

The influence of employee rewards management practices on the performance of small scale enterprises in Uganda

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Abstract

The study, examined the influence of reward management practices on the performance of small scale enterprises in Uganda. The study specifically examined the role of reward management practices on the performance small scale enterprises in Uganda. Reward management is an issue that has not been well managed among small scale enterprises in Uganda. Most small scale enterprises do not have reward structures in place as many employees are paid small irregular amounts of money that largely reduces employee's morale to work. Most of the small scale enterprises fail to maintain market share, don't have a competitive prices level, face stagnated and or reducing profits that keep dropping to their collapse, low sales volumes, unstable market share and low return on investment. The study adopted cross sectional survey design with both quantitative and qualitative approaches. The study involved business directors and business employees across all 400 the sample size small scale business enterprises in Uganda. Questionnaires and interviews were used to collect data from respondents. Data was analyzed to obtain descriptive statics and inferential statics. From the findings it was revealed that there is a positive significant relationship between employee rewards management practices and the performance of small scale enterprises in Uganda. The correlation coefficient of .265(**) with a significance value of .000 was obtained to explain the nature of the relationship that exist between the two variables. This implies that in a situation where financial & non financial rewards which are; pay, benefits, Incentives, Recognition, Value for money rewards, Performance management platform are well managed then there is likelihood that enterprise performance will improve in the long run hence affecting overall performance of small scale enterprises in Uganda. The regression model revealed R2= .070 which shows that 7% variation of small scale enterprise performance is explained by changes in reward management process in small scale enterprises in Uganda. This implies that any changes in reward management in the human resource management practices in small scale enterprises would lead to 7% chance improvement in enterprise performance in Uganda. It was therefore concluded that Financial and non financial rewards are lightly considered by many small scale enterprises in Uganda and they need to ensure that small scale enterprises give their employees good financial and non-financial rewards.

Key words: *Reward management, Financial and Non financial Perfomance, Small scale enterprises*

Introduction

In Uganda, Uganda Investment Authority (UIA) (2008) defines a small enterprise as the one employing maximum 50 people; annual sales or revenue turnover of maximum Uganda Shillings 360 million and total assets of maximum Uganda Shillings 360 million. The enterprise's ability to develop HRM

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practices aligned with business strategy is a source of sustainable competitive advantage that determines an enterprise's performance (Barrett and Mayson, 2007; Andonova and Zuleta, 2007). In different small scale business environments, there are a number of human resource management practices that contribute to their performance (Huselid, 1995). Delery and Doty, (2006) identified seven such practices that have been consistently considered strategic HRM practices. They include reward management plans, internal career opportunities, formal training systems, results-oriented appraisals, employment security, participation, job descriptions, and profit sharing.
High employee commitment is a vital HRM outcome in small enterprises, concerned with the goals of binding employees to the organization and obtaining behavior outcomes of increased effort, cooperation, involvement, and organizational citizenship this model may help achieve enterprise performance. The model works towards having highly skilled employees. A high-quality employee refers to issues of workplace learning and the need for the organization to have a capable, qualified and skillful workforce to produce high-quality services and products.

Background

Reward management practices are the strategies, policies and processes required to ensure that the contribution of people to the organization is recognized by both financial and non-financial means. It is about the design, implementation and maintenance of reward systems (reward processes, practices and procedures), which aim to meet the needs of both the organization and its stakeholders. The overall objective is to reward people fairly, equitably and consistently in accordance with their value to the organization in order to further the achievement of the organization's strategic goals. Reward management is not just about pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, learning and development opportunities and increased job responsibility (Armstrong, 2007).

The unbecoming behavior of most Ugandan business men such as a poor saving culture, acts of financial indiscipline, lack of a desire and commitment to achieve greater heights, irresponsibility, laxity and laziness, and lack of a vision are key factors hindering the survival, growth of SMEs and performance of such enterprises (Nakamura, 2007). Ocici (2006) also indicates that the unfortunate education system of Uganda which mainly prepares students for ready office jobs and gives little attention to entrepreneurship education is another factor accounting for the low business survival rates in Uganda.

Many Ugandan small scale entrepreneurs especially in Uganda are characterized by low or lack of education, uncouth and poorly managed people. The proprietors of most of these enterprises operate in the informal sector mainly for survival purposes, they have relatives as their employees, have a poor saving culture and do not have proper channels of capital sourcing (Ocici, 2006). This study, therefore intended to finding out the influence human resource management practices on the performance of small scale enterprises in Kampala-Uganda among metal fabrication enterprises, agro-processing, fabricated metal and non-metallic products, wood processing and carpentry enterprises, electrical enterprises, foods and beverages enterprises, mattress, textile fashion and clothing businesses.

Theoretical and conceptual framework

Reward relates to anything that extrinsically or intrinsically reinforced, maintain and improve the employees' behavior in an organization (Zhou et al, 2009). Reward is the compensation which an employee receives from an organization for exchanging of the service offered by the employee or as the return for the work done (Bau & Dowling, 2007). Luthans (2010) highlights two types of rewards which are financial (extrinsic) and non-financial (intrinsic) reward and both can be utilized positively to enhance employees performance. Financial rewards means pay-for-performance such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. Non financial rewards are non monetary or non cash and it is a social recognition, praise and genuine appreciation.

In small scale businesses, reward management is practiced in various aspects to help improve on employee performance and some include financial as well as non-financial rewards. Compensation and Benefits are part of the reward management practices in small businesses that can help to improve on the performance of such businesses. Compensation is the form of pay or incentive given to an employee for performing services for an employer. It is often based on wages, salaries, incentives, or bonuses (Arthur, 2007). Benefits are additional rewards that an employer may use to attract and maintain employees. An employee is compensated based on their skills, knowledge, experience, and education. However, this is centrally to most small scale enterprises in Uganda, since most of them hardly give their employees benefits a part from the small remuneration in form of salary.

Small businesses face a big challenge in the reward process since they typically do not have the monetary funds to hire employees with exceptional working skills, training, experience, and education to help improve on their performance (Dupray, 2001; Brown, Hamilton, and Medoff, 2000). Thus, it is challenging to compete with large businesses that may be willing and capable of paying higher wages for employees. As a result, workers in large firms usually have more education and work experience than those in small firms like those in Kawempe, which deny them to attract competent staff members from the reward management perspective.

Literature Review

Small and large, should have a wage and salary administration program (Rotundo, 2003; Arthur 2007). A wage and salary administration program is composed of a salary structure according to an employee's pay grade that is based on job descriptions, position evaluations, and salary surveys. These help to encourage employees to work towards achieving business objectives to achieve the required business performance levels. This is centrally to most small scale enterprises in Uganda as most do not have salary structures, but give salary according to the earnings of the enterprise or even the bargaining capacity of the personnel. This however fails them in attracting the best personnel that would rather be important improving the performance of the business.

As opposed to small businesses large firms are willing to pay employees more due to organizational working conditions such as the work schedule and environment that may influence the performance of such firms in one way or another. A large business portrays the image of long working hours, corporate appearance, rules, close supervision, less decision-making, and an impersonal and formal atmosphere (Brown, Hamilton, and Medoff, 2000). On the other hand, small firms may offer lower wages, but they portray a relaxed and informal environment, employee and employer relationship, and personal atmosphere where employees have the opportunity to make decisions and take responsibility (Dundon et al, 2009) and all such factors may influence the performance small businesses like those in Kawempe Divison

Compared to small firms, large firms are often able to offer a wider variety of benefits. Large firms tend to offer non-financial benefits to employees (Sack, 2001) that may include; health insurance; paid vacations, holidays, funeral, and sick leave; retirement and savings plans; personal days off; overtime; discounts with local merchants, company product, or services; pay advancements; bonuses and merit raises; profit-sharing plans and stock options and flexible benefit plans. These are largely absent in small businesses like those in Uganda which would have been a big source of motivation for employees to achieve high performance levels.

Training and development are essential elements that should be provided by every business, small or large. Knowledge is powerful and acquired though some form of training (Koch & McGrath, 2006). Training involves preparing an employee for the job that they been hired to perform as well as preparing them

for future development in the organization. Training allows an employee to develop skills and abilities that are used in the workplace. Development is the continuous training and learning that enhances the employee's talent and knowledge in small businesses that can help them to improve business performance (Shutan, 2003). This is not the case in Uganda, since most of the enterprises do not have resources to engage in training of their employees. Most enterprises consider employee training as a less important aspect since they believe employees can be given on job training without having to meet costs related to training. However, this may be disadvantageous to the firm missing out on advantages that come with training of employees.

Reward management is practiced in various aspects to help improve on employee performance and some include financial as well as non-financial rewards. The importance of both non financial and financial rewards, dwells in the fact that when they are not well managed they lead to lack of motivation from employees leading to poor performance of employees in the long run especially in small scale enterprises.

Methods and Techniques

The study will use the following methods and Techniques

Research design

The study utilized the cross-sectional survey design that will use both qualitative and quantitative approaches (Mann, 2003). This was used largely because it helps to select a small sample of people from a bigger population to act as an inference and since surveys are designed to provide a snapshot of how things are at a specific time and it allowed the use of many variables at ago (Levin, 2007). In this study, survey methodology helped in measuring variables and examining relationships among variables as recommended by Fowler (1993). As Hall, John (2008) explains Cross-sectional studies provide a clear snapshot of the outcome and the characteristics associated with such a study, at a specific point in time when it is carried out. Hall, John (2008) further explain that cross-sectional studies provide a clear a snapshot of the outcome and the characteristics associated with such a study, at a specific point in time when it is carried out. Oso and Onen (2005), stress that cross sectional survey design allows quick collection of raw data in addition to enabling the researcher to interact with people that have practical experience with the subject of study (Kothari, 2004) and assesses their perceptions, opinions and feelings at a particular time. It is carried out among few people to act as an inference to the majority. As such, the use of this design allowed the researcher to employ a relatively passive approach to making causal inferences based on findings. Using a mixed research method of both qualitative and quantitative approach is capable of giving good understanding of the study (Cameron, 2009).

Study area and Population

The study was carried out in Uganda in the four regions of central, western, eastern and northern Uganda. The study population included business owners' or directors and employees of such businesses. According to Uganda investment authority (2015), Uganda has a total of 454,104 enterprises identified in the Census of Business Establishments (COBE) that have between 1-20 employees and fully registered to comply with tax requirements.

Sample Size and selection.

According to Mugenda and Mugenda (2003), it's impossible to study the whole targeted population and therefore the researcher has to decide on a sampled population. The sample size of the study will be 800 as presented in table 1 below and it was determined using Israel (1992) adopted from Yamane 1967 simplified formula as shown below.

$$n = \frac{N}{1+N(e)^2}$$

Where n= sample size
N= population size
e= level of precision (0.05)

Number of participants per category

Category	Population	Sample size	Sampling Strategy
Business directors	454,104	400	Simple random sample
Business employees	454,104	400	Simple random sampling
Total respondents	908,208	800	

Sampling Methods

The study used simple random sampling to select employees and directors. Simple random sampling is a form of respondents' selection which is done in order to avoid bias (Mugenda and Mugenda, 2003). As Levy & Lemeshow, (2008) explain simple random sampling is a probability sampling technique in which a random selection is made of the first element for the sample, and then subsequent samples or elements are selected using a fixed or systematic interval until the desired sample size is reached in the study. The target population is numbered and a sampling frame compiled. Simple random sampling is a stronger sampling procedure. A list of employees from each business will be sought from their Human Resource Department to help in determining the respondents. Names of respondents of each category will be written on pieces of papers and contacted to be involved in the study. The study will then use purposive sampling to select business directors.

Data Collection methods

The study utilized both qualitative and quantitative data collection methods. Primary data was obtained using questionnaires as well as interviews. Secondary data was sourced from reading literature.

Quantitative methods

The questionnaire was the method used to generate quantitative data.

Questionnaire method

This involved the use of self-administered questionnaires to respondents in relation to human resource management practices and it was given to staff members and majority of road users. In seeking for quantitative data, closed ended questionnaires in a scale (five likert) form was used. Questionnaire method was used because it helps to investigate motives and feelings in likert scaling (Creswell, 1994).

Qualitative methods

To obtain qualitative data, interview and document review was applied.

Interview method

The interview method was used to explore qualitatively on the influence of human resource management practices on the performance small scale enterprises in Uganda , this was given to only business directors. This method took the option of face to face interviews that sought to provide the required data as specified above. Interview method was used because it provides an excellent opportunity to probe and explore questions (Cress well 1994).

Document review method

A document review method was used in sourcing for secondary data in all relevant documents in relation the influence of human resource management practices on the performance small scale enterprises in Uganda. These were sourced from journals, text books and other relevant reliable sources. Novak (1996) explain that if secondary research and data is undertaken with care and diligence, it provides a cost-effective way of gaining a broad understanding of research questions and the broader concept under study. Secondary data is also helpful in designing the research and can provide a baseline with which to compare primary data collection results.

Data collection instruments

Data collection instruments included questionnaires, interview guide and the documentary review checklist

Questionnaires

The study used a five-likert scale questionnaire which was administered to employees of small businesses. The study used one set of questionnaire that was constructed strategically to capture all the necessary information from all categories of respondents in respect to the themes of the study and each objective had at least 10 questions for purposes of intensive analysis of these objectives. The questionnaire was administered door to door since most of the respondents in this category are known. The likert scale was used since they are very flexible and can be constructed more easily than most other types of attitude scales (Amin, 2005).

Interview Guide

Face to face interviews with the help of an interview guide was conducted among some few business directors. The researcher believes that these people can provide rich information in regard to the study. Interviews was used, since they are appropriate in providing in-depth data, data required to meet specific objectives, allows clarity in questioning and quite flexible compared to questionnaires.

Document review checklist

The study also carried out reviews of existing documents primarily business records, human resource reports, strategic plans, minutes and data by other scholars in relation to human resource management practices on the performance small scale enterprises in Uganda. This gave an overview of how much has been addressed in this line.

Validity and Reliability

The data collection tools were pretested on a smaller number of respondents from each category of the population to ensure that the questions were accurate and clear in line with each objective of the study thus ensuring validity and reliability.

Validity

Validity is the accuracy and meaningfulness of inferences, which are based on research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomenon understudy. Therefore, validity looks at how accurately represented are the variables of the study (Mugenda, Mugenda 2003). The study adopted content validity which is the degree to which data collected using particular instruments represents a specific domain of indicators or content of a particular concept. To ensure content validity of instruments the researcher constructed the instruments with all the items that measure variables of the study. The researcher also consulted the supervisor for proper guidance after which the researcher pre-tested the instruments and after pre-testing ambiguous questions was removed or polished so as to remain with the finest data required. To ensure rigour in qualitative process the researcher used respondent validation process. Chew Brink (1991) suggests the use of respondent validation (Bloor 1998) to ensure stability is paramount in qualitative data. This was done by checking the results on completion of data collection for any missing responses and other aspects. The content validity index Formula was used as presented below.

$$C.V.I = \frac{\text{No. of right rated items}}{\text{Total no. of items}} \times 100$$

Reliability

According to Mugenda and Mugenda (2003), Reliability refers to the measure of the degree to which research instruments yields consistent results after repeated trials. In testing the reliability of instruments, the study adopted the test-retest method which involved administering the same instruments twice to the same group of subjects and this was done by selecting an appropriate group of respondents, the researcher then administered instruments to respondents and then re administer the same instruments to another group after a week and the results of the two periods were correlated to obtain the coefficient of reliability. If the coefficient is 0.6 and more as recommended by Mugenda and Mugenda (2003), the instrument was considered reliable.

Data Analysis

Quantitative Data

In handling all the objectives of the study, the researcher used a computer package SPSS where data was entered, edited, cleaned and sorted. This program was used to do univeriate and bi-variate analysis to obtain descriptive data in form of frequencies, percentages, mean and standard deviations since it was a five likert questionnaire and this helped give the general response towards each question in the likert scale through the mean values. In establishing the relationships among variables, bi-variate multivariate analysis in form of Pearson correlation and regression analysis where necessary was used to ascertain the magnitude of effect the dependent variable has on independent variable (Cresswell, 2004). In correlation and regression analysis, the level of significance was, P=0.05. Dobson, (2002) stress that it is important to examine relationships within the data with correlations or regressions. Through correlation measures, relationships can be studied in depth, limited only by the data available to the researcher. The main goal of regression analysis is to determine the ranking of the regressors or an explicit quantification of the relative importance of each regressor for the response.

Qualitative data

Data analysis of qualitative data in the three objectives of the study used content analysis where each piece of work answered in the interview guide was read through thoroughly to identify themes where it belongs. The number of times each answer appears was counted to obtain the number of responses in each respect.

Findings and discussion

The study established how employee rewards management practices influences the performance of small scale enterprises in Uganda and results are presented below.

Descriptive results of employee rewards management practices

	Mean	Std. Deviation	N
My Salary in this institution is enough for me.	2.669	1.234	756
My salary is paid in time as required	3.220	1.322	756
I am given annual financial bonus based on individual performance of the year.	2.563	1.157	756
I'm given top up allowances periodically	2.580	1.150	756
My company gives competence or skill based pay increment	2.656	1.131	756
My company gives cash bonus based on the surplus made per each period.	2.590	1.143	755
The gives annual group bonus based on team performance of staff or any others.	2.689	1.158	756
The company offers training programs to its staff members .	3.276	1.204	756
My company gives its staff opportunities for career advancement	3.063	1.238	756
My company usually organizes recognition events for high achievers periodically.	2.940	1.259	756
The company usually organizes small non-cash awards (e.g., dinners, trips abroad) to its staff.	2.366	1.185	755
My company allows its staff to participate in decision making process in relation to reward.	2.940	1.196	756
Staff members are always given promotion on merit.	3.097	1.167	756
As a rewarding system, staff members are given better office facilities frequently to motivate them.	2.7513	1.205	756
Valid N (listwise)			754

In the study respondents disagreed that salary in small scale enterprises is enough for employees (mean=2.669). This implies that the salary given to employees in small scale businesses is not enough for them. Therefore the salary given to employees may not be enough since given the size of the enterprise and its sales may not support the amount of salaries some employees may want or need. This may contribute low performance of employees in the run due to low morale held among employees which may contribute directly to employees' performance.

In the study it was revealed that when an employee is given a satisfactory pay, by some standards employees will not leave the current job to the next job as one respondent explained that

"*..a teacher with satisfactory pay will not mind to look for other jobs hence concentrating in the current jobs..*"

Therefore for a an employee in an enterprise like a school where pay determines much of the employees morale then when granted such teachers are more likely to focus on their job and to perform as required. Therefore having satisfactory pay helps improve on employees' performance levels which in turn greatly contributes to the performance of the institution.

In the study, it was revealed that when employees are given a satisfactory pay it increases their morale towards work as one of the respondents explained that

"*….satisfactory pay would lead to growth of a company because when one is satisfied with the pay their moral is increased hence improvement of the company…this acts as a motivation although they are rarely met….they work knowing that they are not being exploited hence producing quality output….workers will be eager to work and won't hesitate to leave the company…enhances retention of employees in the company….*"

This implies that when employees are given a satisfactory pay, it leads to the growth of a company because when one is satisfied with the pay their morale is increased hence improvement of the company in terms of its sales and eventually profits. This acts as a motivation although some of these rewards are rarely committed or encouraged by companies in these enterprises. Employees who are given incentives work knowing that they are not being exploited hence producing quality output. Workers will be eager to work and won't hesitate to leave the company and it enhances retention of employees in the company.

In the study, it was revealed that giving employees' satisfactory pay ensures good time management, creativity and reduction of stress among employees which In the long run helps improve on the overall performance of the enterprise. Satisfactory pay also, encourages high concentration in doing the task allocated to employee no strike at work place. Employees tend to deliver their best with satisfactory pay. This is valuable to the employees because it can improve job satisfaction and help them offer a competitive benefits package. Promotes efficiency work in the organization reduces on the risks of corruption in an organization. Employees will not be job-hopping, thus settled to perform as required for as they as you need them. It leads to satisfactory commitment of individuals on their duties. A satisfactory pay improves employee satisfaction which leads to their happiness and health. There is no satisfactory pay because the company has not yet picked very well just a minimum pay.

In the study, respondents expressed a neutral position on whether salaries are paid in time as required (mean=3.220). This implies therefore that some small scale enterprises pay their salaries in time and others do not pay their salaries in time. Payment of salaries in time imply that employees are encouraged to work for such enterprises well knowing that their rewards are prompt that allow employees to also meet their obligations in time. This allows employees to work well and be able to enable the enterprises meet their performance targets in the long run.

In the study, it was revealed that both financial and non-financial helps to improve the performance of employees as respondents explained that

"*……financial and non financial would motivate the employees if they are given to the employees. … They would work as a motivator….when not given one loses moral in the job hence their performance is highly affected…. non financial rewards have more impact on the employee satisfaction and motivation than traditional financial rewards….non financial rewards like promotions rewards enables a worker to work with eager bearing in mind that in future one may end up bearing a director….*"

Respondents believe that financial and non financial would motivate the employees if they are given to the employees. These would work as a motivator. When not given one loses moral in the job hence their performance is highly affected. Non financial rewards have more impact on the employee satisfaction and motivation than traditional financial rewards. Non financial rewards like promotions rewards enables a worker to work with eager bearing in mind that in future one may end up bearing a director.

In the study, it was revealed the financial and non financial rewards are significant in ensuring the performance of the organization as respondents explained that
"*….in this company when employees are given financial rewards, they are motivated to work towards achievement of the organizational goals…motivates workers and make them work willingly with less supervision…financial rewards encourages employees to work overtime hence increasing then financial needs while non financial rewards are good because employees will feel more attached to the company…..*"

This implies therefore that availability of financial rewards in such small scale enterprises motivates employees to work towards achievement of the organizational goals which in most of these enterprises is profit maximization. Also these rewards motivate enterprise employees to make them work willingly with less supervision which largely improves on performance levels of the organization. Also the practice of giving employees financial and non financial rewards financial rewards encourages employees to work overtime. This increases financial benefits of the company and these rewards make employees feel more attached to the company there by improving on the overall performance of the enterprise.

In the study interview results, reveal that financial and non financial rewards also come with both advantages and disadvantages as one of the respondents explained that

"*…the staff become arrogant and less concentration at work place when there is no such rewards…..it motivates the employees and they work harder….financial rewards have motivated working and thus there is improvement in performance but however on the other side it a cost to the company….financial and non financial rewards encouraging existing employees to perform more effectively, and to retain and attract talent and high-caliber recruits….once given, there are a great motivational among employees leading to increased profits…*"

In the study, it was revealed that one negative result of lack of financial and non financial rewards in such enterprises results into some staff members becoming arrogant and having less concentration at work place. On the positive note however, financial rewards motivate the employees to encourage hard work. Financial rewards have motivated working and thus this brings about improvement in performance of the overall enterprise. However on the other side it is argued that, having financial rewards have negative results since it is a cost to the company and reduces on the revenues of such small scale enterprises. Financial and non financial rewards encourage existing employees to perform more effectively, and to retain and attract talented, better skilled and knowledgeable employees.

In interviews, it was further explained that availability of financial rewards helps to morale boost employees which leads to high commitment and fairness of personnel in the execution of their duties. Financial and non financial rewards encourage employees to achieve higher levels of performance and demonstrate the values, behavior and attitudes that make the enterprise more of a success. Failure to give employees financial rewards may force some employees to go into financial institutions to obtain loans which may in the long run affect their concentration levels at work, affecting their performance levels. This may affect the company in different ways some employees can perform well to be rewarded, others can perform fairly

for not being rewarded equally. When an employee is rewarded they tend to improve on particular aspects like time management customer care services.

In the study, it was disagreed that employees are given annual financial bonus based on individual performance of the year (mean=2.563) and it was also disagreed that companies gives cash bonus based on the surplus made per each period (mean=2.590). This implies organizations do not give bonuses to employees whether for individual performance or for surplus made in sales on an annual basis. Bonuses are meant to empower employees in the organization so as to effectively commit to work in the process of working.

In interviews, it was found out that employees feel more attached to the company when given benefits. Such employee devotes most much of his or her time to that work other than looking for something else to do. It attracts more employees and reduces the work load. This helps the employees to feel more secure about the future. This has kept in fact of the efficient employees in an organization. Employees will protect their jobs jealously so as to continue getting the benefits by performing to or beyond expectation. Gives morale to the staffs within the organization.

In the study, it was revealed disagreed that employees are given top up allowances periodically (mean=2.580) and it was further disagreed that companies give competence or skill based pay increment (mean=2.656). This implies that employees are not given any top up allowance or competence skills based pay in the process of work and this largely influences the performance of employees in the long run. The availability of such top up allowances allows staff members in these organizations to effectively work which significantly contributes to the performance of the overall performance of the enterprise in the long run.

In the study, it was disagreed that the company usually organizes recognition events for high achievers periodically (mean=2.940) and it was further disagreed that the company usually organizes small non-cash awards (dinners, trips abroad) to its staff. (Mean=2.366). This therefore imply that most of the small scale enterprises do not give non cash rewards to their employees. This may one of the factors that may influence the overall performance of such enterprises in the long run to affect their profits and the overall general performance of these enterprises.

In the study, it was revealed that most of the small scale enterprises do not have incentives that have a package of recognition of employees in the organization as one of the respondents explained that

"*…. Our organization does not recognize its employees, we cannot expect to be recognized when, the pay itself is uncertain…*"

This implies therefore that the employees in these small scale enterprises do not even expect to be recognized especially when their salaries are not paid in time or when these small scale enterprises can hardly afford to pay the employees' salaries. Therefore recognition of employees in small scale enterprises is an issue that is taken of less importance in ensuring the performance of such enterprises especially by various business directors.

In the study, it was revealed that recognition boosts the moral being of employees and makes one feel appreciated in the organization for such enterprises which encourage recognition of their employees. Recognition also helps others to improve and work hard in order to be recognized. It enhances self esteem thereby encouraging more production. Builds esteem of employees and motivate them to work tirelessly. Recognition brings joy and happiness to the employees and others are challenged to work harder. Provides psychological support and encouragement to employee and makes others to improve on their tasks for recognition as well.

In the study, it was revealed that value for money is an important aspect though it is not recognized and valued in the most institutions as respondents explained that

"*….value for money rewards would be more relevant if they were frequently offered by our companies, some don't even know what value for money is about and in such small companies…such rewards are for big companies and not small companies like ours…*"

This implies value for money rewards are not given in small scale enterprises and participants believe such rewards are meant for big companies. Small scale companies aim at the volume of sales, they are able to make and not rewarding employees for value for money in any way.

In the study, respondents were neutral on the fact that the company offers training programs to its staff members (mean=3.276) and that the company gives its staff opportunities for career advancement (mean=3.063). This implies that some enterprises give training opportunities to their employees and career advancement. Failure to give employees opportunities like career development and further training opportunities helps improve on the morale of employees in the long run and this greatly contributes to the overall performance of such enterprises.

In the study, it was revealed that availability of incentives in the working process is very important towards ensuring that employees effectively commit to work but most of the enterprises do not have these incentives as one respondent explained that

"*….. these incentives hardly exist in most of our enterprises, most of them are small, some can't even pay reasonable salary to their employees how can they even afford to pay incentives…*"

This therefore implies that most small scale companies do not offer incentives to their employees since their returns and profit margins are very small. Some small scale businesses can not afford to pay their employees and this largely affects the way in which such employees commit to work there by affecting the overall performance of such small scale enterprises.

In the study, it was revealed that a work place with good incentives helps employees to improve on their performance as one of the respondents explained that

"*….A work place with good incentives encourages an employee to concentrate on the work but a poor incentive discourages employees hence poor performance….*"

Therefore, this implies that when a company has incentives it gives to its employees, such incentives help or assists in motivating employees especially if they are financial and moral incentives. Incentives work as a motivator or as an increment which gives more moral to the employees. Workers are motivated to work harder as they employee strives to work hard. Like support for career development will equip in employee lope for the future.

It was revealed that incentives normally increase the zeal for work. Incentives, encourages employees and reduces debts from them. Most incentives are tied to earnings, the more revenue an employee generates for a business the more he is rewarded there for this motivates the worker. Promotes team work and ability to work towards set goals. These also trigger job protection attitudes among employees through performance. Morale boosts the workers within the organization. These improve the employee's productivity and satisfaction because they feel appreciated. Incentives help increases morale or motivates workers. This helps employees to start their own enterprise business to increase their well being and company performance.

In the study, respondents expressed a neutral point on whether small scale enterprises allow company allows its staff to participate in decision making process in relation to reward (mean=2.940) and that staff members are always given promotion on merit (mean=3.097). This implies therefore that some companies allow their staff members to participate in decision making and others do not allow their employees to do this. Also this implies that some companies allow their employees to participate in decision making processes and others do not. Allows employees to participate in decision making processes imply that employees are encouraged to perform at work and eventually improve overall performance of the company and this largely contributes to the performance of enterprises in the long run.

In the study, it was also disagreed that as a rewarding system, staff members are given better office facilities frequently to motivate them (mean=2.7513). This implies that in these enterprises employees are not rewarded with good offices as a way of encouraging them to work effectively and perform well for the organization. Lack of non financial rewards may influence employees' morale and ability to perform and this largely affects the overall performance of the enterprise in the long run.

In the study, it was revealed that in some organizations the working conditions are not good as one of the respondents explained that

"*….this has not been favorable but the teachers had no choice and still persevering with the situation….*"

This implies that in some enterprises like schools, the working conditions are not very favorable in most of these enterprises, however employees endeavor to hold on to their jobs despite the working conditions at hand.

In the study, it was revealed that the working conditions hold a lot of significances in small scale enterprises as respondents explained that

"…..when working conditions are favorable the employees are comfortable to work for the company when also gives encouragement to them. Good relationship between the manager and the employees creates friendship at work hence enabling improved output. Employees feel comfortable while at work free from work embarrassment. Improves the heath of employees. Good working conditions reduces stress and motivates employees' hence high performance. Good working condition makes such staff to remain in that job for long unlike others…."

Therefore, when working conditions are favorable the employees are comfortable to work for the company, this is more effective when also the management of the small scale enterprises gives encouragement to its employees. It should be noted that good relationship between the manager and the employees creates friendship at work hence enabling improved output in terms of performance. Also, the working conditions help improve the health of employees in these small scale enterprises. A good working condition reduces stress and motivates employees' hence high performance. Good working condition makes such staff to remain in that job for long unlike others.

Interview results revealed that good working conditions help to improve on the health and abilities of employees. When working conditions are good, the company is able to retain its employees hence saving time and money that would be used to recruit new ones. Working conditions keeps the employee's minds to be set for only tasks given at work in an organization and this helps to improve on the performance of the enterprise in the long run. In interviews respondents believe that good working conditions determine the physiological freedom one has at work and enhance their brain power which enhances their reasoning in the process of work.

In interviews, it was revealed that favorable working conditions enhance commitment at work by employees and this largely influences the performance of the small scale enterprises in the long run. Better working conditions increase job satisfaction and performance hence leading to improvement of the

company. One respondent explained that "*…At least in our company it has tried to improve good working conditions and it has actually increased ability and willingness to work…*" . Favorable working conditions lead to high labour output in terms of performance. one respondent also explained that "*…good working conditions increase performance for example providing mining gears for the mining company workers safeguard their lives and increase their performance….*" Good working conditions innovates the employees which results into production of good quality services.

Testing hypothesis; The influence of employee rewards management practices on the performance of small scale enterprises in Uganda. Results from a correlation analysis between employee rewards and small scale enterprise performance was obtained and results are presented in the table below.

Correlation between employee rewards management on the performance of small scale enterprises in Uganda

Correlations

	Reward management	performance
Pearson Correlation	1	.265**
Sig. (2-tailed)		.000
N	755	754
Pearson Correlation	.265**	1
Sig. (2-tailed)	.000	
N	754	755

**. Correlation is significant at the 0.01 level (2-tailed).

Results in the table above show a positive significant relationship between employee rewards management practices and the performance of small scale enterprises in Uganda. The correlation coefficient of .265(**) with a significance value of .000 was obtained to explain the nature of the relationship that exist between the two variables. This implies that in a situation where financial & non financial rewards which are; pay, benefits, Incentives, Recognition, Value for money rewards, Performance management platform are well managed then there is likelihood that enterprise performance will improve in the long run hence affecting overall performance of small scale enterprises in Uganda.

Single Regression Model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.265[a]	.070	.069	.58672

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.134	.083		37.860	.000
	Reward management	.214	.028	.265	7.549	.000

a. Predictors: (Constant), reward managemnt

b. Dependent Variable: perfomance

In the study, results of the regression analysis in the table above indicate that the coefficient of determination R2= .070 which shows that 7% variation of small scale enterprise performance is explained by changes in reward management process in small scale enterprises in Uganda. This implies that any changes in reward management in the human resource management practices in small scale enterprises would lead to 7% chance improvement in enterprise performance in Uganda. The results also show that reward management is significantly related to small scale enterprise performance (β =.265, ρ<0.01). This means

that improvement in reward management processes would lead to improvement to performance of small scale enterprises in Uganda.

Discussion of Findings

There is a positive significant relationship between employee rewards management practices and the performance of small scale enterprises in Uganda. In a situation where financial & non financial rewards which are; pay, benefits, Incentives, Recognition, Value for money rewards, Performance management platform are well managed then there is likelihood that enterprise performance will improve in the long run hence affecting overall performance of small scale enterprises in Uganda. This is related to Arthur, (2007) who explain that in small scale businesses, reward management is practiced in various aspects to help improve on employee performance and some include financial as well as non-financial rewards. Compensation and Benefits are part of the reward management practices in small businesses that can help to improve on the performance of such businesses. Compensation is the form of pay or incentive given to an employee for performing services for an employer. It is often based on wages, salaries, incentives, or bonuses.

In regression analysis any changes in reward management in the human resource management practices in small scale enterprises would lead to 7% chance improvement in enterprise performance in Uganda. This means that improvement in reward management processes would lead to improvement to performance of small scale enterprises in Uganda. This finding relates to Dupray, (2001); Brown, Hamilton, and Medoff, (2000) who explain that small businesses face a big challenge in the reward process since they typically do not have the monetary funds to hire employees with exceptional working skills, training, experience, and education to help improve on their performance. Thus, it is challenging to compete with large businesses that may be willing and capable of paying higher wages for employees.

In the study salary given to employees in small scale businesses is not enough for them. Therefore the salary given to employees may not be enough since given the size of the enterprise and its sales may not support the amount of salaries some employees may want or need. This may contribute low performance of employees in the run due to low morale held among employees which may contribute directly to employees' performance. This finding relates to Rotundo, (2003) who explain that small and large, should have a wage and salary administration program. A wage and salary administration program is composed of a salary structure according to an employee's pay grade that is based on job descriptions, position evaluations, and salary surveys. These help to encourage employees to work towards achieving business objectives to achieve the required business performance levels.

When employees are given a satisfactory pay, it leads to the growth of a company because when one is satisfied with the pay their morale is increased hence improvement of the company in terms of its sales and eventually profits. This acts as a motivation although some of these rewards are rarely committed or encouraged by companies in these enterprises. Employees who are given incentives work knowing that they are not being exploited hence producing quality output. Workers will be eager to work and won't hesitate to leave the company and it enhances retention of employees in the company. This finding is related to Brown, Hamilton, and Medoff, (2000) who explain that as opposed to small businesses large firms are willing to pay employees more due to organizational working conditions such as the work schedule and environment that may influence the performance of such firms in one way or another. A large business portrays the image of long working hours, corporate appearance, rules, close supervision, less decision-making, and an impersonal and formal atmosphere.

Giving employees' satisfactory pay ensures good time management, creativity and reduction of stress among employees which in the long run helps improve on the overall performance of the enterprise.

Satisfactory pay also, encourages high concentration in doing the task allocated to employee no strike at work place. Employees tend to deliver their best with satisfactory pay. This is valuable to the employees because it can improve job satisfaction and help them offer a competitive benefits package. Promotes efficiency work in the organization reduces on the risks of corruption in an organization. Employees will not be job-hopping, thus settled to perform as required for as they as you need them. It leads to satisfactory commitment of individuals on their duties. A satisfactory pay improves employee satisfaction which leads to their happiness and health. There is no satisfactory pay because the company has not yet picked very well just a minimum pay. This finding is related to Dundon et al, (2009) who explain that on the other hand, small firms may offer lower wages, but they portray a relaxed and informal environment, employee and employer relationship, and personal atmosphere where employees have the opportunity to make decisions and take responsibility.

Financial and non financial would motivate the employees if they are given to the employees. These would work as a motivator. When not given one loses moral in the job hence their performance is highly affected. Non financial rewards have more impact on the employee satisfaction and motivation than traditional financial rewards. Non financial rewards like promotions rewards enables a worker to work with eager bearing in mind that in future one may end up bearing a director. Availability of financial rewards in such small scale enterprises motivates employees to work towards achievement of the organizational goals which in most of these enterprises is profit maximization. Also these rewards motivate enterprise employees to make them work willingly with less supervision which largely improves on performance levels of the organization. Also the practice of giving employees financial and non financial rewards financial rewards encourages employees to work overtime. This increases financial benefits of the company and these rewards make employees feel more attached to the company there by improving on the overall performance of the enterprise.

The negative result of lack of financial and non financial rewards in such enterprises results into some staff members becoming arrogant and having less concentration at work place. On the positive note however, financial rewards motivate the employees to encourage hard work. Financial rewards have motivated working and thus this brings about improvement in performance of the overall enterprise. However on the other side it is argued that, having financial rewards have negative results since it is a cost to the company and reduces on the revenues of such small scale enterprises. Financial and non financial rewards encourage existing employees to perform more effectively, and to retain and attract talented, better skilled and knowdgable employees.

Availability of financial rewards helps to morale boost employees which leads to high commitment and fairness of personnel in the execution of their duties. Financial and non financial rewards encourage employees to achieve higher levels of performance and demonstrate the values, behavior and attitudes that make the enterprise more of a success. Failure to give employees financial rewards may force some employees to go into financial institutions to obtain loans which may in the long run affect their concentration levels at work, affecting their performance levels. This may affect the company in a different way some employees can perform well to be rewarded, others can perform fairly for not being rewarded equally. When an employee is rewarded they tend to improve on particular aspects like time management customer care services.

Employees feel more attached to the company when given benefits. Such employee devotes most much of his or her time to that work other than looking for something else to do. It attracts more employees and reduces the work load. This helps the employees to feel more secure about the future. This has kept in fact of the efficient employees in an organization. Employees will protect their jobs jealously so as to continue getting the benefits by performing to or beyond expectation.

Employees are not given any top up allowance or competence skills based pay in the process of work and this largely influences the performance of employees in the long run. The availability of such top up allowances allows staff members in these organizations to effectively work which significantly contributes to the performance of the overall performance of the enterprise in the long run.

Employees in these small scale enterprises do not even expect to be recognized especially when their salaries are not paid in time or when these small scale enterprises can hardly afford to pay the employees' salaries. Therefore recognition of employees in small scale enterprises is an issue that is taken of less importance in ensuring the performance of such enterprises especially by various business directors.

Recognition boosts the moral being of employees and makes one feel appreciated in the organization for such enterprises which encourage recognition of their employees. Recognition also helps others to improve and work hard in order to be recognized. It enhances self esteem thereby encouraging more production. Builds esteem of employees and motivate them to work tirelessly. Recognition brings joy and happiness to the employees and others are challenged to work harder. Provides psychological support and encouragement to employee and makes others to improve on their tasks for recognition as well.

Some enterprises give training opportunities to their employees and career advancement. Failure to give employees opportunities like career development and further training opportunities helps improve on the morale of employees in the long run and this greatly contributes to the overall performance of such enterprises. Most small scale companies do not offer incentives to their employees since their returns and profit margins are very small. Some small scale businesses can not afford to pay their employees and this largely affects the way in which such employees commit to work there by affecting the overall performance of such small scale enterprises.

When a company has incentives it gives to its employees, such incentives help or assists in motivating employees especially if they are financial and moral incentives. Incentives work as a motivator or as an increment which gives more moral to the employees. Workers are motivated to work harder as they employee strives to work hard. Like support for career development will equip in employee lope for the future.

Incentives normally increases the zeal for work. Incentives, encourages employees and reduces debts from them. Most incentives are tied to earnings, the more revenue an employee generates for a business the more he is rewarded there for this motivates the worker. Promotes team work and ability to work towards set goals. These also trigger job protection attitudes among employees through performance. Morale boosts the workers within the organization. These improve the employee's productivity and satisfaction because they feel appreciated. Incentives help increases morale or motivates workers. This helps employees to start their own enterprise business to increase their well being and company performance.

When working conditions are favorable the employees are comfortable to work for the company, this is more effective when also the management of the small scale enterprises gives encouragement to its employees. It should be noted that good relationship between the manager and the employees creates friendship at work hence enabling improved output in terms of performance. Also, the working conditions help improve the health of employees in these small scale enterprises. A good working condition reduces stress and motivates employees' hence high performance. Good working condition makes such staff to remain in that job for long unlike others.

Good working conditions help to improve on the health and abilities of employees. When working conditions are good, the company is able to retain its employees hence saving time and money that would be used to recruit new ones. Working conditions keeps the employee's minds to be set for only tasks given

at work in an organization and this helps to improve on the performance of the enterprise in the long run. In interviews respondents believe that good working conditions determine the physiological freedom one has at work and enhance their brain power which enhances their reasoning in the process of work.

Conclusions and policy implications

Financial and non financial rewards are lightly considered by many small scale enterprises in Uganda. Many small scale enterprises emphasize basic salaries which many employees say is not enough for them and not given in time. Most enterprises do not give annual financial bonus based on individual performance, neither do they give top up allowances periodically. Most of the small scale enterprises do not give competence or skill based pay nor do they give cash bonus based on the surplus made per each period. Most of these companies do not give annual group bonus nor are employees treated to small non-cash awards. In most small scale enterprises staff members are not allowed to participate in decision making processes as a form of non-financial reward and other non-financial rewards like better facilitation, recognition among others. Respondents however, acknowledge the importance of these aspects in the reward management process in these small scale enterprises. If these practices in the reward management process are adopted by these small scale enterprises then employees are more likely to be encouraged to work towards achieving their individual personal performance objectives and hence lead to over all improved performance of the enterprise.

The small scale enterprises need to ensure that small scale enterprises give their employees good financial and non-financial rewards. These small scale enterprises can create a commensurate financial remuneration package that fits their financial status with good communication structure to all employees about these rewards. This will help employees to appreciate these rewards in regard to the finical position of the enterprise and hence the motivation of employees to work may be uplifted thereby improving on the overall performance of the enterprise. This may be done through the human resource department of the organization if there is any or the top management decision making body if it's the only one responsible for decision making.

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