



**EMPLOYEE TRAINING AND PERFORMANCE OF SMALL AND MEDIUM  
ENTERPRISES (SMEs) IN UGANDA: A CASE OF NINA INTERIORS  
AND FOOTSTEPS FURNITURES**

**BY**

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## DECLARATION

I Simon Semanda declare that, this dissertation is my original work and has never been published and or submitted for any award in any other institution of higher education.

Signed .....

**Simon Semanda**

Date .....

**APPROVAL**

This dissertation has been submitted for examination with our approval as Institute Supervisors

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## **DEDICATION**

I dedicate this piece of work from my tireless efforts to my Family, Father, Mother and all my siblings for their support and love. I especially want to thank my parents for educating me, loving me and making me what I am today. I will forever love you and it is only almighty God that can reward you.

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## **LIST OF ACRONYMS AND ABBREVIATIONS**

HCT	:	Human Capital Theory
PAP	:	Poverty Action Plan
PEAP	:	Poverty Eradication Action Plan
SME	:	Small and Medium Scale Enterprise
HRD	:	Human Resource Development
BOD	:	Board of Directors
HOD	:	Heads of Departments
RBV	:	Resource Based View of the Firm
GDP	:	Growth Domestic Product

## ABSTRACT

This study with a title of Employee Training and Performance of Small and Medium Enterprises in Uganda, had a general objective to examine the extent to which employee training influences the performance of Small and Medium Enterprises. Specifically, the study established the extent to which On-the-Job and off the job training programs influenced performance of SMEs. The study used a case study design using both quantitative and qualitative approach on sample of 104 staff comprising of management team and the staff of NINA Interiors and Footsteps Furniture. Data was collected using a questionnaire and interview guide and was analyzed using frequency, percentages, mean and standard deviations, correlation and regression analyses. The study found a high positive significant relationship between on the job training and performance of SME ( $r = 0.625^{**}$  and  $p = 0.000$ ). The simple regression results revealed that on the job training alone predicted 38.4% of the variance in the performance of Nina Interiors and Footsteps Furniture (adjusted  $R^2 = 0.384$ ,  $t = 8.082$ ,  $F = 65.318$  and significance 0.000). It was found that off the job training had a high positive significant relationship with performance of SME ( $r = 0.697^{**}$  and  $p = 0.000$ ). The simple regression results revealed that off the job training alone predicted 48.1% of the variance in the performance of SMEs (adjusted  $R^2 = 0.481$ ,  $t = 9.826$ ,  $F = 96.557$  and significance 0.000). The study concluded that inadequate employee mentoring and job rotation on the job programs adversely affected the performance of SMEs in Uganda. The study inferred that the failure to explore formal academic advancement and none formal off the job programs adversely affected the performance of SMEs in Uganda. To enhance revenue generation, profitability and the customer care among SMEs in Uganda, the study recommends that the management of the SMEs with the help of consultants as resource persons should identify and train internal change agents like managers and supervisors on mentoring to gain capabilities in initiating and sustaining career, information, peer, reverse, group and virtual forms of mentoring. This should be complemented by continued use of regular workshops, seminars, conferences, study tours and demonstrations to equip staff with the identified skills gaps supported by management commitment and support through allocation of resources, development of implementation work plans and production of reports related to employee training.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

This study aimed at establishing the influence of employee training on performance of Small and Medium Enterprises (SMEs) in Uganda, using a case study of Nina Interiors Limited and Footsteps Furniture Company Limited. SMEs are increasingly taking the role of the primary vehicles for creation of employment and income generation through self employment, and therefore, have been tools for poverty alleviation (Kasekende & Opondo, 2003). In this study Employee training was the independent variable in the study while, performance of SMEs was the dependent variable.

This chapter presents the background to the study, statement of the problem, the general objectives, specific objectives, research questions, hypotheses, scope of the study, the significance, justification of the study and operational definition of the terms and concepts used.

### **1.2 Background to the study**

#### **1.2.1 Historical Background**

As the government strives for full employment the development of the employed workforce continues to emerge as a policy priority. Smaller businesses account for the vast majority of enterprises in the economy and their reluctance to become engaged in external training activities that continue to present a policy challenge (Devine and Johnsons, 2003). Recent challenges such as globalization, a knowledge-based economy, and technological evolution, have promoted many countries and organizations to seek new ways to maintain

competitive advantage. In response, the prevailing sense is that the success depends in large part on the people with higher levels of individual competence (Kwon, 2009).

SMEs contribute significantly to economic growth, social stability and equity in distribution of income. The sector is one of the most important channels through which the low-income population can reduce poverty, with limited skills and education to compete for formal sector jobs; they are able to find opportunities as business owners or employees.

In more developed economies, the dynamic arguments of the existence of SMEs have been stressed in terms of being innovative and constituting a seed bed for the development of new firms. European countries such as Germany, Italy and Ireland have developed their SMEs through sector specialization such as engineering, clothing, leather and ceramics. These countries have made the sector a source of considerable competitive strength. In Japan and Korea, SMEs are described as the bedrock for growth of their economies because they produce special goods that are impractical for larger enterprises to produce (DTI, 2000).

In the UK since the early 1970s, both academics and policy makers alike have started to pay attention to the role played by SMEs in economic growth, employment, and technological change (Storey, 1994; DTI, 2000). Despite this concern, and many initiatives to encourage small firms to grow, it is suggested that one of the key reasons for low-levels of UK productivity is the “long-tail” of badly-managed and under-performing small firms (Jones, 2003). Management skill shortages still exist in the SME sector and management development and training in the sector remains a policy priority.

In Africa, the development and performance of SMEs has been of great interest to entrepreneurs, governments, venture capital firms, financial institutions and non-governmental organizations. Over the last two decades, there is increased feeling that SMEs should grow and increase their contribution to economic growth of developing countries.

In Uganda SMEs prominently started in 1995 where it was found that there were about 800,000 SMEs. A baseline survey was then carried out as part of the population and Housing Census of 2002 to provide comprehensive data. Findings showed that Uganda had 2,139,696 SMEs (Mbaguta, 2006). In Uganda, SMEs are increasingly taking the role of primary vehicles in the creation of employment and income generation through self employment and therefore have been tools for poverty alleviation (Kasekende & Opondo, 2003). Although the government's initiative to fight poverty through its Poverty Eradication Action Plan (PEAP) and Poverty Action Plan (PAP) is yielding results, there is still evidence of poverty despite the GDP growth as reported by Ministry of Finance, Planning and Economic Development (2004). According to the World Bank Report (2004) and Uganda Ministry of Finance, Planning and Economic Development (2004), 37.7 percent of Ugandans live below the poverty line.

In Uganda government has set up a number of interventions to help the SMEs. Among these is the establishment of Enterprise Uganda a private public institution that is committed to eradicate poverty in Uganda through developing a new generation of dynamic Ugandan entrepreneurs by actively providing support to the SMEs (The New Vision News Paper October 2010).

Good performance in the private sector entails profitability, growth and sustainability. However, where performance seems to be wanting due to employee capacity related factors, training becomes the immediate strategy to address such gaps. Human capital has become a critical index of competition in the world of business to the extent that the development of such capacities through training has become top priority in designing the strategic plan of business organizations (Tim & Brinkerhoff, 2008). Indeed in Footsteps Furniture and Nina Interiors, training has been the key strategy with an unknown impact on performance.

Panagiotakopoulos (2011) highlights that the human resource development literature has tended to focus on larger organizations in order to develop an understanding of workforce skills development. However, it has been acknowledged that a healthy small business sector is fundamental to every competitive economy. As such, it is important to explore the HRD processes in this type of establishment, as they differ substantially from large organizations (ibid). Against this academic rationale, this study critically reviews the HRD literature in the small business context in order to identify the main barriers to employee training and learning and recommend ways to overcome them.

### **1.2.2 Theoretical background**

The study used the Human Capital Theory (HCT) Becker's (1964) which asserts that that investment in education and skill formation was as significant a factor in National Economic growth and firm growth. More specifically, the theory asserts that investment in human capital increases employee productivity through improved capacity to innovate or adapt to new work demands and realities. Further improvements in the HCT noted that a company must consider that when training an employee for general skills that are readily

transferable, the employee can also apply these skills in another company. Most on-the-job training presumably increases the future marginal productivity of workers in the firms providing it; general training, however, also increases their marginal product in many other firms as well (Becker, 1975).

In support of the HCT Galor and Moav, (2001) noted that as the essential skill set for many “knowledge worker” jobs becomes more complex and the demand for highly-skilled employees rises, employers should see a direct productivity benefit by investing in their employees’ capabilities through training programs and the funding of post-secondary education. The HCT therefore guided this study as it identifies the concepts of employee training and productivity of SMEs. Employee training was conceptualized to include two indicators of on the job and off the job training while productivity was conceptualized as performance of the SME.

### **1.2.3 Conceptual background**

A broad definition of training includes any attempt, within or outside the organization, to increase job-related knowledge and skills of either managers or employees (Kitching & Blackburn, 2002). On-the-job training, it’s where employees receive training whilst remaining in the work place. The main methods of on-the-job training include demonstrations or instructions, which, shows the trainees how to do the job, coaching, which is a more intensive method of training that involves a close working relationship between an experienced employee and the trainee. Job rotation, where the trainee is given several jobs in succession to gain experience of a wide range of activities and projects, where employees join a project team, that gives them exposure to other parts of business and allow them to take part in new activities.

Mentoring according to Clawson (1996) can be described in a broader sense as a relationship where both parties benefit from long-term information exchange, and both are willing parties to the relationship (see also Allen et al., 2006). In contrast to the traditional approaches, more recent perspectives on mentoring stress the mutual benefits to participants (Ragins & Verbos, 2007) and the benefits to the organization involved (Hezlett & Gibson, 2005). There different forms of mentoring of which Hezlett and Gibson (2005) indentifies One-on-One career guidance and counseling, sharing information on how to accomplish tasks at hand, peer mentoring, intellectual guidance, group mentoring, reverse mentoring where a junior staff with specialized skills are given opportunity to develop the skills of senior staff who do not possess such skills and virtual mentoring programs where you interact with mentors using ICT infrastructure.

According to the Encyclopedia of Keywords (2004) job rotation

*“is a systematic movement of employees from job to job within a company” and “a way to provide cross training and reduce boredom from monotonous, repetitive tasks” (p. 1).*

Bennett (2003) suggests two forms of job rotation: (1) within-function rotation; (2) cross-functional rotation. He explains that within-function rotation means rotation between jobs with the same or similar levels of responsibility and within the same operational or functional area. Cross-functional rotation according to Bennett (2003) means “movement between jobs in different parts of the organization over a period of time”. However, rather than rotating between a number of jobs that are in the same group and closely related to each other, the individual or new employee would rotate through a number of jobs in different departments. This method provides the individual or new employee with

developmental opportunities and such methods can also be used by the organization to gather data about their skills, interests and potential to indicate their final placement.

Off-the-job training here employees is taken away from their place of work to be trained. The common methods of off-the-job training include day releases, distance courses, block release courses, sandwich courses, sponsored courses in higher education and self-study, computer based training. Formal training and development is defined as “initiatives which can be identified by both recipients and deliverers as an intervention which has a structured mode of delivery, where the aim is to impart new awareness or knowledge of a workplace process or activity” (Patton & Marlow, 2002). Informal training is defined initiatives as ad-hoc, fragmented and flexible. Such initiatives depend on the environment of the organization, the nature of the task in hand, the propensity of individuals to learn, and lack a formal structure and stated objectives. Training practices in the study are defined against these criteria.

Laitinen (2002) defines performance as the ability of an object to produce results in a dimension determined a priori, in relation to a target. This performance has traditionally been measured in financial terms (Laitinen, 2002; De Toni and Tonchia, 2001). The most commonly used measures of performance are efficiency (ROI), growth (e.g. increase in sales) and profit (Murphy et al., 1996). It has, however, been argued that financial measures alone are not sufficient for making decisions in modern firms, and therefore performance measures should include both financial and non-financial meters (Laitinen, 2002). These non-financial meters usually deal with time, flexibility, customer service quality of manufacturing and entrepreneurial satisfaction (Neely et al., 1995; De Toni & Tonchia,

2001). In this study indicators of revenue generation, profitability and customer service were used to measure the performance of the SME.

#### **1.2.4 Contextual background**

Burden and Proctor (2000) noted that meeting customer needs on time every time is a route to achieving and sustaining competitive advantage and training is a tool that organizations can use to accomplish this. Unfortunately, while many organizations recognize the need for training, not all of them link training with establishing and maintaining a competitive advantage. Burden and Proctor (2000) also noted the need personnel training. The Centre for Enterprise (1999) noted that both demand and supply factors provide explanations as to why SMEs are reluctant to invest in training. From the demand side, it is believed that one of the difficulties is the lack of quantifiable evidence that shows a link between training and performance (Marshall et al., 1995; Patton et al., 2000). It is suggested that by making such a link more explicit and informing managers of the benefits, demand and interest for training and management development within SMEs could be improved. It is also considered that the demand for training may be determined by the context of a business. Characteristics such as age, size, ownership and main industrial activities may ultimately determine the nature and extent of training demand while on the supply side, training policy and delivery systems fail to understand and address the specific needs of SMEs (Perren et al., 1999). To this effect, selected recent reviews, however, have shown that the empirical evidence for training influence on firm performance is generally inconsistent and inconclusive (Heraty & Morley, 2003; Storey, 2004).

NINA Interiors Limited and Footsteps Furniture Company Limited are private limited companies, with major operations of supplying and delivery of office and home furniture, office equipment and kitchen facilities. The companies stepped up training programs of its employees, as a key strategy to improve performance. Therefore, when employees are well trained, their performance may improve productivity, high level of customer satisfaction, revenue generation and hence, maintaining competitive advantage.

Employees have undergone several training programs, to improve on performance. Despite these training efforts like all other SMEs, however SMEs suffers from constraints that lower its resilience to risk and prevent it from growing and performing to attain economies of scale (Kasekende & Opondo, 2003). At the moment the effect of this training is not clear since there has not been any investigation as to whether or not this training contributed to good performance of the organization. Concerns that exist regarding unsatisfactory administration by the training function indicate that strategic planning reports, BOD resolutions, HOD reports and audited financial reports identified performance gaps in both Nina and Foot step Furniture. In addition, there has been low retention of managers who have been trained for short term studies in these SMEs. Therefore, without establishing the influence of such training on performance, it would not be defensible to continue training.

### **1.3 Statement of the problem**

The knowledge and skills of an organization's workforce have become increasingly important to its performance, competitiveness, and innovation (Lawler, Mohrman, & Ledford, 1998; Martocchio & Baldwin, 1997). Workplace learning and continuous improvement are now considered essential for an organization to remain competitive (Salas & Cannon-Bowers, 2001). The employees in Nina Interiors and Footsteps Furniture have

undergone several training programs to improve on performance and overall enhancement of SME profitability, revenue generation, productivity, customer care satisfaction and market share. On the job and off the job training costs for Footsteps Furniture for example, have been increasing as indicated in the audited financial reports between 2009 / 2010 UGX 2,300,000 and 2011 / 2012 UGX 6,318,034 while Nina spent 20% of its annual income on training in the last two financial years (Nina Interiors and Footsteps Annual reports, 2012). Despite the training efforts using mentoring, job rotation, further education and workshops to train employees by furniture SMEs, are constrained in meeting their revenue generation targets, customer care satisfaction and profitability to its full potential. At the moment the effect of this training is not clear since there has not been any investigation as to whether or not this training contributed to the good performance of the organizations. Concerns that exist regarding unsatisfactory administration by the training function indicate that management reports for Footsteps Furniture, identify performance gaps say 69% in 2011/2012 compared to 29% of 2009/2010. The management of Nina recorded a performance shortfall of 40% which led to closing of one of its outlets. However, without establishing the influence of such training on performance of Nina and Footsteps, it would not be defensible to continue training. This study therefore examined the extent to which training has influenced the performance of SMEs.

#### **1.4 General objective**

The general objective of the study was to examine the extent to which employee training influences the performance of Small and Medium Enterprises.

#### **1.5 Specific objective**

The study was guided by the following specific objectives:

- a) To establish the extent to which On-the-Job training programs influence performance of SMEs
- b) To establish the extent to which Off-the-Job training programs influence performance of SMEs

## **1.6 Research questions**

The following research questions were used as study parameters:

- a) To what extent does an on-the-job training program influence performance of SMEs?
- b) To what extent does an “off-the-job” training program influence performance of SMEs?

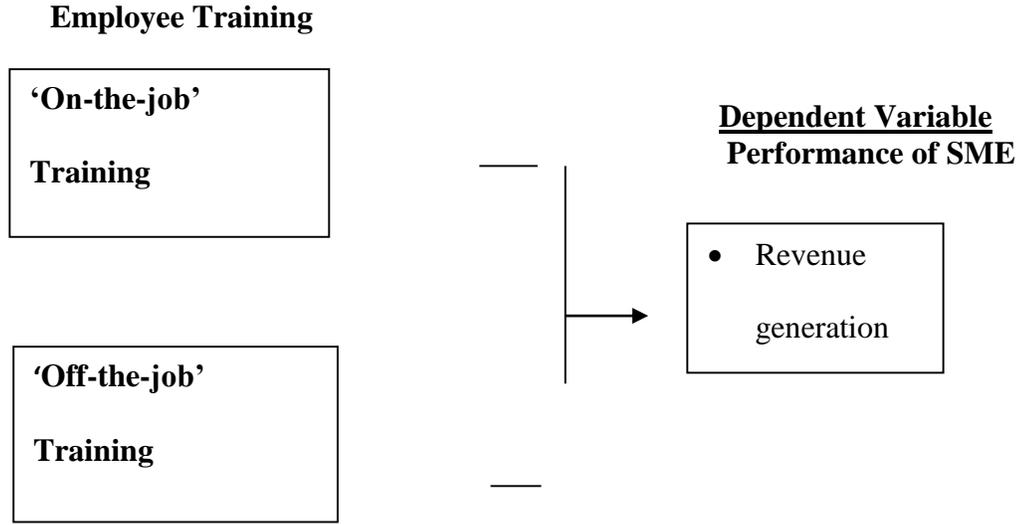
## **1.7 Hypotheses of the Study**

- a) On-the-job training programs positively influence performance of SMEs.
- b) Off-the-job training programs positively influence performance of SMEs.

## **1.8 The Conceptual framework**

The study dependent variable in this case was performance that was operationalized to include indicators of revenue generation, customer care satisfaction and profitability. The study independent variable was employee training, operationalized with two dimensions of ‘on-the-job’ training with indicators of mentoring and job rotation and ‘off-the-job’ training to include indicators of formal training and non formal training. This relationship is illustrated in Figure 1 below.

**Independent variable**



Source: Adapted and modified from Wright and McMahan (1992) and the Human Capital Theory by Becker (1964)

**Fig. 1: A conceptual framework for analysis of influence of Employee Training on Performance.**

Figure 1 presents a scenario where it is conceptualized that ‘on-the-job’ training programs can positively influence performance in the SMEs if properly conducted, however, if the programs are not relevant to the performance gaps they may have negative or no impact at all. The indicators in this variable are mentoring and job rotation which are chosen because these are most common practices of employee development in the SMEs. It is also conceptualized that, ‘off-the-job’ training programs can influence performance in the SMEs if conducted well. The indicators in this case are the formal and non-formal training activities and these are also chosen because of being the key training programs. Therefore, these indicators were evaluated to determine their influence on performance. Performance of SMEs is the dependent variable in this study and has been conceptualized as revenue

generation, customer care satisfaction and profitability. As employee training influences performance of SMEs, the policies either enable or do not enable performance of SMEs depending on the policies put in place under the study.

### **1.9 Significance of the study**

The study findings are expected to form a basis for future policies probably at national or regional level in favor of SMEs by especially government, development partners, scholars/researchers and policy makers in various aspects. It will provide useful information for policy makers to formulate appropriate policies. Development partners need such information for evaluating their interventions and support to SMEs.

Similarly, the findings from this study will enable owners of SMEs to improve their performance and thus gain market share and further growth of the sector. The study will help SMEs to formulate better strategies of training with the view of improving performance.

To the academia, the study helps add on the body of existing knowledge and fill literature gaps on the extent to which on the job and off the job training influences the performance of SMEs.

### **1.10 Justification of the Study**

This study focused on establishing the gaps that exist between employee training and performance of furniture SMEs in Uganda. Nina Interiors and Footsteps Furniture are one of the fastest growing private companies in Uganda. However, like all other SMEs are suffering from constraints that affect their performance. In light of the background and observations made on some SMEs have registered low revenues, poor customer care satisfaction and low profitability. This study therefore, helps to establish how employee

training influence performance of SMEs of which failure to carry out an in-depth knowledge on the subject matter leading to the collapse of the firm, given the high technological events and globalization competition, such that an improvement of company is realized if the study is carried out.

### **1.11 Scope of the study**

Conceptually, the study focused on examining the influence of employee training particularly ‘on-the-job training’ and ‘off-the-job training on the performance of SMEs.

The study was conducted at Nina Interiors and Footsteps Furniture located in Kampala, along Jinja Road. In relation to the time scope, the study covered the period March 2009-March 2013 the time Footsteps Furniture was implementing its five year plan which included enhancing employee training but still experienced performance constraints.

### **1.12 Operational definitions**

A **small enterprise** is defined as an enterprise employing maximum persons 50 with an annual revenue/turnover of maximum Uganda shilling 360 million and total assets of maximum Uganda shillings 360 million (Mbaguta, 2006).

A **medium enterprise** is defined as an enterprise employing more than 50 people, annual revenue/turnover of more than Uganda shilling 360 million and total assets of more than Uganda shillings 360 million (Mbaguta, 2006).

**Performance** refers to the measure of how well a process achieves its purpose or the results of activities if an organization or investment over a given period of time (Laitinen, 2002).

**Profitability** refers to the efficiency of a company or industry at generating earnings (Murphy et al., 1996).

**Customer care satisfaction** refers to the degree of satisfaction provided by the goods or services of a company as measured by the number of repeat customers (Murphy et al., 1996).

**Training** is the acquisition of knowledge, skills and competencies as a result of teaching of vocational or practical skills and knowledge that relate to specific useful competencies.

**Mentoring** is a personal developmental relationship in which a more experienced or more knowledgeable person helps to guide a less experienced or less knowledgeable person.

**Off-the-job training** is where employees training at a site away from the actual work environment (Patton and Marlow, 2002).

**On-the-job training**, tasks learned on the job. It may be obtained through day-to-day experience or through instruction from a senior level employee (Clawson, 1996).

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1. Introduction

This chapter presents a review of related literature on employee training and firm performance based on what other scholars have observed, opined and found world over. The first section review related literature on the theoretical review. This is followed by the actual literature review in relation to on the job training and firm performance, off the job training and firm performance and a summary of the literature review.

#### 2.2. Theoretical review

The study was under pinned by the Human Capital Theory (HCT) Becker's (1964) which asserts that that investment in education and skill formation was as significant a factor in National Economic growth and firm growth. More specifically, the theory asserts that investment in human capital increases employee productivity through improved capacity to innovate or adapt to new work demands and realities. The HCT posits that an increase in the stock of human capital through job training affects firm competitiveness, first by a direct rise in trainee productivity, second by taking better strategic and organizational decisions, especially concerning the training of decision-makers, and third, by innovation.

Under perfect concurrence, Becker (1964) highlights that firms do not have incentives to train their workers. Indeed, after training, trainees can leave for another firm and then employers lose their training investments. So, this risk of poaching dissuades firms from investing in training. Additionally, if there is market failures, individuals cannot invest in training. Similarly, if there is a national minimum wage, workers cannot take a wage cut at

the beginning of a training program to pay training costs. Similarly, if workers are credit constrained, they might not be able to finance training.

Further improvements in the HCT noted that a company must consider that when training an employee for general skills that are readily transferable, the employee can also apply these skills in another company. Conversely, the employee must consider that, although the skills may be highly transferable, it is likely that many other people have the same skills and competition for corresponding jobs could be intense. Most on-the-job training presumably increases the future marginal productivity of workers in the firms providing it; general training, however, also increases their marginal product in many other firms as well (Becker, 1975).

A significant aspect of this theory is that the investment in knowledge, skills and health would not only benefit the individual; it could also increase employer's or country's human capital resource pool and potential productivity. However, if sufficiently skilled labour was plentiful, such as in developing countries or service industries requiring minimum skills, most employers do not see the need to invest in their employees' education (Galor & Moav, 2001). However, as the essential skill set for many "knowledge worker" jobs becomes more complex and the demand for highly-skilled employees rises, employers should see a direct productivity benefit by investing in their employees' capabilities through training programs and the funding of post-secondary education (Galor & Moav, 2001).

Key to the Theory of Human Capital is the concept that acquisition of more knowledge and skills raises the value of a person's human capital, thereby increasing their employability,

income potential and productivity. For example, if an individual has acquired knowledge and skills in a number of different disciplines, the theory suggests that when one area of the economy suffers and their company closes, they can apply another skill set to get a job in another industry. This flexibility can also benefit a company or society as employees with knowledge of a number of different jobs can be transferred between positions to respond to rising and falling demand in the marketplace for different products and services (Fitzsimons, 1999).

The HCT therefore guided this study as it identifies the concepts of employee training and productivity of SMEs. Employee training was conceptualized to include two indicators of on the job and off the job training while productivity was conceptualized as performance of the SME.

### **2.3. Training and firm performance**

Russ-Eft (2002), has highlighted a strong relationship between owner commitment and workplace training. They all note that owners, supervisors and managers can provide assistance to those for whom they have responsibility as they learn on-the-job, are able to provide a model of behaviors that training aims to develop and can offer positive feedback on the use of skills developed through workplace learning. On-the-job training allows trainees to learn how to perform their jobs under direct supervision. This type of training can be implemented by using such methods as apprenticeship training, job rotation, and assignment to a task-force team. Sofu (2007) reported learning acquired from training sessions is applied and maintained on the job to increase performance and productivity but still only about 10 percent of what is learnt in training is applied on the job. Even if the

knowledge obtained through training is accurate, organizational performance will not improve if dichotomy in implementation exists in the business organization.

In general, previous studies have noted that there are at least two ways through which training activities influence organizational performance. Training is expected to improve the skills and abilities relevant to service providers' tasks and development. Second, they increase employees' satisfaction with their jobs and workplaces (Harel & Tzafrir, 1999). Indeed, Bartel (1994) found that an investment in training increased productivity.

Longenecker and Fink (2005) found that at the organizational level, ineffective training leads to lower productivity, quality problems, customer dissatisfaction, difficulty in achieving performance goals, loss of teamwork, morale problems and increased stress, inflated costs and the underutilization of both equipment and technologies, just to name a few. At the individual worker level, ineffective training can cause poor performance, loss of confidence, increased frustration, job dissatisfaction, de-motivation, lack of productivity, customer dissatisfaction and safety concerns, among other performance damaging issues.

The proceeding literature review whoever focuses on the relationship between on the job training aspects of mentoring and job rotation and their influence on firm performance, the relationship between off the job aspects of formal and informal training and firm performance.

### **2.3.1. On-the-job Training and firm performance**

#### **2.3.1.1. Mentoring and firm performance**

A common form of on the job training as expounded in the conceptual background is Mentoring and some scholars have focused on exploring its relationship with firm performance. Hegstad and Wentling (2004) observed that from the organization's point-of-view mentoring benefits are mainly related to the development of human resources through accelerated development of top performers which guarantees achievement of the mandate of the firm. Chealtle (2001), in his view, commends mentoring for being useful and important approach for orientating new comers in the workplace. He further stresses its important in enhancing career development through coaching, guidance, support, role modeling and friendship including workplace counseling.

In support, Karallis and Sandelands (2009) noted that for graduates entering the workforce the benefits of career-oriented mentoring, and the resulting enhanced social networks and greater work effectiveness. To this effect, Mentoring is a key part of the support provided to this key group of employees as a major component of a broader process that encompasses achieving work performance objectives, having exposure to a number of areas of the business through work-rotation, workshops based on action learning principles, and the broader development of peer support and social networks (ibid). Furthermore, Francis (2009) was of the view that mentoring helps the new staff to gain a good introduction to organizational culture, is helped to identify their own place within the organization, and begins to identify a clear career pathway. Allen et al. (2008) too contends that the organizational benefits from mentoring efforts by boosting of happier employees, a reduction in staff turnover, particularly soon after completion of initial training periods, and increased productivity.

Although the above authors views may be held true, they say nothing on the how SMEs undertake mentoring programs and how mentoring has helped develop SMEs human resource for enhanced achievement of their mandate. This study comes in handy to cover the literature gaps on mentoring and performance of SMEs in the furniture industry of a developing country Uganda.

Some scholars have specifically focused on the role of on-the-job training on customer satisfaction and contend that on the job service training is considered as one of general management strategies to cope with the high volume of customer requests and market needs as it provides a medium for the communication of new organizational strategies, new values, new tools, and new ways of performing work (Lee et al., 2006). This view is supported by earlier studies such which had noted that an effective training program has a significant effect on customer satisfaction (Gonzales et al.,2007) while Benoy (1996), in support had noted that a well-trained and dedicated staff can enhance a customer's service experience and contribute significantly to an organization's reputation for responsive service. But high employee turnover, inexperienced new employees, and low morale among members of professional staff can harm an organization's performance during each service encounter (ibid). The importance of mentoring as highlighted by the authors above need to be investigated in an SMEs setting to help expand the generalization of the role of mentoring on the performance of SMEs in a Ugandan context.

However, some studies report of no relationship between training and firm performance and one such study found only a statistically significant difference between the two groups

which were found to occur in the frequency with which they adopted the task-force-assignment method (Van Emmerik, 2008). Van Emmerik (2008) further studied the combined influences on job performance of individual-level mentoring and team-level support. The study did not find a direct influential relationship between mentoring and job performance, only moderating relationships. In SMEs mentoring has been one of the training activities conducted to develop the capacities of employees. They are always family managed, implying that there always no formal structures to support mentoring activities which is contrary to the views of Chris and Peter (2002). The owners or senior officers conduct the exercise which is in line with the views of Steve (1998), but this tends to disfavor the staff due to work load. In practice the exercise does not focus on minority groups as argued by Gomez-Mejia et al (1995), but rather focuses on performance in general.

It was in this studies best interest to establish how the mentoring program could have influenced the performance of SMEs to help identify the conditions under which mentoring does and does not influence the performance of SMEs in Uganda. A detailed review of mentoring programs revealed incidences through which mentoring fails to achieve its objectives. From a mentor's perspective, the inhibiting factors of mentoring relate to time demands, scheduling problems, fear of replacement by a successful (or an opportunistic) protégé', accusations of nepotism which may harm the mentor's reputation and effectiveness, and choosing a poorly performing protégé' (Underhill, 2006, Eby & Lockwood, 2005). In support other studies postulate that feelings of personal inadequacy derived from an unsatisfactory relationship have also been identified as problems related

to mentoring relationships (Eby & Lockwood, 2005). From the protégé's point-of-view, a negative mentoring experience can stem from a dysfunctional relationship with the mentor (Simon & Eby, 2003), which easily leads to unmet expectations, neglect and structural separation (Eby & Lockwood, 2005). Overall, mentor-protégé' mismatches and unsatisfactory relationships seem to be the most prevalent problems in mentoring for both mentors and protégé's (Eby and Lockwood, 2005). The highlighted challenges in mentoring offered an insight into the need to be aware of mentoring challenges especially in SMEs with their uniqueness of small staffing, capital and market structure.

To mitigate the failures of mentoring programs, Pollitt (2011) reports of Pitney Bowes sales mentoring program which revealed that through trainees identification and working with area business managers on criteria such as length of service in sales and proven ability to manage a customer account and deliver positive growth and revenue. Selection for the mentoring program should be based on proven good performance in areas, identified as a high-potential functional unit person; identification for future managerial positions and ability to use the skills gained from the mentoring program (ibid). However, Eby and Lockwood (2005) caution that successful mentoring schemes require the support of senior managers, clear recruitment, training and support of managers. This is correct because if an earlier recruitment or training was not properly conducted, the results of mentoring will always remain wanting. Furthermore, a training-needs analysis is necessary to highlight the need for the training to improve for example product knowledge, marketplace knowledge, customer-applications knowledge, questioning skills, proposal-generation skills, business-planning skills, and vertical marketing knowledge. Senior-management

mentors were identified from within the business to provide support, coaching and a wider perspective of business management as opposed to account management (Pollitt, 2011). The highlights by Pollitt (2011) have helped open options on how best the objectives of the mentoring program could be achieved that this study focused on identification of recommendations for improving on the mentoring program for enhanced performance of SMEs in Uganda.

#### **2.3.1.2. Job rotation and firm performance**

Although the movement of employees through and within functional units of the organization is aimed at providing the individual or new employee with developmental opportunities, some studies have identified benefits of employee job rotation on firm performance. DeCenzo & Robbins (2002), further observed that in addition to increasing the manager's experience and allowing the manager to absorb new skills and knowledge; it can reduce boredom and stimulate the development of new ideas. Job rotation to be effective, should take the horizontal dimension (lateral transfer) and it must be instituted in a planned basis.

Bennett (2003) views the benefits of job rotation to include;- accelerated development of new staff members; enabling staff to work in different areas of the organization through cross-functional job rotation and job swaps can contribute to employees' knowledge of the organization and its functions; greater understanding by employees of the many functions of the organization; contribution to the development of social and individual human capital by enabling employees to develop new relationships with other employees across the organization as well as gaining on-the-job experience. Furthermore, skill diversity may

help employees to meet the minimum qualification of jobs for future career advancement; employees may make a more serious commitment to their career when an organization invests time in an employee and develops their abilities; various job assignments can make employees' work more enjoyable and provide more skills to avoid redundancy (ibid). The above literature review offers a rich basis for ascertaining the benefits of job training in relationship to the performance of the firm as the above benefits seemed to be speculative but not based on an empirical study.

Earney and Martins (2009) examined the use of job rotation in libraries and noted that in a library setting, managers or administrators can use job rotation programs to develop their staff with potential to meet future departmental goals, and suggest that:

*“the gains from adopting a job rotation policy are larger when there is more prior uncertainty about employees and activities” (p. 219).*

In support, Olorunsola (2000) was of the view that job rotation is a powerful tool that can be used to align employee values and the goals of the organization. Furthermore, Engel et al. (2003) suggest that, job rotation exercise identifies one potential solution to recruitment problems and could be used as the organization employs a group of workers with lack of experience in order to provide on-the-job training. On the relationship between job rotation and firm performance, Cristini and Pozzoli (2010) in their study found that Job rotation shows a positive and strongly significant relation with firm performance in both the Italian and the British samples, and across the definitions of the dependent variable; technical training is also positively related to performance both across samples and models, although its statistical significance is less strong, especially in the Italian sample. Further support can be found in the Van Der Meer and Ringdal (2009) study which found that only job

rotation was associated with productivity among the indicators of flexible work options. The parameter was negative, contrary to our expectations.

The use of job rotation to improve on employee competencies is not without challenges. Malinski (2002) for example identified three key challenges related to the determination of the type of job rotation, the clarification of the process of changing the work structure itself, and the communication to all about the type of staff training and the length of the learning period. In addition, Bennett (2003) pointed out that:

*“cross-functional job rotation for selected groups can make considerable demands on the support of the colleagues of participants” and explained that “this can cause resentment where their support is provided for those they perceive to be members of a privileged group or be destined for higher things rather than continuing to work along-side them as colleagues” (p. 8).*

Malinski (2002) further identified that the challenges related to difficulties in implementing a job rotation program, such as experienced staff not wanting to learn new job skills or move to other locations; educating and training staff for the new jobs; fitting of staff (skill level); direct and opportunity costs of implementing a rotation program; and industrial settings such as putting untrained staff in hazardous situations. It was necessary to identify the challenges of job rotation among SMEs and development of management interventions to make job rotation successful in SMEs of Uganda.

The literature on job rotation although elaborate and on its benefits, it did not provide empirical evidence on the relations between job rotation and performance of SMEs especially in developing countries. This study therefore strived to cover this literature gap by providing empirical evidence on the contribution of job rotation to the performance of furniture SMEs in Uganda.

Barasa (2004) examined the effects of training on staff performance in District Local Governments of Uganda a case study of Kapchorwa District local government and found that absence of training policy and lack of policy on the training programme. The study further noted that the inadequate consideration of induction and orientation programme as of no consequences has contributed to declining staff performance. The study although good in highlighting the training weaknesses, it did not focus of mentoring and job rotation on the performance of organizations in Uganda.

Kauka (2007) examined the management training programs in World Vision Uganda and noted that management Training has not encouraged the retention of effective managers in the organization hence loss of money. Management Training may not always be related to organizational performance. The study concluded that managers have good knowledge of what their organization is and they all work towards one goal and high performance expected. This study although good in highlighting the role of management development, it was based on NGO sector but not private sector SMEs which are profit oriented.

### **2.3.2. Off-the-job Training and firm performance**

#### **2.3.2.1. Formal training and firm performance**

There seems to be scanty literature on the contribution of formal employee training to firm performance. However, are views of journal obtained from emerald database yielded Cosh et al., (1998), as one of the author who provides a more positive link and asserts that training could facilitate a firm's expansion, existence and profitability and productivity

while Huang (2001) asserts that training improves on the competitive advantage of firms which sponsor employees for formal training. Similarly, the Skill Assessment Report (2002) noted that resource-scarce SME managers believe informal approaches provide cost-effective solutions.

Jayawarna et al. (2007) used a multiple regression analysis using two unordered sets of predictors to examine the relationship between formal training on performance and to check whether firms investing predominantly in formal training outperform those relying on informal training and found that formal training has a significant relationship to firm turnover growth, this relationship. The study concluded that formal training was associated with performance over and above informal training in small manufacturing firms. Jayawarna et al., (2007) further examined in detail using a stepwise multiple regression analysis was performed, taking company turnover growth as the dependent variable and seven formal training techniques as independent variables. Starting with all the variables in the equation and sequentially removing insignificant ones, this method allows the most relevant subset of variables to be included in the equation. Three variables remained in the regression equation thus in-house formal training by outside providers, qualification courses run by universities and colleges, and in-house formal training provided by company staff and they predicted up to 37% of the variance in the performance of SMEs under study. However, qualification courses run at universities/colleges, as a formal training method, had a very strong negative association to company performance.

Since the literature was scanty on the relationship between formal employee training and firm performance, this study saw it necessary to investigate the influence of formal training program and performance of SMEs in Uganda to build on the existing narrow knowledge of the relationships between formal training and selected firm performance indicators.

#### **2.3.2.2. Informal training and firm performance**

Stone (1997) asserts that although formal academic training is important, non formal approaches such as workshops and seminars can offer flexible and affordable way to address organizations needs. He continues to assert that, training workshop and short courses offer effective, low cost methods for raising the performance of a wide range of employees within an organization. But he cautions that workshops alone may not bring about the desired behavior. Workshops may also have the shortfall of not adequately achieving objectives of the firm, because it has become a common practice that some people only turn up when they know that the facilitators will be competent enough to deliver.

A review of existing literature equally revealed scanty information on the relationship between informal training programs on firm performance. The review found Panagiotakopoulos (2011) study of Greek companies noted that owner's ideas play a crucial role for the strategic direction of the firm and consequently for the training decisions with emphasis put on short-term returns and as a result, with less interest in systematic learning interventions as the benefits from formal learning efforts normally accrue in the long run. The study also found out that owners were unwilling to share their knowledge with their staff for fear of losing their power within the workplace.

Jayawarna et al., (2007) study is among those which trace the relationship between informal training and employee performance and report of a positive association between coaching and networking with turnover growth of a company but insignificant. Training seminars were the only informal training method that had a significant positive contribution to firm performance. Other studies had earlier noted that informal learning through networks is an important source of competitive advantage (Almeida et al., 2003; Macpherson et al., 2004), and that targeted informal training (such as a seminar) may address a specific and current crisis that the firm is facing (Cassell et al., 2002).

Huang (2001) examines the use of informal training programs among Taiwan SMEs and observed that many methods can be used to deliver training at the workplace but off the job, ranging from the traditional lecture to high-tech Internet learning are widely used. Firms in the better training effectiveness group were seen to employ a multitude of off-the-job-training methods more frequently than did those in the other group. The study concluded that firms in the better training-effectiveness group were more likely to use both of the off-site training methods than are firms in the worse group. This implies that the breadth and depth with which firms apply methods of delivering training are strongly and positively related to training effectiveness.

#### **2.4. Summary of the literature review**

The review of the existing literature shows limited empirical evidence on the extent to which on the job training practices of mentoring and job rotation influenced the

performance of SMEs in developing countries. Similarly, the existing body of knowledge on the influence of off the job training practices of formal and informal training and performance of SMEs is highly limited. Moreover, there is no conclusive agreement on the influence of on the job and off the job training practices on the performance of SMEs. This study therefore strived to cover these literature gaps by providing empirical evidence on the extent to which on the job and off the job training influenced the performance of SMEs in Kampala business capital of Uganda.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

The methodology is the key to understanding how the study is designed. In this chapter, the research design, study population, sample size and selection, data collection methods, validity and reliability of findings, research instruments, data analysis of qualitative and quantitative and measurement of variables as justified by Mugenda and Mugenda (2009) were handled.

#### **3.2 Research Design**

This study used a case study design using qualitative and quantitative approaches. The use of the case study approach was that a case study provides for an in depth analysis of the study phenomenon than other study approach would. The case study design is also useful where the study is on contemporary issues which the researcher cannot influence (Yin, 2004).

As justified by Amin (2005), the quantitative approach was used in the study since it, describes in quantitative terms the degree to which variables are related. It involves collecting data to determine whether and to which degree a relationship exists between the two variables under study. The degree of relationship expressed as a correlation coefficient while the extent to which the dependent variable influence the dependent variable was expressed using regression techniques. The study used an interview to gain qualitative data on the study variables to help offer an explanation of the status quo and triangulate the data (Amin, 2005).

### 3.3 Study Population

Amin (2005) defines a population as a complete collection of all elements that are of interest in a particular investigation. The study population included 150 employees comprising of Footsteps Furniture (42) and Nina Interiors (108) see Table (1 below) at the level of managers, supervisors and officers. This population was chosen because it makes up the entire population which benefits from the on the job and off the job training programs and responsible for achieving the targets of the company.

### 3.4 Determination of Sample Size

A total of 108 respondents out of the 150 respondents were selected using Morgan & Krejcie (1970) Table as shown below:-

**Table 1: Population category and sample size used in the study**

<b>Institution</b>	<b>Category</b>	<b>Access population</b>	<b>Sample size</b>	<b>Sample Strategy</b>
Footsteps furniture	Management Team	6	4	Purposive
	Employees	36	26	Simple Random Sample
Nina Interiors	Management team	12	8	Purposive
	Employees	96	70	Simple Random Sample
	<b>Total</b>	<b>150</b>	<b>108</b>	

Source: Sample size based on R.V. Krejcie and D.W Morgan (1970) guidelines. (Also see Appendix III).

### 3.5 Sampling techniques and procedures

Both probabilistic and non probabilistic methods were used. Doscombe (2000) asserts that a sample needs to be carefully selected if there is to be confidence that the findings from the sample are similar to those found among the rest of the category under investigation.

In this study, the management team was purposively selected because they are equipped with important information required for the objectives of the study. Other employees were subjected to simple random sampling to help the researcher deal with the high number of respondents where the interview technique is not viable. In using simple random, the study used the lottery approach where all names are written on a tag, put in basket one picked at a time until the required number was reached. To arrive at the sample in each population category, the study used proportionate sampling thus  $108/150 \times \text{No of each population category}$ .

### **3.6 Data collection methods**

The study used a survey method where both qualitative and quantitative data were collected. There are several survey methods, however, for the purpose of this study the questionnaire survey and interviews were used as discussed below.

#### **3.6.1. Questionnaire Survey Method**

The study used a questionnaire to collect primary data from the selected respondents by personally delivering them to the respondents. The choice of the questionnaire was on the basis that the variables cannot be observed such as views, opinions, perceptions and feelings of the respondents on training and firm performance (Sekaran, 2003). The questionnaire was also used because it is less expensive and can collect vast amounts of data collection in a short time (Saunders, et al., 2003). The questionnaire was issued to all the 108 respondents in their different categories.

#### **3.6.2. Interviewing**

Interviewing is a data collection method which involves asking of questions and gaining of responses from the interviewee using an interview schedule to obtain qualitative data. It

is widely used as it enabled the asking of details through probing and clarifications (Mugenga and Mugenga, 1999). In this method the researcher interviewed respondents either face to face to obtain in depth information on training and performance of the SME. The study specifically interviewed the human resource managers who are responsible for coordinating the training activities in the SME.

### **3.7 Data collection instruments**

#### **3.7.1 Questionnaire**

A standardized close ended questionnaire called training and employee performance questionnaire scored on a 5-point Likert scale 5- Strongly Agree; 4- Agree; 3- Not Sure; 2- Disagree; 1- Strongly Disagree was used in collecting the primary data on each study variable. The questionnaire was divided into sections of major sections of demographic data; employee training and performance of the SME (Also see Appendix I).

#### **3.7.2 Interview Guide**

The interview schedule contained unstructured questions related to mentoring, job rotation, formal and informal training approaches from which the study sought to gain qualitative data to complement the quantitative data (Also see Appendix II).

### **3.8 Validity and Reliability of the study instrument**

#### **3.8.1 Validity**

Amin (2004) defines validity as a measure of standardizing the research instruments to give accurate and consistent data to give the intended results. For quality assurance, the questionnaire was first examined by the two supervisors for corrections and adjustments based on face validity. A content validity analysis (CVI) based on expert judgment score

taking only variables scoring above 0.70 (Amin, 2005) was then used basing on the formula:

$$\text{CVI} = \frac{\text{Total number of items declared valid}}{\text{Total number of items}}$$

The results of the CVI analysis are shown in Table 2 below.

**Table 2: Content Validity Index Results**

Variable	Total No of items	No. of valid items	CVI
On the job training	13	11	0.846
Off the job training	08	06	0.750
Performance of SME	10	08	0.800

Source: Expert Judgment

Table 2 shows that on the job training yielded CVI of 0.846, off the job training yielded a CVI of 0.750 while performance of the SME yielded a CVI of 0.800. Since all variables yielded a CVI above 0.70 accepted for social sciences, it was inferred that the instrument was relevant in measuring training and performance of the SME.

### **3.8.2. Reliability of the instruments**

The study instrument was pretested for their reliability on a sample of 5 employees each from Nina Interiors and Footsteps Furniture. This was done to examine individual questions as well as the whole questionnaire very carefully (Amin, 2005). Reliability measures the consistence of the instrument in measuring what it is supposed to measure (Amin, 2005). In this study a Cronbach's alpha coefficient was computed to show how reliable the data is using Software Package for Social Sciences (SPSS) and the results are shown in Table 3 below.

**Table 3: Reliability Results**

<b>Variable</b>	<b>Total No of items</b>	<b>Cronbach's alpha</b>
On the job training	13	0.830
Off the job training	08	0.768
Performance of SME	10	0.765

Source: Primary data

Table 3 above shows that on the job training yield Cronbach's alpha value of 0.830, off the job training yielded alpha value of 0.768, while performance of the SME yielded alpha value of 0.765. Since all variables yielded an alpha value higher than 0.70 accepted for social sciences, it was concluded that the instrument was consistent in measuring employee training and performance of SMEs.

### **3.9 Procedure for data collection**

After the proposal was approved by the supervisors and successfully defended before a panel, adjustments pointed out by the panel were made and presented to the supervisors. A recommendation letter for commencement to the field was issued. The researcher then issued questionnaires to the selected respondents and picked them after one week of filling. The filled questionnaires were collected and then entered into SPSS in preparation for data analysis.

### **3.10 Data analysis**

The researcher used both quantitative and qualitative approaches to analyze the data which enabled the researcher to obtain relevant data for the study.

#### **3.10.1 Quantitative data analysis**

Quantitative data was presented in form of descriptive statistics using frequency and percentages for each of the variables used in the study to help quantify the distribution of

perceptions of on the job and off the job training by the respondents. Pearson's coefficient (r) and significance (p) tested at the 95 and 99% confidence limits were used to test if there was any significant relationship between the independent and dependent variable. A positive Pearson's correlation coefficient (r) indicates a direct positive relationship between the variables while a negative correlation indicate an inverse, negative relationship between the two variables.

The regression analysis was used to test the extent to which the independent variables predicted the variance in the dependent variable using ANOVA statistics of adjusted R<sup>2</sup> values, beta, t values and significance values (Amin, 2005). Specifically the adjusted R<sup>2</sup> value gave a statistical indicator of the percentage to which the independent variable predicted the variance in the dependent variable.

### **3.10.2 Qualitative data analysis**

Qualitative analysis involved organizing statements, and responses to generate useful conclusions and interpretations on the research objectives. Qualitative analysis involved coding of data, identifying categories and patterns that emerged in the responses on study variables as conceptualized and asked for in the interview guide on employee training and performance of the SME.

### **3.11 Measurement of variables**

The variables were measured by operationally defining concepts. For instance the questionnaire was designed to ask responses about mentoring practices proposed by Hezlett and Gibson (2005), job rotation practices proposed by Bennett (2003), formal and informal training practices proposed by Patton and Marlow (2002). Performance of the SME was measured using Murphy et al., (1996) and Neely et al., (1995) guidelines.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

#### 4.1 Introduction

This chapter presents analyses and interprets the study findings on training and performance of Nina Interiors and Footsteps Furniture. The first section presents response rate, this is followed by background information about the respondents, presentation and analysis of the study findings in relation to the specific objectives.

#### 4.2 Response rate

A total of 108 questionnaires were distributed but 104 useable questionnaires were returned giving a response rate of 96% which was high. Amin (2005) suggested that a high response rate also suggests more accurate survey results.

#### 4.3 Background information

This section gives the characteristics of the respondents in relation to gender, department, qualifications, time worked with company, and nature of contract with the company. This is based on the information provided on the questionnaire by the respondents themselves to help establish the implications of the background information of the respondents on the training approaches used in the SMEs under study.

**Table 4: Background information about the respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	45	33.7%
Female	69	66.3%
<b>Total</b>	<b>104</b>	<b>100%</b>

Source: Primary data

Table 4 above shows that majority of 69(66.3%) of the respondents were female while the male were 45(33.7%) a finding which suggests that the SMEs will need to design gender sensitive training programs which consider the interest of the female staff who tend to have more additional domestic roles in their families (Thornthwaite, 2004).

**Table 5: The Level education of the respondents**

Level of education	Frequency	Percentage
Degree	78	75%
Diploma	18	17.3%
Certificate	8	7.7%
<b>Total</b>	<b>104</b>	<b>100%</b>

Source: Primary data

Table 5 above shows that majority of the respondents (78 or 75%) had attained a university degree while 18(17.3%) had attained a diploma and 8(7.7%) had attained a certificate as their highest level of education. This finding suggested that 25% of the employees' required continued formal education to effectively perform their duties since they only had a diploma and certificate as their highest level of education.

**Table 6: Time worked with the company**

Years worked with the company	Frequency	Percentage
< one year	16	15.4%
1- 2 years	22	21.1%
3-5 years	44	42.3%
6-10 years	22	21.1%
<b>Total</b>	<b>104</b>	<b>100%</b>

Source: Primary data

Table 6 above shows that majority of the respondents (44 or 42.3%) had worked with the SMEs for a period between 2- 5 years while 21.1% had worked with the companies for a period between 1-2 years or 6-10 years while the least number of respondents 16(15.4%) had worked with the companies for less than a year. This finding suggested that a reasonable number of respondents (36.5%) had worked with the SMEs and may not be knowledgeable with the SME's operations which may constrain their performance and the SME's performance.

**Table 7: The respondents for Nature of Job**

<b>Nature of job</b>	<b>Frequency</b>	<b>Percentage</b>
Permanent	66	63.5%
Temporary	35	33.7%
Fixed term	3	2.8%
<b>Total</b>	<b>104</b>	<b>100%</b>

Source: Primary data

Table 7 above shows that majority of the respondents (66 or 63.5%) were on permanent employment arrangement while 35(33.7%) were on temporary and 2.8% were on fixed term contract. The nature of the contract has an implication on who to sponsor for on the job and off the job training with permanent staff likely to benefit from organization based sponsorship. Also the longer the contract the better the assessment and the more accurate and reliable are the responses given.

#### **4.4. The extent to which on the job training influences the performance of SMEs**

The first objective of the study was to establish the extent to which on the job training influences the performance of the SMEs under study. On the job training was one of the dimensions of training and had two indicators of mentoring and job rotation measured using 13 items scored on five(5) point Likert scale ranging from 5= strongly agree (SA), 4

= agree (A), 3 = not sure (NS), 2= Disagree (DA), 1= Strongly Disagree (SDA) and the findings are shown in Table 8 below.

## Mentoring

**Table 8: Descriptive results for Mentoring**

<b>Mentoring</b>	<b>SDA</b>	<b>DA</b>	<b>A</b>	<b>SA</b>	<b>MEAN</b>	<b>S.D</b>
1. The furniture company I work for gives employee mentoring programs a priority		14 (12.5%)	47 (45.2%)	44 (42.3%)	4.17	0.93
2. Potential employees of the company are always identified for mentoring	32 (30.8%)	61 (58.7%)	11 (10.6%)		1.90	0.854
3. The furniture company I work for has undertaken to allocate you an experienced staff where you receive One-on-One career guidance and counseling	39 (37.5%)	43 (41.3%)	22 (21.3%)		2.05	1.109
4. You spend reasonable time with mentor to share information on how to accomplish tasks at hand	22 (21.2%)	38 (36.5%)	28 (26.9%)	16 (15.4%)	2.79	1.44
5. Fellow workers at your level in the company always share information on how to accomplish tasks at hand	11 (10.4%)	16 (15.4%)	71 (68.3%)	6 (5.8%)	3.43	1.15
6. You have benefited from effort to provide intellectual guides within the company by working on projects and sharing of constructive criticism	42 (40.4%)	50 (48.1%)	12 (11.5%)	00	1.83	0.92
7. You have benefited from group mentoring where one mentor meets with several mentees to share expert opinions in the furniture business.	39 (37.5%)	53 (51%)	12 (11.5%)	00	1.86	0.91
8. Junior staff with specialized skills are given opportunity to develop the skills of senior staff w	54 (51.9%)	50 (48.1%)		00	1.48	0.52
9. You have benefited from virtual mentoring using ICT infrastructure	44 (42.3%)	46 (44.2%)	11 (10.4%)	2.9 (2.6%)	1.88	1.05

Source: Primary data

According to Table 8 above, majority of the respondents 89.5% disagreed (mean = 1.90) that potential employees of the company were always identified for mentoring a finding which suggested that although the companies had a mentoring policy, 9 in every 10 staff were not directly notified as candidates for the mentoring program. Similarly majority of the respondents (78.8%) disagreed (mean = 2.05) that their furniture companies had undertaken to allocate them experienced staff where they received One-on-One career guidance and counseling while only 21.3% agreed a finding which suggested that about 8 in every 10 staff of the SMEs did not benefit from mentors who provided them with career guidance and counseling.

Furthermore, a total of majority of the respondents (57.7%) disagreed that they spend reasonable time with mentor to share information on how to accomplish tasks at hand while 42.3% agreed finding which suggested that 6 in every 10 staff of the SMEs did not have mentors who could provide information about formal and informal expectations.

These findings suggested that although the SMEs had put in place mentoring programs targeting all employees, most employees were not being nominated for the mentoring program rendering them to miss on career guidance and sharing information necessary for effective performance.

Another majority of the respondents (88.5%) disagreed (mean =1.83) they had benefited from effort to provide intellectual guides within SMEs by working on projects and sharing of constructive criticism a finding which suggested that 9 in every 10 staff did not benefit from intellectual form of mentoring to enhance their capabilities.

Majority of the respondents (88.5%) disagreed (mean = 1.86) disagreed that they had benefited from group mentoring, all respondents strongly disagreed (mean = 1.47) that they

benefited from reverse mentoring while majority of 86.5% of the respondents disagreed (mean = 1.88) that they benefited from virtual mentoring findings which suggested that 9/10 staff did not have an opportunity to develop their skills through group, reverse and virtual mentoring.

These findings on mentoring generally suggested that although the SMEs had undertaken to consider employee mentoring in its human resource management practices, the implementation of career guidance, information, intellectual, group and reverse form of mentoring was still low which may affect the performance of employees for failure to benefit from these forms of mentoring to develop the necessary capabilities to effectively perform their duties.

However, the findings in Table 8 above shows that a majority of 74.1% indicated that fellow workers at their level always shared information on how to accomplish tasks at hand while 15.9% disagreed. This finding suggested a high use of peer mentoring although 3 in every 10 staff of SMEs did not benefit from this form of mentoring. This study therefore inferred that peer mentoring was a more prevalence form of employee mentoring in the SMEs.

In an interview asked to describe the mentoring practice in Footsteps, the interviewee put it:

*Footsteps Furniture hired an HR consultant who was charged with reviewing the different employee files and identifying the different mentoring interventions. Performance appraisal and other forms of feedback act as the basis for identifying the employee skills, knowledge and skills gaps to be filled. The mentoring program I can say is fully managed by an outsourced consultant who had drawn a schedule to visit the company of which individual staff meets the consultant to share opinions.*

The NINA Interior Interviewee had this to say:

*Mentoring in this company has not been formalized for the different key business units and it has remained a wish. My experience is that not even individual managers undertaken to mentor their protégés for fear of loss of their job when the subordinate prove to be a star performer. The consequence is that once a staff is lost, the company resorts to recruiting externally to replace the human resource gaps created by the manager's exits.*

The interview findings seem to suggest that efforts were undertaken by the company to mentor employees in Footsteps Furniture but it was evident that the HR consultant could only provide career related guidance and counseling at the compromise of specialty intellectual, informational, group, reverse, and virtual forms of counseling which offer a fertile ground for enrichment of employee capabilities to perform their duties effectively. NINA Interiors was however, constrained in its mentoring program as it had not included mentoring in its Human Resource Development strategies.

### **Job rotation**

**Table 9: Descriptive results for job rotation**

<b>Job rotation</b>	<b>SDA</b>	<b>DA</b>	<b>A</b>	<b>SA</b>	<b>MEAN</b>	<b>S.D</b>
1. Your company gives employee job rotation a priority for staff development		22 (21.3%)	61 (58.7%)	21 (20.2%)	3.82	1.10
2. You have been transferred in jobs with the same or similar levels of responsibility in the company you work for	27 (26%)	55 (52.4%)	22 (21.2%)	00	2.16	1.04
3. You have been transferred in jobs within the same functional area	22 (21.2%)	72 (69.2%)	10 (9.6%)	00	1.98	0.78

4. You have been moved between jobs in different functions in the company	44 (42.3%)	55 (52.9%)	5 (4.8%)	00	1.67	0.72
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Source: Primary data

The findings on job rotation as displayed in Table 9 above shows that majority of the respondents (79%) indicated that, the SMEs gave employee job rotation a priority for staff development while only 21% disagreed, a finding which suggested that although the SMEs had an employee job rotation policy in place, 2 in every 10 staff were not aware of the job rotation policy.

A detailed analysis however revealed that 78.4% disagreed (mean =2.16) they had been transferred in jobs with the same or similar levels of responsibility in SMEs, 90.4% disagreed (mean = 1.98) that they had between transferred in jobs within the same functional area, a finding which suggested that about 9 in every 10 staff was not transferred to perform different duties within their specialty to gain knowledge and skills necessary for the betterment of their career in the SMEs.

Similarly, 95.2% of the respondents disagreed that they had been moved between jobs in different functions in Footsteps a finding which suggested a low use of transfer of employees to departments outside their specialization to gain knowledge and skills on how to manage or perform tasks in those departments which better their careers in the SMEs.

Asked to describe the job rotation practices in the SMEs, the interviewee had this to say:

*The recommendation to transfer an employee is usually dependent on the recommendations of the outsourced HR consultant who gives advice to what can be done. However, the challenge is that we get problems transferring staff with specific skills to a department where they have no related training. The low rates of transferred employees are also attributed to the smallness of the company with very few departments. For example one accountant is enough to handle all the accounts and finance function leaving no opportunity for other positions where staff would be transferred.*

The interviewee in NINA had this to say:

*There have been efforts to rotate staff in the different work units although this is mainly in sales and customer service and movements in the different outlets within Uganda and Rwanda. The challenge with job rotation is that the employee may not possess the desired skills to be moved to different functional units like workshops to accounts, customer care skills or Human Resource Management. If employees were multi-skilled, it would be possible to rotate employees within key business units of the company.*

The interview findings seem to have agreed with the quantitative findings in that, the SMEs were still small to have many departments with many positions from which staff would be transferred to gain experiences by working within their specialty. The issue of specialization also constrained the transfer of staff to different departments where they did not have the necessary skills.

#### 4.4.1. Correlation results

To test the relationship between on the job training and SMEs performance, Pearson's correlation analysis was conducted at the 2-tailed level and the findings are presented below.

**Table 10: Correlation Matrix between on the job training and SME performance**

Variable		1	2
1. On-the- Job Training	Pearson Correlation	1	
	Sig. (2-tailed)		
	N		
2. SME performance	Pearson Correlation	0.625**	1
	Sig. (2-tailed)	.000	
	N	104	104
**. Correlation is significant at the 0.01 level (2-tailed).			

$P < 0.05$

Source: Primary data

Table 10 above shows Pearson’s correlation coefficient  $r = 0.625^{**}$  and  $p = 0.000$  between on the job training and SME performance suggesting that there was a high positive significant relationship between on the job training and performance of SMEs. Thus, when on the job training is low or not well observed, the performance of the SMEs is equally low and improves on improvement in the on the job training practices. The implication was that revenue generation, profitability and the customer care offered by Nina Interiors and Footsteps Furniture under study significantly depends on the efforts undertaken to mentor and rotate employees in the SMEs.

#### 4.4.2. Regression Results

To establish the extent to which on the job training influence SMEs performance, a regression analysis was conducted using the ANOVA techniques of adjusted  $R^2$ , standardized beta values, t-values and the significance measured at 0.05 levels. The results are tabulated in the Table 11 below.

**Table 11: Regression results between on the job training and SMEs performance**

Model	R	R Square	Adjusted R Square	t-value	F-constant	Sig	Std. Error of the Estimate
1	.625 <sup>a</sup>	.390	.384	8.082	65.318	0.000	0.450
a. Predictors: (Constant), on the job training							

$P \leq 0.05$

Source: Primary data

The regression model in Table 11 above shows adjusted  $R^2$  value of 0.384 between on the job training and SMEs performance suggesting that on the job training alone predicted

38.4% of the variance in the performance of the SMEs. The adjusted  $R^2 = 0.384$ ,  $t = 8.082$ ,  $F = 65.318$  and significance 0.000 suggested that on the job training was a significant predictor of the variance in the performance of SMEs. The study therefore confirmed the hypothesis that on the job training programs positively influence performance of SMEs.

#### 4.5. The extent to which Off the Job training influences the performance of SMEs

The second objective of the study was to establish the extent to which off the job training influences the performance of SMEs. Off the job training was one of the dimensions of training and had two indicators of formal and informal training measured using 8 items scored on a five (5) point Likert scale ranging from 5= strongly agree (SA), 4 = agree (A), 3 = not sure (NS), 2= Disagree (DA), 1= Strongly Disagree (SDA) and the findings are shown in Table 12 below.

##### Formal academic programs

**Table 12: Descriptive results for formal academic training**

Formal academic programs	SDA	DA	A	SA	MEAN	S.D
1. You have undergone formal academic training and gained a higher qualification while in working this furniture company	27 (26%)	39 (37.5%)	28 (26.5%)	10 (9.6%)	2.57	1.38
2. You have undergone formal academic training and gained a postgraduate qualification	15 (14.4%)	55 (52.9%)	34 (32.7%)	00	2.51	1.10
3. You have undergone formal academic training and gained a professional qualification while in this furniture company	39 (37.5%)	54 (51.9%)	11 (10.6%)	00	1.84	0.89
4. You have undergone formal academic training and gained another qualification in a different profession while in this furniture company	39 (37.5%)	54 (51.9%)	11 (10.6%)	00	1.84	0.88

Source: Primary data

Table 12 above, shows that 63.5% of the respondents had not undergone formal academic training and gained a higher qualification while working with the SMEs only 36.1% undertook to gain higher qualifications. Similarly, 67.3% of the respondents disagreed that they had undergone formal academic training and gained a postgraduate education/qualification while in the SMEs and only 32.7% had attained a postgraduate education. A total of 89.4% had not undergone formal academic training and gained another qualification in a different profession while only 10.5% had multi-skilled by going for further education in a different specialty (mean= 1.84).

These findings revealed a low level of pursuance of formal academic programs to gain higher qualification, professionalize ones career and multi-skilling which would better employees career in the SMEs through gaining of new knowledge and skills necessary in the highly competitive furniture business.

In an interview, asked to describe the company policy on formal academic training the interviewee in NINA and Footsteps puts it straight:

*“The company does not have a policy of supporting staffs who may wish to better their qualifications and there is no budget for staff further education. However the staff may choose to enroll for further education program which fits in their work schedules”.*

The interview findings seem to agree with the quantitative findings and allude to position that any effort to pursue further education is an individual staff effort without the support of the company. The lack of a continuing education program policy by the company inhibits some employees to pursue further education which may better their career through acquisition of advanced knowledge and skills required to perform effectively.

## Informal Training Programs

**Table 13: Descriptive results for Informal Training Programs**

Informal training	SDA	DA	A	SA	MEAN	S.D
1. I have attended training workshops/seminars to gain more skills, knowledge and attitudes necessary to effectively perform my responsibilities and task in this furniture company	11 (10.6%)	16 (15.4%)	71 (68.3%)	6 (5.8%)	3.42	1.15
2. I have attended training conferences to gain more skills, knowledge and attitudes necessary to effectively perform my responsibilities and task in this furniture company	39 (37.5%)	47 (45.2%)	18 (17.3%)	00	1.97	1.04
3. I have attended training field tours to gain more skills, knowledge and attitudes necessary to effectively perform my responsibilities and task in this furniture company	45 (43.3%)	53 (51.%)	6 (5.8%)	00	1.68	0.75
4. I have attended demonstrations to gain more skills, knowledge and attitudes necessary to effectively perform my responsibilities and task in this furniture company	48 (46.2%)	50 (48.1%)	6 (5.8%)	00	1.65	0.76

Source: Primary data

Table 13 above shows that 74.1% of the respondents agreed that they had attended training workshops/seminars while 26.3% disagreed. This finding which suggested that 3 in every 10 staff did not have an opportunity to attend a workshop or seminar to gain more skills, knowledge and attitudes necessary to effectively perform their responsibilities and task in the SMEs. However, 82.7% of the respondents disagreed that they had attended training conferences while an overwhelming majority of 93.3% had attended training field tours and demonstration. These findings revealed a low use of informal off the job training programs of field tours, demonstrations, and conferences to enable employees gain more

skills, knowledge and attitudes necessary to effectively perform their responsibilities and task in the SMEs which may inhibit SMEs performance.

Asked to describe the informal off the job training interventions undertaken by the SMEs, the Footsteps interviewee put it:

*The company strives to arrange for workshops for selected staff on an annual basis depending on the available budget for training. Common workshops organized for staff include but not limited to management skills improvement, customer relationship management, sales management, marketing and teamwork. Not everybody benefits from this arrangement but we usually encourage those who come from these workshops to de-brief their peers and subordinates on the key learning points necessary for the achievement of the departmental targets.*

The NINA interviewee observed that:

*In house workshops are held for the different team and common of them include team building exercises outside the workplace, attending of local conferences in design, marketing and customer care.*

#### 4.5.1. Correlation results

To test the relationship between off job training and SME performance, Pearson’s correlation analysis was conducted at the 2-tailed level and the findings are presented below.

**Table 14: Correlation Matrix between Off the Job Training and SME performance**

Variable		1	2
1. Off-the- Job Training	Pearson Correlation	1	
	Sig. (2-tailed)		
	N		
2. SME performance	Pearson Correlation	0.697**	1
	Sig. (2-tailed)	.000	
	N	104	104
**. Correlation is significant at the 0.01 level (2-tailed).			

$P \leq 0.05$

Table 14 above shows Pearson’s correlation coefficient  $r = 0.697^{**}$  and  $p = 0.000$  between off the job training and SMEs performance suggesting that there was a high positive significant relationship between off the job training and SMEs performance. Thus, when off the job training is low or not well observed, the performance of the SMEs is equally low and improves on improvement in the off the job training. The implication was that revenue generation, profitability and the customer care offered by the Furniture Company significantly depends on the efforts that make employees undergo formal academia programs and informal workplace trainings of workshops, conferences and field tours.

#### 4.5.2. Regression Results

To establish the extent to which off the job training influence SMEs performance, a regression analysis was conducted using the ANOVA techniques of adjusted  $R^2$ , standardized beta values, t-values and the significance measured at 0.05 levels. The results are tabulated in the Table 15 below.

**Table 15: Regression results between Off the Job Training and SMEs performance**

Model	R	R Square	Adjusted R Square	t-value	F-constant	Sig	Std. Error of the Estimate
1	.697 <sup>a</sup>	.486	.481	9.826	96.557	0.000	.415
a. Predictors: (Constant), off the job training							

$P \leq 0.05$

Source: Primary data

The regression model in Table 15 above shows adjusted  $R^2$  value of 0.481 between off the job training and SMEs performance suggesting that off the job training alone predicted

48.1% of the variance in the performance of the SMEs. The adjusted  $R^2 = 0.481$ ,  $t = 9.826$ ,  $F = 96.557$  and significance 0.000 suggested that the off the job training was a significant predictor of the variance in the performance of the furniture companies under study. The study therefore confirmed the hypothesis that off the job training programs positively influence performance of SMEs.

#### 4.6. Summary of the study results

The purpose of the study was to establish the extent to which training contributes to the performance of SMEs. Training was conceptualised to include two dimensions of on the job and off the job. A multiple regression was conducted to establish the extent to which the training programs influenced the performance of SMEs and which among the two dimensions was a more significant predictor of the variance in the performance of the SMEs and the findings are presented below.

**Table 16: Multiple regression results between training and performance of the SME**

Adjusted $R^2 = 0.525$		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.226	.159		1.417	.515
	On-Job-Training	.298	.093	.291	3.220	.002
	Off-Job-Training	.465	.083	.505	5.582	.000
a. Dependent Variable: SMEs Performance						
b. Independents variables: On-the-Job, Off-the-Job Training						

$P < 0.05$

The Multiple regression results yielded an adjusted  $R^2$  value of 0.525 at significance 0.000 suggesting that on the job and off the job training programs all combined were high significant predictors of the variance in SMEs performance as they predicted 52.5% of the

variance in the performance of SMEs under study while other variables predicted the remaining 47.5% of the variance in the performance of the SMEs. This had SMEs performance policy implications in that the achievement of revenue targets, profitability and customer service expectations depends on observance of mentoring, job rotation, continued academics, and informal off the job training programs.

Off the job training was the highest predictor of the variance in SMEs performance ( $\beta = 505$ ,  $t = 5.582$ ,  $\text{sig} = 0.000$ ) suggesting that for enhanced SMEs performance, priority should be given to pursuance of continued formal academic education to gain more qualifications and use informal education program of workshops, conferences, field tours, and demonstration. This should be complemented with on the mentoring and job rotation on the job programs to gain skills and knowledge necessary for effective performance.

## CHAPTER FIVE

### SUMMARY, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter presents a summary, discussion, conclusions and recommendations of the study on employee training and performance of SMEs. The first section presents a summary of the study findings in relation to the specific objectives. This is followed by a discussion, conclusion, and recommendations of the study in relation to the objectives of the study. Limitations of the study, contributions of the study and recommendations for further studies are also presented in this chapter.

#### 5.2 Summary of the study findings

This sub section presents a summary of the study findings to the extent to which on the job and off the job employee training programs influenced the performance of Nina Interiors and Footsteps Furniture.

##### 5.2.1. On the Job training and Performance of SMEs

The study found a high positive significant relationship between on the job training and performance of SMEs ( $r = 0.625^{**}$  and  $p = 0.000$ ). The simple regression results revealed that on the job training alone predicted 38.4% of the variance in the performance of Nina Interiors and Footsteps Furniture (adjusted  $R^2 = 0.384$ ,  $t = 8.082$ ,  $F = 65.318$  and significance 0.000). The implication was that revenue generation, profitability and the customer care offered by the SMEs significantly depends on the efforts undertaken to mentor and rotate employees in the SMEs.

### **5.2.1. Off the Job Training and Performance of SMEs**

The study found a high positive significant relationship between off the job training and performance of SME ( $r = 0.697^{**}$  and  $p = 0.000$ ). The simple regression results revealed that off the job training alone predicted 46% of the variance in the performance of Nina Interiors and Footsteps Furniture (adjusted  $R^2 = 0.481$ ,  $t = 9.826$ ,  $F = 96.557$  and significance 0.000). The implication was that revenue generation, profitability and the customer care offered by both furniture companies significantly depends on the efforts that make employees undergo formal academia programs and informal workplace trainings of workshops, conferences and field tours.

## **5.3 Discussion of the study findings**

This sub section presents a discussion of the study findings on the extent to which, on the job and off the job employee training influences the performance of the SMEs in relation to previous scholars' findings, opinions, view points and recommendations from the literature review.

### **5.3.1. On the Job Training and performance of SMEs**

The study found a high positive significant relationship between on the job training and performance of SMEs and inferred that the low level of employee mentoring and job rotation was significantly responsible for the revenue, profitability and customer service underperformance in the SMEs. This study position on the relationship between on the job training and performance of SMEs relates to a greater extent to the RBV proposed by Wernerfelt (1984) which asserts that firm performance is determined by the resources it owns and the firm with more valuable scarce resources (and this case human resources) is more likely to generate sustainable competitive advantages. The Human Capital Theory by

Becker (1964) on the other hand suggests that individuals who invest most in human capital attributes such as education, training, and experience are expected to progress well in their careers and be more satisfied. Evidence postulates a linkage between human capital assumptions and firm effectiveness (Ng et al., 2005; Lepak & Snell, 2002; Tharenou, 2001).

Empirical studies such as Karallis and Sandelands (2009) noted that for graduates entering the workforce the benefits of career-oriented mentoring, and the resulting enhanced social networks, can be seen in terms of career progression and greater work effectiveness. Allen et al. (2008) too identified organizational benefits of mentoring programs to include happier employees, a reduction in staff turnover and increased productivity.

In support, Lee et al. (2006) noted that on the job service training is considered as one of general management strategies to cope with the high volume of customer requests and market needs as it provides a medium for the communication of new organizational strategies, new values, new tools, and new ways of performing work. Therefore, an effective training program has a significant effect on customer satisfaction (Gonzales et al., 1999). Furthermore Earney and Martins (2009) advises that managers or administrators can use job rotation programs to develop their staff with potential to meet future departmental goals. Furthermore, Cristini and Pozzoli (2010) in their study found that Job rotation shows a positive and strongly significant relation with firm performance in both the Italian and the British samples. Van Der Meer and Ringdal (2009) in their study found that job rotation was associated with firm productivity.

This study found out that although the SMEs had undertaken to consider employee mentoring in its human resource management practices by using an external HR consultant, the implementation of career guidance, information, intellectual, group and reverse form of mentoring was still low a situation which may be attributed to failure to organize effective mentor-mentee relationships. This position is supported by Eby and Lockwood (2005) observation that mentor-protégé mismatches and unsatisfactory relationships seem to be the most prevalent problems in mentoring for both mentors and protégés yet considering the organizational perspective, there is a risk that mentoring that is focused on career development support will increase organizational turnover. Hall and Smith (2009) found that career development support is positively associated with psychological empowerment, which, in turn, is positively associated with an intention to leave the organization.

In relation to job rotation most staffs were not transferred to perform different duties within their specialty or department and other departments to gain knowledge and skills necessary for the betterment of their career in the SMEs a situation attributed to the lack of opportunities for job rotation due to the smallness of the company. However, Bennett (2003) suggests that organizations should adopt two forms of job rotation if they fit their context to include within-function rotation and cross-functional rotation. Specifically cross-functional rotation provides the individual or new employee with developmental opportunities and such methods can also be used by the organization to gather data about their skills, interests and potential to indicate their final placement. Sofu (2007) provides an insight into why job rotation may not yield the desired results and reports that even if

the knowledge obtained through training is accurate, organizational performance will not improve if dichotomy in implementation exists in the business organization.

Malinski (2002) identified that the challenges to job rotation included difficulties in implementing a job rotation program, such as experienced staff not wanting to learn new job skills or move to other locations; educating and training staff for the new jobs; fitting of staff (skill level); direct and opportunity costs of implementing a rotation program; and industrial settings – that is, putting untrained staff in hazardous situations. In addition, Bennett (2003) pointed out that cross-functional job rotation for selected groups can make considerable demands on the support of the colleagues of participants leading to resentment where their support is provided for what they perceive to be members of a privileged group or be destined for higher things rather than continuing to work along-side them as colleagues. The above discussion suggests a need to identify key success factors and continuous improvement of on the job training programs of mentoring and job rotation by the SMEs management if they are to achieve the intended objectives.

### **5.3.2. Off the Job Training and Performance of SMEs**

The study found a low level of pursuance of formal off the job academic programs to gain higher qualification, professionalize ones career and multi-skilling which would help the staff gain new knowledge and skills necessary in the highly competitive business environment. Pursuance of further education was an individual staff effort without the support of the company which could have constrained a reasonable number of employees to gain additional further qualifications and the associated professional/career knowledge and skills. This study finding is not unique to these SMEs under study as Panagiotakopoulos (2011) in his study found that majority of Greek employers interviewed

in this study appear to adopt a business orientation that places much emphasis on short-term returns and as a result, they seem not to value systematic learning interventions as the benefits from formal learning efforts normally accrue in the long run.

In relation to informal off the job training, this particular study found a low use of informal off the job training programs of field tours, demonstrations and conferences to enable employees gain the necessary competencies and attitudes necessary to effectively perform their responsibilities and task. A study by Huang (2001) noted that since off-site training tends to be quite expensive, Taiwanese SMEs employ it far less frequently than on-the-job or on-site training.

The study found a high positive significant relationship between off the job training and performance of SMEs and inferred that the low pursuance of continued academic advancement and use of informal off the job training programs of conferences, guided tours and demonstration was significantly responsible for the revenue, profitability and customer service underperformance in the SMEs. This study position on the influence of off the job training and performance of SMEs is supported by the RBV proposed by Wernerfelt (1984) which asserts that firm performance is determined by the resources it owns and the firm with more valuable scarce resources (and in this case human resources) is more likely to generate sustainable competitive advantages. The Human Capital Theory by Becker (1964) on the other hand suggests that individuals who invest most in human capital attributes such as education, training, and experience are expected to progress well in their careers and be more satisfied. Evidence postulates a linkage between human capital assumptions and firm effectiveness (Ng et al., 2005; Lepak & Snell, 2002; Tharenou, 2001).

Previous works also provide support for a positive link between off the job training to facilitate a firm's expansion (Cosh et al., 1998), existence (Marshall et al., 1995), profitability and productivity (Betcherman et al., 1997) and competitive advantage (Huang, 2001). Jennings and Banfield(1993) claimed that off the job training can, and should be a powerful agent of change, facilitating and enabling a company to grow, expand and develop its capabilities thus enhancing profitability. A recent study by Jayawarna et al., (2007) noted that formal training had a significant relationship to firm turnover growth.

#### **5.4 Conclusions of the study**

This sub section presents the conclusions and learning points of the study on the influence of on the job and off the job training on the performance of SMEs in Uganda.

##### **5.4.1 On-the-Job Training and Performance of SMEs**

The study concluded that the inadequate employee mentoring and job rotation on the job programs adversely affected the performance of SMEs in Uganda. There was need to adopt mentoring and job rotation best practices for enhanced revenue generation, profitability and the customer care among SMEs in Uganda.

##### **5.4.2 Off-the-Job Training and Performance of SMEs**

The study concluded that the failure to explore formal academic advancement and none formal off the job programs adversely affected the performance of SMEs in Uganda. There was need to adopt off the job best practices for enhanced revenue generation, profitability and the customer care among SMEs in Uganda.

## **5.5 Recommendations of the study**

This sub section presents the recommendations of study on the influence of on the job training on the performance of SMEs and the influence of off the job training on the performance of SMEs in Uganda.

### **5.5.1 On-the-Job Training and Performance of SMEs**

To enhance revenue generation, profitability and the customer care among SMEs in Uganda, the study recommends that the management of the SMEs with the help of consultants as resource persons should identify and train internal change agents like managers and supervisors on mentoring to gain capabilities in initiating and sustaining career, information, peer, reverse, group and virtual forms of mentoring. This should be complemented by identifying key staff and moving them in difference critical positions in the company within and outside their specialty to gain knowledge, skills and attributes necessary for managing such positions. Management commitment to mentoring and job rotation policies is vital for the success of the on the job training program.

### **5.5.2 Off-the-Job Training and Performance of SMEs**

To enhance revenue generation, profitability and the customer care among SMEs in Uganda, the study recommends that the management of the SMEs should create a favorable environment to foster staff continued education through flexible working options and hours, offering of study loans with low interest. This should be complemented by continued use of regular workshops, seminars, conferences, study tours and demonstrations to equip staff with the identified skills gaps. Management commitment and support for off the job employee training by allocation of resources, development of implementation work

plans and production of reports related to employee training is vital for the success of the off the job training program.

## **5.6 Limitations of the study**

The study relied on primary data collected using a standardized questionnaire and interview guide without use of secondary data to effectively triangulate and enhance the data quality on employee training and SMEs performance. Use of secondary data gained from the personnel files and HR reports if accessed would have enhanced the quality and objectivity of the study findings but were inaccessible to the researcher as it is classified information that would not be for public use and is also used for their strategic reasons. Similarly the use of two SMEs presented a small sample whose results may not be easily generalized. Never the less, the views and opinions in this report are representative of the employees of the SME under study and offer key learning points for exploring the influence of employee training on performance of SMEs.

## **5.7 Contributions of the study**

The study has helped develop training and SME performance managerial contributions in Uganda demanding that the management of SMEs should commit themselves to mentoring, job rotation, continued education and offering of workshops/ conferences through development of budgets and training reports for management decision making. Similarly, the study has also helped cover literature gaps by providing empirical evidence on the extent to which on the job and off the job training programs influenced the performance of SMEs in Uganda.

## **5.8 Recommendations for further studies**

The study found out that on the job and off the job training programs all predicted 52.5% of the variance in the performance of SMEs under study while other variable predicted the remaining 47.5% of the variance in the performance of the SMEs. Other studies need to examine the influence of human resource management on the revenue, profitability and customer performance expectations among SMEs since it emerged that the SMEs were constrained by financial resources to implement its training programs. Consideration of selected SMEs should be considered in the sampling design to enhance the generalization of the study results to other SMEs.

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## APPENDICES

### Appendix I: Employee training and performance of SME questionnaire

#### Introduction

You have been selected to participate in this study which is intended to investigate the influence of Employee Training on the performance of SMEs in Uganda. This is an academic study and it is expected to be useful in addressing some of the problems of employee training in organizations. Therefore your accurate inputs will be valuable in the study.

Kindly, make your assessment of the training components below as objectively as possible. You do not need to indicate your name anywhere on the questionnaire but you can fill section A below. The information obtained in this questionnaire will be treated with **STRICT CONFIDENTIALITY**.

#### Section A:

##### Personal Background (Tick in the correct Box)

a) **Your current duty department is:**

1. Finance  2. Marketing  3. Human Resources  4. Others

b) **Gender:** 1. Male  2. Female

c) **Level of your academic qualification:**

1. Masters  2. Degree  3. Diploma  4. Certificates  5. Others

d) **How many years in total have you been working at this workplace? By workplace we mean the entire organization:**

Less than 1 year  1 to less than 2 years  2 to less than 5 years

5 to less than 10 years

e) **What is the nature of your job?**

Permanent  Temporary  Fixed Term

Please fill up the appropriate box alongside the question number to indicate your level of agreement with the statements below. Please choose one most appropriate response to each of the statements using the following scale:

- 5= Strongly agree
- 4= Agree
- 3= No opinion
- 2= Disagree
- 1= Strongly disagree

<b>On-the-job training</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
<i>Mentoring</i>					
1. The furniture company I work for gives employee mentoring programs a priority					
2. Potential employees of the company are always identified for mentoring					
3. The furniture company I work has undertaken to allocate you an experienced staff where you receive One-on-One career guidance and counseling					
4. You spend reasonable time with mentor to share information on how to accomplish tasks at hand					
5. Fellow workers at your level in the company always share information on how to accomplish tasks at hand					
6. You have benefited from effort to provide intellectual guides within the company by working on projects and sharing of constructive criticism					
7. You have benefited from group mentoring where one mentor meets with several mentees to share expert opinions in the furniture business.					
8. Junior staff with specialized skills (such as ICT and customer service) are given opportunity to develop the skills of senior staff who do not possess such skills					
9. You have benefited from virtual mentoring programs where you interact with mentors using ICT infrastructure					
<i>Job rotation</i>					
5. Your company gives employee job rotation a priority for staff development					
6. You have been transferred in jobs with the same or similar levels of responsibility in the company you work for					

7. You have been transferred in jobs within the same functional area					
8. You have been moved between jobs in different functions in the company					

**Off the job training programs**

Off-the-Job Training	5	4	3	2	1
<i>Formal</i>					
1. You have undergone formal academic training and gained a higher qualification while in working this furniture company					
2. You have undergone formal academic training and gained a postgraduate education/qualification while in this furniture company					
3. You have undergone formal academic training and gained a professional qualification while in this furniture company					
4. You have undergone formal academic training and gained another qualification in a different profession (e.g from financial management to marketing) while in this furniture company					
<i>Informal training</i>					
5. I have attended training workshops/seminars to gain more skills, knowledge and attitudes necessary to effectively perform my responsibilities and task in this furniture company					
6. I have attended training conferences to gain more skills, knowledge and attitudes necessary to effectively perform my responsibilities and task in this furniture company					
7. I have attended training field tours to gain more skills, knowledge and attitudes necessary to effectively perform my responsibilities and task in this furniture company					
8. I have attended demonstrations to gain more skills, knowledge and attitudes necessary to effectively perform my responsibilities and task in this furniture company					

## Performance of footsteps furniture

Performance	5	4	3	2	1
<i>Revenue generation</i>					
1. In the last two years, your furniture company achieved its targeted sales revenue for the first quarter of the financial year					
2. In the last two years, the furniture company achieved its targeted sales revenue for the second quarter of the financial year					
3. In the last two years, the furniture company achieved its targeted sales revenue for the third quarter of the financial year					
<i>Profitability</i>					
4. Your furniture company has recorded a continuous increase in Net profits in the last three years relative to competitors					
5. Your furniture company has recorded a growth in profit margins in the last three years relative to competitors					
6. The Net equity of furniture company increased reasonably in the last three years					
7. Furniture company generally enjoys a high inventory (furniture) turnover relative to competitors					
<i>Customer service</i>					
8. The furniture company has achieved the desired speed of customer service					
9. The furniture company always responds to all its customers complaints in time					
10. Customers always refer others to buy their furniture you're your furniture company					

## **Appendix II: Interview schedule**

### **Interview Guide**

This interview is conducted by Mr. Semanda Simon. The responses to the interview questions are intended to assess the influence of Employee Training on performance of Small and Medium Enterprise in Uganda. I would therefore like you to assist me by answering the questions about the employee training and the performance of SMEs. You have been selected randomly and your name will not be indicated on the interview guide.

1. Describe the efforts to mentor staff in your furniture company
2. What the job your experiences with job rotation in your furniture company
3. What is the company policy on supporting employees who want to enroll for further academic education
4. What are the different forms of informal off the job training offered by the employees of the company

**Appendix III: Table for determining sample size from a given population**

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	246
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	351
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	181	1200	291	6000	361
45	40	180	118	400	196	1300	297	7000	364
50	44	190	123	420	201	1400	302	8000	367
55	48	200	127	440	205	1500	306	9000	368
60	52	210	132	460	210	1600	310	10000	373
65	56	220	136	480	214	1700	313	15000	375
70	59	230	140	500	217	1800	317	20000	377
75	63	240	144	550	225	1900	320	30000	379
80	66	250	148	600	234	2000	322	40000	380
85	70	260	152	650	242	2200	327	50000	381
90	73	270	155	700	248	2400	331	75000	382
95	76	270	159	750	256	2600	335	100000	384

Note: “N” is population size  
 “S” is sample size.

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