

HUMAN RESOURCE MANAGEMENT PRACTICES AND PERFORMANCE OF SMALL SCALE ENTERPRISES, A CASE STUDY OF NTUNGAMO MUNICIPALITY**¹Atyanga Patrick, ^{2,*}Dr. Agaba Moses and ²Dr. Byamukama Mpora**¹Department of Business Studies, Kabale University, Kabale, Uganda²Department of Management Science, Kabale University, Kabale, Uganda**Received 11th January 2021; Accepted 16th February 2021; Published online 18th March 2021**

Abstract

The study examined how human resource management practices influence the performance of small scale enterprises in Ntungamo Municipality among service and manufacturing industries. Specifically, the study examined the influence of employee resourcing on the performance of small scale enterprises, explored the influence of employee rewards management practices on the performance of small scale enterprises, and established the influence of employee training practices on performance of small scale enterprises. The study utilized a cross-sectional survey design based on questionnaires and interviews, and a mixed methods research approach. A sample of 169 was selected from 300 employees using simple random and purposive sampling techniques. Quantitative data was analyzed using descriptive statistical techniques of mean and standard deviations. Regression analysis was used to establish the influence of human resource practices on performance of SMEs. The results showed that human resource practices significantly influence about 50% of the variations in performance of SMEs in Ntungamo district. Specifically, employee resourcing significantly influences 38.0%, reward management significantly influences about 19.7% while employee training significantly influences about 25.5% of the variation in performance of SMEs in Ntungamo district. Conclusively, human resource management practices have a significantly influence performance of SMEs. The significant findings make the applications of RBV Paradigm RBV, Attraction Selection theories to solving performance challenges of small scale businesses from a human resource management perspective. In recommendation, small scale businesses with few employees should set up human resource departments to handle human resources. Small scale owners extend their marketing channels to online to match the business competition and development. In future, a study on the influence of human resource management practices on performance business organizations, comparing small and large scale enterprises in Ntungamo district is still necessary.

Keywords: Human Resource Management Practices, Performance of Small Scale Enterprises, Ntungamo Municipality.

INTRODUCTION

Human resource management (HRM) is the process of employing people, training them, compensating them, developing policies relating to them, and developing strategies to retain them. Human Resource Management practices are referred to as functions and practices of human resource such as pay and compensation management selecting and administering, recruitment and selection, skills monitoring and training and ongoing performance management of businesses usually and usually refer to the working methods and innovations that managers use to improve the effectiveness of work systems. Small and medium enterprises (SMEs) are looked at as businesses with revenues, assets or numbers of employees that fall below a level or threshold, they out number large firms considerably, employ vast numbers of people and are generally entrepreneurial in nature, helping to shape innovation in the local communities. There is clear evidence in our respective communities of the successes our great grandparents made of their respective trading concerns, iron smelting, farming, cottage industries and the likes (Ayozie, *et al.*, 2013) in the Ugandan perspective small scale enterprises are referred to as businesses that employ mostly family members or sometimes few people out of their family with limited capital and materials and medium enterprises are regarded as businesses with slightly good capital and have enough things to sale on a wholesale basis.

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 term 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 in 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. In recent years, there has been a growing interest in the potential benefits that may accrue to firms that make extensive use of formal and informal management practices. Motivated in part by a substantial body of evidence which documents persistent heterogeneity in the performance of firms, even within narrowly-defined industries, this literature has focused on the extent to which such heterogeneity may be explained by observable differences in firm's use of operational and human resource practices (Bloom *et al.*, 2016; Brynjolfsson and McElheran, 2016). Despite being engines of growth for economic development of Uganda and the world, The SMEs currently are characterized by: Inadequate technical and business skills, Managerial challenges; Limited access to affordable finance, Limited technology adaptability, Limited access to quality assurance and affordable product, product certification services and

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Dominant informality of the sector. Small and Medium Enterprises (SMEs) are increasingly taking the role of the primary vehicles for the creation of employment and income generation through self-employment, and have been argued to alleviate poverty, thus improving peoples livelihoods, (Kasekende and Opondo, 2013). Evidence from Uganda National Household Survey (UNHS) 2012/13 shows a rise in self-employment from 70.9 % to 81.5 % in the period 2009/10 and 2012/13 signaling hope in improving livelihoods of the people in Uganda. Therefore, self-employment through setting up SMEs seems to be a gateway to improved livelihoods as it creates employment and thus reduces poverty as evidenced from UNHS 2012/13. This in turn grows the economy's Gross Domestic Product (GDP). Besides fostering employment, research shows that SMEs are the engine behind proliferation of economic growth in Uganda. They are seen as critical for economic growth of the Municipality and Uganda at large (Kisaame, 2003; Nangoli *et al.*, 2013). In the same vein, scholars like Tsubira and Nabeta (2013) explain that SMEs contribute 75% of GDP and constitute 90% of the private sector, improving standards of living and ensuring social and political stability. SMEs are therefore responsible for entrepreneurial development, poverty alleviation and improved quality of life, resource mobilization, business adaptability and sustainability (Tushabomwe, 2010). Mbabazi (2012) adds that SMEs provide the economy with a continuous supply of ideas, skills and innovation necessary to promote competition and the efficient allocation of scarce resources. Today, SMEs are estimated to contribute over 80% of manufactured goods output. This explains why SMEs should be closely monitored to ensure that risk and vulnerability do not impede their growth. Despite the important role of SMEs in the Ugandan economy, the rate at which they are running out of business stands at 50% annually leaving a lot to be desired (Uwonda, Okello and Okello (2013). The main reason for quitting business is lack of sufficient finance to fund their operations. But why should SMEs face challenges in raising finance? What theoretical explanations justify these financial challenges? How can such theoretical explanations provide answers to these challenges? The following discussion provides a theory to guide the seeking of answers to these questions.

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 and Sserwanga, 2009). Despite this, the human resources practices in small scale industries in Ntungamo Municipality both service and manufacturing industries face a significant number of performance challenges. The majority of the enterprises in the Municipality employs family members or is run by the proprietors themselves 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, and 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). According to the 2014 UBOSS statistics 85% of SMEs started by entrepreneurs in Ntungamo Municipality do not celebrate their first birthday meaning they collapse early and the reasons presented hence forth are lack of training, low education levels by the proprietors, employing family members among the many. It is 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 Ntungamo Municipality. The purpose of the study was to examine how human resource management practices influence the performance of small scale enterprises in Ntungamo Municipality among the service and manufacturing industries. The Objectives of the Study were: (i) To examine the influence of employee resourcing on the performance of small scale enterprises in Ntungamo Municipality, (ii) To explore the influence of employee rewards management practices on the performance of small scale enterprises in Ntungamo Municipality. (iii) To establish the influence of employee training practices on performance of small scale enterprises in Ntungamo Municipality.

LITERATURE REVIEW

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 owners 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 Ntungamo 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). 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 years profit and result in a mountain of work that needs to be redone (Walsh and Carrison, 2002). Most small enterprises like

those in Ntungamo 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 applicants application or resume and concludes with the selection of a qualified individual for the position (Arthur, 2007). Matching the applicants 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).

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 employees 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 Ntungamo, 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 Eastern 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.

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 employees 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 organizations 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 firms 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). Small businesses usually do not have large training budgets like many large firms, but they can still get the most out of their training dollars. 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).

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, and local business groups. Small businesses also use lectures, seminars, videos, and on-the-job training. Employee sex changing 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 *et al.*, 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 and Deshpande, 2007).

METHODS

The study utilized a cross-sectional survey design. The researcher collected data from employees and business directors in a single encounter. The study was a cross-sectional survey because the researcher collected data through a survey using questionnaires and interviews. This design helped the researcher to select a small sample of people of employees from employees in small scale enterprises in Ntungamo district to provide current data on human resource practices and performance. The design also used to give a clear - snapshot of the outcome and the characteristics associated with human resource practices and performance. According to Uganda investment authority (2015), Ntungamo Municipality had a total of 4,104 population identified in the Census of Business Establishments (COBE) that have between 1-20 employees and fully registered to comply with tax requirements. The study included a target population of 500 study units comprising enterprise owners or directors and employees of such enterprises from the three divisions of central, western, and eastern in Ntungamo Municipality. However, the unit of analysis constituted employees of selected SMEs in Ntungamo district, who were approximately 300.

Category	Total Population	Sample Size	Sampling Criteria
Managers	50	26	Simple random sampling
Supervisors	100	50	Simple random sampling
Lower level employees	150	70	Simple random sampling
TOTAL	300	146	

A list of employees from each business was sought from their Human Resource Department to help in determining the respondents. Names of respondents of each category were written on pieces of papers and contacted to be involved in the study. Individual employees were administered with questionnaires. The study used purposive sampling to select business directors. Purposive sampling involves selecting respondents whose characteristics are known to the researcher. In the current study, directors were selected purposively to give personalized and confidential information on the performance of their enterprises.

Validity of research instrument

The study adopted content validity which is the degree to which data collected using particular instruments represents a specific domain of indicators or content of a particular concept. To ensure content validity of instruments the researcher constructed the instruments with all the items that measure variables of the study. The researcher consulted the supervisor for proper guidance after which the researcher redesigned to remove ambiguous and irrelevant questions. To ensure rigor in qualitative process the researcher used respondent validation process. Chew Brink (1991) suggests the use of respondent validation (Bloor 1998) to ensure stability is paramount in qualitative data. This was done by checking the results on completion of data collection for any missing responses and other aspects. The content validity index Formula will be used as presented below.

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

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$$CVI = 3240 \times 100 = 80\%$$

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

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

Reliability of research instrument

In testing the reliability of instruments, the study adopted the test-retest method which will involve administering the same instruments twice to the same group of subjects and this was 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.

Table showing Reliability Statistics

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

Source: Pretest data, 2020

Cronbachs alpha coefficients for all the scale variables were above ($\alpha > 0.7$), and the overall reliability coefficient ($\alpha = .745$) was above 0.7. These statistics suggest that the items used to investigate human resource practices and the performance of small scale businesses were internally stable. They can be used to generate similar results across repeated studies.

Data Analysis

Data analysis was done using the Statistical Package for Social Scientists (SPSS), which helped to summarize the coded data and produce the required statistics in the study. The researcher cleaned the data and tabulated the emerging results. Quantitative data was analyzed using descriptive statistics such as mean, frequency, percentages and standard deviation. Descriptive statistics (mean, standard deviation, frequencies and percentages) were used to portray the sets of categories formed from the data. In the study regression analysis was also performed.

RESULTS AND DISCUSSION

Response rate

The study was conducted among employees of selected SMEs in Ntungamo district. The findings are based on a response rate of 86.3% (146 out of 169). This response rate is high enough for conclusion and generalizability results.

Demographic characteristics of respondents

Participation according to gender indicates that majority were men (82.9%) compared to the women (17.1%). There was a

significant difference in gender participation, perhaps because men engage a lot in business. Today men in Ntungamo Municipality and the country at large have engaged a lot in business enterprises especially in small scale rather than women who participate a lot in general market vending. Participation according to age shows that 54.1% fell in the (18 - 34) years age bracket, followed by 37.7% who fell in the (35 - 49) years age bracket. Least participation (8.2%) was observed among employees in the age group of (50 years and above). The statistics imply that majority of the employees in the SMEs investigated were youths, and few employees were older than 50 years, perhaps because Ugandas youth levels are higher than the older persons and they are engaging in business to have an income to fend for themselves and their families at large putting in mind that formal employment in Uganda is minimal.

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

Source: Field Data 2020

Participation according to education level indicates that 66.4% had diploma qualifications, 26.7% had not studied beyond secondary education while only 6.8% had studied up to degree level. The statistics indicate that cumulatively, about 90% of the employees among the selected SMEs did not have university qualifications, perhaps because some Ugandan educated personnel look at such enterprises as not worthy for their level of education and others are taught job seeking not creation, however technical education and business institutions have helped a lot the young generation to have business minds of self-sustainability. In respect to how long employees had worked in their respective organizations, 55.5% had worked in the organizations for over 1 year but not exceeding 5 years, 26.0% had not worked with the respective organizations for a year, while only 18.5% claimed to have worked within the respective organizations for more than 5 years. The statistics imply that majority of the employees among the selected SMES had worked in their respective organizations for over 1 year but not exceeding 5 years, perhaps because the rate of labor turnover in Uganda is too high and sometimes people change work place seeking better pay and others due to mistreatment. The number of employees among the SMEs investigated indicates that 59.6% belonged to SMES that employed about 250 employees. These are characteristics of milling, processing and agriculture. Most of the participants came from such organizations because they were easy to locate, and to coordinate, since the researcher would find many of them in just a single organization.

Descriptive statistics

Human resource management practices: While analyzing human resource management practices mean scores above 3.50 were interpreted to mean high presence of the practice, mean scores below 2.50 were interpreted as low presence of the practice while mean scores ranging between 2.50 and 3.50 were interpreted as moderate presence of the practice. On the other hand, standard deviation was used to show how participant's opinions differed from each other on different issues raised by the researcher. In view of the standard deviation, values closer to zero indicate consistent opinions than those far away from zero.

Table showing descriptive analysis of Employee Resourcing

Variable List	N	Mean	Std. Deviation
5. Manpower planning	146	4.29	.847
6. Deployment	146	4.20	.884
7. Attraction	146	4.18	.767
8. Retention	146	3.94	.857

Source: Field data, 2020

Among the employee resourcing practices, the mean scores, are above 3.50 shows that most of the small scale businesses in Ntungamo engage in manpower planning, deployment, attraction and retention. This means that they inject a lot of resources to train and retain the workers so they dont want to lose any of them. And while the mean scores do not show significant deviations in participants opinions on employee resourcing, a comparison of standard deviation shows that participants had consistent opinions on attraction (Std. = .769) than the other practices. This suggests that most of the small scale businesses engage in practices that aim at attracting new employees to their businesses.

Table showing descriptive analysis for Reward management

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

Source: Field data, 2020

Among the reward management practices, the mean scores, all of which are above 3.50 show that most of the small scale businesses in Ntungamo practice a number of reward systems. Meaning they work towards retention of employees SMEs in Ntungamo involve their employees in setting goals (mean = 4.40), and give their employees interesting and challenging assignments (mean = 4.29). Agreeably, employees seem to take the different assignments given to them as rewarding and not inconveniencing. The statistics also suggest that these SMEs use these practices as rewarding to their employees. The statistics further indicate that SMEs in Ntungamo offer comprehensive packages (mean = 4.16), and guarantee employees job security (mean = 4.13). These practices have a strong bearing on how employees reciprocate their efforts and energies towards company goals and objectives. The researcher raised a number of employee training practices to participants.

Table showing descriptive analysis of Employee Training

Variable list	Mean	Std. Deviation
17. Arranging training seminars	4.18	.861
18. Orienting employees	3.99	.958
19. Walking subordinates through tasks	3.92	.823
20. Clarifying roles	3.90	.777
21. Helping subordinates with personal development plans	3.89	.806

Source: Field Data 2020

The mean scores, all of which are (mean > 3.50) generally indicate that employees acknowledge that employee training practices are present in their organizations since they have been engaged in them several times. But most importantly, employees seem to consider the training seminars (mean = 4.18), which the companies organize as most employee training practice. And while the mean scores do not reveal any unique pattern in participants view on employee training, the low standard deviation on clarifying roles (Std. = .777) shows whenever employees are shown their clear roles and job descriptions, they are more likely to learn than maybe in the seminars they seemingly believe in learning on Job than learning theoretically.

Descriptive statistics: Performance

Variable list	Mean	Std. Deviation
22. Expanding collaboration with other firms	4.07	.811
23. Open up outlets across the country	4.05	.927
24. Investing in customer acquisition.	4.00	.961
25. Expand product lines	3.97	.898
26. Use modern and advanced technologies	3.88	.875
27. diversify product line	3.87	.772
28. Penetrate new markets	3.76	1.059
29. Establishing R&D department	3.58	1.168
30. Increase production	3.36	1.015
31. Sell products on line	2.53	1.345

Source: Field data, 2020

The researcher raised a number of performance indicators to participants. The statistics categorize performance indicators into two. Collaborating with other firms (mean = 4.07), opening up upcountry outlets (mean = 4.05), and investing in customer acquisition (mean = 4.00) are high performance indicators. Employees view these indicators as pointing to high performance of SMEs. Increasing production (mean = 3.36), and selling products on line (mean = 2.53) appear to be moderate indicators of performance.

Inferential statistics

The current study used multiple regressions to measure the amount of effect of human resource practices (employee resourcing, reward management, and employee training) on performance of SMEs. The researcher ANOVA (Analysis of Variation) to test for the acceptability of the model, and used R-square to measure the overall effect of human resource management practices on performance of SMEs in Ntungamo municipality.

Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	21.243	3	7.081	47.290	.000(a)
	Residual	21.262	142	.150		
	Total	42.504	145			

a Predictors: (Constant), Employee training, Employee resourcing, Reward Management
b Dependent Variable: Performance

ANOVA attempts to test the acceptability of the independent variable in predicting variations in the dependent variable. In this study, the researcher wanted to understand whether human resource management practices are adequate enough to explain variations in performance of SMEs in Ntungamo municipality. The regression sum of squares indicates the amount of variation in dependent variable accounted for by the independent variable. Residual sum of squares indicates the amount of the dependent variable accounted for by the independent variable. In the current study, the regression and residual sum of square are almost equal. This means that human resource management practices account for about 50% of the amount of variation in employee performance. The F-statistic, which is significant (sig. <.05) indicates that the predictions of human resource management practices on performance of SMEs in Ntungamo is not due to chance.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.707(a)	.500	.489	.38695

a Predictors: (Constant), Employee training, Employee resourcing, Reward Management

The relationship between human resource management practices and performance ($r = .707$) is positive, significant and strong. This implies that a variation in human resource management practices among SMEs in Ntungamo district is strongly associated to a positive variation in performance of SMEs. In other words, SMEs that struggle to improve their human resource management practices are likely to realize improvements in their performance outcomes. Since the sample selection was a true representation of all the SMEs in Ntungamo, it can be concluded that improving human resource management practices can result in tremendous improvements in performance of SMEs. The (R Square = .500) indicates that human resource management practices account for about 50% of the variations in performance of SMEs. The statistics suggest that much human resource management practices account for over half of the variations in performance of SMEs in Ntungamo district; there are other factors responsible for performance variations among SMEs in Ntungamo.

Table showing Regression coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.648	.260		2.487	.014
	Employee resourcing	.332	.066	.380	5.051	.000
	Reward Management	.189	.084	.197	2.241	.027
	Employee training	.230	.072	.255	3.188	.002

a. Dependent Variable: Performance

To understand the contribution of individual human resource management practices, the researcher used standardized beta coefficients. The researcher used standardized beta coefficients because they are easily comparable. For every unit-change in employee resourcing performance of SMEs vary by 38.0%, according to (Beta = .380). For every unit-change in reward management, performance of SMEs varies by 19.7%, according to (Beta = .197). Similarly, for every unit-change in employee training, performance of SMEs varies by 25.5%, according to (Beta = .255). These statistics suggest that employee resourcing is likely to have the greatest effect on

performance of SMEs in Ntungamo district this is because sourcing for the rightful employee is hard and retention is also hard, sometimes when you source the salary requested is too high for the company. Importantly the levels of significance suggest that employee resourcing, employee training reward management have significant effects on the performance of SMEs in Ntungamo district, this is because when this is done in the rightful way improvement in quality products will be seen, performance will increase as well as customer care will be visible not forgetting company reputation.

DISCUSSION

Objective one

The study examined the influence of employee resourcing on the performance of small scale enterprises in Ntungamo Municipality. It was established that employee resourcing has a significant influence on performance of SMEs in Ntungamo district. Employee resourcing, which revolves around attracting, deployment, and retention of employees has significantly predicts the level of performance of business organizations. The findings agree with (Brown *et al.*, 2010) who found that a skillful application of employee attraction can improve business performance. The processes, which the human resource offices undertake may result in selecting the most suitable employees to the business. However, the current study does not offer evidence of how the recruitment process is conducted to spot the best candidates for the jobs in Ntungamo. The findings seem to disagree with (Walsh and Carrison, 2002) who observed that small scale businesses are likely to incur unbearable costs due to a single wrong hire. Due to the fact that decisions on who and when to hire is made by a single person (owner/directors), they can easily make wrong employee selection, which may cost the business in terms of profits. The results of the current study disagree with (Kamoche 2007) who points out that many business organizations neglect the knowhow and expertise HRM contributes to the performance of businesses. This relates to the fact that many small scale businesses survive under harsh environments that make them hesitant to focus on the internal functioning and performance of the business as indicated by Kidwell and Fish 2007 in their writings. Employee resourcing was on average indicated by attracting new employees to the business. It very possible for small scale firms to ignore attracting employees to their businesses just because they need few employees. However, this study shows that regardless of the size and number of employees that can be employed, small scale need to attract new employees to their businesses. Obviously, new employees come with a blend of skills, experiences, and knowledge that are needed for effective performance. The findings agree with (Blackwell & Storey 2005) who observed that large organizations may attract new employees through extensive advertisements in newspapers, media sources and magazines. While this study does not provide any evidence of attracting new employees through advertising, the size of some of the organizations suggests so, Anthony, Perrewwe and Kacmar, 2006, companies look at the cost of advertising as too much hence out sourcing and referrals being the mostly used methods of recruitment.

Objective two

The study explored the influence of employee rewards management practices on the performance of small scale enterprises in Ntungamo Municipality. This study found a

significant influence of reward management systems on performance of SMEs in Ntungamo district. Since the research based on a representative sample, this study confirms that reward management systems are important in influencing the performance of SMEs. 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 (Bruyestegem *et al.*, 2007). This literature concurs with the situation in Ntungamo 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. The particular reward management practices observed in this study were those that allow employees to take part in setting business goals. This particular observation disagrees with (Brown, Hamilton, and Medoff, 2000) who posited that large businesses portray less decision making, an impersonal and formal atmosphere. While this might be true of large scale businesses, the firms in Ntungamo are small scale, and are still engaging their employees in making decisions about the future of their businesses. Perhaps, this practice might fade with the growth and expansion of these businesses. However, the findings agree with (Dundon *et al.*, 2009) who observes that small firms offer a relaxed employee-employer relationship, where employees have an opportunity to take part in decisions and personal responsibility. Such involvement influences performance of businesses.

The study in Ntungamo demonstrates that SMEs offer a comprehensive package. While the study could not ascertain what constitutes a comprehensive package, employees opinions were very consistent on the comprehensive package this is because it makes them fulfilled when their targets are met. The findings disagree with (Sack, 2001) who asserted that comprehensive packages are characteristic of large firms. Large firms offer non-financial benefits to employees in form of health insurance, paid vacations, holidays, funeral, and sick leave, retirement and saving plans, overtime, and personal days off. This study found out that a few companies offered sick leave, and commissions on local merchants and company products. For example, one key informant observed: "...the environment in which we operate is too subtle for us to offer extensive reward systems. But in our possessions, our company gives commission to sales executives, lunch, and a break-off in case of funeral and sickness..." This suggests that such companies are considered to offer comprehensive packages, since some payments beyond wages and salaries are made to their employees.

Objective three

The study established the influence of employee training practices on performance of small scale enterprises in Ntungamo Municipality. The study found a significant influence of employee training on performance of SMEs in Ntungamo district. The findings of this study are consistent with authors like (Arthur, 2007) who posited that training employees improves employees skills but also benefits the company by improving performance. The performance of a trained and skilled employees is far above the performance of untrained or unskilled employee. This study however, could not ascertain the extent to which employees benefit from the training conducted and or organized by the companies. For example, one key informant observed: "...most of the work in this company does not need university degrees or diplomas.

Provided one can easily learn from observing what others do, he she is in a position to improve their performance. On the basis of this we do not find it default to employee any one, and that is credit to the unemployable youths of this country..."

The observation above may not be characteristic of all SMEs in Ntungamo district, but suggests the nature of jobs in some of the businesses investigated. Such examples of such companies include milk processing companies, milling and agricultural farms. The study findings on the significant influence of employee training on performance of SMEs in Ntungamo is in line with (Gundry, 2001) who concluded that entrepreneurs who invest in training their employees strengthen their firms technical excellence and innovative capabilities, this strengthens the companies and increases production and quality of products is visible and going international.

Conclusion

The study investigated the influence of human resource management practices on performance of small scale enterprises in Ntungamo district. Human resource management practices significantly influence performance of SMEs. Actually, SMEs that engage in improving their human resource management practices are likely to observe an average change in the performance of their businesses. Employee resourcing influences performance of SMEs significantly in Ntungamo district. Firms which progressively engage in attracting new employees are likely to record high performance levels. Evidence shows that many of the firms investigated in Ntungamo attract employees to their businesses but due to their small size, they attract employees informally. Reward management system has been shown to influence performance of SMEs in Ntungamo district significantly. While the study confirmed the existence of many rewards in the businesses investigated, it is the compensation package seems to mostly explain the performance of SMEs in Ntungamo district. Employee training significantly influences performance of SMEs in Ntungamo. SMEs that offer employee training packages to their employees are likely to realize an average change in their performance. In particular, SMEs that give reverence to organizing and conducting seminars stand a chance of taking their performance to higher levels. They rely on on-the-job trainings through their senior supervisors, most of which employees might not recognize. This study has established significant influences of human resource management practices on performance of SMEs based on samples taken from Ntungamo district. The significant findings make the theories of Attraction Selection Theory and resource based view theory applicable to solving performance challenges of small scale businesses that are related to human resource management practices. Finally, this study has provided testable relationships between employee resourcing, reward management, and employee training and performance of SMEs. Thus the study contributes to the existing literature on human resource practices and performance of business firms.

Recommendations

The study has found that owners or directors of small scale businesses take charge of employee resourcing. The practice does not allow selection of persons with the best skill and talent. Directors of small scale businesses with few employees

should consider setting up human resource departments to handle human resources aspects such as resourcing, rewards and training. Small scale do not conduct employee training nor give compressive packages for lack of sizeable budgetary allocations for human resource management practices. Small scale owners should venture into potential projects and sources to obtain funds that can be directed into employee training, and rewards to boost their performance. The opinions gathered from the current study indicate that the SMEs investigated do not engage in selling products on-line. Small scale owners in conjunction with the marketing departments should consider extending their marketing channels to online so as to match the business competition and development challenges.

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