

**HUMAN RESOURCE MANAGEMENT PRACTICES AND PERFORMANCE
OF SMALL SCALE ENTERPRISES IN UGANDA.**

BY

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This study will examine the influence of human resource management practices on the performance of small scale enterprises in Uganda. The study will be carried out in manufacturing and service industries. Human resource management practices (De Saa' Pe'rez and Garcí'a Falco'n, 2004; Kidwell and Fish, 2007) are policies and practices that govern the organization's human resources and some of these include recruitment and selection, training and development, and reward systems with business strategies (Petrescu and Simmons, 2008; Verano-Tacoronte and Melia'n-Gonza'lez, 2008). World Bank (2002) defines Small Scale enterprises as those that require small amounts of capital to establish, small number of employees or in most cases personally handled by the owner. 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 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 internal career opportunities, formal training systems, results-oriented appraisals, employment security, participation, job descriptions, and profit sharing. This chapter therefore presents the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, hypotheses of the study, conceptual frame work, Scope of the study, Justification of the study, Significance of the study, operational definition of terms and concepts.

1.2 Background to the study

The background is divided into four sections namely: historical, theoretical, conceptual and contextual aspects. Historical background show the trends of events in regard to human resource management, theoretical background presents the empirical explanations regarding the dependent and independent variables in the study, conceptual explains the major concepts or variables used in this study, the contextual gives an explanation on the extent to which human resource management practices have influenced the performance of small scale enterprises.

1.2.1 Historical Background

The history of human resource management and its practices is reflected in prevailing beliefs and attitudes held in society about employees, the response of employers to public policy and reactions to trade union growth. In the early stages of the Industrial Revolution in Britain, the extraordinary codes of discipline and fines imposed by factory owners were, in part, a response to the serious problem of imposing standards of discipline and regularity on an untrained workforce (Mathias, 1999). In the 1840s common humanity and political pressure began to combine with enlightened self-interest among a few of the larger employers to make them aware of alternative ways of managing their workforce, other than coercion, sanctions, or monetary reward.

Human resource management practices are thought to have evolved in the 1920 when the first formal HRM function and department was initiated in America and Europe. The human resource management function, once responsible for record keeping and maintenance, has evolved into a strategic partner (Ferris, Hochwarter, Buckley, Harrell-Cook, & Frink, 2009) in organizations. People who worked during the 1600s to 1700s were guided by a craft system. Under this system, the production of goods and services was generated by small groups of workers in relatively small workplaces, usually in a home. In the early 1900s, many changes occurred in the work place. After industrial revolution, machines and factory methods that increased production were

introduced. However, several problems occurred with this increased production. Since the machines required several people to operate them, the number of workers increased dramatically. This forced managers to develop rules, regulations and procedures to control the workers. Some of the regulations required an increase in job specialization, which led to boring, monotonous jobs (Anthony, Perrewe and Kacmar, 2006). At that time, with the effect of scientific management, workers were seen as a part of a machine without considering that they were social human beings. All the jobs were broken into specific tasks.

The development of human resources occurred in the late 1920s and early 1930s by Hawthorne Studies. As a result of these studies, the social side of workers was realized by managers and the effect of social factors on the performance was understood. Expanding on the human relations school of thought including academic findings from various disciplines such as psychology, political science, sociology and biology, the behavioral science era was born. This era focused more on the total organization and less on the individual. It examined how the workplace affected the individual worker and how the individual worker affected the workplace. Many believe that the modern day fields of organizational behavior and human resource management grew out of the behavioral science (Anthony et al, 2006).

In recent years, human resources management practices have been adopted as an alternative to personnel management. Personnel management is to be directed mainly at the organization's employees, recruiting, training and rewarding them, and is portrayed as a caring activity. It is concerned with satisfying employees' work-related needs and dealing with their problems (Torrington and Hall, 2007).

In Uganda over time the human resource practices in small scale businesses has not been very clear and thoroughly documented. However, Rwakakamba (2011) states that in terms of human resources, family members constitute the main source of labor in most of small scale businesses.

Majority small scale businesses employ their family members in order to avoid the costs that come with formally and fully fledged human resource practice in their business. To avoid legal and tax requirements that are associated with a formal human resource many employed less educated and skilled labor who learn on job and are cheaply paid. This situation is not far from the SMEs in Uganda , where most small scale enterprises are run by family members and less educated work force and such human resource practices may be related to the performance of such enterprises.

1.2.2 Theoretical background

Theoretical discussion on the relationship between human resource (HR) management and performance have been well documented in number of past and recent reviews (Guest, 2007; Gratton, Hope-Hailey, Stiles, and Truss, 2009; Wood, 2009; Paauwe, 2013). Effective and evolving HRM practices lead to better and changed employee behavior which helps enhance organizational performance. Various models linking Human Resource Management to organizational performance have been formulated by several authors (Becker, 2007).

The Guest, (1997) model states that if an integrated set of HRM practices is applied in a coherent fashion, with a view to achieving the normative goals of high commitment, high quality, and task flexibility, then it results into superior individual performance for the organization. It also assumes that this results in superior organizational performance. It further explains that HRM practices should be designed to lead to a set of HRM outcomes of high employee commitment, high-quality employees, and highly flexible employees. The Guest model has six components; a HRM strategy, a set of HRM policies, a set of HRM outcomes, behavioral outcomes, a number of performance outcomes and financial outcomes. The model links Human Resource Management and performance in various perspectives. The model has financial performance as the indicator of performance. Such includes financial performance and human resource

effectiveness. However, the field of Human resource management is against using human resources as vehicle of achieving financial performance without considering issues that make human resources committed, satisfied and happy.

A core set of integrated HRM practices in small scale enterprises can achieve superior individual and enterprise performance. 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.

Mullins (2010) goal theory states to direct behavior and maintain motivation, performance goals should be identified and set to direct behavior. To ensure high performance, human resource practice goals should be set at a challenging but realistic level. Also to guarantee high performance, feedback must be given as means of checking goals attainment and a basis for any revision of goals. When goals are set by other people for instance managers, participation of those tasked with achievement of goals is of paramount importance. Such can be used by small enterprises so as to design a performance management system which is appropriate and also to ensure high performance.

The Schneider (1987) Attraction selection attrition theory states that there is a reason why people are attracted to work with particular institutions not others. Recruitment and selection practices are carried out after initial attraction of employees to the organization. It must also be stated that attraction is bidirectional. This is to say that the organization before recruiting and selecting candidates for positions also gets attracted to a pool of talent with specific attributes that might

be existing outside the organization and that are supposed to help achieve business objectives. The Attraction selection theory is relevant to this research as it explains attraction, selection and retentions of employees by organizations. According to organizations attract, select, and retain those people who share their values and help achieve organizations objectives.

1.2.3 Conceptual Background

Storey (2002) defines human resource management as a distinctive approach to employment management, which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural, structural and personnel techniques.

Employee resourcing practice relates to obtaining the right basic material in the form of a workforce endowed with the appropriate qualities, skills, knowledge and potential for future training. The selection and recruitment of workers best suited to meeting the needs of the organization ought to form a core activity upon which most other HRM policies geared towards development and motivation could be built (Armstrong, 2010).

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).

Reward is defined as 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.

Employee training practices are the planned and systematic modification of behaviour through learning events, programmes and instruction, which enable individuals to achieve the levels of knowledge, skill and competence needed to carry out their work effectively. Organizational training outcomes contribute to the development of a firm's resource based capability. It is necessary to invest in people in order to develop the intellectual capital required by the organization and thus increase its stock of knowledge and skills. The knowledge and skills a worker has which comes from education and training, including the training that experience brings generate productive capital (Armstrong, 2010).

According to Wright et al. (2005), firm's performance is organizational outcome where operation measures such as productivity and quality are used to measure performance, also, financial or accounting outcome, which are measurements of real financial performance of the enterprise. Measures for financial outcomes are expenses, revenues and profitability (Wright et al., 2005). For this study, performance measure will be taken from the above, since it has been shown that financial indicators are commonly chosen output measures of small enterprises performance (McKiernan and Morris, 1994, Simpson, Padmore and Newman, 2012). The two main variables

investigated in this study will be human resource management practices and performance of SMEs. Performance of SMEs will be measured in terms of business life span, business profits, business sales volumes and business expansion in form of employee growth.

Small enterprises are such business entities employing less than 20 employees in the service industry or less than 100 in manufacturing Barrett (2009). Kerr and McDougall (2009) defined small firms as having 50 or fewer employees. Most studies define small firms as the ones employing less than 100 people (MacMahon, 2006; Chetty and Campbell-Hunt, 2003). Jackson et al. (2009) define small firms as those with less than 250 employees, and Golhar and Deshpande (2007) use a size-class boundary of 500 employees. Other studies mention firm-size effects, but present no information on the size of organizations within their sample (Barron, Black and Loewenstein, 1987).

1.2.4 Contextual background

Smaller entrepreneurial firms generally are challenged by HRM because the small size of the firm often does not warrant hiring professionals exclusively dedicated to HRM activities (Hornsby & Kuratko, 2003). Hill & Stewart (1999) suggest that smaller firms should be more flexible and informal to be able to cope with the high levels of business uncertainty they usually experience.

The practice of HRM in Africa has been based on procedural and administrative tasks such as salary and benefits, employee relations among others (Taylor, 2002). Organizations in Africa appear to adopt a reactive approach to the hostilities in the environment thereby neglecting the knowhow and expertise that HRM practices brings to the table (Kamoche, 2007) and that are important towards the performance of such enterprises.

Uganda experiences one of the high performance failure rates of SMEs although it is ranked as one of the most entrepreneurial countries in the world (GEM, 2009). Many Ugandans tend to start small businesses enterprises, though many collapse before even completing a year in operation (Walter, Balunywa , Rosa , Sserwanga , Barabas, Namatovu , 2004; Rooks & Sserwanga, 2009). Ugandan entrepreneurs lack certain key skills such as problem solving, goal setting, faith and confidence in what they do and above all they lack a business vision which is very important for business success (Denslow & Giunipero, 2003; Kiggundu, 2002). 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 is 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.

1.3 Statement of the Problem

Human resource management practices are important aspects towards the performance of small scale businesses. These practices are vital in employing the skilled, experienced, competent and committed employees to help enterprise achieve its performance goals and objectives. The human resource practices address recruitment and selection requirements, employee training needs and reward management concerns which effectively help enterprise performance goals be achieved (Rooks & Sserwanga, 2009).

Despite this, the human resources in small scale industries in Uganda both service and manufacturing industries face a significant number of performance challenges in Uganda. The majority of small scale enterprises employ family members whose human resource professional skills are always largely deficient. According to a study by Sudi (2013) 43% employees in small businesses in Uganda are family members. Small scale businesses (61%) in Uganda do not keep records. Most of these 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 (Ugadev/Accord, 2008). It's against this background that the study seeks to examine how the resourcing practices, employee reward practices and employee training practices influence the performance of small scale enterprises in Uganda.

1.4 Purpose of the Study

The purpose of this study is to examine how human resource management practices influence the performance of small scale enterprises in Uganda among the service and manufacturing industries.

1.5 Objectives of the Study

This study will seek to achieve the following specific objectives:

1. To examine the influence of employee resourcing on the performance of small scale enterprises in Uganda.
2. To explore the influence of employee rewards management practices on the performance of small scale enterprises in Uganda.
3. To establish the influence of employee training practices on performance of small scale enterprises in Uganda.
4. Establish the influence of performance management on performance of small scale enterprises in Uganda
5. Examine the influence of career management on performance of small scale enterprises in Uganda

1.6 Research questions

The study will be guided by the following research questions

1. How does employee resourcing influence the performance of small scale enterprises in Uganda?
2. How do employee reward management practices influence the performance of small scale enterprises in Uganda?
3. How do employee training practices influence performance of small scale enterprises in Uganda?
4. How does performance management influence performance of small scale enterprises in Uganda
5. How does career management influence performance of small scale enterprises in Uganda

1.7 **Research hypotheses**

1. Employee resourcing significantly influence performance of small scale enterprises in Kawempe division.
2. Employee reward management practices significantly influence performance of small scale enterprises in Kawempe division.
3. Employee training practices significantly influence performance of small scale enterprises in Kawempe division
4. Employee performance management significantly influence performance of small scale enterprises in Uganda
5. Employee career management significantly influence performance of small scale enterprises in Uganda

1.8 Conceptual framework

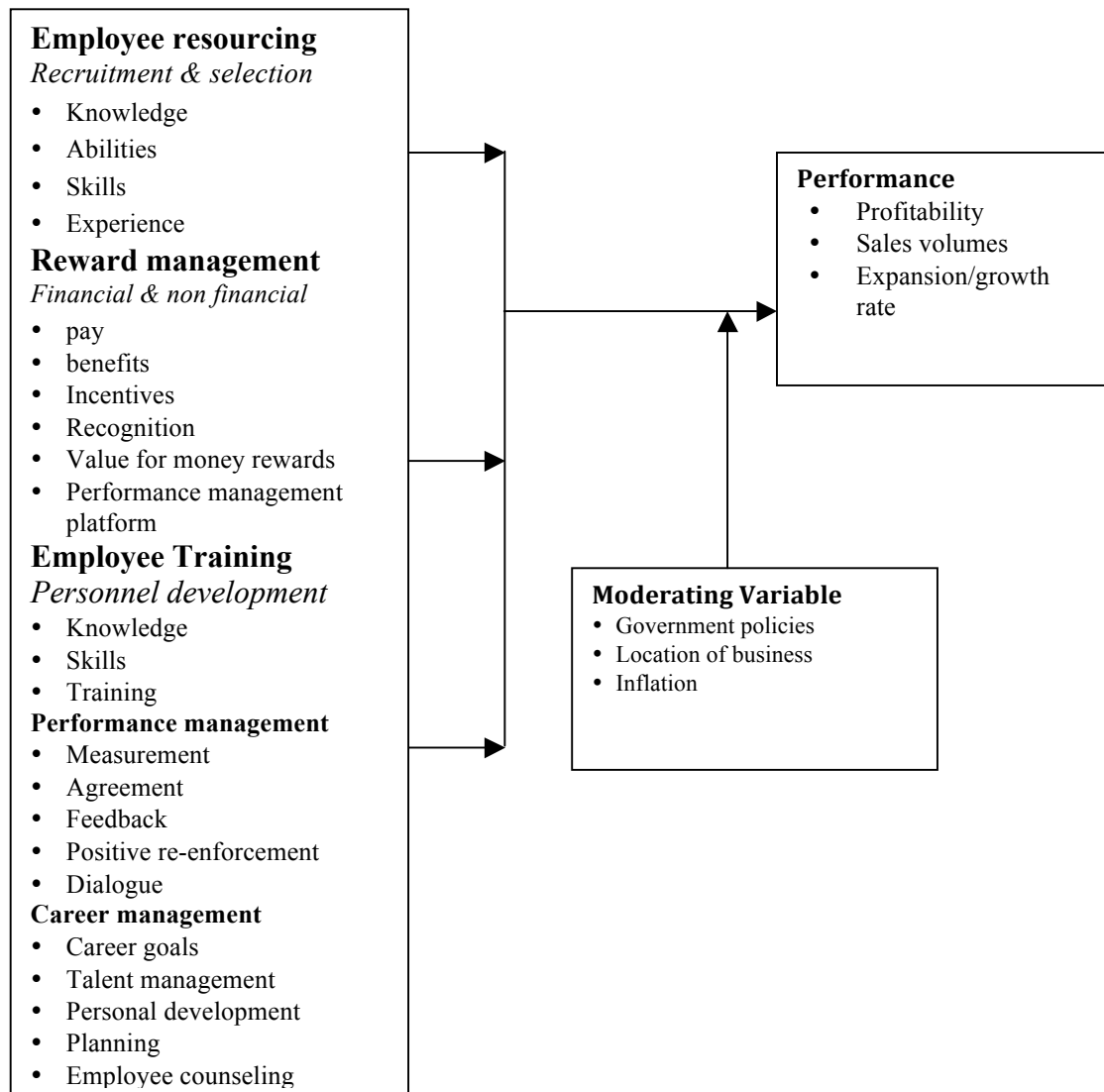
Figure 1: Conceptual Framework

INDEPENDENT VARIABLE (IV)

DEPENDENT VARIABLE (DV)

Human Resource Practices

Performance of Small Enterprises



Source: Self conceptualized as guided by Armstrong 2010.

The conceptual framework explains the relationship between human resource management practices and performance in small scale enterprises. The way in which employee resourcing is done particularly in regard to recruitment and selection of suitable employees for the business significantly influence the nature of performance likely to be achieved by the organization in terms of profitability, sales volumes and growth of the business. Also reward management where

employees are well aligned to financial and non financial rewards significantly determines the nature of performance likely to be achieved by the small scale industry in business. The nature of training given to employees in small scale enterprises significantly determine the nature of performance these small scale enterprises likely to achieve. However, there are other moderating aspects that influence the performance of small businesses like inflation at hand, location of business, government policies among other aspects.

1.9 Scope of the study

Geographical Scope

The study will be carried out among Ugandan small industrial manufacturing and service industries. The sample of small scale enterprise sectors in Uganda will included metal and non-metal manufacturers, agro-processing, carpentry and wood processing enterprises, engineering and electrical enterprises, foods and beverages, mattress, textile fashion and clothing.

Content scope

The study will specifically look at human resource management practices in its three dimensions of employee resourcing, reward management and employee training and performance as an independent variable.

Time scope

The study will look at those small businesses that have been in business since 2005 to 2016. It is during this period that more small scale businesses have been seen coming up at the height of intensified competitive environment.

1.11 Significance of the Study

The large blossoming of small scale enterprises in Uganda and east Africa at large imply that if better business practices are adopted through human resource management practices may lead to improved economic status of people. Rising costs and intensifying competition in starting and operating businesses will lead to cost and risk sharing schemes among firms leading to networks

of firms and R & D alliances. These networks and alliances in turn may stimulate the growth of institutions or enterprises designed to identify problems and provide solutions involving specialized knowledge of course with the rightful human resources in place.

Highly specialized human resources and value-added service strategies if successfully implemented in small scale firms, together with the clustering program, can play a key role in addressing challenges in the process of industrialization. Understanding the role of human resources in sustaining small scale enterprises can be a core strategy in ensuring cost and risk sharing schemes among firms ctors and challenges of human resource practices in small businesses can strengthen the effective partnership between the government, researchers (academia) and the business community to bring about a strengthened SME sector in Uganda.

The purpose of this study is aligned with Uganda's strategic direction platforms like Uganda Vision 2040, that outline specific development indicators; employment creation and value addition, increasing the level of industrial sector development, promoting science, technology, innovation and ICT to enhance competitiveness, and improving the country's competitiveness position all these which can be achieved through improved small scale enterprises.

The research findings will contribute to deepen our understanding of effective human resource management practices in small scale industries and their importance to researchers, policy makers and human resource management practitioners for addressing the key issues starting from assessment of the inexperienced or potential entrepreneurs' ideas until their visions are realized.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presents the review of literature focusing on the key objectives of the study in regard to human resource management practices in small scale businesses and how this affects the performance of such businesses and it specifically looks at resourcing strategies, reward management practices as well as training practices and how all these influence the performance of such businesses.

2.2 Theoretical Review

The study will specifically be guided by Mullins (2010) goal theory which states that direct behavior and maintaining motivation, performance goals should be identified and set to direct behavior. To ensure high performance, human resource practice goals should be set at a challenging but realistic level. Also to guarantee high performance, feedback must be given as means of checking goals attainment and a basis for any revision of goals. When goals are set by other people for instance managers, participation of those tasked with achievement of goals is of paramount importance. Such can be used by small enterprises so as to design a performance management system which is appropriate and also to ensure high performance. This theory will guide the study because addresses all the variables in the study.

The study will look at Guest, (1997) model states that the application of an integrated set of HRM practices in a coherent fashion, with a view to achieving the normative goals of high commitment, high quality, and task flexibility, this result into superior individual performance for the organization. The model also assumes that this results in superior organizational performance. It further explains that HRM practices should be designed to lead to a set of HRM outcomes of high employee commitment, high-quality employees, and highly flexible

employees. The Guest model has six components; a HRM strategy, a set of HRM policies, a set of HRM outcomes, behavioral outcomes, a number of performance outcomes and financial outcomes. The model has financial performance as the indicator of performance. Such includes financial performance and human resource effectiveness. However, the field of Human resource management is against using human resources as vehicle of achieving financial performance without considering issues that make human resources committed, satisfied and happy. 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.

The study will also use the Schneider (1987) attraction selection attrition theory states that there is a reason why people are attracted to work with particular institutions not others. Recruitment and selection practices are carried out after initial attraction of employees to the organization. It must also be stated that attraction is bidirectional. This is to say that the organization before recruiting and selecting candidates for positions also gets attracted to a pool of talent with specific attributes that might be existing outside the organization and that are supposed to help achieve business objectives. The Attraction selection theory is relevant to this research as it explains attraction, selection and retentions of employees by organizations. According to organizations attract, select, and retain those people who share their values and help achieve organizations objectives.

2.3 Employee resourcing and performance of small scale enterprises

In human resource management, employee resourcing, placement, and reward management are important aspects of HRM, particularly the staffing process required by all types of organizations. In many instances, the owner of a small business handles the HRM function himself or herself because the firm only employs a few individuals (Hornsby and Kuratko,

2010). It is easier for the small business owner to make decisions and hire employees due to the owner's single authority that they hold. In contrast, in a larger organization, this task is often handled by the HRM department, which employs fulltime personnel to recruit, hire, and fulfill the other HRM functions. Such a process may involve lengthy hiring procedures due to the number of individuals and departments who may be involved in the final hiring decision that may influence the performance of such businesses (Bruystegem et al, 2007). This literature concurs with the situation in Kawempe among small scale enterprises where majority of them do not engage in resourcing strategies that are seen by many as costly and not meant for them but big organizations. This has left many enterprises with less skilled personnel which may have an effect on their performance.

Employment resourcing involves the whole process of deciding how many and which positions an organization will have to fill to meet its goals and then moving to fill these positions through recruitment. The first step in the employment process is to identify the need for a particular position, followed by the recruitment and ultimately the hiring of qualified individuals (Cain and Kleiner, 2002). The way in which the process is handled determines the quality of staff in place and this largely determines the nature of performance likely to be obtained by the business in the long run. This is centrally to most small enterprises in Kawempe since most of them do not involve themselves in the formal recruitment process that involves needs assessment that would help in bringing on board appropriate personnel that can help address performance challenges of these enterprises.

The resourcing process involves the recruitment which entails creating a pool, preferably a large one, of qualified applicants from different sources that may help business growth in various dimensions. In small organizations, recruitment of qualified employees may fall on the owner or manager or the other employees in the particular area or department in need of personnel (Curan

and Blackburn, 2010). Recruiting is often the responsibility of the HRM department in large organizations. A small business is generally more limited in time and money when it comes to recruiting employees. As a result, internal job posting is often utilized for mid-level and higher positions (Harvey, 2007). This provides employees an opportunity to move up in the organization, which may increase employee morale and loyalty to the company that helps to improve on business performance levels in the long run especially in small scale businesses like those in Uganda .

Small businesses compared to large business have more time and money to recruit employees. They typically have a wider range of recruitment processes and use a greater number of selection procedures in making hiring decisions that may influence the performance of employees. Large firms also may hire from within through job posting procedures for the same reasons as small businesses. They also tend to advertise more extensively through newspapers, trade magazines, and other media sources (Blackwell & Storey 2005). Large businesses also generally rely on temporary agencies, executive recruiters for special positions, and alternate staffing for short- or long-term projects. Walk-ins, Internet recruiting, and college recruiting are other mechanisms of recruitment typically utilized by larger organizations and small businesses; however, the manner in which this process is handled largely affects the performance of such businesses (Webster & Wood, 2005). This is true in large businesses business but not in small enterprises like those in Uganda .

Attracting the most qualified applicants with the right skills and abilities during the recruitment process is an important element for business success, but the placement process is by far the most critical element that may influence the performance of the business. Small and large businesses use some of the same techniques when it comes to hiring and placing employees. For

a small company, a single wrong hire could cost the company an entire year's profit and result in a mountain of work that needs to be redone (Walsh and Carrison, 2002). Most small enterprises like those in Kawempe fear the cost that come with the recruitment process. However not following a proper recruitment process may deny opportunity of growth to small scale enterprises that would be reaped from the hired skilled expertise.

The resourcing strategy also involves placement of the most innovative personnel in their rightful positions. This begins with the review of the applicant's application or resume and concludes with the selection of a qualified individual for the position (Arthur, 2007). Matching the applicant's skills and educational background to the job description and job specification is the first step in the placement process. If there is a match, then an interview may be scheduled to get more information about the applicant. The skillfulness applied in doing this allows attraction of personnel that improves the performance of the business (Brown et al, 2010). After the interview, if the applicant is still being considered for a position, a background and reference check should be conducted to verify the information provided and obtain opinions or impressions from others who know the applicant (Cain et al, 2002). While many small businesses like those in Uganda do not actively pursue background checks and reference checks of potential employees like large businesses due to time and resource issues, there are considerable liability issues that may warrant such attention if such businesses are to improve on their business performance.

Most small businesses hardly do mental testing of their employees. Testing may take place to measure mental, physical, personality, and performance abilities. Small businesses tend to use performance tests such as typing or driving tests, aptitude or skill tests, and physical performance tests (Worthington and Worthington, 2007). Large companies tend to use more sophisticated and

lengthy testing such as intelligence, honesty, achievement, and personality testing. They also may use assessment centers to test the applicant's performance by performing actual job tasks so as to achieve high performance levels in the business.

Human resourcing also involves HR planning which is the process of making assumptions and forecasting future HR needs of the organization. This involves issues concerning revenue, number of employees, and expansion or downsizing of the company (Golhar, 2004). Both small and large businesses try to predict changes that may occur in the future. Small businesses may look to expand the venture through growth strategies. In this case, forecasting the need for additional employees is the first step so as to improve on their business performance (Hornsby et al, 2010).

Small companies may also look at required employee skill levels, particularly when the business relies heavily on technology or other change elements. A large business often looks at cash flow and cost control when it comes to employee resourcing. It may or may not hire additional employees, provide raises, reduce employee pay, and expand or downsize the company in the effort to improve the performance of the business (Megginson, 2005).

The practice of HRM in Africa has been based on procedural and administrative tasks such as salary and benefits, employee relations, absenteeism and grievances among others in small scale industries (Waweru, 2004; Taylor, 2002). This assumption limited HRM issues to an operational dimension at the expense of its strategic approach which should have viewed the employees as the most valued assets of the organisations. Organizations in Africa appear to adopt a reactive approach to the hostilities in the environment thereby neglecting the knowhow and expertise that HRM brings to the table (Kamoche 2007) to improve business performance. However, there is a growing awareness to formulate and pursue HR activities such as recruitment, selection, rewarding, performance management, training, and development in line with the mission and

strategic objectives of small firms (Kamoche, 2007). This approach, appears to recognize the critical nature and role of the employees in organizations as strategic partners in a challenging competitive environment especially in small businesses.

It should be noted that HR strategies for large firms may not necessary be applicable to small businesses, because a lot of small and locally owned firms in Africa face a main challenge of survival due to the pressures of the external environment making them ignore the internal functioning of the firms and focusing on overall performance (Kamoche, 2007). In Small businesses, Human resource practices are expected to match the characteristics of employees to the values and culture of the organization so as to build an entrepreneurial climate in which employees are stimulated and motivated to identify competitive ideas (Bruystegem et al, 2008).

Majority of the SMEs use informal HR practices. Most scholars agree that the owner or manager is the first factor who keeps SME HRM informal. Owners or managers avoid using formal HR practices as they prefer to keep direct personal control of the firm and hesitate to delegate responsibilities to other managers. They equally dislike limiting their room for maneuvering by making explicit rules and procedures which they themselves will then have to follow. Bartram, (2005) referring to Chandler (2008) further suggested that management may possess inadequate training concerning HRM and broader management issues, or have an inadequate understanding of the impact of HRM on the business (Duberley & Walley, 2005). According to Klaas, McClendon & Gainey, (2007) formalized HRM practices require considerable development costs and due to the tight supply of financial resources SMEs fear this as cost disadvantage. Thus, vision and knowledge of the owner or manager and limited time and resources play a role in keeping small businesses informal.

HRM policies and practices contribute to business success; hence there are interrelationships between HRM and organizational performance. Smaller entrepreneurial firms generally are challenged by HRM because the small size of the firm often does not warrant hiring professionals exclusively dedicated to HRM activities (Hornsby & Kuratko, 2003). HRM in SMEs is rather informal, intuitive and ad hoc and usually not very sophisticated (Nguyen & Bryant, 2004). Informal approach is actually more suited to the small firm. Hill & Stewart (2009) suggest that smaller firms should be more flexible and informal to be able to cope with the high levels of environmental uncertainty they usually experience. On the other hand, De Kok, Uhlaner & Thurik, (2003) referring to Hendry, Jones, Arthur & Pettigrew (2001) argue that its lack of foresight or looking forward and or lack of resources which lead to less use of formal HRM practices in small businesses.

Cardon, (2003) suggests that small and or new companies might face problems in recruiting the employees because they lack the resources and the stature. Williamson also reaches the conclusion that without candidates having heard about the company, about its practices or its members, it is difficult for small companies to find the necessary employees (Rauch et al (2005). It is said that HR practices do not influence directly the company performance but only through a variable interim causal chain (Delery & Shaw, 2001). Most small enterprises in Uganda have low reputation that even when they advertised would not be able to attract the required skilled personnel. This leaves such enterprises with no option but to opt out of the formal resourcing process. However, the enterprise may miss out on skilled personnel that would have leveraged on its performance in the long run.

2.4 Employee rewards management practices and performance of small scale enterprises.

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 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.

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.

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 Division

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.

2.5 Employee training practices and performance of small scale enterprises

Training and development are essential elements that should be provided by every business, small or large. Knowledge is powerful and acquired through 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.

Employees are an organization's most valuable asset. What better way to increase this asset than by making an investment in training employees. As a small or large company evolves or grows, employees need proper training to help the company achieve its goals. Training is essential to improve skills and overcome deficiencies. Not only do employees benefit, but the company also benefits by improving its performance (Arthur, 2007). Most small scale enterprises do not realize in Uganda do not appreciate the importance of training their employees hence choose not to formally engage them in training hence poor performance.

In small businesses, training and development is also essential to stay ahead of competitors, especially in the area of innovation and technology. Research suggests that the investment made by entrepreneurs in training their employees strengthens a firm's technical excellence and innovative capabilities (Gundry, 2001). This is however not the case as most enterprises in Uganda as most of them have chosen not to engage in training of their employees.

Small businesses usually do not have large training budgets like many large firms, but they can still get the most out of their training. Smaller companies assess their training needs by finding out what is important to the organization and employees. The most serious challenges small firms face in terms of training and developing employees are restrictions on time, money, space, and staff (Cohen, 2008).

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In a small firm, training is informal and often done on a voluntary basis by other employees in the departments of the company. Entrepreneurship education and small business assistance programs attempt to aid small business owners or managers in developing their skills and expertise (Romero and Gray, 2002). A small business may use volunteers that can provide valuable training skills to their employees. Other resources may include inexpensive or free training and advice from groups such as accounting agencies, law firms, local business groups. Small businesses also use lectures, seminars, videos, and on-the-job training. Employees exchanging larger businesses typically have more time, space, money, and staff to train employees than smaller organizations. These firms may have training specialists who are responsible for setting training objectives, developing and presenting training materials, and following up on the progress to ensure that the training objectives have been achieved (Brown, Hamilton, and Medoff, 2010).

In small business, employee training should never end; it should be a continuous development process of lifelong learning in all businesses, both small and large. Employers may continue the development of their employees once they have mastered the necessary skills to perform their jobs with management, seminars, workshops, and advanced education courses (Kok, 2002). Many large businesses, and even some small businesses, offer some form of tuition reimbursement for employees to attend college and other training programs to obtain skills and knowledge to enhance their performance on the job. These programs provide a significant

incentive for employees to enhance their skills, knowledge, and abilities as well as a chance to advance in the organization and their careers (Golhar & Deshpande, 2007).

In small scale businesses HRM intensity can affect productivity and performance directly, modifying the competences and the motivation levels. We can offer some examples of HR practices impact on productivity. The training was probably the most examined from this point of view. A second example is the retribution system. By offering salaries and benefits we can improve productivity by attracting a superior level of the labour force (Heneman et al, 2010). Payment based on results is considered a good mechanism to guide employees in the desired direction. The use of some performing selection techniques can help identify high productivity employees and find the right person at the right place (Guthrie, 2001).

In small scale businesses, training is usually on the job conducted mainly by seniors and monitored by the owner or director (Batt, 2002). In small scale enterprises like those in Uganda , there are no opportunities for external training for employees or trainees. The owners or masters once in a while attend external training organized by their respective associations.

2.6 Performance management and organizational performance

Aguinis (2005) explain that Performance management as a continuous process of identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization. Its five elements are agreement, measurement, feedback, positive reinforcement and dialogue. Cappelli (2008) explain that when employees fail in their jobs, part of the organization also fails. Performance management aims to eliminate or at least significantly reduce this possibility. Pulakos (2009) emphasized that Performance management is the key process through which work gets done. It's how organizations communicate expectations and drive behaviour to achieve

important goals; it's also about how organizations identify ineffective performers for development programs or other personnel actions.'

The term performance management as an overall description of a process of performance planning and review conducted by managers and individuals has largely replaced the term performance appraisal (Warren, 2002). The latter has often been relegated to a description of the performance assessment and rating aspect of performance management. It signifies that performance management is a joint affair, based on dialogue and agreement.

Performance management is a means of getting better results by providing the means for individuals to perform well within an agreed framework of planned goals, standards and competency requirements. It involves developing a shared understanding about what is to be achieved and how it is to be achieved. The aim is to develop the capacity of people to meet and exceed expectations and to achieve their full potential to the benefit of themselves and the organization. A further aim is to clarify how individuals are expected to contribute to the achievement of organization goals by aligning individual objectives with the strategic objectives of the organization. Performance management provides the basis for self-development but, importantly, it is also about ensuring that the support and guidance people need to develop and improve are readily available (Beer and Ruh, 2006).

Performance management can play an important role in rewarding employees by providing them with positive feedback and the recognition of their accomplishments. Performance management is often seen as primarily a developmental process and may therefore be referred to as performance and development management. It can also be used to generate ratings that inform performance pay decisions. Shields (2007) explained that a performance management system has a fourfold purpose. Strategic communication, convey to people what doing a good job means and entails. Relationship building, create stronger work relationships by bringing managers and those they manage together regularly to review performance achievements. Employee development,

provide performance feedback as a basis for the joint analysis of strengths, weaknesses and areas for improvement and an agreement on a personal development plan and learning contract. Employee evaluation assesses the performance of employees as a basis for making decisions on job reassignment, promotion or performance-related reward (Aguinis, 2005).

Perhaps one of the most important features of performance management is that it is a continuous process that reflects normal good management practices of setting direction, monitoring and measuring performance and taking action accordingly. Performance management should not be imposed on managers as something ‘special’ they have to do. It should instead be treated as a natural function that all good managers carry out. This approach contrasts with that used in conventional performance appraisal systems, which were usually built around an annual event the formal review which tended to dwell on the past. This was carried out at the behest of the personnel department, often perfunctorily, and then forgotten. Managers proceeded to manage without any further reference to the outcome of the review, and the appraisal form was buried in the personnel records system (Pulakos, 2009).

Performance management helps provide good feedback to employee. Individuals need to know how they are getting on. Feedback should be based on factual evidence. It refers to results, events, critical incidents and significant behaviors’ that have affected performance in specific ways. The feedback should be presented in a manner that enables individuals to recognize and accept its factual nature it should be a description of what has happened, not a judgement. Positive feedback should be given on the things that the individual did well in addition to areas for improvement. People are more likely to work at improving their performance and developing their skills if they feel empowered by the process (Cappelli, 2008).

Performance management is expected to improve organizational performance generally by creating a performance culture in which the achievement of high performance is a way of life. More specifically, effective performance management ensures that individual goals are aligned

with organizational goals, so that key performance indicators for employees are linked to those of the organization, and the contribution people can make to organizational performance is therefore defined (Jones et al, 2005).

It is assumed that managers and their team members working together on a continuing basis throughout the year to use performance management processes such as goal setting, feedback, performance analysis and coaching will create a situation in which continuous improvement in results will be guaranteed. This could be regarded as an unrealistic aspiration an optimistic belief mbut it is the one that underpins the concept of performance management. Performance management influences performance by helping people to understand what good performance means and by providing the information needed to improve it. Performance management processes are aligned to business goals to ensure that people are engaged in achieving agreed objectives and standards (Cascio, 2012).

The best performance management becomes a continuous process and is not a onetime event, it takes time and effort and a dedication to developing people. We also knew that from a business standpoint it was critical to build and develop the talent pipeline of the organization to meet the aggressive business goals and dynamically changing marketplace. Performance management at organizational, team and individual level defines what high performance is and how managers and their teams should achieve it. It explains how performance should be measured and the steps that should be taken to monitor results in comparison with expectations. The means of achieving high performance are provided by defining the performance expectations implicit in the psychological contract, creating high levels of engagement, motivating people and enhancing skills and competencies through feedback, coaching and personal development planning (Wortzel-Hoffman and Boltizar, 2007).

Performance appraisal increase employee commitment and satisfaction since employees are given chance to discuss about their work performance. This, in turn, will lead them to perform greater in innovative activities. HR managers become hence accountable for the achievement of organizational goals and operational objectives. Their performance is appraised based on added value, quality standards, productivity ratios, customer satisfaction, cost reduction, profitability, among other performance-oriented indicators (Cascio, 2012).

Organizations must understand the reasons behind the low performance and develop a plan to invest in the training of such employees in case they lack the necessary skills to meet expectations, or try other practices if the problem stems from lack of satisfaction and motivation before considering termination. These include for instance job clarity, adequate working conditions, job rotation, and fair fixed compensation. This is in line with the major purpose of human resource management to demonstrate a positive attitude towards performance appraisal (Robbins, 2005). The intent is to help and support others to enhance their performance instead of using evaluation as a punishment tool. Organizations must invest in different retention determinants to keep high potential, emerging talents, and high professionals. Such categories usually represent less than thirty percent of the overall headcount and constitute the crown jewels of any organization. Internal hiring becomes hence a consequence to efficient performance appraisal, succession planning, talent management and development giving the opportunity to mainly high potential and emerging talents to move upward or laterally based on their competences, performance, and interests (Robbins, DeCenzo, & Coulter, 2012).

2.7 Career management and performance

Career management is about providing the organization with the flow of talent it needs. But it is also concerned with the provision of opportunities for people to develop their abilities and their

careers in order to satisfy their own aspirations. It integrates the needs of the organization with the needs of the individual (Mathis & Jackson, 2010).

An important part of career management is career planning, which shapes the progression of individuals within an organization in accordance with assessments of organizational needs, defined employee success profiles and the performance, potential and preferences of individual members of the enterprise. Career management also involves career counseling to help people develop their careers to their advantage as well as that of the organization. Career management has to take account of the fact that many people are not interested in developing their careers in one organization and prefer to look for new experience elsewhere (De Vos and Dries, 2013)

For the organization, the aim of career management is to meet the objectives of its talent management policies, which are to ensure that there is a talent flow that creates and maintains the required talent pool. For employees, the aims of career management policies are; to give them the guidance, support and encouragement they need to fulfill their potential and achieve a successful career with the organization in tune with their talents and ambitions and to provide those with promise a sequence of experience and learning activities that will equip them for whatever level of responsibility they have the ability to reach (Mathis & Jackson, 2010).

Career management calls for an approach that explicitly takes into account both organizational needs and employee interests. It calls for creativity in identifying ways to provide development opportunities. Career management policies and practices are best based on an understanding of the stages through which careers progress in organizations (Hall, 1984).

Hirsh and Carter (2002) explain that career management encompasses recruitment, personal development plans, lateral moves, special assignments at home or abroad, development positions, career bridges, lateral moves and support for employees who want to develop.

Baruch and Peiperl (2000) look at some of the career management practices; formal education as part of career development, performance appraisal as a basis for career planning, career counselling by manager, lateral moves to create cross-functional experience, retirement preparation programmes, succession planning and formal mentoring.

Career planning involves the definition of career paths the routes people can take to advance their careers within an organization. It uses all the information provided by the organization's assessments of requirements, the assessments of performance and potential and management succession plans, and translates it into the form of individual career development programmes and general arrangements for management development, career counseling and mentoring.

The organization may need to manage careers as part of its talent management and management succession programmes and can provide support and guidance to people with potential. Ultimately, however, it is up to individuals to manage their own careers within and beyond their present organization. Handy (2004) used the term portfolio career to describe his forecast that people will increasingly change the direction of their careers during the course of their working life. Hall (2006) coined the phrase the protean career in which individuals take responsibility for transforming their career path. Schein (2008) originated the notion of career anchors. He defined them as the self-concept of people, consisting of self-perceived talents and abilities, basic values and a sense of motives and needs relating to their careers. As people gain work experience, career anchors evolve and function as stabilizing forces.

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It is possible to define career progression in terms of what people are required to know and be able to do to carry out work to progress up the career ladder. These levels can be described as competency bands. For each band, the competencies needed to achieve a move to that level would be defined in order to produce a career map incorporating 'aiming points' for individuals, as illustrated. People would be made aware of the competency levels they must reach to achieve progress in their careers. This would help them to plan their own development, although support and guidance should be provided by their managers, HR specialists and, if they exist, management development advisers or mentors (Schein, 2008).

In a similar vein, career management assist employees to attain their career goals and objectives. If employees are likely to feel satisfied with their career management, which in turn, lead to motivate them to perform in innovative activities (Delery & Doty, 2006).

While facing such competitive dynamics, organizations struggle to attract talented knowledge workers having the ability to bring in new ideas, lead and champion change, take moderate risks to innovate, and drive high-performing operational systems (French, Bell, & Zawacki 2005). Human resource managers have hard time to find and retain such valuable competences. A growing alternative managerial practice is shown in the increasing reliance on contingent workforce, namely leased workers, temporary workers, and part-timers. Besides the cost savings that an organization could achieve through the use of such flexible employment mechanisms, this

has also become an interesting tool to get highly qualified workforce when needed since some of such talented workers are not interested to have full-time employment contracts and they would rather prefer to work as consultants or independent workers for different organizations simultaneously.

2.8 Review of performance of small scale enterprises

Performance is a measure of how well a mechanism, process or enterprise achieves its purpose. In enterprise management, Moullin (2003) defines an organization's performance as how well the organization is managed and the value the organization delivers for customers and other stakeholders.

There are different measures of small enterprises performance and these include; profitability and growth (Smith, 2009; Reid and Smith, 2006). Many other performance indicators, such as the level of productivity, are merely intermediate variables influencing one or both of the two principal variables in ways that will vary from firm to firm. Profits are necessary for survival in the long run in a competitive environment, but small enterprises management may choose not to grow. Long-term profitability derives from the relations between cost and revenue; it is a necessary but not sufficient condition for growth. Revenues may be held up by entry barriers and costs pushed down by management ingenuity. A low-profit firm may lack the finance for expansion, but a high-profit business may conclude the risk and rewards of expansion are inadequate (Smith, 2006). In a life style of a small enterprise, an owner may trade profitability today against profitability tomorrow. Dynamic pricing or sequential investment projects may require initially lower profits in order to obtain higher future pay-offs from greater market penetration. A small enterprises manager's time preference is likely to determine the intertemporal profit trade-off.

Profit performance must be standardized against the size of the operation or the resources employed. Consequently, the ratio of profit to turnover is employed (Cooke & Andwills, 2009). Performance may also be measured in regard to small enterprises growth. However, the justification for the subjective growth measure of performance employed may be due to lack of data that many small enterprises are not willing to put in the public domain. Quite possibly management beliefs will be systematically biased: towards optimism, for example (De meza, 2002). But general optimism bias will merely affect the scaling of the growth measure a medium growth response may in fact correspond with a low growth performance (Casson & Andwadeson, 2008).

One influential and comprehensive review of the small enterprises literature concluded that growth determinants fall into three groups; business strategy, management characteristics and firm characteristics (storey, 2004) and general business environment. The emphasis is on two points in particular; businesses environmental influence on small enterprises performance in regard to; legislation especially on taxation and the availability of subsidies and competition (Barkham, Gudgin, Hart & Hanvey, 2006).

In other aspects enterprise performance may be looked in regard to sales volumes of an enterprise having improved its customer base through effectiveness and efficient service or product delivery which are the two fundamental dimensions of performance; this is emphasized by Neely, Adams et al. (2002). Effectiveness refers to the extent to which stakeholder requirements are met, while efficiency is a measure of how economically the firm's resources are utilized when providing a given level of stakeholder satisfaction. To attain superior relative-performance, an organization must achieve its expected objective with greater efficiency and effectiveness than its competitors (Neely 2008).

2.9 Summary of Literature Review

Human resource management is an important aspect in the development of any enterprise. As the Guest model explains there are key HRM practices that organizations must emphasize that should include; HRM strategy, a set of HRM policies, a set of HRM outcomes, behavioral outcomes, a number of performance outcomes and financial outcomes. These are linked to financial performance of an enterprise. Employment resourcing involves the whole process of deciding how many and which positions an organization will have to fill to meet its goals and then moving to fill these positions through recruitment. The first step in the employment process is to identify the need for a particular position, followed by the recruitment and ultimately the hiring of qualified individuals. Reward management is practiced in various aspects to help improve on employee performance and some include financial as well as non-financial rewards. 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.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The chapter presents the methods that will be used to carry out the study. It presents the research design, study population, sample size, sampling methods, data collection methods and instruments, pretesting of instruments, procedure for data collection validity and reliability, data management and analysis, measurement of variables, ethical considerations and limitations of the study.

3.2 Research design

The study will utilize the cross-sectional survey design that will use both qualitative and quantitative approaches (Mann, 2003). This will be 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 will allow the use of many variables at ago (Levin, 2007). In this study, survey methodology will help 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 methods of both qualitative and quantitative approach is capable of giving good understanding of the study (Cameron, 2009).

3.3 Study area and Population

The study will be carried out in Uganda in the four regions of central, western, eastern and northern Uganda. The study population will include 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.

3.4 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 will be 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)

Table 1: 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	

3.5 Sampling Methods

The study will use 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.

3.6 Data Collection methods

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

3.6.1 Quantitative methods

The questionnaire will be the method used to generate quantitative data.

3.6.1.1 Questionnaire method

This will involve the use of self-administered questionnaires to respondents in relation to human resource management practices and it will be given to staff members and majority of road users.

In seeking for quantitative data, closed ended questionnaires in a scale (five likert) form will be used. Questionnaire method will be used because it helps to investigate motives and feelings in likert scaling (Creswell, 1994).

3.6.2 Qualitative methods

To obtain qualitative data, interview and document review will be applied.

3.6.2.1 Interview method

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

3.6.2.2 Document review method

A document review method will be 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 will be 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.

3.7 Data collection instruments

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

3.7.1 Questionnaires

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

3.7.2 Interview Guide

Face to face interviews with the help of an interview guide will be conducted among business directors. The researcher believes that these people can provide rich information in regard to the study. Interviews will be 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.

3.7.3 Document review checklist

The study will also carry 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 will give an overview of how much has been addressed in this line.

3.8 Validity and Reliability

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

3.8.1 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 under study. Therefore validity looks at how accurately represented are the variables of the study (Mugenda, Mugenda 2003). The study will adopt 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 will construct the instruments with all the items that measure variables of the study. The researcher will also consult the supervisor for proper guidance after which the researcher will pre-test the instruments and after pre-testing ambiguous questions will be removed or polished so as to remain with the finest data required. To ensure rigour in qualitative process the researcher will use respondent validation process. Chew Brink (1991) suggests the use of respondent validation (Bloor 1998) to ensure stability is paramount in qualitative data. This will be done by checking the results on completion of data collection for any missing responses and other aspects. The content validity index Formula will be used as presented below.

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

3.8.2 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 will adopt the test-retest method which will involve administering the same instruments twice to the same group of subjects and this will be done by selecting an appropriate group of respondents, the researcher will then administer instruments to respondents and then re administer the same instruments to another group after a week and the results of the two periods will be correlated to obtain the coefficient of reliability. If the coefficient is 0.6 and more as recommended by Mugenda and Mugenda (2003), the instrument will be considered reliable.

3.9 Procedure for data Collection

The researcher will obtain a letter of introduction from the university to help with introductions to various respondents. After the construction of instruments the researcher will take them for approval to the supervisor and there after they will be taken for pretesting in selected few respondents. The researcher will carry out a pilot run on a participating group in the study. Pretesting will be done by picking 50 respondents from the study and giving them the same approved questionnaires. Pretesting helps to know whether respondents interpret phrases and questions as the researcher wants them, it also helps to obtain a general assessment of respondents' ability to perform required tasks (recall relevant information, estimate frequency of specific behaviors) and it also helps to obtain ideas for question wording in case rephrasing of the original statements is needed.

3.10 Data Management and Analysis

In the study, the instruments that will be used will yield both qualitative and quantitative data. After respondents have answered questionnaires and interviews, raw data will be cleaned, sorted

and condensed into systematically comparable data. Data analysis will be done using the Statistical Package for Social Scientists (SPSS), which will help to summarize the coded data and produce the required statistics in the study.

3.10.1 Quantitative Data

In handling all the objectives of the study, the researcher will use a computer package SPSS where data will be entered, edited, cleaned and sorted. This program will be used to do univariate and bi-variate analysis to obtain descriptive data in form of frequencies, percentages, mean and standard deviations since it will be a five likert questionnaire and this will help 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 will be 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 will be, $P=0.05$. 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.

3.10.2 Qualitative data

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

3.11 Measurement of variables.

The independent variable in the study will be factors or the human resource management practices and independent variable will be enterprise performance in small scale enterprises in Uganda . Employee resourcing will be looked at in regard to recruitment & selection that involve appropriate knowledge, required abilities, innovative skills and experience. Reward management will be looked at in regard to; financial & non financial aspects that involve satisfactory pay, satisfactory benefits, working conditions, incentives, recognition, value for money rewards, Performance management platform. Employee Training will be looked at in regard to personnel development; appropriate knowledge, appropriate skills, focused training. The dependent variable small enterprise performance will be looked at in regard; profitability, sales volumes, expansion or growth rate. The nominal scale will be used in the measurement of variables in a likert scale format which will range from 1 to 5, strongly disagree, disagree, not sure, agree and strongly agree respectively.

3.12 Ethical Considerations

To carry out this research, ethical clearance will be requested and granted from the University. A letter will be issued allowing to carry out the study. Once this is obtained the research study will then proceed. Permission will be obtained from each business entity from the administration office. Then permission from the participants will be sought using the permission letter from the head of department at the university. All the participants will then be required to ascent or sign a letter of informed consent. Participants will also be given liberty to withdraw their consent at any time if they are not comfortable. All data and personal information will be kept confidential as no identifying information will be required in the questionnaire. Participants may choose not to answer any questions that they may find not comfortable with. Returns will not be given for services. Privacy and wishes of the participants will be respected at all times.

3.13 Anticipated limitations to the study

The businesses being privately owned, employees tend to have limited zeal participate in research. Due such an attitude it may be cumbersome to locate some employees and convince them to spare time provide some information for the study. However, the researcher will fix as many appointments as he can in order to get the required information from these respondents.

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APPENDICES

Appendix 1: Research Time Table

ACTIVITY	PERIOD (MONTHS)											
	2015-2016											
Months	1	2	3	4	5	6	7	8	9	10	11	12
Research and Training												
Proposal writing												
Proposal Review												
Proposal defense												
Develop research instrument and review												
Pre-test of research instruments												
Data collection												
Data processing and analysis												
Research report writing/1 st Draft												
Review of thesis												
Presentation of Final Draft												
Thesis Defense												
Viva collections												
Submission final copies												

NAME: MUKIIBI BENARD

REG.NO: 2014/PhD(BAdmin)/046/PS

FACULTY/INSTITUTE: MANAGEMENT STUDIES

APPENDIX 2: Questionnaire for Employees

Dear respondent

I am requesting you to fill this questionnaire, which is aimed at collecting data on how human resource management practices influence the performance of small scale enterprises in Uganda with particular reference to Uganda . You have been selected to be one of the respondents in this study. The information provided will be treated with strict confidentiality and shall not be used for any other purpose except for academic purposes. Thank you very much for your cooperation.

Respondents' background information (*please tick your most right choice*).

1. Gender of respondent

1. Male
2. Female

2. Education level

1. Primary
2. Secondary
3. Diploma
4. Degree
5. Masters degree
6. Others specify.....

3. Age of respondents

1. 25-30
2. 31-35
3. 36-40
4. 41-45
5. 46-above

4. Working period in this institution

1. Less than 1 year
2. 2-4 years
3. 5-7 years
4. 7years and above

SECTION A

Key

1. Strongly disagree (SD)
2. Disagree (D)
3. Not sure (NS)
4. Agree (A)
5. Strongly Agree(SA)

Employee Resourcing

	Statement	Rating				
		SD	D	NS	A	SA
1.	The company employs the most knowledgeable in a particular field specialization	1	2	3	4	5
2.	My company looks at employees an employee's knowledge and the experience applied with that knowledge when recruiting employees	1	2	3	4	5
3.	Professional knowledge is highly emphasized in recruitment	1	2	3	4	5
4.	In my company applicants qualifications are given the highest priority	1	2	3	4	5
5.	Employees innovative skills are considered as the highest priority	1	2	3	4	5
6.	My company emphasizes employee specialized skills in the recruitment process	1	2	3	4	5
7.	My company emphasizes specific abilities for each employee	1	2	3	4	5
8.	Individual personal talents are highly regarded by the organization	1	2	3	4	5
9.	My company places much emphasis on recruitment of experienced employees	1	2	3	4	5
10.	My company emphasizes the number of years working in a particular field for a new employee	1	2	3	4	5

Reward Management

	Statement	Rating				
		SD	D	NS	A	SA
1.	My Salary in this institution is enough for me.	1	2	3	4	5
2.	My salary is paid in time as required	1	2	3	4	5
3.	I am given annual financial bonus based on individual performance the year.	1	2	3	4	5
4.	I am given top up allowances periodically	1	2	3	4	5
5.	My company gives competence or skill based pay increment	1	2	3	4	5
6.	My company gives cash bonus based on the surplus made per period.	1	2	3	4	5
7.	The company gives annual group bonus based on team performance of staff and any others.	1	2	3	4	5
8.	The company offers training programs to its staff members .	1	2	3	4	5
9.	My company gives its staff opportunities for career advancement	1	2	3	4	5
10.	My company usually organizes recognition events for high achievers periodically.	1	2	3	4	5
11.	The company usually organizes small non-cash awards (e.g., dinners, trips abroad) to its staff.	1	2	3	4	5
12.	My company allows its staff to participate in decision making processes	1	2	3	4	5

	in relation to reward.					
13.	Staff members are always given promotion on merit.	1	2	3	4	5
14.	As a rewarding system, staff members are given better office facilities frequently to motivate them.	1	2	3	4	5

SECTION C

KEY

1. Strongly disagree (SD)
2. Disagree (D)
3. Not sure (NS)
4. Agree (A)
5. Strongly Agree(SA)

Employee Training

	Statement	Rating				
		SD	D	NS	A	SA
1.	My company carries out on job training for every new employee give them appropriate knowledge	1	2	3	4	5
2.	Different sessions of training are carried by experienced trainers company employees	1	2	3	4	5
3.	My company gives continuous on job training for all employees	1	2	3	4	5
4.	In my company on job training prepares employees to use to perform more effectively	1	2	3	4	5
5.	My company carries out employee training oftenly to enhance the skills	1	2	3	4	5
6.	My company usually carries out off job training sessions for its employees	1	2	3	4	5
7.	Off job training prepares employees for administrative tasks	1	2	3	4	5
8.	Off job trainings are in form of workshops	1	2	3	4	5
9.	Trainings are carried out in focus group discussion and simulation ensure focused training	1	2	3	4	5
10.	To ensure focused training line managers are usually involved in process	1	2	3	4	5
12.	Training needs analysis for all departments is always done to ensure focused training	1	2	3	4	5
13.	Training objectives are usually identified and followed	1	2	3	4	5
14.	The content of training is always discussed by management before training	1	2	3	4	5
15.	The training programs are designed to fill performance gaps	1	2	3	4	5

SECTION D

Performance Management

		SA	A	NS	D	SD
1.	The company carries out performance evaluation of each individual employee in the company	1	2	3	4	5
2.	The company encourages performance in teams on different tasks					

3.	Each performance target is aligned to the strategic objective company	1	2	3	4	5
4.	The managers agree with employees on specific key issues objecti achieve in a particular period of time	1	2	3	4	5
5.	In this company managers ensure that there is timely feedba performance of all employees	1	2	3	4	5
6.	Managers ensure that there is positive reinforcement to all emp when performing different tasks in the company	1	2	3	4	5
7.	Managers encourage positive performance dialogue among employ the company	1	2	3	4	5
8.	The organization has a shared understanding or way of how to ach	1	2	3	4	5
9.	In our this company managers emphasize relationship building	1	2	3	4	5
10.	In this company performance culture in which the achievement o performance is a way of life	1	2	3	4	5

Section E

Career Management

		SA	A	NS	D	SD
1.	This company chooses the talent needed to perform its tasks as req	1	2	3	4	5
2.	The company has career planning process that favors employees future	1	2	3	4	5
3.	The company ensure that there is defined employee success prof	1	2	3	4	5
4.	The company ensures that there is progression of individuals with organization in accordance with assessments of organizational n	1	2	3	4	5
5.	In this company there is career counseling to help people develop careers to their advantage as well as that of the organization	1	2	3	4	5
6.	This company ensures that there is a talent flow that creates an maintains the required talent pool.	1	2	3	4	5
7.	This company has functioning career management policies in place	1	2	3	4	5
8.	The policies ensure that it gives employees the support encouragement they need to fulfill their potential and ach successful career	1	2	3	4	5
9.	The organization helps employees to define their career paths, the people can take to advance their careers within an organization	1	2	3	4	5
10.	In this organization career management assist employees to attain career goals and objectives	1	2	3	4	5

SECTION F

KEY

1. Strongly disagree (SD)
2. Disagree (D)
3. Not sure (NS)
4. Agree (A)
5. Strongly Agree(SA)

Performance of small enterprises

	Statement	Rating				
		SD	D	NT	A	SA
1.	The company's profits have improved over time	1	2	3	4	5
2.	The market share of the company has largely improved	1	2	3	4	5
3.	The company base has improved	1	2	3	4	5
4.	Our sales volumes has largely improved	1	2	3	4	5
5.	the average monthly sales have largely improved	1	2	3	4	5
6.	The company has more satisfied customers	1	2	3	4	5
7.	The company has more loyal customers	1	2	3	4	5
8.	The company has experienced steady growth rates	1	2	3	4	5
9.	The company has expanded physically to different areas	1	2	3	4	5
10.	The general company capital volumes have improved	1	2	3	4	5

Appendix 3: Interview Guide

Dear respondent

I am requesting you to participate in this interview, which are aimed at collecting data how human resource management practices influence the performance of small scale enterprises in Uganda with particular reference to Uganda. The information provided will be treated with strict confidentiality and shall not be used for any other purpose except for academic purposes. Thank you very much for your cooperation.

In your own opinion how does employee Recruitment and selection affect or influence the performance of your company

.....
.....
.....

In your own opinion explain how the following aspects influence the performance of your company

Appropriate Knowledge

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.....

Required Abilities

.....
.....

Innovative Skills

.....
.....

Experience

.....
.....

In your own view how do financial & non financial rewards affect the performance of your company?

.....
.....
.....

How the following influence the performance of the company in your own view

Satisfactory pay

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.....

Satisfactory benefits

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.....

Working conditions

.....
.....

Incentives

.....
.....

Recognition

.....
.....

Value for money rewards

.....
.....

Performance management platform

.....
.....

In your own opinion how does personnel development affect or influence the performance of your company

.....
.....

In your explain how the following aspects influence the performance of your company

Appropriate knowledge

.....
.....

Appropriate skills

.....
.....

Focused training

.....
.....

In your own opinion how does Performance management influence the performance of this company?

.....
.....

In your explain how the following aspects influence the performance of your company

Measurement

.....
.....

Agreement

.....
.....

Feedback

.....
.....

Positive re-enforcement

.....
.....

Dialogue

.....
.....

How does career management in this company influence the performance of the company?

.....
.....

In what ways do the following aspects in career management influence the performance of your company?

Career goals

.....
.....

Talent management

.....
Personal development

.....
Planning

.....
Employee counseling

.....

