance relates to a person’s ability to make decisions, think rationally, control emotions, and tolerate the views of others, thus affecting their performance. The finding on the positive effect between the age of respondents and job performance is not in line with Saks and Waldman (1998) or Fauzilah (2012). But, it is in support of Ng and Feldman (2013) and Chung, et al. (2015).

Sex is found to have a positive and significant effect on employees’ performance. Women have a higher perception of performance than female ones. The finding reported here is similar to Kotur and Anbazhagan (2014), who examined the effect of age and sex on the performance of employees in the city of Chittoor, South India. They find that age and sex affect employee performance. Other studies found that female students outperformed men in both clinical evaluation and written examinations (Plauché & Miller, 1986). This result also supports Inmyxhai and Takahashi (2010), who find differences in performance between companies led by men and women. Gender was also found to have a relatively more productive effect on the performance of women workers (Kotur & Anbazhagan, 2014). The finding reported here also supports Gede and Lawanson (2011), who study teachers in Nigeria. However, the finding of the current study does not support Fauzilah (2012), who documents that there was no significant difference between sales performance and gender of the business actors. Gender influences the performance of workers in various degrees.

The study finds that education positively and significantly affects employee performance.
Thus, $H_3$ is accepted. It means that individual education is not only part of the company’s human resources but also part of the company’s core assets (Lepak & Snell, 1999). The result of the current study supports a previous study of Gede and Lawanson (2011), who use teachers in Nigeria and Hassan and Ogunkoya (2014), who examine insurance policy salesmen in Lagos. Thus, we might advocate that higher education is related to higher performance.

Years of service have a positive and significant effect on employee performance. Thus, $H_4$ is accepted. That is, the longer the time of employment, the higher is the performance of the employees. At this time, evidence of the relationship between knowledge, years of service and performance can be found in professions that demand specific knowledge and experience (van Vugt, 2006). Years of service may play an important role in the performance of individuals. People who have been working for so long are wiser because of more experience, and this happens because of a long working period. Belal and Mutjaba (2010), conclude that education and experience do have an impact on individual performance. The current study also supports two previous studies, i.e., Gede and Lawanson (2011), who study teachers in Nigeria and (Hassan and Ogunkoya (2014), who analyze salesmen in Lagos. Thus, we might argue that employees are having more experience value job performance better than those who have been in a job for a shorter time.

The number of dependents has a positive and significant effect on employees’ performance ($H_5$ is accepted). That is, a family dependent is one of the main reasons for the women of the household to participate in helping the husband to decide themselves to work to earn. The more respondents have children and dependents, the time provided respondents to work is more effective. The study documents that the number of family dependents affects employee performance. It happens if the number of children and dependents is greater than the costs incurred for daily needs and school fees are relatively expensive. This is a respondents’ motivation to work harder with the aim of meeting family needs. The finding of the current study is in support of Hanif, et al. (2011), who study school teachers in Pakistan. However, it is with Meenakshi (2017), who examine private university workers in India or Ravichandran and Indumathy (2018), who use women health care professionals in India. Nevertheless, based on our study, we posit that the number of family members being the dependents of the employees affect the performance of employees positively.

CONCLUSION

This study examines and analyzes the influence of age, gender, education, tenure and number of family dependents on employee performance. Respondents from research are 140 employees from 14 cigar companies in Jember Regency, East Java, Indonesia. The results showed that age, sex, education, years of service, and the number of family dependents have a significant positive effect on employee performance. Thus, all the proposed hypotheses are accepted.

We notice two potential limitations of the study. The first limitation relates to the indicators. The indicators used in this study are extracted from western-based papers, which may, to a certain extent, not always applicable to the local setting. The current study does not make any adjustment to the indicators being used. Accordingly, the future study may make some adjustment on the indicators being used when applying to the local setting. The second limitation associated with the distribution of the respondents. Most of the respondents are female, and this is a typical condition of the cigar company. Thus, our finding may be biased due to less proportional of the respondents. Accordingly, the future study may use the organization with relatively balance the proportion of the gender of the respondents.

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Factors Determining Employee Performance in The Cigar Companies


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Factors Determining Employee Performance in The Cigar Companies


