

Human Resource Management Practices and Performance of Small-Scale Enterprises in Uganda

BY MUKIIBI BENARD 2014/PhD/046/PS

ABSTRACT

Human Resource Management (HRM) is a strategic approach to an effective management of people in organizations so as to help them gain competitive advantage and enhance performance outcomes. Whereas this is true in big organizations, there has been very little focus on small-scale enterprises, especially in Uganda. Focusing on five HRM practices namely, employee resourcing, rewards management, training, performance management and career management, the study critically examined whether identified five HRM practices inspire the performance of small-scale enterprises in Uganda. The study although anchored in resource based theoretical reasoning lens, also used three other important theories which included: Ability, Motivation and Opportunities (AMO) theory, Human Capital theory and Reinforcement theory to understand and analyze the influence of HRM practices on performance of small-scale enterprises. Drawing from two philosophical assumptions (positivism and interpretivism paradigms), performance of Small-Scale Enterprises (SSE) is real and is perceived differently from management perspective. As such, the researcher adopted a sequential triangulation approach mixed method of quantitative and qualitative to collect and analyze data. With the aid of a descriptive cross-sectional research design, the study used self-administered questionnaires to collect quantitative primary data from a random sample of 378 enterprises across the country. In-depth interviews were also used to collect qualitative information from key enterprise employees. Quantitative data was analyzed using SPSS while qualitative data was analyzed using NVIVO statistical computer packages. The regression model estimations revealed that among the five HRM practices, employee training, rewards management and employee resourcing revealed statistically significant effect on the performance of small-scale enterprises. The study findings supported the resource-based theoretical assertion that competitive advantage of a firm comes from human resource management practices as its key internal resources. However, there was no sufficient evidence to show that career management and performance management significantly influence small scale enterprise performance. The study concludes that the concerted efforts are needed towards promoting small scale enterprise performance outcomes by institutionalizing the key human resource management practices such as; employee training, rewards management and

employee resourcing to inherently boost the competitive advantage in Ugandan context. The study recommends that human resource managers of small-scale enterprises should increase their budgets to improve human resource management practices especially for employee training, resourcing and rewards management to enhance performance outcomes in competitive and dynamic environment.