

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF HUMANITIES AND SOCIAL SCIENCES

FACULTY OF SOCIAL SCIENCES

KNUST

**EFFECT OF REWARDS ON EMPLOYEE PERFORMANCE IN SELECTED MICRO
AND SMALL ENTERPRISES IN HOHOE, VOLTA REGION, GHANA**

By

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**A Thesis submitted to the Department of Sociology and Social Work, Kwame Nkrumah
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award of**

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DECLARATION

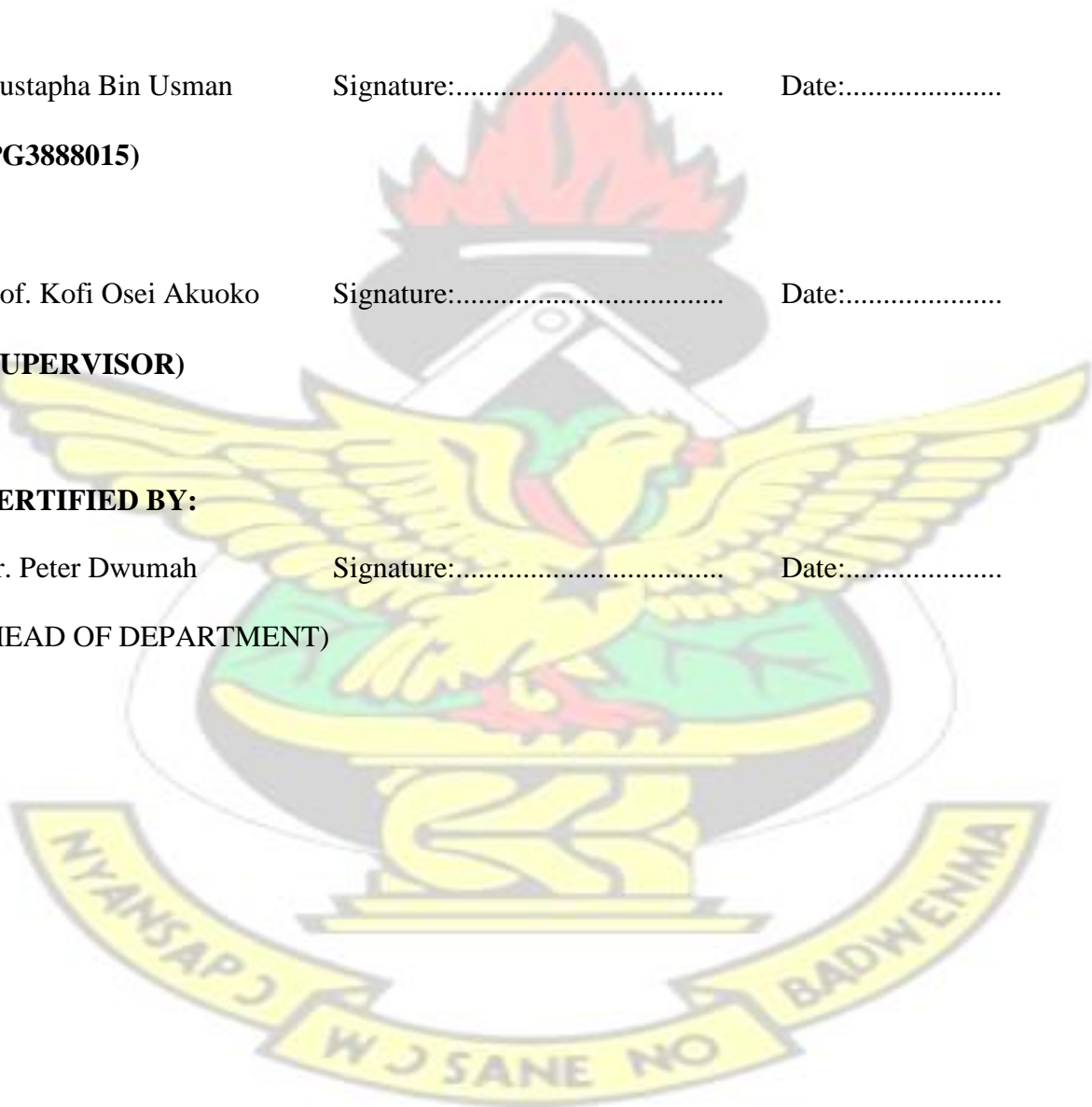
I hereby declare that this thesis is the result of my own original research towards the MPhil Degree in Sociology and that, to the best of my knowledge it contains neither material published by another person nor material which has been accepted for the award of any other degree of this university or elsewhere, except for the permissible citations which have been duly acknowledged.

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DEDICATION

I dedicate this work to my family whose prayers, encouragement, and support has brought my academic feat this far.

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My unfathomed gratitude goes to Prof. Kofi Osei Akuoko of the Department of Sociology and Social Work, KNUST who devoted his time and energy in supervising my research work to a successful completion. Prof. as we usually call you, it is difficult to find befitting words to express my gratitude. All I can say is May God Almighty bless your efforts and grant you long life in good health.

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ABSTRACT

Rewards establish a balance between employee's contribution to the business and the business's contribution to employees. Academics and human resource practitioners agree that rewards are instruments employers use to attract, retain, and stimulate appropriate outputs from employees. Extant research on rewards has focused on large and public enterprises with little focus on micro and small enterprises (MSEs). However, these large and public enterprises have proven incapable of providing employment for the teeming graduates; hence an overwhelming majority of employees in Ghana work in MSEs. This research complements existing knowledge on employee rewards by primarily focusing on MSEs. The qualitative phenomenological design, which entails conducting interviews as research tool, was employed to evaluate the existing reward practices; the procedures for rewarding employees; and the nexus between rewards and employee performance in selected MSEs in Hohoe. This research revealed that rewards in MSEs are not only different from large and public enterprises; but also deficient. The rewards were simplistic and limited to the payment of salaries with little or no emphasis on non-monetary rewards. As a result, most employees believed they deserved more than they were offered and therefore had no plans of maintaining the present work. Employers were found to discriminate in rewarding employees since the rewards were arbitrarily determined without recourse to any law, regulation, or policy. The nexus between rewards and performance of employees was not direct. Factors other than rewards such as unemployment and economic situation, humanitarian considerations, desire to gain work experience, and so on attributed to employees' performances. Employees demanded reward parity with counterparts in large and public enterprises. This study recommends an improvement in the working conditions of workers in MSEs in line with existing regulatory frameworks. It further suggests an enactment of unique regulations to guide the obligations of employers to employees and vice versa in terms of rewards in MSEs.

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LIST OF ABBREVIATIONS

ASSI	Association of Small Scale Industries
BAC	Business Advisory Centre
EU	European Union
GDP	Gross Domestic Product
GSS	Ghana Statistical Service
HR	Human Resource
HRM	Human Resource Management
IBES	Integrated Business Establishment Survey
ILO	International Labour Organisation
JHS	Junior High School
KNUST	Kwame Nkrumah University of Science and Technology
MBA	Master of Business Administration
MSE	Micro and Small Enterprise
MSME	Micro, Small and Medium Enterprise
NBSSI	National Board for Small Scale Industries
NTC	National Tripartite Committee
SHS	Senior High School
SME	Small and Medium Enterprise
SSNIT	Social Security and National Insurance Trust
TandT	Travel and Transport
UNIDO	United Nations Industrial Development Organisation

CHAPTER ONE INTRODUCTION

1.1 Background to the Study

The private sector is the engine of economic growth, stimulating entrepreneurship and innovation and promoting competition and productivity. As argued by Gonzalez (2015), jobs are the main channel through which people share in – or are left out of – economic growth.

SMEs, formally registered or otherwise, account for nearly 70 per cent of global employment.

It is acknowledged universally that micro, small and medium enterprises (MSMEs) help solve the twin problems of unemployment and poverty. These enterprises are said to account for approximately 95 per cent of all the companies in the world (SMEGA, 2014). They represent 99% of all businesses in the European Union and have created about 85% of new jobs in the past five years (European Commission, 2017). Some 97% of businesses in New Zealand are small (The Small Business Sector Report, 2014) whereas Rhodes (2012; cited in Pratt and Virani, 2015) confirms that 96% of all businesses in the UK are micro enterprises.

While many countries in Africa have developed private sector-driven growth strategies, private investment as a proportion of gross domestic product (GDP) is only 13 per cent in Africa, significantly lower than in other regions (Yoshino, 2011). The public sector still occupies the lion's share of economic activity in Africa. But Africa's micro and small enterprise (MSE) sector invariably constitutes the majority of the region's indigenous private sector.

In spite of being primarily described as the engine of growth, they are in most cases not given the due recognition and needed support. The 2015 SME Competitiveness Outlook report makes a compelling argument that SMEs are the fundamental missing link to inclusive growth. SMEs are significantly less productive relative to large firms in the developing world than in the

developed world. This productivity gap leads to large differences in wage rewards between workers in large firms and those in small and medium enterprises and is a root cause of income inequality (International Trade Centre, 2015).

According to Kusi, Opata, and Narh (2015), most businesses in Ghana fall within the microsmall category which has the capacity to employ about 70% of the Ghanaian workforce owing to the labour intensive nature of their operations. Besides, the Social Security and National Insurance Trust (SSNIT) confirms with data that by size categorizations, 90% of companies in the Ghanaian private sector are micro and small (Kusi, Opata, and Narh, 2015). Considering that an overwhelming majority of businesses the world over and in Ghana are micro and small in nature, it becomes difficult to understand how such an important sector appears neglected in labour laws (Fenwick, Howe, Marshall, and Landau, 2007).

Nearly every individual consciously or unconsciously asks the question about what they stand to gain before engaging in any behaviour. People generally do what they do to satisfy needs. According to DeCenzo, Robbins and Verhulst (2013), even though the most obvious reward employees receive from work is pay, rewards also include promotions, desirable work assignments, and a host of other less obvious payoffs – a smile, peer acceptance, work freedom, or a kind word of recognition. As argued in Khan and Ibrar (2015), reward is a broad construct that represents anything that an employee may value that an employer is willing to offer in exchange for the employee's her contributions.

The Labour Act of Ghana (Act 651: 9-10) captures the duties of employers in relation to rewards to include the duty to “pay the agreed remuneration at the time and place agreed on in the contract of employment or collective bargaining agreement or by law or agreed between the

employer and the worker”. Likewise, the rights of the worker include the right to “work under satisfactory, safe and healthy conditions; receive equal pay for equal work without distinction of any kind; have rest, leisure and reasonable limitation of working hours and period of holidays with pay as well as remuneration for public holidays; form or join a trade union” among others. These provisions in the labour law are applicable to workers in general without specifying whether they are in the private or public sector. For employees in the public sector and large organisations, it could be argued that the laws are relatively applied. On the contrary, most regulations fail to reach MSEs due to their size (El-Hamidi and Baslevent, 2013).

According to the ILO many countries (for example China) have labour law provisions applicable to all enterprises regardless of size whereas many others have parallel labour law regimes (for example Vietnam) or simply exemptions for the MSEs from application (for example Peru). Consequently, an overwhelming majority of MSEs is found to operate in an informal economy outside the legal purview with dim prospects of growth, poor working conditions and low productivity (Fenwick, Howe, Marshall, and Landau, 2007). Several studies have demonstrated that a distinguishing characteristic of human resource management practice in micro and small firms is the concern for informality and flexibility for a whole range of practices (Matlay, 1999; Ritchie, 1993; cited in Fashoyin, Sims and Tolentino, 2006) including reward management.

However, the cases demonstrate that in spite of the apparent lack of ‘systems’, small firms nonetheless develop some degree of formality in order to promote transparency, predictability and overall more professional management. This study sought to evaluate the rewards systems peculiar to MSEs; embarked on an examination of the procedures employed in rewarding

employees in the enterprises; and established the nexus between rewards and performance of employees.

1.2 Statement of the Problem

A number of factors including working conditions, organisation's reputation, training opportunities, security of tenure among others influence people's decision to take up a particular job; perhaps the most important factor is the reward for the job, that is, how attractive the job is in terms of monetary and non-monetary compensation (Itika, 2011). In spite of the reality that the attractiveness of the reward package depends on personal perceptions, the general conclusion could be made that the higher the reward the better the chance of attracting, utilising, and retaining the best human resource in an organisation.

Establishing an equitable balance between the employee's contribution to the organisation and the organisation's contribution to the employee is a complex area in theory and practice. In the technical sense of the word, organisations may refer to a group of people who work together for an explicit purpose, with organised rules and structure. The complexity of reward systems is even more intensified when referred to micro and small enterprises whose modus operandi is at variance with organisations and systems.

The case is more burdensome for micro and small businesses whose establishment, survival, and success depend on their ability to control costs. At the same time the old adage that "you get what you pay for", also holds true. The codified nature of rewards in large and public organisations enable employees to resort to available processes to demand improvement in their rewards through collective bargaining, strike actions among others. However, the informality and flexibility of rewards in micro and small enterprises shackles employees from

attempting to resort to any process aimed at seeking fair and just returns from their contributions to the business.

A cursory study of MSEs and the various human resource functions therein may appear that such enterprises operate outside any legal regime. Many workers do not have regular, fulltime or 'typical' work contracts. As a result, they are not 'employees' in the strictest sense of the word and within the confines of the law. Hence, they are automatically excluded from the operation of many labour laws (Fenwick, Howe, Marshall, and Landau, 2007). But laws exist to regulate the establishment and operation of MSEs. Section 24 of the 1992 Constitution outlines the economic rights of the worker including but not limited to the right to receive equal pay (or reward) for equal work. Section 12 of the Labour Act requires a written contract of employment detailing among others the pay (including overtime rates), hours of work, holidays, sickness and work-related injury entitlements, and social security or pension scheme. According to Hodges and Baah (2006) only about 10 per cent out of about 10 million men and women in the Ghanaian workforce are in the formal economy. There is a cause for concern about how the remaining 90 per cent in the informal economy are rewarded.

It is therefore important to get a fuller understanding of the rewards available and the things that incentivise micro and small enterprise employees. The foregoing synopses on reward systems specific to MSEs have shown that the subject matter has received little research attention in Ghana and the world over. Against this backdrop, this research departed from the usual overrepresentation of large enterprises in HRM policy and practice and explored how employees in micro and small enterprises are rewarded. By virtue of this departure, this research contributes to a further understanding of employee rewards in a sector whose majority appear not to carry the vote.

1.3 Research Objectives

The main objective of the study was to evaluate employee rewards in selected micro and small enterprises in Hohoe.

The specific objectives of the study were:

1. To evaluate existing reward practices in micro and small enterprises.
2. To examine the procedures for rewarding employees in micro and small enterprises.
3. To establish the influence of rewards on performance of employees in micro and small enterprises.

1.4 Research Questions

The following research questions were explored in order to achieve the objectives of the research:

1. What reward practices exist in micro and small enterprises?
2. Which procedures are followed in rewarding employees in micro and small enterprises?
3. How do rewards influence the performance of employees in micro and small enterprises?

1.5 Justification and Significance of the Study

In spite of the reality that micro and small enterprises contribute immensely to the local economy, few studies have been carried out on employee rewards in this important sector. Besides, existing researches in the area of rewards have been carried out in relatively larger organisations to the neglect of micro and small enterprises. But research findings and conclusions from larger organisations have proven to have little or no relevance to micro and

small enterprises. Adopting the qualitative approach, this research complements existing literature on rewards management most of which have overly focused on large enterprises using the quantitative approach. This is so in the light of the fact that this comprehensive qualitative research provides further information to the effect that policy and practice on rewards need to be streamlined to apply to all employees regardless of their sector of employment. The study also adds to knowledge on the peculiarities of rewards in MSEs

For labour and employment policy makers and policy implementers this study provides a platform to assess how reward systems in concept and policy are practically realised among micro and small enterprises and the standards therein to serve as informative feedback for policy review. The research gives more information that could help shape the policy direction of the Ghanaian Ministry of Employment and Labour Relations, Fair Wages and Salaries Commission, International Labour Organisation (ILO) Ghana Office, Trades Union Congress, Union of Informal Workers Associations, Association of Small Scale Industries (ASSI) among others as regards how employers of micro and small businesses reward their employees.

Considering that the study established the nexus between rewards and performance of employees, owner-managers of micro and small enterprises would find the findings and recommendations important in increasing productivity. The study's finding that the relationship between rewards and performance is not exactly direct informs owners of micro and small enterprises to analyse and alter the intervening factors to the mutual benefit of themselves and their workers.

1.6 Scope of the Study

The study covered fourteen (14) MSEs comprising five (5) micro enterprises and nine (9) small enterprises involved in various businesses in Hohoe. More so, there are other HR functions such as recruitment and selection, training and development, performance appraisal among others in the enterprises but this study covered only reward management.

1.7 Limitations of the Study

A couple of unavoidable limitations were identified with this study. The first limitation had to do with the study area – being only a microcosm of all MSEs in the Hohoe area. It would have been best if the study included all the MSEs in the entire Volta Region or better still the other economic nodes such as Ve Golokuati, Jasikan, Kpando and Ho. The inclusion of these could have potentially increased the validity and reliability, making generalisation more acceptable. Similarly, the sample size used for this study was small in relation to the entire target population.

A general lack of readily available and reliable literature limited the scope of the analysis in this study. It also significantly obstructed the researcher's capacity to find trends and meaningful relationships in the concept under study. In the light of the reality that most micro and small enterprises hardly keep records or operate based on any formal principles and systems, data was simply missing or unreliable even when they existed. Further research would be required to assure the availability of adequate and reliable data on the study area.

Another limitation of the study was the trueness of self-reported data. The study either relied on data pre-existing or data gathered by the researcher himself. Whatever the case may be, self-reported data could seldom be independently verified because respondents resorted to selective

memory, telescoping, attribution, and exaggeration to express opinions. Otherwise stated, the researcher had to take what the respondents said at face value. Hence, the authenticity of their views and opinions on the subject could not be readily subjected to any objective scrutiny but needed to be assumed to be true.

Applicability to practice was another drawback of this study. Micro and small businesses were found to be peculiar to the extent that the ownership could hardly be detached from management. This apparent fusion of ownership and control made it difficult for such businesses to objectively perform any human resource function with recourse to common theory and practice. It therefore appeared a wild goose chase to suggest to the owners of such businesses the need to create and adhere to any systems concerning human resource functions.

1.8 Definition of Concepts

Micro Enterprise: According to NBSSI micro enterprise refers to any business that employs between 1 and 5 workers. Even though there are other parameters for defining micro enterprise such as fixed assets and turnover, this study limited the scope to headcount since the others were difficult to determine.

Small Enterprise: The NBSSI defines small enterprise as any establishment that employs between 6 and 29 workers. As well, the headcount was considered for this study as the other parameters were not forthcoming.

Micro and Small Enterprise: According to NBSSI this refers to any establishment that employs fewer than or equal to 29 workers and usually have the owners doubling as managers.

Rewards: Rewards are the things (monetary and non-monetary) that employers give to their workers in exchange for their contribution to the business.

Reward programme: A reward programme entails a plan of who, how, which, when, where, why to reward employees. It guides employers in deciding the rewards to give employees as well as inform employees of the rewards to expect from employers.

Reward practice: Reward practice refers to the realities of how employers reward employees. In other words, reward practice refers to how employers manifest their reward programmes. In essence, rewards practices are expected to converge with reward programmes. In reality however, the practices may be far from the programme (if any).

Reward System: Employee reward systems refer to programmes set up by an establishment to reward performance and motivate employees on individual and/or group levels. They are normally considered separate from salary but may be monetary in nature or otherwise have a cost to the establishment.

HR Function: This refers to functions of the business usually handled by the human resource professional. These include recruitment and selection, reward management, training and development, labour law compliance, and so on.

Employee/ Worker: This refers to someone who has been hired to perform a job at a specific location. The study defined an employee as a person who is basically paid according to his or her membership or contribution to the enterprise.

Employer/ Owner: This refers to a person that owns a business and employs workers. This person may double as the manager of the business. Specifically, employer in this study refers to the owner of the business who is ultimately responsible for engaging and rewarding workers.

1.9 Organisation of the study

The study has been structured into six chapters. Chapter one comprises the general introduction to the study which includes background to the study, statement of the problem, research objectives, research questions, significance of the study, scope of the study, limitations of the study, and definition of concepts. Chapter two focuses on the theoretical framework of the subject matter and the review of relevant literature relative to the theories, practise, and ideals of reward management systems among micro and small enterprises. Research methodology forms the third chapter describing the research design, research method, sources of data, population and sample among others. Chapter four analyses data and presents the results from the field. Chapter Five comprises discussion of major findings whereas Chapter six finalises the study with a summary of findings, conclusions, recommendations and suggestions for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

According to Agyedu, Donkor, and Obeng (2007), undertaking a piece of research is similar to joining a conversation; the only way to earn the right to join in is to acknowledge what others have said. Similarly, Bhattacharjee (2012) outlines a three-fold purpose of literature review as follows: surveying the current state of knowledge in the area of inquiry; identifying key authors, articles, theories, and findings in that area; and detecting gaps in knowledge in that area of research.

With the above caveats as guiding principles, the first section of this chapter undertakes an analysis of the theoretical perspectives within which the research is situated. The second section generally reviews extant literature relevant to how workers in micro and small enterprises are rewarded. The section assesses some global, regional and local definitions of small and micro enterprises as well as the concept, classifications, and components of a reward system. Literature regarding the rewards practices prevalent in micro and small enterprises; the procedures for rewarding employees in such enterprises; and the relationship between rewards and performance in the enterprises finalises the section.

2.2 Theoretical Perspective

2.2.1 Social Exchange and Equity Theories

Social exchange and equity theories constitute a twin category among the process theories of motivation. Equity theory explains how social processes influence motivation and behaviour.

The major proponents of exchange theory are Peter Blau and Amitai Etzioni. Blau (1964) suggests that for an understanding of human behaviour to be gained, it is important to consider power and exchange. Similarly, Etzioni (1969) categorises exchange relationships or the level of people's involvements with their organisations into committed, calculated, and alienated involvements. Calculated involvements are premised on the notion of social exchange in which there is reciprocal demands and contribution from and to each party in the exchange process. Hence, each party in the exchange makes demands which detail the expectations that each party has of the other in the relationship. In the context of work, the organisation puts its demands forward in the form of mission statements, job expectations, performance objectives, and performance feedback. On the flip side, the individual employee captures his or her demands from the organisation in the needs theories of Maslow, Alderfer, Herzberg, or McClelland all of which border on rewards.

Inasmuch as reciprocal demands exist upon the parties to the exchange, each party has contributions to commit to the relationship. These contributions form the foundation that determines the satisfaction of the demands put forward by the other party in the relationship. For instance employees contribute to organisations with their skills, abilities, knowledge, energy, professional contacts, and native talents. In the same vein, organisations contribute to the satisfaction of individual needs through salary, benefits, advancement opportunities, security, status, and social affiliation. In view of the reality that scarcity exists in terms of the availability of resources to meet employee needs, there are concerns about whether there is fair deal or equity for both members of the relationship (Nelson and Quick, 2000).

Parallel to Blau and Etzioni's conception of how social process and exchange helps in understanding fairness, equity, and inequity in work relationships, Stacy Adams proposed that

inequity is an important motivation in the social exchange process. A basic foundation of equity theory is the act of social comparison. The theory is premised on two assumptions regarding human behaviours. First, individuals expect certain outcomes (rewards including pay recognition, promotion, prestige, fringe benefits among others) from the contributions (inputs such as an individual's past training and experience, special knowledge, personal characteristics and so on) they make. Second, individuals equate their inputs to outcomes in order to determine how satisfactory or otherwise a specific exchange is. The resultant outcome/input ratio, if deemed equal in comparison to that of others, enables an individual to determine that equity exists.

Adams (1965) contends that situations of inequity or unfairness serve to motivate people. Based on effort and /or contribution, therefore, inequity occurs when a person receives more, or less, than the person believes is deserved. The consequence of inequity is tension which motivates a person to embark on the necessary actions required to resolve the inequity. People will act to eliminate any felt inequity in the rewards received for their work in comparison with others. Altogether, people are motivated to behave in ways that restore or maintain a sense of balance – perceived equity – in their minds.

Under what circumstances and in which situation does a person deem inequitable or unfair? For Adams, people determine this by juxtaposing their inputs (their own contributions to the relationship) and their outcomes (the organisation's contribution to the relationship). People then compare the resultant input/outcome ratio to that of a generalised or comparison other.

Adam's theory however fails to provide explications of whether some inputs (such as effort or experience) or some outcomes (such as fringe benefits or job security) are more important or weighted more than others (such as degree or certification).

The product of inequity is tension within and among individuals. And since tension is not pleasurable, individuals are motivated to reduce it to a tolerable level. Adam's theory proposes seven basic strategies to reduce a perceived inequity or restore equity. An individual who has established the existence of inequity may choose to act in one or more of the following ways as adapted and surmised from McShane and Von Glinow (2003); Hellriegel and Slocum (2011); and Uhl-Bien, Schermerhorn and Osborn (2014):

1. Individuals may alter their outcomes to restore equity. This typifies what many union organisers do, in efforts to entice non-members, by pledging to improve working conditions, hours, and pay without an increase in employee effort (input). Statements such as "Given my contributions and what I see others getting for their work, I believe I deserve more" abound.
2. Individuals may alter their inputs to what they deem equitable. For instance, individuals who perceive they are being underpaid may work shorter hours or be absent more frequently – "If this is all I'm going to get, this is all I'm going to do".
3. Individuals may distort the comparison/significant other's outcomes by rationalising, for instance, that others in a comparison group actually work harder than they do and perhaps deserve greater rewards.
4. Individuals may distort the comparison/significant other's inputs by for instance getting a teammate to accept more work.
5. Individuals may change who is used as a comparison other or reference group to reduce the source of the inequity. For instance, individuals may compare to a different co-worker: "Perhaps I'm looking at this the wrong way. My situation is more similar to Harriet's than Deborah's".

6. Individuals may rationalise the inequity or distort their own inputs and outcomes. To achieve a more favourable balance individuals may, rather than changing inputs or outcomes, mentally distort them. For instance, employees use statements such as “This job is a piece of cake” to distort how hard they work or make statements as “This really is an important job!” in an attempt to increase the importance of the job to the organisation.
7. Individuals may leave the organisational situation by either requesting transfer to another department/ branch or by leaving the organisation altogether in the hope of finding an equitable balance elsewhere.

2.2.2 Expectancy Theory

Expectancy theory is an influential theory of worker motivation first proposed by Vroom (1964) and later modified by others, such as Porter and Lawler (1968). The basic premise of expectancy theory is that expected results influence people’s actions. In other words, individuals are rational beings who channel their work efforts toward behaviours they believe will lead to anticipated outcomes or consequences. The expectancy model, according to Hellriegel and Slocum (2011), states that what motivates individuals to work is the belief that they can achieve things they want from their jobs. McShane and Von Glinow (2003) explain that experience enables us to advance expectations regarding our ability to achieve various levels of job performance.

Also, we develop expectations about the ability of such job performance and work behaviours to produce particular outcomes. And we logically direct our effort in the direction of outcomes that assist us to fulfil our needs. Performance is therefore dependent upon the perceived

expectation as regards effort used and achieving the anticipated outcome (Mullins, 2010). For instance high performance will precede the desire for upward salary adjustment only if the person believes a strong expectation exists that this will lead to the salary adjustment. If, on the contrary, the person believes upward salary adjustment to be solely based on length of service and loyalty, there is no motivation for the achievement of high performance. Mullins (2010; 269) explains therefore that “the choice of behaviour is based on the expectancy of the most favourable consequences.”

The value of Victor Vroom’s expectancy theory rests with the proposition that motivation is a product of a rational calculation – that people will do what they can do when they want to do it. Put differently, work motivation is a product of individual beliefs with regards to effort performance connections and work outcomes. According to the expectancy theory, an individual is motivated to the extent of the interplay of expectancy, instrumentality, and valence. A person is thus motivated to the degree that he or she believes that effort will yield acceptable performance (expectancy); performance will be rewarded (instrumentality); and the value of the rewards is highly positive (valence).

Expectancy is the probability (in an individual’s estimation) that work effort will be followed by performance accomplishment. This is the belief that a particular level of effort will produce a particular level of performance. Expectancy would be scored zero if the person deems the achievement of the given performance level impossible; it would be scored one if the person deems the achievement of the given performance level 100 per cent probable. For instance if an employee believes that there is no chance of earning more by working overtime or if an employee believes he could escape punishment for inexcusably absenting himself from work, his or her expectancy value would be zero (0). Having this expectancy, the employee should

not work overtime or bother about seeking permission before being absent from work. Good managers will put in place measures that would make employees believe that working beyond the regular working hours will attract extra rewards or being unjustifiably absent from work would attract punishment.

Instrumentality is the probability (in an individual's estimation) that performance will lead to various work outcomes. According to Uhl-Bien, Schermerhorn, and Osborn (2014), instrumentality, like expectancy, could also be said to vary from zero (0) to one (1) for pedagogical purposes. They explain that even though it is consistent with the fundamental instrumentality notion, Vroom's treatment of instrumentality would allow it to vary from -1 to +1 (in the strictest sense of the concept).

Valence is the value the individual places on various work outcomes. Valences form a scale from negative one (-1) (very undesirable outcome such as being laid off, being skipped for a promotion, or being discharged of duties) to positive one (+1) (very preferred outcome such as being respected by friends and co-workers, having job security, and earning enough money to support a family.) Valence is much about the amount of the reward you receive as it is about what it means to you upon receiving it.

Vroom theorises a multiplicative relation between motivation, expectancy, instrumentality, and valence. Hence $Motivation = Expectancy (E) \times Instrumentality (I) \times Valence (V)$. This means that whenever any one or more of the factors E, I, or V reduces and in extreme cases approaches zero, the motivational appeal of a work path would sharply reduce. Hence, a reward could have a high and positive motivational impact as a work outcome insofar as the expectancy, instrumentality, and valence associated with it is each high and positive.

The implications of expectancy theory to motivation and rewards are many and varied. The fundamental logical suggestion of expectancy theory is for work situations to be adjusted (if any exists) or created (if none exists) in order to maximise people's expectancies, instrumentalities, and valences in their jobs. As Uhl-Bien, Schermerhorn and Osborn (2014) succinctly advise – expectancies could be influenced by selecting people with proper abilities, giving them appropriate training, supporting them with the requisite resources, and identifying clear performance goals. Instrumentality could be influenced by clarifying performance-reward relationships and living up to them when rewards are really given for performance accomplishments. The advice to influence valences is to identify the needs that each individual deem important and tailoring available rewards to match these needs.

Porter and Lawler (1968) expanded Vroom's expectancy model to consider performance in a holistic manner. They contend that performance is not a direct product of effort expended and that effort expended is mediated by individual abilities and traits, and by the person's role perceptions. Their model attempts to explain the intricate connections among motivation, satisfaction and performance as separate variables. To Porter and Lawler, job satisfaction is more dependent upon performance, than performance is upon satisfaction. Contrary to the human relations approach which was premised on the assumption that job satisfaction leads to improved performance, Porter and Lawler propose that satisfaction is an effect rather than a cause of performance. Hence, job satisfaction is a product of performance and not the other way around.

Mullins (2010) offers the following explanation to the relationships in Porter and Lawler's expectancy model. Value of reward is analogous to Vroom's valence; that is to say that people

desire several outcomes (rewards) that are anticipated to be achieved from work. And the value an individual places on a reward is determined by the strength of its desirability.

Perceived effort-reward probability is similar to expectancy in Vroom's theory referring to the expectation held by a person that certain outcomes (rewards) are reliant on a given amount of effort.

Effort denotes the amount of energy a person exerts on a given activity. It does not necessarily imply the extent of success in executing an activity. The input variables of value of reward and perception of the effort-reward relationship determine the amount of energy a person may exert. Abilities and traits (such as intelligence, skills, knowledge, training and personality) as individual characteristics intervene such that effort does not lead directly to the performance of a given activity. Role perceptions denote individual opinions about their work and the role they should adopt – a situation that influences the type of effort exerted.

Performance is as much dependent on the amount of effort exerted as it is about the intervening influences of the person's abilities and traits, and their role perceptions. A lack of these intervening variables would render the exertion of a large amount of energy worthless resulting in low performance or task accomplishment. Rewards are desirable outcomes. The extent of the relationship between performance and intrinsic rewards depends upon the nature of the job whereas the relationship between extrinsic rewards indicates that such rewards do not often provide a direct link to performance. Perceived equitable rewards entail the level of rewards people reckon represents a fair deal for a given standard of performance.

Satisfaction, according to Porter and Lawler, is not the same as motivation. It is rather the internal state of an individual determined by both actual rewards received and perceived level of rewards for given standard performance. The person experiences dissatisfaction if the

perceived equitable rewards are greater than actual rewards received. Satisfaction only derives from actual rewards either meeting or exceeding the perceived equitable rewards.

2.3 The Concept of Rewards

Reward is a broad construct that has been said to represent anything that an employee may value that an employer is willing to offer in exchange for his or her contributions (Ibrar and Khan, 2015). A reward recognizes a person's contribution. People are rewarded financially for the job they are in (base pay) and may receive additional rewards related to the level of their performance, competence or skill (contingent or variable pay), or their service in the job (service-related pay). They can also receive non-financial rewards such as recognition, praise or the opportunity to develop and learn new skills (Armstrong, 2012).

One of the most popular rewards is money. But money is not the only motivator businesses have at their disposal. Cash is an effective motivation up to a point; its effects tend to be short-term. But Locke, Feren, McCaleb, Shaw, and Denny (1980) concluded that "money is then crucial incentive... no other incentive or motivational technique comes even close to money with respect to its instrumental value" (cited in Rynes, Gerhart, and Minette 2004; 382). Rynes, Gerhart and Minette (2004) argue that a consistent (but incorrect) message is sent to practitioners that pay is not a very effective motivator. Rynes et al (2004) argue that if this message is believed, practitioners may be led to seriously underestimate the motivational potential of a well-designed compensation system.

The notion that money is not the only motivator has led many companies to move focus to pay-for-performance compensation systems whereby employees' pay is dependent on how well they perform their jobs. Pay-for-performance systems are advantageous for small businesses

because it affords employees the opportunity to clearly notice the correlation between their performance and their pay. In other words, pay-for-performance rewards enable employees in small businesses to see clearer the impact of their performance on the businesses' profitability and ultimate success vis-à-vis their counterparts in large corporations (Scarborough, 2012).

2.4 Classifications of Rewards

There are numerous ways of classifying rewards. According to most scholars (for example deCenzo, Robbins and Verhulst, 2013), the most typical dichotomies in the classification of rewards are: intrinsic versus extrinsic rewards, financial versus nonfinancial rewards, and performance-based versus membership-based rewards. Albeit these categories appear mutually inclusive, one common thread shared by all of them is that they assist in the maintenance of employee commitment.

2.4.1 Intrinsic versus Extrinsic Rewards

Intrinsic rewards are the personal satisfactions one derives from doing the job. These are selfinitiated rewards: pride in one's work, a sense of accomplishment, or enjoying being part of a work team. Job enrichment, for instance, can offer employees intrinsic rewards by making work seem more meaningful. Extrinsic rewards, in contrast, include money, promotions, and benefits. They are external to the job and come from an outside source, mainly management. Consequently, if an employee experiences a sense of achievement or personal growth from a job, we would label such rewards as intrinsic. If the employee receives a salary increase, a write-up in the company magazine, website, or blog, we would label these rewards as extrinsic.

McKenna and Beach (cited in Itika, 2011), recognizing that rewards are financial and nonfinancial means used to get the best effort and commitment from the employee, observed

that while the financial aspect of rewards relates to extrinsic motivation and meant for the satisfaction of basic needs of life, the non-financial rewards are more intrinsic, in that, they are meant for the satisfaction of psychological needs including job variety and challenging people, achievement, recognition, employee development and involvement in determining the affairs of the organization.

2.4.2 Financial versus Nonfinancial Rewards

Rewards may or may not enhance the employee's financial wellbeing. Those that do, do so directly – through wages, bonuses, or profit sharing – or indirectly, through employersubsidised benefits such as retirement plans, paid vacations, paid sick leaves, and purchase discounts. But individuals require beyond monetary rewards for their efforts, thereby driving home the reality that employees seek for other returns for their valuable and meaningful contributions, rather than being given just money.

Organisations tend to focus on financial rewards, increasingly overlooking nonfinancial rewards (in Ibrar and Khan, 2015). Nonfinancial rewards present a variety of desirable extras for employees and organisations. These do not directly increase the employee's financial position, but make life on the job more pleasant. The saying, "One person's food is another person's poison," applies to the entire subject of rewards, but specifically to nonfinancial rewards. What one employee views as "something I've always wanted," another might find relatively useless. Therefore, the HR manager must take great care in providing the right nonfinancial reward for each person.

If an employee is status conscious, a fancy office with a large desk, or signed artwork may be just what stimulates him or her toward top performance. Other status-oriented employees may value an impressive job title, access to the latest technology, their own administrative assistant,

or a well-located parking space with their name clearly painted underneath the “Reserved” sign. Other employees may value opportunities to dress casually while at work or even work in part at home. It is wrong to assume that everyone shares the same motivator and needs. Such incentives are within the organisation’s discretion and, carefully used, may enhance performance.

Many researchers have found that employees’ job satisfaction is affected by both financial and nonfinancial rewards. An ineffective reward management will affect employees’ satisfaction and demotivate them, hence affecting their performance outcome; as noted by

Deeproose (2014 cited in Ibrar and Khan, 2015) that “while the presence of money may not be a very good motivator, the absence of it is a strong demotivator”.

2.4.3 Performance-Based versus Membership-Based Rewards

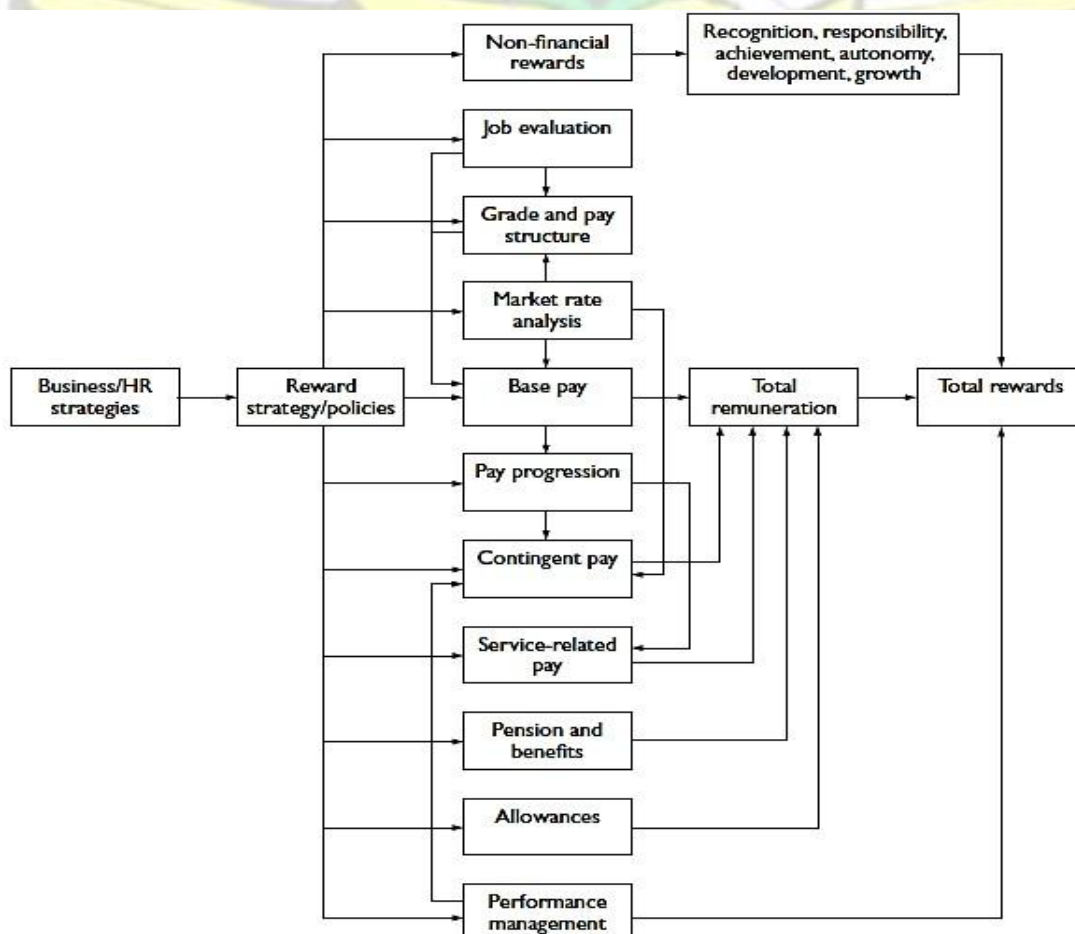
Performance-based rewards use commissions, piecework pay plans, incentive systems, group bonuses, merit pay, or other forms of pay for performance. Membership-based rewards, on the other hand, include cost-of-living increases, benefits, and salary increases attributable to labour-market conditions, seniority or time in rank, credentials (such as a college degree or a graduate diploma), a specialised skill, or future potential (for example, the recent MBA graduate from a prestigious university). Membership-based rewards are also referred to as non-contingent rewards – attached to the job or position, and do not depend on performance within that job. Non-contingent financial rewards have a specific monetary value, whereas non-contingent non-financial rewards have intrinsic value, such as job security. The key point here is that membership-based rewards are generally extended regardless of an individual’s, group’s, or organisation’s performance. In any case, performance may be only a minor determinant of rewards, despite academic theories holding that high motivation depends on performance-based rewards (DeCenzo, Robbins and Verhulst, 2013).

There is still controversy over which are the best rewards on offer, because different rewards can have greater appeal at different life and career stages. It depends on needs and wants! Nonetheless, a recent study in China reinforces what has long been accepted: money does motivate initially and to a point, but there is a point where this is no longer effective and intrinsic drivers become much more important for both performance and innovation (Entrekin and Scott-Ladd, 2014).

2.5 Components of a Reward System

Armstrong (2010: 29) provides a comprehensive description of the components of a reward system and the interrelationships between them as shown in Figure 1.

Figure 1: Components of reward system and interrelationships



Source: Armstrong, 2010: 29

The business strategy of the organisation is the starting point of the reward system according to Armstrong (2010). Even though the drivers are unique to every organisation, they would often include items such as high performance, profitability, productivity, innovation, customer service, quality, etc. An analysis of the business drivers culminates in the reward strategy, which defines longer-term intentions in such areas as pay structures, contingent pay, employee benefits, steps to increase engagement and commitment, etc. Reward policy covers matters including the level of rewards, external competitiveness versus internal equity, transparency, pay decisions, assimilation and protection.

The amount of pay that constitutes the rate for the job is the base rate. In order to determine the relative worth or size of jobs within an organisation, job evaluation is systematically used. Market rate analysis is employed to identify how the rates of pay in the labour market compare to the levels of pay within the organisation. The grade and pay structure enables the hierarchical placement of job grades, bands or levels that are broadly comparable in size. The main types of pay structures are multi-graded structure, broad-banded structure, broad-graded structures, job-family structure, career-family structure, pay spine and spot rate. Pay progression occurs when base pay advances through pay brackets in a grade and pay structure or through promotions or upgradings.

Contingent pay is concerned with providing additional financial rewards related to levels of performance, contribution, competence or skill. Service-related pay provides fixed increments paid to people on the basis of their continued service. Pensions and employee benefits such as sick pay, insurance cover, company cars, and other 'perks' are received in addition to the

various forms of cash pay. Special circumstances (e.g. living in a city) or features of employment (e.g. working unsocial hours) warrant the payment of allowances in addition to basic pay. Performance management provides a means of providing non-financial motivation and may inform contingent pay decisions. Non-financial rewards such as recognition, achievement, autonomy, scope to use and develop skills, training, career development, etc. do not involve any direct payments and often arise from the work itself. Total remuneration comprises the value of all cash payments plus the pensions and benefits received by employees. The final component of reward systems is the total rewards which are the combination of financial and non-financial rewards available to employees.

Entrekin and Scott-Ladd (2014) categorise the types of rewards into two broad categories: Contingent and Non-contingent. They contend that non-contingent rewards can either be financial (have a specific monetary value) or non-financial (have intrinsic value, such as job security). Whichever type, however, impose a permanent cost to the organisation. On the other hand, contingent rewards do not impose a permanent cost to the organisation because they depend on performance. Contingent rewards can also be financial (have a monetary value that can range from zero to a limit set by the scheme and the level of performance) or nonfinancial (have some intrinsic value but could have monetary value in the case of promotion (Entrekin and Scott-Ladd, 2014).

Table 1: Types of rewards

	<i>Non-contingent</i>	<i>Contingent</i>
Financial	Health care benefits Retirement benefits Employee stock ownership Base salary Child care supplement	Merit pay Incentives/bonuses Achievement awards Promotion Profit-sharing (contingent on profitability)

Non-financial	Perquisites Vacation Job security Sense of family or belonging Titles	Advancement Responsibility Challenging work Autonomy Recognition of achievements Personal growth
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Source: Entreakin and Scott-Ladd (2014: 185)

2.6 Definitions and Classifications of Micro and Small Enterprises

According to Stokes and Wilson (2010), some definitions of business types concentrate on numerical (quantitative) parameters while others focus on non-quantitative considerations.

The European Commission's set of definitions of micro, small and medium enterprises are based on headcount, turnover and balance-sheet value. According to the EC, enterprises with 0-9 employees, turnover of less than €2m or balance sheet total of not more than €2m constitute a micro enterprise; those with a total head count of 10-49, turnover of less than €10m or balance sheet total of less than €10m constitute a small enterprise; and those that engage 50-249 persons, turnover of less than €50m or balance sheet total of not more than €43m form medium enterprises (European Commission, 2005; cited in Stokes and Wilson, 2010).

In spite of several inherent advantages in the use of the quantitative thresholds, the approach is fraught with a number of limitations. As argued by Stokes and Wilson (2010), the headcount threshold for instance is dependent on the sector in which the business operates; thereby making generalisations across sectors difficult. Similar problems, such as the effects of inflation and interest rates over time and between countries, surround the turnover and the balance sheet total thresholds.

According to Stokes and Wilson (2010) a number of non-quantitative definitions have been put forward to help overcome some of the attendant problems with quantitative approaches. Pratt and Virani (2015) contend that the Bolton Report of 1971 was one of the first and probably the most important attempts to examine the definitional problems of the small firm. The report conceives a small firm to have three essential characteristics. First, it is managed by its owner(s) in a personalised manner without recourse to a formalised management structure. Second, it has a relatively small share of the market in economic terms. Third, it is independent in the light of not forming a subset of a larger enterprise, and in terms of principal decisions its ownership enjoys relative freedom from outside control (Stokes and Wilson, 2010)

Bolton supplemented the foregoing general qualities by more specific, quantitative measurements that are industry specific (Stokes and Wilson, 2010). Pratt and Virani (2015) also conclude that the important point in Bolton's work is its ability to allow for an intersector understanding of small firms. Accordingly, the criterion entailed employment for two groups of sectors – manufacturing and construction, and mining and quarrying. The criterion was sales turnover in the three service sectors whilst in one sector – catering – the criterion was ownership. For road transport, the criterion was the physical assets of the business, specifically the number of vehicles (Storey, 1994; cited in Pratt and Virani, 2015).

But the Bolton report does not go without criticism. Stokes and Wilson (2010) dispute that small firms do not always have low market share; they have the capacity to operate in highly specialised niches or limited geographic markets wherein they possess a relatively high share. Stokes and Wilson further contest that it is difficult to measure independence considering that the report disregarded franchises organised by a larger enterprise but included subcontractors whose dependence on one customer was very high. In criticising Bolton's 'statistical' definition

Kayanula and Quartey (2000) assert among others that the small firm sector was considered to be homogeneous even though firms in the sector have the capacity to grow to medium and large in some cases.

Stokes and Wilson (2010) contend that what constitute small businesses depends to a large extent on the industry within which they operate and the personalities and aspirations of the owner-managers. As such, small businesses do not fit in any neat parameters as do larger companies. In view of this diversity in the operations of the sector, Stokes and Wilson argue that making any kind of generalisations, including attempts to define the sector, is rendered extremely difficult and imprudent. The United Nations Industrial Development Organisation (UNIDO, 1999; pp. 4), in a functional approach, defines SMEs as “enterprises that are too small to achieve an optimal division of labour, and thus an internal specialisation in their business operations”.

In expressing disappointment at the definitional problems outlined above, Berisha and Pula (2015) make a compelling argument that if small and medium enterprises account for a huge majority of firms and substantially contribute to employment in the world it is senseless that there exists arbitrariness in defining them. To curtail this definitional dilemma, Curran et al (1991; cited in Stokes and Wilson, 2010) advise that over-general conceptions of the small firm sector be avoided because the sector consists of ‘an exceptionally mixed bag of businesses, engaged in a wide range of activities, whose managers often have little in common with each other’. Rather, Curran et al (1991) suggest a more detailed and pragmatic definition which derive from a trade or activity type.

Pratt and Virani (2015) note that size (more often numbers of employees; less often turnover) is unaccountably used as a definition. Considerations of sector and ownership and control are of latter development in defining SMEs. As explained in *The Big Business of Small Enterprises*, it might make more sense to measure MSMEs with a single ruler, for instance annual sales or turnover and/or number of employees; but tailor the size breakdown to particular conditions in the country of operation (World Bank, 2014). A similar argument is made by Lee-Ross and Lashley (2009) that for the purposes of practical statistical and international comparison, the number of employees working in a firm is perhaps the most expedient measure of size. They however add that small firms are not distinguished from their larger counterparts by size alone. Personality and behaviour of the owner (who would make most, if not all, business decisions) as well as the existence of less well-defined guidelines for roles, responsibilities and relationships characterise small firms and differentiates them from larger firms (Lee-Ross and Lashley, 2009). We cannot therefore have a procrustean standard in the definition of micro and small enterprises. It is important to avoid the temptation of uniformly enforcing standards without regard to individuality.

In Ghana, the 2014 IBES categorises establishments that engage more than 100 persons as large; those with 31-100 as medium-sized; those that engage 6-30 persons as small-sized; and those with a total of 1-5 persons as micro-sized establishments (Ghana Statistical Service, Integrated Business Establishment Survey, 2015). According to the National Board for Small Scale Industries (NBSSI) Micro and Small Enterprises are those enterprises that employ fewer than or equal to 29 workers. Specifically, micro enterprises refer to those that employ between 1 and 5 people with fixed assets not exceeding US\$10,000, not including land and building. And small enterprises refer to those that employ between 6 and 29 workers or have fixed assets not exceeding US\$100,000, not including land and building.

2.7 Micro and Small Enterprises in Perspective

One of the objectives of the Phase I of the 2014 Integrated Business Establishment Survey (IBES) was to ensure that businesses in the informal sector, which were hitherto underrepresented in most institutional databases, were well covered. In terms of categorising job creation by type of legal organisation, sole proprietorship created the majority (61.07%) of jobs in the 2014 period. This fact is an indication that the private sector is indeed growing in strength and driving the economy's growth. In describing the policy implications, the report contends that whether the growth of the private sector is sustained or not is a matter that calls for concern considering that majority of sole proprietorship activities are informal. The report thus calls for rigorous research to investigate the reasons why sole proprietorships are better at job creation than partnership and limited liability establishments (Ghana Statistical Service, IBES, 2015).

According to Abor and Biekpe (2006), one of the key motivations for starting a small business is to maintain greater control over the business's operations and to internalise the benefits of personal efforts and risk-taking. In explaining the importance of small businesses, Dessler (2013) argues that there is nothing small about small business in some respects considering that more than half the workforce in the United States work for small firms. And that small firms record faster business growth than big ones while creating most of the new jobs in the United States. He further posits statistically that in the next few years, most people graduating from college will work for small businesses.

But Dessler's argument is only valid relative to the United States and similarly developed economies. His very definition of small businesses as "those with less than 200 or so

employees” differs from the definitions as it pertains in Ghana and other developing nations. Hence, even though the argument that HRM in small businesses differs from large businesses, the extent to which they differ may be distinct in light of the reality that a small business in the United States may qualify as a medium or large enterprise in Ghana in quantitative terms.

The definitional distinctions notwithstanding, anyone interested in human resource management needs to understand the nuanced nature of how human resources are managed in small firms. According to Dessler (2013), human resource management in small firms is different from that of large firms for four main reasons: size, priorities, informality, and the nature of the entrepreneur. First, small businesses do not find it worthwhile to engage an HR specialist until they reach a certain employee milestone. But the realism appears that even five – or six-person retail shops must recruit, select, train, and compensate employees. This situation usually leaves the owners or their representatives to do all the HR paperwork (if any) and tasks.

Dessler (2013) therefore contends that it would be very unusual for a very small business to dedicate a human resource management professional considering the size. Not only does the size of the business drive many small business managers and entrepreneurs to consider nonHR issues more important but that human resource management is simply not a high priority for such firms. “A typical small business manager’s organisational imperatives are perceived elsewhere, in finance, production, and marketing, with HR of diminished relative importance” (Dietz et al, 2006 cited in Dessler, 2013). One of the effects of lower prioritization of HR issues in small businesses is the resort to informality. Dessler (2013) argues that such informality is not only attributable to lack of expertise and resources but partly ‘a matter of survival’. He furthers that there is logic in ensuring flexibility in such things as compensation policies.

Since there is the need for such businesses to adapt quickly to competitive challenges, matters like raises, appraisals, and time off are handled on an informal reactive basis. Finally, researchers believe that the relative informality of small firms partially stems from the unique personalities of entrepreneurs (Dessler, 2013). As personality as an attribute entails a complex mix of behavioural, temperamental, emotional and mental dimensions, it culminates in the imposition of personnel management style on internal matters. This consequently renders the primary goal and orientation of the firm, working conditions and policies among others inseparably linked to the personality of the entrepreneur. As Deakins and Freel (2006) note in Lee-Ross and Lashley (2009), the overarching management style exhibited in small firms tends to be autocratic and malignantly paternalistic. In such a working environment characterised by autocracy and paternalism what hope could employees have that such leadership styles would not come to bare in the reward schemes of such businesses?

2.8 Reward Practices within MSEs

According to Armstrong (2010: 28), reward practices “comprise the schemes, structures and techniques used to implement reward strategy and policy: for example, the policy on pay levels will lead to the practice of collecting and analysing market rate data, and making pay adjustments that reflect market rates of increase.” This section reviews literature on how employees in micro and small enterprises are rewarded. It aims to explicate the hitherto ignored and seemingly controversial area of rewards management in micro and small enterprises. The analysis of the rewards practices in MSEs would be paralleled with that of larger organisations in order to reveal areas of convergence or divergence therein.

2.8.1 Employee Rewards: What Exists within MSEs

According to Cadden and Lueder (2012) many small businesses operate with no employees – the owner manages all aspects of the business personally, with some family and friends coming in intermittently to help. Hence, the decision to hire people will always be a big leap considering that such decision would bring about “the immediate need to worry about payroll, benefits, unemployment, and numerous other details” (Cadden and Lueder, 2012:

667). But Cadden and Lueder admit that a small business that hopes to grow will surely face “the hiring decision again and again” as well as all the attendant decisions regarding compensation, benefits, among others.

In their study into the HRM practices adopted by entrepreneurs in South Africa, Nzonzo and Matashu (2014) emphasise that entrepreneurs need to take into cognisance the need for flexibility and pragmatism in adopting HRM policies and procedures. But Nzonzo and Matashu (2014) admit that their article is only a conceptual analysis and advocate for future research to seek to determine the extent to which their findings could be tested empirically – a call which falls within the domain of this study.

A study by Morton (2004) which aimed to establish what quality of work the enterprises offer utilised on-site observation, in-depth interviews and focus group discussions. This study is unique relative to most studies on the subject that have employed quantitative approaches. The study variously concluded that in many respects, job quality in micro and small enterprises is low. Possibly the area where job quality appears better in MSEs than in larger formal enterprises is the relations between workers and their employers which seem to be characterised by trust and appreciation.

Even though small organisations are constrained in terms of resources and management expertise, they have a competitive advantage of a flatter hierarchy which enhances direct communication and enables people to enjoy flexibility in their work (Verboncu, Zeininger and Mihai, 2016). This flexibility, according to Honyenuga (2011), leads to poor human resource management practices. Honyenuga's study found that employees in the enterprises demand increment in salary and other benefits albeit their output did not warrant such increase. For the employees, they want their share of the booty whether the business is doing well or not. A study of employee's poor attitude to work in the Volta Region of Ghana concluded that the high cost of living renders their pay insufficient to the extent that what they received hardly took them through to the next payday (Honyenuga, 2011).

de Kok, Vroonhof, Verhoeven, Timmermans, Kwaak, Snijders and Vesthof (2011) assert that whereas remuneration systems in medium-sized and large enterprises tend to be more elaborated and advanced, those in micro and small enterprises across Europe tend to be simple and straightforward. de Kok et al (2011) also found that employees in SMEs tend to receive lower wages than employees in larger enterprises. They further contend that smaller firms are less likely to have performance payment systems.

2.8.2 Employee Rewards: What is missing within MSEs?

The ILO (2015) asserts that factors constraining the growth of SMEs, as perceived by business owners, are a relatively well researched area. However, the problems faced by workers in these SMEs are much less known. Hence, de Kok et al (2011) note that work quality can only be evaluated by individual employees themselves and not at the level of enterprise. In a study to investigate the recruitment and selection as a human resource management practice in small and medium hotels, Oduro-Nyarko (2013) established that managers of such enterprises recruited by word of mouth without recourse to the use of sophisticated recruitment strategies

while selection was done mainly through practical tests, interviews and others. Hence, rather than resorting to available sophisticated HRM practices that have been proven to work (at least in theory), management of the enterprises used HRM practices they found cost effective and less time consuming. As Ceranic and Popovic (2010) put it, the problem of HRM issues being sensitive in SMEs emanates from the reality that contrary to large companies that devote teams of agencies and consultants, the owner or manager plays such roles in SMEs.

Do these findings have implications for remuneration and rewards as a human resource function? In other words, do the recruitment and selection practices have logical implications for how the employees are rewarded? This study was limited to small and medium enterprises in the hotels industry. Applications of the findings may be limited as only managers of the hotels were sampled for the survey. In effect, the opinion of these managers, who may double as the owners, may not necessarily reflect the opinion of the workers. Understandably, the study was relative to recruitment and selection which occurs within the ambit of management. The cue therefrom is for this study to encompass owners, managers, and workers in order to arrive at a conclusion that is all-inclusive.

Except for management positions, job descriptions and person specifications for example, may not exist for employees in MSEs (Stokes and Wilson, 2010). Several Studies (for example Oduro-Nyarko, 2013) have pointed to word of mouth as the most commonly employed advertising medium for job vacancies in small businesses. Since virtually all the HR functions are dependent on one another, would it be right to presume that if small businesses undertake recruitment and selection by word of mouth they would compensate and reward employees by same medium without recourse to proper planning and formality.

A similar study of HR practices in the informal sector by Kumi-Kyereme and BoachieMensah (2012) corroborates that HRM practices within enterprises in the sector are inadequate, serve as impediments to the development of the workforce, and invariably affects the growth of the enterprises. Umer (2012) found, in his research on the HRM theory and practices in SMEs, that employees in SMEs are managed in a pragmatic, rather than ad hoc, random or haphazard way. According to Morton (2004) the lack of social insurance such as health insurance, unemployment benefits, and death and disability benefits was found to affect both employers and employees. More so, unsatisfactory pension arrangements led many employers and employees to plan to work beyond the legal age of retirement.

Most studies (for example Barret and Mayson, 2007) that aimed at researching HR formality in SMEs conclude that HRM in such enterprises is generally informal, intuitive and ad hoc. While many of such studies implicitly regard this as a bad thing, or at least ‘sub-optimal’, others explicitly contend that informality is exactly what is required (Umer, 2013) for the establishment and survival of these enterprises. In this regard, Globoforce (cited in Scarborough, 2012) asserts that small but frequent awards have proven more effective than cash bonuses rewarded on periodic basis. What is important therefore is not the quantum of the reward or award but the frequency and consistency with which it is issued. Since small businesses cannot afford ‘huge’ financial rewards, it appears good news that a reward frequently issued (regardless of how small it may be) matters more than the quantum.

2.8.3 Employee rewards within MSEs; Different or Deficient?

In practice, it is harder to draw a precise line that separates small from large firms. Human resource management practice in large firms is characterised by formalised, written procedures and long-term planning. Small firms, however incline to managing people through informal,

unwritten and ad hoc practices much of which effectiveness depends on the management qualities of the owner-manager (Stokes and Wilson, 2010). According to Tetteh and Frempong (2006) low levels of education characterise most proprietors of informal MSEs. This means that the owner-managers of MSEs are themselves handicapped relative to knowledge and skills in management. Verboncu, Zeininger and Mihai (2016) similarly assert that small organisations are disadvantaged by lack of resources and management expertise. de

Kok et al (2011) posit that generally speaking, HRM activities of smaller firms are less formal and professional than those of large firms. Explanations usually provided for this include a lack of knowledge and priority due to fewer opportunities for specialisation; and the lower impact of HRM for smaller firms.

In one section of Cadden and Lueder's (2012) *Modern Management of Small Businesses* the term *human resources* is deliberately avoided alluding to the fact that the term is more appropriate for large bureaucratic organisations that tend to view their employees as a problem to be managed. They further argue that smaller and midsize enterprises do not view their personnel as mere resources to be managed. Instead, such people should be regarded as the true lifeblood of the business that needs to be cultivated.

Stokes and Wilson (2010) assert that what makes small business management unique is the enormous range of issues which owner-managers have to personally contend with. Hence, the very structure of small businesses solicits the adoption of different approach to management. For instance the chief executive in a larger company heads a team of specialists who are competent in functional areas such as production, finance, marketing, human resources, operations, and transport among others. This seeming division of labour therefore distinguishes those responsible for planning the future of the company in the long run from those responsible

for implementing the strategy on a daily basis. For small business ownermanagers however, they have to do all – they double as the planners and implementers who would have to ambidextrously operate in all functional areas from operations to human resources management.

The difficulty this poses is not the skill set required by an owner-manager to decide which problem out of a myriad demanding simultaneous attention. The real challenge, as Stokes and Wilson (2010) put it is the experience and understanding required to know how to choose which problem to deal with first. It is tempting for small businesses to always tackle the most immediate issue first while overlooking a less obvious but more significant problem which critically impacts business. This paradox probably explains why an important HR function as compensation and rewards has been overlooked by most small businesses because it is less obvious albeit very significant to the business's survival.

In a survey by The Family and Work Institute, it was found that large firms offer more extensive benefits packages than smaller ones (Dessler, 2013). The study also found that small business owners, capitalising on their personal interaction with all employees each day, were better at “understanding when work/life issues emerge” and adapt to their needs appropriately. The distinction between compensation packages is attributable to a variety of factors including profitability, industry, size of business and seasonality, and years in operation (Wade and Chow, 2016). In a way, all managers in SMEs are human resource managers. But SMEs should detail managers for human resources whose primary task would be to advise other managers on issues regarding salary determination and motivation among others (Ceranic and Popovic, 2010).

Cadden and Lueder (2012) argue that inasmuch as every small business should attempt at offering competitive compensation packages, a small business will practically be incapacitated to offer compensation packages that are comparable to what large corporations and government offer. In other words, small businesses are in no position to offer a compensation package similar to what can be offered by large corporations and government.

The foregoing literature indicates that in practice compensation and rewards in micro and small enterprises are both deficient and different. In policy however, compensation and rewards in micro and small enterprises should neither be different nor deficient compared to same in large or any organisation for that matter. Stokes and Wilson (2010) in comparing the profiles of businesses in developed countries concludes that there is a clear and on-going trend in the direction that smaller firms are increasing in number whereas larger companies are correspondingly reducing in numbers. Hence, there is the need to turn focus to what happens in micro and small enterprises.

2.8.4 The Challenge of the Informal Sector and MSEs

Morton (2004) found that most workers in micro and small enterprises were dissatisfied with their remuneration. He asserts that even though most workers earned above the minimum wage at the time of the study, nearly half of the workers studied could be assumed to live below the poverty line. He also found that employers were much better off than employees. Morton further found that job security for workers in micro and small enterprises is relatively high although many of them do not have a contract (Morton, 2004). Workers in the informal, microenterprise sector are less likely to enjoy non-salary benefits found in formal employment such as employers' contributions to health insurance, on-site meals, bonuses, pension funds,

and emergency funds (Wade and Chow, 2016; Sanda and Ntsiful, 2013; Koshore, Majumdar and Kiran, 2012; Edmiston, 2007).

Informality in the informal sector generally ranges from absence of protection through circumvention of laws to levels of labour insecurity. In particular, informality manifests in the “absence of labour contracts and collective bargaining agreements, extreme wage flexibility, seasonal or hired employment, child labour, leave granted not according to the law or refused arbitrarily, excessive hours, unpaid or improperly paid overtime, wages below a living scale, etc”. Other conditions include poor occupational health and safety standards, little, if any, job security, no access to state social security and free social services, no education or training, no social mobility, and a high economic and personal dependency on employers (Tesselaar, 1998 cited in Kumi-Kyereme and Boachie-Mensah, 2012).

A recurrent feature of informality in the work arrangements within this sector is the connivance of employers with employees to avoid the employer’s legal requirements. These are possible through the constant threats to employers in the form of lower wages, weakened work standards or dismissal. On the part of the employees, this connivance is both voluntary and forced; voluntary in the sense that employees can refuse the arrangements but have to admit the possible negative consequences (Musiolek, 2002 cited in Kumi-Kyereme and Boachie-Mensah, 2012). The ILO (2003) reports the consequences for workers in the informal sector as devastating with awful pay and safety regulations, job insecurity and a total lack of representation. “Informal workers commonly endure poor working and employment conditions which includes among others long working hours, low and irregular incomes and lack of maternity protection.

It is argued that many households have ventured into informal sector activities as survival strategies in coping with declining welfare and wages and a means to supplement incomes. Nonetheless, the paucity of credible data on HRM practices in this sector has rendered efforts to carve appropriate management interventions difficult (Kumi-Kyereme and BoachieMensah, 2012) and impossible in some cases. Generally speaking, literature on the informal economy is replete with information on its nature, classification, origin, size, mode of entry and difficulties emanating from its ambiguity (Justice 2002 cited in Kumi-Kyereme and Boachie-Mensah, 2012). As well, policy interventions have focused on ensuring access to finance among others with little or no emphasis on the welfare of employees and the role they play in making or breaking the business.

2.9 Procedures for Rewarding Employees in MSEs

2.9.1 Employee Rewards: Regulatory and Legal Frameworks

Rewards should comply with legal regulations which mostly border on areas such as minimum pay and equal pay legislation (Ryan, 2013). A study by Fenwick, Howe, Marshal, and Landau (2007) identified some innovative regulatory approaches that have been adopted in trying to achieve the goal of applying cost effective labour and labour related laws to MSEs. One example of such approaches includes the adoption of legislative measures to specify the scope of employment relationships in MSEs. Another comprises taking a ‘staged’ approach such as a gradual extension of the scope of social security schemes to include MSEs.

To ensure that all laws on labour in the country conform to Ghana’s 1992 constitution, the International Labour Organisation conventions as well as relevant best practices the Labour Act of Ghana (Act 651, 2003) has been passed. Part IX of the act captures the protection of

workers' remuneration to include the payment of remuneration, equal pay for equal work, prohibited deductions, permitted deductions, and paid public holidays among others. Part III of the same act encompasses the protection of employment to include the rights of employer, duties of employers, rights of a worker, duties of workers, contract of employment, grounds for termination of employment, notice of termination of employment, remuneration on termination of employment, among several others.

The Labour Act (2003: 9) details the employer's right to include the right to "employ a worker" and "terminate the employment of the worker". On the flip side, the duties of employers include the duty to "provide work and appropriate raw materials, machinery, equipment and tools" and to "pay the agreed remuneration at the time and place agreed on in the contract of employment... or by law or agreed between the employer and the worker". More so, employers are charged with the duty to "develop the human resources by way of training and retraining of the workers" as well as "protect the interests of the workers".

The act does not put the onus on the employer alone; workers equally have rights and duties. The rights of a worker, according to the Labour Act of Ghana include the right to "work under satisfactory, safe and healthy conditions; receive equal pay for equal work without distinction of any kind; have rest, leisure and reasonable limitation of working hours and period of holidays with pay as well as remuneration for public holidays; form or join trade union" and many others. Likewise, the duties of workers include the duty to "work conscientiously in the lawfully chosen occupation; report for work regularly and punctually; enhance productivity; [and] protect the interests of the employer" (Labour Act, 2003: 10).

Undoubtedly, the human resource is the most productive, the most versatile, and the most resourceful of all resources (Drucker, 1982; cited in Kumi-Kyereme and Boachie-Mensah, 2012). The serious implementation of HRM in small businesses is somewhat a recent phenomenon and research in the field is still in an exploring stage (Grigore, 2008). As confirmed by Das, Narendra and Mishra (2014), even though smaller enterprises are potential subjects for fruitful empirical investigation they have largely been ignored by HR researchers. They explain that heightening interests and attention on HRM in small enterprises is a relatively recent development. Perhaps this explains why literature is scant on reward systems in such enterprises.

Kusi, Opata, and Narh (2015) assert that the micro-small business sector's growth is constrained by lack of conducive, transparent, and complicated legal and regulatory frameworks coupled with acute bureaucracy. They further explain that these constraints are not exclusive to micro-small businesses; large companies equally face similar challenges.

Nonetheless, the effects such constraints have on small businesses are relatively phenomenal.

Yet, there is little information on how employees are managed within the informal economy (Kumi-Kyereme and Boache-Mensah, 2012) and by logical extension how such employees are remunerated and rewarded. According to Fenwick, Howe, Marshall, and Landau (2007), states face difficult policy choices in developing labour regulation for MSEs. The need to balance the apparent competing goals of improving job quality while at the same time promoting and rewarding entrepreneurship and economic growth is a dilemma for most countries. As UNIDO (1999) reveals, lack of a supportive policy framework and appropriate institutional arrangements for promoting the SME sector forces these enterprises to operate in a business environment which is often not conducive to their growth and success. The findings by

Fenwick, Howe, Marshall, and Landau (2007) suggest that states should not exclude MSEs from the application of labour laws. The study further points out that excluding MSEs from labour law only denies MSEs of the benefits of better job quality workers from MSEs could experience.

In outlining some common management problems likely to be produced by the smallness of a business, Gibb (2003) mention among others small management team (a solo manager in most cases); no specialist personnel thereby rendering managers multifunctional; possible autocratic leadership of owner-manager; and informal control systems (cited in Stokes and Wilson, 2010). These management problems and influences could potentially impact almost all HR functions including recruitment and selection, and rewards management. Wade and Chow (2016), in explaining the unavoidable position of rewards in the overall operations of businesses, point to the reality that employee compensation constitutes one of the most important negotiation points between employers and their employees, and makes up one of the largest expense categories for a business thereby calling for close monitoring.

Fening (2012) also concluded that much as some owner managers may want to implement quality management practices because they are familiar with the advantages therein, their employees may be completely ignorant of any such thing. While the law guarantees both employers and employees the right to partake in collective bargaining, only a small minority of workers are found to be organised. This lack of interest in organisation is attributed to the fear of objection by employers to union membership and concern that what unions may offer them would be little (Morton, 2004).

Countries, organisations, and people in Africa have a contribution to make in the meaningful adaptation and application of Eurocentric concepts, theories, assumptions, principles, techniques and practices (Itika, 2011). But the socio-cultural milieu of the African organisation is different compared to that in the advanced countries. Anecdotal evidence suggests that organisations in Africa and Ghana for that matter are bedevilled with the twin problems of mismanagement and inefficiency; and it is anticipated, according to Itika (2011) that the adaptation and application of the Eurocentric ways would liberate African managers from the aforementioned problems.

Altogether, the ILO (2015) explains the possible dangers inherent in lumping policy formulations for SMEs. ILO contends that the SME sector is very diverse. Therefore, the results of policies aimed at promoting SMEs based on their huge contribution to employment per se – without further distinguishing them by sub-segments – may be a trade-off between quantity and quality of employment. This is attributable to the reality that SMEs, especially in developing countries, comprise “a large number of micro enterprises that create jobs that are neither productive nor decent” (ILO, 2015: v)

2.9.2 Procedural Requirements towards Best Practices

Regardless of size or motivation, management principles apply to all organisations. And without a fundamental appreciation of how to manage businesses, there cannot be realistic expectation of success. Hence, even one-person small businesses should be concerned about management principles (Cadden and Lueder, 2012). As amply concluded by Armstrong, Brown and Reilly (2009) that much as the difficulties encountered in reward practices are appreciated it is important to get better at managing rewards and making sure that how employees are rewarded is strongly rooted in evidence of what works and why. It is thus

important for micro and small enterprises to strive to avoid ‘the folly of rewarding A while hoping for B’

Stokes and Wilson (2010) argue that the difference between a large organisation and small business is not precisely noticeable. They argue that having fewer resources at disposal to do things is perhaps the only decipherable difference and distinguishing characteristic. For this reason therefore, managing in a small business is different and not comparable to managing part of a large organisation. If managing a small business is arguably different, as contended by Stokes and Wilson (2010), from that of a large organisation, does it imply that rewards systems and other HR functions are comparatively different in small businesses? Virag and Albu (2014) argue that the theoretical aspects of human resource management are usually devised to large enterprises and rarely aim at small enterprises.

Ceranic and Popovic (2010) explain that one aspiration of every SME owner is to have highly motivated employees who would ensure the successful operation of the enterprise. The failure of most small businesses is commonly attributed to the failure of management (Cadden and Lueder, 2012) and not employees. All the employers in Morton’s (2004) study admitted that managerial skills were lacking in their enterprises which required addressing. A study by Fenning (2012) established a positive relationship between the implementation of quality management practices and the performance and growth of SMEs in Ghana. The findings of Morton (2004) equally confirm that micro and small enterprise can benefit if they are assisted to improve the quality of management and organisation which could ultimately enhance job quality and productivity simultaneously.

Ghanaian owner managers have the belief that a key contributory factor to the growth and performance of firms is quality management (Fening, 2012). But the findings by Fening (2012) were conditional in the light of the fact that the growth and performance of firms is premised on the implementation of quality management. Hence, the findings did not necessarily depict a reality on course; it rather demonstrates how such reality could be achieved “if” certain necessary conditions are ensured. The study did not categorically state whether the firms studied exactly implemented quality management; it only embarked on a suggestive exercise meant to build and describe ideals.

A study by Srimannarayana (2006) found that small business units indeed have HRM practices in areas as recruitment, selection, training and performance albeit no formal HRM policies exist. But practice is informed by policy within the realm of business. Of what essence then is practice that is not premised by any policy? The effect of this phenomenon is that HRM practices among MSEs are predominantly characterised by informality and flexibility as argued by several authors (for example Srimannarayana, 2006; Ceranic and Popovic, 2010). On the research map, the issue of investigations into the human resources management in these small companies is still almost a “white spot” (Grigore, 2008).

Das, Narendra and Mishra (2014) point out that people acquisition appear more important to small enterprises than people retention. In other words, MSEs overemphasise recruitment and underemphasise systems to employ to retain their workers. To the owner-managers of such firms, workers are easily expendable and replaceable and hence it is unnecessary to utilise rewards systems as tools to motive and retain employees. An alternative for SMEs with regards to compensation and rewards, according to Ceranic and Popovic (2010), is to separate and entrust such activities to independent partner institutions.

A survey by Wades and Chow (2016) challenges the notion that government directed compensation are “much-needed” policies and argues that the general public does not fully appreciate the unique reality of operating a small business. The survey further argues that small employers even disagree on policies associated with employee pay including minimum wage and mandated paid leave. Compensation packages are not developed in a silo; they are rather negotiated relative to market forces of demand and supply, profitability of business among other factors. The complex, non-uniform business climate within which small businesses operate renders them incompatible to one-size-fits all government mandates. Research indicates that firms get more formalised as they get bigger in terms of the number of employees which is easily understandable since the increase in numbers renders direct communication and direct supervision inadequate tools to coordinate activities – a situation which inevitably leads to formalisation. As argued by some scholars (such as De Kok and Uhlaner, 2001; Kotey and Slade, 2005; Nguyen and Bryant, 2004; Wagar, 1998) ownermanagers actually believe that a certain level of HR formalisation is essential owing to size, institutional requirements of governments or banks and the need to deal with stiff competition. As well, Umer (2012) contends that many scholars appear to advocate for a certain threshold of unavoidable formality in attracting better employees and customers for long run growth and profitability of the firm.

From the foregoing arguments, it seems HR formalisation is critical for SMEs. But Umer (2012) contrasts that there hardly exist any study that is able to demonstrate the practical manifestations of this formal HRM among SMEs in reality. HR formality, according to de Kok and Uhlaner (2001) implies that procedures and practices are written down, regularly applied and assured to take place. In order to cure the academic canker of overgeneralisation Umer (2012) suggests that “scholars should not look for written regularly applied and employer

sponsored practices”, but pragmatic SME relevant formality that is well thought out, clear and includes systematic routines and procedures which best serve the current needs and requirement of HRM in SMEs. By so doing, we will be able to simplify the complex reality, which is not that complex in any case but has been turned so by our own preference for the erroneous methodologies of large firm approaches.

Cadden and Lueder (2012: 675) equally suggest that small businesses can still offer a good benefits program provided it includes “all or some of the following: health insurance, disability insurance, life insurance, a retirement plan, flexible compensation, leave, and perks.” They further advice alternatively that a small business can equally choose to offer benefits that can only be offered by a small business such as “the flexibility to dress casually, half days on Friday, bringing one’s pet to work, gym memberships and lunch programs”. It concludes that these unique benefits have proven to increase employee loyalty while at the same time fitting the budget of even the smallest business.

Some deficiencies are evident in the foregoing studies. First, almost all of them are conducted in companies that reward employees relative to some form of system; that is in public institutions or large organisations. Second, most of the studies employed the quantitative method which is fraught with several deficiencies. Third, the studies are largely conducted in western countries. The few conducted in Africa are equally focused in ‘developed’ countries such as Nigeria. Hence, diverting attention to rewards in micro and small enterprises using both quantitative and qualitative approaches in a developing country like Ghana would amply supplement extant studies on the subject matter. It would also suffice to pay more attention to the recipients of rewards (workers) than the givers (employees).

2.10 Relationship between Rewards and Performance

Ogunyomi and Bruning (2015) note that studies aimed at establishing the link between HRM and firm performance (which would be realised by employees) have largely focused on large firms and developed countries to the omission of micro and small enterprises and developing countries. Results from several studies (for example Nnaji-Ihedinmah and Egbunike, 2015; Tafti, Abarghouee and Sadeghian, 2015; Mbah, Mgbemena, and Ejike, 2015; Wasiu and Adebajo, 2014; Kawara, 2014) indicate that a significant relationship exist between rewards and employee performance. Gohari et al (2013) found that in spite of the direct positive relationship between reward and performance, correlation test revealed that three types of rewards – appreciation, fringe benefits, and bonus – tend to diminish in importance when considered in relation to a comprehensive model that includes other rewards.

A study by Ogunyomi and Bruning (2015) partially supports a model of positive relationships between certain HRM practices (such as rewards) and firm performance. In examining the relationship between employee performance and financial and nonfinancial rewards, Mbah, Mgbemena, and Ejike (2015) found that nonfinancial rewards can motivate employees in much the same way as financial rewards could. Mbah et al (2015) further assert that financial rewards cannot be ignored since they encourage risk taking and ginger employees to do the extra. Sajuyigbe, Olaoye, and Adeyemi (2013) similarly concluded that reward dimensions accounted for 71% variance of performance and that pay, performance bonus, recognition and praise are the tools management could employ to elicit effective and efficient performance from employees.

2.10.1 Intrinsic and Extrinsic Rewards and Performance

Other researchers (for example Eshak, Jamian, Jidi, and Zakirai, 2016; Gohari, Ahmadloo, Boroujeni, and Hosseinipour, 2013) furthered to ascertain the unique relation of intrinsic and extrinsic reward factors on employees' performance. The results from the studies confirmed that even though both reward factors have significant positive relation on performance intrinsic factors tend to have more powerful influence than extrinsic factors.

The findings of Ong and Teh (2012) contradict that of previous studies. They aimed to examine the relationship between the reward system and organisation's financial performance and found among others that while a negative relationship exists between extrinsic rewards and financial performance of organisations, intrinsic rewards were found to be positively related to organisations' financial performance. In other words, Ong and Teh (2012) found that implementing extrinsic rewards proved to have an adverse relationship with organisations' financial performance. Much as this finding clearly contradicts previous researches, the disparity may be attributable to contextual and geographical differences.

This seeming discrepancy notwithstanding, Ong and Teh (2012) as well as Ozutku (2012) recommend to companies to consider giving more intrinsic rewards in order to improve employees' job performance. Ozutku (2012) equally confirms the findings of Ong and Teh (2012) that intrinsic and extrinsic rewards are differentially related to employee and organisational performance. The difference between the findings of Ong and Teh, and Ozutku is that while the former categorically found a negative relationship between extrinsic rewards and performance, the latter found that no significant relationship exist in the two types of rewards; but both agree that there is a significant positive relationship between intrinsic rewards and performance.

Irshad (2016) also concluded that extrinsic rewards, such as salary and working conditions, impact the performance of employees. Similarly, Furtado, Aquino, and Meira (2012) conclude that though reward systems are meant to attract, retain and motivate people, it is important for the recipients to give value to the result, believe that additional effort will lead to better performance and that the better performance, subsequently, will result in some form of recompense. They further that factors other than financial recompense prompt employees to be motivated to influence their performance and that financial rewards are not always the ones to be recommended the most. Furtado et al (2012) advise that for reward system to be effective and lead to the desired behaviour, it is important to ensure that the rewards are based on performance.

For Scarborough (2013), failing to recognise and reward the responsible employees is one sure way to kill performance. He contends that failing to reward good work ultimately conveys one of two messages: either the employer does not care about exceptional performance or cannot distinguish between good work and poor work. In either case, through inaction, the employer destroys employees' motivation to excel. Scarborough (2013) therefore suggests that rewards do not have to be expensive to be effective, but they be creative and should have a direct link to employee performance. Further, he suggests that regardless of the rewards in use, employers would be most successful if they match rewards to employees' interests and tastes. Hence, the better employers know the interests and taste of their employees the more effective they would be at matching rewards with performance.

Tafti, Abarghouee, and Sadeghian (2015) found in their study population that the existing reward system was not purposeful and effective for rewarding or punishing behaviour. They further found that the parameters for determining rewards (such as physical presence, delay

and haste in entrance and exit, and service years) were unreliable while reliable criteria such as efficiency and effectiveness were largely disregarded. Tafti et al (2015) conclude that this situation led to unfairness and discrimination; hence, employees should be rewarded and punished on the basis of real performance and competence.

Inasmuch as managers agree that it is essential to tie pay to job performance, implementing a programme to manifest this relationship is usually quite difficult (Hellriegel, Slocum and Woodman, 1998). Nnaji-Ihedinmah and Egbunike (2015) conclude that the output of the human elements determines the success of most service organisations and recommends to management of these outfits to adopt feedback mechanisms that could provide information on the performance of their rewards system.

2.10.2 Impacts of Rewards on Performance and Productivity

The key determinant of the total amount of compensation that a worker can be paid is worker productivity – the value brought to the firm by the worker (Wade and Chow, 2016). A study by Kawara (2014) revealed that there is a positive effect of reward systems on employee productivity and hence a good reward system should incorporate elements of both monetary and non-monetary rewards that are competitive per prevailing market rates. This study was undertaken in a university environment where it could be assumed that employees were rewarded with recourse to recognised policies and procedure. It therefore appears questionable how such a finding could be generally extended to rewards in micro and small enterprises.

Kawara (2014) also found that his respondents had different motivational preferences but majority of them were exposed to the use of non-financial rewards such as training, recognition, opportunities to handle greater responsibilities, employee promotion and participation in key decision making and challenging jobs. The probability may be that employees in such an

institution of higher learning were adequately paid and hence additional monetary rewards would not produce the desired effect as non-monetary forms of rewards would.

In their study of the impacts of rewards on performance in selected public secondary schools in Lagos state, Wasiu and Adebajo (2014) infer that the reward package of workers matters a lot and should concern both employers and employees. They found a significant relationship between performance and employees' rewards such as salary package, allowances and inservice training. Wasiu and Adebajo (2014) further explain that in instances where employees are denied these rewards, they resort to poor performance and non-commitment as means to express their displeasure.

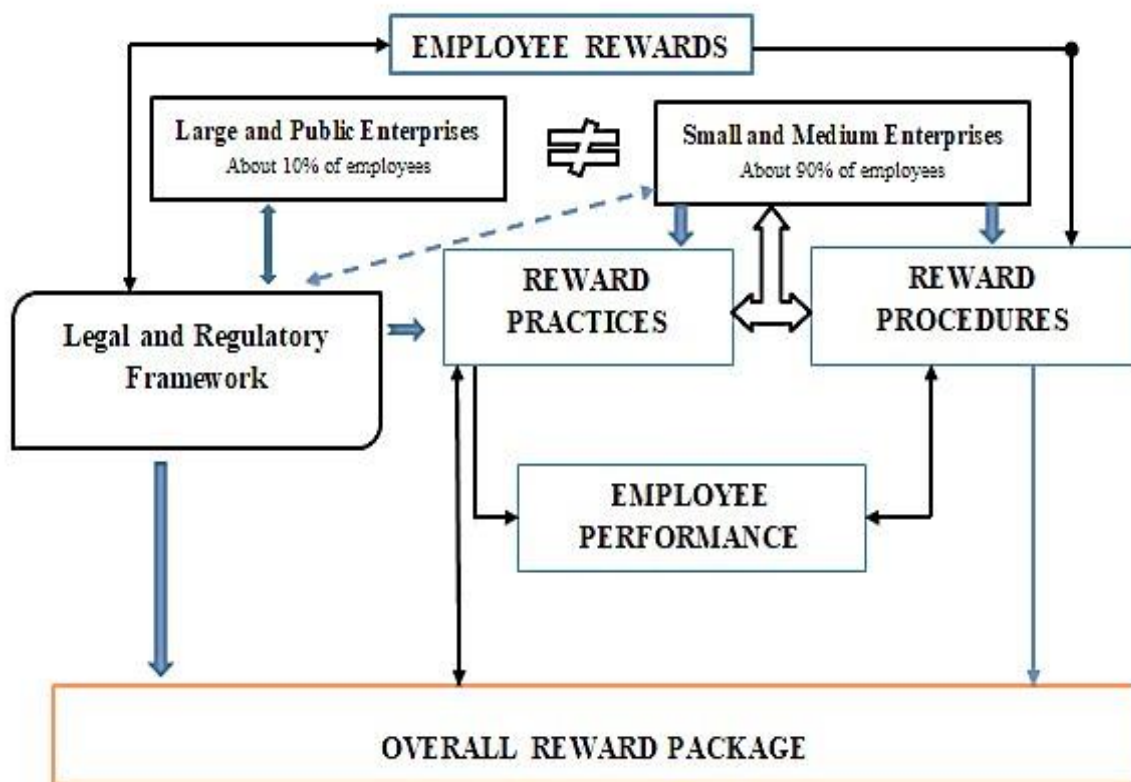
Ogwu (2013) took a step further to ascertain the impact of fair reward system on employees' job performance and found that to a large extent, the implementation of fair reward system influenced employees' improved job performance and reduced rate of industrial action. To Ogwu (2013) therefore, the key to improving performance and reducing industrial actions include regularly reviewing the reward system to ensure fairness, maintaining competitive rates of pay, ensuring flexibility in reward administration, and rewarding people for the value they create. Yamoah (2013) also found that public school teachers' performance was positively related to the rewards they received. His study recommends to management of public schools to initiate additional reward programmes such as free lunch and beneficial loans to motivate teachers.

2.11 Conceptual Framework on Employee Rewards in MSEs

Figure 2 shows the concept of employee rewards as it pertains in micro and small enterprises. The existing legal and regulatory framework on employee rewards is expected to cover workers in all enterprises regardless of size or structure. However, rewards in MSEs have been proven

to be different from that of larger organisations even though MSEs are in the majority. This notwithstanding, employees in MSEs expect to be rewarded in much the same way as their counterparts in large and public enterprises. The overall reward package should therefore emanate from employees' performance, reward practices, and reward procedures guided by the existing legal and regulatory frameworks.

Figure 2: A Conceptual Framework on Employee Rewards in Micro and Small Enterprises



Source: Researcher's own construct, 2017.

CHAPTER THREE

RESEARCH METHODS

3.1 Introduction

This chapter provides in-depth information on the methods employed in the research aimed at evaluating the rewards systems in selected micro and small enterprises in Hohoe, Volta Region, Ghana. It covers sections on research setting, research design, sampling procedure, methods and tools for data collection, data collection procedure, data management, field problems or limitations, validity and reliability, and ethical considerations.

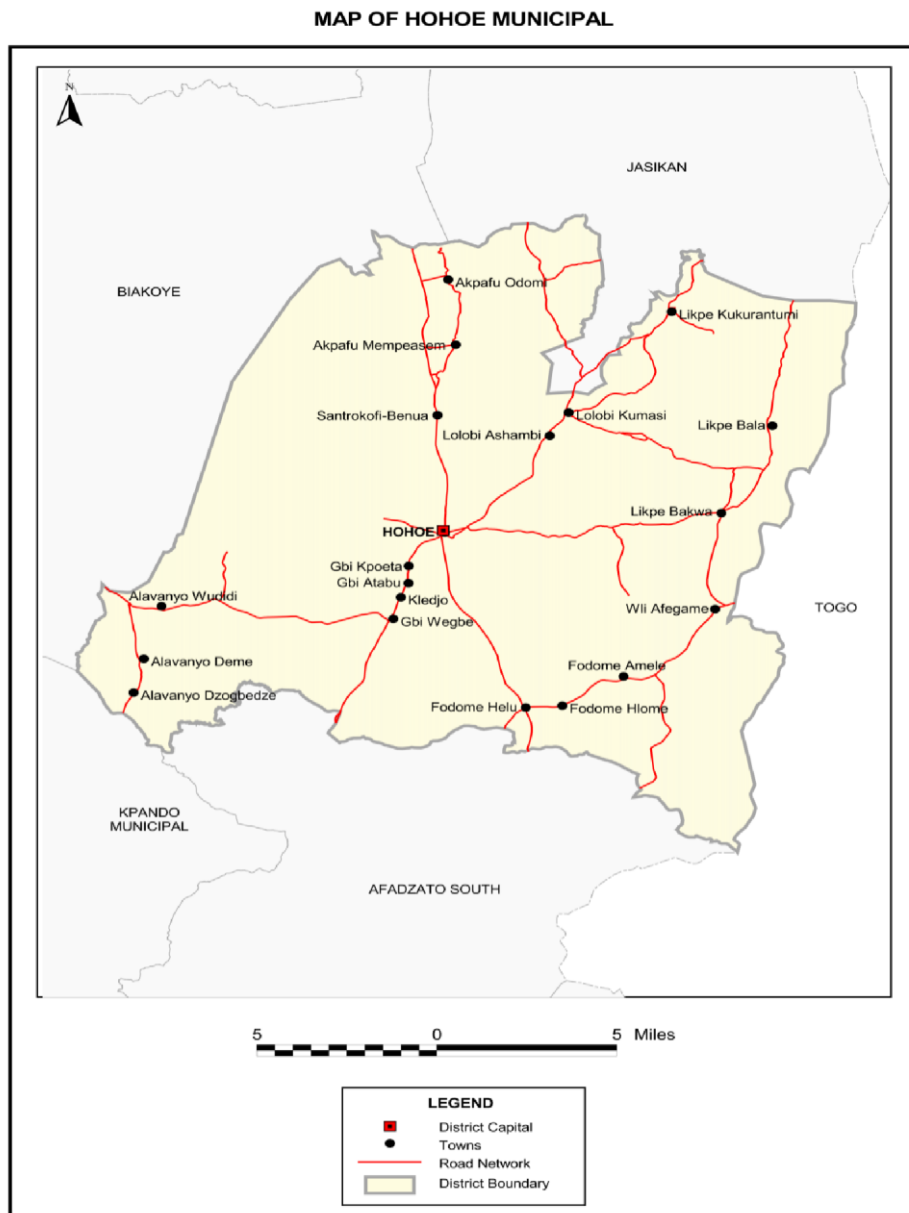
3.2 Research Setting

This study was conducted in Hohoe situated in the Hohoe Municipality of Volta Region. The Hohoe Municipality is situated in the centre of the Volta Region. The municipality is bordered to the east by the Republic of Togo, forming part of Ghana's international border; to the west by Kpando District; to the southeast by the Afadzato District; to the north-west by Jasikan District; to the south by Ho Municipal; and to the northwest by the Biakoye Districts (Ministry of Food and Agriculture, 2010; Ghana Statistical Service, 2014). As the administrative capital of the Municipality, Hohoe is about 78 kilometres from Ho, the regional capital; and 220km from Accra, the national capital. With the Municipality being one of the four main cocoa growing areas in the Volta Region, the cocoa industry made Hohoe a very important commercial town and the capital of the Trans-Volta Togoland before Ho became the capital of the region after independence in 1957 (Ghana Statistical Service, 2014).

The Hohoe Municipality houses a number of marked tourism features. These include the highest peak in Ghana Mount Afadja (Afadjato); the highest waterfall in West Africa Wli Waterfall; Tsatsadu Waterfall; Tagbo Waterfall; Wadjakli Waterfall; the most wonderful ancient old iron mines at Akpafu-Todzi; and the four ancestral caves at Likpe-Todome (Ghana Statistical Service, 2014). Aside these tourist sites that culminate in a vibrant tourism industry, Hohoe has four (4) tertiary institutions and a plywood factory with a workforce of over 2000. The town also has a branch of the Bank of Ghana, about seven (7) commercial banks, and several rural banks. These tourism and other potentials ensure hotels, guesthouses, residential houses, and entertainment spots opening almost on a daily basis.

The unique history, location, and adequate infrastructural base of Hohoe makes some people tip the town as a possible regional capital of the proposed Northern Volta Region. Hohoe is arguably the most enterprising town in the Volta Region (Anipa, 2012) and noted as the economic nerve centre of that region (Gratham-Jaisey, 2017). According to the Ghana Statistical Service's *District Analytical Report of the 2010 Population and Housing Census* (2014) "the private informal sector is the largest employer in the Municipality". Hohoe was selected for the study owing to its uniqueness as the central point of the Volta Region and a hub of several economic activities. It was considered because of its seeming neglect in the academic circles as an essential area for research. Figure 3 details a map of Hohoe Municipal indicating all towns and adjoining towns and districts.

Figure 3: Map of Hohoe Municipal



Source: Ghana Statistical Service, 2014

3.3 Research Design

A qualitative phenomenological research design was employed in this study. Phenomenology maintains that the pure meanings of phenomena are only to be subjectively apprehended and intuitively grasped in their essence (Ritzer and Ryan, 2011). Phenomenological research is a design of inquiry in which the researcher describes the lived experiences of individuals about a phenomenon as described by participants (Creswell, 2014). This design was deemed

appropriate because it allows the researcher to commit to understanding social phenomena from the actor's own perspective and examining how the world is experienced (Taylor, Bogdan, and DeVault, 2016).

The phenomenological design of the qualitative approach was considered appropriate for several reasons. First, phenomenology as a design best fits research problems that are unstructured, and for which there is little or no research or evidence in the literature. Review of literature indicated that qualitative research on employee rewards was generally uncommon. The few that existed were skewed to employee rewards in the formal sector, large organisations or the government. The informal sector, specifically micro and small enterprises, have been understudied. Second, a phenomenological study can generate thick descriptions of great value for understanding a problem that has not been well studied. Hence, the study sought to understand how employees experienced rewards and the researcher tried to see the experience from the perspective of employees.

3.4 Sampling Procedure

As Howard Becker points out in *Tricks of the Trade* (cited in Neuman, 2014: 246), "We can't study every case of whatever we're interested in, nor should we want to." It was therefore essential for the researcher to carefully select some cases among the lot to study.

This section describes the procedures employed to select participants for the research.

3.4.1 Target Population

According to Neuman (2014) a target population refers to the concretely specified large group of many cases from which a researcher draws a sample. This population is more refined on the basis of containing no attribute that controverts a research assumption, context or goal

(Asiamah, Mensah, and Oteng-Abayie, 2017). The target population for the study comprised all employees of micro and small businesses in the Hohoe Municipality. These employees include line managers, supervisors, and ‘ordinary’ workers who are in paid active employment in micro and small enterprises.

3.4.2 Study Population

The study population for this research comprised employees of micro and small enterprises in Hohoe which is the municipal capital. The study population constitutes the basis from which to choose the study sample (Given, 2008). By virtue of the research’s focus on employees, not all micro and small enterprises could participate in this study. This focus has to do with the definition of “employees” to cover only those in active, paid employment in its strictest sense; excluding family caretakers, sole owner-managers or anyone who seems to be working in the enterprise but cannot be called an employee.

3.4.3 Unit of Analysis

A unit of analysis is the entity that a researcher wishes to be able to say something about at the end of a study. It is a case in a population and could be a person, a family, a neighbourhood, a nation, an organisation, a written document, a symbolic message, or a social action (Neuman, 2014). The unit of analysis for this study were the individual workers of micro and small enterprises.

3.4.4 Sampling Frame

Sampling frame refers to a list of cases in a population, or the best approximation of them. It can include those outside the target population or it may omit those within it (Neuman, 2014). Considering that the study targeted enterprises which employed 30 or less workers, it was not

difficult to get a sampling frame. The owners of the selected enterprises could easily account for the details of their employees which made it simpler for the researcher to obtain the sample for the study.

3.4.5 Sampling Technique

In keeping with the research design adopted for this study, the purposive sampling technique was mainly employed in selecting respondents. As Flick (1998) cited in Neuman (2014: 41) notes about sampling in qualitative research, “it is their relevance to the research topic rather than their representations which determines the way in which the people to be studied are selected”. Ritzer and Ryan (2011) similarly note that the logic and power of purposive sampling lies in selecting information-rich cases that yield insights and in-depth understanding. In other words, the focus of sampling in qualitative research is more on how the sample provides relevant data and less on how it represents the population.

The purposive sampling technique was employed because it allowed for the representation of diverse categories of micro and small enterprise employees. These diverse categories of employees were selected based on the following:

- a. Number of employees in the enterprise which differentiates micro enterprises from small enterprises.
- b. Occupations of employees to ensure a variety of industry and sectors were covered.
- c. Location to assure that enterprises from various suburbs of the town were represented.

Hence, purposively selecting diverse groups of MSE employees enriched this research in terms of assessing the different opinions, experiences, perceptions, and expectations of the rewards practices in the selected enterprises. Purposive sampling also helped to locate as many relevant cases as possible and permitted selection of information-rich cases

(Ritzer and Ryan, 2011; Neuman, 2014). The flexibility of the technique enabled the research to glean ample data and insights on the phenomenon of rewards.

3.4.6 Sample Selection

In line with the sampling technique adopted, this study included a total of 28 respondents from diverse micro and small enterprises. The principle of saturation (Neuman, 2014; Bhattacharjee, 2012; Taylor, Bogdan and DeVault, 2016), where additional observations or cases did not yield additional insights, also guided the number of respondents included in this study. Particular emphasis was placed on assessing the opinions, perceptions, experiences and expectations of employees as peculiar groups and individuals. Table 2 shows the distribution of selected employees and employers per size of enterprise and sex.

Table 2: Distribution of Employees and Employers Selected for the Study

Category	Employees		Employers		Total
	Male	Female	Male	Female	
Micro enterprises	6	2	0	1	9
Small enterprises	10	5	2	2	19
Total Selected	16	7	2	3	28

Source: Field Data, 2017.

Most of the sampled enterprises were in the services sector due to the fact that the MSE sector is noted to be services driven. The Ghana Statistical Service reports that about 87% of new jobs created in 2014 were in the services sector implying that about eight in every 10 persons in the country is engaged in the service sector. The industrial sector contributed about 12% of new jobs; with the agriculture sector recording the least number of jobs of one per cent (Ghana Statistical Service, IBES Phase I, 2015).

3.5 Methods and Tools for Data Collection

Data collection spanned a period of seven (7) months from May 2017 to November 2017. From preparation through analysis to reporting, the study relied on both primary and secondary sources to collect data. The following details the various methods and tools employed to gather data for the study.

3.5.1 Primary Data Collection Tools

The qualitative phenomenological design typically involves conducting interviews (Giorgi, 2009; Moustakas, 1994; cited in Creswell, 2014). Interviewing was deemed appropriate because it has proven useful for situations where participants cannot be directly observed and allows the researcher control over the line of questioning (Creswell, 2014). Hence, face-to-face semi-structured interviews and conversations were utilised to collect primary data. The semi-structured interview guide was adopted as the tool to collect primary data. A semistructured interview is most valuable when the researcher comprehends the fundamentals of a community from the insider's perspective (Given, 2008). It also allows the researcher the freedom to digress (Berg, 2001) into emerging subjects that emphasize the main discussions. Conversations were also employed to engage owners of the enterprises on their understanding of what incentivised their workers.

3.5.2 Secondary Sources of Data

Secondary data was drawn from legal and regulatory documents on employee rewards to buttress, confirm or refute the outcomes of primary data. The 1992 constitution, Labour Act (Act 651), ILO publications, Business Establishment Surveys of the Ghana Statistical Service were reviewed to ascertain the sameness of rewards in micro and small enterprises and their counterparts in public and large enterprises. Other secondary sources including journal articles

and textbooks on reward management, published and unpublished thesis, dissertations among others. The internet and other relevant publications were equally consulted for secondary data.

3.5.3 Recording of Field Data

The researcher kept field notes to record elements that recordings could not capture. These according to Given (2008) include dress; demeanour; gestures; facial expressions; off-mic comments; setting characteristics; back story; researcher impressions, assumptions, and feelings during time in the field; and so on. The field notebook therefore contained the researcher's descriptions of direct field observations as well as the researcher's own reflections of the observed field events. Summaries of events were kept after each field day in order to ensure details were accurately captured.

3.6 Data Collection Process

Data was collected through face-to-face interviews. The purpose of interviewing employees on individual basis was to arrive at an individual exclusive understanding of what incentivised the workers. An interview schedule which comprised a list of open-ended questions was employed to focus the interviews. The main instrument for recording interview information was audio tape recorders. In qualitative interviews, the researcher conducts face-to-face interviews involving generally open-ended questions that are few in number and intended to elicit views and opinions from participants (Creswell, 2014). As much as possible, the semi-structured interviews were held in settings where background noise could be reduced in order to improve the quality of the audio output.

The researcher also engaged in conversations with some owners of the selected micro and small enterprises. These conversations covered their experience of what incentivised their employees

among other issues that emerged. Since these conversations were casual the researcher kept summaries of the contents in the field notebook. These helped in providing the employer's perspective on rewards that were used to check some of the claims of employees.

3.7 Data Management

Effective data management was required to order, structure, and give meaning to collected data. This section details steps and measures taken to ensure that analysis was credible and data was not compromised.

3.7.1 Transcription of Data

Since all the respondents could speak basic English language, the interviews were conducted in English and Twi. The researcher listened to the tapes from interviews and transcribed them verbatim with other expressions like pauses, sighs, puffs, eh!'s, and so on. The researcher also took notes and recorded participants' non-verbal communications during interviews. Some of the audiotapes were not audible because the interviews were conducted at the work settings most of which were noisy. The researcher however endeavoured to transcribe tapes after the day's fieldwork so as to capture all the fine details even when the audio was inaudible.

3.7.2 Storage and Safety of Data

Getting participants to agree to grant interviews was quite challenging. And it would have been more challenging to go back to them for another interview in the event of lost data. The researcher therefore stored interview data and transcripts on an external hard drive and flash drive. The audio files were stored on the researcher's personal password protected laptop while the backup on the external and flash drives were also password encrypted. Further, interview transcripts and the main write-up were stored online in Onedrive and Dropbox which were

regularly updated. These measures assured the retrieval of data in the event of theft, loss, or damage of the devices.

3.7.3 Analysis of Data

Data analysis was done concurrently with data collection. This enabled the researcher to get a ‘feel’ of the participant’s experience of the phenomenon of rewards and thoughts about things that could be pursued in subsequent interviews (Sutton and Austin, 2015). The analysis of data from the interviews was done manually using thematic and content analysis with guidelines suggested in Wargo (2013) and Vaismoradi, Jones, Turunen, and Snelgrove (2016). The researcher listened to the recordings from the interviews as transcripts were read repeatedly to confirm the accuracy of the transcripts; gain a deeper sense of the ‘natural meaning units’ of the participants; and anonymise the transcript so that the participants cannot be identified from anything that was said. On the second reading, the researcher jotted down codes and remarks as transcripts were read.

Four phases of theme development proposed by Vaismoradi, Jones, Turunen, and Snelgrove (2016) were adapted. Vaismoradi et al (2016) propose four phases of theme development and accompanying stages. The first phase is “initialisation” which comprise reading transcriptions and highlighting meaning units; coding and looking for abstractions in participants’ accounts; and writing reflective notes. The second phase is “construction” which include classifying, comparing, labelling, translating and transliterating, and defining and describing. The third phase is “rectification” which include immersion and distancing; relating themes to established knowledge; and stabilising. The fourth and final phase is “finalisation” which centres on the development of the story line.

The researcher, in accordance with the research objectives and questions, organised responses from participants on a separate file by assigning colours and codes to individual responses.

The responses were organised according to themes, concepts and other emergent categories.

Thereafter, analytical reasoning was utilised to analyse themes in order to generate explanations. Appropriate verbatim quotes from the interviews were used to illustrate findings.

Findings from interviews were first presented where attempts were made to compare and analyse the position of employees on the subject matter. An accompanying separate discussion was dedicated to discuss the findings in relation to key and existing literatures in order to confirm or refute the position of extant research works.

3.8 Field Problems

The researcher's non-comprehension of the Ewe language somehow limited the responses of participants. Even though all participants could speak Basic English, it seemed that they would have responded in better details in the native Ewe. Some participants also appeared apprehensive when the researcher introduced himself and the subject matter of the study.

They were not sure of exactly who was 'behind' the study and what their information would be used for. This scepticism also skewed the sample size as it was difficult getting females to grant interviews. The males were more eager and ready to respond to interview questions than the females and this led to disproportion in the male to female ratio.

Employees appeared to have tight schedules and the researcher did not want to interrupt with their work. Efforts were therefore made to hold interviews before or after work, during breaks, and on weekends. These notwithstanding, it was challenging as most respondents could not avail themselves even at the supposed free times. Owners of the selected enterprises were hard to find. As part of the field entry plan, the researcher planned meeting the owners of the

enterprises to introduce himself and explain the details of the study. It was important to seek approval to interview the employees so as to avoid suspicions.

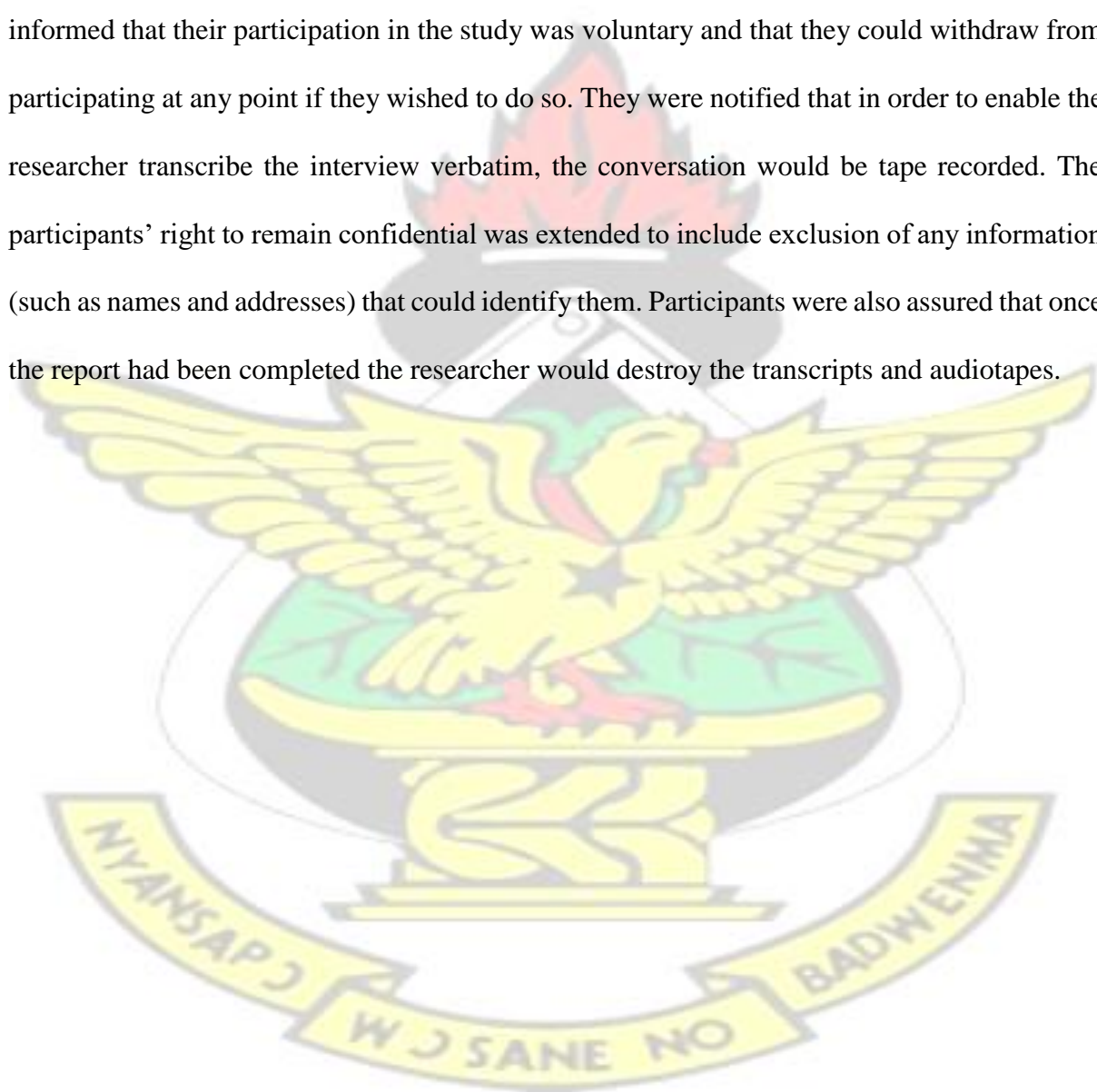
3.9 Validity and Reliability

In order to guard against the potential for lone researcher bias and assist to provide additional insights, Burnard, Gill, Stewart, Treasure, and Chadwick (2008) explain that there are two key ways of verifying or validating data analysis in qualitative studies: respondent validation (or member check), and peer review (or peer debrief, sometimes referred to as inter-rater reliability). Since respondent or participant validation is relatively problematic owing to the sensitive nature of the subject matter and demographics of the interview respondents (most of them being non-academics), the researcher opted to validate data through peer review. A suitably experienced qualitative researcher of the Department of Sociology and Social Work, Kwame Nkrumah University of Science and Technology, Kumasi, independently reviewed and explored interview transcripts, analysed data, and themes that emerged.

3.10 Ethical Considerations

The researcher envisaged that potential respondents may exhibit uneasiness in providing information, hence, a formal introductory letter issued (see Appendix 1) by the Head of the Sociology and Social Work of Kwame Nkrumah University of Science and Technology was presented to the owners or managers and employees of the enterprises considered. The presentation of the introductory letter and the researcher's student identity card assured the participants of the genuineness of the study. Further, an officer from the National Board for Small Scale Industries at the Hohoe Municipal Business Advisory Centre (BAC) was engaged to assist the identification of enterprises and introduce the researcher to some owners and managers of businesses.

In view of the delicate and personal nature of the information being elicited from the respondents, extreme care and tact were exercised in the planning and implementation. Hence, permission was sought from prospective participants before the interviews were conducted. All participants gave their consent by completing the consent forms that were provided before the interviews. In the information sheet that requested participants to take part in this study, participants were informed of the purpose and procedure of the study. Participants were informed that their participation in the study was voluntary and that they could withdraw from participating at any point if they wished to do so. They were notified that in order to enable the researcher transcribe the interview verbatim, the conversation would be tape recorded. The participants' right to remain confidential was extended to include exclusion of any information (such as names and addresses) that could identify them. Participants were also assured that once the report had been completed the researcher would destroy the transcripts and audiotapes.



CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF RESULTS

4.1 Introduction

This chapter presents data analysis on employee rewards in selected micro and small enterprises in Hohoe with particular emphasis on existing reward practices, reward procedures, and effect of rewards on performance. The chapter is divided into four main sections. The first section presents a detailed background of respondents and their enterprises. The second section evaluates existing reward practices in micro and small enterprises; describes the financial and non-financial components of rewards; and assesses how rewards attract employees into an enterprise. The third section describes the procedures for rewarding employees in the enterprises including factors considered and medium of handing over rewards among others. The final section analyses the relationship between rewards and performance of employees.

4.2 Socio-demographic Characteristics of Respondents

The respondents comprised employees who were in active employment in enterprises that employed between one (1) and 29 employees. The enterprises considered were those whose owners either personally managed the businesses on day-to-day basis or were directly responsible for the management of the businesses. In order to protect the identity of the respondents, pseudonyms, which were derived from their names but cannot be traced to them, were used in presenting the results (see Appendix 5). The following subsections present the socio-demographic characteristics of the twenty-three (23) respondents engaged in various forms of employment.

4.2.1 Sex of interview respondents

Males were more willing to avail themselves for the study than females. This resulted in a majority (70.0 per cent) representation of males against a minority (30.0 per cent) representation of females. Table 3 presents the distribution of respondents according to sex.

Table 3: Distribution of interview respondents according to sex

Sex		
Category	Frequency	Percentage
Male	16	70.0
Female	7	30.0
Total	23	100.0

Source: Field Data, 2017

4.2.2 Age of interview respondents

In terms of age, 17.0 per cent of the respondents were below 20 years; 43.0 per cent were in the 20 to 29 years age bracket; 30.0 per cent were between 30 and 39 years; 4.0 per cent were between 40 and 49 years while 4.0 per cent were 50 years and above. This shows that perhaps employees move on to seek better jobs as they age and gain experience. The age distribution of respondents is presented in Table 4.

Table 4: Distribution of interview respondents according to age

Age		
Category	Frequency	Percentage
Below 20	4	17.0
20 - 29	10	43.0
30 - 39	7	30.0
40 - 49	1	4.0
50 and above	1	4.0
Total	23	100.0

Source: Field Data, 2017

4.2.3 Marital status of interview respondents

Among the sampled workers in micro and small enterprises majority (19 workers representing 83.0 per cent) were found to be single while only 17.0 per cent were married.

Comparing respondents' marital status with their age and educational background, it was realised that most of them were relatively younger (below 30 years) and that explains why they were generally single and had low levels of education. Table 5 presents the marital status of respondents.

Table 5: Distribution of interview respondents according to marital status

Marital status		
Category	Frequency	Percentage
Single	19	83.0
Married	4	17.0
Total	23	100.0

Source: Field Data, 2017

4.2.4 Educational background of interview respondents

The education level of respondents was generally low with majority (69.0 per cent) having completed basic education and senior high or vocational and technical education. Table 6 shows that only 5 respondents representing 22.0 per cent had completed college (Higher National Diploma) while only 2 respondents representing 9.0 per cent had first degree. This shows that most workers in micro and small enterprises are JHS and SHS graduates who are seeking to continue their education or working temporarily to fend for themselves.

Table 6: Distribution of interview respondents according to education completed

Education completed		
Category	Frequency	Percentage
Junior High	6	26.0
Senior High / Vocational & Technical	10	43.0
College	5	22.0

First degree	2	9.0
Total	23	100.0

Source: Field Data, 2017

4.2.5 Categorisation of interview respondents by headcount

By head count, the NBSSI categorises enterprises that employ between 1 and 5 workers as micro whereas those that employ between 6 and 29 workers as small. Table 7 shows that 8 respondents representing 35.0 per cent of the sample worked in micro enterprises while 15 respondents representing 65.0 per cent worked in small enterprises.

Table 7: Distribution of interview respondents according to number of workers

Number of workers		
Category	Frequency	Percentage
Micro (1-5) workers	8	35.0
Small (6- 30 workers)	15	65.0
Total	23	100.0

Source: Field Data, 2017

4.2.6 Working experience before current enterprise

Work experience was generally low among sampled workers. Table 8 shows that 22.0 per cent of respondents had never worked before joining their present work while 13.0 per cent had less than one year experience. Thirty nine (39.0) per cent of respondents had worked for 1 – 5 years before joining their current enterprise while 17.0 per cent had worked between 6 to 10 years. Overall, 74.0 per cent of respondents had five years of working experience or less before their current work. Only two (2) respondents representing 9.0 per cent had worked for 16 years and above before joining the present enterprise.

Table 8: Distribution of respondents according to period worked before current enterprise

Period worked before current enterprise		
Category	Frequency	Percentage

Never	5	22.0
less than 1 year	3	13.0
1 - 5 years	9	39.0
6 - 10 years	4	17.0
11-15 years	0	0.0
16 years and above	2	9.0
Total	23	100.0

Source: Field Data, 2017

4.2.7 Years in service at current enterprise

Employee turnover appeared high among respondents. Table 9 presents the number of years respondents had worked in their current enterprise. The table shows that 14 respondents representing 61.0 per cent had worked for less than one year in their enterprises while 22.0 per cent had worked for between one and five years. Only 17.0 per cent of workers had been in service for 6 – 10 years.

Table 9: Distribution of respondents according to period in service at current enterprise

Period in service at current enterprise		
Category	Frequency	Percentage
less than 1 year	14	61.0
1 - 5 years	5	22.0
6 - 10 years	4	17.0
Total	23	100.0

Source: Field Data, 2017

4.3 Evaluation of Existing Reward Practices in MSEs

The foremost objective of the study was to assess how employees in micro and small enterprises are rewarded. This section sought to explore prevailing rewards received by employees in the selected enterprises. The opinions and impressions of employees were elicited on the following specific areas: financial rewards; non-financial rewards; preference for financial and non-financial rewards; deserved rewards; comparison of rewards with contemporaries in large

companies; strength of rewards to attract others; and opinion on discrimination by employers. The results from the interviews relative to the above areas are presented below with supporting quotations from respondents.

4.3.1 Financial Rewards

The respondents were asked to describe the monetary rewards they received from their employers for the work they did. Various financial rewards were reported by the respondents. Some of the rewards were received at regular intervals while others were received periodically. Monthly salaries dominated the regular financial rewards received followed by monthly piece rate and daily pro rata wages. While the monthly salaries were fixed and paid monthly, others reported being paid based on their output or quantity of products or services produced. And others were paid daily proportional wages based on the daily output and sales they made.

Phendo reports that they were paid daily wages proportional to the sales made: “...after a day’s work he divides the sales I make into three and gives me one-third. He takes one-third and keeps one-third for the shop.” Stika, a seamstress, describes that they were paid according to the number of items produced (or sewn) within a day and accumulated for the month: “...we are paid four cedis for sewing one trouser; three cedis fifty pesewas for sewing a shirt; and twenty cedis for sewing a coat”. Lejus similarly said that they were paid according to the number of periods taught: “...we are paid on monthly basis. After teaching, you sign to confirm the number of periods you have taught. The period is converted into an amount which will be accumulated and paid at the end of the month.”

Aside the regular financial rewards received, other occasional financial rewards, most of which were based on merit, were received weekly, monthly, quarterly, half yearly, and yearly. These

include occasional cash tips, weekly allowance from extra duties (classes), and cash bonuses for achieving sales targets. Vademe affirmed that bonuses were received relative to the achievement of sales target: *“I receive monthly salary while bonuses come every time we achieve target.”* Liase also detailed the intervals with which salary and other intermittent rewards were paid: *“[clears throat]... In money terms we receive salary at the end of every month. And at the end of every year we are given bonus in the form of cash.”* Medect equally described the financial rewards she received aside the monthly salary: *“...we receive salaries monthly; and a person is put in charge to share the money from extra classes among the teaching staff every Friday”*. Worpe similarly explained how the workers themselves organised and distributed bonuses without the intervention of their employer:

“...we do extra classes... we put one person in charge of collecting the money from the children and at the end of every week, we all come together to share it”.

In sum, it could be surmised from the foregoing presentations and narrations that while the regular financial rewards usually received monthly were based on membership and output, the occasional ones were received for undertaking extra duties; achieving targets; pursuing customer satisfaction; and being loyal to the business. It was therefore obvious that the most visible financial reward for employees was basic pay as posited by Scarborough and Cornwall (2016). This conclusion confirms that of Deeprise (2014) that even though money may not necessarily motivate, the absence of it would be a strong demotivation to employees.

4.3.2 Non-financial Rewards

Comprehensive non-financial rewards seemed underestimated in micro and small enterprises per the accounts of the respondents. The few reported by respondents was dominated by food items or provisions received especially at the end of year. Other rare ones such as lunch, training

programmes or seminars, praise and encouragement, and using enterprise's facilities for private jobs were reported by some respondents. Vademe admitted that he received food items from his employer: "...because we are a distributor he sometimes gives us rice... and other food items". Worpe explained the end of year benefits received: "...during festivities like Christmas, vacation or Easter they give us three cups of rice with sardine. Sometimes they give us soap and other things... as motivation". Phendo and Tsining also described the personal items they received from their employers "...like clothes and many things. He buys me food sometimes and gives me money too." (Phendo). "For me he gives me money, dresses, and shoes; he praises me too... and sometimes says thank you for the good work done..." (Tsining).

For Monx, he appreciated the periodic training programmes that enabled him to be abreast with changing trends in the hospitality industry:

I must say sometimes our directors take us to training when we need to be trained pertaining to what we do. Because we operate a guest house we go for seminars [on] how to relate to our customers and how to keep the place running.

Stika claimed "it's all about the sewing. We do not receive anything again". However, she admitted in the course of the interview that "He gives us opportunity to do our own work or jobs here". This opportunity to use the enterprise's facilities for private jobs could be considered sufficient substitute for non-financial rewards. Mantse expressed contentment with the lunch provided to him at work even though his colleagues disregarded that as a reward: "Okay.... to motivate me to do the work... am given lunch... I eat lunch that is free provided by the school authority."

While it appeared that employers did not issue sufficient non-monetary rewards; the employees did not put premium on them and disregarded them as constituting an important component of rewards. This validates the findings of Edmiston (2007), Kishore, Majumdar and Kiran (2012),

Sanda and Ntsiful (2013), and Dessler (2013) that small firms do not offer extensive and competitive benefit packages. Most respondents claimed not to receive nonfinancial rewards even though further probes and follow ups revealed that some form of nonfinancial rewards such as end of year gifts were received. To the employees, anything short of money was not rewarding enough. The following section elaborates how and why employees appeared to prefer monetary rewards over non-monetary rewards.

4.3.3 Preference for Financial and Non-financial Rewards

The researcher sought to understand respondents' preference for financial and non-financial rewards. Respondents were therefore asked to compare their preference for monetary rewards to non-monetary rewards. Varied elaborations were made with the overall consensus being that employees preferred monetary rewards to non-monetary rewards. This finding agrees with the conclusion that money surpasses other incentives in terms of its instrumental value (Locke et al, 1980; cited in Rynes et al, 2004) and that money is instrumental in encouraging employees to take risks and do extra work (Mbah et al, 2015). However, few respondents variously explained their preference to the contrary; that is, non-monetary rewards were preferred to monetary rewards. Those who expressed such preference justified using the intrinsic dimensions of non-monetary rewards. This confirms the findings of Kowalewski and Phillips (2012) that there were differences between the rewards owners and supervisors thought employees wanted and what employees really valued.

Reasons proffered for the preference for monetary rewards included the liquidity of money in getting other items; possibility of already possessing the non-cash items; desire to save to further education; the financial independence; and freedom to decide what to do with the money. In general therefore, it could be deduced that money was preferred to other non-cash

rewards due to the fluidness of converting money into other assets and items. Vademe and Liase explained that money was preferred since other non-cash items could be acquired with money:

...with money... you can buy your food, you can pay your rent, take care of the family, and can also do your project... buy land, build a house, buy car, all those things... (Vademe)

...Personally I prefer the money because I may have the other items you might give me which is not money; and I may not need them. What I need is the money to do something else... (Liase)

Tsining preferred the money because that would enable him to further his education: *“For me I prefer the money. The reason is that I am a JHS graduate and I want to continue my education but because of my financial problems I am unable to do that”*. Fende, Ametsu, and Ella considered that money could give them the desired financial freedom to decide on the use of their money:

I prefer money ...mainly because I am a grown up and I do not like asking for things from others. So if I have the money I can provide the things I need by myself (Fende).

...money, because comparing money to non-monetary rewards, you can use the money for whatever you want to use it for. But if it is in kind they determine what to give you at every festivity. So I prefer money since most of the decisions about its usage will be taken by my own self (Ametsu).

...The money you give me could be used to do other things including my feeding. Who will give me breakfast and supper if you give me only lunch in the afternoon? I will by all means spend money on breakfast and supper so I prefer the money so that I will decide on how to use it (Ella).

Lejus however believed that preferring non-cash rewards such as lunch would be similar to focusing on the stomach at the expense of savings and investment: *“Oh! You work for money in order to acquire some property for yourself in the future. If at the end of the day all I get is lunch, it means that am working for the stomach without saving any money or investing.”*

Stika compared money to non-cash rewards like health insurance and explained that whichever non-cash item that was given would require money to maintain it. To her therefore, she preferred money because that was the reason why she learnt the trade: *“I will prefer the work [money] because the insurance will by all means expire and I will need money to renew it. I can work and get insurance for myself while still doing the work; that’s why I learnt the work.”*

Eluku suggested that since the primary motivation to work is money, it is important to consider revising the monetary aspects of the rewards package rather than the non-monetary side: *“I think [laughs] since we’re all here to acquire some money to help ourselves for now and the future I think it will be better to increase the monetary rewards. That will be more preferred than the other benefits.”*

Some respondents alluded to the fact that their salaries were not sufficient relative to the economic situation, their responsibilities, and their outputs. It appeared inconsistent to note that some of them claimed to prefer non-monetary rewards to monetary rewards. It could therefore be deduced that respondents considered the monetary component of rewards, especially salary, fixed and were therefore describing their preference in relation to other financial rewards such as bonuses. Monx for instance, in trying to justify his preference for non-monetary rewards concluded that he would prefer non-monetary rewards insofar as some desired monetary rewards were secured. Medect after complaining about her meagre salary similarly claimed to prefer merit prizes to cash. Worpe also alluded to lack of a better alternative job offer which meant they had to accept whichever rewards that were given. Even though he admitted that his

salary did not commensurate his output, he still claimed to prefer non-cash rewards even to the salary – a position which seemed contentious by his own account.

Personally when I started working here my main aim was not to get money. I find my personal development important. So I think going out for seminars to train and shape my future is the most important thing aside the money (Monx).

...If you give us gifts it will be preferred to money because that will keep the school on our memories and can be shown to others... As for money always we spend and even forget after spending. But if it is something like a frame or something else to motivate us it will be good (Medect).

...the work we are doing is greater than the amount they are paying us. But it is a private school and they determine the amount they will pay you; you either take the job or leave it if you are not satisfied. So even though the money does not match the work we're doing we take it like that... (Worpe)

Sela thought that preference for monetary rewards or otherwise depended on the value of the reward and the needs of the employee. She explained the sentimental value of non-cash items against cash items: “...You need to see the value of the thing they are offering you against the amount of money before you can pick... Let me say this one [points to an item] when they are issuing me this I can use it to remember that when I was working with ‘Company A’ this thing was offered to me. But so far as I have gotten the money I will spend it and forget that it was ‘Company A’ that offered me that money.” Gbalia also explained that preference “...depends on the need at that moment. So if I need money at that moment I will prefer that money. But in case I don’t need money at that moment I will be going for the other things...” In other words, preference for monetary or non-monetary rewards depended on time and circumstances.

4.3.4 Merited but Unissued Rewards

The study attempted to understand the perspective of respondents on the rewards they merited which were denied them by their employers. In other words, respondents were asked to describe their expected rewards compared to what they actually received at present. One theme that appeared to run through most of the responses was that employees indicated they deserved considerably more than what their employers were offering them.

Some of the respondents reported being denied annual leave, which was a statutory requirement for all employers who engaged workers on full time basis. Also, appointment letters, terms of reference or any such documents that detailed the conditions of employment appeared virtually non-existent for most of the respondents. Vademe and Liase for instance explained that even though they knew that employers were by law and convention supposed to grant employees annual leaves and issue appointment letters, they had not received any.

And attempts to inquire about those documents yielded no results. Vademe explains “....to be frank with you what I know for most workers is that every year they have to grant you a leave. But for the period I have been working here I have never been granted any leave.

[Clears throat] I have been working here for less than a year now. And to be frank with you I don't know my working conditions because I was not given an appointment letter for me to see what that am entitled to and all that. I once asked but I didn't like the response I received... So I decided not to ask for it again... For the time I have been working here there is nothing like a leave...
(Liase)

Stika appreciated the opportunity to use the employer's facilities for personal jobs and therefore could not ask for anything better. She was certain that discussions about salaries and other benefits would definitely be inconclusive and hence not worth a try: “He has given us all the

freedom to do what we want... But the money aspect; you know money is a problem to everybody so even if you complain you can't do anything about it. Since he gives us opportunity to do our personal work here there's nothing more to ask from him". Orgize expected his employer to contribute to his pension through SSNIT in order to secure his future and retirement: "...am very worried about the SSNIT; if the SSNIT is paid I can be sure that if I stop this work I will have something for my future..."

Other respondents thought they deserved to be given some allowances; awards schemes for deserving workers; mortgage schemes; periodic increment in salary; extra allowances for extra duties; inter-schools academic competitions; parity with employees in the public sector; motivation from management of the institution; and recognition by regulatory institutions in the form of certification. Eluku noted the rewards they merited aside the monthly salary, thus: *"...the rewards we think we deserve here as teachers should be remuneration and other forms of allowances... We will also appreciate being awarded or rewarded for the good work being done aside the salary that we receive..."* Joehack, a head chef for a hotel, preferred to be given the opportunity to own a landed property and advance in his career: *"For me I would be glad if my employer could look at my hard work and build a house so that he could deduct from my salary... I also want to take my career to another level. There are so many benefits when you take it to another level".*

Medect thought their salary required periodic upward revision while certification from regulatory institutions such as the Ghana Education Service would enhance further studies. For Lejus parity with contemporaries in the public sector summarised everything. He believed that considering the magnitude of work being done in their school, it was only fair to be paid the same as those in the public sector.

...it will be best if they will increase the salary because we need more money to further our education. They should speak with the GES to give us certificate... so that as we go ahead we will find it easier (Medect).

...we're earning less than those teaching in the big schools, as in government schools. We are earning less than them; meanwhile we all have the same qualification. Imagine you and I are degree holders but you get paid higher because you are in the government sector and I am in the private sector (Lejus).

Some of the respondents also expressed satisfaction with the current rewards programme while others simply did not expect more because they were passionate about the work they were doing. Mantse for example explained that: “... I don't think there's anything that I want to take from the school which the school is not giving me. It's somebody who is trying to expand education in Ghana. I would like to help that person to expand education so I don't demand too much from her.” For others such as Gbalia who did not think they merited any more than what they were receiving “...it's not by force... When am working and you're paying me that's fine... As long as you continue to give me the monthly salary which I'm due I don't have any problem”.

The foregoing accounts show that there are quite a lot of rewards that employees said they deserved but which were being denied by employers. Whether these expectations were legitimate or fair depended on the employer or the employee. But it is clear from the reports of employees that most of the deserved rewards such as appointment letters, annual leaves, pensions, extra duty allowances, and inter-institutional parity were legitimate and merited rewards. At any rate, definitions of 'employees' in the constitution and Labour Act frameworks did not categorise employees into private sector, public sector, small enterprises, or any such classifications. Hence, even though Cadden and Lueder (2012) advises that small firms should

not attempt to offer the competitive rewards packages large firms offer, Edmiston (2007) argues that not offering stable high-paying jobs with good benefits means small businesses may not necessarily be the fountainhead of job creation after all.

4.3.5 Comparison with Large Companies

In the general sense, employees are the same in the eyes of the law regardless of the sector within which they are engaged. The study sought to explore how employees in micro and small enterprises compared the rewards they received to their counterparts in larger companies doing the same work. Majority of the respondents reported that the reality was obvious and expected that employees in large companies would relatively receive more and comprehensive rewards. Research and literature is replete with conclusions that large firms offer more rewards and benefits than small firms (Bamfo, 2012; Sanda and Ntsiful, 2013; Kishore, Majumdar and Kiran, 2012; Edmiston, 2007). Liase who worked in a larger company before joining the current enterprise admitted that it was usual to expect bigger companies to offer better rewards because of their distinct financial position.

...My previous job paid better than this one but I consider it to be normal. This is because the previous organisation is bigger than this company.

Comparing my previous job to where I'm working now I may say that the previous company paid more because it was an international beverage company and therefore made higher sales. However, I would consider my current place better because they pay relatively better even though the company is not as large as the previous one. (Liase)

Phendo also referred to differences in the income of bigger hotels and smaller ones as justification for differences in rewards: “...There will be a difference because even though people visit here a lot, bigger hotels will have more visits than us... I know it will be different.”

Stika attributed the difference to the fact that large companies have bigger machines that enable

them to produce and pay better, something small businesses lack: *“As for the bigger enterprises there are big machines but here our machines are not all that big...*

The work and the payment of the big factory will be higher than this”. Lejus noted that workers in big and government schools earn better than those in small schools even though they may have the same qualification and workload: *“... we’re earning less than those teaching in the big schools... Meanwhile we all have the same qualification...”*

For Ametsu what workers in small organisations received was nothing compared to those in bigger ones. For him, it was better to focus on passion and giving back to society than the rewards per se. He took gratification from having to see his students succeed and acknowledging his tutelage and contributions:

...it’s nothing to compare that of others because I always have passion for teaching.... It has always been my dream to give back to society just a portion of what I have been able to gain from the society. So it’s not what we are gaining that I am after but at the end of the day I also want to see somebody pointing at me that am the one who helped him or her to be where he or she is....

Sela, Ella, and Joehack all of whom worked in a hotel admitted that the sales or outputs of bigger hotels were higher than the smaller ones. Therefore, it was impossible for workers in smaller hotels to receive the same rewards as their counterparts in bigger hotels.

This is a very small place. And I don’t think what they earn there we earn half of it here... So I don’t expect to be paid as they pay workers over there... I think they are supposed to pay us according to the amount of sales we make because you can’t pay us and make losses. (Sela)

There is a vast difference because for instance the shift that we are running here, some places do it three shifts. But because this place is small we just do two

shifts. And also we don't have off days but those in bigger hotels have off days. The payment will surely be different from ours (Ella)

The difference is that in those places conferences fetch them money; they get money for giving the rooms out; and the foods in their restaurants are expensive. So even the conferences alone, they charge for the room, they serve snacks and others which make them far different. When you look at the profit from the food there's not much difference compared to this place. The advantage they have is conference, other programmes, and facilities they have that we don't have here. (Joehack)

Some of the respondents admitted ignorance of what others received and therefore could not make any comparison. Some of them had not worked in any bigger enterprise and could not compare. But Monx explained that in spite of the smallness of his enterprise, the strategic location puts them at an advantage than even the bigger ones. For Orgize, the size of the business should not matter with regards to pensions. He talked of some hotels which were relatively small but still paid the pensions of the workers.

...I think this place is quite small but because we're at a very strategic place sometimes our place is even quite better than the bigger places. We're quite nearer to the main station so sometimes our place is better than the bigger organisations. (Monx)

...Actually they are all the same. Because I asked one of my friends at another hotel of the same size but they are paying them the SSNIT. And there is a guest house which is smaller than this place but they are also paying their SSNIT. (Orgize)

The above presentations have compared the perception of respondents on the differences or similarities between what workers in larger enterprises and small enterprises received. The conclusion supports the findings of Kumi-Kyeremeh and Boachie-Mensah (2012); Morton

(2004); Umer (2012); Barret and Mayson (2007); Stokes and Wilson (2010); and Dessler (2013) that reward practices in small enterprises are different. However, findings from other researchers (such as de Kok et al, 2012; Cadden and Lueder, 2012; Wade and Chow, 2016) confirm that the difference in the reward practices of small and large enterprises is justifiable and expected.

4.3.6 Strength of Rewards to Attract Others

Rewards are meant to attract, retain and elicit appropriate behaviours from employees. The study therefore sought to ascertain the strength of the rewards in micro and small enterprises to attracting people to work in the enterprises. Respondents were asked to describe how strong the rewards they received were in attracting other people to apply for employment in the respective enterprises. Varied opinions were expressed by respondents with the general impression being that the current rewards programmes were not attractive enough to get potential employees to seek employment in the enterprises. This is consistent with the findings that most MSE employees are dissatisfied with their remuneration (Morton, 2004) and owners are not able to attract staff with the requisite skills and abilities (Bamfo, 2012).

Respondents who thought that the rewards they were receiving were not enough to attract potential employees into the enterprises gave a number of reasons. Orgize argued that the rewards he received were not enough considering that he was not given separate allowance for airtime and transportation to and from his residence, a condition which reduced his income: *“if the person is not far from the workplace, then it’s okay. But if the person is far I will not advise him to come because of the transportation expenses.”* Thus, the rewards would be enough for someone who stayed close to the hotel and did not board a vehicle to work. Eluku indicated that a critical look at what they received relative to their outputs and what other institutions

paid would reveal that “it’s not worth” it. Medect reported how she would not have accepted the offer of employment if she knew what she was going to receive in rewards. She added that the school would not even get teachers if they put up a notice and declared how much they would pay:

...my prayer is that they increase the salary because if they don’t, it will be very difficult for them to get teachers. If they make notice to the teachers that this is the amount they will pay them when they work here I’m not sure I would have been working here by now. If I were to know the pay I tell you I will not have accepted to work here. (Medect)

Ametsu explained that even though the rewards were not attractive enough, passion for the job and humanitarian considerations caused them to continue working under such conditions. Some respondents did not entirely report that the rewards were not attractive. According to them, the current economic situation with rising unemployment rates rendered the rewards relatively better.

....no it will only take those who have passion in humanitarian works to be here... if you compare your daily expenses to what you take at the end of a teaching period you realise that the reward is nothing good to write home about. So for people who are into business I don’t think they will be willing to accept what we receive here. (Ametsu)

...[laughs] we are in Africa and the truth is that we talk about management because there is no job. So if you get something doing and they give you something, you have to accept it and move forward... (Vademe)

Phendo briefly pointed out that the rewards were neither sufficient nor insufficient. For him, the rewards were only good compared to nothing. In other words, the rewards that may be deemed insufficient for those in employment may be regarded better for those who are unemployed and not earning any income: “I will advise someone to come and work because

the time I was not working there I didn't have money like I have now so there's a difference. I can advise my friend that I know has no job to come and work here." Fende explained that the daily proportional wages received caused extravagance and would therefore advise anyone in similar payment structure to save: "[laughs] *The only advice I'll give is that person has to make some savings because this particular work may not push you to save because you know you'll get your chop money every day.*"

According to Stika the competence of the owner and flexibility of using the enterprise's facilities for her private jobs was enough to attract potential employees. Mantse reported that whether the rewards were enough or not depended on the individual. "*What will actually be okay for me might not be okay for the other person.*"

...the advice I'll give anybody who wants to work here is that it's a good place... He knows how to sew very well. You know everywhere if you go; even in school or whatever you're doing you'll not make it if you don't put in enough efforts. So you have to concentrate on the reason why you went to that place in order to get what you want. (Stika)

Gbalia and Ella similarly described how individuals differed in their perceptions of whether reward was attractive or not:

...When you really want to work you should come and see what happens here. Don't ask me how it is because I won't tell you. When you come and you're not okay you can leave. Because maybe there might be something I don't like but that person likes. If I go about saying things about the work and he comes to realize its different then it will appear as if I've deceived him or her. So when you are interested in working here come and try it; if you're not okay you can leave. (Gbalia)

...I have my budget for the money that they pay me here and I don't know how that person will do his or her budget. Maybe it will be enough for me but for him I don't know whether he can manage it or not... (Ella)

4.3.7 Opinion on Discrimination by Employers

In seeking to assess reward practices in the selected enterprises the researcher sought to ascertain the existence or otherwise of discrimination. Respondents were therefore to express their opinions on employers' discriminating in rewarding their effort; that is, whether some employees were paid better even though they all put in the same effort.

Similar to Tafti et al's (2015) finding, a significant majority of respondents agreed that their employers discriminated in rewarding them. But while some regarded the practice as justifiable, others thought that should never be the case. Liase explained that discriminating between employees with regards to rewards demoralised the others who had been discriminated against. Medect and Ella simply reported that indeed some of the workers got more rewards for doing less.

...it's real and I don't think it is good because sometimes it brings people's spirit down. You're doing the same with somebody who has the same qualification as you but by the time you know the person is getting more than you. They are paying him more than you; it will bring your spirit down. It may look as if maybe they are not seeing what you are doing (Liase)

I've had enough. The matter is that I am teaching two subjects in two classes so that makes four. I teach Science and Mathematics so every day I have classes... Someone who is teaching only RME and that man may teach once a week but will be paid higher than me. I think it's a great discrimination.... (Medect)

It happens because some people may report that they are not feeling well within a week. But for me I know that they are just lying so they will go and stay in the house for three days, four days, five days and I will be here working. But at the end of the day their salary will be more than mine so it happens here. (Ella)

For others like Ametsu and Mantse they thought their employers discriminated based on how hard the employee worked. Put differently, employees were arbitrarily rewarded. For example, Sela (a staff supervisor at a hotel) thought that “...it’s just about how best you work at the workplace. I come to work every day and do the work I need to do. You also come every day but you just come and sit down, play with your phone; you don’t do anything. You don’t expect to get the same thing that am given!” Ametsu noted that those who were identified by the employer as hardworking received more rewards. Mantse similarly expressed disregard for the existence or otherwise of discrimination and simply stated that “it depends upon the proprietress of the school”. Other respondents who admitted the existence of employers’ discrimination thought that the practice was justifiable. Monx for example, explained that there was the need for any employee being discriminated against to assess his or her output and perhaps commitment. Worpe also indicated that discrimination in his enterprise was positive relative to the number of years in service. He explained that high turnover rates in the school caused the owner to give more rewards to the workers who had served in the school for a long time.

... it depends on the employee to also put in more effort to make sure he or she catches the eyes of the employer to merit that kind of allowances or bonuses that would be given to the employees. (Ametsu)

It is about the effort that you put in, your attitude towards work, what you do on daily basis. The question you need to ask yourself is whether you are doing the same work the other person is doing. Or is he doing more than what I am doing? Those are the questions we need to ask ourselves. What I am doing, does it compare to what he or she is also doing before he receives more than what I receive... (Monx)

...it happens here. That’s why I said from the beginning that some people have been here for long... For the private sector people come in and leave often... Some people will come and within one year they leave... but some people have

been here for six years, five years or seven years. Your salary cannot be equal to what those people get. We call them old staff... your salary cannot be equal to what they receive. (Worpe)

Orgize admitted that one of their colleagues who had worked in the hotel for long received more than the others. He explained that even though he knew the salary of his other colleagues, that of their senior who was the longest serving staff was unknown. Eluku said that perhaps discrimination happened because employers did not conduct comprehensive assessments of the performance and outputs of workers before rewarding them.

Yea! It's true. Though three of us receive the same amount of money we don't know how much one person takes. Maybe I think it's because the person has been working over here for a long time. (Orgize)

...what I mean by the differences is that if the investigation before one is remunerated or rewarded is not well done, there will be discrimination. So I think one of the factors that should be carefully looked at when giving out rewards to employees is the level of work being done by the employee. (Eluku)

In spite of the foregoing explanations and justifications of employers discriminating against some employees, some respondents stated discrimination did not exist in their enterprises. Vademe for instance appeared oblivious of the rewards his other colleagues received and hence could not determine whether or not he was being discriminated against: “...I don't know how much the others get... I am the depot manager; we have warehouse keeper and we have general goods warehouse... I don't know how much they pay them to enable me to compare salaries”. Stika likewise reported that everyone was paid according to his/her output and hence there was no discrimination: “For this place we don't pay like that... He pays everyone according the work you have done whether you're a graduate or not” while

Lejus claimed everyone was *“paid equally depending on the number of subjects that you teach”*. Besides, other respondents such as Joehack said that discrimination was inevitable as far as human interaction was concerned but should be managed: *“To be honest I haven’t seen such in my department. And as a leader in my department we all have people we favour or like but it shouldn’t be made obvious. For me I like hardworking people. If you work hard you are my friend”*.

4.4 Procedures for Rewarding Employees in MSEs

4.4.1 Factors Considered in Rewarding Employees

Employees are not rewarded in a vacuum. Some factors are considered before deciding what, which, how much, and when to reward employees. Respondents were therefore asked about their opinion of the factors that their employers considered in rewarding them. In no specific order, several factors were considered including achievement of targets; years in service and loyalty; output and workload; obedience and serviceability; position and rank; academic qualification and experience; employer’s income; and efficiency and effectiveness. Inasmuch as these factors may appear comprehensive, it must be noted that these are summaries of the accounts of several employees; employers singularly reported no such comprehensive rewards. In other words, employees indicated that their employers did not consider many factors in deciding their rewards.

The respondents revealed that the most critical and widely agreed factor in deciding both financial and non-financial rewards was the output of workers. This agrees with the finding of Wade and Chow (2016) that a key determinant of employee rewards is productivity. Stika for instance reported that her employer did not consider education when rewarding them; it was all about their output: *“...It depends on the way you work. It is the amount of work you do that*

will determine how much you are paid. He doesn't find out whether you're educated or not. As far as you can do the work very well, that's all". For those who were teaching in basic and secondary schools, the workload which was measured in the number of subjects or classes taught, were considered in deciding rewards: *"I think what is being considered now is the workload because over here we do subject teaching. I handle RME and English for Primary 4 and Primary 5... so I think they consider the number of subjects being handled by each teacher at each level or stage of the school."*

Some respondents alluded to the fact that some jobs could not be done by 'anybody'. Academic qualification was therefore a factor in rewarding employees in such roles. Mantse for instance explained how 'not everybody' could be brought in to do the work he was doing:

"...you can't bring anybody to handle the subject am teaching if the person hasn't actually got the qualification and the experience to do that work." Medect explained how employers considered relevant academic qualification and experience as well as the family responsibilities of employees: *"...first they consider the degree you are having whether you are an SHS leaver, a tertiary leaver or a retired teacher. And the second one that they consider is the number of children you are having; if you're not having any child the money is low but those catering for children have their pay increased".* Sela however admitted that academic qualification was considered in offering employment but qualification did not guarantee reward:

...The job is offered according to your qualification... you may have a better qualification but I can work more than you... you may be holding university certificate while am holding SSCE [senior school] certificate. For the start you will be paid higher than me but as I am working harder than you I can be at the same level with you but I don't think I can be higher than you.

Liase talked about what he thought was normally considered in deciding rewards against what was actually considered at his workplace. For him, number of years in the service of the

enterprise was regarded more than academic qualification. Orgize explained that academic qualification was disregarded at his workplace. For him, there were no clear cut role descriptions; everyone plays any role as and when required. Worpe however said that the ability of the employers to pay the rewards was more important than any other factor. To him, the income of the school was first considered followed by the workload and number of years in the service of the school:

...to me what I know as the normal thing to do is that they have to consider qualification before rewarding employees but here they don't consider qualification. They consider how long you have served here... more than the qualification. (Liase)

He doesn't consider any qualification because when I started work there was a lady [name deleted] ... she said the salary was GH¢300 so it depends on the work... I am in the reception so I do a lot of work over here. I do cleaning sometimes... (Orgize)

...First they consider the income of the school... the fees that the children are paying... the amount they receive every term and the amount they are paying the teachers... they also consider the level of the work or the duration that you have been here; some have been here for long... some were employed here recently. So they consider all those things before giving out the salary. (Worpe)

Other respondents thought that efficiency and effectiveness, coupled with the personal relationship with employees were considered in deciding rewards. Ametsu for instance indicated service delivery as a factor: *“Well it's all about efficiency and then the delivery of service.... so efficiency and effectiveness are the key major factors they take into consideration...”* Gbalia explained that what was considered was *“The work you are doing; how you are performing; how hardworking you are; and how you are recommended by someone.”* Joehack similarly added that they were rewarded based on *“...some three factors. How you handle the place; how the business will progress; how you treat the customers so that*

they come again. When he looks at these and how the sales are increasing then he may show appreciating by motivating you with some rewards.” Amonel narrated a situation where his boss tipped them for their outstanding customer service:

...The last time we were here and then a customer and some people came to have a drink... after they left we realised they were director’s friends. One of them said he likes the way the staffs here behave and he likes the kind of service they rendered here... Because of the comment the man made the director was so happy so he gave each and every one here 50 cedis that we should just keep up our good work. (Amonel)

Overall, it was revealed that academic qualification, which was usually expected to be considered when rewarding employees, was not mostly considered in the micro and small enterprises. Even in instances where academic qualification was considered, other factors such as output, experience, customer service, hard work, and workload were deemed more important. But this is to be expected! A cursory look at the demographics of respondents revealed that most micro and small enterprises did not consider academic qualification in employing workers. This confirms the finding of Kusi, Opata, and Narh (2015) that the MSME sector is dominated by youth with low level of education. To the employers, academic qualification was inadequate insofar as workers could perform as expected of them. As noted by Brink, Cant and Lightelm (2003; cited in Bamfo, 2012), small businesses mostly do not have the financial capacity to hire the right calibre of labour and thus rely on unsuitable and / or low-level skilled labour. Additionally, the modus operandi of the enterprises was not that which required too much technical expertise and expertise. This perhaps explained why the rewards of employees in such enterprises did not vary much, but was limited to salaries and few irregular and ad hoc allowances and bonuses.

4.4.2 Medium for Paying Financial Rewards

Having assessed the kinds of rewards received by the workers in the selected enterprises the researcher sought to further understand how the financial rewards were paid to employees. The respondents pointed out that almost all of them received their salaries and other financial rewards in cash on “table tops” and cheques. Few of the respondents reported that they received their salaries through the bank while some had the option of either receiving through the bank or in cash. While some of them received fixed salaries at the end of every month, others were paid according to the calendar days worked. Besides, some employees were paid on daily basis.

Also, the respondents said that the employers did not contribute to workers’ pensions (SSNIT); confirming the finding of Edmiston (2007) that small business owners are much less likely to have insurance policy of any kind. Because employees were paid in cash without rigorous documentation, other statutory payments such as pensions and income tax were not paid. Respondents elaborated how they were paid financial rewards in physical cash: *“Well... the allowance; from the school fees collected was paid at the end of the month”*. Mantse explained that *“they prefer manual PVs [payment vouchers] and you’re paid in cash*. Lejus exclaimed that employers paid their salary in cash without contributing to their social security: *“No! It’s on cash basis without SSNIT; No SSNIT”*. Ametsu elaborated how their salaries and other payments were calculated: *“So we have a rate, they multiply the period by the rate then whatever extra bonuses you have they add it and that becomes your bonus or your reward for the month... I take mine on a table top”*.

Even though majority of respondents were paid “in cash on table tops”, few were paid through the bank similar to their counterparts in the formal sector. Vademe explained that he was paid through his bank account: *“we open account at the bank and they transfer our salary into our*

account” whereas Liase explained the alternatives they were given: “...our salary is paid in two ways; either by bank or table top. So when you open your account you provide the account details... they’ll pay through it but if you don’t open an account they will pay you on table top.”

Clearly, rewards in micro and small enterprises do not comply with the legal regulations suggested by Ryan (2013).

4.4.3 Medium for Giving Non-financial Rewards

It was revealed that non-financial rewards and other benefits were rare in the selected enterprises. It was revealed that conceptions of rewards focused on salaries and other regularly offered financial benefits. Respondents therefore appeared confused when they were asked to describe how they were given non-financial rewards. Non-financial rewards were usually ad hoc and not considered a fixed portion of total rewards. This goes contrary to the recommendation of Sanda and Ntsiful (2013) that small business owners in Ghana should utilise flexible workplace practices and work family support policies to retain employees.

4.4.4 Compliance to Laws, Regulations and Policies

As has been maintained in this study, definitions of ‘employee’ or ‘worker’ in legal documents have never distinguished between employees in large companies and those in micro and small enterprises. Thus, it is expected that workers in micro and small enterprises would be rewarded with recourse to laws and regulations as it pertains in large enterprises. Some respondents were asked if their employers followed any laws when deciding their rewards. While some of them reported that no laws were followed at their workplaces, others said that their employers considered regulations such as minimum wage in the labour law.

...I heard that for the salary, the minimum we should be paid is GH¢150. It is against the law to pay workers less than that amount... but we’re paid less than 150 so the school is breaking the law. Anytime officials of GES come here to ask

about how much they are paying us the authorities don't tell them the truth. They claim the teachers don't have representatives but we have reps on the welfare committee. The authorities lie because they don't want the GES to know the amount of money they're paying the teachers here (Medect)

...they claim that they have been following the labour law... Sometimes some officials visit them to check whether what they are paying their workers is up to the minimum wage. (Worpe)

...I think they follow the law because the minimum wage means you should be paid 13 cedis or 15 cedis for every eight hours worked. For us, we don't work for the whole eight hours. So when you compare what we are paid to the minimum wage I think the amount is okay. (Lejus)

For other respondents such as Gbalia, Amonel, and Matken who were hotel

receptionists/waitresses they did not receive separate payment for working overtime, on weekends or holidays. All such payments were included in the salary. They explained that the nature of their work basically involved working in the evenings, on weekends and on statutory holidays. Therefore, they could not demand being paid for working at such hours.

Again, this corroborates the findings of Kishore, Majumdar and Kiran (2012), Sanda and Ntsiful (2013) that the benefit packages in micro and small enterprises are not competitive and comprehensive.

4.4.5 Involvement in Deciding Rewards

Workers in the public sector and large companies appear to have a say in the rewards they receive. At least their interests are always pursued by their trade unions. For workers in micro and small enterprises however, trade unionism means the individual workers have to pursue their own individual interests. The number of workers, nature of enterprises' operations, and conditions of employment made it practically impossible for employees in such enterprises to unionise.

The researcher wanted to understand the extent to which employees were involved in deciding their rewards. The respondents were asked to describe their level of involvement in the rewards decision. A significant majority of respondents reported that they were not involved in deciding their rewards. Employers appeared to arbitrarily decide the rewards of employees leaving the latter no freedom to make inputs. Some respondents explained how they were left out of the rewards decision:

...when I came here they proposed the amount they will pay to me. With my qualification it's not good for me to take that but I don't have any other option. I need the job and I can't sit in the house too so I decided to take it and do the job. But recently they've increased our pay and I don't know what they considered when deciding to increase it... (Liase)

They just decided what they want and pay us. When I came here I didn't have any information about the salary. When I asked them to increase it, they said I should even be thanking God for what I have. (Medect)

...we don't have much say. We complained but our grievances were never considered. ...It's the private sector so whatever he decides to give you is final. You can complain but it will not change anything (Lejus)

The respondents who reported being involved in deciding their rewards explained that their involvement ended at the interview stage of the selection process where they were asked about the salary expectations. Upon commencement of work, the rewards were solely decided by the employers without any discussion with employees. Few respondents however reported being involved in deciding their rewards. Whereas some of them were directly involved in the decision, others were represented on a committee.

Before fixing the salary? No!but they will ask you about how much you expect to be paid during the interview... After that, finished!... Every year they will

increase your salary but they will not ask you again... it also depends on how the company is growing... and how you are achieving your targets... (Vademe)

...the proprietress decides but I have a say. Before I got employed here I sat with her to bargain about how much I would take... I told her I'll take a certain amount and she said she wouldn't be in the position to pay that much because what is collected from the pupils is not enough. There were some bargaining and negotiation and we agreed on something which I am taking at present... (Mantse)

...In the school we have various committees and I am one of the members of the welfare committee. There was a time the welfare committee executives went to the school authorities to request an increment of salary. Because according to the labour law there must be salary increment every academic year. (Worpe)

...when he was interviewing me, he asked me how much I think he should pay me. But what I told him was I don't know anything about the job... So what he thinks is suitable for the job he should offer me for now. Then if I get into the job and see that the job is very stressful or the money I am earning is not enough for me... then it will be fine if he can do something about it. It's even in my appointment letter that if the money he's offering me is not enough for me he can still do something about it. (Gbalia)

Ella accepted the offer without negotiating because it was better than her previous job:

"...when I came to interview they told me the amount that they will pay me. And that's all...

Where I was working first they didn't pay me that amount so this one is better for me at my level".

4.5 Relationship between Rewards and Performance of Employees in MSEs

The final objective of the study was to determine the relationship between the rewards employees received and their performance on the job in micro and small enterprises. The foregoing analysis presents the responses from employees.

4.5.1 Influence of Rewards on Performance or Non-performance

In attempting to ascertain the relationship between rewards and performance the researcher inquired from respondents whether the rewards they received from their enterprises got them to perform or not perform. Most respondents agreed that rewards were expected to generate performance as posited in most quantitative studies (for example Yamoah, 2013; Kawara, 2014; Tafti et al, 2015; Mbah et al, 2015). Few respondents identified a positive relationship between the rewards they received and their performance. However, responses from most respondents indicated that the rewards received were not directly responsible for their performance or non-performance.

Liase attributed his performance to his willingness to sacrifice and gain work experience. To him, he was not encouraged to perform by the rewards per se. The benefits of helping others and gaining work experience for future employment got him to pay little attention to the rewards and give off his best. Mantse talked about his passion for the job, the objective to assist the development of the school, and the enthusiasm of his students to learn “spurs” him into performing. For him as well, he was not necessarily motivated by the rewards he received. Lejus similarly said that the desire to help students pass and the related acknowledgement in future of such help led him to perform. He explained that he worked hard for humanitarian reasons and not for the money as such.

...personally it's not the rewards because I know it's not all about the money. Definitely you have to start from somewhere and go somewhere... So even though the money will not be enough I believe when I put in my best it can help me to get more experience to go into other business or find another job. When I get a job elsewhere my new employers will definitely depend on recommendations of my old employers to know my attitude to work and other things. So for now it's not about the money. (Liase)

...it's the children I'm teaching. They are basically the reason why I teach. They seem very anxious to learn and that spurs me on to give off my very best to them. The attitude of the proprietress encourages me to work hard so that the school will become popular. These things actually spur me on to give off my very best
(Mantse)

As I said I am not working based on the salary I'm getting. I am here to help someone to pass so that in future that person will see me somewhere and say this was the man who taught me; this is the man who made me something today... if I want to base my work on what I'm being given then I'll not be here. So it's not much about the remuneration; I'm there on humanitarian grounds...
(Lejus)

According to Sanda and Ntsiful (2013) prompt payment of salary or wages, fair administration of company rewards is essential to satisfy the need of employees. Stika explained that but for delays in the payment of her salary, she would have been encouraged by the rewards: *"The amount we receive here at the close of the month will encourage us to do the work very well if it was paid on time.... When the month ends the money is not paid early like he promised us. Though it doesn't come early we still work with our own strength"*. Orgize simply stated that the purpose of his hard work was to persuade his employer to increase his rewards, an exercise which was not yielding the desired outcome. His performance was only superficial to portray a positive image to his employer: *"I just work harder for him to know that I'm working hard for him... to confuse him to increase my salary but he's not doing that"*

Phendo attributed his motivation to the hope that the rewards they received would increase if they increased their output: *"If I see that I work 30 cedis today and I'm given 10 cedis; tomorrow I will force to work up to 60 cedis so that I will have 20 cedis"*. Fende similarly argued that he would work hard because his income increased when he increased his work

output: *“I get paid according to the amount of work I do. The more I work the more my income increases”*. But Medect stated that the rewards rather decreased her performance. She recounted how she went extra mile to assist her pupils in the initial stages of her employment. Upon receiving her first pay however, she realised that the payment did not match her sacrifice and performance: *“The money even decreased my performance. Seriously! When I came here I used to do morning classes during the first month for the children for free because I am a mathematics teacher and I wanted all of them to develop interest in the subject... But when I started receiving pay I realised that they didn’t appreciate what I was doing so I stopped”*.

Other respondents explained how the attitude and personality of their employer got them to give off their best even though their rewards were inadequate. *“...Naturally I am a hardworking person and always focused on the progress of the work. I tend to be demotivated when my expectations are not met. But my boss usually motivates me by his encouraging words that get me to give off my best”* Joehack explained. Amonel similarly talked about the unique personality of his boss and how that motivated him: *“...One thing about me is I don’t play with my work... I like the way my boss is... he’s a very nice man... I have had the chance to work with some people and I know the way some of them react to their workers. Some don’t even treat you with a little respect just because you are their worker and they are paying you. But working with this man, I like the way he is and that makes me devote to do my best”*.

It could be concluded that to most of the respondents the relationship between rewards and performance was not exactly direct as indicated in several quantitative studies (such as NnajiIhedinhmah and Egbunike, 2015; Tafti et al, 2015; Mbah et al, 2015; Wasiu and Ademajo, 2014; Kawara, 2014; and Yamoah, 2013). Rewards per se did not correlate positively with the performance of employees. Several intervening factors such as passion for the job,

humanitarian considerations, need to gain work experience, and personality and attitude of employers caused employees to perform even though their rewards may be inadequate. In relation to Vroom's (1964) expectancy theory, employees would 'rationally' calculate to work in spite of rewards than focusing on rewards for performance. As confirmed by Furtado et al (2012), factors other than financial rewards determine employees' performance.

4.5.2 Perception of Performance of Co-workers

Workers usually compare their output and performance to their colleagues doing the same or similar work. The researcher thus sought to assess the opinions of respondents on the performance and rewards of their colleagues. Specifically, the researcher wanted to understand whether respondents thought there were some of their colleagues who were rewarded even though they did not relatively work hard. Most respondents reported that their co-workers worked hard and performed well. Others reported cordial relationships between themselves and their colleagues. Few contended that even though their colleagues usually worked hard, they were sometimes lackadaisical towards work. Some respondents such as Medect acknowledged that some of their colleagues were paid in spite of not exactly performing to warrant such payments. Worpe explained that family ties to his employer caused some of his colleagues to be paid high despite low performance. All these cases notwithstanding, a number of the respondents claimed that it was not precisely possible to get paid without the output required to deserve such payments.

If you don't come to class to teach you will not sign for that week... You sign only when you go to class to teach. So if you don't sign for the whole month for example then no pay for you... (Lejus)

Well, with where I am working there's nothing called higher or lower... You are paid per the number of period you've been able to teach. They also consider the performances of the students to decide how much you are paid... (Ametsu)

Sometimes as human as we are we think that we are working more than others but here we don't think about those things. If there is a need for me to go out I try to call and verify if my colleague will be around so that he can come and take over. Though my boss treats us differently sometimes, it's not something we can complain about. (Monx)

...some of the people will just close the door when they report to work, go out, and sometimes return later in the evening. They will go out even if it is not an emergency... They don't do certain things they are supposed to do but yet they are paid... (Orgize)

Even though some of them don't come to school for the whole week they get paid at the end of the month because they are church members... (Medect)

...Some of them have that kind of relationship with the proprietress; family relationship. So even though I work harder than they do, they still get paid higher than mine. (Worpe)

4.5.3 Strength of Rewards for Retention

Small businesses in Ghana are overwhelmed with the issue of how to retain employees (Sanda and Ntsiful, 2013). Most HR professionals will agree that a base salary will only encourage an employee to work at the level that is required of them for them to keep their job. Hence, it is important to keep employees happy if an employer wants to keep them working. It is also a fact that it is easier and relatively cheaper to retain existing employees than recruit new ones. The researcher therefore wanted to find out if employers offered rewards that were sufficient to retain employees for life.

All respondents reported that the current rewards programmes of their respective enterprises were not enough to keep them working there for the rest of their lives. Many had no plans of maintaining the current job in the nearest possible future. Ella for instance claimed that

“...for now I just need some money to continue my education that’s why I am working here... I will not be here for more than a year.” Several reasons were offered by respondents. But one of them who admitted the rewards were not enough added that no amount would ever be enough if one is not discipline:

...as human beings, to say that you are content when it comes to money is not possible. Even our president and all those people who receive bigger monies are never okay with what they get. But it’s not about how big the money is. It’s about how you discipline yourself in terms of how you use money. Because the salary I was taking in my previous job is higher than what I’m taking now... but since I came here I have made more savings out of the little I am receiving. I am saving more now than in my previous job... (Liase)

Respondents who entirely thought their rewards were insufficient variously explained as follows. According to Vademe, rewards were not enough because there were no yearly revisions to compensate for increasing costs of living: *“...every year life gets tougher so they have to increase the salary... They have to increase the salary every year based on the dollar rate because every year things become costly. The prices of things increase so if they don’t increase this salary it can never buy what we want to buy”*. Monx would not be working in the enterprise in the next few years because there were personal ambitions to pursue: *“It will not keep me working here for the rest of my life. That salary to be frank is not enough. But as I always say I am a young guy and I have a lot of ambitions so there is no way I will be working here in the next three to four years. I have my personal ambitions and I have to pursue those ambitions...”* Family responsibilities and other commitments were essential to Phendo and so would move on to find other means: *“No, because by all means I will grow up and get married so he cannot be giving me money to feed my family. I have to get a better job to be able to provide for my family without anyone’s help”*. Worpe supported that the rewards he received were not enough to cover family commitments and other expenses: *“...not at all because some*

of us we are family men so the amount we're taking over here is never enough. Some of our children are attending school so it cannot take us anywhere. But we're just managing it for now because we have nowhere to go."

Tsining could not continue living on current rewards due to the need to continue education:

"I've already said that I'm going to continue my education; that's the first one. And the second one is that to work in a day and take one third of the sales is not something that I can depend on for life..." Eluku similarly said:

I don't think I can be here for the rest of my life because I'm yet to gather some funds for my tertiary education. And looking at what we receive here now compared to what others receive in schools that are at the same level with ours I don't think it's worth receiving. Something should be done about it... it should be increased a little to boost our morale.... (Eluku)

According to Eluku, the amount was not enough relative to other workers in similar employment. Medect feared how that amount could not even take care of just her not to talk of their families when she married and gave birth: *"the money they give us does not buy anything and it gets finished. And can that money cater for us when we give birth now and need to cater for our children? I don't think so"*. Stika thought the rewards were not enough but could not leave due to the high unemployment situation and the reality that the flexibility she enjoyed at her current workplace may not exist elsewhere: *"...the payment is not good. It's just that when you go out you'll not get another job... There are some employers who will not allow you to use their tools and machines to do your own dress alteration but this man allows us to do whatever we want with his machines... he does not complain"*. This corroborates the finding of Edmiston (2007) that large firms are characterised by undesirable working conditions including weaker autonomy, stricter rules and regulations, less flexible scheduling, and a more impersonal working environment.

Orgize believed he got virtually nothing from the work because other expenses like transportation rendered his pay worthless: *“Because I have been here for one year and have not saved anything... If I calculate my transportation to and from work every day it means I will not earn anything.”* Lejus explained that ‘nobody’ depended on the current work and rewards; other businesses were used to supplement: *“It’s not enough that’s why we are already doing it on part time basis. So you come and teach after which you go in for other businesses as well. So nobody depends on that school alone... everybody had something doing before coming”*.

4.5.4 Rewards to Guarantee Lifetime Commitment

Inasmuch as most respondents reported that they did not plan to work in the enterprises for the rest of their lives, they did not hesitate to express their views on what could be offered to encourage them to commit the rest of their lives in the current work. As clarified by Gbalia: *“It’s okay to keep me working here but not for the rest of my life.... Because I’m a student and I’m just doing something here for now; I’ll be moving on.”* This confirms the finding of Kusi, Opata, and Narh (2015) that most MSMEs lack qualified personnel and so depend on the youth with low level of education. Some respondents like Vademe indicated that appointment letters needed to be issued to employees at all levels. He explained how attempts to demand certain conditions would eventually lead to dismissal:

...my employer is doing his best but it is important that they give us appointment letters. Whatever the level; from the security men to the top... everybody needs to get the appointment letter in which they spell out everything... We are in the private sector so we can never demand what you want; it’s not for your father. You see?

Other respondents such as Stika likewise revealed that if an employer expects employees to give off their best it is important to pay them appreciable salaries and be patient with them when they err:

...you have to pay the person very well. And if in case the person commits mistakes, we should remember that we are human and everybody can do something wrong. So when that happens you need to be patient with that person and correct him or her whether old or young. But when you use a harsh word the person will also get angry and may go ahead and do worst things.

Reward for long service and loyalty; trust from employers; opportunity to continue education; provision of accommodation; reduction of workload; openness to employees; award for deserving workers; salary increment; provision of uniform; provision of airtime; opportunity to bargain; commission on sales; mortgage and other property owning arrangements; and provision of good work tools and environment were mentioned by most respondents. Gbalia stated that “...the working conditions must improve... for now we work from Mondays to Sundays. Maybe if they can give us Sundays or weekends off or some weekend shift so that even if you come to work this weekend the following one you won't come...” Medect also requested that:

...Whenever we need a red pen they have to give it to us. They have to increase our money. They have to decrease the workload; because teaching maths and science every day I am tired! ...they have to be open to us; we shouldn't be so timid that we're even afraid to ask them questions... and partiality should be stopped. They should just be generous.

Ametsu also demanded that additional allowances aside monthly salary and provision of working materials were vital for his retention: “...an end of month salary will do and the other allowances... maybe transportation and teaching material... those are the vital things I think when made available can sustain me for as long as I live in that institution”. For Worpe, parity

with colleagues in the public sector, which in his opinion would entail the payment of social security, was required to keep him working in the enterprise:

...you see one thing we in the private sector have been fighting for is the pension contribution. That's why we have been working hard to leave the private sector to join the public sector for our pension. And secondly, the salaries that the public sectors are taking is far higher than ours so we want to be paid the same too... if we have that kind of equality with them nobody will think of leaving the private sector...

Lejus similarly noted that he should be paid the salary comparable to those doing similar work in the public sector: “...comparing me to someone who's also a university or degree holder in government schools; they need to pay me according to what that person takes. The reasonable amount that can keep me, my family, and extra to be able to do something for the future...”

This expectation that large firms and public institutions offer better jobs, higher wages, and better benefits than small firms (Edmiston, 2007) explains why most workers are poached by larger organisations and the public sector which offer higher salaries (Bamfo, 2012). Others such as Phendo however abstained from responding to the query because he was going to quit in any case: “I don't have anything to say about that because by all means I will quit this job”.

Joehack similarly noted, “I also want to take my career to another level. There are so many benefits when you take it to another level so soon I will not be working here anymore.” Ella also explained, “For now I just need some money to continue my education... I will not be here for more than a year”. For Matken, “everyone knows the reason why he or she is doing this work. If you get enough money to do what you want then you leave”. These confirm the finding of Bamfo (2012) that employee turnover is high in small businesses.

CHAPTER FIVE

DISCUSSION OF MAJOR FINDINGS

5.1 Introduction

This chapter reduces the detailed findings in Chapter Four into an easily comprehensible piece. The purpose of this chapter is to translate the heavy interview data into discussable outcomes. The major findings of the study relative to the study objectives and research questions are examined in the chapter. Linkages are made to the literature reviewed in order to enable comparisons between findings and extant literature. The researcher thus relates the findings to the literature, and provides plausible explanations for possible uniformities and inconsistencies.

5.2 Evaluating Reward Practices in Micro and Small Enterprises

The study found that the most obvious and regular reward received by employees in micro and small enterprises is money. This confirms the position of Scarborough and Cornwall (2016) that money is one of the most popular rewards. Money rewards received entailed monthly salary, daily pro rata wage, and monthly piece rate. While fixed monthly salaries were paid on monthly basis; periodic financial rewards were received including quarterly, half yearly, and yearly cash bonuses, occasional cash tips from boss and customers, and extra duty allowances. It was found that the regular financial rewards were based on membership and output whereas the occasional ones were mostly based on merit; a position which confirms the conclusion of Deepro (2014) that whilst the presence of money may not necessarily motivate, its absence is a strong demotivation.

A conversation with one owner revealed that she provided accommodation for her employees in order to monitor their attendance and other situations to prevent them from playing smart

with absenteeism and sickness. She added that since her competitors worked on holidays, there was no need to pay her workers for working on such days. Similarly, one hotel owner explained that the hospitality industry basically operates on weekends and holidays so there was no need to pay employees on such days. Another employer described how she dealt with maternity leave issues. She reported that when an employee went on maternity leave, the salary was divided into two with the employee in question getting half while the one employed to replace her got the other half.

Non-financial rewards were found to be virtually non-existent and under applied in micro and small enterprises. This partly confirms the positions of Dessler (2013) and Edmiston (2007) that large firms offer more extensive benefits packages than small ones. Few non-financial rewards reported include provisions, training programmes, opportunity to use business facilities for personal contracts, and lunch. The valence (the value an individual places on various work outcomes or rewards) of non-financial rewards, according to Vroom's (1964) expectancy theory, was positive but low for both employees and employers. It was realised that whereas some employees did not put premium on non-financial rewards most employers rarely found them necessary in the rewards equation. The finding, for instance, that most employers did not contribute to their employees' pensions confirm the conclusion of Morton (2004) that lack of social insurance and unsatisfactory pension arrangements characterise employment in SMEs. Similarly, the finding that both employees and employers seem to conceive wage or salary as the 'only' reward, thereby downplaying the relevance of nonmonetary rewards support that of Wade and Chow (2016) that micro and small enterprise workers are less likely to enjoy non-salary benefits found in formal employment. The valence for wage or salary was therefore positive and very high.

Respondents were asked about their preference for monetary and non-monetary rewards. Even though few respondents expressed preference for non-monetary rewards, a significant majority preferred monetary rewards. This confirms the conclusion of Locke et al (1980; cited in Rynes et al, 2004), that no other incentive comes close to money with respect to its instrumental value. It equally supports the findings of Mbah et al (2015) that financial rewards encourage employees to take risks and do the extra. It was found that whereas those who preferred monetary rewards attributed their choice to the liquid nature of money, the few who preferred non-monetary rewards referred to the attendant intrinsic and sentimental benefits of non-cash items. This supports the position of Mandizvidza (2014) that the effect of money on performance differs depending on the economic situation of a country. Thus, whereas authors in the developed world opine that money is not effective for motivation, those who write from developing countries tend to agree that money is the main reason why people work; and it is the main motivator without which many people would not work.

Almost all employees were of the opinion that they deserved more than what they were given in rewards. What they thought they deserved include annual leaves, appointment letters, retirement benefits, allowances, awards, periodic salary increment, mortgage and other property owning arrangements; inter-sector parity and recognition. Most of these merited but denied rewards are supposed to be given to employees by law. These findings support the positions of Morton (2004), Stokes and Wilson (2010), and Oduro-Nyarko (2013) that job descriptions may not exist for MSE employees; and the use of word of mouth to recruit, select, and perhaps reward employees exist within many MSEs. The findings similarly confirm the position of Tesselaar (1998 cited in Kumi-Kyereme and Boachie-mensah, 2012) that informality in MSEs manifests in absence of labour contracts, extreme wage flexibility, leave refused arbitrarily, and wages below a living scale.

In a conversation with one owner of a private basic school, she contended that employees would not necessarily give off their best when offered the kind of rewards they craved. She made the point strongly that operations in private institutions are different from those of public and larger institutions. She elaborated that if an employee was assisted to for example further their education they would not return to the school considering that the national service allowance was more (and perhaps better) than the salary they were given. She continued that “*even in the public institutions where opportunity is given for further studies they quickly leave when they find lucrative jobs*”. As Etzioni’s (1969) social exchange and Adams’ (1965) equity theories would explain, there will be inequity if exchange relationships between employees and employers are characterised by one-sided demands and contributions from and to each party. Cadden and Lueder (2012) affirm that attempts by small businesses to offer competitive reward packages should not include efforts to offer what large corporations and governments offer. But this is exactly what employees appear to demand – parity with their counterparts in large companies and government sector which as are used as comparison other. The reason is that financial benefits in small firms are not competitive as those of large and more established firms (Kishore, Majumdar and Kiran, 2012). Similarly, large firms offer better jobs, higher wages, and better benefits than small firms (Edmiston, 2007).

Small firms manage people in informal, unwritten, ad hoc, intuitive, and pragmatic manner (Stokes and Wilson, 2010; Barret and Mayson, 2007; Umer, 2012; de Kok et al, 2011). Accounts of employees appeared to agree that it is obvious and expected that rewards in MSEs should be different from those of large companies. Respondents contended that the financial position, output, capital and general organisation of large companies put them in a position to offer better rewards than micro and small enterprises. This difference according to Wade and

Chow (2016) is attributable to profitability, industry, size of business, years in operation, and so on – factors some respondents alluded to.

On the attraction strength of rewards the overall responses of respondents indicated that the rewards were not enough to attract others. The impressions from the responses could be made that the rewards were too simplistic and limited to salary with little attention to allowance among other benefits. According to Porter and Lawler's (1968) expectancy model, performance is not a direct product of effort expended. Therefore, while some of the respondents claimed they would not have accepted the job offer if they knew the rewards, others took solace in the passion they have for the job, attitude and personality of employer, and humanitarian concerns. Consequently, effort expended (according to Porter and Lawler, 1968) is mediated by factors including individual abilities and traits. These support the finding of Morton (2004) that most workers in MSEs are dissatisfied with their remuneration. The economic situation coupled with high unemployment rates also caused some employees to work under the seemingly unfavourable conditions. As Morton (2004) explains, many MSE workers could be assumed to live below the poverty line even though they earned above the minimum wage.

But responses from conversations with owners contrasted that of interviews. All the owners were of the opinion that the rewards they gave their employees were enough to attract others to want to work in the enterprise. This partly confirms the conclusion of Das et al (2014) that people acquisition appear more important to micro and small enterprises than people retention. This position of owners may be explained by the unemployment situation that causes people to seek employment regardless of the conditions.

Finally, majority of employees were of the opinion that their employers discriminated in rewarding them. As Etzioni (1969) explains in his social exchange theory, people's involvements with their organisations may be calculated such that they expect their employers to reciprocate (in equal measure) by rewarding their efforts. Employees therefore perceive inequity when their inputs do not match the outcomes (Adams, 1965); hence, discrimination. Some of the respondents regarded discrimination in their enterprises as justifiable based on the hard work and loyalty of deserving employees. In Adams' (1965) equity theory one strategy to reduce a perceived inequity is to distort the comparison/significant other's inputs or outcomes. This explains why some employees rationalised that perhaps those who received more rewards worked harder and therefore deserved more. Few respondents admitted that discrimination reduced employee morale and made it appear as though their efforts were not regarded. These findings support the conclusion of Tafti et al (2015) that employers sometimes rewarded based on unreliable factors such as physical presence and service years at the expense of performance and competence.

5.3 How employees are rewarded in micro and small enterprises

Considering that small businesses create a significant majority of new jobs, it is natural to ask how these jobs compare to those at large firms (Edmiston, 2007). The accounts of employees revealed that their employers did not consider many objective factors in deciding their rewards. The general conclusion among respondents however gravitated towards performance, outputs, and loyalty. Contrary to the assumptions of many employees that their employers would consider academic qualification, it was found that qualification was not exactly considered in rewarding employees. In other words, qualification per se did not determine the rewards of employees. Available literature explains that micro and small business owners are not able to hire staff with the requisite skills and abilities because they do not have the financial capacity

to engage the right calibre of labour (Brink, Cant and Lightelm, 2003; Bartlett and Bukvic, 2001; cited in Bamfo, 2012).

Even when qualification appeared to have any bearing on rewards, other factors such as workload, work experience, outstanding performance, efficiency and effectiveness precede. This finding supports that of Wade and Chow (2016) that productivity is a key determinant of employee rewards. Whilst the demographics of employee respondents revealed that most of them did not possess higher academic qualifications, it appeared that the routine of micro and small enterprises did not necessitate the engagement of highly educated employees. Even though Kusi, Opata, and Narh (2015) conclude that majority of MSMEs lack qualified personnel, Kishore, Majumdar and Kiran (2012) argue that it is challenging for micro and small enterprises to retain talent pool because of lack of competitive salary.

Rewards should comply with legal regulations (Ryan, 2013). But almost all employees were found to be paid in cash with only few being paid through the bank. Due to this, many employers were found to evade contributing to the social security of their employees. The minimum wage was found to be the regulation that was mostly complied with. This finding confirms that of Edmiston (2007) that benefits, from health insurance and retirement to paid holidays and vacation appear to be better at large firms than micro and small firms.

The study found that unlike workers in large enterprises and the public sector who are mostly represented by trade unions, workers in micro and small enterprises are their own representatives. This is so in light of the fact that the modus operandi and conditions of employment in MSEs renders unionism far from possible. This perhaps confirms the assertion by Fening (2013) that MSE employers may be completely ignorant of quality management practices such as collective bargaining. Morton (2004) similarly argues that employees may

not unionise for fear of objection by employers. A significant majority of employees were therefore found to have no influence in determining their rewards. Employers seemed to arbitrarily decide the rewards of employees. At best, the involvement in decision of rewards was limited to the interview stage of the selection process where employees were asked to quote their salary expectations and it ended at just expectation.

5.4 Influence of Rewards on Performance of MSE Employees

In seeking to determine the relationship between the rewards employees receive and their performance, there seemed a confluence of the opinions of employees and owners. Contrary to the findings of most studies that have adopted quantitative approaches, this study found from the accounts of interviewed employees that their performances were not precisely products of the rewards they received. As explained in Porter and Lawler's (1968) expansion of Vroom's (1964) expectancy theory that performance is not a direct effect of rewards, respondents indicated that factors other than rewards such as the readiness to gain work experience; passion for the job; and humanitarian considerations got employees to perform.

This agrees with Porter and Lawler's proposition that rewards (which is expected to ensure job satisfaction) is a product of performance and not a cause. Even though rewards per se did not cause performance, some employees seemed to utilise the tactic of restoring equity through cognitive distortion (proposed in Adams' 1965 equity theory) where employees resort to reshaped perceptions of one's own efforts and rewards. Hence, employees refocused their attention from performance-for-pay to performance for other intrinsic benefits.

This refutes the findings of Nnaji-Ihedinmah and Egbunike (2015), Tafti et al (2015), Mbah et al (2015), Wasiu and Adebajo (2014), Kawara (2014), and Yamoah (2013) that rewards and performance are directly related such that increase in one leads to a corresponding increase in

the other. The findings also refute the conclusion of Sajuyigbe et al (2013) that rewards dimensions account for over seventy per cent variance of performance. The findings however confirm the position of Furtado et al (2012) that factors other than financial rewards influence the performance of employees; hence, financial rewards are not always the most recommended. As Vroom's (1964) expectancy theory states: motivation is a product of rational calculation. In the estimation of employees therefore, it is rational to work under unsatisfactory conditions and gain work experience and fulfilment than stay idle.

The opposite of Sajuyigbe et al's (2013) position appear to happen in micro and small enterprises: rewards account for about thirty per cent variance of performance while other factors such as desire to gain work experience and unemployment situation account for the remaining seventy per cent variance. Employees who contended that rewards got them to perform similarly indicated that even though they put in their best, their employers disregarded their performance and did not proportionally increase their rewards. This, according to some respondents, led them to decrease performance and cease all voluntary efforts. As Vroom (1964) expectancy theory would explain, instrumentality (probability that performance will lead to various work outcomes) will be low when an individual's efforts are not rewarded. This confirms the assertion of Scarborough (2013) that failing to distinguish responsible employees shows that the employer either does not care about exceptional performance or cannot separate good work from poor work. Wasiu and Adebajo (2014) also affirm employees resort to poor performance and non-commitment when they are denied deserved rewards.

On the retention power of rewards, all employees unanimously declined that their rewards were enough to retain them in their current enterprise. The issue of how to retain employees overwhelms small businesses in Ghana (Sanda and Ntsiful, 2013). As Armstrong (2012) notes,

every organisation wishes to retain its key employees and they are the very ones most likely to leave. Inasmuch as some admitted that the sufficiency of rewards was relative, a significant majority were certain that the rewards were not enough to get their 'lifetime' commitment to their organisations. Reasons offered for such opinion included absence of annual salary revisions to absorb rising cost of living; desire to pursue other careers; insufficiency of rewards to meet personal and family expenses; desire to further education; and rising unemployment rates. This confirms the conclusions of Kishore, Majumdar and Kiran (2012) and Sanda and Ntsiful (2013) that small businesses are not able to offer competitive benefits packages that fit employee needs and expectations.

If the rewards were deemed insufficient by employees, what exactly did they demand to be given to elicit their lifetime commitment? According to Kishore, Majumdar and Kiran (2012) MSMEs should offer competitive benefits packages that fits the employee needs and expectations, using contexts and incentives to keep workers motivated. According to the expectancy model what motivates individuals to work is the belief that their jobs would help them to meet their wants and would logically direct efforts in the direction of outcomes that assist them to fulfil their needs (Hellriegel and Slocum, 2011; Mullins, 2010). It was found that employees wanted the issuance of appointment letters; payment of appreciable salary; reward for long service and loyalty; opportunity to own landed property; trust from employers; opportunity to continue education; provision of accommodation; provision of work tools and environment; contribution to social security; provision of airtime; branded uniform; salary increment; award for deserving workers; decrease in workload; openness and fairness; and inter-sector parity. This confirms the findings of Sanda and Ntsiful (2013) that good reward management practices comprise prompt payment of salary or wages, fair administration of

company reward and the need to administer a benefits programme that really satisfies the need of the employees.

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CHAPTER SIX

SUMMARY OF FINDINGS, RECOMMENDATIONS, AND CONCLUSIONS

6.1 Introduction

This is the final section of the main body of the study. In the first part, the researcher attempts to summarise the findings for each research question in the same sequence as the questions were listed in Chapter One. The next sections deal with the recommendations for policy and practice as well as conclusions of the study. The chapter ends by identifying gaps in the study which future research could explore and complement.

6.2 Summary of Findings

This research sought to evaluate the reward practices prevalent in micro and small enterprises in Hohoe; assess the procedures employers used to reward employees in such enterprises; and establish the relationship between rewards and performance of employees. The qualitative phenomenological design involving semi-structured interviews and conversations were utilised to collect data from 28 respondents in selected micro and small enterprises in Hohoe of the Volta region of Ghana. Instruments used to collect data entailed interviews and conversations. Qualitative field data were analysed using thematic and content analysis. Rewards in micro and small enterprises were evaluated through the lenses of social exchange, equity, and expectancy theories

The study found that the reward practices in the selected micro and small enterprises were simplistic, straightforward, and not elaborate. The only apparent reward is salary and wages received daily or monthly. Other forms of rewards were randomly offered without recourse to many policies, regulations or laws. The relation between employees and employers with

regards to additional rewards was marked by uncertainty and mistrust. Nonfinancial rewards were underemphasised in MSEs and employees preferred more monetary rewards than nonmonetary. Employees were also found to think that they deserved more than what their employers offered them. Details of most of the deserved but denied rewards show that employees in MSEs call for parity in rewards with large companies and the public sector.

Whereas most employees believed that their rewards were not sufficient to attract others, employers thought otherwise. But it was found that employees continued working because they took consolation in the passion they have for the job; humanitarian motivations; attitude and personality of employer; and unavailability of alternative employment. No objective criteria were found to be considered by employers when deciding rewards. The most considered factors were performance and output; with factors such as loyalty, workload, and work experience also being resorted to in the rewards decision. Academic qualification was rarely considered contrary to the assumption by most workers.

The minimum wage was found to be the widely consulted legislation. The routine of micro and small enterprises was found to cause arbitrariness on the part of employers and indecision on the part of employees. Almost all employees reported they had no say in the determination of their rewards aside being asked of their salary expectations during job interviews. Contrary to most studies, reward in and of itself was found to have no relationship with performance of employees. Since the rewards were deemed insufficient by employees, employees were motivated to perform by factors other than rewards. These include the desire to gain work experience, passion for the job, and humanitarian considerations. Discrimination was found to exist in the selected enterprises. And majority of employees were negative that their rewards were sufficient to retain them in the enterprise. This pessimism expressed by employees was

attributed to lack of salary revisions, pursuance of other careers, desire to further education, and rising unemployment. Details of what employees thought would keep them working in their enterprise revealed that they simply wanted to be treated like their colleagues working in the public sector and large companies.

6.3 Recommendations

It could be surmised from the key findings that the following recommendations may be considered for policy and practice. First, it was found in the study that of the many laws and regulations guiding employment, the minimum wage regulation was the only legislation employers complied with. This raises concern about the application or applicability of other regulations such as social security, overtime payment, paid annual leave, paid public holidays, maternity leave, paid sick leave, and so on. It seems that even though the public sector cannot continue to be the major employer most workers yearn to leave MSEs to seek government employment. This is to be expected because the narrative has remained to hype the private sector, specifically micro and small enterprises, as contributing so much to the economy and employment without regarding how adequate workers there are rewarded.

It is important to either ensure strict compliance to labour laws or enact unique comprehensive laws that consider the nuanced operations of these enterprises. As Kusi et al (2015) conclude: lack of conducive, transparent and complicated legal and regulatory framework stifles the growth of the micro-small business sector. The NBSSI needs to create a department with human resource management experts whom MSE owners could consult. Such a department could hold periodic trainings and seminars for owners to understand their obligations and for workers to know their right. This will ensure that both employers and employees are aware of provisions in the law and the attendant obligations meant to ensure that all employees enjoy better quality

of work and fair treatment relative to rewards. The mandate of NBSSI and Business Advisory Centres should be extended beyond promoting the growth and development and providing business development services for MSEs to ensuring decent and quality work.

Again, the NBSSI require adequate resourcing and authority from the Ministry of Trade and Industry to monitor compliance of MSEs to laws and regulations. Likewise, unionism is a way to protect the interest of employees. It is therefore important for workers to unionise to reduce the unlimited autonomy MSE owners appear to enjoy that enables them to operate arbitrarily. The Association of Small Scale Industries (ASSI) which is the umbrella association for several small-scale industries should encourage MSE employees to unionise.

The Ministry of Gender and Social Protection, Ministry of Employment and Labour Relations, Civil Society Organisations, and Non-Governmental Organisations should also provide the required legal representation to employees who are exploited by their employers. This is because the demographics of most MSE employees show that they are vulnerable and cannot afford legal representation. The objectives of the Legal Aid Scheme under the Ministry of Justice and Attorney-General's Department include providing legal assistance to any person for purposes of enforcing any provision of the Constitution. The Legal Aid Schemes in the various districts should liaise with the ASSI, BACs, and NBSSI to create awareness about the support they can offer to workers whose rights may have been infringed upon.

As maintained by some researchers, minimum wage in and of itself does not guarantee the welfare of employees. Employees have been found to live below the poverty line even though they may be paid around the minimum wage. Inasmuch as the minimum wage sets a lower limit for financial rewards, employees deserve better than minimum to be motivated. There is therefore the need for the National Tripartite Committee to institute a living wage that assists

employers to understand and distinguish between how much is required to survive and what is needed to live with dignity. The minimum wage in Ghana (since 1st January 2018) is GH¢9.60 per day which equates to GH¢259.00 gross wage per month. According to Smith, Anker, and Anker's (2017) Living Wage Report, this is an extremely low wage which would not even allow people to meet their basic food needs. Furthermore, it is recommended to owners and managers of MSEs to regard employees as key partners to the growth and development of the enterprise. Hence, it is important that owners and managers of MSEs treat their employees as indispensable resources rather than resources to be paid off. Insofar as owners wish for the expansion and survival of their businesses, it is essential for them to reward employees beyond the rhetoric of base salary.

6.4 Conclusions

This research has confirmed money in the form of salary and wage to be the most regular and recognised reward for MSE employees. Aside fixed salary and proportional wage, payment for extra duties, unforeseen absence, and maternity leave was arbitrarily determined even though employers are by law obliged to pay such. Nonfinancial rewards are not pronounced in MSEs. The few that exist are irregular and limited to provisions and food items usually given annually. It has been established that employees of MSEs prefer monetary rewards to nonmonetary rewards due to the liquid nature of money. It has also been revealed that employees think they deserve more rewards than what their employers offer them. And these merited but denied rewards include paid leaves, written employment contracts, retirement benefits, allowances, awards, and regular salary revisions.

With hindsight, employees in micro and small enterprises demand parity with their counterparts in large and public enterprises. But while employees express dissatisfaction with the rewards

they receive; their employers appear satisfied with the rewards they give. As well, both employers and employees agree that the modus operandi of micro and small enterprises render their rewards programmes different from those of large enterprises.

The attraction and retention strength of rewards in MSEs appear weak. However, people seek employment and keep working in the enterprise due to the passion for the job and humanitarian reasons. Equally, the rising unemployment situation puts employees and job seekers in a position that makes it difficult to decline job offers no matter how unfavourable the conditions may be. This explains the confidence of employers that their rewards are enough to attract others to want to work for them. Discrimination has also been found to exist in MSEs whereby some employees are paid without recourse to any objective criteria.

While employers do not resort to any objective criteria in determining rewards performance, outputs, and loyalty are generally considered. Academic qualification is largely overlooked in the determination of rewards. In instances where academic qualification is considered, other factors (such as workload, work experience, and efficiency) take precedence. Most workers in MSEs do not possess higher academic qualifications and therefore renders qualification as a reward criterion impractical.

Payment of financial rewards is done in cash with employers evading the contribution to social security, overtime, annual leave, sick leave, and maternity leave. The minimum wage legislation is mostly complied with. The involvement of employees in deciding their rewards is minimal and sometimes non-existent. Apart from enquiring of employee's salary expectations during interviews, employers arbitrarily decide what, how, when and which reward to offer employees.

The relationship between rewards and performance of employees in MSEs is far from straightforward. The performance of employees in MSEs is not an exact product of their rewards. Other intervening factors such as desire to gain work experience, passion, and humanitarianism ensure performance in spite of the insufficiency of rewards. The rising cost of living; the need to pursue further education, desire to pursue other careers; and rising unemployment cause employees to think that their rewards are not enough to retain them in their enterprise.

Employees in micro and small enterprises constitute a significant majority of Ghana's workforce. This fact notwithstanding, workers in MSEs appear generally underrepresented in discussions, researches, policies, and regulations concerning workers. This study has confirmed the exclusion of workers in such enterprises from the application of the labour law among other labour regulations. Insofar as the public sector has proven unreliable in the job creation agenda, the informal sector under which micro and small enterprises fall, appear the only sure way to provide employment for the teeming graduates. This means that rewards in these enterprises need to be at par or at least in line with what averagely prevails in the public sector.

6.5 Suggestions for Future Research

This study adopted a typical qualitative approach. Hence, no quantitative analysis such as hypothesis testing and other descriptive statistical analysis was carried out. Future research could thus undertake hypothesis testing and correlation analysis of reward practices, procedures for rewarding employees and relationship between rewards and performance in micro and small enterprises in order to complement the findings and conclusions of this study.

Since this study assessed the prevailing rewards systems in micro and small enterprises it is suggested that future research would evaluate other HR functions such as recruitment and selection, performance appraisal, training and development, and so on. A complete understanding of how human resources are managed in MSEs and the interconnectedness of the HR functions therein would help carve appropriate policy interventions.

The sample size for the study was limited by the timeframe within which the research was expected to be completed. Hence, future research could adopt probability sampling procedures across business districts nationwide to broaden the scope. More so, future research could use large samples so that representativeness of the population and generalisation of findings could be guaranteed.

The main instrument used to collect data, which is semi-structured interviews, has its own drawbacks. Further research could therefore adopt other techniques such as questionnaires, focus group discussions, and observation. These methods could afford the researcher the opportunity to immediately cross check self-reported data from other group members. As well, the informal nature of most MSEs render the use of systematic research approaches difficult. It is therefore important for future research to consider such feature in determining the research method to use.

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APPENDICES


APPENDIX 1: Introductory Letter from Department of Sociology and Social Work

DEPARTMENT OF SOCIOLOGY & SOCIAL WORK
FACULTY OF SOCIAL SCIENCES
COLLEGE OF HUMANITIES AND SOCIAL SCIENCES
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

Office: Tel: 03220-62088

Our Ref:

Your Ref:



Date: 15th June, 2017


TO WHOM IT MAY CONCERN

COLLECTION OF INFORMATION FOR PREPARATION OF STUDENT'S RESEARCH WORK

This is to introduce **Mr. Mustapha Bin Usman**, an Mphil Sociology student in the Department of Sociology and Social Work. The student is collecting data for the preparation of a long essay on the topic **"An Evaluation of Employee Rewards in selected Micro and Small Enterprises within the Township of Hohoe"**.

I would be grateful for any assistance that your organization can offer the student. I wish to assure you that any information or material provided will be treated in strict confidence and used only for the stated purpose and subject to any other conditions that may be determined by your organization.

Thank you.



DR. KWADWO OFORI-DUA
HEAD OF DEPARTMENT

APPENDIX 2: Consent form for Interview Respondents

CONSENT TO PARTICIPATE IN INTERVIEW

You have been asked to participate in an interview conducted by Mustapha Bin Usman, a graduate student of the Department of Sociology and Social Work, Kwame Nkrumah University of Science and Technology (KNUST). The purpose of the interview is to try and evaluate how employees are rewarded within micro and small enterprises as part of the requirements for the award of a Master's Degree.

You can choose whether or not to participate in the interview and stop at any time. Although the interview will be video/tape recorded, your responses will remain anonymous and your name will NOT be mentioned in the report. There is no right or wrong answers to the interview questions. In appreciation of your kindness, you will be provided a snack in the course of the interview OR a GH¢5.00 honorarium at the end of the interview.

I understand this information and agree to participate fully under the conditions stated above. If I have any concerns or complaints regarding the study or the procedures employed I can contact: Prof Kofi Osei Akuoko, Professor of Sociology, Department of Sociology and Social Work, Kwame Nkrumah University of Science and Technology, Kumasi, +233 208 222 886

Name:

Signature: Date (dd/mm/yyyy):

APPENDIX 3: Interview Guide for Employee Interviews

Ice Breaking Questions

1. What do you do here and what's your typical day like?
2. What are some of the excitements and challenges in your work?

Probing Questions

1. Reward practices
 - a. What monetary rewards do you receive for the work you do?
 - b. What non-monetary rewards do you receive for your work?
 - c. What is your preference for monetary and non-monetary rewards?
 - d. What rewards do you think you deserve but your employer does not give you?
 - e. How strong are the rewards to keep you working here for the rest of your life or next five years?
 - f. How strong are the rewards in attracting others to want to work at your workplace?

- g. What is your opinion on the assertion that employers discriminates in giving out rewards?
2. Reward procedures
 - a. In what medium are you aid your monetary rewards?
 - b. What factors do you think your employer considers in deciding your rewards?
 - c. How do you compare your rewards to your counterparts in large companies doing the same or similar work?
 - d. Which laws, regulations or policies does your employer follow in rewarding you?
 - e. How involved are you in deciding the rewards you receive?
 3. Relationship between rewards and performance
 - a. How do the rewards you are given get you to perform or NOT perform?
 - b. Which one in your opinion should come first and why? (*Prompt* – Rewards before performance OR performance before rewards)
 - c. What do you think about the performance of your co-workers? (*Prompt* – are there some who get more rewards even though they do not perform?)
 - d. What rewards [mention ALL] would be enough to keep you working for your employer for the rest of your working life?

Exit Question

1. Is there any other thing you would want to tell me?
2. Express gratitude and complete demographics sheet for participant.

APPENDIX 4: Demography Sheet for Interviewees

Date: _____ Time: _____ Place: _____		
How long have you worked in this enterprise? <input type="checkbox"/> less than 1 year <input type="checkbox"/> 1 – 5 years <input type="checkbox"/> 6 – 10 years <input type="checkbox"/> 11 – 15 years <input type="checkbox"/> 16 years +	How long did you work before joining this enterprise? <input type="checkbox"/> Never <input type="checkbox"/> less than 1 year <input type="checkbox"/> 1 – 5 years <input type="checkbox"/> 6 – 10 years <input type="checkbox"/> 11 – 15 years <input type="checkbox"/> 16 years +	What is your occupation?

<p>What is the highest education completed?</p> <input type="checkbox"/> Never attended <input type="checkbox"/> Junior secondary <input type="checkbox"/> Senior secondary <input type="checkbox"/> Vocational/ Technical <input type="checkbox"/> College <input type="checkbox"/> First degree <input type="checkbox"/> Above first degree	<p>What is your marital status?</p> <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Divorced <input type="checkbox"/> Widowed <p>Your Sex:</p> <input type="checkbox"/> Male <input type="checkbox"/> Female	<p>Your age:</p> <input type="checkbox"/> below 20 years <input type="checkbox"/> 20 – 29 years <input type="checkbox"/> 30 – 39 years <input type="checkbox"/> 40 – 49 years <input type="checkbox"/> 50 + years <p>Number of workers:</p> <p>.....</p>
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APPENDIX 5: Background of interview respondents

Table 10: Background of interview respondents

	Name	Sex	Age (years)	Marital Status	Occupation	Education Completed	Period in current enterprise (years)	Period worked before current enterprise (years)	Number of Workers
1	Redrak*	Female	20 – 29	Single	Hotel Cook	Senior High	Less than 1	1 – 5	5
2	Vademe*	Male	40 – 49	Single	Depot keeper	First degree	6 – 10	6 – 10	28
3	Liase*	Male	20 – 29	Married	Depot keeper	College	Less than 1	1 – 5	28
4	Monx*	Male	20 – 29	Single	Receptionist	Senior High	1 – 5	1 – 5	3
5	Phendo*	Male	Below 20	Single	Barber	Junior High	Less than 1	Never	4
6	Tsiwing*	Male	Below 20	Single	Barber	Junior High	Less than 1	Never	4
7	Fende*	Male	20 – 29	Single	Barber	Senior High	1 – 5	1 – 5	4
8	Stika*	Female	30 – 39	Single	Seamstress	Junior High	6 – 10	1 – 5	5

9	Orgize*	Male	20 – 29	Single	Receptionist	Senior High	Less than 1	Less than 1	5
10	Mantse*	Male	50 +	Married	Basic school teacher	First degree	Less than 1	16 years +	29
11	Eluku*	Male	20 – 29	Single	Basic school teacher	Senior High	Less than 1	Less than 1	29
12	Medect*	Female	Below 20	Single	Basic school teacher	Senior High	Less than 1	Never	29
13	Worpe*	Male	30 – 39	Married	Head teacher	College	6 – 10	6 – 10	29
14	Lejus*	Male	30 – 39	Single	SHS teacher	College	1 – 5	1 – 5	8
15	Ametu*	Male	30 – 39	Single	SHS teacher	College	1 – 5	6 – 10	10
16	Gafran*	Male	20 – 29	Single	Restaurant waiter	Junior High	1 – 5	1 – 5	6
17	Braton*	Male	30 – 39	Single	Guest house manager	Junior High	6 – 10	6 – 10	5
18	Gbalia*	Female	20 – 29	Single	Hotel receptionist	Senior High	Less than 1	Never	17
19	Sela*	Female	20 – 29	Single	Hotel supervisor	College	Less than 1	1 – 5	19
20	Joehack*	Male	30 – 39	Single	Hotel head chef	Vocational/ Tech	Less than 1	16 years +	17
21	Ella*	Female	Below 20	Single	Waitress	Senior High	Less than 1	Less than 1	17
22	Amonel*	Male	30 – 39	Married	Receptionist	Vocational/ Tech	Less than 1	1 – 5	17
23	Matken*	Female	20 – 29	Single	Waitress	Junior High	Less than 1	Never	17

NB: * Not their real names

Source: Field Data, 2017

