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PARTICIPATION IN DECISION MAKING AND EMPLOYEE PERFORMANCE AMONG SMALL AND MEDIUM ENTERPRISES IN KANO STATE NIGERIA: A LITERATURE REVIEW

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ABSTRACT

Non-financial reward and staff motivation have always been a major problem for many organizations. This has been regarded as the very important issue that many organizations are looking forward to ensuring it succeeds. The researcher selects three-hundred and thirty one (331) employees of Small and medium enterprises in Kano State. 331 will be chosen from the total population to represents the sample size of the study. For the purpose of collecting relevant and reliable data for this research, primary source of data collection was used. The research revealed that employees' performance is the accumulated result of the skills, efforts and abilities of all the employees contributed in organizational improved productivity leading towards its goal achievement. Improved organizational performance indicates the efforts towards goal achievement while requiring more efforts in terms of improved employee performance. In conclusion, most SMEs in Nigeria are faced with the challenge of capital. There are a number of financing options available to SMEs, namely: owner- finance, equity and debt. Apart from owner finance which in most cases are grossly insufficient to meet the financial requirements of the business, other options carry with it a number of stringent conditions and obligations that majority of SMEs are oftentimes unable to fulfill.

Keyword: Participation, Decision Making, Employee Performance and Small and Medium Enterprises.

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1.0 INTRODUCTION

Employees have been considered as important resources for the small and medium enterprises. Employees are the organization's key resource and the success or failure of organizations center on the ability of the employers to attract, retain, and reward appropriately talented and competent employees (Osibanjo, Adeniji and Olubusayo, 2014). The most important human resource management (HRM) issue nowadays is rewards structure. But due to global competition and environmental uncertainty most employers have shifted from traditional way of rewards structure and design them on the basis of performance, skills knowledge and competency (Lawler, 2000) which attracts, retains and motivates talented employees to achieve their objectives. Employee performance is fundamental component that facilitates organizational growth and sustainability. Reward is the most significant aspect of motivating employee toward performance. All organizations, regardless of sector, size or industry require motivated work force that ensures the efficiency, high organizational output and prosperity of the organization. Therefore, rewarding system became one of the important practices of human resource, in which financial rewards directly effects the employee's performance and non-financial rewards increase the motivational level of employees which will help to increase the employee's performance.

Therefore, non-financial reward and staff motivation have always been a major problem for many organizations (Neelam, Uzma, & Almas, 2013). This has been regarded as the very important issue that many organizations are looking forward to ensuring it succeeds. The staff member has to be retained in an organization because of various reasons. They include: long sewing employees in an organization gain experience and thus improve on their efficiency, costs of training and workshops are reduced, time wastage is minimized because of employees' experience.

However, SMEs in Nigeria vary in sizes, structure and complexities, but are generally characterized by the utilization of resources towards the attainment of predetermined ends. Broadly, enterprises are categorized into micro, small, medium and large organizations. Micro enterprises typically include street vendors, petty/artisanal business etc. Micro enterprises are not expected to fulfill stringent regulatory requirements and largely operate in the *informal sector* of the economy especially in developing economies. In contrast, small and medium sized enterprises (SMEs) are larger in size, demands relative formal structure, are impacted substantially by business environmental factors and accounts for a considerable percentage of all businesses in the *"formal sector"* of an economy.

2.0 LITERITURE REVIEW

Concept of Performance

Performance incorporates the resulting outcomes of the performed actions of employees based on their expertise and skills. In organizational settings, employees' performance is the accumulated result of the skills, efforts and abilities of all the employees contributed in organizational improved productivity leading towards its goal achievement. Improved organizational performance indicates the efforts towards goal achievement while requiring more efforts in terms of improved employee performance (Ellinger et al, 2003).

Employee performance is among the critical factors that contribute significantly in organizational success. Learning organizations play important role in enhancing employee performance through providing trainings and developments for their employees (Gitongu et al, 2016). Moreover, management standards to evaluate employee performance also play critical role in improving employee performance as they provide the picture of actual

performance and its alignment with the benchmarks. If discrepancies found, then these standards help bringing the outputs again towards their required levels (Mackay et al, 2004). Employees performance also depends on their internal satisfaction towards their job. If employees are satisfied from their jobs as well as the organization than they are more keenly interested to perform well towards organizational goal achievement (Harter et al, 2002).

Concept of Non-Monetary Reward

This is reward given in a transaction which does not involve cash. A non-monetary reward can consist of almost any material object such as jewelry, precious metals or an automobile for example. In business, a non-monetary reward can also be a service such as improvements made on a property or repairs done on a car (Business Dictionary, 2018). But, in employment, it is a reward to an employee other than extra pay. Many non-financial rewards are bonuses such as company cars, free private medical care, and free pension entitlement. However, an employee may be rewarded, for example, by being given a better office or a bigger budget to control, or by being given the choice of where to take a posting in a company. Non-financial rewards can be very cost effective for companies because, in contrast with a pay increase, little or no income tax or national insurance contributions are paid.

Non-financial incentive programmes and reward programmes structured to motivate positive behaviour change through means other than money motivate and retain employees; a motivated employee will achieve a great deal. A demotivated employee will be slow, horizontal to error and not likely to achieve. Non-financial reward helps to build feelings of confidence and satisfaction in employees and can be very important for their long-term effect (Armstrong, & Brown, 2016).

Concept of Small and Medium Enterprises (SMEs)

Small scale business, small scale industries and small scale entrepreneurship are used interchangeably to man a small scale industry firm. In Nigeria and worldwide, there seems to be no specific definition of small business. Different authors, scholars, and schools have different ideas as to the differences in capital outlay, number of employees, sales turnover, fixed capital investment, available plant and machinery, market share and the level of development.

According to Gunasekaran, Forker and Kobu, (2000) the concept of SMEs differs across frontiers. However, numbers of persons employed seem to remain a recurring trend (Adams & Hall, 1993). Capital employed, sales turnover, and/ or assets are also used in categorizing firms. In Nigeria, a small scale enterprise is a firm employing a workforce of 11 – 100 persons or capital not exceeding N50 million, including working capital but excluding cost of land. While a medium scale enterprise is one with a workforce of 101 - 300 persons or capital exceeding N50 million but not more than N200 million, including working capital but excluding cost of land. Central Bank of Nigeria (2010) in its definition of what constitutes SMEs accepted the number of staff employed at the above level, but differs on asset value. Thus, firms with asset ranging between N5 million and N500 million, are classed under SMEs.

Small and Medium Enterprises in Nigeria are believed to account for about 40 percent of GDP and 70 percent of industrial employment (Eniola, *2014).* Duke (2006) notes that about 87 percent of all enterprises in Nigeria by definition are small businesses and contribute an estimated 61 percent of GDP. At the national level, they generate 58 percent of employment.

Similarly it is estimated that about 70% of all business enterprises in Ghana are grouped under SME and contribute up to 40% of GDP. Kenya experience also reveals the existence of approximately 1.3 million micro and small enterprises, employing about 2.3 million people, thus creating employment, wealth and export expansion (Dimoji & Onwumere, 2016; Mbogua, 2003). In many of the newly industrialized nations like China, India, South Koeraetc about 98 percent of businesses are grouped under the SME sector and account for a large chunk of the labour force (Sanusi, 2003).

Empirical Studies

Osibanjo, adeniji and falola (2014), examined the effect of reward packages on employees' job performance and retention in a selected private University in Ogun State, South-West Nigeria. A model was developed and tested using one hundred and eleven valid questionnaires which were completed by academics and non-academic staff of the university. The collected data were carefully analyzed using simple percentage supported by structural equation modelling to test the hypotheses and relationships that may exist among the variables under consideration. The results showed strong relationship between reward packages and employees' performance and retention. It concluded that there is strong correlation between the tested dependent and independent variables (salary, bonus, incentives, allowances, and fringe benefits). The study recommends that management and decision makers should endeavour to review reward packages at various levels in order to earn employees' satisfaction and prevention of high labour turnover among the members of staff.

Hameed, Ramzan, Zubair, Ali, and Arslan (2014) analyzed the impact of reward on employee performance in Banking Sector of Pakistan. The study employed Questionnaire to collect the data from different banks of Pakistan. The data collected were analyzed using descriptive and inferential techniques and found that Reward has positive impact on employee performance. It is proved from correlation analysis that all the independent variables have weak or moderate positive relationship to each other. Regression analysis shows that all the independent variables have insignificant and positive impact on employee performance. Descriptive analysis also reveals that all the independent variables have positive impact on employee performance. ANOVA result reveals that education has no impact on employee performance. The research suggests that managers should enhance the employee performance of their subordinates.

Odunlami and Oludele (2014) examined the effect of Reward Management on Employees Performance in the Manufacturing Sector, in the Food and Beverage Industry, in Nigeria. The objectives were to determine the extent at which reward management affect employees performance, evaluate the relationship between working condition and employee performance, access the rate at which welfare services affect employees performances, explore relationship between reward management and improved productivity and explore the relationship between reward management and retirements of staff. Primary and secondary sources were used. Data was collected using questionnaire and analyzed using inferential and descriptive statistics. The descriptive statistics involves frequency table, likert scale while the hypotheses were tested using Analysis of Variance (ANOVA),the study shows that there is a significant relationship between good welfare service and employee's performance, reward management, improved productivity and reward management and employees performance. Another study was conducted by Bushiri (2014) on the impact of working environment on employee's performance at Institute of Finance Management in Dar es salaam using qualitative and quantitative method, based on the findings there were positive relationship between working environment and employee's performance. The undertaken study will be

different from the previous study as it is going to consider various factors of motivation instead of looking on single factor of working environment.

Timsal and Malik (2015), investigated the present level of motivation amongst the faculty members of both public and private sector universities of Pakistan. Survey questionnaire was employed to collected data from the employees of various universities across Pakistan and analysed it using multiple regression. The results show that reward policy does have a significant impact on the motivation level, with salary package being the most significant variable. The working conditions and other benefits also impact the motivation level; however, these trends are independent of the university sector i.e. both public and private sector teachers' exhibit similar behaviours, and thus the results will reflect the practical opinions present in the Pakistani society.

Theoretical Framework

Maslow's Hierarchy of Needs

This is the most broadly known concept of inspiration and was hypothesized by American psychologist Abraham Maslow in the 1940s and 1950s. Maslow placed forward the notion that there happened a ladder of wants comprising of five levels in the hierarchy. These wants preceded from lower order wants through to higher level wants (Bohlander et al, 2001). The basic basis of the concept is that we all have these five stages of needs and that beginning at the bottom level we are driven to fulfill each level in ascending order. As each level is adequately satisfied we are then moved to fulfill the next level in the ladder. The five diverse stages were additional sub-categorized into two key groups, these being: Deficiency wants - Maslow reflected these as very basic desires required for survival and safety. These wants include: physiological wants, safety wants and social wants. Growing needs- These are wants allied to personal growth and fulfillment of individual potential and include honor needs and self-actualization wants (Maslow, 1943).

In the Maslow's needs hierarchy theory, there are five basic desires which are a source of motivation, these needs are arranged in stair-step manner, are physiological, security, love, esteem as well as self-actualization. The needs that captured the dependent variable of this of the current study non-financial rewards proxy by career advancement, recognition and participation in decision making are the physiological, safety and security need (job security), esteem (recognition) and self-awareness need (career advancement).

Herzberg's two-factor theory

The two-factor theory of motivation, also known as dual-factor theory or motivation hygiene theory was developed by psychologist Frederick Herzberg in the 1950s, by analyzing the responses of 200 accountants and engineers who were asked about their positive and negative feelings towards their work. According to Herzberg, there are some job factors that result in satisfaction while there are other job factors that prevent dissatisfaction. Herzberg found the opposite of Satisfaction is No Satisfaction and the opposite of Dissatisfaction is No Dissatisfaction (Juneja, 2020). Motivator factors these factors are inherent to work. These factors motivate the employees for a superior performance. These factors are called satisfiers. These are factors involved in performing the job. Employees find these factors intrinsically rewarding. The motivators symbolized the psychological needs that were perceived as an additional benefit. Examples might include enjoying the work, feeling recognized and career progression, sense of achievement, responsibility. Hygiene factors are those factors which when adequate/reasonable in a job, pacify the employees and do not make them dissatisfied. These factors are extrinsic to work. Hygiene factors are also called as dissatisfies or maintenance factors as they are required to avoid dissatisfaction. These factors describe the

job environment/scenario. The hygiene factors symbolized the physiological needs which the individuals wanted and expected to be fulfilled. These factors can lead to dissatisfaction and a lack of motivation if they are absent. Examples include salary, company and administrative policies, fringe benefits, physical working conditions, status, relationships with managers and coworkers, job security. According to Herzberg's findings, while motivator and hygiene factors both influenced motivation, they appeared to work completely independently of each other. While motivator factors increased employee satisfaction and motivation, the absence of these factors did not necessarily cause dissatisfaction. Likewise, the presence of hygiene factors did not appear to increase satisfaction and motivation but their absence caused an increase in dissatisfaction. Therefore, this theory implies that for the happiest and most productive workforce, one need to work on improving both motivator and hygiene factors.

3.0 CONCLUSION AND RECOMMENDATION

Most SMEs in Nigeria are faced with the challenge of capital. There are a number of financing options available to SMEs, namely: owner- finance, equity and debt. Apart from owner finance which in most cases are grossly insufficient to meet the financial requirements of the business, other options carry with it a number of stringent conditions and obligations that majority of SMEs are often times unable to fulfill.

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