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EFFECTS OF STRATEGIC APPROACHES ON EMPLOYEE PERFORMANCE IN THE INFORMAL SECTOR: A CASE OF MACHAKOS TOWN, KENYA

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Abstract
Informal sector is a major contributor to economic growth however poor employee performance is a major challenge in this sector. Criticism continues about poor service delivery and product quality being below par. For this sector to contribute exponentially to economic growth employee performance has to be improved. An employee's performance may become impaired for a number of reasons, while the action for dealing with such impairments will vary according to the underlying cause, it is important that an employer demonstrates reasonable behaviour and employ the right strategy to improve employee performance in providing employees with an opportunity to improve performance. Aside from the individual's actual contributions, there are three major variables that influence actual performance outcomes: compensation, communication, and training. The impact of good management can leverage and increase the effectiveness of every employee if the right approach is employed. The general objective of the study is to examine the effect of various strategic approaches on employee performance. With the specific objectives being: To find out the relationship between compensation and employee performance, to analyze the effect of communication on employee performance, to examine the influence of training on employee performance. Artisans working the informal sector in Machakos Town were the targeted population, systematic sampling was employed. The heterogeneous population was divided into sub-populations on the basis of common attributes and then selected items from each stratum to constitute a sample. A sample of 104 was drawn from the population. Questionnaires were the instrument of data collection. Microsoft excel was the tool used for data analysis, processed data was presented in tables and charts to show the frequency of occurrence of variables under study from where conclusions will be drawn. Findings from the study revealed that: Employees were unsatisfied by the compensation package offered; the levels of communication were satisfactory, employees had enough information to do their job well but had little information regarding activities in other departments; training was offered from time to time but followed no particular order. The study concluded that the variables under study had significant influence in the performance of workers as well as organizational productivity. However they have not been fully utilized to the advantage of businesses in the informal sector. In line with the findings the following recommendations were made: Creation of awareness about vocational and technical courses and encourage more youth to attend and complete their studies; utilization of detailed and easy to understand training manuals; employers to adopt upward communication approach; offer best possible compensation packages and friendly working conditions; and employees to strive to improve their knowledge base and skill set from time to time.

Key words: Employees performance, Informal sector

1.0 Introduction

Organizations are seeking to gain a competitive edge in the global market; one way to do this is to optimize their employee's potential the focus is usually on ensuring individuals do their best work. Employee performance is probably the most important variable in the success of any organization. However, relatively few organizations approach employee performance in a holistic manner. Aside from the individual's actual contributions, there are three major variables that influence actual employees' outcomes: compensation, communication, and training. Compensation is one of the basic reasons for employees to seek employment. Employees are compensated for their services and efforts they exert in their work. Harrison and Liska, (2008) affirm that reward is the center piece of the employment contract-after all it is the main reason why people work. It is one of the physical needs that influence motivation which in turn affects the employee performance. Compensation should therefore be acknowledged as a major factor affecting employee performance.

Effective communication leads to a better performance, and toward more satisfied, motivated and dedicated employees. Communication is possibly the most imperative thing for the continued existence of any business. There should be good communication between management and their subordinates, because internal communication plays a fundamental role in the performance of any organization. According to Hellweg and Phillips (1982) the worker productivity increases when there is communication within the organization. Other than that it helps the employees to perform their tasks well, have role clarity, and about the goals of the organization. Armstrong (2001) points out that trained employees often work better as teams because everyone is aware of the expectations and can achieve them together smoothly. Trained employees are also more confident in their performance and decision making skills. In addition, employees who receive regular training are more likely to accept change and come up with new ideas. Training is a vital tool for the organization to revamp the performance of all the personnel for organizational growth and success. It is important that an employer demonstrates reasonable behaviour and employ the right strategy to improve employee performance. Strategy requires forethought, planning, and coordinated effort to ensure that the messages and drivers of performance are not in conflict. These strategic variables have an immeasurable impact on the constituent of who does what work and how. Not understanding the impact of these variables causes individuals not to reach their full potential.

The term "informal sector" was popularized by a 1972 study of Kenya by the ILO as low cost way of creating employment and growing GDP. This unstructured sector has emerged as a result of the incapacity of formal, regulated industries to absorb new entrants. The informal sector encompasses small scale entrepreneurs and workers who lack access to credit, property rights, training, and good working conditions. Skills in the industry are basically learned on the job through an older and experienced worker teaching a novice over a relatively long period of time.

The Economic Survey (2010) revealed that the sector produces 80% of jobs and accounted for 40% of the GDP. Over 60% of those working in the informal sector are the youth, aged between 18-35 years, 50% being women (Ouma *et al.* 2009). Compared to the other sectors of the economy, the contribution of the informal sector to the country's GDP increased from 13.8% in1993 to over 18% in 1999, (Sessional Paper No. 2 of 2005). Currently, it is estimated that the contribution to the GDP by this sector stands at over 25% (Economic Survey, 2012).

Previous research focused factors that affect the overall performance of the small scale business rather than factors affecting employee performance. Kinyua (2014) carried out a research on the factors affecting the performance of small and medium enterprises in the *jua kali* sector in Nakuru Town, Kenya. And reported on the role of finance, management skills, macro-environment factors and infrastructure as critical elements affecting performance. Sonobe and Otsuka (2006) did a research on factors impeding growth of *jua kali* enterprises, stating that these small business enterprises hesitated moving to formal industrial areas because they could not generate high profits and other costs associated with transformation from an informal to formal enterprise. Yuki (2010) a political scientist carried out a study on the relationship between the political failures of the central government in remedying the growing informal sector and violence following the 2007 election. It revealed that neo-liberal policies resulted in a growing informal sector and a growing population of impoverished citizens. Nkurumwa *et al.* (2010) focused on building *jua kali* operator's capacity in soft skills for faster economic development. It was found that soft skills are as important as technical skills and employees should have them in order to function effectively.

1.2 Statement of the Problem

From the reviewed empirical literature (Kinyua, 2010; Sonobe and Otsuka, 2006; Yuki, 2010; Nkurumwa *et al.* 2010) it is evident that there is minimal empirical study on ways to improve employee performance. The informal sector must constantly improve the ability of its employees to utilize the resources at their disposal cost effectively. While much effort has been made to improve performance levels within the sector, criticism continues about poor service delivery and product quality being below par. This sector is faced with numerous challenges and constraints that include poor compensation, lack of skilled laborers and unclear communication within the organizations'. These constraints have not been well-addressed resulting in a weak base for industrial take-off and sustainable development. Therefore this study will look at some measures employers can use to improve employee performance.

1.3 General Objective

The general objective of the study was to examine effect of strategic approaches on employee performance.

1.3.1 Specific Objectives

1. To investigate the relationship between compensation and employee performance.
2. To determine the effect of communication on employee performance.
3. To examine the influence of training on employee performance.

1.4 Research Questions

1. What is the relationship between compensation and employee performance?
2. What is the effect of communication on employee performance?
3. What is the influence of training on employee performance?

2.1 Theoretical Framework

This study adopted marginal productivity compensation theory, Leader-Member Exchange (LMX) Theory and Kirkpatrick's Learning and Training Evaluation Theory to discuss the relationship between compensation, communication and training and employees performance.

2.1.1 The Marginal Productivity Compensation Theory

This theory was propounded by Phillips Henry Wicksteed and John Bates Clark. According to this theory, compensation is based upon an entrepreneur's calculation of the rate that will probably be acquired by the marginal worker. The marginal productivity theory pretended that there was a certain quantity of worker received the job and the remuneration value at which this worker could secure employment in a competitive labor market was equal to the addition to total production that resulted from employing the marginal unit of that labor force. It was also pretended that production is carried out under the conditions of diminishing returns to labor. The principle of diminishing marginal productivity postulates that the contribution of each additional unit of labor would be less than that of the unit previously hired. Therefore, in spite of the fact that the productivity of the individual laborer may be higher than that of the marginal laborer, he will not be paid more than what the marginal laborer will get.

2.1.2 Leader-Member Exchange (LMX) Theory

LMX theory has been hailed as one of the hallmarks of organizational efficiency and effectiveness. LMX posits that a leader's effectiveness is determined by the relationship that the leader has with each of his or her subordinates. LMX theory suggests that a leader develops different quality relationships with each subordinate. In other words, the leader develops high-quality relationships with some subordinates, but not all. The relationships are not necessarily polarized, but differ on a continuum because no supervisor-subordinate relationship can be identical to another. Resultant from these differential relationships, in-group members (individuals who have formed high-quality relationships with the leader) and leaders report mutual respect, open communication, shared support, a common bond, and reciprocal obligations. Out-group members, on the other hand, are employees who are simply bound to their job contracts. That is, their relationship with the leader is based on formal job requirements and little else. Given that high-quality LMX is centered on reciprocation, it is appropriate to say that LMX is a form of social exchange.

The in-group consists of a small number of trusted followers with whom the leader usually establishes a special higher quality exchange relationship. The out-group includes the remaining followers with whom the relationship of the leader remains more formal. These varying social exchange relationships are relatively enduring; they develop due to the leader's limited time and energy, and inability to give equal attention to all followers according to Gerstner and Day (1997). Quality of leader-member exchange has been found to be positively related to follower's satisfaction, organizational commitment, role clarity, performance ratings given by leaders, and objective performance, and negatively related to role conflict and turnover intentions. Overall, results of studies suggest that having a high-quality relationship with one's leader can affect the entire work experience in a positive manner, including performance and affective outcomes. Cogliser and Schriesheim (2000) found that work group cohesiveness, organizational climate, and leader power were related to LMX.

An important implication of the leader-member exchange theory is that the quality of the relationship between the leader and each group member has important job consequences. Research supporting the LMX theory indicates that subordinates with in-group status with their leaders will have higher productivity and job satisfaction, improved motivation, and engage in more citizenship behaviors at work.

2.2.3 Kirkpatrick's Learning and Training Evaluation Theory

The Kirkpatrick Four-Level Training Evaluation Model helps trainers to measure the effectiveness of their training in an objective way. The model was originally created by Donald Kirkpatrick in 1959, and has since gone through several updates and revisions. Evaluation should always begin with level one then move sequentially through levels two, three, and four. Information from each prior level serves as a base for the next level's evaluation. Thus, each successive level represents a more precise measure of the effectiveness of the training program.

2.2 Conceptual framework

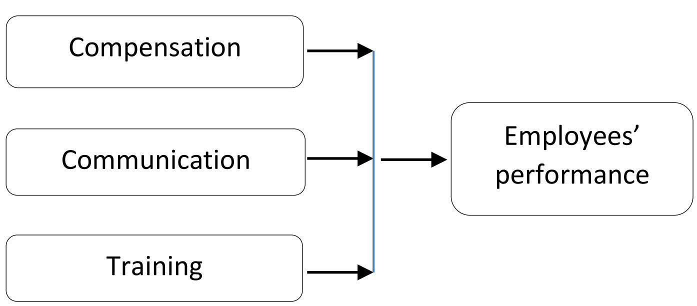

Figure 1: conceptual framework

2.3 Compensation

Compensation is often regarded as direct and indirect monetary and non-monetary rewards given to employees on the basis of the value of the job, their personal contributions, and performance. It is one of the physical needs that influence motivation which in turn affects the employee performance. The objectives of any good compensation are to attract, motivate and retain good people for the attainment of organizational goals. Compensation should therefore be acknowledged as a major factor affecting employee performance. Among the factors that affect productivity, the issue of compensation is one that is dear to both employers and employees. Dessler, (2005) defines compensation as all forms of payments or rewards given to employees which arise from employment. Compensation is one of the basic reasons for employees to seek employment. Employees are compensated for their services and efforts they exert in their work. Harrison and Liska, (2008) affirm that reward is the center piece of the employment contract-after all it is the main reason why people work. This includes all types of rewards, both intrinsic and extrinsic, that are received as a result of employment by the employee. Intrinsic rewards include rewards within the job such as responsibility, autonomy appreciation from the boss and feelings of accomplishment among others. Extrinsic rewards are tangible rewards like pay bonuses and fringe benefits.

Zaman *et al.* (2011) indicated that there is a significant and positive relationship between extrinsic rewards and employee motivation therefore improved performance but the challenge is that employers are not offering fair and adequate financial rewards to their employees. If employees feel that their effort is appreciated and the company has a good compensation structure based on job evaluation, then employees' motivation and commitment will improve and hence performance. The greater the rewards offered to the employee the greater the levels of their performance.

A study conducted by Probst and Brubaker (2001) indicated that the difference between job satisfaction and dissatisfaction lies in the amount and type of rewards that the employee expects. Employees expect their contribution and efforts to be valued and given importance in the same way they value their job and work.

Obviously, employees want to earn fair wages and salaries, and employers want to give workers a pay comparative to output. To that end, it is logical that employees and employers alike view money as the fundamental incentive for satisfactory job performance (Hoerr, 2000). The use of monetary or other financial incentives in the classic work performance paradigm is based primarily on reinforcement theory. Reinforcement theory focuses on the relationship between target behaviour (work performance) and its consequences (pay). This is premised on the principles and techniques of organizational behaviour modification. Organizational behaviour modification is a framework within which employee behaviors are identified, measured and analyzed in terms of their functional consequences (existing reinforcements) and where an intervention is developed using principles of reinforcement. Held (2001) analyzed thirty-nine studies conducted over four decades and found that cold-hard cash motivates workers whether their jobs are exciting or mundane, in labs and real world settings alike.

2.3.2 Communication

Good communication leads to good results, and toward more satisfied, motivated and dedicated employees. And boost their morale as well. Communication is possibly the most imperative thing for the continued existence of any business. There should be good communication between management and their officials, because internal communication plays a fundamental role in the performance of any organization. According to Hellweg and Phillips (1982) the worker productivity increases when there is communication within the organization. Other than that it helps the employees to perform their tasks well, have information about duties assigned, and about organizational goals. In addition existence of communication within the organization leads to the effective decision making.

According to Balondi (2006) companies that are very good at communication are effective listeners to their employees and plan effectively. He explains that effective internal communication keeps the employees on track increasing the financial performance of the companies. The results of the study confirm that companies with effective communication their market value increases by 20 percent. Smidts *et al.* (2001) found that lack of communication within the organization affects its organizational decision making. Today employees want to know what is happening in their surroundings, what their co-workers are doing and how they are participating in the organization, and how the daily functions of the organization are carried out.

Today the manager requires more effective and logical communication in all the directions i.e. upward, downward, lateral and horizontal. Goris *et al.* (2000) propose that job performance and job satisfaction can be achieved only when there is a balance relationship between employees needs for growth and job characteristics. They found that high level of downward communication in the organizations make employees to feel dependent on their bosses. And when there is too much upward communication, employees sometimes assume that their superiors don't know how to perform their tasks and duties. He further argues that excess of everything is dangerous in the same way excess of any communication direction in the organization creates trouble for workers. Negative reactions can be the result of too many good things or too little things. In lateral communication employees compare themselves with their co-workers and this negatively affects employee satisfaction and their performance.

2.3.3 Training

Nadler and Leonard (1984) defined training as learning that is provided in order to improve performance on the present job. There are four requirements for learning; *Motivation* comes first. *Cue* is the second requirement. The learner can recognize related indicators (cue) and associate them with desired responses with the help of training. *Response* comes third. Training should be immediately followed by positive reinforcement so that the learner can feel the response. Last is the *feedback*, it is the information which learner receives and indicates in the quality of his response. This response must be given as quickly as possible to ensure successful learning.

Training is generally imparted in two ways: (1) *on the job training* methods where training is given to employees within the workplace. It is a simple and cost effective training method. The proficient as well as semi–proficient employees can be well trained by using such training method. The employees are trained in actual working scenario; examples of on the job training include job rotation, coaching temporary promotions and so on. (2) *Off the job* training is provided away from the actual working condition. It is generally used in case of new employees have to be trained within a short time period. Instances of off the job training methods are workshops, seminar, and conferences. This method is costly and effective if and only if large numbers of employees have to be trained within a short time period. Konings (2008) found that on the job training increase firm productivity by 1% to 2%. On the job training works as a catalyst in the increment of salary Hill (2001) noted. On the other hand Venum (1995) found that off the job training does not have worthwhile effect on salary. Mincer (1996) reports that the increase in income from on the job training is approximately 12% to 15% where as it are 2% to 8% increase in the case of off the job training. Salary tends to increase as a result of on the job training when the employee remains with the present employer. In case of change of employer, the previous job training will have not positive change on earnings Booth (1993) noted. A study by Ok and Terageist (2003) revealed that there is an association between mentoring, coaching of employees with the enhancement of salary and earnings except on newly hired employees.

Most of the benefits derived from training are easily attained when training is planned. This means that the organization, trainers and trainees are prepared for the training well in advance. According to Kenney and Reid (1986) planned training is the deliberate intervention aimed at achieving the learning necessary for improved job performance. Armstrong (2001) points out that trained employees often work better as teams because everyone is aware of the expectations and can achieve them together smoothly. Trained employees are also more confident in their performance and decision making skills. In addition, employees who receive regular training are more likely to accept change and come up with new ideas. Employees who learn new skills through training make good candidates for promotions because they have shown their ability to learn, retain and use information. Reliable, skilled employees can also be empowered to train the others this reduces pressure for the management team. Training is a vital tool for the organization to revamp the performance of all the personnel for organizational growth and success.

The general benefits received from employee training are; increased job satisfaction and morale, motivation, increased efficiencies in processes resulting in financial gain, increased capacity to adopt new technologies and methods, increased innovation in strategies and products and reduced employee turnover. Training is a necessity in the workplace, without it employees do not have a firm grip on their responsibilities or duties. Employees' training refers to programs that provide workers with information, new skills or professional development opportunities because few people come to the job with the complete knowledge and experience necessary to perform their assigned job. Past researches provide the evidence regarding the positive effect of training programs on both employee and organizational performance. Colarelli and Montei (1996) revealed that effective training programs leads to superior return on investment while the other researches mentioned the positive role of training in attaining the supreme levels of employee retention.

2.3.4 Employee performance

Performance means both behaviour and result, behaviour emanates from the performer and transforms performance from abstraction into action. Not just a means to an end, the behavior is also an outcome in itself, the product of mental and physical effort applied to the task which can be judged apart from the result according to Armstrong (2001). Performance is classified into five elements: Planning, monitoring, developing, rating and rewarding. In the *planning* stage means setting goals, developing strategies and outlining tasks and schedules to accomplish the goals. *Monitoring* is the phase in which the goals are looked at to see how well one is doing to meet them. Monitoring is continuously measuring performance and providing feedback to employees and work groups about their progress towards reaching their goals. Ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards. During the *developing* stage an employee is supposed to improve any poor performance that has been seen during the frame one has been working at the company. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. The *rating* is to summarize the employees' performance; this can be beneficial for looking at and comparing performance over time or among various employees. Organizations need to know who their best performers, this stage is designed to *reward* and recognize outstanding behaviour. According to Hawthorne studies employees who are satisfied with their job will have higher job performance and thus supreme job retention than those who are not happy with their jobs. The employee could be only satisfied when they feel themselves competent to perform their jobs, which is achieved through better training programs. Kamoche and Mueller (1998) mentioned that training leads to the culture of enhancing learning, to raise employee performance and ultimately higher return on investment for the firm.

3.0 Research methodology

The study adopted descriptive research design; the major purpose was to describe the state of affairs as they exist without interference. The Machakos Jua Kali Association however estimated the number of enterprises to be around 150 as of December 2014 and a list of 538 workers registered with the association. A sample size of 104 was selected using stratified random sampling due to the heterogeneous nature of the population ensuring each stratum is well represented.

N =population (538) divided into 3 strata N_1=124, N_2 = 109, N_3 = 112

n = sample size (161) – 30% of population

For strata;

N_1 = 161 *(124/538) = 37 Mechanics
N_2 = 161 *(109/538) = 33 Carpenters
N_3 = 161 * (112/538) = 34 Metal fabricators
104

Primary data was the source of information obtained through administration of questionnaires. Microsoft excel was the tool used for data analysis, processed data was presented in tables and charts to show the frequency of occurrence of variables under study from where conclusions will be drawn.

4.1 RESEARCH FINDINGS AND DISCUSSION

The study targeted a sample of 104 artisans however only 93 questionnaires were filled making a response rate of 89%, which is still an adequate response rate for statistical reporting. According to Mugenda and Mugenda (2003), a response rate of 50% and above is good for reporting.

4.2 Compensation and employee performance

Based on the findings displayed in figure 4.1, majority of the respondents were not satisfied with their basic pay. 54.9% were dissatisfied, 22.1% were very dissatisfied, 23% were fairly satisfied and 0% were satisfied. This meant that basic pay provided to employers was not sufficient to cover the respondents' needs. Further the study found that majority of the respondent were not satisfied with the allowances and bonuses paid on the extra timed worked

The investigation on review of pay packages shows, 11% were satisfied with how often current compensation system was reviewed while 34% were fairly dissatisfied. A large number 47% was dissatisfied while 8% were very dissatisfied. This showed the compensation system was not reviewed as often as recommended to accommodate changes in the rise of cost of living.

4.3 Communication and employee performance

From the findings 56% of the respondents were poorly informed about activities in other departments. 30% agreed to being well informed while 14% of the respondents were not informed at all about activities in other departments. Inferring from the results in this category it is evident that information dissemination is done taking into consideration what a person requires for completing their task, employees are only informed about issues that concern them.

Table 1. Predominant channel of communication

Type	Frequency	Percentage
Formal channel	93	100%
Informal channel	0	0
Total	93	100%

Table 1 shows that all respondents 100% answered that they got information through formal channels. The implication here is that formal channels of communication are favored because information distortion is minimal.

Communication creates mutual understanding between employers and workers resulting in productive, satisfied and dedicated employees. According to Hellweg and Phillips (1982) the worker productivity increases when there is communication within the organization. Other than that it helps the employees to perform their tasks well, have information about duties assigned, and about organizational goals.

4.4 Training and employee performance

Based on the study findings 83(89.2%) of the respondents have undergone training with their respective organizations. While 10 (10.8%) have not undergone through any form of training. This implies that the majority of the employers offer training to their employees in effort to improve their skill set. The study also found that training in some of the organization was conducted after a very long period of time and even some of the companies did not train their employees.

Training is a crucial element for improved performance. It pushes the ability of workers to a higher stage from where they currently stand. Through training workers acquire the right attitude towards work while slowly unlearning negatives ones. Appiah (2010) agrees that training plays an important role in the development of organization by improving performance as well as increasing productivity and eventually putting companies in the best position to face competition and stay at the top.

Majority of the employees agreed to have undergone periodic training at their workplace. They unanimously concur that training greatly influences performance, making it paramount in a sector where ones skill set is principal.

Enterprises that offered training reported low employee turnover, workers were comparably satisfied with their work and less likely to hop from job to job. Through training employees skill set is improved which translates to better performance. On the downside, employees had tendency to move to other jobs after being trained dampening employers spirit towards training their employees. Regardless employers need to be prepared to invest the time, fiscal and other resources required to facilitate training in order to reap the benefits.

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

The broad objective of this study was to examine the effect of various strategic approaches on employee performance, a case of Machakos town, Kenya. The specific objectives were to; investigate the relationship between compensation and employee performance; determine the effect of communication on employee performance; and examine the influence of training on employee performance. To achieve these objectives a sample of 104 artisans was selected though only 93 participated during questionnaire administration process.

Compensation in the form of basic salary only may not be sufficient to attract, satisfy or retain employees. Benefits such as bonuses, allowances and overtime are important and positively impact employee performance. From the study, the findings showed that a majority of the employees were far from satisfied with their current compensation package. Employers need to recognize the positive yet significant relationship among salary, bonus, incentives, allowances and fringe benefits. These components of compensations packages positively affect performance which is a strong predictor of employee retention. Organizations that have better compensation systems together with policies in place put a very positive impact on their employees thereby committing them to the organization and such will be less likely to leave it.

Communication serves two essential functions in every organization. It disseminates the information needed by employees to get things done and builds relationships of trust and commitment. Inferring from the results gathered, it can be said that employees are able to do their jobs well because they have enough information to complete their tasks. Most of the respondents were satisfied with the level of listening within their workplace. However, a high percentage of respondents are unaware of activities in other departments. Employees on average were satisfied with how communication is carried out within their work place.

Findings from the study showed that a large number of the respondents agreed to have undergone periodic training at their workplace; and agreed it has helped improve their performance. However, there was no specific schedule in place. Employers need to create dynamic training programs that are reviewed from time to time to accommodate new skills and information. Training is a key element for improved performance it pushes up the abilities of workers to a higher stage from where they currently stand. Through training skills and knowledge are passed from the trainer to the trainee especially on new products/services and technology.

5.1 Conclusion

The informal sector is one of the vital sectors contributing the growth and development of Kenyan economy. Both employers and employees need to negotiate and implement attractive compensation packages that will benefit both parties. Yet from the findings employees in the informal sector were not satisfied with the compensation packages and policies in place. Effective compensation management policies largely promote employee performance, it is important for organizations to have them in place.

This study has uncovered that communication is above expectation. Employees were on the average satisfied with how communication is organized within their enterprises; this inevitably has positive implications for the performance of their jobs. Employees admitted to having enough information to carry out their duties efficiently. But more can be done to improve upon communication among workers. Quality communication yields quality results; therefore conscious efforts have to be made to adopt more effective communication strategies within the work place.

Training plays a significant role in the building of competencies of new as well as current employees to perform their job in an effective way. From the findings it is clear that training has a direct impact on the performance of an employee. The correlation between the two is positive. Employees admitted to being trained from time to time an implication that employers in the informal sector take employee training seriously. Given the nature of work possessing the required skill set is important. The 21st century will be favorable to those organizations which are able to learn faster and adapt to changes faster than their competitors. Training enhances employees' initiative and quality of work. Therefore, employers need to find what sparks their individual employees in order to motivate them to perform at their highest potential.

The overall conclusion is that the three variables - compensation, communication and training – have significant influence in the performance of workers and organizational productivity. These variables have not been fully utilized to the advantage of small scale enterprises in the informal sector. Accordingly, small scale businesses should strive to acquire appropriate management skills and keep up with the ever changing business world

5.3 Recommendations

Poor performance should be highlighted during performance evaluations, counselled and corrected as appropriate.

Employers should adopt upward communication approach. This can enhance communication between them and their subordinates thereby enhancing employee performance.

Utilize detailed and easy to understand training manuals for all training to ensure the full training process is followed consistently to every new employee.

Through reviewing and obtaining feedback on strategies used on their operations, employers will be able to improve communication and improve on employee performance.

Employers should offer the best possible compensation packages and friendly working conditions to encourage better employee performance.

5.4 Suggestions for further research

This research focused on strategic approaches to improve employee performance in the informal sector. Similar studies can be carried out on a wider and more geographically diverse group of respondents. Expanded research results with greater applicability would be used to assist in an evidence-based employer approach to accentuating employee performance in small scale enterprises. There are other influencers of employee performance besides the variables in this study, understanding them will help give a holistic understanding of employee performance. The researcher felt that these two areas can be areas for other researchers to build on.

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