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Employee Rewards Management and the Performance of Small Scale Enterprises in Uganda, a Case of Ntungamo Municipality

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Abstract: *The study investigated the effects of reward management methods on the performance of small businesses in the industrial and service sectors in Ntungamo Municipality. The study specifically looked at how employee rewards management strategies affected the success of small businesses. The study used a mixed methods research technique using a cross-sectional survey design based on questionnaires and interviews. Using basic random and purposeful selection methods, 169 employees were chosen as a sample from a total of 300. Using descriptive statistical methods like mean and standard deviation, quantitative data were examined. The impact of employee incentives on the performance of SMEs was determined using regression analysis. The findings indicated that human rewards management considerably affects the performance of SMEs in the Ntungamo district by roughly 19.7%. In conclusion, it has been established that employee rawards have a considerable impact on the performance of SMEs in the Ntungamo district. The study suggests that the District enhance its reward systems by offering incentives and giving employees the authority to carry out their responsibilities through delegation.*

Keywords: *Employee Rewards, Employee Performance, Ntungamo Distict, Uganda*

1. INTRODUCTION

The methods, regulations, and procedures needed to make sure that employees' contributions to the company are acknowledged through both monetary and non-monetary means are known as reward management techniques. It focuses on the creation, implementation, and upkeep of reward systems (reward practices, procedures, and processes) that are meant to satisfy the requirements of both the company and its stakeholders. To enhance the fulfillment of the business's strategic goals, the ultimate goal is to compensate individuals fairly, equitably, and consistently in line with their worth to the organization. Pay and employee benefits are only a small part of reward management.

It is equally concerned with non-monetary benefits including recognition, opportunities for learning and growth, and greater job responsibility (Armstrong, 2007).

Atyanga and Agaba (2021) claim that reward management, which involves giving employees monetary and non-monetary benefits, impacts the kind of performance that small-scale enterprises are likely to achieve. Anything that reinforces, maintains, or improves employees' conduct in a company is referred to as a reward (Zhou et al, 2009). The recompense that an employee receives from a company in exchange for their services or as payment for the work they have completed is known as a reward (Bau& Dowling, 2007). The two sorts of rewards mentioned by Luthans (2010)—financial (extrinsic) and non-financial (intrinsic) awards—can both be effectively used to raise employee performance. Financial incentives refer to compensation for performance, including performance bonuses, job promotions, commissions, tips, gratuities, and gifts, among others. Non-financial rewards are social recognition, praise, and sincere appreciation that are not monetary or cash-based.

Many small-scale business owners, particularly in Ntungamo Municipality, are characterized by uneducated, impolite, and badly managed individuals. The owners of the majority of these businesses operate in the informal sector primarily for survival reasons; they employ family and have bad saving habits and weak reward systems (Atyanga and Agaba, 2021).

Therefore, the purpose of this study is to determine how reward management techniques affect the performance of small businesses in Ntungamo Municipality.

2. LITERATURE REVIEW

Reward management is used in small firms in a variety of ways to enhance employee performance, some of which incorporate both monetary and non-monetary benefits. Compensation and benefits are a component of reward management strategies used by small firms to enhance their performance. The sort of payment or incentive provided to an employee in exchange for rendering services to an employer is known as compensation. It frequently depends on pay, incentives, or bonuses (Arthur, 2007). Benefits are additional incentives that an organization may offer to recruit and keep talent. A worker's pay is determined by their education, experience, skills, and other factors. However, this is crucial to the majority of small businesses in Uganda. considering the majority of them scarcely offer their employees benefits outside of the meager wage compensation.

Both small and large businesses should have a method for managing salaries and wages (Rotundo, 2003; Arthur2007). A wage and salary administration program is made up of a salary structure that is based on job descriptions, position evaluations, and salary surveys and is determined by an employee's pay grade. These aid in motivating staff members to work toward reaching organizational goals in order to reach the necessary levels of corporate performance. This is crucial to most small businesses in Uganda because most do not have wage structures and instead pay employees based on their productivity or even their ability to bargain. However, they are unable to hire the top employees, who would be crucial to enhancing the productivity of the company.

Since they frequently lack the financial resources to attract staff with great working abilities, training, experience, and education to help them improve on their performance, small firms confront a significant difficulty in the compensation process (Dupray, 2001; Brown, Hamilton, and Medoff,2000). As a result, it can be difficult to compete with big companies that might be willing and able to give their staff higher compensation. Because of this, employees at major companies typically have more education and work experience than employees in small businesses, like those in Ntungamo, which makes it difficult for them to hire qualified employees from the perspective of reward management.

Contrary to small businesses, major corporations are prepared to pay workers more due to organizational working circumstances like the work atmosphere and schedule that may in some way affect the success of such corporations. Long hours, a corporate appearance, rules, strict monitoring, little room for decision-making, and an impersonal, formal atmosphere are all stereotypes of huge businesses (Brown, Hamilton, and Medoff, 2000). The performance of small businesses like those in the Eastern Division may be impacted by the relaxed and informal environment, the relationship between employee and employer, and the personal atmosphere that small firms portray. On the other hand, small firms may offer lower wages, but they also portray a relaxed and informal work environment.

Large businesses are frequently able to provide a greater range of advantages than small businesses. Large companies frequently provide non-financial benefits to workers (Sack, 2001). These benefits may include health insurance, paid time off for vacations, holidays, funerals, and sick days, retirement and savings plans, personal days off, overtime, discounts on company goods and services and local businesses, pay advancements, merit raises, bonuses, profit-sharing plans, and stock options. These, which would have been a significant source of motivation for employees to achieve high performance levels, are mainly missing from small enterprises like those in Uganda.

3. METHODS

Using a cross-sectional survey approach, the study was conducted. In a single interaction, the researcher gathered data from both business directors and employees. Because the researcher used questionnaires and interviews to gather data, the study was a cross-sectional survey. With the aid of this approach, the researcher was able to choose a small sample of workers from small businesses in the Ntungamo district in order to collect up-to-date information on human resource performance and practices. The design was additionally employed to provide a concise overview of the results and the traits connected to human resource practices and performance.

The Census of Business Establishments (COBE) recognized 4,104 people in Ntungamo Municipality as having between 1 and 20 employees and being completely registered to meet with tax regulations, according to Uganda Investment Authority (2015). The study had a target population of 500 study units, which included business owners, directors, and staff from the central, western, and eastern divisions of Ntungamo Municipality. However, the analysis's sampling group consisted of about 300 employees of chosen SMEs in the Ntungamo district.

To assist in selecting the responders, the Human Resource Department of each company was asked for a list of its personnel. Each category's responses were identified by name on a sheet of paper, and they were called to participate in the study. Questionnaires were given to specific employees. Purposive sampling was utilized in the study to choose business directors. Selecting respondents by purposeful sampling entails choosing those whose traits the researcher is aware of. In the current study, directors were chosen on purpose to provide specific and private information on the operation of their companies.

Validity of research instrument

The degree to which data obtained using particular instruments represents a particular domain of indicators or content of a particular idea is known as content validity, which is a term used in this study. The researcher created the instruments with all the items that measure study variables in order to guarantee content validity. The researcher revised the study to eliminate unclear and pointless questions after consulting the supervisor for appropriate guidance. The researcher employed a respondent validation approach to

make sure the qualitative process was rigorous. According to Chew Brink (1991), it is crucial to apply respondent validation (Bloor 1998) to guarantee stability in qualitative data. This was accomplished by reviewing the outcomes once data collection was complete for any missing responses and other elements.

The content validity index Formula will be used as presented below.

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

CVI= No of right rated itemsTotal no. of items×100

$$CVI = \frac{32}{40} \times 100 = 80\%$$

CVI= 3240×100=80%

With a content validity index above 70%, the items were considered valid to measure the different aspects of human resource management practices and performance of SMEs.

Reliability

Reliability is defined as the degree to which research tools produce consistent results after numerous trials, according to Mugenda & Mugenda (2003). The test-retest method was used in this study to test the reliability of the instruments. To do this, the researcher first chose a suitable group of respondents, administered the instruments to them, and then administered the same instruments to another group after a week. The results from the two administrations were then correlated to determine the coefficient of reliability. According to Mugenda & Mugenda (2003), the instrument will be regarded as dependable if the coefficient is 0.6 and higher.

Table showing Reliability Statistics

Variable list		Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
1.	Employee Resourcing	.724	.725	4
2.	Reward Management	.770	.778	8
3.	Employee Training	.750	.751	5
4.	Performance	.735	.763	10
Overall		**0.745**	**0.754**	**27**

Source: Pretest data, 2020

All of the scale variables' Cronbach's alpha values were greater than or equal to 0.7, and the overall reliability coefficient (=.745) was greater than or equal to 0.7. These figures imply that the subjects of the study into small business performance and human resource practices were internally consistent. They can be used to provide results that are consistent throughout numerous investigations.

Data Analysis

The Statistical Package for Social Scientists (SPSS) was used for data analysis, which helped to synthesize the coded data and generate the necessary statistics for the study. The data was cleansed by the researcher, who then tallied the results. Descriptive statistics like mean, frequency, percentages, and standard deviation were used to examine quantitative data. Mean, standard deviation, frequencies, and percentages were utilized as descriptive statistics to show the sets of categories that were created from the data. Regression analysis was also carried out for the investigation.

4. RESULTS AND DISCUSSION

Response rate

The participants in the study were workers at particular SMEs in the Ntungamo district. Based on an 86.3% response rate, the results (146 out of 169). This response rate is sufficient for drawing conclusions and determining generalizability.

Demographic characteristics of respondents

Gender-specific participation data shows that men made up the majority (82.9%) compared to women (17.1%). There was a sizable gender gap in participation, maybe as a result of men's propensity for entrepreneurship. Today, males are more involved in small-scale businesses than women are, notably in Ntungamo Municipality and the rest of the nation, while women are more involved in market stall sales. According to participation by age, 54.1% of participants were between the ages of 18 and 34, while 37.7% were

between the ages of 35 and 49. Employees in the age category of experienced employees had the lowest participation rate (8.2%). (50 years and above).

The statistics suggest that most of the workers in the SMEs under investigation were young people, and very few of them were over 50. This may be because Uganda has a higher proportion of young people than older people, and because many of them are starting their own businesses to earn money to support themselves and their families in general because there is so little formal employment there.

Variable list	Categories	Frequency	Percent
Gender	Male	121	82.9
	Female	25	17.1
	Total	146	100
Age	18 — 34	79	54.1
	35 — 49	55	37.7
	50 and above	12	8.2
	Total	146	100
Education level	Secondary and below	39	26.7
	Diploma	97	66.4
	Degree and above	10	6.8
	Total	146	100
Years in the organization	Less than 1 year	38	26
	1 — 5	81	55.5
	Above 5 years	27	18.5
	Total	146	100
Number of employees	1 — 5	23	15.8
	6 — 20	15	10.3
	21 — 100	12	8.2
	101 — 250	9	6.2
	More than 250	87	59.6
	Total	146	100

Source: Field Data 2020

According to participation by educational level, 66.4% had a diploma, 26.7% had only completed their secondary education, and only 6.8% had completed their undergraduate degrees. Statistics show that, overall, 90% of the workers in the chosen SMEs did not hold university degrees. This may be because some Ugandans with university degrees consider such businesses to be unworthy given their level of education and because others are taught to seek employment rather than to create it. Nevertheless, technical education and business institutions have greatly aided the younger generation in developing self-sustaining business minds. In terms of how long employees had been with their particular companies, just 18.5% claimed to have been there for more than 5 years, compared to 55.5% who had been there for at least a year but not more than 5 years, 26.0% who had never worked there, and the remaining 5.5% who had not. According to the statistics, the majority of the employees in the chosen SME organizations had been there for more than a year but no longer than five years. This may be because of Uganda's excessively high labor turnover rate, where some employees leave their jobs in search of higher pay while others do so as a result of mistreatment. According to the number of employees among the SMEs examined, 59.6% belonged to SMES that employed approximately 250 workers. These are traits of

agriculture, processing, and milling. Since the researcher would find many of them in only one organization, they were simple to find and organize, which is why the majority of the volunteers came from these organizations.

Descriptive statistics

Table showing the descriptive statistics for Reward management

Variable list		N	Mean	Std. Deviation
5.	Participate in setting goals	146	4.40	.835
6.	My work is interesting and challenging	146	4.29	.761
7.	Comprehensive package	146	4.16	.779
8.	My job is secure	146	4.13	.977
9.	Recognition of good work	146	3.97	.909
10.	Opportunities for advancement	146	3.93	.922
11.	I have the freedom to work alone	146	3.86	.973
12.	Recognition of extra effort	146	3.66	1.091

Descriptive statistics: Performance

Descriptive statistics were used by the researcher to ascertain participant perceptions of his or her assertions regarding the effectiveness of small-scale operations in the Ntungamo district. Data were described by the researcher using the mean and standard deviation. High performance indicators were defined as mean scores more than 3.50, low performance indicators as mean scores below 2.50, and moderate performance indicators as mean scores between 2.50 and 3.50. On the other side, standard deviation was employed to demonstrate how participants' viewpoints varied on various subjects brought up by the researcher. When compared to values that are far from zero, values that are closer to zero reflect consistent opinions.

Performance

Variable list		Mean	Std. Deviation
13.	Expanding collaboration with other firms	4.07	.811
14.	Open up outlets across the country	4.05	.927
15.	Investing in customer acquisition.	4.00	.961
16.	Expand product lines	3.97	.898
17.	Use modern and advanced technologies	3.88	.875
18.	diversify product line	3.87	.772
19.	Penetrate new markets	3.76	1.059
20.	Establishing R&D department	3.58	1.168
21.	Increase production	3.36	1.015
22.	Sell products on line	2.53	1.345

Source: Field data, 2020

A variety of performance metrics were brought up by the researcher. Performance indicators are divided into two groups in the statistics. High performance metrics include working with other companies (mean = 4.07), opening upcountry locations (mean = 4.05), and investing in customer acquisition (mean = 4.00). These metrics are seen as indicating strong performance by SMEs by the workforce. Production growth (mean = 3.36) and online product sales (mean = 2.53) seem to be fair performance measures.

According to the standard deviations, establishing R&D (std. = 1.168), growing production (std. = 1.015), entering new markets (std. = 1.059), and selling items online (std. = 1.345) do not appear to be indicators of SMEs' performance consistently. On the other hand, working with other businesses, opening upcountry locations, investing in customer acquisition, expanding service areas, utilizing cutting-edge technology, and diversifying product lines seem to regularly suggest performance of SMEs.

Inferential statistical

Regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.648	.260		2.487	.014
	Reward Management	.189	.084	.197	2.241	.027

a Dependent Variable: Performance

The researcher employed standardized beta coefficients to comprehend the role played by distinct incentive management techniques. Standardized beta coefficients were employed by the researcher since they can be easily compared. According to (Beta =.197), the performance of SMEs varies by 19.7% for every unit-change in reward management. Employee incentive management has a big impact on the performance of SMEs in the Ntungamo district since, when done properly, it will improve product quality, performance, and customer service, not to mention the reputation of the company.

DISCUSSION

The study investigated how the performance of small businesses in Ntungamo Municipality was impacted by employee rewards management techniques. The performance of SMEs in the Ntungamo district was found to be significantly influenced by reward management systems by this study. This study confirms that reward management systems are significant in impacting the performance of SMEs because the research was based on a representative sample. Due to the amount of people and departments that could be engaged in the final hiring choice that could affect the performance of such firms, such a process may include drawn-out hiring procedures (Bruystegem et al, 2007).

According to this literature, the majority of small-scale businesses in Ntungamo do not use resourcing techniques because they believe that such strategies are more appropriate for large corporations and are therefore more expensive. The specific incentive management strategies that allowed employees to participate in determining organizational goals were those that were observed in this study. This particular observation contradicts (Brown, Hamilton, and Medoff, 2000) who said that huge organizations exhibit a lack of decision-making and an impersonal, formal atmosphere. While this may be the case for large corporations, the small businesses in Ntungamo continue to include their staff in decision-making about the direction of the company.

With the development and growth of these companies, perhaps this practice will disappear. The results, however, support (Dundon et al., 2009) who note that small businesses provide a laid-back employee-employer relationship where individuals have the chance to participate in choices and assume personal responsibility. Such involvement affects how well businesses perform.

The Ntungamo study reveals that SMEs provide a full range of services. Employee opinions on the comprehensive package were fairly consistent, despite the study's inability to determine what makes up a comprehensive package; this is because it helps them feel happy when their goals are achieved.

The results contradict (Sack, 2001), who claimed that large enterprises tend to offer comprehensive packages. Large companies provide their staff with non-cash perks like health insurance, paid time off for holidays, sick days, and funerals, retirement and savings plans, overtime pay, and personal days off. This survey discovered that a small number of businesses provided sick days, commissions for small local businesses, and company products (Agaba and Turyasingura 2022)

5. CONCLUSION AND RECOMMENDATION

It has been demonstrated that the Ntungamo district's SMEs perform much better when a reward management system is in place. Although the study found numerous benefits in the investigated enterprises, the pay package seemed to best explain the performance of SMEs in the Ntungamo district. The exact components of the remuneration plan were not obtained for this study, although key respondents mentioned sick time, funeral days off, and commissions on locally sourced goods. The informal

atmosphere in which some of the SMEs operate prevents them from providing such compensation packages, according to this study's further findings**.**

RECOMMENDATION

In conclusion, it has been established that employee awards have a considerable impact on the performance of SMEs in the Ntungamo district. The study suggests that the District enhance its reward systems by offering incentives and giving employees the authority to carry out their responsibilities through delegation. **REFERENCES**

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