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2017

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The relationship between core values and entrepreneurial performance: A study of SMEs in the informal economy of Uganda's central region

by

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A thesis submitted to the Faculty of Commerce, Law and management, University of Witwatersrand, Johannesburg in fulfillment of the requirements for the degree of Doctor of Philosophy in Business Sciences

South Africa

Supervisor: Dr. Robert Venter

November 2017

Declaration

I, Ismail Kintu declare that this dissertation is my own work, except for references and acknowledgements made. It is here-with submitted in fulfillment of the requirements for the award of the degree of Doctor of Philosophy of the University of Witwatersrand South Africa. It has never been submitted in whole or part for any degree or any award in any other university.

Ismail Kintu

Signed …….

On the 8TH November, 2017

Acknowledgements

In the name of Allah (God), most gracious and most merciful. I thank Him for having blessed me with an opportunity of studying at the best University in Africa. It is a dream come true in my academic life.

First and foremost, I extend my gratitude to Professor Samuel for being an approachable gentleman. Through his guidance, I obtained admission at the great WITS University. I'm also grateful to the admission and graduate offices for expediting my acceptance to this programme.

To my supervisor, Dr Robert Venter, I will ever and ever be grateful and thankful to you because you have patiently guided me throughout this difficult journey. The miles I have walked, we have been together. I will never stop thanking and appreciating you.

I am also grateful to my employer (Makerere University) for giving me the necessary support and resources especially the internet facility which enabled me to make timely searches on the websites and journals. I am further grateful to my sponsor (DAAD) who provided me with financial support midway through my programme.

I'm thankful to research assistants (Allan and Patricia) who tirelessly collected data and helped in data cleaning to ensure its clarity and credibility. I also thank my neighbors; Joweria Kibali and Hadijah Nabaweesi who ensured that I was served with dinner throughout my doctoral studies. You kept me healthy throughout the most important part of my life.

Finally, among friends there is a friend indeed. I thank my friend; Yusuf Kiwala; for the vibrant ideas we have been sharing throughout this research. The criticisms you have always made to my ideas have shaped my research. May Allah (GOD) bless us all!

Thank you

Abstract

The conceptualisation of core values indicate that they are guiding principles in shaping organisational culture. Furthermore, values enhance firm efficiency if they are well integrated in all business processes. Despite the fact that core values motivate employees, SMEs in the informal economies of developing countries do not provide a list of core values to employees.

The purpose of this study, therefore; was to establish the commonly practiced core values in Uganda's informal economy and whether such core values could motivate and reinforce behaviour among employees and at the same time, foster entrepreneurial performance. The study adopted a mixed methods approach. In this case, the sample size for qualitative interviews was twenty-five respondents whereas the sample size for the quantitative survey was three hundred and eighty-six (386) respondents.

The interviews were guided by a semi-structured interview guide and revealed that the commonly practiced core values in Uganda's informal economy are; cleanliness, trust, fairness, responsibility and respect. It was established that core values motivate and reinforce employee behaviour. The quantitative survey was done using a questionnaire with a five- point Likert scale. Hypotheses and mediation tests were carried out by way of structural equation modeling, using AMOS and Sobel's test respectively. Results from all hypotheses' tests indicated significant positive relationships between predictor and outcome variables. However, the relationships of; motivation and entrepreneurial performance and legitimacy and entrepreneurial performance were positive, but insignificant. In addition, it was discovered that the reinforcement theory is applicable in Uganda's informal economy. Based on the results of this research, it is recommended that SMEs should seek to acquire skills on how to fully turn legitimacy and motivation into business advantage and how to use core values as tools for advertising and marketing the business. Finally, the Ministry of Gender, Labour and Social Development, with help from local governments, should design a policy to tempt SMEs to voluntarily engage in community service, especially cleaning up water and drainage channels to improve cleanliness in the communities as well as improving on business legitimacy.

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List of Acronyms

AGFI…….Adjusted Goodness of Fit Statistic

AMOS…….. Analysis of Moment Structures

AVE…….. Average Variant Extracted

CFA……. Confirmatory Factor Analysis

CFI…….. Comparative Fit Index

CL…… Cleanliness

EFA……. Exploratory Factor Analysis

FR…… Fairness

GDP……. Gross Domestic Product

GFI……..... Goodness of Fit Statistic

ILO…… International Labour Organisation

IS…….. Information Systems

KMO……. Kaiser-Meyer-Olkin

LGT…….. Legitimacy

MFPED…… Ministry of Finance Planning and Economic Development

MKT…….. Market

MV……. Motivation

NFI…….Normal-Fit Index

PMD…….. Product Diversification

PME…….. Cumulative Employment

PMF…….. Profitability

REF…….. Reinforcement

RES…….. Responsibility

RMSEA……. Root Mean Square Error of Approximation

RMR……	Root Mean Square Residual
ROE……	Return On Equity
ROI……	Return On Investment
ROS……	Return on Sales
RS……..	Respect
SEM……	Structural Equation Modelling
SMEs……	Small and Medium Enterprises
TR……..	Trust
UBOS……	Uganda Bureau of Statistics
UIA……	Uganda Investment Authority
US……..	United States
USA……	United States of America.

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CHAPTER ONE

INTRODUCTION

1.1) Introduction

The chapter introduces the subject matter of the research. The research problem, objectives, questions, purpose and research significance are provided. The chapter further indicates that the study is about Small and Medium Enterprises (SMEs) in Uganda's informal economy and that the study sought to establish whether motivation and legitimacy mediate the relationship between core values and entrepreneurial performance.

1.2) The Background to study

Ramani, Thutupalli, Medovariszki, Chattopadhyay and Ravichandran (2013) define the informal sector as comprising organisations which neither register with local authorities nor pay taxes. At the same time, workers in the informal sector have neither formal contracts nor formal safety assurances. The informal sector is the sector of the economy that does not comply with labour market legislation and does not provide worker benefits (Goldberg & Pavcnik, 2003). The informal sector also houses temporary or part-time workers employed in the formal sector (Goldberg & Pavcnik, 2003). Henley, Arabsheibani and Carneiro, (2009) affirm that the informal sector is characterised by; no employment contracts, no social security protection and are enterprises that employ at least five people. Having defined the term informal sector in general, it is necessary to discuss Uganda's informal sector in this chapter for the purpose of the study hence the discussion in the following paragraphs.

Uganda has a large informal sector; this is a reason for the low tax to Gross Domestic Product (GDP) ratio of 13%. The ratio is below the sub-Saharan rate of 26% (African Economic Outlook, 2012). To prove that Uganda has a large informal sector, the "Statistical update on employment in the informal economy International Labour Organisation - Department of Statistics," (2012) shows that Uganda's informal sector employs 69.4% of the total labour force in non-agricultural activities. Of the 69.4%, 71% are females. This implies that women are more dominant in the informal sector compared

to men. This concurs with Chen; (2000) who concludes that women are over represented (make up more than 50%) in the informal sector in developing countries.

Besides the size of Uganda's informal sector, activities undertaken in this sector are legal but the strategies and operational methods are illegal and criminalised (Lince, 2013). In addition, the legitimacy of Uganda's informal sector is largely based on what people take to be a good norm in their practices because government does not have enough means to regulate all strategies for trading in all Ugandan communities especially at border points (Titeca & Flynn, 2014). In addition, small businesses lack intrinsic empowerment, basic freedom, self-confidence, feeling respected and living without fear (Nussbaum, 2003). This can probably be attributed to lack of legitimacy.

Apart from the legitimacy point of view, Uganda's informal sector is a major provider of employment in urban areas, absorbing large numbers of school leavers, migrants from rural areas and others who cannot find employment within the formal sector. Further, Uganda's informal sector provides both full time and part time employees (Orobia, Byabashaija, Munene, Sejjaaka & Musinguzi, 2013). Furthermore, the informal sector has the potential to continue to generate more jobs, but government must implement measures to overcome obstacles to their productivity growth (World Bank, 2013). As a way of creating more jobs in Uganda, the World Bank (2013) suggests short term actions such as; creating linkages between large industries and small and mainly informal manufacturers, and secondly, creating a matching grant for the informal sector operators. Kjaer (2013) confirms that Uganda's private services, such as telecommunication, banking, tourism/hotels and services in the informal sector provided by microenterprises have grown. Therefore, the situation implies more employment opportunities, increased productivity and general economic growth. Informal workers in Uganda have organised themselves into a union called the National Alliance of Informal Economy Workers Organisation (Schurman & Eaton, 2013). This is evidence enough to show that the informal sector has some level of discipline and systems which are used to confront employee demands. It is therefore prudent to sensitise workers through their alliance in order to achieve the level of working discipline required.

It is important to note that Uganda's informal sector contributes to regional trade. Tanzania's unreported export to Uganda was estimated at US $ 1.9 million in 2002. The cross-border trade in camels through Ethiopia, South Sudan, and Eastern Uganda is estimated at US $5 million per annum (United Nations Economic Commission for Africa, 2013). The United Nations Economic Commission for Africa (2013) further indicates that Uganda's informal cross border trade to its five neighboring countries is estimated at United States (US) $ 231.7 million, corresponding to 86% of official export flows to these countries over the same period or 46% of the total (formal and informal) export flows to these countries.

Furthermore, the study was carried out in Uganda's central region, which despite being small, has the highest proportion of SMEs. That is to say, the central region has 14,755 as the total population of SMEs compared to 7,596 SMEs for the rest of Uganda (Uganda Investment Authority and Ernst & Young, 2011). The region also has a sizeable population to provide the market for goods and services. In addition, the central region is strategically located at the busiest customs entry points, so transport costs for materials originating from outside Uganda may not be as high as those of the SMEs located in other Ugandan regions (Uganda Bureau of Statistics, 2010).

Although the organisational setup under the informal sector is observed as an illegal setting because businesses in the sector do not register with local authorities (Ramani et al. 2013), the sector provides a market for branded goods from the formal sector which boosts the economy at large. Furthermore, the informal sector helps in building independent retail stock increases (Njoda & Pamen, 2016). Furthermore, Ramani et al (2013) confirm that informal workers feed into the supply chain networks of registered firms and contribute to increasing profits through their supply of cheap labour. Therefore, the advantages discussed above provided a foundation for the researcher's interest in investigating the way businesses which are commonly small and medium in size in the informal sector are managed.

Having observed that businesses in the informal sector commonly employ at least five people (Henley et al. 2009), which is a typical characteristic of Small and Medium Size enterprises (SMEs), it is important to know, bearing in mind the nature of study, that the criteria used to define SMEs in this study was the number of employees. Therefore, small enterprises are those which employ a maximum of fifty employees and medium enterprises as those which employ more than fifty people (Uganda Investment Authority, 2008). Having understood the boundaries of SMEs, it becomes relevant to know their contribution to Uganda's economy hence the following discussion.

Uganda's private sector is dominated by Micro, Small and Medium enterprises (MSMEs) and they make up 90% of the entire private sector (Ministry of Finance Planning and Economic Development, 2011). Though micro enterprises are part of the business sector which contributes to the economy, the study ignored them because most of them are make-shift businesses therefore data collection would have been difficult. For that reason, the study focused on SMEs.

Small and Medium Enterprises (SMEs) in Uganda offer both job and investment opportunities (Randall, 2008). Opportunities are offered widely to both Ugandans and non-Ugandans in the form of Foreign Direct Investment (Randall, 2008). Besides employing 2.5 million people in Uganda, SMEs contribute 75% to Uganda's Gross Domestic Product (GDP) (Uganda Investment Authority, 2012). The contribution of SMEs to the economic growth of developing nations was reaffirmed by Calice, Chando and Sekioua (2012), who state that SMEs play a major role in economic development for every country, including African countries. This indicates that SMEs contribute significantly to Uganda's economy and therefore there is a need to urgently focus on their management style. Moreover, most SMEs in Uganda operate informally (Uganda Investment Authority and Ernst & Young, 2011), and the contribution of the informal economy to Uganda's GDP is increasing though not much is recorded in the country's statistics (Muwonge, Obwona & Nambwaayo, 2007).

Despite the fact that SMEs play an important role in contributing towards Uganda's GDP and economic growth, Tushabomwe-kazooba, (2006) realised that most of them do not

live beyond their first year of operation. This is an indicator that there exist problems around the whole SME sector in Uganda. It is not yet established whether poor entrepreneurial performance is a cause for non-survival of SMEs beyond their first year of operation. Moreover, the Uganda Investment Authority and Ernst and Young survey (2011) established that most SMEs in Uganda operate informally. Therefore, Tushabomwe-kazooba, (2006)'s indication that most businesses in Uganda do not live beyond their first year of operation cannot discriminate SMEs in Uganda's informal economy. Furthermore, Hammann, Habisch, and Pechlaner, (2009) assert that a value-based socially responsible orientation towards doing business in SMEs in developing countries is surely not expressed in formerly written codes of conduct or certificates as it is in large corporations, but it is reflected in the personal orientation and the action of the SME entrepreneur or manager derived there from. If core values are not stated and documented for employees to read and understand, it may be difficult for such employees to follow the core values as Schwartz, (2005) affirms that publicly known binding rules are easier to be applied companywide than when rules are not publicly known. Since the principles governing employees' behaviour at work are not well stipulated, maybe it is a reason for SMEs' mismanagement and short run survival. This compelled the researcher to investigate whether SMEs really state and practice core values. Furthermore, the study sought to establish the relationship between core values and entrepreneurial performance of SMEs in Uganda's informal economy.

Having discussed the contextual and practical gap above, the study further aimed at exploring and testing the gap in motivational reinforcement theory. Skinner (1938) had earlier on argued that reinforcement theory is about having positive and negative reinforcers. The positive reinforcers are rewards while the negative reinforcers are punishments. Skinner (1938)'s position was tested by Uduji (2013) in Nigeria from the rewards perspective and in the formal setting. However, the literature reviewed so far does not indicate the testing of the reinforcement theory in an informal setting for an under developed economy such as Uganda. In addition, being that core values are part of business morals and ethics, deontology theory would be ideal because it deals with principles which prescribe the right or wrong in an organisation (Schwartz, 2005).

However, the theory of deontology does not provide a systematic discussion on how moral values can energise workers for better performance.

Although there exist other motivational theories such as expectancy theory (Oliver, 1974), McGregor's theory X and Y (McGregor, 1960) and Maslow's hierarchy of needs theory (Maslow, 1954), SMEs in the informal economy are un-structured. The rewards, X and Y factors and hierarchy of needs may not be well streamlined. In addition, it may be difficult for an informal worker to envisage achieving the highest need in Maslow's hierarchy. In this circumstance, it may be challenging to consider motivation using such theories within the context of informal economy. Therefore, it may be easier for informal workers to be energized through their behaviours and conduct than rewards, hierarchy of needs or X and Y factors. Furthermore, from a myriad of scholarly work around motivation and ethics theories accessed in this study, none has effectively handled the role of core values in reinforcing employee behaviour. It was important therefore to carry out research and demonstrate how core values could reinforce employee behaviour. Therefore, the study also aimed at investigating whether core values can be incorporated in the reinforcement theory as behavioural reinforcer.

1.3) Problem Statement

Dahlgaard-Park, (2012) contends that core values are motivators and at the same time enhance employees' human needs. Despite this importance, it has not yet been established whether core values are behavioural reinforcers under the reinforcement theory of motivation. In addition, the relationship between core values and entrepreneurial performance of SMEs in Uganda's informal economy has not yet been investigated. The closest study to this effect was by Ntayi, Mutebi, Kamanyi & Byangwa, (2013). Their study focused on institutional framing and moral values of entrepreneurs in Uganda. This is to say that institutional arrangements like processes for business licencing or tax payment affect the moral values of Ugandan entrepreneurs. Although Ntayi et al (2013)'s work was about moral values for entrepreneurs in Uganda; the study failed to address the reinforcement theory of motivation as well as entrepreneurial performance. Furthermore, there is limited research about the management dynamics of SMEs in Uganda's informal

economy. Although Kakeeto-Aelen et al. (2014) studied trust in Uganda's service sector; they considered neither a combination of core values nor aspects of entrepreneurial performance. They only discussed customer satisfaction rather than entrepreneurial performance which comprises cumulative employment, profitability and product diversification (Yu, 2013; Bosma, Van Praag & Wit 2002). This presented a need for this study. It is also important to investigate both the theoretical and practical gaps which have been identified in Uganda's informal economy. By carrying out this study, the researcher sought to expand the reinforcement theory of motivation and also to investigate the relationship between core values and entrepreneurial performance of SMEs in Uganda's informal economy.

1.4) Purpose of the Study

The informal economy provides linkages to the formal economy in providing services (Ramani et al. 2013). Therefore, it is necessary for businesses in the informal economy to build a good image so as to be trusted by their counterparts in the formal economy for business opportunities. Apart from image, SMEs in Uganda need to build a strong reputation through networking for proper business undertaking. Networking and reputation can be achieved through core values (Zimmerman & Zeitz, 2002). It was thus important to investigate the relationship between core values and entrepreneurial performance of SMEs in Uganda's informal economy.

1.5) Research Question

As a way of achieving the research objectives and answering the stated research problem, the study was guided by the following primary question; can core values practiced by SMEs motivate (reinforce behaviour among employees), legitimise businesses and at the same time foster entrepreneurial performance of SMEs in Uganda's informal economy?

The secondary questions for this study were;

Qualitative

i. What are the commonly practiced core values by SMEs in Uganda's informal economy?

ii. Can the commonly practiced core values provide good leadership in SMEs in informal economy of Uganda's central region?
iii. Can the commonly practiced core values motivate and reinforce behaviour among employees in Uganda's informal economy?
iv. Can the commonly practiced core values legitimise SMEs in the informal economy of Uganda's central region?

Quantitative

v. Is there a relationship between legitimacy and entrepreneurial performance of SMEs in informal economy of Uganda's central region?
vi. Is there a relationship between the commonly practiced core values and entrepreneurial performance of SMEs in Uganda's informal economy?
vii. Is there a relationship between core values and legitimacy in SMEs in the informal economy of Uganda's central region?
viii. Is there a relationship between core values and motivation in SMEs in the informal economy of Uganda's central region?
ix. Is there a relationship between motivation and entrepreneurial performance of SMEs in the informal economy of Uganda's central region?
x. Does motivation mediate the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region?
xi. Does legitimacy mediate the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region?

1.6) **Research Objectives**

The study was designed with one major primary objective; i) to establish the relationship between core values and entrepreneurial performance of SMEs in Uganda's informal economy.

The study was guided by the following secondary objectives;

Qualitative

i) To determine the commonly practiced core values by SMEs in the informal economy Uganda's central region.

ii) To establish whether the commonly practiced core values can motivate and reinforce behaviour among employees in SMEs in informal economy of Uganda's central region.

iii) To establish whether the commonly practiced core values provide good leadership in SMEs in informal economy of Uganda's central region.

iv) To establish whether the commonly practiced core values legitimise SMEs in the informal economy of Uganda's central region.

Quantitative

v) To establish the relationship between core values and motivation in SMEs in the informal economy of Uganda's central region.

vi) To establish the relationship between motivation and entrepreneurial performance of SMEs in the informal economy of Uganda's central region.

vii) To establish the relationship between the commonly practiced core values and entrepreneurial performance of SMEs in informal economy of Uganda's central region.

viii) To establish the relationship between core values and legitimacy in SMEs in the informal economy of Uganda's central region.

ix) To establish the relationship between legitimacy and entrepreneurial performance of SMEs in informal economy of Uganda's central region.

x) To establish whether motivation mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

xi) To establish whether legitimacy mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

1.7) Structure of the thesis

The study was organised following the structure below;

Chapter one: Introduction

This chapter covered the introduction, background to the study; discussed the problem under investigation, the scope of the study, major objectives and research question. This chapter presents the structure of the study and significance of the study.

Chapter two: Literature review and Theoretical frame-work

This chapter presented and examined the existing gaps in the current literature about core values and entrepreneurial performance in an informal economy of a developing nation. This chapter further discussed the theories around motivation. In particular, the reinforcement theory was discussed as a primary theory which underpins the study of core values and entrepreneurial performance of SMEs in Uganda's informal economy. This was done with the aim of expanding the reinforcement theory.

Furthermore, literature about motivation was reviewed with the aim of establishing the role of core values to motivation. On top of motivation, literature on legitimacy, especially pragmatic legitimacy, was reviewed with the aim of establishing whether legitimacy can improve entrepreneurial performance amongst SMEs in the informal economy.

Chapter Three: Relationships, propositions and hypotheses

This explored the relevant relationships in the study. The theoretical model supported with relevant literature was formed. Propositions and hypotheses were formulated. These were later tested in analysis under chapter six.

Chapter four: Research methodologies

This chapter covered the research philosophies, research approaches and design. Sample selection techniques and sampling was done, mixed method approach for this study was employed, and methods for hypotheses testing were proposed. In addition to hypotheses testing, the methods for testing mediation effects of motivation and legitimacy

were proposed. Finally, data collection and data analysis procedures and tools in both qualitative and quantitative approaches were proposed.

Chapter five: Analysis, presentation and discussion of qualitative results

This chapter presented the methods adopted for data analysis. Data collected through interviews were analysed by use of the coding system (both open and axial coding). Later the coded data resulted into categories and themes which led to a causal map and conclusions.

Chapter six: Presentation and analysis of quantitative results

Data collected using questionnaires was presented and analysed using Structural Equation Modeling (SEM). The measurement and structural models were identified and specified using Analysis of Moment Structures (AMOS). Furthermore, Pearson's chi-square test was used to determine the significance of reinforcement theory in Uganda's informal economy.

Chapter seven: Discussion of findings

The discussion about the relevance of the study findings was carried out. The discussion was done basing on regression weights obtained from regression analysis, Uganda as a country context and existing literature on core values, motivation, reinforcement theory, legitimacy and entrepreneurial performance. Triangulation of methods was done where qualitative and quantitative results were discussed concurrently to provide more meaning to the study.

Chapter Eight: Conclusion

Summary of results and theory were presented and conclusions were generated out of the main study findings. Managerial solutions for problems affecting the informal entrepreneur were suggested for further action. Most important, recommendations for further research were suggested to ensure research continuity in the area of business ethics and entrepreneurial performance.

1.8) Significance of the study

Business ethics and core values are vital in influencing employee motivation and firm performance. The study findings indicated that core values are more than motivational factors; they extend to reinforcement of behaviour and entrepreneurial performance. Therefore the findings had the following crucial significance;

I. Providing guidance on how core values can be inculcated into employees for possible improvement in behaviour and performance.
II. The study provides policy recommendations on how informal workers, especially youths, can be skilled. Also, it considers guiding on policy over SME location for better ambience and hygiene.
III. The study also provides policy recommendations for SMEs to engage in community service. This can ensure cleanliness of the environment as well as legitimacy for SMEs.
IV. Finally, it was confirmed that SMEs in Uganda's informal economy possess core values and these core values motivate and reinforce behaviour.

1.9) Conclusion

Uganda's informal economy has a lot of inconsistencies which hamper entrepreneurial performance. In order to investigate some of the inconsistencies, the study was guided by a research question which sought to have a behavioural approach to conducting business in Uganda's informal economy. To answer the research question and problem, the study was organised in eight chapters which systematically discussed the phenomena of core values and reinforcement theory in Uganda's informal economy as indicated in section 1.6 above. Finally, it was significant to determine that core values motivate, reinforce behaviour and; at the same time, influence entrepreneurial performance, as indicated in section 1.7 above.

CHAPTER TWO

LITERATURE REVIEW

2.1) Introduction

This chapter discusses the theoretical framework of the study and the study variables**.** To have a meaningful study, all practical facts must be backed up by theoretical understanding. The researcher investigated motivational effects of core values in the first place. This was followed by investigating the impact of core values on entrepreneurial performance. Having observed that this study is behavioural, the researcher had to concentrate on behavioural theories and finally focus the research to one central theory. This theory was later tested to find its applicability in Uganda's informal economy. This chapter provides information about the theoretical frame work of the study and a review of literature of core values and entrepreneurial performance.

2.2) Theoretical background of the study

The research aimed at establishing whether core values can motivate and reinforce employees' behaviour in SMEs in Uganda's informal economy. Whereas the concept of values took a central role in this study, none of the business ethics or moral theories was advanced. This is because the study sought to establish whether core values motivate and reinforce behaviour among employees in Uganda's informal economy, an area which has not yet been explored. Moreover, to adequately answer the research question and link values (arising out of business ethics) with staff motivation, motivational theory was advanced. This justifies the following discussion;

Dahlgaard-Park (2012) demonstrated how core values (a component of ethics and morality) can be motivational, thus developing a trinity model of human needs but never demonstrated how core values can reinforce behaviour. In addition, an earlier study by Parks and Guay (2009) observed that core values are motivators and impact behaviour, though understanding how and when values influence behaviour is still difficult.

Although there exist other motivational theories such as; McGregor's X and Y factors (McGregor, 1960) and Maslow's hierarchy of needs theory (Maslow, 1954), SMEs in the

informal economy are un-structured (Hammann et al. 2009). This implies that SMEs cannot have proper system of supervision and they may have muddled reward system. Moreover, jobs in informal economy are neither high paying nor do they command high levels of dignity compared to jobs in the formal sector. This implies that informal economy workers struggle to meet the basic needs. In addition, informal economies are established in suburbs/ townships where job security, personal security or health are not guaranteed. Therefore, it is difficult for employees to be motivated using the Maslow's hierarchy of needs or any other approach. It is thus important for SME managers to emphasise employee behaviour as source of motivation rather than rewards, X and Y factors or hierarchy of needs.

For this reason, the study is supported by the reinforcement theory where the researcher sought to establish whether core values reinforce behaviour.

2.2.1) The Reinforcement theory

The **Reinforcement Theory** is the primary theory advanced in this study. The theory was developed by Skinner (1938) and it has been adopted and is currently in use. Skinner (1938) provides reinforcers to be positive or negative and therefore cause behaviour to repeat. He also provided for punishments which decrease the likelihood of behaviour to repeat. Flamholtz, Das and Tsui (1985) and Uduji (2013) observe that the positive reinforcement theory suggests that rewards delivered immediately following performance are more effective in producing similar behaviour in the future. In the same way, Bassett-Jones and Lloyd (2005) observed that employees need appropriate rewards for positive reinforcement. The theory thus focuses on rewards, achievements or punishments as positive or negative reinforcers. There is failure to focus on core values as reinforcers.

Furthermore, reinforcement was studied under the sensitivity theory (Reiss & Havercamp, 1996). The sensitivity theory provides that different reinforcers offer diverse reinforcement sensitivity. Therefore, individuals react positively or negatively based on the extent to which they are sensitive to the reinforcer. Although Reiss and Havercamp (1996)

observed that morality (behaving according to a code defining right or wrong) under sensitivity theory is a fundamental motivator and that fundamental motivators are reinforcers, they pointed out that those were their own views which require more empirical research. They further provided that sensitivity theory offers issues for further research, rather than offering findings and conclusions. In addition, reinforcement was discussed by Bijttebier, Beck, Claes, & Vandereycken, (2009) while focusing on reinforcement sensitivity theory where the fight-flight-freeze system. The fight-flight-freeze system mediates aversive stimuli for both unconditioned and conditioned reward thus replacing the role of the behavioural inhibition system (BIS) (Bijttebier et al. 2009). Although Bijttebier and colleagues studied reinforcement sensitivity from a behavioural perspective, they approached their work from clinical medicine rather than entrepreneurship. Furthermore, they did not clearly demonstrate how core values or morality can cause a repeat of behaviour. Therefore, it was justifiable for this study to investigate whether core values are behavioural reinforcers or not under the reinforcement theory.

It can further be argued that if core values are well crafted and deployed, they can prevent bad behaviour from occurring, so it may be irrelevant to think about punishments. In addition, Dahlgaard-Park (2012) argues that core values create affective commitment where an employee feels that he/she is passionate and excited about the organisation's objectives and beliefs. In this sense, an employee is driven by shared beliefs (Dahlgaard-Park, 2012). Therefore, if an employee is passionate and committed to work because of the aligned beliefs and not by promised bonuses or punishments and that organisational culture influences people's actions (Irani, Beskese & Love, 2004), it is likely that whenever such an employee successfully accomplishes work or demonstrates good behaviour, he/she will be driven by the same shared or aligned beliefs to repeat the work or behaviour he/she successfully accomplished or demonstrated.

Dahlgaard-Park (2012) suggested for more research in areas of; designing an effective core value deployment process which involves managers communicating the company's core values to all employees and that core values need to be followed in all daily activities by all employees inside and outside the organisation. Researchers such as Hammann et

al. (2009) assert that SMEs in developing countries cannot develop core values; since they are under the manager's orientation. Therefore, because of the existing theoretical and research gap discussed above, it was relevant to expand the reinforcement theory by incorporating core values as reinforcers and at the same time to investigate whether SMEs can craft and put core values to proper use.

Furthermore, management has a primary role of crafting core values (Lencioni, 2002), at the same time, deploying values is a management task (Dahlgaard-Park, 2012). It is very important to understand that reinforcement of behaviour or performance based on core values should originate from management.

2.2.2) Business Ethics

The origin of ethics is virtues, beliefs, actions and peoples' values (Abyad, 2014). In addition, Abyad (2014) discussed many ethical and moral theories such as; God theory, conscience theory, relativism, conventionalism, legalism, social contract theory and utilitarianism. Although these theories differ in approach, they have an ultimate aim of identifying the right and wrong or good consequences in a society or trying to guide people's behaviour within a community. From the study of virtues, Audi (2012) believes that morals fabricated from virtues are more resourceful compared to morality assembled from theories such as; utilitarianism and deontology. Although Audi (2012) considers virtues as more morally resourceful, they have a similar intent with other sources of morality and ethics because all ethics theories aim at motivating people for their actions and fostering good relations amongst people and business community they serve. For instance, Gustafson (2013) points out that utilitarianism gives a revelation where ethical behaviour hold the common interest of humanity as of greatest importance while making decisions. At the same time, utilitarianism focuses on the ethical relationship between business and society, for instance, utilitarianism theory provides that as long as the principles of fairness, justice, honesty and integrity can form a basis for a happier society than a society without these principles, they have the moral support to be practiced (Gustafson, 2013). The same principles are held by virtues and for the same purpose (Audi, 2012). At the same time, Kant's deontology proposes that employees should

behave well before fellow employees and the community by doing right and abstaining from wrong (Schwartz, 2005; Abyad, 2014).

Although utilitarianism focuses on consequences of employee actions, deontology on doing right and avoiding wrong and virtues being built on grounded people beliefs, all theories aim at having morals which can guide employees' actions for the good of the business and society at large. The discussion above indicates the business ethics framework and theories available to entrepreneurs. It is therefore important to discuss a theory which can link core values to motivation since the study aims at establishing whether core values motivate and reinforce employee behaviour.

Whereas the study aimed at advancing the reinforcement theory of motivation by exploring whether core values are behavioural reinforcers, it is important to discuss a theory on business ethics. This is important for showing a link between motivation and ethics. Since the major study variable is core values, the main business ethics theory to discuss is deontology. This is because arguments for deontology have been based on principles, rules and moral values since the first proponent (Kant). This shows that core values provide a link between motivation and business ethics theory of deontology.

Ethical behaviour is understood as a way of conforming to legal or moral norms as well as living with ethical behaviour, supported by moral standards (Jones, 1991). After defining ethical behaviour, it was important to discuss the ethical and moral theory of deontology because the study is about moral values in SMEs. **Deontology** was mainly promoted by Kant who believed in having principles and rules to govern behaviour (Schwartz, 2005). In other words, principles and rules apply to people before they act. Therefore, the rules and principles help to guide right or wrong actions (Jones & Wicks, 1999; Schwartz, 2005; Abyad 2014). Abend (2016) further observed that deontology is a moral theory, therefore the principles promoted by deontology theory and maintained at all levels of a firm help in promoting good work practices (Wright, Zammuto & Liesch, 2017). Furthermore, Viviers, Bosch, Smit and Buijs (2008) emphasise that deontology covers moral obligations, duties, or responsibilities which are important for a firm's goodness. It is because of its role in providing for moral values and principles, which are

the study's core area, that deontology has been discussed in this study rather than rule-utilitarianism which focuses on consequences of an action (Schwartz, 2005).

Whereas Robin, David and Moritz (1989) provide that codes of ethics cannot be rule-based but are value based, proponents of deontology theory use principles, rules and moral values inter-changeably. Therefore, it is important to focus the discussion on values as the major study variable rather than rules.

Having discussed the theory of deontology and showing how it is linked to the study, the following discussion indicates the course of business ethics and moral values. This is important to show how the Ugandan informal economy can respond to the business ethics concept.

Through tracing business ethics history in the United States of America (USA), Abend (2016) observes that business people need to be truthful, fair, care about the community, not mistreat employees, care about customers and not misrepresent products or services. Abend (2016) bases his observations from the morality and ethics part of society and cultural beliefs. Furthermore, Gonin (2015) points out that an enterprise cannot be disconnected from the entrepreneur's identity and values. Gonin (2015) concurs with Adam Smith that an enterprise's moral foundation is shaped by the inter-relationships between an enterprise, entrepreneur and society where the enterprise is located. Therefore, it is observed that morality and ethics in an organisation do not stand in isolation, it is shaped further by both entrepreneurs and the society or community values where it operates.

In addition, trying to guide ethical behaviour in organisations, scholars such as Schwartz (2005) and Schmiedel et al. (2013) established moral/core values for practice in the business environment. In order to support the works of Schwartz (2005) and Schmiedel et al. (2013), Jelovac, Van der Wal and Jelovac (2011) established the hierarchy of core values both in the private and public sectors. Although Jelovac et al. (2011)'s study is very important; it is a comparison of Slovenia and Netherlands business and government sectors. Therefore, findings may lack proper suitability in Uganda's informal economy

since SMEs in this sector have inappropriate employee records, inventory records and sales records (Wamono, Kikabi & Mugisha, 2012).

Furthermore, the study by Roberts-Lombard, Mpingijira, Wood and Svensson (2016) concluded that companies should use an ethical approach as a pivot for maintaining an ethical culture among employees and at the same time, communicate to all employees the ethical practices, ethical beliefs and value system. Roberts-Lombard et al. (2016) further argue that businesses should realise that employees have different cultural backgrounds, therefore more awareness about company codes of ethics should be emphasised to have a more unified behaviour. Realising that ethics and morality are composed of many theories which may not apply to all groups of people given the difference in their culture and beliefs, Abyad (2014) recommends establishing a set of moral values to guide the right or wrong in a given human setting. The same position is held by Rakesh, Anusha and Suresh (2016) that ethics revolve around moral values which are considered right or wrong in a business undertaking to guide employees while undertaking activities. Furthermore, the works of Mahajan and Mahajan (2016) point out that firms design codes of ethics to improve morality and build ethical organisations in order to avoid negative publicity and legal sanctions.

Further, employees must follow the ethical behaviours of their leaders (Davis, 2003). Davis argues that this is a golden rule if proper morals and ethical behaviour is to be maintained at work. This position is relevant in Uganda's informal economy because supervisors and employees may have a close working relationship (Jing, Avery & Bergsteiner, 2014). It is further emphasised by Carroll (2000) that immoral management can reduce if values are enhanced in organisational culture and the commercial arena.

Although Rakesh et al. (2016) argue that values may not necessarily depict ethics and further that trust, responsibility, respect, fairness vary over time and according to society, it is understandable that every society believes in respect, trust or other aspects of values, though expressed in different ways. Furthermore, Schmiedel et al. (2013) through the Delphi technique, established cultural values in organisations' business processes. This showed consistency with organisational values. Therefore, Rakesh et al. (2016)'s argument may lack global representation as their study was carried out in India.

In addition, the role of norms and values is further demonstrated in the work of Bruin (2016) where he observes that for morality and ethical behaviour to be enforced among employees, oath taking must be emphasised. Bruin (2016) continues to argue that for oath taking to be effective, norms and values such as; integrity, fairness, confidentiality and objectivity must be incorporated in the oath in order to ensure that oaths are not simply general assurances. Although employees in Uganda's informal economy cannot take an oath because they get neither employment contracts nor social benefits (Henley et al. 2009), it is important to understand that such values emphasised by Bruin (2016) are relevant in Uganda's informal economy hence they need to be investigated. Additionally, from the above discussion of ethics and morality, especially the recommendations of Abyad (2014) and Rakesh et al. (2016) that ethics and morality revolve around moral values and also that Ferguson and Milliman (2008) had earlier observed that organisational values provide moral guidance and dictate ethical behaviour in organisations, it is important for this study to focus on core values as a major study variable. Therefore, the discussion in section 2.3 below is about core values as independent variables.

2.3) A review of literature pertaining to Core values (trust, fairness, respect, responsibility and cleanliness).

Gustafson (2013) concurs with Ferguson and Milliman (2008) that psychological values such as trust, integrity, and respect focus on the aspirations and moral beliefs of employees. Furthermore, Gosschalk and Hyde (2005) provide for honesty, responsibility, integrity and reliability as major virtues for business organisations. In addition, Schwartz (2005) developed six universal moral values which are considered by most researchers as very important and these are; 1) trustworthiness which includes honesty, integrity, transparency, reliability and loyalty; 2) Respect which includes respect for human beings; 3) Responsibility which includes accountability, excellence and self-restraints; 4) Fairness which includes impartiality and equity; 5) Caring which includes avoiding unnecessary harm and finally, 6) citizenship which includes obeying laws and protecting the environment. Even though the six universal moral values suggested by Schwartz (2005) are not well justified, they have an origin and support from business ethicists (Schwartz,

2005) and several other scholars such as Ferguson and Milliman (2008) and Dahlgaard-Park (2012). Ideally the support for core values from such scholars can make values recognisable and applicable. Given the discussion above, the following core values were considered for the entire study; 1) trust, 2) fairness, 3) responsibility, 4) respect and 5) cleanliness. The cleanliness value was developed after the qualitative analysis of this study; therefore, it is not part of Schwartz's (2005) universal moral values. The choice of this combination is based on Jurkiewicz and Giacalone (2004)'s observation that research is needed in the presence or absence of a value or a combination of values thereof which evokes particular effects on organisational performance. It is important to understand whether the selected combination of Schwartz's (2005) universal moral values is practiced among SMEs in Uganda's informal economy, and whether such values can foster entrepreneurial performance. Having provided the universal core values in the above discussion, it is important to discuss such core values in the context of the study. Each is discussed in turn.

2.3.1) Trust

Sako (1997) defined trust as an expectation held by an agent that its trading partner will behave in a mutually acceptable manner including an expectation that neither party will exploit the other's vulnerabilities. Sako (1997) further provided for contractual trust which rests on a shared moral norm of honesty and promise keeping, competence trust which requires a shared understanding of professional conduct and technical and managerial standards and goodwill trust which exists only when there is consensus on the principle of fairness. On the other hand, Mayer, Davis, and Schoorman (1995) defined trust as willingness to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party. Furthermore, trust is a seal for employee cohesion (Ellis, 2013). Falk (2014) also argues that trust pays if workers are significantly trustworthy.

In addition, Siegel, Post, Brockner, Fishman, and Garden (2005) link trust to fairness where they enlighten that if workers believe that job procedures are fair, then the entire

organisational authority can be trusted. Furthermore, if supervisors build trust among employees, attitude and morale will improve, hence reduced conflicts (Tschannen-Moran, 2015). In addition, proper acquaintance within business networks can help build trust (Baron & Markman, 2000). Since networking is a form of resource (Zimmerman & Zeitz, 2002), building networks on trust is one way of ensuring their sustainability. Furthermore, Biggs and Shah (2006) avow that trust instills hope among business partners in Sub-Saharan Africa. For instance, SMEs will always build on history with suppliers to believe that he/she will continue providing quality products. Likewise if supervisors and subordinates exhibited trust relationships in the past, it is probable that such relationships will continue in the future. Moreover, trust is a pillar for having meaningful commitment (Nakos & Brouthers, 2008). In order to instill commitment among employees of Uganda's informal economy, trust must be emphasised by both the supervisors and employees.

Besides trust improving employees' attitude, morale and building sustainable business networks, Gosschalk and Hyde (2005) affirm that trust helps to build proper business reputation. Furthermore, Jing, Avery and Bergsteiner (2014) observe that if the relationship between supervisor and followers is high, operational efficiency increases. However, those with low levels of trust experience operational inefficiency. As a result of operational efficiency, sales efficiency is achieved because customers are confident about the service being provided (Johnson & Grayson, 2005).

Employees in the informal economy should exercise trust since the sector does not follow labour market legislations (Goldberg & Pavcnik, 2003). This is to avoid unnecessary misunderstandings at work. The misunderstanding and mistrust at work may result in dismissal since no employment contracts are provided to employees in the informal economy (Henley et al. 2009). Furthermore, sellers in the informal market can demonstrate knowledge of the product or service they are providing. The demonstration of knowledge for the service forms a basis for trust between the client and the business (Lohtia, Bello & Porter, 2009). After understanding trust, Schwartz (2005) observed that trust can be measured by honesty, integrity, reliability, transparency and loyalty. Having known the parameters of trust for this study, it is important to introduce another concept of core values. This is fairness as section 2.3.2 discusses.

2.3.2) Fairness

Workplace fairness refers to employee perceptions of the rightness of outcomes, procedures and interactions within the firm (Greenberg, 1990). On the other hand, the study by Schumann (2001) provides for the fairness in terms of fair distribution as one in which individuals who are similar in relevant respects receive similar benefits and costs. Bettencourt and Brown (1997) measure fairness by use of the following parameters;

Table 2.1: Measures of Fairness

Parameters	Description
Pay rules and internal equity	Perception of the fairness of one's pay relative to one's co-workers and the fairness of the rules for granting pay raises and promotions.
Pay administration	Perceptions of the fairness of one's supervisor in administering the rules for pay raises and promotions.
Work standards	Perceptions of the fairness of supervision in maintaining a fair pace of work activity and acceptable forms of general behaviour in the workplace.
Pay level/ External equity	Perceptions of the fairness of one's pay relative to other's pay outside of the employing organisation.
Job supervision	Perceptions of the fairness of one's supervisor in distributing tasks to subordinates and allowing appropriate degrees of personal latitude for planning and personal decision making on the job.

Source: Bettencourt and Brown (1997, p. 47).

Rubin (2012) considers fairness to be a virtue every leader should possess and for this matter, Bello (2012) asserts that it takes ethical leadership for fairness to be exercised among employees. Besides, Isa and Zainuddin (2011) argue that a positive feeling of fairness at work improves employee behaviour. In addition, Kossek, Thompson and Lautsch (2015) observe that employees resent any form of unreasonable treatment at work. For instance, if workplace flexibility is provided to some workers and denied to others, the benefit will be unpopular. This position is further supported by Fortin, Nadisic,

Bell, Crawshaw and Cropanzano (2016), who argue that the fairest decision making process would assign work evenly and have a fair distribution of rewards. In this regard, rewards must be commensurate to one's work. The concept of fairness is so useful in the informal economy since employees have minimum legal attachment. They can leave work at any point they feel the system is unfair to them. This is because they have no binding employment contract (Henley et al. 2009).

It is also important to understand that Falk (2014) argues that supervisors should punish unfair employees even under circumstances where punishing maybe an expensive option. Falk (2014)'s intent is to stress that unfairness in organisation should be rejected. Although Hong, Abdu Hamid and Salleh (2013) found out that fairness at work is insignificantly related to job satisfaction among employees in Seremban factory in Malaysia, Fortin et al. (2016) observe that fairness at work promotes the manager's ability to positively relate with subordinates and consequently employees can freely execute tasks. Therefore, fairness among employees is a sign of good leadership and can help reduce labour turnover (Bello, 2012).

Arnold, Landry, Scheer and Stan (2009)'s study of *'the role of equity and work environment in the formation of salesperson distributive fairness judgment'* provide that employees prefer neither over-compensation nor under-compensation. They need a fair share for their effort. In this regard, over/or under compensation of one section of employees may cause resentment from another section. On one hand, Goltz (2010) observes that unfair treatment at work may result in litigation, endorse negative emotions and employees feeling rejected. On the other hand, Janssen (2000) asserts that workers can be extremely innovative while trying to meet their job demands if they expect a fair reward system. Whereas, Siegel et al. (2005) concentrated on the work-life conflict of an employee and observed that high procedural fairness helps to reduce the bad effects of work-life conflict, Totawar and Nambudiri (2014) concentrated on quality of work life and observed that fairness influences employees' quality of work life hence job satisfaction. This is to suggest that fairness affects both employees' work environment and the balance between work and private life. Therefore, supervisors have to ensure fairness is exercised in all material aspects to have a settled employee in the workplace. This may specifically

work with SMEs that face perfect competition. In informal markets, it may be easier for workers to switch their skills to another SME which is fairer to them. Besides the relationship between fairness and quality of work life, De-Jong and Schalk (2010) established that fairness is less related to commitment, job satisfaction and intentions to quit work for job hoppers. This is because workers, mainly on temporary terms, are looking forward to other good options so they are not bothered about the current work conditions. Whereas managers are concerned with motivating employees for task performance, they should also consider assigning responsibilities and rewards to employees in a fair manner (Long, 2016). Having discussed the usefulness of work place fairness, it is relevant to discuss respect in section 2.3.3 to establish facts about employees' respect and work life.

2.3.3) Respect

Adams, Snyder, Rand, Kings, Sigmon and Pulvers (2003) point out that organisations that demonstrate valuation, mutual respect and show consideration and concern for others report decreases in stress, burnout, turnover and concomitant increases in productivity. In addition, firms should ensure employees' respect regardless of differences in beliefs (Karakas, 2010). Furthermore, if workers perceive that they are respectable members of the organisation, they can anticipate dignified treatment at work (Wood & Karau, 2009). Chandler, Chonya, Mtei, Reyburn and Whitty (2009) argue that if employees are respected, they feel more recognised and motivated. Furthermore, respected employees defend their dignity at work (Lucas, Kang & Li, 2013). Employees who are respected in a group of workers raise in status and influence the performance of others (Emich & Wright, 2016). It is important to know that with respect, workers can have a sense of togetherness with high self-esteem. For Uganda's informal economy, it is essential for SME managers to treat their workers with respect to raise their morale since they have a perception that they are of low esteem in society. This is because most employees in the informal economy are of low education and skills (Ramani et al. 2013). This kind of respect at work can lift their spirit.

Though supervisors have powers to follow up the tasks assigned to subordinates, they have to do it with the utmost respect (Feuer, 2013). This indicates that respect among employees is important in organisational operations. In addition, distributing tasks among workers with justice is a sign of respect (Long, 2016). Having discussed respect in the context of this study, it is important to introduce responsibility in section 2.3.4.

2.3.4) Responsibility

Pfeffer and Vega (1999) confirm that when employees are allowed to follow through independently on goal attainment, there is demonstrated improvement in worker and organisational productivity. Preuss (1997) asserts that if employees are assigned responsibility, the whole process of providing a service improves. Preuss (1997) further argued that if an employee in a health unit/ hospital is, for instance, responsible for capturing information from a patient and he/she fulfills that responsibility, proper medication is provided. As treatment and medical care continue, the same employee is expected to update the patient's data base such that the entire medical team is enabled to make informed decisions about the patient's health status during the routine checkup. Likewise, in the informal economy, assigning clear responsibility to workers can be essential for service delivery. For instance, under juice processing, if an employee is tasked with packaging, he/she has to ensure that packaging is done in an attractive way to ease marketing.

Furthermore, Gosschalk and Hyde (2005) argue that it is management's responsibility to ensure that all organisational reports are presented in a fair manner to help stakeholders make appropriate decisions. Besides providing proper reports, incorporating employees' interests while scheduling tasks empowers them for efficiency (Alsheddy & Tsang, 2011). In addition, Dobre (2013) asserts that responsibility is a motivating factor; therefore, there is more to motivation than just financial rewards. Rusu (2011) further argues that assigning responsibility to workers saves operational time. This is because an individual cannot perform all tasks single-handedly. However, O'Leary (2015) asserts that if workers, especially supervisors, do not take care of their responsibilities, an organisation may collapse. For this matter, Feuer (2013) believes that supervisors must take the

responsibility of following up on tasks assigned to other staff if the firm is to make forward strides.

Besides assigning tasks and following up on other staff, Bello (2012) observes that supervisors or firm leaders have a responsibility of setting up firm norms and values and practicing them in order to be an example to subordinates. This is because values are essential for organisation ethics (Jurkiewicz & Giacalone, 2004; Karakas, 2010). It is further important to understand that responsibility plays a major role in fighting crises in organisations. This is through management effort to clearly spell out the responsible department to handle unexpected crises and train staff in crisis handling (Mitroff & Alpaslan, 2003). Though crises in informal SMEs may be on a low scale, SMEs need to assign responsibility to a particular worker for crisis management to avoid overlapping tasks during the crisis period. Furthermore, SMEs need to assign responsibility to know who is in charge for accountability purposes. Having discussed responsibility, it is important to introduce cleanliness in the section 2.3.5.

2.3.5) Cleanliness

Barber and Scarcelli (2010) define cleanliness to include cleaning up the premises, smartness and tidiness. In addition, Lee (2016) asserts that cleanliness and hygiene are pull factors which motivate people to frequent restaurants. This is a case justifying increasing sales in restaurants. In addition, in order to promote the food and beverage industry, Yusuf, Shukor and Bustamam (2016) and Hassan, Ahmad, Hamid and Zainuddin (2016) emphasise cleanliness as a major factor which encourages authorities to issue operational licences and at the same time, enhances customer attraction. The position emphasising cleanliness in the food industry was further asserted by Wangalwa, Tolo, Kagoro and Matofari (2016) who avow that maintaining cleanliness in the milk handling business in Uganda ensures the quality of milk.

Tran and Jeppesen (2016) observe that cleanliness of restrooms is not only a factor considered for work safety; it can help SMEs improve the firm's image to the audience to an extent of winning business contracts. In addition, Larteb, Benhadou, Haddout and Nahla (2016) observe that cleanliness is a benefit of standardised work floor space in

SMEs. Furthermore, cleaning premises is a way of representing customers' intrinsic desires and having an outstanding workspace (Dossenbach, 2004). If the floor space for work, for instance, in salons or restaurants is well designed, it is easy to clean up the operation area. Barlan-Espino (2017) observes that the workplace, for instance, the dining area in restaurants should go beyond clean to germ free for everybody. Moreover, the study by Park, Kim, Lee, Jeong and Lim (2017) indicates that it is important to keep cleanliness and hygiene in the kitchen area for small firms providing child day care services. To emphasise cleanliness in service delivery, Yunusa (2015) points out that clients are concerned about cleanliness of rest areas before opting for a particular service.

The discussion in section 2.3 concentrated on core values practiced in Uganda's business environment. These are; trust, fairness, respect, responsibility and cleanliness. The entire discourse provided the meaning and the relevance of these values to the business environment. In addition, for the purpose of this study, the researcher intended to provide a link between core values (independent variable) and entrepreneurial performance (dependent variable). Therefore, it is useful to discuss entrepreneurial performance in the context of this study in section 2.4.

2.4.) Entrepreneurial performance

This is where an enterprise is willing to take risk and whether such risks are related to innovation and competitiveness (Lumpkin & Dess, 2001). On one hand, entrepreneurial performance is measured by product diversification and market diversification (Yu, 2013), on the other hand, Bosma, Van Praag and Wit (2002) posit that entrepreneurial performance is measured by profits, accumulated employment and survival duration. It is thus important to understand that there is a thin difference between entrepreneurial performance measures indicated above and traditional business performance measures as indicated by Lee and Choi (2003) and Katou (2015) who observe that market share, profitability, growth rate, innovativeness, return on sales and effectiveness are measures of organisational performance. In addition, Venkatraman and Ramanujam (1986) provided for profitability, return on investment, revenue growth rate, earnings per share, market share, customer satisfaction, employees' morale as performance measures.

Given that the study is about entrepreneurship, an investigation of entrepreneurial performance measures was undertaken but not the traditional business performance measures. Further, due to the fact that Ugandan SMEs have internal weaknesses in record keeping (Wamono et al. 2012), the study focused on the following performance parameters which may not need rigorous and technical record taking techniques.

2.4.1) Product diversification

On one hand, Varanasi (2005) argues that new products, new markets, and new processes are key indicators of diversification. On the other hand, product diversification is where firms have operations in more than one industry or product market (Su & Tsang, 2015). Launching new products is a result of innovation (Carmona, Momparler & Gieure, 2012). Terziovski (2010) asserts that a new product launch is a form of SME performance. For successful product diversification, there is a need for effective coordination and interaction between firms and their stakeholders (Su & Tsang, 2015). The interaction between firm and stakeholders for product diversification was further emphasised by Slack (2015) in the case of New Horizon bakers where the confectionary firm keeps customer trust, establish good links with suppliers, trains employees and invests in new technologies to keep up with market trends. In contrast, Lohtia et al. (2009) observe that product differentiation can help to build trust instead of trust enhancing product diversification. This indicates that trust and product diversification inter-relate. On the other hand, Mayer, Stadler and Hautz (2015) observe that a firm with high product diversification experience is better in product diversification growth than the firm with low product diversification experience. In addition, Zahavi and Lavie (2013) emphasise that improving technology and diversification experience are critical factors for product diversification.

Research and development is a factor considered by Galan (2016) to be essential for product diversification. He argues that for companies to keep competitive in both international and local markets, research must be undertaken to establish new demand driven products or services. Although diversification requires experience and technological requirements which are expensive for SMEs in Uganda's informal economy,

it is important because it improves service quality, profitability and competitiveness (Oltean & Gabor, 2016). Furthermore, Oltean and Gabor (2016) found out that diversification is very important for customer attraction and improved business reputation. Whereas Oltean and Gabor (2016)'s study was in the hotel industry, being a service sector, similar experiences can relate to this study. Furthermore, Skaggs and Droege (2004) found out that typical manufacturing firms which diversify into services may not achieve a high percentage of sales because firms' resources are not fully utilising their level of competencies. Furthermore, Giachetti (2012) argues that firms should be cautious while trying to diversify because over-diversification can result in negative performance as firms may fail to manage all the new undertakings. At the same time, Mayer et al. (2015) concur with Giachetti (2012) that the more the diversification experience a firm possesses, the better the diversification benefits. Furthermore, product diversification was used by Yu (2013) as a measure of entrepreneurial performance among SMEs in Taiwan. By using Structural Equation Modeling (SEM), he established a moderate relationship between variables. Although Taiwan, where Yu (2013) carried out a study using product diversification as a measure of entrepreneurial performance, and Uganda are not at same level of development, there was need to investigate whether the same measure can be applicable in Uganda's context. This would help in the generalisation of findings. Having discussed product diversification as a measure for entrepreneurial performance, it is important to introduce cumulative employment in section 2.4.2.

2.4.2) Cumulative employment

Bosma et al. (2002) assert that cumulative employment is a measure of entrepreneurial performance. It is considered as the consistent employment of labour by entrepreneurs. The informal economy is largely represented by people excluded from the formal economic system (Ramani et al. 2013). However, Goldberg and Pavcnik (2003) argue that the informal economy houses both temporary and part-time workers employed in the formal establishment. Although bad leadership promotes employee turnover and may discourage new potential employees to the firm (Bello, 2012), Chong (2009) asserts that business identity made up of core values make firms attractive employers.

In addition, Jing et al. (2014) established that high levels of trust between supervisor and employees improves staff loyalty; hence the likelihood of job switching is reduced. Furthermore, Ard (2015) argues that with well-crafted core values, a firm can attract potential employees and at the same time, maintain current workers because of a healthy working environment. In addition, Aruna and Anitha (2015) found out that good mentoring and a luxurious workplace are crucial factors contributing to employee retention. This is to emphasise that motivation plays a key role in employee retention. Furthermore, Coldwell, Billsberry, Van Meurs and Marsh (2008) argue that workers whose ethical values are well-matched with those of their employers are more likely to stay on the job than those who believe that their ethical values differ from those of their employers. In addition, Mwasaru and Kingi (2015) concur with Sutanto and Kurniawan (2016) that factors such as employee recognition and good working relationships contribute to employee retention. It can be argued that good working relationships are a result of strong shared core values. Furthermore, Soundarapandiyan and Ganesh (2015) observe that a firm must develop a value based code of conduct to improve employee morale, hence retention. Although Idris (2014) argues that providing flexible working time for employees can help retain them on the job, he recognises that lack of trust can impede the initiative. For that matter, Idris (2014) emphasises that management should enhance a sense of belonging and responsibility.

Although the above discussion points out those non-monetary factors that are responsible for employee attraction and retention, Qazi, Khalid and Shafique (2015) observe that managers should focus on rewarding talented employees in a better way. However, Qazi et al. (2015) continue to argue that the reward system should be fairly determined without organisational politics influencing the reward scale. Furthermore, cumulative employment as a measure of entrepreneurial performance was applied by Bosma et al. (2002) among entrepreneurs of Dutch SMEs, especially the Dutch family startups. They established statistical significance in the relationship between variables. Although the Netherlands and Uganda are different economies, the researcher needed to test whether cumulative employment measures can be applicable in Uganda. Having discussed cumulative employment, there is need to focus on profitability and this is discussed in section2.4.3.

2.4.3) Profitability

Whereas profitability is a set of financial indicators which measure the capacity of a firm to earn income in comparison to expenses incurred during a period of time (Gang, 2016), profit materialises in markets only when planned products and services that are produced on the expectation of profit opportunity coincide with consumer demands and needs (Nishimura, 2011). On one hand, Martinez-Sola, Garcia-Teruel and Martinez-Solano (2014) observe that an increase in sales levels positively influences firm profitability, on the other hand Vercio and Champion (2006) observes that incorporating core values into the costing system can streamline businesses processes for profitability.

Furthermore, Boomer (2009) asserts that leaders who maintain the confidence of their followers will be rewarded with increased market share and profitability. In addition, Boulter (2008) argues that for a firm to sustain profitability, core values must be well crafted and incorporated in all programmes, procedures, systems, structures and strategy. This includes communicating such values to all firm stakeholders. While Nishimura (2011) indicates that profitability is a market driven aspect and Gang (2016) describes it as a financial indicator, Jelovac et al. (2011) goes beyond to categorise profitability as one of the leading core value in the private sector in Slovenia. However, this position may be different in other economies as most entrepreneurs define profitability as their main goal rather than a core value. Furthermore, from Team-Bank's experience, Loch, Sting, Huchzermeier and Decker (2012) assert that being fair to clients helps firms make profits. Despite the fact that firms have to set targets for trade receivables and trade payables in order to maximise profits (Afrifa, 2015), Loch et al. (2012) observe that being fair to clients and handling them calmly and tenderly can yield more profits. Furthermore, Ard (2015) argues that if a company develops a strong culture by including vibrant core values, employees can be more involved in firm processes and stay happy, hence more money to the firm. In addition, Bosma et al. (2002) employed profitability as a measure of entrepreneurial performance and established statistical significance between the variables. They concur with Zhou (2014) who used the same measure among SMEs in China's transitioning economy. Since SMEs in Uganda's informal economy make informal

plans, contract orally and do not have a proper record keeping culture (Orobia et al. 2013), tracing profits may not be easy.

Whereas Madishetti and Kibona (2013) assert that profitability is measured by gross operating profit, profitability can also be measured by return on assets, return on investment and return on equity (Park & Jang, 2012; Crema, Verbano & Venturini, 2014; Martinez-Sola et al. 2014; Su & Tsang, 2015; Monea, 2016; Zhou, 2014; Logan 2016). There is a need to establish whether such measures can be applied in Uganda's informal economy.

2.5) Conclusion

The researcher was interested in establishing whether reinforcement theory is applicable in Uganda and also whether core values can reinforce behaviour. The major variables for this study are; trust, fairness, respect, responsibility and cleanliness (independent variables) on the other hand, profitability, cumulative employment and product diversification are the dependent variables. The existing literature suggests that all those components are important in businesses, but few have been studied and tested in Uganda's informal economy. The researcher therefore carried out this research to fill the gap. Whereas core values and entrepreneurial performance have been discussed above, there are other variables which are relevant for this study, that is to say, motivation and legitimacy. At the same time, a relationship between variables must be indicated for better hypothesis and proposition formulation. For that matter, the discussion in chapter three presents the study relationships and the theoretical background.

CHAPTER THREE

HYPOTHESIS AND PROPOSITION FORMULATION AND

THE THEORETICAL MODEL

3.1) Introduction

In order to establish proper research findings and attach significant meaning, studies need to build relationships among variables. Relationships are formulated by review of previous literature related to the variables and form either propositions for qualitative or hypotheses for quantitative studies or both, for mixed methods. In this case, the study intended to establish practiced core values and whether those core values reinforce employee behaviour, thus forming propositions. At the same time, the study aimed at establishing the relationship between core values and entrepreneurial performance, thus forming a set of hypotheses. However, before discussing and formulating propositions and hypotheses, there is a need to first discuss the mediating variables of motivation and legitimacy in the context of core values. This is done in sections 3.2 and 3.3.

3.2) Legitimacy

Suchman (1995) defines legitimacy as a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions. On the other hand, Zimmerman and Zeitz (2002) refer to legitimacy as a resource which is equivalent to other resources such as technology, capital, personnel, customer goodwill, and networks. Zimmerman and Zeitz (2002) further view legitimacy as social judgment of acceptance, appropriateness, and desirability, which enables organisations to access other resources needed to survive and grow. Furthermore, Suchman (1995) and Zimmerman and Zeitz (2002) concur that legitimacy manifests in four forms and that is to say; regulative, pragmatic, normative and cognitive. For the purpose of this study, investigation focused on pragmatic legitimacy.

3.2.1) Pragmatic legitimacy

This involves direct exchanges between organisation and audience, and further pragmatic legitimacy involves broader political, economic or social inter-dependencies, in which organisational action nonetheless affects the audience's well-being (Suchman, 1995). This is very important for improving SMEs' reputation since legitimacy is a form of networking (Zimmerman & Zeitz, 2002). Furthermore, Johnson and Grayson (2005)

assert that trust can influence firm reputation. This reputation can be built when workers boost customers' confidence and at the same time, feel sympathetic towards customers. In addition, Schultz (2007) argues that firms should demonstrate to clients that they can be trusted rather than being rhetorical. In this way, firms can command high approval rates from clients for quality service. Emphasising Schultz (2007) statement, Davis (2003) reports that JC Penny managed to perform business operations for more than 100 years because customers trusted JC Penny's fashion, quality and value. Both employees and associates of JC Penny further affirm that they joined the firm because of the strong culture, ethical standards and reputation (Davis, 2003). In order to further a firm's legitimacy, Ryan (2011) avows that strong core values build confidence and shared direction and at the same time, emphasise trust and integrity among employees to meet and serve clients and the community diligently. In addition, Major (2009) emphasises that dealing with partners, associates, employees and vendors honestly can justify business survival.

Although, core values are crafted by business entrepreneurs (Lencioni, 2002), the case of Smithfield foods indicate that external stakeholders influence reshaping core values towards sustainability and good engagement with customers and the community. Deptolla (2011) under the study of '*Smithfield's journey to sustainability: a work in progress,'* observes that the community and customers of Smithfield foods criticised the way the firm implemented its core values. On the basis of that criticism, firm executives had to revisit the methods employed in implementing the firm's core values, as a result, new experienced staffs were recruited to have a new approach to implementing core values to ensure a face lift to the community. In addition, in a way of concretising firm legitimacy from external stakeholders, Team-Bank formed a customer council to help in gathering customer feedback and help the bank evaluate how it adheres to core values (Loch et al. 2012). This is evidence of a successful business positively influencing its audience.

3.3) Motivation

Motivation is described by Pinder (1998) to be an energising force that induces an action. In relation to this, Jones and George (2007) defined motivation as psychological forces that determine the direction of a person's behaviour in an organisation, a person's level of effort and a person's level of persistence. On the other hand, Mitchell (1997) had earlier described motivation to be a psychological process involving arousal, direction, intensity and persistence of voluntary actions that are goal directed. Furthermore, in the work of Hays and Hill (2001), motivation was defined as the degree to which a firm's employees have a desire to provide high quality services. Dahlgaard-Park (2012) asserts that extrinsic motivation is where financial rewards are exchanged for task performance whereas intrinsic motivation is where non-financial rewards are exchanged. Dahlgaard-Park (2012) specifically concentrated on core values as being intrinsic motivators.

3.3.1) Core values as factor of motivation

Dahlgaard-Park (2012) developed a trinity model for human needs where he expanded both the physiological and biological needs by incorporating core values as motivators. Table 3.1 illustrates the trinity model for human needs.

Much as the study was carried out in Uganda, there is scarcity of research about the study constructs in African context. With the exception of Adebayo (2004) who asserts that workplace fairness motivates employees in Nigeria and Chandler et al. (2009) who established that expected respect motivates clinical officers in Tanzania, other research findings indicate that motivation is derived from other factors rather than core values. For instance; Van Rooyen, Du Toit, Botha and Rothmann (2010) established that remuneration is key to retaining artisans at work place in South Africa. Blaauw, Ditlopo, Maseko, Chirwa, Mwisongo, Bidwell and Normand (2013) observed that job satisfaction is significantly related to health workers' intensions to leave service in South Africa. Nujjoo and Meyer (2012) assert that intrinsic motivators instill employee commitment. Delobelle, Rawlinson, Ntuli, Malatsi, Decock and Depoorter (2011) avow that if nurses are contented to serve with co-workers, the motive to leave job can be remote. Bonenberger, Aikins, Akweongo and Wyss (2014) affirm that job satisfaction and

motivation are significantly related to turnover of nurses in Ghana. George, Gow and Bachoo (2013) established that non-financial motivators are important in averting attrition of health workers in South Africa. Akinyemi and Atilola (2013) concluded that in order for Nigeria's government to maintain doctors on the job, it needed to maintain wage structure and non-financial factors.

Given the above discussion, there is paucity of scholarly work around core values and motivation in Africa. Moreover, the above discussion indicates that most scholars prefer interrogating job satisfaction in health sector than any other sectors in Africa. This provided a lacuna to fill by this research.

However, borrowing from Dahlgaard-Park (2012) the table 3.1 demonstrates the core values which are motivators.

Table 3. 1: **The trinity model of human needs ('3 L' model)**

Physical or biological needs (needs)	**Mental/psychological needs (learning)**	**Spiritual needs/ core values (loving)**
Food	Friends (mental love)	Trust
Water	Sense of belonging	Justness
Air	Recognition	Honesty/openness
Shelter	Individual identity	Loyalty
Clothing	Achievement	Integrity
Safety	Learning	Love (spirituality)
	Creativity	Sharing
	Development	Fairing
	Self-fulfillment	Respect

Source: Dahlgaard-Park (2012, p. 128)

From Table 3.1, Dahlgaard-Park (2012) categorised core values as spiritual and in this case, intrinsically motivate people. Core values are motivators as Alas and Tuulik (2005), Katou (2015) and Long (2016) concur with Dahlgaard-Park (2012).

3.4) Relationships between variables

Having discussed legitimacy and motivation in relation to core values in sections 3.2 and 3.3, it is important to focus on the study's relationships. The study's relationships are of two forms; the qualitative which is indicated by propositions and the quantitative which is indicated by hypotheses. To begin with the qualitative, the following discussion in sections 3.4.1 and 3.4.2 led to the formulation of two major study propositions.

3.4.1) Core values practiced in business environment

Aligning organisational values with employees' personal values create a shared value system that channels, shapes, and directs behaviour at work (Buckley, Beu, Frink, Howard, Berkson, Mobbs & Ferris, 2001). Buckley et al. (2001) continue to assert that a key consideration in the nature of cultures of any type is core values that exist in an organisation. This study is supported by Chekwa, Ouhirra, Thomas and Chukwuanu (2014) where they observe that leadership has a primary role of developing and shaping organisational culture and that leaders are supposed to oversee the adherence to ethical behaviour. The study by Jurkiewicz and Giacalone (2004) provides benevolence, generativity, humanism, integrity, justice, mutuality, receptivity, respect, responsibility and trust as major ingredients of the value framework for work place spirituality. All these values were later studied by Schwartz (2005) and provided the six universal moral values.

In order to enrich the world of work place core values, Schwartz (2005) considered three sources for developing universal moral values and these are; companies' codes of ethics, global codes of ethics and business ethics literature. Through the works of Schwartz (2005), six values were developed to form moral values followed in the business environment and these are; trustworthiness, respect, responsibility, fairness, caring and citizenship.

The above values have been adopted by many researchers on organisational practices, such as Dahlgaard-Park (2012), who considered trust, honesty, integrity, respect, justice and fairness to be the source of employee commitment which improves their motivation. Urde (2003) established that values such as honesty, responsibility, integrity and care for people are the ingredients of organisational values. Furthermore, Michie and Gooty

(2005) observed honesty, responsibility, social justice as some of the core values needed by organisational leaders in their executions. Furthermore, Zhang, Austin, Glass and Mills (2008) observed that Schwartz's (2005) universal moral values are being practiced by many companies.

It is comprehensible that there may be limited research about core values practiced by Ugandan SMEs, as most literature is based on developed countries. It is also reasonable that, if such values could be developed in other economies, it is possible to get a set of values practiced in Uganda. Furthermore, SMEs in Uganda's informal economy have a leadership system where an entrepreneur is a sole decision maker. The entrepreneur is responsible for firm efficiency. However, firm efficiency may not be achieved if employees' behaviour is not well coordinated. In essence, the entrepreneur is responsible for providing core values which can guide employees' behaviour in the firm. This resonates from Hammann et al. (2009) who earlier on established that firm values in developing economies are ingrained within the principles of the entrepreneur.

In addition, being that most SMEs in Uganda operate in informal economy (Uganda Investment Authority & Ernst & Young, 2011), social relationships are very important in transacting. To a large extent, there is face to face contact between service providers, suppliers, customers and neighborhood. It is envisaged that core values can help in guiding the firm to have good working relations with all the stakeholders. Therefore, the role of values in enhancing the relationship between the firm and its stakeholders had to be investigated.

Although Kakeeto-Aelen, Dalen, Herik and Walle (2014) studied the impact of trust on customer satisfaction in restaurant businesses in Uganda, their research was limited to only one value 'trust', therefore they disregarded other core values, thus a gap in research. This study therefore focused on investigating a set of core values practiced by SMEs in Uganda's informal economy. After considering literature on core values and business ethics above, it was inevitable to state the following propositions.

Propositions

1) **SMEs in the informal economy of Uganda's central region can establish core values to guide employee behaviour.**
2) **SMEs in the informal economy of Uganda's central region can exploit core values for good leadership.**
3) **SMEs in the informal economy of Uganda's central region can be legitimised by exploring core values.**

3.4.2) Core values and reinforcement

Reinforcement is the ability of an individual to repeat the past good behaviour/or performance when stimuli in the form of a reinforcer is applied immediately after the activity or behaviour (Skinner, 1938). The same position is held by Uduji (2013) who found rewards to be reinforcers among the Nigerian sales force.

Even though researchers such as Jurkiewicz and Giacalone (2004), Ferguson and Milliman (2008) and Dahlgaard-Park (2012) have made a case for core values to be motivating factors for employees, their research does not extend to the reinforcement theory of motivation. Dahlgaard-Park (2012) just expanded the biological and psychological needs under motivation as **table 3.1** above indicates. He did not consider core values as factors for reinforcing a repeat of a behaviour or performance. Furthermore, researchers such as Skinner (1938) and Uduji (2013) argue on one hand that rewards are major reinforcers; on the other hand, Dahlgaard-Park (2012) argues that a reward system is affected by trust and other values.

Furthermore, Frey (1997) asserts that, if there is no trust between management and employees, the reward system will not have significant motivational effect. This is further supported by Falk (2014) who established that bonuses and all financial rewards may not be useful if recipients recognise that they were determined unfairly. This implies that as much as rewards can be good motivators and reinforcers, as observed by Skinner (1938) and other researchers who followed thereafter, the researcher envisaged that core values are very important aspects to consider while reinforcing behaviour among employees.

Given the discussion above, SMEs in Uganda's informal economy have to consider the motivational effects of core values seriously for behavioural reinforcement. Ferguson and Milliman (2008) indicate that values can serve as one way to help employees find their higher purpose and meaning in their work life. Furthermore, employees want purposes and principles that lift them, ennoble them, inspire them, empower them and encourage them to be their best selves. Furthermore, values can serve to empower and direct employees to achieve and implement organisational objectives (Ferguson & Milliman, 2008).

In addition, employees in the informal economy of Uganda's central region have different cultural background. This presents a challenge of understanding how the different values cherished by employees influence them. However, if a firm establishes a value system which matches employees' values, controlling employees' behaviour may be easy. Besides controlling employee behaviour, establishing whether the firm's values can motivate employees and at the same time reinforce their behaviour had to be emphasised.

Therefore, if managers of SMEs in the informal economy of Uganda's central region take core values as seriously as other economies, perhaps they can be reinforcers of good behaviour among employees. Since core values are viewed as inspirational, empowering and encouraging, it is useful to form the following proposition.

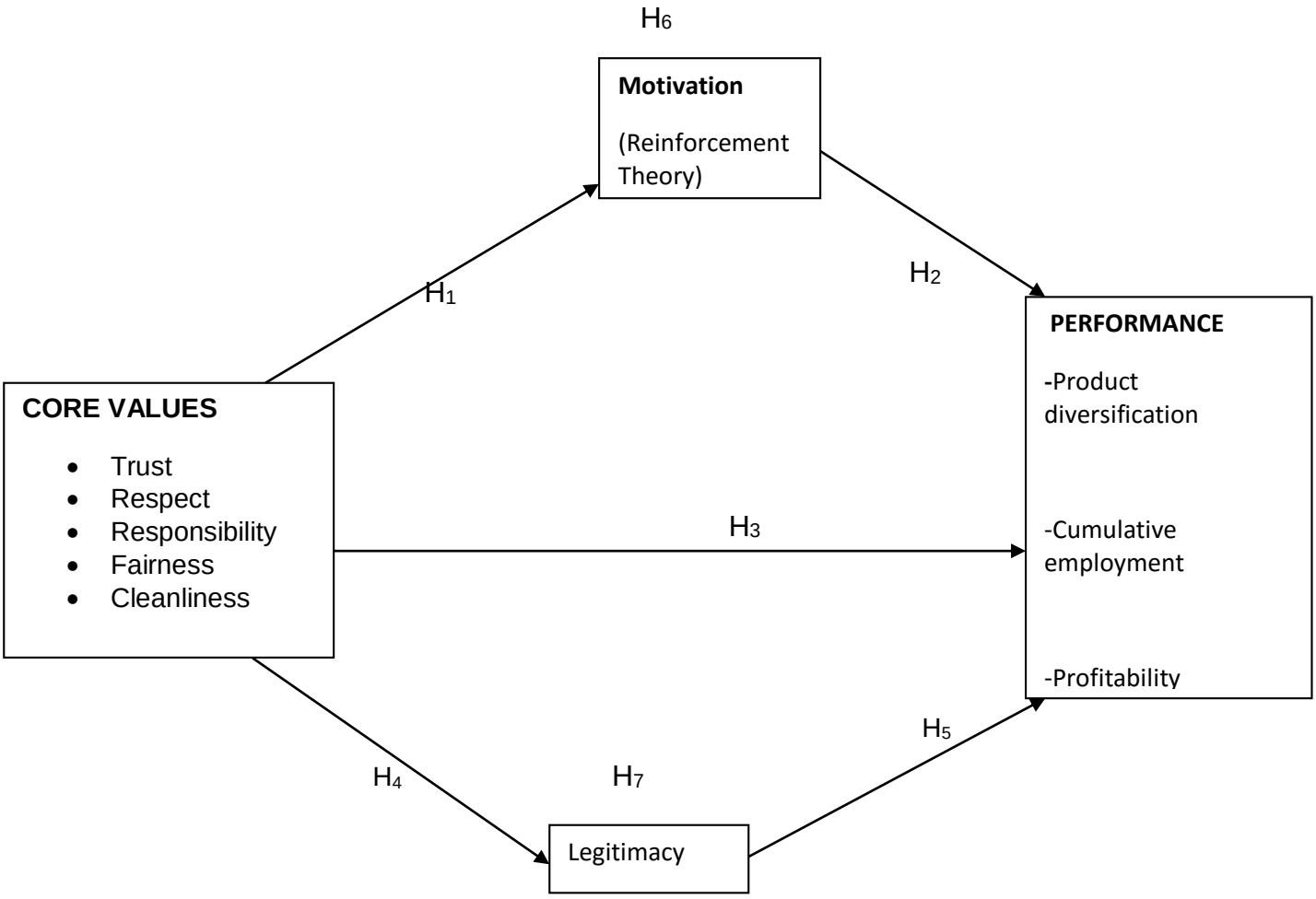
Proposition 4

SMEs in the informal economy of Uganda's central region can motivate and reinforce employees' behaviour/performance through the establishment of core values.

Having formed propositions for the qualitative part of the study in sections 3.4.1 and 3.4.2, the discussion of study constructs relating to the formulation of hypotheses to be tested in the quantitative survey are discussed in sections 3.4.4 to 3.4.8, however, before the discussion and formation of the study hypotheses, the theoretical model is presented in figure 3.1.

3.4.3) The theoretical model for the study;

Figure 3. 1: Theoretical Model



Source: Literature Review (Researcher's synthesis of literature)

The model in figure 3.1 is explained by the following relationships:

3.4.4) Core values and motivation

Trust is the highest form of motivation (Reina & Reina, 2006), and in addition, values intrinsically influence the attitudes and behaviours of employees to achieve organisational goals (Ferguson & Milliman, 2008). Besides employee attitude, fairness promotes positive emotions and a sense of acceptance in an organisation (Goltz, 2010). Furthermore, trust acts as a catalyst to develop positive attitudes and behaviour in people, which results in higher levels of motivation and increases productivity levels substantially (Rupova, Bittnerova & Fisher, 2015). In addition, the study by Dahlgaard-Park (2012) indicates that companies which do not practice core values, for instance, trust, or respect, decrease employees' level of motivation and commitment.

To add to Dahlgaard-Park (2012)'s work, Ard (2015) established that a well formulated organisational culture with strong core values improves employee morale. Informal economy SMEs in Uganda's central region have to ensure that core values are embracing enough to motivate workers. Ard (2015) concurs with Loch et al. (2012)'s earlier statement that respect for employees improves their morale. Furthermore, Falk (2014) established that workers are motivated if they are fairly treated. Furthermore, Katou (2015) indicates that trust, motivates employees and enhances employee commitment hence improved organisational performance. This concurs with Nakos and Brouthers (2008) who argue that trust provide a foundation for commitment. It can further be observed that whereas Dahlgaard-Park (2012) and Katou (2015) state that values such as trust motivate employees through improved commitment, Long (2016) affirms that fairness motivates employees' work efforts.

On one hand, Long (2016) focused on employee work efforts, on the other hand, he emphasised that motivation among employees need to be shielded and enhanced through furthering workplace fairness. Moreover, trust among workers encourages them to share ideas without skepticism (Emich & Wright, 2016). Furthermore, Alas and Tuulik (2005) observe that values held by both managers and subordinates are similar and they motivate staff.

The literature reviewed about this construct demonstrates that core values are motivational factors. Although the literature is mainly from developed economies, the same factors may motivate informal workers in Uganda. For instance, it is possible to find some entrepreneurs in Uganda's informal businesses who emphasise cleanliness for their workers and premises. Cleanliness is maintained on a daily basis so it becomes part of the routine. Furthermore, entrepreneurs emphasise trust and respect for customers and fellow workers. This makes the whole working environment conducive. Moreover, all employees need to feel that they are trusted, they are working under a fair system, they are respected so as to be motivated and deliver results at the work place. This therefore leads to the following hypothesis.

Hypothesis 1

There is a positive relationship between core values and motivation among SMEs In the informal economy of Uganda's central region.

3.4.5) Motivation and entrepreneurial performance

Motivation underpins different types of diversification (Vik & McElwee, 2011). In addition, the study by Kuvaas (2006) indicates that intrinsic motivation is a very strong predictor of work performance. Kovach (1987) had earlier stated that employee motivation is directly associated with productivity (direct cost) and with maintenance factors (an indirect cost).

Furthermore, Dobre (2013) asserts that employee motivation is positively related to organisational performance. Ard (2015) concurs with Soundarapandiyan and Ganesh (2015) that once employees' morale is enhanced, employee retention rates increase. Furthermore, under the study of *'the impact of nurses' motivation to work, job satisfaction, and social demographic characteristics on intention to quit their current job: an empirical study in Turkey'*, Yildiz, Ayhan and Erdogmus (2009) found it statistically significant that nurses' intention to leave work was explained by motivation (in this case motivation was measured by employee interest in work). In addition, Mak and Sockel (2001) observed that employee motivation is highly correlated with employee retention.

In addition, Tabassi and Abu Baker (2009) argue that to improve employee innovation, employers should use workers' participation, recognition and motivation. Moreover, Emich and Wright (2016) observe that team members who are trusted and respected, influence groups' determination to be creative in terms of sales strategies.

Much of the literature that exists between motivation and entrepreneurial performance is from formal economies. However, the logic and intensity of the literature may cover informal economies of the developing economies as well. In addition, motivated employees can be so innovative and can handle customers with care to ensure high levels of sales. It can also be argued that motivated employees can feel that they are part of the business and suggest ideas which result in service/or product diversification. Therefore, SMEs in Uganda's informal economy may benefit from core values because they increase workers' commitment for good performance (Dahlgaard-Park, 2012). This implies that the more employees feel satisfied at work, the more they consider staying on the job. It is thus clear that whenever employees are motivated, organisational performance improves, hence stating the following hypothesis.

Hypothesis 2

There is a positive relationship between motivation and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

3.4.6) Core values and entrepreneurial performance

Gregory, Harris, Armenakis and Shook (2009) indicate that satisfied employees are more productive than dissatisfied employees and that the employees' willingness to wholeheartedly attempt to perform at their full potential is dependent on the employee maintaining positive feelings and attitudes about the job. Furthermore, Wei and Yazdanifad (2014) affirm that organisations that demonstrate trust and confidence to empower staff to make customers satisfied will heighten such employees' commitment to the organisation and they will give their best to the company. In return, there will be positive growth in revenues and profits.

It is further important to understand that core values are guiding factors and represent a direction for product development (Urde, 2003). Furthermore, Sluti, Manni and Putterill (1995) confirm that a strong corporate culture could improve quality, operational and business performance. Lloyd (1990) indicates that organisations that maintain high levels of workplace spirituality (where core values are a major component) outperform those without it by 86%. Employees can relax in meeting job demands if the reward system is perceived to be unfair (Janssen, 2000). Furthermore, promoting fairness at work helps to increase productivity (Long, 2016). Though Long (2016)'s assertion about productivity is from a fairness viewpoint, he concurs with Jing et al. (2014) who observe that high levels of trust between managers and employees augment productivity and financial performance. At the same time, Roberts-Lombard et al. (2016) argue that a proper code of ethics enhances business performance. Since SMEs in Uganda's informal economy employ people from different cultural orientations to execute tasks in business operations, Roberts-Lombard et al. (2016)'s argument is important for consideration by managers of these SMEs.

In addition, adhering to a strong system of core values enhances organisational profitability (Boulter, 2008). Furthermore, being calm and fair to clients can help a firm earn more profits (Loch et al. 2012). Besides profitability, core values can make firms attractive to potential employees (Chong, 2009). In addition, Coldwell et al. (2008) state that for workers to stay longer on the job, their values should be matching the employer's values. Furthermore, some employees need responsibility to feel they are worth being firm members. For that matter, assigning workers responsibility is one way of keeping them on the job (Idris, 2014). It is also important to know that firms which have good links and trust with stakeholders engage in better ways of product/or service diversification (Slack, 2015; Su & Tsang, 2015).

In addition, firms that act ethically can ably differentiate their products and increase demand (Brickley, Smith & Zimmerman, 2002). Furthermore, trust contributes to cooperative behaviour among employees which eventually results in efficiency (Chami,

Cosimano & Fullenkamp, 2002). Moreover, it is recognisable that businesses that hub ethical behaviour improve their performance (Hitt & Collins, 2007).

Given that product and service provision prevails in Uganda's informal economy, it is important to take into consideration the role of values to entrepreneurial performance even if there is relative research paucity about the subject. Employees who follow a proper value system can be trustworthy while carrying out tasks for instance, juice processing. This is to ensure the right materials mix is done. Furthermore, with proper values system, employees can be respectful to pack in clean containers, on top of that, they can be responsible during the production process to ensure that damage/ waste is limited. Therefore, it is worth understanding that core values which are a major component of organisational culture may play a major part in enhancing entrepreneurial performance hence stating the following hypothesis:

Hypothesis 3

There is a positive relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

3.4.7) Core values and legitimacy

While facing an uncertain environment, organisations turn to the stock of scripts, rules, norms, and values which are embedded in social institutions (Zimmerman & Zeitz, 2002). Audiences perceive the legitimate organisation not only as having more worth, but also as more meaningful, more predictable, and more trustworthy (Suchman, 1995). Dief and Font (2010) assert that organisational values endogenously influence engagement in responsible practices. In the same way, Ryan (2011) observes that serving clients and community with high levels of integrity and trust improves the firm's reputation.

Furthermore, Bansal and Roth (2000) view legitimacy as a core organisation value which improves relationships with different stakeholders such as business partners in the supply chains, regulatory bodies and customers. Whereas Bansal and Roth (2000) view legitimacy as a core organisational value, in contrast, Zimmerman and Zeitz (2002) argue that legitimacy is a resource which is used to acquire other resources, such as capital

and networks. In addition, trust enhances business networks (Welter & Smallbone, 2006). On the whole, the ultimate goal of legitimacy in both works is that of sourcing business networks and helping to promote good relations with the external environment.

Besides, businesses which maintain high levels of organisational values easily get accreditation from professional bodies (Raviv, Becken & Hughey, 2013). Suchman (1995), Zimmerman and Zeitz (2002) provide that scripts, values and beliefs are important ingredients for any legitimate system, especially under pragmatic, cognitive and normative legitimate styles. Furthermore, Drori and Honig (2013) assert that to ensure legitimacy, there must be a strong internal organisational culture. Johnson, Dowd and Ridgeway (2006) further argue that legitimation is a matter of ensuring that employees agree with proper norms, values and beliefs. At the same time, sticking to values creates enthusiasm among customers (Dossenbach, 2004). Furthermore, Lee and Dawes (2005) observe that buyer trust which later translates to the whole organisation, is built by sales people. Therefore, the confidence and knowledge sale representatives demonstrate in the market, translates into customer attachment to the firm.

In addition, firm integrity and competency perceptions from firm stakeholders' increases the level of public trust in the firm (Pirson, Martin & Parmar, 2016). For SMEs in Uganda's informal economy to ensure a good relationship with their audience, core values must be incorporated in every process right from starting the task to the point of sale where workers interface with the customers. In order to emphasise values in business management, Rose-Ackerman (2002) observed that accepting unethical payoffs demanded by politicians for business contracts can challenge efficiency and legitimacy. In this case, the higher the level of public trust in the firm, the higher the degree of attachment of stakeholders to the firm.

For Uganda's perspective, SMEs in the informal economy may exploit core values if they want to be legitimate. The inter-relationship within the business community and with other stakeholders demands for adequate observance of core value. For instance, sometimes market information is distributed through informal networks. The networks are

strengthened by trust and respect within the informal business community where the firm is located. This implies that to have a legitimate business enterprise, values should be at the forefront, hence stating the following hypothesis:

Hypothesis 4

There is a positive relationship between core values and business legitimacy in SMEs in the informal economy of Uganda's central region.

3.4.8) Legitimacy and entrepreneurial performance

Zimmerman and Zeitz (2002) and Liao and Yu (2012) concur that legitimacy is a resource which helps to acquire other resources, especially networks. Though Liao and Yu (2012) provide that legitimacy enhances the financial performance of foreign firms, it is very important to know that SMEs in the informal economy may not have the capacity to operate foreign investments. However, SMEs under the informal economy can improve financial performance if they are legitimate, since legitimacy is a resource which assists in developing networks. Zimmerman and Zeitz (2002) further argue that legitimacy can be used to enhance efficiency, profitability, size, liquidity, market share, survival and growth of the business. In addition, Drori and Honig (2013) observe that legitimacy based on internal organisational cohesion helps build a strong foundation for firm innovation.

Furthermore, if there is consistent information flow in organisational networks, profitability can be achieved (Lopez & Iglesias, 2010). Ethical behaviour brings about reputation which results in firm profitability (Brickley et al. 2002). Furthermore, from JC Penny's case study, firms can attract and at same time, maintain current workers because of reputation built by a strong culture and ethical standards (Davis, 2003). Furthermore, Li, Zheng, Cao, Chen, Ren and Huang (2017) assert that external legitimacy influences green product innovation. Although Li et al. (2017)'s article concerned green innovation, it demonstrates that legitimacy can influence firm performance which is relevant to this study. Additionally, firms that practice fairness create a reputable impression in the customers' face hence firm profitability (Lock et al. 2012). From the above discussion, it is critical to understand that legitimacy helps to establish an accredited, moral and acceptable internal and external environment through which businesses can efficiently operate.

In addition, treating neighborhood with courtesy, fairness and respect creates a conducive atmosphere to operate. It has informally been observed in Uganda's informal economy that neighboring firms can coordinate to sell, especially where one service provider receives a customer with higher demand than his/her capacity to handle. He/she can easily contact a neighbor to jointly provide the service. In addition, if a firm faults about her legitimacy, neighbours may miss-inform potential customers about the new services it provides or, they may miss-inform the new recruits about the entrepreneur's character. This distorts entrepreneurial capacity of the firm. However, if legitimacy is emphasised, new recruits can stabilize at work. Therefore, legitimacy is a resource into which SMEs in informal economies have to tap, thus making it important to state the following hypothesis:

Hypothesis 5

There is a positive relationship between legitimacy and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

3.4.9) motivation, core values and entrepreneurial performance

A firm needs the employees to command productivity (Tabassi & Abu Baker, 2009). This is an argument to support employee motivation (Hays & Hills, 2001). To this effect, core values motivate employees (Dahlgaard-Park, 2012) and at the same time, core values help an organisation to improve firm productivity (Ferguson & Milliman, 2008). Although core values can influence performance, it can be argued that trust and human respect improve motivational impact which translates into good performance (Blaskova, 2014). Furthermore, Dobre (2013) argues that employee motivation positively affects firm performance but motivation is influenced by values (Parks & Guay, 2009). Moreover, trust causes motivation, and motivation results in firm productivity (Rupova et al, 2015). The same position is held by Katou (2015), who believes that trust increases staff motivation hence increased firm performance. Since core values improve employees' morale and motivation, and that motivation results in firm performance, it is better for SMEs in Uganda's informal economy to ensure that the core values designed are motivational enough to influence SME performance.

Furthermore, Aryee, Walumbwa, Mondejar and Chu (2015) established that intrinsic motivation significantly mediates the relationship between trust and job performance. Although the performance variable in this study was not entrepreneurial, it is indicated that motivation can at least mediate a relationship which involves a core value component. This is to affirm that motivation may mediate the relationship between core values and entrepreneurial performance. In addition, Boxall, Hutchison and Wassenaar (2015) established that the relationship between employee commitment and responsibility assigned to them (power) is fully mediated by intrinsic motivation. At the same, time commitment results in firm performance (Dahlgaard-Park, 2012). However, Boxall et al. (2015)'s motive was not to establish the mediating effect of intrinsic motivation in the relationship between employee responsibility and entrepreneurial performance. They rather concentrated on the outcomes of intrinsic motivation such as employee commitment and stress factors, which are not part of this study. Never-the-less, it is an indicator that motivation can mediate a relationship where core values is an independent variable. Therefore, application can be tested in this study where entrepreneurial performance is a dependent variable. Besides, Joo, Jeung and Yoon (2010) provide that intrinsic motivation can mediate the relationship between employee responsibility (job autonomy) and role-job performance. There is still failure to focus on entrepreneurial performance.

The discussion provided above indicates that motivation can mediate the relationship between core values and any other variables. However, in this case, scholars have concentrated on other factors rather than entrepreneurial performance. Since limited literature exists which explores the mediating role of motivation in the relationship between core values and entrepreneurial performance, this justified further the study's relevance. Moreover, the study was conducted in SMEs operating in the informal economy of Uganda's central region hence the following hypothesis:

Hypothesis 6

Motivation mediates the relationship between core values and entrepreneurial performance of SMEs in the informal economy of Uganda's central region.

3.4.10) Legitimacy, core values and entrepreneurial performance

Socially constructed legitimacy influences product diversification significantly (Greenwood, Li, Prakash & Deephouse, 2005). In addition, ethical behaviour brings about reputation which results in firm profitability (Brickley et al. 2002). Moreover, ethical standards maintained at work build reputation for the firm to attract new employees (Davis, 2003). Anderson and Smith (2007) argue that behaving entrepreneurially is not enough; a firm must focus on the public perception of her activities. Therefore, firms have to set up codes of conduct such as trustworthiness and fairness which are congruent with societal norms in order to form new jobs and new products which are beneficial to society. Drori and Honig (2013) avow that sticking to organisational values ensures firm legitimacy, and legitimacy translates into more sales by creating enthusiasm among customers (Dossenbach, 2004). In addition, values such as fairness create lasting good feelings among customers hence profitability (Lock et al. 2012).

The literature above indicates that the relationship between core values and entrepreneurial performance is influenced by legitimacy. It must be understood that legitimacy in this sense is built from core values (Bansal & Roth, 2000; Zimmerman & Zeitz, 2002). To emphasise the influence of legitimacy in the relationship between core values and entrepreneurial performance, Anderson and Smith (2007) opine that for a firm to successfully engage in proper entrepreneurial activities such as product diversification, it must improve its societal perception by practicing core values that match society's norms.

In addition, many customers in Uganda would prefer to be served from service points where personal relationships have been developed. It has been observed that customers habitually look out for common specific spots where they have ever been served and established a good relationship. In this way, they can be satisfied with the service. It is thus vital for SMEs in Uganda's informal economy to establish core values which match the environment in which they operate in order to appeal to their stakeholders. Following the above discussion, it is observed that legitimacy influences the relationship between

core values and entrepreneurial performance of SMEs hence stating the following hypothesis:

Hypothesis 7

Legitimacy mediates the relationship between core values and entrepreneurial performance of SMEs in informal economy of Uganda's central region.

3.5) Conclusion

The above discussion focuses on study constructs which led to the development of the hypotheses and propositions. The propositions indicate that businesses need to create core values which can guide employee behaviour, motivation, reinforce them and at the same time streamline leadership. The hypotheses assisted in providing a guide over expected research direction by establishing relationships between core values, motivation, legitimacy and entrepreneurial performance as the literature above indicates. It can be either a direct relationship or a relationship mediated by motivation and/or legitimacy. The discussion further indicates that the reinforcement theory is important in business management.

It is important to understand that there is relative research dearth about the topic in African context. This presented a challenge of identifying the most relevant literature for the study constructs. Nether the less, the most related literature was reviewed and helped to determine the hypotheses.

Finally, whereas core values are emphasised in large companies, SMEs, especially those in the informal economy, are seemingly not bothered about them. The study therefore focused on the ability of core values to reinforce behaviour and test both the set hypotheses and the reinforcement theory in Uganda's informal economy.

CHAPTER FOUR

RESEARCH METHODOLOGY

AND

DESIGN

4.1) Introduction

This chapter demonstrates the way the study was executed. Execution was in terms of designing the data collection instruments, sampling the right number of respondents, actual data collection, validity and reliability measures, data analysis and report presentation. The methodological section of research depicts operational activities of the entire research therefore excess rigour is expected. Being a mixed methods study, it embraced the characteristics of both the qualitative and quantitative methods.

4.2) Research Approach

The research approach adopted depended on the nature of study. The inductive research approach aims at theory building and uses exploratory surveys (Malhotra & Grover, 1998). On the other hand, the deductive approach aims at theory testing (Malhotra & Grover, 1998). Vaismoradi, Turunen and Bondas (2013) state that the deductive approach is useful if the general aim of thematic analysis and content analysis is to test a previous theory in different situations or to compare categories at different periods. To emphasise a combination of qualitative and quantitative methods, Krauss (2005) discusses the realism paradigm as the middle ground between positivism and constructivism. This is important to help in methodological triangulation rather than relying on a single paradigm.

The study employed a mixed method approach. This method is originated as a triangulation which is a combination of methodologies in the study of the same phenomenon (Denzin, 1978). Methodological triangulation was re-emphasised by Julia (2007). Eric, Jack and Raturi (2006) assert that the methodological triangulation assists in obtaining corroborating evidence from a variety of methods (qualitative and quantitative). Eric et al. (2006) further assert that methodological triangulation provides that qualitative investigations assist in organising quantitative data that has been gathered. This enabled the researcher to create new knowledge about the applicability of core values in the informal economy, at the same time, the set hypotheses were tested to reflect a causal effect relationship for generalisation. This is an inductive approach to the study. The inductive method uses primary means to generate data which explains a

phenomenon (Johnson & Onwuegbuzie, 2004). The study tested the reinforcement theory among employees in SMEs operating under the informal economy. It was a deviation from other scholars such as Uduji (2013) who studied the applicability of the reinforcement theory under salesforce performance in the formal economy and with multinationals.

4.3) Research Design

Research design is a strategy of solving a research problem and provides a procedure which a researcher follows in carrying out the research (Leedy & Ormrod, 2010). Du Toit and Mouton (2013), in quoting Bryman and Teevan (2005), Creswell (2009), Robson (2002) and Yin (2003), define research design as a logical plan involving strategic decisions with the aim of maximising the validity of findings. Creswell (2003) states that to understand proposal writing, three framework elements are considered; philosophical assumptions, general procedures of research called strategies of enquiry and detailed procedures of data collection, analysis and writing, and these are the research methods.

4.3.1) Knowledge Claims

Creswell (2003) defines knowledge claims as means that researchers use to start a project with certain assumptions about how they will learn and what they will learn during their enquiry. Creswell (2003) further continues to indicate that, philosophically, researchers make claims about what is knowledge (Ontology), how we know it (epistemology), what values go into it (axiology), how we write about it (rhetoric) and the process for studying it (methodology). There are four schools of thought about knowledge claims; postpostivism, constructivism, participatory and pragmatism.

The pragmatic knowledge claim arises out of actions, situations and consequences, but not antecedent conditions (Creswell, 2003). The pragmatic knowledge claim is not committed to any philosophy or reality and researchers do not see the world as an absolute unity (Creswell, 2003). The meaning of the situation is derived from discussions with participants. Furthermore, in order to generate and attach proper meaning for a particular phenomenon, pragmatic research is important (Rios, Magasi, Novak & Hamiss,

2016). Holgersson and Melin (2015) assert that the pragmatic paradigm helps to build insights and understanding of the situation. Moreover, Hassanli and Metcalfe (2014) argue that pragmatism help to build rational ideas which are open to empirical testing. Therefore, the researcher followed a pragmatic paradigm which justifies a mixed method approach that the researcher employed in the study. The study began by seeking participants' opinions over the most practiced core values. This was followed by testing the reinforcement theory. Furthermore, the study proved the hypotheses. Therefore, the study fits all the assumptions of the pragmatic claim compared to other types of knowledge claims.

4.4) Research Choice

The research choice was a mixed method approach. A mixed method uses a philosophy which helps fix insights provided by qualitative and quantitative approaches into a practical solution (Johnson & Onwuegbuzie, 2004). Creswell (2003) provides that a mixed method combines the characteristics of both qualitative and quantitative approaches. This position was confirmed by Johnson and Onwuegbuzie (2004). The importance of mixed methods was emphasised by Bentahar and Cameron (2015) who argue that the method helps to coherently present clearer results. This is for the purpose of having a deep and wide understanding of the study. It was therefore important for the researcher to adopt this method because he had to understand the most practiced core values in the informal economy then test the reinforcement theory and the set hypotheses.

4.4.1) Rationale for Mixed method

Although the epistemological version views mixed methods approach as impossible, the technical version views that both quantitative and qualitative methods can be fused. Therefore, quantitative and qualitative research can be combined (Bryman & Bell, 2011). Furthermore, Bryman and Bell (2011) assert that the in-depth knowledge of social contexts acquired through qualitative research can be used to inform the design of survey questions for structured interviewing and self-completion questionnaires. Mixed methods help to generate a whole detailed account of respondents' experience and at the same time, enable researchers form testable close-ended questions that permit hypothesis

testing (Castro, Kellison, Boyd & Kopak, 2010). Furthermore, mixed methods pivot intricate data with statistical relationships (Bentahar & Cameron, 2015). Furthermore, Cameron, Dwyer, Richardson, Ahmed and Sukumaran (2013) assert that mixed methods help to gather different opinions and eventual inference. Although the quantitative method can prepare the ground for the qualitative method through the intensive selection of interviewees or case studies as provided for by Bryman and Bell (2011), the proposed study began with the qualitative method and subsequently used the results to shape the hypotheses, questionnaire and test such hypotheses in Uganda's informal economy. The justification for mixed methods was further advanced by Johnson and Onwuegbuzie (2004) who assert that mixed methods help methodological triangulation such that results from different methods studying the same phenomena converge. In this case, results from interviews and surveys converged to confirm the applicability of motivation and the reinforcement theory in Uganda's informal economy.

4.4.2) Research Strategy

The strategy of enquiry provides a specific direction for procedures in a research design (Creswell, 2003; Castro et al. 2010). Being a mixed method approach, a phenomenological strategy was employed. This helped to identify core values practiced in Uganda's informal economy as it was described by the participants. Furthermore, through interviews, respondents provided information about the ability of core values to reinforce behaviour. The information obtained through interviews helped to formulate survey questions for the reinforcement and profitability sections of the questionnaire. Questions forming other parts of the questionnaire were obtained from previous studies as table 4.3 shows. There after the structural equation models which incorporate causal paths and identification of the collective strength of multiple variables were specified and elaborated.

The sequential design was followed which is particularly applicable when mixing phenomenological and post positivist studies (Mayoh & Onwuegbuzie, 2013). This required adopting study phases. The study was implemented following phase I (qualitative) and phase II (quantitative). This is a sequential exploratory method

(Cameron, 2009; Castro et al. 2010). However, qualitative method had more weight since data collected through interviews was used to develop questions to form the reinforcement part of the questionnaire. The interviewees' opinions were established in trying to expand the reinforcement theory. These opinions formed the basis for testing the expanded theory and the set hypotheses in Uganda's informal economy.

Under phase I, opinions of participants over the concept of core values were gathered. In particular, enquiries about the commonly practiced core values by SMEs in Uganda's informal economy were made and also enquiries on whether such core values motivate, reinforce employees' behaviour and at the same time, promote business legitimacy were made. Enquiry results assisted in relating gathered data with the available literature on the reinforcement theory. Phase I availed qualitative data for analysis and opened up analysis for the phase II quantitative approach. This is to confirm sequential exploratory mixed method (Cameron, 2009; Castro et al. 2010). Phase II borrowed from the input of phase I. The analysis from phase I assisted in reshaping the hypotheses and the questionnaire established for the quantitative approach. This is a typical case of triangulating qualitative and quantitative methods for research as per Eric et al. (2006). The final goal of the study was to establish the relationship between core values and entrepreneurial performance of SMEs in the informal economy at a particular point in time, hence a cross sectional survey. The goal was achieved, relationships were established and the discussions are provided in the next chapters.

4.4.3) Sample and sampling method

Sampling under mixed methods follows a scheme. Onwuegbuzie and Collins (2007) discuss a variety of schemes to include; simple where every individual in the sampling frame has an equal and independent chance of being chosen. Stratified as a sampling frame divided into sub-sections comprising groups that are relatively homogenous with respect to one or more characteristics and a random sample from each stratum is selected. Convenience where choosing settings, groups, and/or individuals that are conveniently available and willing to participate in the study. Quota is where a researcher identifies desired characteristics and quotas of sample members to be included in the study. Opportunistic method where the researcher selects a case based on specific characteristics to capitalise on developing events occurring during data collection. Finally, multi-stage purposeful where choosing settings, groups and individuals representing a sample in two or more stages in which all stages reflect purposive sampling of participants.

4.5) Qualitative aspects of the study

4.5.1) Sampling for the qualitative method

The sampling method for this approach was purposive. Managers and entrepreneurs were interviewed because they orient core values in an institution. Managers or entrepreneurs have the task of forging the right ethics and culture which drive the business environment. In most instances, employees play a low deal in formulating and shaping business core values. This is supported by Lencioni (2002) who asserts that managers need to set unique values which drive an organisation forward and select those employees who fit in the identified core values. It is for this reason that managers of SMEs were selected.

4.5.2) Sample size for qualitative aspect of research

The sample size of a qualitative research is not only to study a few sites or individuals but also to collect extensive detail about each site or individual studies (Creswell, 2013).Twenty-five interviews were conducted and this assisted in building a strong ground for the need to expand the reinforcement theory. The size of twenty-five interviews was generated from Creswell (2013) who recommends between twenty to thirty interviews. The sufficiency of this sample size is reaffirmed by Basit (2003) who used a sample of twenty-four respondents to study aspiration of teenage British Muslim girls. In this study, the researcher interviewed one manager/or entrepreneur per SME per business category from each town. This is illustrated in table 4.1.

Table 4. 1: The sample distribution of participants in towns and business categories for interview purposes

Business/Town	**Kampala**	**Masaka**	**Mityana**	**Wakiso**	**Masaka**	**Total respondent**
Beauty Salon	X	X	X	X	X	5
Restaurants	X	X	X	X	X	5
Mini Markets	X	X	X	X	X	5
Juice processing	X	X	X	X	X	5
Cosmetic processing	X	X	X	X	X	5
Total respondents	5	5	5	5	5	**25**

4.5.3) Interview Guide (IG)

This tool was used to get opinions of SMEs' managers about core values. The common core values practiced by SMEs in Uganda's informal economy were identified and their ability to motivate and reinforce behaviour among employees was discussed. This

answered the four propositions stated in the literature review. The interview targeted experienced managers because they were expected to give reliable information about core values. The managers who participated in the study were chosen based on the number of years served in the business. These were not less than three years of service. The rationale for this period is that most SMEs in the informal economy are family businesses, therefore, management is within the family members. This provides less probability for change of leadership. The interview guide considered an introductory part to give an overview of the content of the interview. The second part provided the interviewee's biographical data and the last part contained questions about practiced core value. The interview schedule is contained in **Appendix A.**

4.5.4) Reliability and validity for qualitative method

i) *External reliability*

This is the extent to which the study can be replicated (Bryman & Bell, 2011). The researcher ensured the extent of reliability by following the steps of earlier researchers who adopted a qualitative approach in behavioural science. Researchers such as Schmiedel, Brocke and Recker (2013) used the coding system to develop categories and themes in the study titled '*Which cultural values matter to business process management? Results from a global Delphi study'*. This study also employed coding and theme development in qualitative analysis.

ii) *Internal reliability*

This is where the researcher and research assistants agree about what is being observed or heard (Bryman & Bell, 2011). Under this method, reliability was done by cross checking all data collected for possible simple mistakes. Furthermore, Morse, Barret, Mayan, Olson and Spiers (2002) opine that the researcher has to ensure consistence of the research questions and the method used to answer the questions. In addition, adequacy of the sample size is very important (Morse et al. 2002). For this study, twenty-five interviews were conducted. This is indicative of the verification strategy as they provide for reliability and validity for qualitative data. Although Morse et al. (2002) provided for verification strategies as indicated earlier in this section (4.5.4.2), Shenton (2004) insisted on qualities

such as; transferability, credibility, dependability and confirmability to discuss reliability and validity for qualitative data. The study observed credibility by keeping sample adequacy and getting responses from business managers/ entrepreneurs.

iii) *Internal validity*

For validity, the researcher ensured that he collected adequate and credible evidence, and then the researcher ensured that the whole data collection and processing was transparent (Denzin, 2009). Furthermore, the researcher matched the collected data to the theoretical ideas he wanted to develop on top of having credible data (Bryman & Bell, 2011). In this case the theoretical idea is about reinforcing employee behaviour in SMEs.

iv) *External validity*

The researcher carried out debriefing to provide an external check on the consistency in the data as suggested by Creswell (2013). At this stage, the researcher focused on transferability of the data (Bryman & Bell, 2011). The researcher briefed senior colleagues in management about the interview questions and the study objectives. They were satisfied that the questions would answer the objectives. Furthermore, in order to achieve validity, an iterative approach is recommended by Morse et al. (2002). This ensures trustworthiness and credibility of the data collected (James & Busher, 2006).

4.5.5) Procedure for qualitative data collection

The researcher requested participants' involvement in the study through face-to-face interaction. Interviewees were briefed about the subject matter of the study and the researcher obtained consent before an interview commenced. The interview guide **(Appendix A)** had open-ended questions to assist the researcher collect participants' opinions about the most practiced core values in Uganda's informal economy. The duration for each interview was twenty-five minutes. The researcher recorded participants' responses by way of writing notes. Al-Yateem (2012) observed that in some instances, respondents may feel uncomfortable being voice recorded and fail to express their honest opinion. In the case of this study, voice recording was not viable because

interviews were held right after presidential and parliamentary elections in February 2016. Every person in the informal economy was cautious about strangers approaching for an interview. Respondents would have mistaken academic research for security interrogation.

4.5.6) Analysis for qualitative data

The qualitative data analysis followed a thematic framework where data from the field was carefully organised, re-transcribed and careful reading was done before coding (Smith, Crafford & Schurink, 2015). Furthermore, Pandya (2014) provided steps for qualitatative data analysis to include; interviewing, transcribing data into text, data coding, theme generation and reviewing, naming themes and report writing. Furthermore, the coding system under thematic analysis was emphasised for the purpose of generating reasonable, proper, and meaningful categories and themes of the data by Vaismoradi, Jones, Turunen and Snelgrove (2016). Under this study, thematic analysis was done based on text data (Soltanifar & Ansari, 2016).

Furthermore, the thematic analysis framework was applied in Uganda's informal economy by Tukundane, Minnaert, Zeelen and Kanyandago (2015) while studying vocational skills programmes in Uganda. This indicated that using a thematic framework in Uganda's informal economy is viable. Therefore, the study employed the method for analysis purposes. Moreover, data coding is where the researcher looked for distinct words in the transcript or text to form codes. The codes helped to generate meaning for the data collected. Coding helps to pull all relevant text together to form relevant meaning for proper grounding of theory (Basit, 2003).

For the purpose of this study, the researcher began by memoing and open coding of the data. After open coding, the next stage was axial coding. This is where categories were formed out of the codes generated from the text. Categories were formed through grouping the codes generated from the words or phrases of interviewees. Furthermore, for proper meaning making, Krauss (2005) emphasised category formulation under qualitative data analysis. The researcher followed the thematic analysis process to

establish meaningful qualitative results which were used to design the reinforcement and profitability sections of the questionnaire. Through triangulating results, the qualitative results helped to attach more meaning to quantitative statistics (analysis provided in **chapter seven).**

4.5.7) Causal mapping

A causal map is a graph which indicates the cause effect relations embedded in expert thinking (Nadkarni & Shenoy, 2004). In addition, Miles and Huberman (1994) explain that a causal network is a display of the most important independent and dependent variables in the field study. The causal network was employed by Sohn and Lee (2013) to determine the relationship between early stage entrepreneurial attitudes, activities and aspirations. This study adopted a causal network or map to indicate the major relationships between core values as independent variable and other variables such as entrepreneurial performance, motivation and legitimacy, as analysed by the researcher.

4.6) Quantitative aspects of the study

4.6.1) Population

The population from which the sample was drawn comprises 14,755 SMEs from Uganda's central region (Uganda Investment Authority and Ernst & Young, 2011). For the purposes of this study, the actual population size was 75% of the total SMEs. This is because SMEs contribute 75% to Uganda's GDP and most of them are in the informal economy (Uganda Investment Authority and Ernst & Young, 2011). The figures provided are estimates because few informal businesses take part in the national business census. Furthermore, the central region includes Kampala as a capital city and the typical Ugandan central region.

4.6.2) Sampling for quantitative aspect of research

A sample frame is a representation of the population to be sampled (Gallego, 2005). In order to obtain data from SMEs in Uganda's informal economy, the researcher employed convenience sampling. The sampling technique used in this study was non-probabilistic. The convenience technique occurs when choosing settings, groups, and/or individuals

that are conveniently available and willing to participate in the study (Onwuegbuzie & Collins, 2007). Unlike the situation where researchers sample elements by virtue of their accessibility, in this study, the researcher chose participants who helped to generate data with no definite findings. This is supported by Bryman and Bell (2011) who assert that convenience sampling may be good in some instances if answers are not definite because of the generalisation problem.

In addition, participants in this study were employees of SMEs. The SMEs were selected based on the businesses' proximity to the major towns in the central region but not where the investigator stays or his place of work. This assisted in providing a springboard for further research or allowed links to be forged with existing findings (Bryman & Bell, 2011). For the purpose of this study, links for further research and links to existing literature were in the nature of core values and entrepreneurship in informal economies of developing nations. Furthermore, respondents from SMEs in the service sector (beauty salons, supermarkets and restaurants) and manufacturers (juice and cosmetics) were conveniently sampled according to such SMEs' proximity to major trading centers in Uganda's central region. Participating SMEs were chosen from Mityana, Kampala, Wakiso, Masaka and Mukono because these are the most urbanised towns in the central region (Uganda Bureau of Standards, 2010).

The rationale for convenience sampling for this study was that, the study was conducted in Uganda's informal economy where records and statistics are difficult to find (Muwonge et al. 2007). Therefore, a probabilistic sampling technique would not be adequate for the study because of lack of an accurate and clear directory for SMEs in the informal economy where firms could be randomly picked.

4.6.3) Sample size for quantitative aspect of research

The sample size is the number of observations needed to obtain estimates of the model's parameters that closely match the parameter values of the model in the population (Fabrigar, Porter & Norris, 2010). Furthermore, Hussey and Eagan (2006) observe that under Structural Equation Modeling, the sample size has to be greater than 200.

However, Hussey and Eagan (2006) fail to show how they determined the sample size. Therefore, to scientifically determine the sample size, the researcher employed Yamane's (1967) formula for determining sample size as derived from the Israel (2013) work. The formula gives a confidence interval of 95% with p=0.05. The formula is given by, $n=\frac{N}{1+N(e)^2}$ where n is the sample size, N is the population size and $e^2$is the acceptable error limit (confidence level 95%).

$n= \frac{11067}{1+11067(0.05)^2} = \frac{11067}{28.67}$ = 386 is the sample size. Given the fact that the sample size determined is above 200, this complies with already existing literature of Fabrigar et al (2010) and Hussey and Eagan (2006). For the purpose of this study, the sample size was 386 SMEs and the respondent group comprised one subordinate employee from each SME. The manufacturing sector shared 52 SMEs while business services consisted of 334 SMEs. Furthermore, Kampala town has the highest number of businesses included in the study because most SMEs in Uganda are located in Kampala and at the same time, restaurants are the most considered for the study because they are the majority of small business operations in Uganda (Uganda Investment Authority and Ernst & Young, 2011).

Table 4. 2: The sample distribution of respondents by business categories in towns where the survey will be conducted

Business category/ Towns	Kampala	Mityana	Masaka	Wakiso	Mukono	Total respondents
Beauty salons	40	10	25	30	13	118
Restaurants	46	8	18	34	14	120
Super markets	39	5	12	32	8	96
Juice processing	12	2	1	9	1	25
Cosmetic processing	13	1	2	8	3	27
Total respondents	150	26	58	113	39	**386**

Restaurants had more respondents because they were the majority of business operations around major towns. Kampala had more participants because it is more urbanized (Uganda Investment Authority and Ernst & Young, 2011).

4.6.4) Questionnaire design

The questionnaire was designed to gather opinions of employees. These opinions would assist in testing the developed hypotheses in the model. The survey targeted employees who were willing to provide credible information about the effect of core values on motivation, legitimacy, entrepreneurial performance and behavioural reinforcement. The study instrument consisted of six main sections or parts. The scales of items included in the questionnaire were generated from existing instruments. The source and alpha scores are indicated in Table 4.3. Section one considered biographical information of the respondent, section two focused on motivation as a mediating variable, section three focused on entrepreneurial performance, section four focused on legitimacy also as a mediator, section five focused on behavioural reinforcement and section six focused on

core values. The biographical information consisted of 10 items, motivation consisted of 14 items (measured intrinsically), legitimacy consisted of 12 items (measured within firm and from external audience) and entrepreneurial performance consisted of 39 items (measured through profitability, product/service diversification and accumulated employment), reinforcement consisted of 14 items and core values consisted of 26 items. The questionnaire is provided in detail in **Appendix B**.

Table 4. 3: Sources of questions and reliability levels

Category/ Sections	Source	Cronbach's alpha	Number of Items
Biographical information	Not applicable	Not applicable	5
Motivation and Trust	Kakeeto et al (2014)	0.884	21
	Schoorman, Mayer and Davis (2007).	0.82	
	Dietz and Hartog (2006)	0.8	
Entrepreneurial Performance	Hays and Hill (2006)	0.95	40
	Schoorman, Mayer and Davis (2007)	0.82	
Legitimacy	Dietz and Hartog (2006)	0.8	12
Cleanliness	Barber and Scarcelli (2010).	0.87	7
Responsibility	Herrenkohl, Judson and Heffner (1999).	0.75	5
Respect	Siegrist, Starke, Chandola, Godin, Marmot, Niedhammer and Peter (2004).	0.86	4
Fairness	Herrenkohl, Judson and Heffner (1999).	0.76	4
Reinforcement		Indicated in analysis chapter	14

The scales for this study are generated from previous studies as shown in Table 4.3 except for reinforcement and profitability whose scales were developed from the study's interview responses. Slavec and Drnovsek (2012) provide ten steps for acceptability of new measurement scales and these are; content domain specification, item pool generation, content validity evaluation, questionnaire development and evaluation, translation and back-translation, pilot study, sampling and data collection, dimension assessment, reliability assessment and construct validity. The researcher followed these steps to ensure that an acceptable scale for reinforcement is developed.

4.6.5) Reliability and validity for quantitative method

i) *Cronbach's alpha*

Reliability is the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed (Leedy & Ormrod, 2010). To measure the internal consistency of the research instrument, in this case a questionnaire, the researcher applied Cronbach's alpha. This is asserted by Javali (2011) who confirms that the preferred statistical index that is used to measure reliability of the measuring instrument for collecting primary data is Cronbach's alpha. Where Cronbach's alpha was greater than 0.7 ($\alpha > 7$), the researcher concluded that the data collected using survey was reliable and when alpha is below 0.7 ($\alpha < 7$), this indicated that the data collected is affected by latent or unobserved variables. This assisted in measuring the consistency of responses across all questions in the questionnaire. The Cronbach's alpha has been used by many researchers all over the world for instance Kakeeto et al. (2014) in Uganda. Both researchers reported alphas of above 0.8. Therefore, it is fit for the study to employ Cronbach's alpha.

ii). *Composite reliability*

Composite reliability is a reliability measure considered to be more powerful than Cronbach's alpha (Ghadi, Alwi, Abu Baker & Talib, 2012). It is given by the following equation: $CR = \frac{(\sum_{i=1}^{n} \lambda\gamma)^2}{(\sum_{i=1}^{n} \lambda\gamma)^2 + (\sum_{i=1}^{\rho} var(\varepsilon i))}$

Where CR is composite reliability.

λγ is the standardised factor loadings.

V(εi) is the variance due to measurement error. This formula is provided by Fornell and Larcker (1981).

Furthermore, Stander and Van Zyl (2016) used composite reliability to supplement Cronbach's alpha to ensure internal consistency of the questionnaire. Composite reliability (CR) was further emphasised by Li, Zhang and Li (2017) who provided that for acceptability of CR, the $CR \geq 0.70$.

iii) Convergent validity

Validity is the extent to which the instrument measures what it is intended to measure (Leedy & Ormrod, 2010). Validity of an instrument is commonly measured in four forms, namely; construct validity, content validity, face validity, criterion validity. Content validity pertains to the extent to which a sample of items, taken together, comprise an adequate operational description of a construct (Polit & Beck, 2006). Face validity represents a cursory review of instrument by expert judges (Hardesty & Bearden, 2004). Construct validity measures how meaningfully the items in an instrument measure a hypothetical construct or concept (Creswell, 2009). The convergent validity which measures the extent to which measurement scales converge was estimated by Average Variant Extracted (AVE) given by the formula; $AVE = \frac{\sum \lambda^2}{\sum \lambda^2 + \sum Var(\varepsilon_i)}$ (Fornell & Larcker 1981; Farrell & Rudd, 2009). Where λ is the factor loadings and *Var(ε)* is the error variance. The

acceptable levels are AVE $\geq$ 0.5. The AVE was used by Chen (2008) in the study of service quality, perceived value, satisfaction and behavioural intentions of air passengers. He obtained results above 0.5. The applicability of AVE was further indicated by Liang and Wu (2009) in the study of the effect of experiential value on consumer satisfaction with service encounters in luxury-hotel restaurants. They obtained results of more than 0.5. In addition, for the purpose of this study, the researcher measured core values and entrepreneurial performance of SMEs as the major study constructs.

iv) Discriminant validity

Discriminant validity is a measure intended to show that latent variables in the model are different (Henseler, Ringle & Sarstedt, 2015; Ghadi et al. 2015). In other words, latent variables are not measured by the same factors. In reference to Fornell and Larcker (1981), Li et al. (2017) emphasise that discriminant validity exists when the AVE scores of two factors are higher than the square of correlation between the two factors. In this study, the researcher compared the AVE scores with the square of correlation among the latent variables to determine whether constructs are not closely related to each other or whether they are not measuring the same aspect.

4.7) Procedure for Data Collection

The questionnaire (**Appendix B**) had close-ended questions with a five-point Likert scale where respondents chose one option. The Likert scale measured responses along negative to positive where expected responses were; strongly disagree, disagree, neither agree nor disagree, agree and strongly agree (Likert, 1932). The five-point scale was used because distinguished scholars in the area of behavioural research such as Schoorman, Mayer and Davis (2007), Hung and Petrick (2011), Shang, Chen and Shen (2005) and Gillespie and Mann (2004) used the same scales and obtained consistent results. Research assistants were recruited and briefed about the exercise and the nature of study which was carried out. Each research assistant signed an agreement to undertake the exercise and promised to keep information confidential. The study exposed research assistants neither to physical risks nor to emotional dangers. Secondary data was collected from the Ministry of Education, Science, Technology and Sports and the

Ministry of Gender, Labour and Social Development. The data from secondary sources helped corroborate already existing data with the current new data. The secondary data also assisted in providing comparative information for future decision making, especially policy about SMEs in the informal economy.

4.8) Quantitative data analysis

4.8.1) Structural Equation Modeling (SEM)

SEM is a methodology for representing, estimating and testing a network of relationships between variables (measured variables and latent constructs) (Suhr, 2000). The definition by Suhr (2000) concurs with Urbach and Ahlemann (2010) who observe that SEM describes the relationship between several of the latent variables. The study measured the relationship between core values and entrepreneurial performance as the major variables while employee motivation and legitimacy were the mediating variables in the study.

SEM is the significant statistical procedure which was adopted by the researcher. It enabled the researcher obtain answers to a set of interrelated research hypotheses in a single, systematic and comprehensive analysis. In addition, SEM describes both latent and measured variables. Latent variables are those variables which cannot be exactly measured and are derived from theoretical considerations. On the other hand, measured variables are observable and empirically measured (Urbach & Ahlemann, 2010; Suhr, 2000). The researcher adopted SEM as indicated above, therefore the study variables were for latent variables; core values, motivation, legitimacy and entrepreneurial performance. The measured variables were trust, fairness; respect, responsibility, product diversification, profitability and cumulative employment.

SEM is a second generation of multivariate analysis and it allows the researcher to simultaneously consider relationships among multiple independent and dependent constructs (Urbach & Ahlemann, 2010). In addition, SEM is a powerful tool for analysis (MacCallum & Austin, 2000). SEM posts a challenge with sample size. The challenge is that SEM requires a bigger sample size of 100 cases under optimal conditions or 200

plus. However, this proves to be advantageous because a large sample size provides an opportunity for generalisation of research findings. Besides being second generation multivariate and posing sample size challenges or opportunities, SEM can apply in SME studies. This is evident where Hussey and Eagan (2006) used SEM to determine the environmental performance of SMEs in the manufacturing sector. However, the study by Hussey and Eagan (2006) deviates from this study because it considers environmental performance while this study focused on core values and entrepreneurial performance of SMEs. Furthermore, the study focused on more than one sector, that is to say, service and manufacturing while Hussey and Eagan (2006) focused on only the manufacturing sector.

4.8.2) Steps under SEM

These steps are described by scholars such as Suhr (2000), Hussey and Eagan (2006) and Urbach and Ahlemann (2010). The steps are discussed below;

i) *Measurement Model*

Furthermore, Ullman (2006) posits that confirmatory factor analysis (CFA) is better handled under SEM. In addition, Chin (1998) points out that SEM is superior over first generation techniques where multiple predictor and criterion variables are specified in one model, presents latent variables and carries out confirmatory factor analysis. Bentler (2010) further observed that SEM provides for the use of path diagrams, therefore there is no further need for matrix elements which were harder to conceptualise. The measurement model determined that measurable variables such as product diversification and cumulative employment can combine to predict entrepreneurial performance. Furthermore, the measurement model determined that trust, fairness, respect, cleanliness and responsibility can combine to predict core values. The measure with the highest factor loading was the most significant indicator. In this case, trust and fairness had the most factor loadings so they are the most predictors of core values. Further, CFA was used to measure relationships that would emerge from the study. Figure 4.1 represents the hypothesised measurement model which was analysed under SEM. Circles represent construct or latent variables whereas squares represent observable or measured variables.

ii) *Model fit Analysis*

The T-statistic goodness of fit statistic was proposed by Hussey and Eagan (2006) as a better statistic for determining the model fit. The statistic is the product of sample size N minus 1 (N-1) and the minimum fitting function (f). This is denoted as t=((N-1)f). Then the t –statistic is divided by the df (t/df) to obtain an acceptable range. The acceptable range is <5 and <2 depending on the researcher. Hussey and Eagan (2006) and James and Sudha (2016) recommend other methods for determining the model fit such as, Comparative fit index (CFI), Gamma hat or Root Mean square error of approximation (RMSEA) or chi-square. Where CFI is close to 1, the model is good. RMSEA predicts goodness of fit if the result is between 0.05-0.08, Root mean square residue (RMR) is predicted at tending to 0, Goodness of fit statistics (GFI) is predicted at tending to 1, and adjusted goodness of fit statistics (AGFI) is predicted at 0.9. The same fit indices were provided by Guha (2010).

Table 4. 4: Summary of model fit measures

Indicators	Index
Chi-square	<3
RMSEA	0.05-0.08
CFI	0-1
GFI	Tending to 1
AGFI	>0.9
Root Mean Square Residue	Tending to 0

iii) *Model Identification*

Model identification is done if unique values can be found for parameter estimation and the number of degrees of freedom for model testing is positive (Suhr, 2000). In order to determine the degree of freedom and conclude that the model can be easily identified, the formula below is applied;

P*=p (p+1)/2 where p is number of measureable variables.

The golden rule under model identification is that; the number of free parameters (q) must be equal to or less/smaller than the number of non- redundant elements in the model (Suhr, 2000). Furthermore, model identification is determined through degree of freedom (Bian, 2012). For the proposed study, p= 8, q= error variances +factor loadings. For this study therefore, model identification is computed by;

Solution

P*=p(p+1)/2

P*=8(8+1)/2

P*=36

q= 12+8=20.

There is a need to find the degree of freedom which is given as;

df=p-q, 36-20= 16.

The acceptance criterion is that q must be equal to or be less/smaller than p. Given that q is 20 while p is 36, the model is just identified. The degree of freedom is positive, therefore the data fits the model well and the researcher was able to determine the relationship between constructs/latent and measureable variables.

iv) *Model Modification*

If the model fit is unacceptable, then modification can be done if it is meaningful (Suhr, 2000). Model modification involves adjusting a specified and estimated model by either freeing parameters that were fixed or fixing parameters that were free (Suhr, 2000). Bian (2012) recommends change of model structure in order to achieve model modification. Moreover modification under the visual tool application (Bentler, 2010) can be done under the output menu.

v) *Model Estimation*

After model identification, the researcher must estimate the model. The purpose of model estimation is to obtain the numerical values for the unknown (free) parameters (Suhr, 2000). Model estimation can be well handled through Analysis of Moment Structures (AMOS). This requires determining the model fit. The evaluation of model fit uses the goodness of fit measures to determine how adequately the model accounts for the data (Hussey & Eagan, 2006). Furthermore, the use of AMOS to estimate models was emphasised by James and Sudha (2016) where they obtained acceptable fit indices.

vi) *Model Specification and structural models*

The model is specified from literature reviewed and theories behind the hypotheses (Urbach & Ahlemann, 2010). Structural models need a large number of indicators to enable substitution at a later stage and allow more degree of freedom (Urbach & Ahlemann, 2010). SEM model application was re-emphasised by Bagozzi (2010) in order to enable proper prediction of relationships between variables. In order to test hypotheses, numerous studies have used structural models. Studies such as Boxall et al. (2015); Finch, Deephouse and Varella (2015); Fornell and Larcker (1981); James and Sudha (2016) provide for the use of structural SEM models to enhance presentation and interpretation of research results. Therefore; following previous studies' recommendations, this study also adopted structural SEM model which was constructed as illustrated in Figure 4.2 following the hypotheses proposed in this study. The hypotheses are hereby re-stated;

Hypothesis 1 there is a positive relationship between core values and motivation in SMEs in the informal economy of Uganda's central region.

Hypothesis 2 there is a positive relationship between motivation and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

Hypothesis 3 there is a positive relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

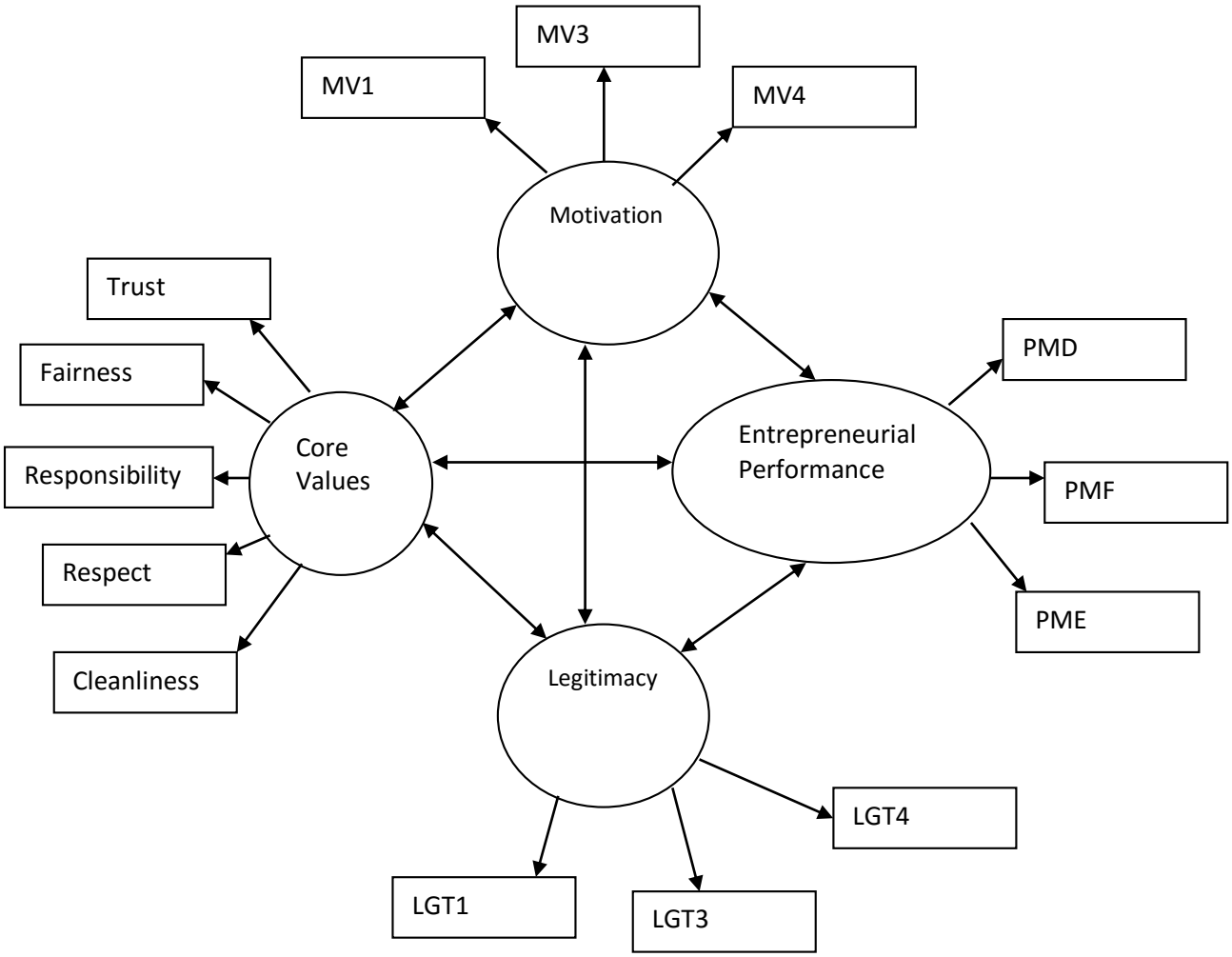
Hypothesis 4 there is a positive relationship between core values and legitimacy in SMEs in the informal economy of Uganda's central region.

Hypothesis 5 there is a positive relationship between legitimacy and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

Hypothesis 6 motivation mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

Hypothesis 7 legitimacy mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

Figure 4. 1: Hypothesised measurement model

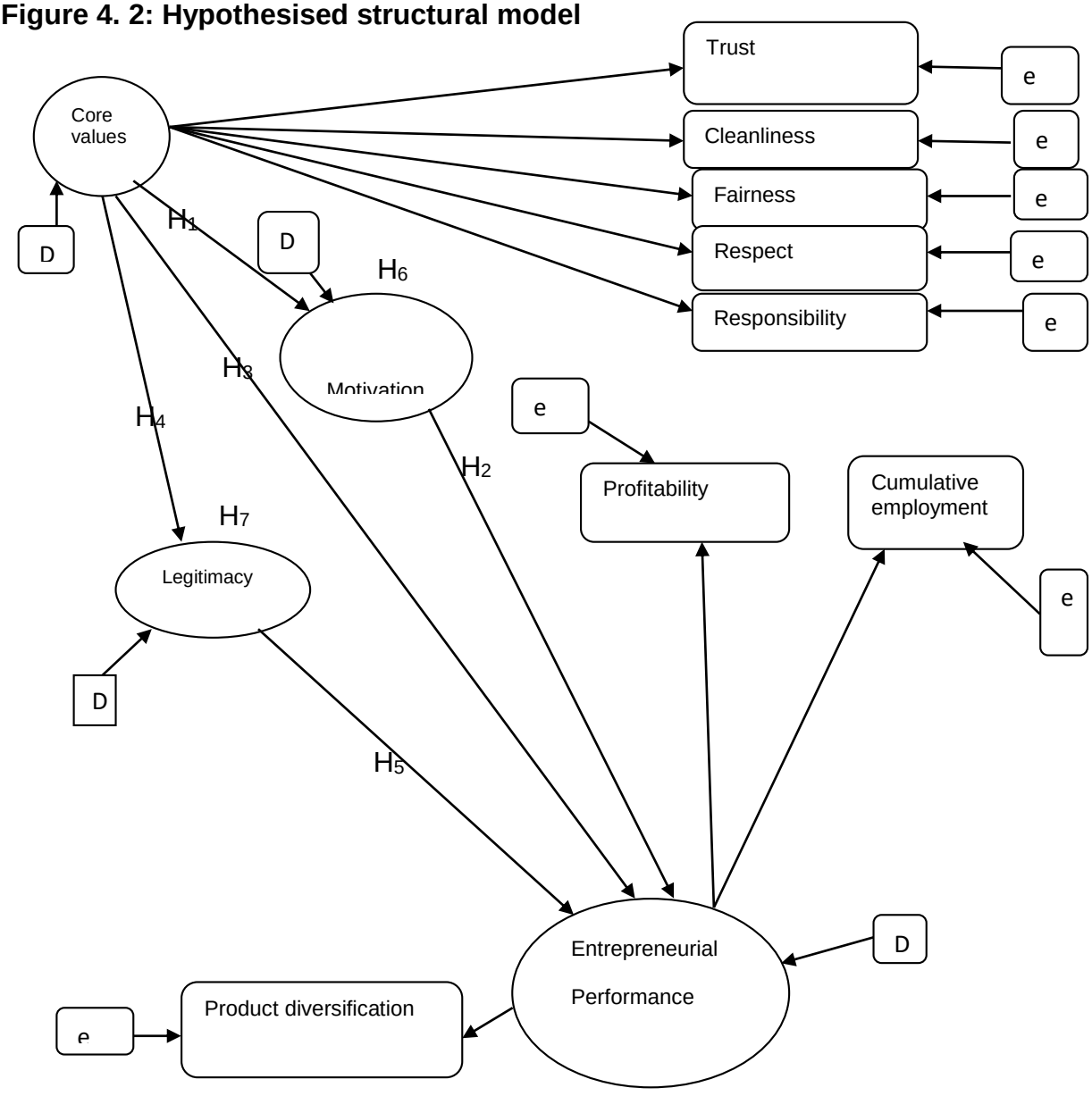


vii) Hypothesised Measurement model for confirmatory factor analysis

Figure 4.1 shows the study's hypothesised measurement model. This is for the purpose of validating measurement factors for the constructs.

The second model is a structural model aiming at discovering the relationships amongst latent variables. For this study, the latent variables are core values, entrepreneurial performance, legitimacy and motivation.

Figure 4. 2: Hypothesised structural model



viii) *Hypothesised structural model*

Figure 4.2 shows a complete structural model. It shows the observed variables with an error term (e) which indicates the unexplained variances. The figure also shows the latent variables with disturbances (D). The model was run in analysis of moment structures (AMOS). The structural model was designed for purposes of testing study hypotheses and estimation of model paths (Bian, 2012; Boxall et al. 2015; Finch et al. 2015). However, for this study, the same specified structural model was copied and replicated under regression analysis section (chapter six) to enable the explanation of regressions which manifest in the study.

ix) Summary of hypothesis

The above structural model in figure 4.2 was specified following the study hypotheses:

Hypothesis 1 there is a positive relationship between core values and motivation in SMEs in the central region of Uganda's informal economy.

Hypothesis 2 there is a positive relationship between motivation and entrepreneurial performance in SMEs in the central region of Uganda's informal economy.

Hypothesis 3 there is a positive relationship between core values and entrepreneurial performance in SMEs in the central region of Uganda's informal economy.

Hypothesis 4 there is a positive relationship between core values and legitimacy in SMEs in the central region of Uganda's informal economy.

Hypothesis 5 there is a positive relationship between legitimacy and entrepreneurial performance in SMEs in the central region of Uganda's informal economy.

Hypothesis 6 Motivation mediates the relationship between core values and entrepreneurial performance of SMEs in the informal economy of Uganda's central region.

Hypothesis 7 Legitimacy mediates the relationship between core values and entrepreneurial performance of SMEs in the informal economy of Uganda's central region.

4.9) Testing for mediation

Mediation exists when the independent variable affects the dependent variable indirectly through at least one intervening variable (Preacher & Hayes, 2008). Furthermore, mediators explain the relationship between predictors and criteria (Baron & Kenny, 1986). In addition, Beaujean (2011) provides three conditions which must be fulfilled; i) the independent variable must be significantly related to the mediating variable, ii) the independent variable must be significantly related to the outcome variable and iii) the magnitude of the relationship between the independent and the outcome variables must significantly decrease after controlling for the mediating variable. On the other hand, Sobel (1982) provides for Sobel's test which was discussed under Preacher and Hayes (2008) work. The same conditions as discussed by Beaujean (2011) for mediation and Sobel testing are provided by Baron and Kenny (1986).The test is used to confirm the mediation relationships.

Furthermore, Sobel test determines the significance of the indirect effect by testing hypothesis of no difference between total effect (c) and direct effect ć (Totawar & Nambudiri, 2014). Sobel test was used by Nakos and Brouthers (2008) in the study of *international alliance commitment and performance of small and medium-size enterprises: The mediating role of process control*. It was useful to use the same method to test mediation in this study.

Furthermore, under Sobel test, '**a'** is the β coefficient in regression analysis. The mediating variable is dependent on the independent variable. '**Sa'** is the standard error in the regression analysis where the mediating variable is dependent on the independent variable. On the other hand, '**b'** is the β coefficient in regression analysis where the dependent variable is predicted by both the mediator and the independent variable, and **'Sb'** is the standard error in the regression analysis where the dependent variable is predicted by both the mediator and the independent variable. The decision rule in determining whether a variable is indeed a mediator under Sobel's test is; the P-value must not exceed 0.05 (Totawar & Nambudiri, 2014). For the purpose of this study, Sobel's test for mediation was used to confirm hypotheses six and seven which state;

Hypothesis 6 Motivation mediates the relationship between core values and entrepreneurial performance of SMEs in the informal economy of Uganda's central region.

Hypothesis 7 Legitimacy mediates the relationship between core values and entrepreneurial performance of SMEs in the informal economy of Uganda's central region.

4.10) Applicability of SPSS and AMOS in this study

Statistical Package for Social Science (SPSS) is a statistical tool employed to provide good analysis right from reliability test and exploratory factor analysis (Lorenzo-Seva & Ferrando, 2006). Furthermore, Lyles, Saxton and Watson (2004) used SPSS to determine maximum likelihood in the study of venture survival in a transition economy. Davidsson and Honig (2003) also used SPSS in the study of the role of social and human capital among nascent entrepreneurs to make both OLS and logistic regressions for nascent entrepreneurs. Bhagavatula, Elfring, Van Tilburg and Van de Bunt (2010) also used SPSS to analyse the effect of social and human capital on opportunity recognition and resource mobilisation. It was also important to adopt SPSS since it can provide reliable results for entrepreneurship research. The researcher used version 23 for analysis and reliability test, EFA and regression analysis were carried out.

Analysis of Moment Structures (AMOS) is a statistical tool used for graphical representation of variables with their inter-relationships (Bian, 2012). AMOS has enough capacity to obtain maximum likelihood estimates; therefore, fewer concerns about missing data are presented (Ullman, 2006). Since AMOS presents analysis in visual pictures, it is a simpler tool of analysis (Bentler, 2010). The researcher employed the AMOS version 23 tool because it is capable of handling multivariate regressions and it is able to automatically reject unspecified models (Bian, 2012). Since the study had six main hypotheses with ten variables each having three constructs for measurement purpose, it was prudent to use AMOS for model estimation and analysis.

4.11) Ethical Consideration

Ethics is an important aspect of business research. Participants needed confidence that their involvement in research would neither lead to violation of their rights nor harm them. Permission to conduct research with participants was sought and the researcher ensured that he obtained participants' consent freely before the interviews and survey were conducted. In addition, ethics clearance was obtained from the University of the Witwatersrand central ethics committee. The ethics clearance certificate is herewith attached in **Appendix H**. Confidentiality as far as respondents' views is concerned was maintained throughout the study as respondents were not required to disclose their identity and no names were identified for those participating in the qualitative study.

4.12) Conclusion

In order to execute a research plan, a specific and precise design and approach must be laid down. This study employed a mixed method where inductive and deductive approaches were employed. Data were collected through interviews and questionnaires to enable methodological triangulation. Reliability and validity was done by ensuring that the right sample size is maintained, and there was constant interaction with knowledge experts and carrying out reliability and validity tests such as Cronbach's alpha, CR and AVE. Qualitative data analysis was carried through credible coding, developing themes and categorising data whereas quantitative data was analysed through EFA, CFA, SEM (AMOS) and Sobel's test.

CHAPTER FIVE

PRESENTATION, ANALYSIS AND DISCUSSION OF QUALITATIVE FINDINGS

5.1) Introduction

The key findings from primary data are presented in this chapter. Primary data was collected by interviewing participants. Whereas the study was guided by a mixed method, this chapter considers only qualitative analysis. The quantitative analysis is handled in chapter six. It was important to separate the analysis to avoid overcrowding a single chapter. The qualitative data is presented and analysed according to the codes, categories and themes developed. The discussion of findings is conducted based on the analysed data which was collected through interviews. This data was sorted, coded and major quotation were developed to support arguments and the existing body of literature.

The processing of data under qualitative analysis was done at different intervals. First, open coding and memoing was done to reduce data by identifying responses with similar meaning and outstanding quotes. Then open coding was followed by axial coding where similar phrases were generated to develop categories in the data. There after categories transformed into themes. Finally, a thematic causal map was generated. The presentation of findings and discussion of results by relating qualitative themes to the existing body of literature was done concurrently to enable easy matching of primary results with the already proven body of literature.

This chapter covers a review of sample participation, analysis of categories and themes, presentation of identified core values as the first objective states. Thereafter, discussion about the ability of core values to motivate and reinforce behaviour among employees in Uganda's informal economy was conducted. This answered the study's propositions that; **SMEs in the informal economy of Uganda's central region can derive benefits such as enhanced leadership, legitimacy and employee motivation from the establishment and practice of appropriate core values.** And **SMEs in the informal economy of Uganda's central region can reinforce employees' behaviour/performance if they set proper core values.**

5.2) Presentation of qualitative data, analysis and discussion of findings

This section presents all responses from interviews conducted. The process of analysis and themes development from the interview process is presented and discussion of findings is conducted. Finally, a thematic causal map was presented and discussed. The purpose of this section is to answer the first two objectives of this study which are; to establish the commonly practiced core values in Uganda's informal economy and to establish whether the commonly practiced core values can motivate and at the same time reinforce behaviour among employees in Uganda's informal economy. In addition, this section confirms the only two propositions of the study that; SMEs in the informal economy of Uganda's central region derive benefits such as enhanced leadership, legitimacy and employee motivation from the establishment and practice of appropriate core values. The second proposition answered by this discussion is; Core values can reinforce employee behaviour/performance in the informal economy of Uganda's central region.

5.2.1) Sample frame review

A total of twenty-five entrepreneurs were interviewed. This enabled collection of extensive details about core values, motivation, legitimacy, entrepreneurial performance and reinforcement of behaviour or performance.

Table 5. 1: sample of interviewed respondents

Business/Town	**Kampala**	**Masaka**	**Mityana**	**Wakiso**	**Masaka**	**Total respondents**
Beauty Salon	X	X	X	X	X	5
Restaurants	X	X	X	X	X	5
Mini Markets	X	X	X	X	X	5
Juice processing	X	X	X	X	X	5
Cosmetic processing	X	X	X	X	X	5
Total respondents	5	5	5	5	5	**25**

Table 5.1 shows a large sample size to conform to Creswell's (2013) recommendation of a sample size of between twenty to thirty participants. All respondents run private small businesses in Uganda's central region. Respondents operate small businesses in five major urban centres of the central region and these are; Kampala, Masaka, Mukono, Mityana and Wakiso. Respondents operate restaurants, beauty salons, super markets, cosmetics and juice processing firms. This is a reflection of service and manufacturing sectors.

The age range for interviewees was thirty to fifty years. This is because this age group represents people who actively engage in entrepreneurship. Entrepreneurs' experience with SMEs ranged from five to thirty years of operating businesses in Uganda's informal economy.

5.2.2) Data credibility

To ensure data credibility, debriefing before and after the field research was carried out. Interviews were carried out by the principal investigator because he was the only person who better understood the study. The research assistant just helped in writing field notes as the principal investigator was interviewing the respondent. The sample size of twenty-five respondents was adequate enough to generate data which could help develop themes and categories about core values and reinforcement theory.

The researcher used to pause for some few minutes to allow the respondent to think through the answers. Furthermore, the research questions were consistent with the qualitative data method and purposive sampling technique adopted. In addition, respondents were entrepreneurs who had been in SME management for at least three years, therefore they had knowledge of the sector. The researcher further discussed the coded data with the research assistant to ensure that the codes reflect the true data the research assistant noted down. Data were crosschecked for possible errors and mistakes before coding was done. The whole process was consistent with Creswell 2013; Morse et al. 2002 and Bryman & Bell 2011).

The objective of qualitative data analysis is to develop categories and themes which provide sequential explanations about the phenomenon (Vaismoradi et al. 2016). Although Broom (2005) indicated that qualitative data analysis may lack an outright analysis formula, he is supported by Vaismoradi et al. (2016) that coding and categorising data must be performed. Following the best practices, the principal investigator coded data both at open and axial stages, categories were formed and finally, themes developed from the data.

5.3) Themes developed

After a careful process of data collection, coding and categorising, themes were developed and these are presented, analysed and discussed.

5.3.1) Core values practiced

Core values are defined as spiritual/ethical elements which have been guiding principles for human conduct and are proven to have been everlasting values, regardless of cultural and ethnic differences (Dahlgaard-Park, 2012). In addition, Lencioni (2002) defines core values as the deeply ingrained principles that guide all the company's actions and its cultural cornerstone. The core values practiced in Uganda's informal economy established through interviews are analysed and presented in Table 5.2.

Table 5. 2: The coded data and categories for the theme *core values practiced*

Theme	Interviewee No	Key points (from open coding)	Axial codes	Categories
Core values Practiced	1	Employees must arrive at work on time and leave on time, honesty with cash and respect for people and fairness to fellow employees.	Time management, trust, respect and fairness.	Punctuality, trust, respect, Fairness, responsibility, honesty, customer care, confidentiality and cleanliness, smartness and tidiness.
	2	Cleanliness is a must, 'there is a roster pinned indicating the day each employee has to clean the salon". Workers must be cooperative amongst themselves, workers must respect work schedules and avoid misuse of salon resources. Fairness while charging customers for the service or product.	Cleanliness, team work, respect and fairness	
	3	Punctuality, hygiene, saloon has a Rota which provides responsibility for cleaning the saloon. Personal hygiene is also very important, this will enhance the customer's mood. Responsibility for managing business items for instance stock.	Time management, cleanliness and hygiene and responsibility	
	4	Respect time for arriving and leaving work, dress code where smartness is maintained, cleanliness is important, confidentiality where rumoring about customers is not allowed. Customers must be welcomed to the saloon, respecting customers and fellow workers.	Time management, smartness, cleanliness, confidentiality and customer care.	
	5	Respect for arrival time. Cleanliness for premises and employees is a must, so as to have customer goodwill.	Time management and cleanliness.	
	6	Employees must arrive on time, and provide a timely service. Cleanliness for premises and employees is a must. Customer focus (I prohibit employees from using mobile phones at work. This helps focus on customer service). Respect customers (do not engage in conversations with customers, as this maybe a time waster in service delivery.	Time management, cleanliness, and customer focus and respect and customer privacy.	
	7	Smartness is a must, and to emphasise smartness, all employees must put on uniforms. Customer care is a must, one way of indicating customer care is by welcoming customers to the business premises. (Politely request customers to go through the menu). Cleanliness and dusting of items is very important and this is a	Smartness, customer care, cleanliness and tidiness. Time management and responsibility.	

		responsibility of waiters. Workers must arrive and leave on time.		
	8	Respect for one another at work place and respect for customer, honest with work assigned, good customer relations, discipline, smartness and business premises must be kept clean. Team work improves work related activities. Listening to customers is very good and fair treatment of employees to retain them.	Respect, honesty, good customer relations, smartness, cleanliness, fairness and team work.	
	9	Respect for customers, attend to customers well, and don't show that a customer is wrong, responsibility given to workers is important to show some one's commitment. Cleanliness and smartness for employees.	Respect, customer relations, responsibility, cleanliness and smartness.	
	10	Curing skin diseases, time management (we require employees to report at 7:30am and have no specific time to leave work. Discipline should be maintained therefore no bad language used at work. Proper Communication channel should be followed. No stealing, proper dressing and no miniskirts. Fair treatment of all staff. Bonuses are awarded by recording down the sales made by an individual.	Customer focus, trust, smartness, fairness,	
	11	No fighting among staff, no stealing, and sales team must declare cash on a daily basis.	Respect, trust and responsibility.	
	12	Employees must arrive on time, openness to supervisors, listening to workers' views, being tolerant to workers; cleanliness must be paramount (if my workers fetch water with dirty jerricans, the community may think that I produce dirty products of low quality). Communication.	Time management, listening, communication, tolerance and cleanliness.	
	13	Treating customers well. Respect for customers, no love relationships at work (if love relationships prevail at work, respect will be compromised). Listening to workers.	Customer care, respect and listening.	
	14	Cleanliness is a key factor for soft drink businesses. Hygiene and tidiness is paramount. We want to produce a quality product which will be enjoyed by customers. Time management. Honesty and trust in maintaining company resources so theft is minimised.	Cleanliness, hygiene and tidiness, time management, honesty and trust.	
	15	Listening to supervisors, nice handling of customers through good conduct, fair treatment of customers.	Listening, customer care and fairness.	
	16	Keep juice natural and no preservatives. Hygiene is very important especially during the process of peeling bananas. Workers should have clean hands. Respect for one another and team work is very crucial. Communication is a pillar in processing banana juice. Respect among employees will keep them close to each other.	Cleanliness and hygiene, respect and communication.	

	17	Employees act with integrity, take care of clients' needs and environment, we do what we can do well. Customer priorities are cared about. Cleanliness and tidiness are important (client visited work station and requested to inspect the actual operations room. She observed that the room was so clean and organised. She became so excited and an order followed immediately).	Trust, responsibility, quality, customer focus, cleanliness and tidiness.	
	18	Responsibility; and in small businesses responsibility is too much of the proprietor's concern. No stealing business resources and maintain cleanliness.	Trust, responsibility and cleanliness.	
	19	Arrival and departure time must be respected, customer care, listening to clients, respecting clients, Smartness at work and the dress code is prescribed (no trousers during week days). Cleanliness can attract customers to the supermarket because always shelved items are clean.	Time management, customer care, listening, respect, smartness and cleanliness.	
	20	Time management is an important factor for smooth work. Fair treatment of employees. Customer care is paramount.	Time management, fairness and customer care.	
	21	Greet the customer, welcome him/her. Cleanliness is important because the customer may be attracted to buy because the items are very clean and well organised. Fair pricing to customers, do not over price commodities because customers may be pushed away. Teamwork emphasises working together for a common goal. Workers are assigned responsibility for taking care of specific sections in terms of cleanliness and safety of items.	Customer care, cleanliness, fairness, team work, responsibility and trust	
	22	Customer satisfaction, employees must put on proper uniforms, trust and fairness while pricing goods. Transparency among staff members. Fairness extended to workers. Supervisors have to fairly allocate work to all employees.	Smartness, customer satisfaction, trust, fairness, and transparency	
	23	Cleanliness and tidiness. Super customer service (loading items in customer's vehicle). Time management.	Cleanliness and tidiness, super customer service and time management.	
	24	Smartness where a proper dress code is prescribed (Skirts should be long enough to cover the knees and employees should put on sleeved shirts). Cleanliness must be maintained, 'customers do not want to be served by dirty waiters or waitresses. We require waitresses to cover their heads to	Smartness and cleanliness.	

		prevent hair from dropping in the client's meal or tea'.		
	25	Reporting time is 8:00 am, respecting the reporting channels, team work, vulgar language and abuses are not tolerated, we promote fairness and equity among employees, we give employees fair chance to promote their innovations by fairly paying for the innovations. Smartness is emphasised where employees must put on uniforms. Caring about neighborhood, responsibility assigned to staff. Accountability and transparency.	Time management, respect for fellow employees and work, fairness, smartness and caring about the neighborhood, responsibility, transparency and accountability.	

The category developed for the theme *core values practiced* in SMEs in Uganda's informal economy can be summarised as;

i) Punctuality (arriving early at work, providing timely service and leaving work on time).

ii) Trust (keeping firm's assets such as inventory safe and provide the right service to customers).

iii) Respect (avoid abusive language and fighting/assault).

iv) Fairness (Treating employees well and providing a customer the right service at a right price).

v) Responsibility (taking charge of tasks).

vi) Honesty (being sincere to customers in all aspects).

vii) Customer care (welcoming, smiling and guiding customers when they walk into premises).

viii) Confidentiality (avoid rumours about fellow employees and customers).

ix) Cleanliness (having clean premises, clean employees and personal hygiene).

x) Smartness and tidiness (employees must be good looking and well organised business environment).

Table 5.2 shows items which form a set of outstanding core values practiced in Uganda's informal economy out of the many values provided by the twenty-five interviewees. The discussion in this section answers the first question that; **'what are the commonly practiced core values in SMEs in the informal economy of Uganda's central**

region?' It is observed that; trust, respect, responsibility, honesty and fairness are major core values practiced in Uganda's informal economy which were well prescribed by Schwartz's (2005) universal moral values. However, Reave (2005) referred to such core values as spiritual values. Furthermore, interviews revealed that 'customer care' is a firm level core value practiced in Uganda's informal economy '…**I prohibit employees from using mobile phones at work. This helps focus on customer service…' interviewee No 6**, he concurs with Ferguson and Milliman (2008) and Urde (2003). Karakas (2010) argues that respect, especially for diversity at work should be enforced by prescribing codes of ethics and values.

It is important to note that, cleanliness, smartness and tidiness are unique newly identified core values practiced by SMEs in Uganda's informal economy. The existing literature has been missing this. Although interviewees provided cleanliness, smartness and tidiness as separate core values, Barber and Scarcelli (2010) define cleanliness to include cleaning up the premises, smartness and tidiness. In addition, Barber and Scarcelli (2010) observed that the impact of cleanliness in business management was not much tested in most American businesses. If cleanliness was not much tested in businesses operating in a large economy by the year 2010, it is difficult for the variable to have been tested in a small economy. It is therefore justified to test cleanliness in SMEs operating in Uganda's informal economy because the construct has not been examined. Furthermore, analysis in this study, including the quantitative component, considers cleanliness to include smartness and tidiness.

Furthermore, core values are instrumental in forging a firm's culture. The following extract represents this phenomenon in Uganda's informal economy '….**communicating values promotes unity among employees…' interviewee No. 25**. Furthermore, **interviewee 24** stated; **'…Smartness where a proper dress code is prescribed (Skirts should be below the knees in length and employees should put on sleeved shirts). Cleanliness must be maintained, 'customers do not want to be served by dirty waiters or waitresses. We require waitresses to cover their heads to prevent hair from dropping in the client's meal or tea…'**'. Very important to note is that all 25

interviewees concurred with Dahlgaard-Park, (2012) that core values guide the conduct of employees. Uganda's informal economy is not an exception.

Although O'Neil and Horne (2012) provide that core values must be formalised by documenting them in business policy manuals, statement of purpose and mission statement, qualitative interviews indicate that SMEs in Uganda's informal economy do not state their core values. However, these SMEs have core values governing employees' behaviour which are known and determined by entrepreneurs. Sometimes entrepreneurs can hold meetings with employees to gather their opinions about the new values being introduced. This can be observed from extracts of some interviewees' responses; '….**I do not involve workers in crafting values because I am the business owner so I know the best values suitable for my business…" interviewee No. 7,** this is followed by **'….We seek workers' opinions over values after crafting them. This is to ensure that values are fair to them…' interview No 11**. The position reflected by these respondents was first observed by Hammann et al. (2009). Having stated the above core values, the study's objective of determining the commonly practiced core values in Uganda's informal economy has been answered. At the same time, the first proposition that SMEs in the informal economy of Uganda's central region establish core values to guide employee behaviour has been confirmed.

5.3.2) Core value acceptance

The main objective for this theme was to establish whether core values are easily embraced by employees. Interviewees' opinions are presented in Table 5.3.

Table 5. 3: codes and categories forming theme *core value acceptance*.

Theme	Interviewee No	Key Points (from open coding)	Axial Code	Categories
Core Value Acceptance	1	If employees are consulted while crafting new values, such values will be part of them, they will not reject those values. Further consulting workers about new values prevents dictatorship at work.	Employees embrace core values willingly	
	2	It's bad practice not to discuss new values with workers. Workers may not reject values if they were not consulted but this will promote bad culture in the business.	Promoting organisational culture.	
	3	Workers are consulted just to know customers' needs but not necessarily crafting values. Since all workers are serving customer interests, so they will accept whatever will make a customer happy.	Embracing core values is mandatory	
	4	Only involve workers in crafting values if such values are directly affecting them. This will accelerate acceptance. If values are about serving customers, do not involve them.	Psychological values can be accepted willingly, whereas core values targeting customer service are mandatory, no discussion held.	
	5	The proprietor of the salon is one out of the twenty-five respondents who practices laissez faire management style, meaning that all values adopted are acceptable.	Employees embrace core values willingly.	
	6	Workers are consulted whenever new values are going to be crafted. The intention is to prevent value rejection by workers.	Employees embrace core values willingly	
	7	I do not involve workers in crafting values because I am the business owner so I know the best values suitable for my business" Acceptance of values rests on employees.	Embracing core values is mandatory.	
	8	We consult workers for their input about values we need to introduce. This is because they are the implementers of such values.	Employees embrace core values willingly.	
	9	Employees are not consulted while crafting values, but values are communicated to them for implementation. Some may feel uneasy	Embracing core values willingly depends on	

		because of such values while others may be comfortable.	employee's personal character.	Persuasively remind employees about value. values being mandatory to all employees and Employees willingly embrace values.
	10	We consult workers about the way they need to be treated.	Employees embrace core values willingly.	
	11	We seek workers' opinion over values after crafting them. This is to ensure that values are fair to them.	Persuasive call to embrace core values.	
	12	Workers are not involved in crafting values however we seek for their opinions over the crafted values. This is to avoid negative consequences of introducing values which are not agreed upon by workers.	Persuasive call to embrace core values.	
	13	Workers maybe involved just for their appreciation. This will prevent resentment.	Persuasive call to embrace core values.	
	14	Senior staffs take a lead in crafting values. However, all staffs' complaints are gathered to determine how to attend to such complaints.	Persuasive call to embrace core values.	
	15	Workers in small businesses are target employees, so values may not be their immediate concern.	Employees do not care about core values	
	16	Workers will uphold values if they are consulted and involved while crafting these values. They can feel ownership for such values.	Employees embrace core values willingly	
	17	Since workers are engaged in operations, it's good to involve them while crafting values. This will help in value acceptability.	Employees embrace core values willingly	
	18	Since values are client centered, employees should use values to understand what clients need.	Embracing core values is mandatory	
	19	Values are important to maintain employee fairness. Fairness will result into acceptability.	Employees embrace core values willingly	
	20	Listening to employees whenever they are providing advice or in case of grievance is paramount in establishing an acceptable working environment.	Persuasive call to embrace core values.	
	21	Acceptability and adherence to values is emphasised by the supervisor as well as the punishments attached in case an employee objects.	Embracing core values is mandatory	
	22	Values crafted together with employees face no rejection. Furthermore, employee behaviour is guided by values.	Employees embrace core values willingly	

	23	Acceptability of values is through constant reminder of such values to employees.	Persuasive call to embrace core values	
	24	One on one consultation about values influence value acceptability.	Employees embrace core values willingly	
	25	Communicating values promotes unity among employees. Reminding employees about values helps employees to reform.	Unity and reform	

The section aims to answer the question that; **'can the commonly practiced core values provide good leadership in SMEs in the informal economy of Uganda's central region?'**

From axial coding, the categories established to develop the theme of core values acceptance are;

i) Employees embrace core values willingly,

ii) Persuasive call to embrace core values,

iii) Embracing core values is mandatory.

However, a mandatory call to embrace core values was not outstanding so it appears insignificant. It is therefore very important to have employees embrace core values without undue influence. Note-worthy, strategic leaders in organisations influence employees through vision, values and loving relationships but not through fear, legitimate power and control (Daft, 2001).

From the qualitative results, axial codes indicate a mixture of interviewees' opinions where some indicated that if employees are consulted during the process of crafting new values, such values may not be rejected. Therefore, core values can be freely embraced. **Interviewee 16** indicated that **'…Workers will uphold values if they are consulted and involved while crafting these values. They can feel ownership for such values….'** This is similar to the conclusion from Chong (2009)'s study that employees' commitment levels can be high if they participate in crafting the firm's corporate identity. Furthermore, employers may persuasively engage workers to accept values even if they did not consult those employees in crafting the core values. **Interviewee 11 '…. We seek workers' opinion over values after crafting them. This is to ensure that values are fair to them…'.** This perspective concurs with Ferguson and Milliman (2008) who assert that

leaders should put those they serve first and other things will take care of them. However, fewer interviewees' responses show that it is compulsory for employees to embrace core values established. For instance, **interviewee 7 '…. I do not involve workers in crafting values because I am the business owner so I know the best values suitable for my business, acceptance of values rests on employees..'**. Only five interviewees out of twenty-five hold such opinion. Their opinion concurs with Lencioni (2002) who argues that employers need to employ those people who will fit in the company's core value system. It must be clarified that core value acceptance is a leadership initiative. Deciding to consult employees while crafting new core values, seeking employees' opinions about new core values introduced or forcing employees to conform to such core values is a management decision making task. This is where leadership has to be fully exercised.

5.3.3) Motivation

Motivation can be either intrinsic or extrinsic (Ryan & Deci, 2000; Wigfield & Eccles, 2000; Wei & Yazdanifad, 2014; Kuvaas (2006); Mia (1989); Hays and Hill (2001); Mak & Sockel, 2001). Given that the major study variable is core values as a non-monetary factor, the kind of motivation considered for this study is intrinsic motivation. Interviewees' responses about the intrinsic motivation are presented in Table 5.4;

Table 5. 4: Codes and categories forming theme *motivation*

Theme	Interviewee No	Key Points (From Open coding)	Axial Code	Category
Motivation	1	Values create a sense of seriousness so employees are energised to work very hard following values.	Core values instill seriousness	Core values
	2	Values can energise employees to perform better. "if we emphasise good customer handling, and achieve customer satisfaction, the employee will be happy because the customer has appreciated his approach"	Core values promote enthusiasm among employees.	
	3	Values create similarity in behaviour at work, employees will feel comfortable because values are guiding them, and eventually they become happy.	Core values create conducive working environment.	

	4	Values energise workers to perform better. “if rumours are discouraged at work, there will be respect for each other, respect will encourage hard work.’	Core values promote enthusiasm among employees and conducive work environment.	promote enthusiasm and commitment at work. Core values instill hope and seriousness at work.
	5	Values will create a sense of commitment which is useful for business operations.	Core values promote commitment to work.	
	6	Values will encourage employees to focus on service delivery. ‘For instance, refusing employees to attend to their mobile phones will encourage them to focus all their attention to serving customers’.	Core values promote commitment to work	
	7	Values do not energise workers to work hard. Workers just follow business values because they want to maintain their jobs.	Core values do not promote enthusiasm at work.	
	8	Values will energise employees to work harder because if the employee is smart, he/she will hurry to go and serve customers because she is contented that customers will like her dress code.	Core values promote enthusiasm to work.	
	9	Values can energise one to work harder. For instance, if time for arrival at work is prescribed, even the laziest person will want to arrive early before it’s late.	Core values promote enthusiasm to work	
	10	Values energise workers.	Core values promote enthusiasm to work	
	11	Values energise workers to perform better because all behavioural guidance is provided.	Core values promote enthusiasm to work	
	12	Values energise workers, for instance, the company fairly encourages workers to save whenever they make extra amounts in commission. This will encourage working harder so as to save with a fair system built at the workplace.	Core values promote commitment to work	
	13	Values can energise employees to work harder. If arrival time is prescribed, employees will follow it. At the end, more hours are put to production time than when employees arrive late at workplace.	Core values promote commitment to work.	

	14	Values can motivate staff to work harder. For instance, if the core value is “we employ to add value to the company” the employee will perform exceptionally well to ensure that he/she adds value to the business.	Core values promote enthusiasm to work	
	15	Values will create enthusiasm among employees because they find their employer so focused, so they would like to meet the job expectations.	Core values encourage employees to meet job expectations through enthusiasm.	
	16	Values will motivate employees especially if they were consulted while crafting them.	Freely embracing core values motivates employees.	
	17	Values can motivate staff, for instance if respect among staff is emphasised, employees will feel they are close to the business. If supervisors respect workers, workers will feel appreciated and they will work harder for better quality products.	Core values promote enthusiasm and commitment at work	
	18	Values provide hope to staff, so the staff will be motivated.	Hope to staff.	
	19	Values will create a sense of responsibility among staff. Employees will be cautious in approaching work.	Core values promote commitment to work	
	20	This company doesn’t encourage employing hungry staff. This value will force the company to provide meals to staff. This impresses employees.	Core values promote enthusiasm at work.	
	21	Fair treatment at work energises employees to work harder.	Core values promote enthusiasm at work	
	22	Team work makes employees feel that tasks are shared equally so they will be motivated to work.	Core values promote enthusiasm at work	
	23	Values motivate staff to do the right job. ‘ if values dictate that we should be fair while pricing customers, then staff in procurement department will be forced to source for goods from the cheaper source so as not to unfairly hike prices…’	Core values promote commitment to work	
	24	Values motivate staff to perform better, in fact values influence staffs’ personal life.	Core values promote commitment to	

			work and personal life	
	25	Values motivate staff if well communicated.	With core values, motivation is achieved	

Given the axial codes in Table 5.4, the categories which form the theme *motivation* can be summarised as;

i) Core values promote enthusiasm and commitment at work.

ii) Core values promote hope and seriousness at work.

Given the above analysis, the section aims at answering the question that; 'can commonly practice core values motivate employees in SMEs in the informal economy of Uganda's central region?'

Core values promote employee commitment (Dahlgaard-Park, 2012). Reave (2005) asserts that spiritual core values such as; honesty, integrity and fairness increase worker motivation. This is in agreement with most of the responses obtained through interviews. **Interviewee 17** emphasised**; '…. Values can motivate staff, for instance if respect among staff is emphasised, employees feel they are close to the business. If supervisors respect workers, workers feel appreciated and they will work harder for better quality products…'** Further, **interviewee 18** asserts **'…Values provide hope to staff. So staff will be motivated.. .'** his opinion had earlier been observed by Reave (2005). It is further argued that core values not only impact on commitment at work (Dahlgaard-Park, 2012), they influence an employee's personal life. **Interviewee 23 '…Values motivate staff to perform better; in fact, values influence staff's personal life…'** This argument concurs with Jurkiewicz and Giacalone (2004), Reave (2005), and Ferguson and Milliman (2008) who converge on a single analysis that core values form both individual and workplace spirituality.

However through the process of interviewing, **interviewee 7** refutes the idea that core values motivate staff. She emphasised that '…. **Values do not energise workers to work hard. Workers just follow business values because they want to maintain their jobs**…' Her argument is supported by Mahajan and Mahajan (2016) who also observe that employees adhere to codes of ethics for fear of losing their jobs. On the other hand,

if an employee is adhering to core values because of job retention, this is evidence enough that he cares about the job and its ingrained principles. This is motivation enough. It is noted that out of the 25 interviewees, she is the only one who rejects the motivational ability of core values. Therefore, her opinion may not be significant.

5.3.4) Legitimacy

Core values should be received and reviewed by all the firm's constituent agency and community to ensure acceptability (Ferguson & Milliman, 2008). The most important factor is to understand that core values promote firm legitimacy. More details are presented in Table 5.5.

Table 5. 5: Codes and categories for the theme *legitimacy*

Theme	Interviewee No	Key points (from open coding)	Axial Code	Categories
Legitimacy	1	Good values lead to customer attraction and customer referrals.	Business appreciated by Customer	Business appreciated by customers Community admiration of the business. Cleanliness promotes Customers' Appreciation of the business. Core values create lasting impression in a customer's mind.
	2	Fair pricing to customers, non-tolerance to rumours and respecting customers' ideas makes this salon outstanding in the community.	Community admiration of the business	
	3	Customers are attracted to this salon because of cleanliness and they refer their friends.	Business appreciated by Customer	
	4	The salon is always clean, employees do not rumour about customers, and employees are not allowed to engage in non business conversation with customers. These attributes are highly admired by customers.	Business appreciated by Customer	
	5	Values build business reputation as customers' expectations will always be satisfied.	Business appreciated by Customer	
	6	If cleanliness is maintained, customers will be attracted. Customers always want to associate with a clean environment.	Cleanliness promotes Customer appreciation of the business	
	7	Values create good business image if exemplary service has been provided. For instance, 'a man went to a	Core values create lasting	

		restaurant in ……and he was not well served. He was then referred to this restaurant…..'	impression in a customer mind.	
	8	Handling customers well and time management will create a good name for this restaurant in the community. People will always refer to a good service received hence strong business reputation.	Creating good business image in the community.	
	9	Clean and tidy environment will always be appealing to customers.	Cleanliness promotes Customer appreciation of the business	Cleanliness and tidiness create good business Image in community.
	10	Customers always talk about the good treatment received from this business in the community. In this case firm services are approved.	Business appreciated by Customer	
	11	Customers will admire the cleanliness, respect and the general care provided so they will come back for more services.	Business appreciated by Customer	
	12	Cleanliness in cosmetics business means that employees are smart, hygienic, (if my workers fetch water with dirty jerricans, the community may perceive that I produce dirty products hence low quality). If there is no drug abuse by staff, then the community will associate quality with company products. Even smart employees will give the company good image and people would prefer to associate themselves with a company which has smart employees.	Cleanliness and tidiness create good business image in community.	
	13	'Workers are business ambassadors. If they are clean and well behaved, the community will be attracted to the firm'.	Cleanliness and tidiness create good business image in community.	
	14	Values promote respect and prevent fighting both within company and in community. Being with no police cases over employee misbehaviour, company name is strengthened.	Core values promote good business image in the community.	
	15	Values will build business credibility over which customers and other people may need to associate with.	Business appreciated by Customer	
	16	Values can improve business image and reputation if well followed by both managers and employees.	Core values promote good business image	

			in the community	
	17	Values help to brand businesses.	Core values promote good business image in the community.	
	18	Cleanliness and quality will attract more potential customers. These customers will refer friends who require similar services.	Cleanliness and tidiness create good business image in community.	
	19	Values will prevent employees from mistreating the neighborhood and community members.	Core values promote good business image in the community.	
	20	Cleanliness can improve business approval rate. 'if a customer finds dirty items in the shelves, dirty employees and dirty shelves, he will poorly perceive the business and the morale to buy will be reduced'.	Cleanliness and tidiness create good business image in community.	
	22	Customers cared for in the business will spread the information to the community so firm acceptance level within community will be high.	Customer care improves business image.	
	23	Smartness creates a very good image to customers and suppliers so they would want to associate with the business.	Tidiness creates good business image.	
	24	Being faithful, fair and having good attitude towards clients will promote business in the eyes of the community. For instance, if the customer forgets his items and finds them in the original state (un-tampered with), the customer will feel so satisfied so he will keep on passing that information to other people.	Core values promote good business image in the community.	
	25	Caring about the neighborhood brings community closer to the business, so the business commands good image.	Reputation is achieved through building good business image.	

From Table 5.5, the theme legitimacy is developed from the categories and summarised as;

i) Business appreciated by customers.

ii) Community admiration of the business.

iii) Cleanliness promotes customers' appreciation of the business.

iV) Core values create a lasting impression in a customer's mind.

This section aims to answer the question that; **'can the commonly practiced core values legitimise SMEs in the informal economy of Uganda's central region?'**
Firms which want to improve pragmatic legitimacy may rely on their reputation related to the activities or reputation of personnel in previous engagements (Suchman, 1995). This position coincides with responses from interviews. **Interviewee 12** emphasised cleanliness by stating, '…**if my workers fetch water using dirty jerricans, the community may think that I produce dirty products hence low quality…'** The implication is that SMEs in the informal economy care about business image and community perception of the business.

Furthermore, Reave (2005) avows that core values enhance firm reputation. This is supported by **interviewee 13** who stated **'….workers are business ambassadors. If they are clean and well behaved, the community will be attracted to the firm**…' The same position was asserted by **interviewee 14'…Values promote respect and prevent fighting both within company and in community. Being with no police cases over employee misbehaviour, company name is strengthened…'** Additionally, all 25 interviewees are of the same mind that core values are a source of firm pragmatic legitimacy, though the mode would be different. For instance, **interviewee 1** proposes legitimacy to be sourced from customer referrals. This is in agreement with Deptolla (2011) who argues that clients can influence a change in way core values are implemented. This indicates that the firm has a positive attachment to the audience. At the same time, **interviewee 4** was of a view that legitimacy is built through confidentiality while **interviewee 24** had a view that legitimacy is built through caring about the neighbourhood. At the same time, Schultz (2007) asserts that firms should demonstrate trust to command a high approval rate from clients. This is confirmed by Ryan (2011), who argues that strong core values build confidence among clients and community. Furthermore, Tran and Jeppesen (2016) assert that cleanliness improves firm image and can attract business contracts. Tran and Jeppesen (2016) are consistent with

interviewee No 20 who asserts that **Cleanliness can improve business approval rate. 'if a customer finds dirty items in the shelves, dirty employees and dirty shelves, he will poorly perceive the business and the morale to buy will be reduced'**.
Given the above discussion, the third proposition that; 'SMEs in the informal economy of Uganda's central region can be legiltimised by exploring core values'.

5.3.5) Theme Leadership

Core values promote the leader's efficiency (Reave, 2005). Opinions and categories for this theme are presented in Table 5.6.

Table 5. 6: Codes and categories forming the theme leadership

Theme	Interviewee No	Key points (from open coding)	Axial code	Categories
Leadership	1	Communicating values helps employees and supervisors to be responsible. At the same time, reminding employees about values promotes good work behaviour.	Supervisors take a lead in observing core values for good work behaviour.	Employees reform and feel loyal to the business. Supervisors help to have Standard behaviour at work. Tight supervision required for proper observance of Core values.
	2	Communicating values improves level of attachment and trust to the business. Weekly meetings are held to remind employees about values. This helps employees to reform.	Employees reform and feel loyal to the company	
	3	Communicating values helps workers decide whether they can cope with behavioural requirements at work.	Supervisors help employees make mindful decisions.	
	4	Communicating values helps to have uniformity in behavior. Workers must keep a standard form of behaviour so management reminds them about values in a weekly meeting.	Supervisors help to have standard behaviour at work.	
	5	Values must be communicated and reminded constantly for behavioral change.	Supervisors help to champion employee behavioural change.	
	6	Management focuses on standard way of behaviour at work as well as seeing employees reform.	Supervisors help to have standard behaviour at work	

	7	Supervisors need to be available at work for proper observance of values. We hold monthly meetings to focus on values such that employees do not commit unnecessary mistakes.	Tight supervision required for proper observance	
	8	In order to enable employees to understand values and fully abide by them, supervisors need to communicate the values.	Supervisors must ensure that employees understand core values.	
	9	For workers to consistently behave well, values should be communicated and reminded to employees consistently.	Supervisors help to have standard behaviour at work	
	10	Reminding workers about values helps them to reform in case they were deviating from the standards of behaviour.	Supervisors help to champion employee behavioural change	
	11	Communicating and reminding workers about values helps them reform. 'For instance if one was pick-pocketing, reminding him about honesty and trust over company resources may help him desists from stealing'.	Supervisors help to champion employee behavioural change	
	12	In order to prevent employees from mistreating neighbours, values must be communicated and constantly reminded to employees. Eventually workers will stick to the values.	Supervisors must ensure that employees stick to values.	
	13	Reminding employees about values improves employees work spirit and employees will reform in the process.	Employees reform and feel loyal to the business.	
	14	Values are communicated in local languages to emphasise them.	Supervisors have to ensure that employees stick to values	
	15	Reminding employees about values helps to keep work standards.	Supervisors help to have standard behaviour at work	
	16	Communicating values helps prevent bad behaviour.	Supervisors help to champion employee behavioural change	
	17	Values should be communicated to keep the quality of the juice.	Supervisors help to have standard behaviour at work	
	18	Communicating values helps every employee to know about business values and reminding employees about values every two weeks helps employees to reform and to stick with values.	Supervisors have to ensure that employees stick to values	

	19	Communicating and reminding employees about values will inform employees about the code of behaviour and work demands.	Supervisors help to champion employee behavioural change	
	20	Values if well communicated can instill commitment among workers.	Supervisors have to ensure that employees stick to values	
	21	Reminding employees about values helps employees to stick to business values.	Supervisors have to ensure that employees stick to values	
	22	Remind employees about values whenever they mess up. This is to prevent future instances of customer mistreatment.	Supervisors help to champion employee behavioural change	
	23	Meet employees to remind and emphasise business values.	Supervisors have to ensure that employees stick to values	
	24			
	25	Management is responsible for crafting values and ensures that such values are well communicated to staff.	Management should ensure proper values are in place and employees practice them.	

Table 5.6 reveals the categories which formed the theme leadership and these are summarised as;

i) Supervisors have to ensure that employees stick to values.
ii) Supervisors help to champion employee behavioural change.
iii) Tight supervision required for proper observance of core values.
iv) Supervisors help to have standard behaviour at work.

This section aims to answer the question that, **'can commonly practiced core values provide good leadership in SMEs in informal economy of Uganda's central region?'**

Further, it is leadership behaviour to communicate and convey core values to the rest of the organisation (O'Neil & Horne, 2012). This conforms to responses from interviewees. For instance, **Interviewee 18** observes **'…..Communicating values helps every employee to know about business values and reminding employees about values every two weeks helps employees to reform and stick to values….'** Furthermore, leadership processes communicate core values to all employees (Dahlgaard-Park, 2012).

Furthermore, core values affect leadership (Urde, 2003). Most important, leadership and leaders must ensure that core values are authentic (Ferguson & Milliman, 2008). It is thus clear that leadership and leaders play a large role in ensuring that core values are well-articulated to all stakeholders. Well-articulated core values present power for people to reform and abide with standard organisational morals. But all this can be achieved through proper leadership. It is thus observed that responses from interviews concur with earlier literature. For instance, **interviewee 11** stated, '… **Communicating and reminding workers about values helps them reform. 'For instance if one was pick-pocketing, reminding him about honesty and trust over company resources may help him desist from stealing….'.** In addition, leaders help employees stick to firm core values. **Interviewee 8** stated **'….In order to enable employees understand core values and fully abide by them, supervisors need to communicate the values….'** It is remarkable that all 25 interviewees had the same mind about the need for supervisors to communicate and remind employees about core values. This is a way of emphasising core values to all employees. It can thus be confirmed that proper leadership is maintained. More interesting is that all 25 interviewees reported that they hold meetings in their firms to have core values and other firm issues articulated. It is encouraging for an informal setting to have regular meetings. That is good leadership arrangement.

5.3.6) Entrepreneurial performance theme

Entrepreneurial performance is measured by product diversification and market diversification (Yu, 2013), on the other hand, Bosma, Van Praag and Wit (2002) posit that entrepreneurial performance is measured by profits, accumulated employment and survival duration. However, due to the fact that SMEs in Uganda's informal economy are not good at keeping records, survival duration was difficult to consider as a measurement factor. Table 5.7 illustrates how interviewees responded on profitability, product diversification and accumulated employment measures.

Table 5. 7: codes and categories for the theme entrepreneurial performance

Theme	Interviewee No	Key points (from open coding)	Axial code	Category
Entrepreneurial Performance	1	If employees provide a service in a timely manner and respect, energy bills will be saved so less expenses. At the same time, values lead to customer satisfaction which increases sales level. Team work will lead to initiatives and innovations so product diversification will be achieved. Fairness and respect to workers will maintain current employees and attract potential ones.	Expenses reduce, product diversification, employee attraction and retention.	Profitability, product diversification, employee attraction and retention
	2	Customised services will be provided because of good customer care. Good treatment of employees will maintain the current labour.	Customers recommend new services and employee retention.	
	3	Employees who are given responsibility of managing stock will ensure that stock is not used for personal gains. Cleanliness will attract more customers hence more sales. Good treatment of workers will help maintain current employees.	Values ensure increased sales and reduce expenses and employee retention	
	4	Using the right material mix in salon will save material cost and fairly using water will reduce the water bills. Good customer care will increase the sales of the business. Customers may recommend a particular service if they are well handled. Good treatment of employees will maintain the workforce.	Cost saving if values are well observed and employee retention.	
	5	Employees can easily be retained if the employer handles them fairly.	Employee retention	
	6	Good customer care will attract more customers hence more revenue. Listening to both employees and customers will help pick good recommendation about production. This will enhance product diversification. Fair treatment of workers will help maintain current workforce.	More customers attracted therefore more sales, customers recommend new products and employee retention	
	7	Good customer handling will help increase sales. Customer referrals will also prevail. I am not sure about product diversification with values because diversification is about personal initiative and innovativeness. Values may not maintain workforce but it's about payment.	Business revenues and payment of wage helps to retain employees.	

	8	Fairness and trust may help in proper stock management. Values will ensure good treatment of employees so they will always seek to stay on the job.	Cost minimisation and employee retention.	
	9	Product diversification will be achieved through customer recommendation. Listening to existing customers will attract more customers hence improved sales.	Increased sales and product diversification.	
	10	Change of menu is a restaurant policy but not a role of core values. Responsibility over stock assigned to workers will help reduce mishandling of such stock.	Company policy determines product diversification and cost minimisation.	
	11	Fair determination of bonuses at work is a sign of good employee treatment so employees will stay on the job.	Employee retention.	
	12	Good customer handling help to increase sales and at the same time, fair treatment of employees will help maintain the work force. '..Employees will feel that they are part of the whole business.' Customers may advise on how product can be changed to suit their demands.	Increase in sales, employee retention and product diversification.	
	13	A business with good values will be perceived by customers as one which produces quality products, so there are increased sales. Good behaviour by the supervisor will encourage workers to stay on the job. Good customer relations will prompt customers to recommend change in products or introduction of new products which suit their demands.	Increased sales, product diversification and employee retention	
	14	Listening to employees will promote innovativeness. Fair treatment of employees for example by providing lunch and accommodation on equal terms will keep the workforce on the job and timely service delivery will prevent losses	Product diversification, cost minimisation and employee retention.	
	15	Values are a very good factor for attracting customers hence more sales. Product diversification may not necessarily be linked to values in small businesses. It can be a matter of personal initiative. It's difficult to keep workers on the job in small businesses because most of them are target workers.	Increased sales, product diversification depends on personal initiative and employee retention is not determined by core values.	
	16	Through good customer relations, customers may recommend new	Improved sales level, product	

		products they wish to have. Through proper employee treatment, employees will stick on the job. Values may also lead to improved sales level.	diversification and employee retention.	
	17	Values may minimise losses through continuous communication with all employees at every level. To a small extent, values help in product diversification, to a large extent, other factors like technology will determine product diversification. If values are communicated, employees who believe in such values will stay on job while those who don't believe in those values will leave the job.	Cost minimisation and employee retention	
	18	Fair treatment of employees will keep them on job. Customer relations and care will prompt customers' advice on the product they will need to consume. Quality products and cleanliness will attract more customers hence more sales.	Increased sales, product diversification and employee retention	
	19	If employees are respected, they will be willing to share good information on how to reduce costs and how to improve sales. Customers will recommend products which suit them, but this is through good customer relations. Fairness in payments will keep employees on the job.	Values ensure costs reduce, customers recommend new products and employee retention	
	20	Customers may recommend other products if they are well handled. At the same time values will help increase customer numbers hence more sales.	New services recommended bycustomers and increased sales.	
	21	With values, customers are easily attracted hence more sales. Customers will advise the kind of products to stock in the supermarket whenever they are treated well. Fair treatment of employees will help maintain them on the job.	Increased sales, product diversification and employee retention	
	22	Customers will recommend the kind of goods to be stocked, but this is as a result of good customer care. Hire employees who embrace business values, they will stay on the job. Assigning each employee responsibility over a section of stock will prevent shop-lifting hence minimising losses. At the same time values will attract customers hence more sales.	Employee retention, product diversification and increased sales.	
	24	Values will be a factor to reduce expenses for instance workers will find	Profitability, product	

		it easy to switch off lights which are not in use. At the same time sales will shoot up because of good customer care. The company will get recommendation from customers about the products they need because of good customer handling. Employees work for only eight hours a day, they are provided with lunch on equal terms and transport allowance so they will not consider leaving the job.	diversification and employee retention.	
	25	Fairly rewarding employees who innovate promotes product diversification. Fair utilisation of stock saves on business expenses. Finally, fair treatment and listening to employees will be a reason to retain current staff.	Fairness promotes product diversification, reduces business expenses and employee retention.	

From Table 5.7, the categories forming the entrepreneurial performance theme are summarised as;

i) Customers recommend services/ products they require.

ii) Values are responsible for increased sales and reduced expenses.

iii) Values attract potential employees and at the same time ensure that good ones are retained.

Core values enhance productivity and profitability (Nies, 2011). Furthermore, service quality and high performance level is guaranteed by practicing core values (Mithamo & Uzel, 2016). **Interviewee No 1** stated that '**If employees provide a service in a timely manner and respect, energy bills in the salon will be saved so less expenses. At the same time, values lead to customer satisfaction which may increase sales level. Team work will lead to initiatives and innovations so product diversification will be achieved. Fairness and respect to workers will retain current employees and attract potential ones'.** It is important to understand that sales levels may increase because satisfied customers always come back for a service and at the same time, customer referral is enhanced.

Although fewer interviewees provided teamwork as a core value, those who did, linked team work to innovation and eventually stating that the more innovative employees are, the better for product diversification. Twenty-four interviewees agreed that core values especially, fairness and respect at work are factors for employee retention. Although **interviewee No 7** refutes opinions of other interviewees by stating that **'…values may not necessarily retain employees, its payment which contributes to employee retention…**' If the payment system is not fair, mistrust can arise and employees will dishonour the payment scales. Eventually employees can leave the job. To emphasise the role of core values in building a motivational payment system contrary to what **interviewee No 7** emphasises, Dahlgaard-Park (2012) affirms that a reward system is affected by trust. Furthermore, Frey (1997) insists that a reward system will not have a motivational effect if there is mistrust between management and employees. This contradicts interviewee No 7's position. Besides employee retention, fairness and respect maybe a cause for attracting potential employees.

In addition, Boomer (2009) affirms that profitability is a result of core values. Boomer's position was supported by **interviewee No 3** who stated that '….**employees that are given responsibility of managing stock will ensure that stock is not used for personal gains. Customers are attracted because of cleanliness hence more sales. Good treatment of workers will help retain current employees..**.' Furthermore, poorly implemented core values have a precarious consequence to organisation profits (Ferguson & Milliman, 2008). On the other hand, i**nterviewee No 13** confirmed that '…**business with good values will be perceived by customers as one which produces quality products, so there are increased sales. Good behaviour by the supervisor will encourage workers to stay on the job. Good customer relations will compel customers to recommend change in product or introduction of new products which suit their demands..'**

In addition, it is observed that all interviewees agreed with authors such as Reave (2005) and Zhang et al. (2010) that well-implemented core values have a positive impact on firm performance, especially profitability and efficiency in service delivery. More interesting to

note is that passionately, core values influence employees to save firm resources especially on inventory and utilities if they are assigned with responsibility. This results in lower firm expenditure. At the same time, interviewees pointed out that well-implemented core values not only retain current customers, customer referrals are made, and hence an increase in clientele base thus more sales.

The most outstanding fact discovered is that product diversification in the informal economy is customer driven, customers recommend a particular kind of service or product they may need. The firm has to respond because firms respect their customers and above all, they are providing a service to meet customer specifications. This concurs with Slack (2015) who points out that New Horizon bakers take into consideration customers' considerations while running the confectionary firm. It must be noted that 22 interviewees provided that customers recommend a service or product they may need and the firm has to follow. This position was dominant in salons and super-markets. However three interviewees had different opinions. **Interviewee No 10** stated, **'…change of menu is restaurant policy….'** In addition, **interviewee No 15** stated '…**product diversification is personal initiative and not necessarily firm core values**….' Furthermore, i**nterviewee No 17** stated '…**product diversification in the juice sector is more of technology driven**…' He based his argument on the fact that even if customers recommend the most delicious type of juice and flavour, if the firm does not have the right equipment to process such flavour, the flavour will not be on the market. Most important, it is justified for SMEs in the informal economy to depend on customer recommendation because they do not have resources to undertake research which may lead to the introduction of new products/or services on the market.

5.3.7) Behavioural reinforcement

Behavioural reinforcement and the reinforcement theory were discovered as a result of Skinner's (1938) experiment. He discovered that given stimuli, past behaviour can be repeated. At the work environment, he emphasised positive reinforcement where extrinsic factors are recommended. However, this study was developed to test whether core

values can be behavioural reinforcers. Responses from interviewees are presented in Table 5.8.

Table 5. 8: Codes and categories forming the behavioural/performance reinforcement theme.

Theme	Interviewee No	Key points (from open coding)	Axial code	Category
Behavioural and performance reinforcement	1	Values help to command respect and humanity. Respect and humanity may force repeat of behaviour. Values can prevent abuses at work and at the same time force people to always declare all cash collected while selling.	Values prevent bad behaviour and promote good task performance at work	Core values prevent bad behaviour. Core values cause repeat of good behaviour and good performance.
	2	The approach used in communicating values determines whether such values will compel people to repeat past performance. At the same time, values can prevent bad behaviour. For instance, if one of the values is to charge fair price to customers, employees will be prevented from charging unfair prices to customers. For instance, in this salon we discourage unfair charges to customers. If a customer reports that he/ she was charged 35,000/= on a service that requires a standard charge of 30,000/=. I warn the worker. If he/she is adamant, I dismiss him/her.	Proper approach to employees concerning core values and core values prevent bad behaviour	
	3	Employees will always serve customers on time, they will always report on time because they know that one of the values is time management.	Core values cause repeat of good behaviour and good performance	
	4	Values will cause a repeat of behavior for instance if employees are smart, they are always encouraged to serve customers. At the same time values will prevent bad behaviour. They will not over charge customers since a customer is respected.	Core values cause repeat of good behaviour as well prevent bad behaviour.	
	5			
	6	Good values lead to customer satisfaction so employees will be encouraged to behave consistently to satisfy their customers. Values can prevent bad behaviour. Since we introduced the value of customer attention, employees are no longer attending to their phones, they are focusing on customers.	Core values cause repeat of good behaviour as well as preventing bad behaviour.	
	7	Values may cause repeat of past performance because they are preached	Core values cause repeat of	

		whenever we hold a meeting. Values will prevent bad behaviour because if they are well prescribed, employees will fear to behave contrary. For instance if stealing is prohibited by values, workers will not steal.	behaviour as well as preventing bad behaviour.	
	8	Values will prevent bad behaviour because workers will need to protect their jobs.	Core values prevent bad behaviour.	
	9	If one has a tough face, values will force him to smile over and over because he/she has to serve customers with a smile. Bad behavior will be prevented because workers respect each other; they work as a team so guidance is at maximum.	Core values prevent bad behaviour.	
	10	Values prevent bad behaviour because employees were involved in crafting such values. Values will motivate workers therefore due to such motivation, workers will repeat past performance.	Core values cause a repeat of good behaviour.	
	11	Values alone may not cause to repeat good performance, sometimes punishments should be prescribed if core values are breached. Furthermore, if core values are accompanied with punishments, employees may not behave badly.	For core values to truly cause a repeat of behaviour, punishments must be prescribed.	
	12	Being fair to workers will promote good performance over and over because workers believe in the system. Values will prevent bad actions, for instance, if respect is promoted, employees will not fight and peace will prevail.	Core values prevent bad behaviour as well as causing repeat of past performance.	
	13	Values will prevent bad behaviour but this will depend on the supervisor's approach. If the supervisor is respectful over the juniors, juniors will not misbehave. At the same time, if respect is observed, people will not quarrel with each other and work will continually be carried out.	Core values prevent bad behaviour at work.	
	14	Because values bring all employees together as a family, they will repeat past performance. Values will prevent bad behaviour because employees are constantly reminded such values and these values will stick in the minds of the employees.	Core values prevent bad behaviour as well as causing a repeat of past behaviour.	
	15	Trust and honesty will prevent one from stealing at work.	Core values prevent bad behaviour at work.	

	16	Values may not cause repeat of a behaviour. Repeating behaviour requires a self-driven employee. However, he agreed that values can prevent bad behaviour when the employee is new at work. When he serves longer, he may be reluctant.	Core values prevent bad behaviour at work. But sometimes it is self-initiative which causes repeat of behaviour.	
	17	Values can cause repeat of a behaviour, but entrepreneurs should take initiative of ensuring that proper values are maintained. For values to prevent bad behaviour, they must be incorporated in each and every business process. Values have to be communicated gradually because employees come from different cultural backgrounds.	Core values cause repeat of behaviour as well as preventing bad behaviour.	
	18	Values can prevent bad behaviour because they shape employee character.	Core values can prevent bad behaviour	
	19	Fair treatment of employees will motivate workers to repeat past behaviour. Values will prevent bad behaviour if they were involved in crafting such values.	Core values cause repeat of good behaviour as well as preventing bad behaviour.	
	20	Because of good values, workers will be compelled to use good language all the time.	Core values prevent bad behaviour at work.	
	21	Values may cause repeat of a behaviour.	Core values cause repeat of behaviour.	
	22	Values will prevent bad behaviour if employers emphasise them. If values command customer care, welcoming customers will always be done.	Core values cause a repeat of behaviour as well as preventing bad behaviour.	
	23	If smartness will attract more customers, employees will always be smart. Fairness and transparency will help to prevent bad behaviour.	Core values cause repeat of past behaviour as well as preventing bad behaviour.	
	24	Values should be reminded to employees. In such a way, there will be behavioural change among employees and eventually preventing bad behaviour.	Core values prevent bad behaviour.	
	25	Core values will prevent bad behaviour for instance, if management emphasises the arrival time, employees will ensure that they do not arrive late for work. Core values may force an employee to replicate past performance.	Core values prevent bad behaviour and will force employees to replicate past performance.	

Table 5.8 indicates the categories forming the theme behavioural reinforcement summarised as;

i) Core values cause repeat of past good behaviour and performance.
ii) Core values prevent misbehaviour.

Uduji (2013) argues that rewarded behaviours are repeated. Subsequent authors such as Wei and Yazdanifard (2014) concur. Although scholars such as Reave (2005) and Dahlgaard-Park (2012) observe that core values increase employee commitment and motivation, there has been a gap in literature on whether core values can reinforce behaviour and performance. This gap has been answered by this study.

First and foremost, core values reinforce behaviour or performance if entrepreneurs take the initiative to emphasise and maintain them. However, maintaining core values such that they reinforce behaviour is through incorporating core values in all business processes. **Interviewee 17** stated that **'…values can cause repeat of a behaviour, but entrepreneurs should take the initiative of ensuring that proper values are maintained. For values to be preventing bad behaviour, they must be incorporated in each and every business process. Values have to be communicated gradually because employees come from different cultural backgrounds…'**

Furthermore, core values can reinforce behaviour through shaping employee conduct. This may be due to the fact that core values provide spiritual guidance to employees (Ferguson & Milliman 2008; Reave 2005; Jurkiewicz & Giacalone 2004). **Interviewee 18** revealed that **'…Values can prevent bad behaviour because they shape employee character...'** Furthermore, supervisors must continuously remind employees about core values. Therefore, core values may better reinforce behaviour if they are articulated over and over. To this effect, **Interviewee 7** pointed out that **'…Values may cause repeat of past performance because they are preached whenever we hold a meeting. Values will prevent bad behaviour because if they are well prescribed, employees will fear**

to behave contrary. For instance, if stealing is prohibited by values, workers will not steal…'

Besides positive reinforcement, punishments are provided as good accompaniments if employees breached core values. However, this position was advocated for by one respondent. **Interviewee 11** indicated that **'…Values alone may not cause to repeat good performance; sometimes punishments should be prescribed if core values are breached. Furthermore, if core values are accompanied with punishments, employees may not misbehave…'**

Basing on the qualitative analysis, it is important to note that core values can reinforce behaviour or performance among employees working for SMEs in Uganda's informal economy. However, it is strongly indicated that this reinforcement is sourced from prevention of bad behaviour or preventing employees from misbehaving compared to compelling employees to repeat past performance. Though it was agreed upon by 23 interviewees that core values will cause repeat of past good behaviour or performance, they struggled to illustrate it clearly. It was easier for the respondents to illustrate how core values can prevent misbehaviour. It is therefore clear that this study has established that core values can reinforce behaviour or performance among employees, more specifically those employed by SMEs in Uganda's informal economy. Precisely, the reinforcement is primarily through the prevention of misbehaviour but the ability for core values to cause a repeat of past good performance or behaviour should not be under estimated because 23 respondents suggested so.

Given the above analysis and discussion, the qualitative responses provide core values, leadership, motivation, entrepreneurial performance, core values acceptance and behavioural reinforcement as the study themes. The above discussion precisely proves the set proposition that businesses need to set appropriate core values for good leadership, legitimacy and motivation.

5.4) Exploring relationships between the different constructs.

Causal map is a graph which indicates the cause-effect relations embedded in expert thinking (Nadkarni & Shenoy, 2004). If causal maps indicate particular outcomes, then product quality, reduced expenses, increased sales and product diversification are the outcomes for this study. The causal map below was derived from eliciting data using interviews, thereafter proper coding (Nadkarni & Shenoy, 2004).

Figure 5. 1: an illustration of thematic causal map for the study

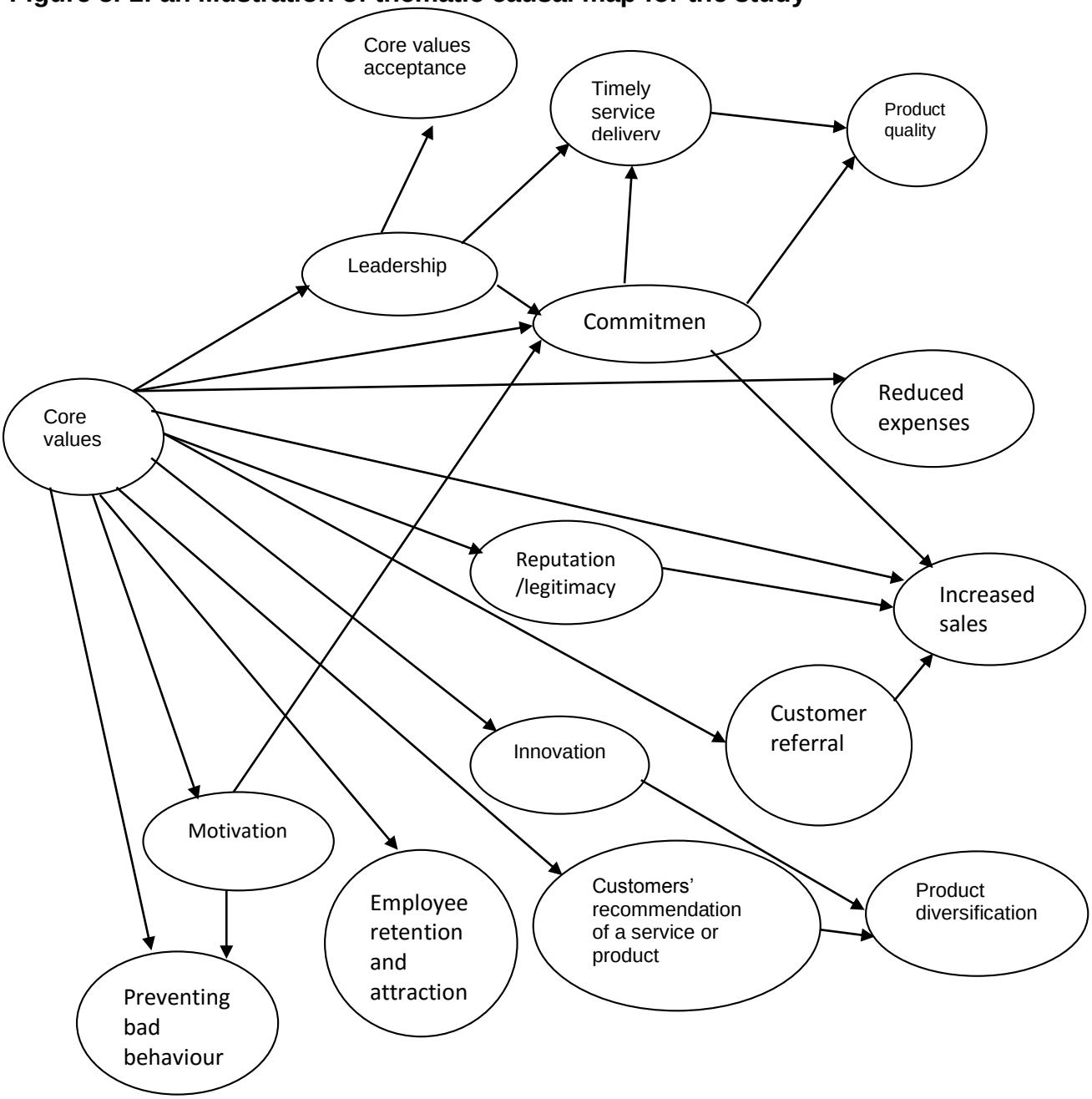


Figure 5.1 shows that core values is a theme relating with all other themes directly or indirectly. For instance, core values motivate staff. Interviewees provided for core values to be motivators for instance; **interviewee No 2 said '…core values promote enthusiasm among employees…'.** At the same time, **interviewees 5,8,9,10,12,14** and **23** had same opinion that **'…core values promote commitment among workers…'**. This position concurs with Dahlgaard-Park (2012) and Reav (2005). As far as reinforcement of behaviour is concerned, **interviewee No 14 said '…core values prevent bad behaviour as well as causing a repeat of past behaviour…**'. **Interviewee No 21 said '….core values cause repeat of good behaviour…**' However earlier researchers such as Uduji (2013) and Wei and Yazdanifad (2014) only focused on rewards for reinforcement. In addition, the commonly practiced core values were identified, **interviewee No 9 said '…workers have to show respect, have to be clean and responsible for the job….'**. **Interviewee No 8 emphasised '….respect, honesty, cleanliness and fairness…' as major core values.** This is to concur with Schwartz (2005).

5.5) Relating qualitative and quantitative aspects of the study

The major reason for mixed methods is methodological triangulation (Johnson & Onwuegbuzie, 2004). In this study, methodological triangulation helped to form reinforcement and profitability sections of the questionnaire. A comparison of other sections of the questionnaire, for instance, motivation, core values, product diversification with interviewees' responses was done and it was established that the existing questions from literature were similar to interviewees' opinions and therefore there was no need for developing new scales for those sections. Furthermore, the reinforcement and profitability scales were formulated, subject matter experts reviewed the scales, proper sampling was done, scales were piloted and tested for reliability and validity under the quantitative analysis (Slavec & Drnovsek, 2012) in chapter six. In addition, the data collected by use of the questions generated from qualitative results helped to test the proposition formed about reinforcement and the study hypotheses. Park, Baek and Cha (2014) also tested hypotheses using qualitative data results while comparing non-verbal

cues on twitter across cultural diversity. Moreover, in order to provide detailed discussion of research findings in chapter seven, interviewees' quotes were concurrently discussed with literature. This enabled the formation of a well-grounded discussion.

5.6) Conclusion

The presentation and analysis of the qualitative data gives a better understanding of the core values practiced in Uganda's informal economy. Themes emerged out of direct interviewee quotes and coded data. Given that 25 interviewees were able to give their opinions on the themes; this large number of interviewees provides the needed confidence around the validity and credibility of the explanations of phenomena. The discussion provided confirms that the data obtained concurs with earlier literature about themes; core values, motivation, legitimacy and entrepreneurial performance. It should be stated however that additional literature has emerged out of this data, that is to say, core values practiced in Uganda's informal economy have been established and at the same time, the reinforcement theory has been expanded by incorporating core values as behavioural reinforcers. All interviewees concurred that core values prevent bad behaviour and at the same time, core values can cause a repeat of the past good behaviour or performance. Having discussed the findings, the objective of determining the commonly practiced core values in Uganda's informal economy has been answered. In addition, by establishing that core values are actually behavioural reinforcers, objective two which sought to establish whether core values can motivate and at the same time, reinforce behaviour or performance in Uganda's informal economy has been answered. Further, the study findings indicate that the propositions have been answered. Finally, the causal path model has been qualitatively developed to show the interdependence of the themes. This has been ably illustrated in Figure 5.1. There is no adjustment in already stated hypotheses under literature review section because most qualitative findings concur with the literature that led to stating the study's hypothesis. Due to methodological triangulation provided in chapter four, the qualitative results are used to form a general discussion for the research (chapter seven) including results from the quantitive analysis (chapter six) of this study.

CHAPTER SIX

PRESENTATION AND ANALYSIS OF QUANTITATIVE FINDINGS

6.1) Introduction

This chapter presents the findings and results of the study hypotheses and research questions. The analysis follows the detailed methods set in chapter four.

The chapter begins with descriptive statistics and data cleaning. This enables proper and sufficient analysis. Analysis of demographics, reliability and validity of data is carried out in this chapter. After validating the data, then path models are established and regression weights confirmed sufficiently through Structural Equation Modeling (SEM).

Furthermore, each research hypothesis is tested and discussed based on the valid data for possible acceptance or rejection. Further, all paths in the model and data tables are provided to support the findings, existing literature and the expanded reinforcement theory.

Furthermore, it should be noted that the qualitative results in chapter five indicate that motivation and legitimacy are mediating variables. Though there are other mediating variables discovered through the qualitative study, such as customer referrals, innovation and customer recommendation of products or services, the study focused on motivation and legitimacy.

6.2) DATA CLEANING

Data cleaning was done by checking whether all names entered in the data sheet represent the right variables and business categories. All variables which were reported as scales or nominal were re-aligned to be ordinal. This was for the purpose of running regressions under the model paths. Furthermore, the variable reinforcement was transformed to ‘refnewQ’ to enable comparison between reinforcement and the different business categories. In addition, all variables were transformed to enable regressions to be carried out in order to establish coefficients and standard errors for Sobel testing. This is to say; CL1, CL2 and CL4 were transformed to CLNEW1, FR1, FR2 and FR3 were transformed to FRNEW1, TR1,TR2 and TR5 were transformed to TRNEW1, RES1,RES3,and RES4 were transformed to RESNEW1, RS1,RS2 and RS4 were transformed to RSNEW1, MV1,MV3 and MV4 were transformed to MOTNEW1,

LGT1,LGT3 and LGT4 were transformed to LGTNEW1, PME1,PME2 and PME3 were transformed to PMENEW1. To enable the determination of the mediation effect of motivation and legitimacy on an overall model, all measurements of constructs composing core values were transformed into one variable of CVNEW1 and those of entrepreneurial performance were transformed into ENTPNEW1.

6.3) Response

Responses for the survey were received from participants in all business categories as proposed in the methodology. Restaurants registered the highest number of responses while juice processing had the lowest number of respondents at only 25. This was related to technological difficulties juice processors go through as respondent **No 17** in the qualitative interview observed. He stated that**, juice processors are affected by technological factors, for instance, Ugandan banana juice processors have no machines for peeling bananas while processing the banana juice.** In this case, fewer entrepreneurs would have access to the right kind of technology hence low entry or survival in the business since the job is so much labour intensive. The response rate is provided in Table 6.1.

Table 6. 1: Response per Kind of service/product

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cosmetics	27	7.0	7.0	7.0
	Juice Processing	25	6.5	6.5	13.5
	Restaurant	120	31.1	31.1	44.6
	Salon	118	30.6	30.6	75.1
	Supermarket	96	24.9	24.9	100.0
	Total	**386**	**100.0**	**100.0**	

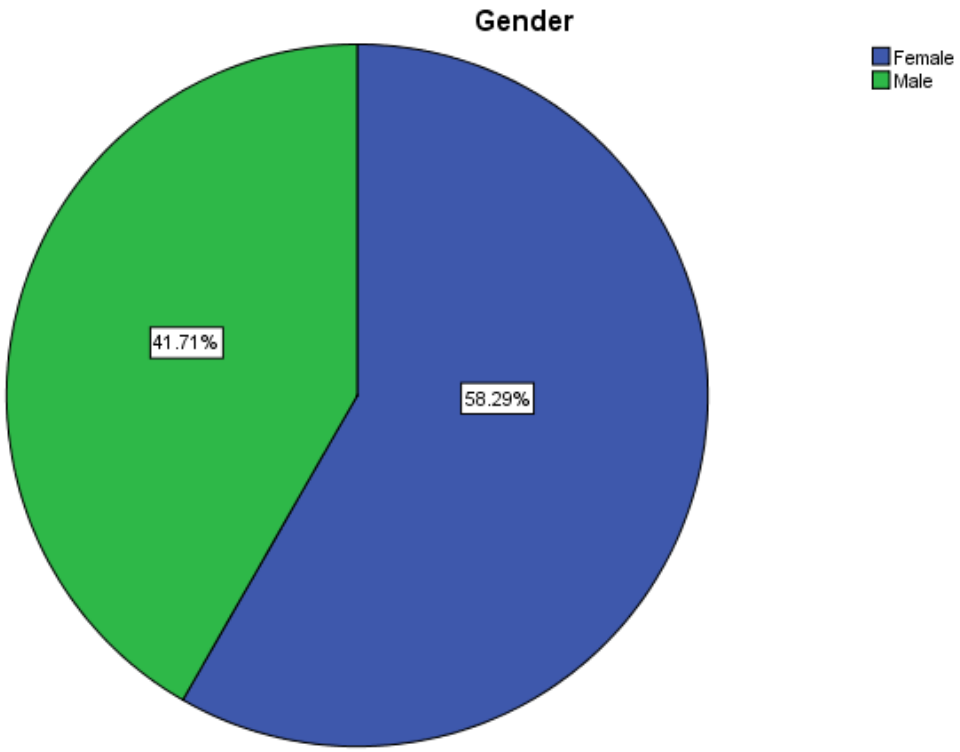
The researcher proposed a sample size of 386 responses in three categories of service businesses and two categories of manufacturing businesses. The response rate was

100%. The 100% response rate was achieved due to the fact that the questionnaire was administered by the researcher and his research assistants. This provided an opportunity to locate those respondents who were willing to attend to the questionnaire from start to completion.

6.4 Demographic Analysis

The demographic nature of the responses was analysed. This was through descriptive statistics where means and percentages were established. Figure 6.1 illustrates the demographic composition of the research.

Figure 6. 1: Gender distribution in Uganda's informal economy.



In this study, female respondents represented 58.29% while males represented 41.71%. It is observed that more than half of the respondents were female. This may imply that overall, females are more willing to work in the informal economy compared to males. This position is supported by Uganda Bureau of Statistics (2015) that 51% of the youth labour force in Uganda is constituted by females. At the same time, the more representation of females compared to males in this study may imply that females are more trusted at work than their male colleagues. Another reason perhaps to explain this situation is that commissions and pay in the informal economy are very low; men have so many responsibilities that pay offered in this sector may not be sufficient to cover all their needs. Other respondents are of a view that men dislike such small informal jobs therefore they have a bad mindset about jobs offered in the informal economy. Furthermore, husbands cannot provide 100% of the needs of their wives. Consequently, the wives end up working in the informal economy to get means to supplement what their husbands can provide.

Figure 6. 2: Distribution of gender and the business categories in Uganda's informal economy

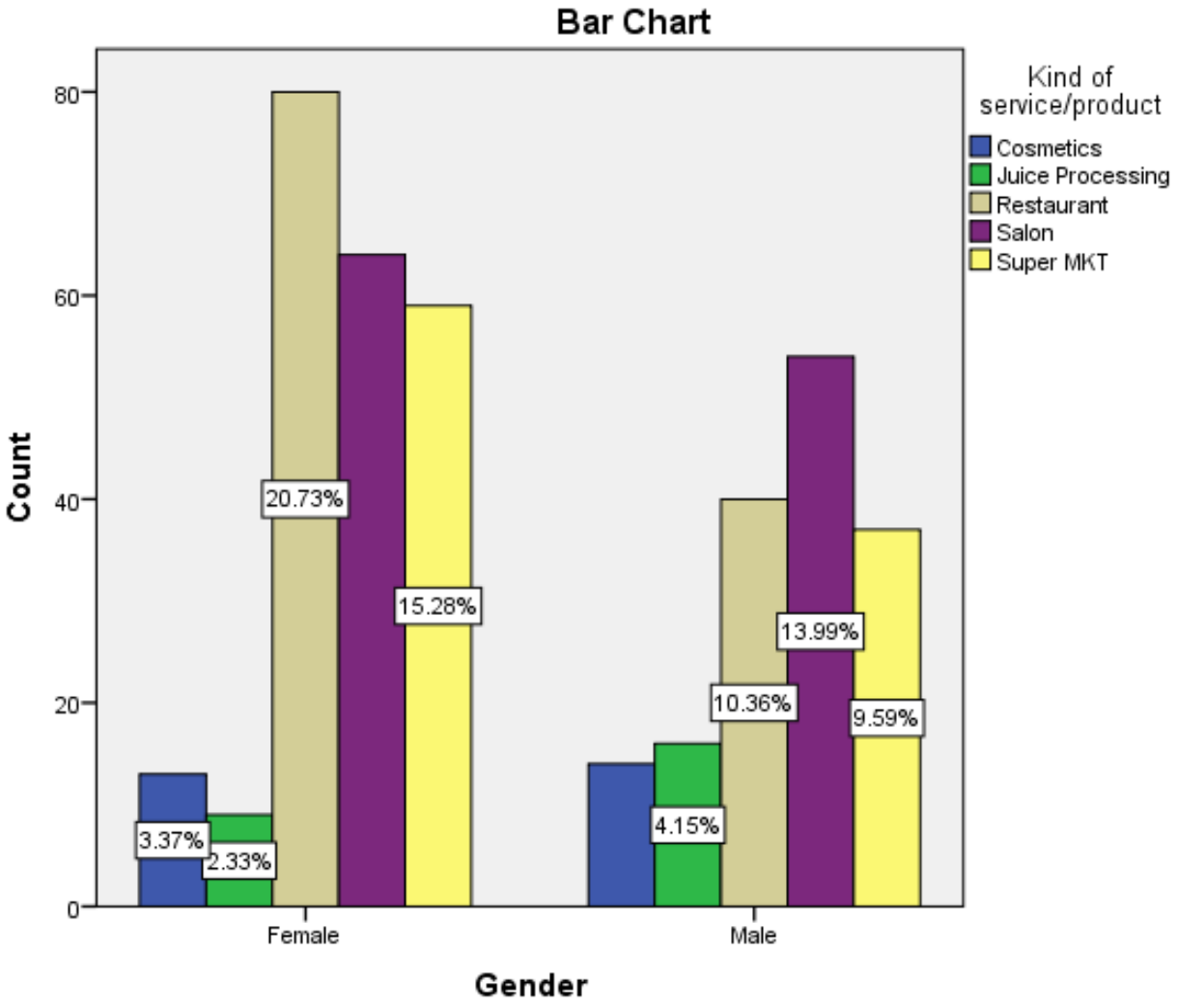


Figure 6.2 shows that more females are employed in restaurants, super-markets and salons compared to males. 20.73% and 15.28% of females are employed in restaurants and super-markets respectively, compared to 10.36% and 9.59% of the males who are employed in restaurants and super-markets respectively. Perhaps this is due to a reason that females can provide more care to customers than males. Although juice processing is not a widely attractive venture in Uganda, the sector employs more males than females. Since juice processing requires more labour hours and extra work efforts compared to other sectors as respondent **No 17** in qualitative interviews observed, perhaps these are reasons explaining the fewer number of females working in the juice processing sector.

Figure 6. 3: The respondents' age groups and business category

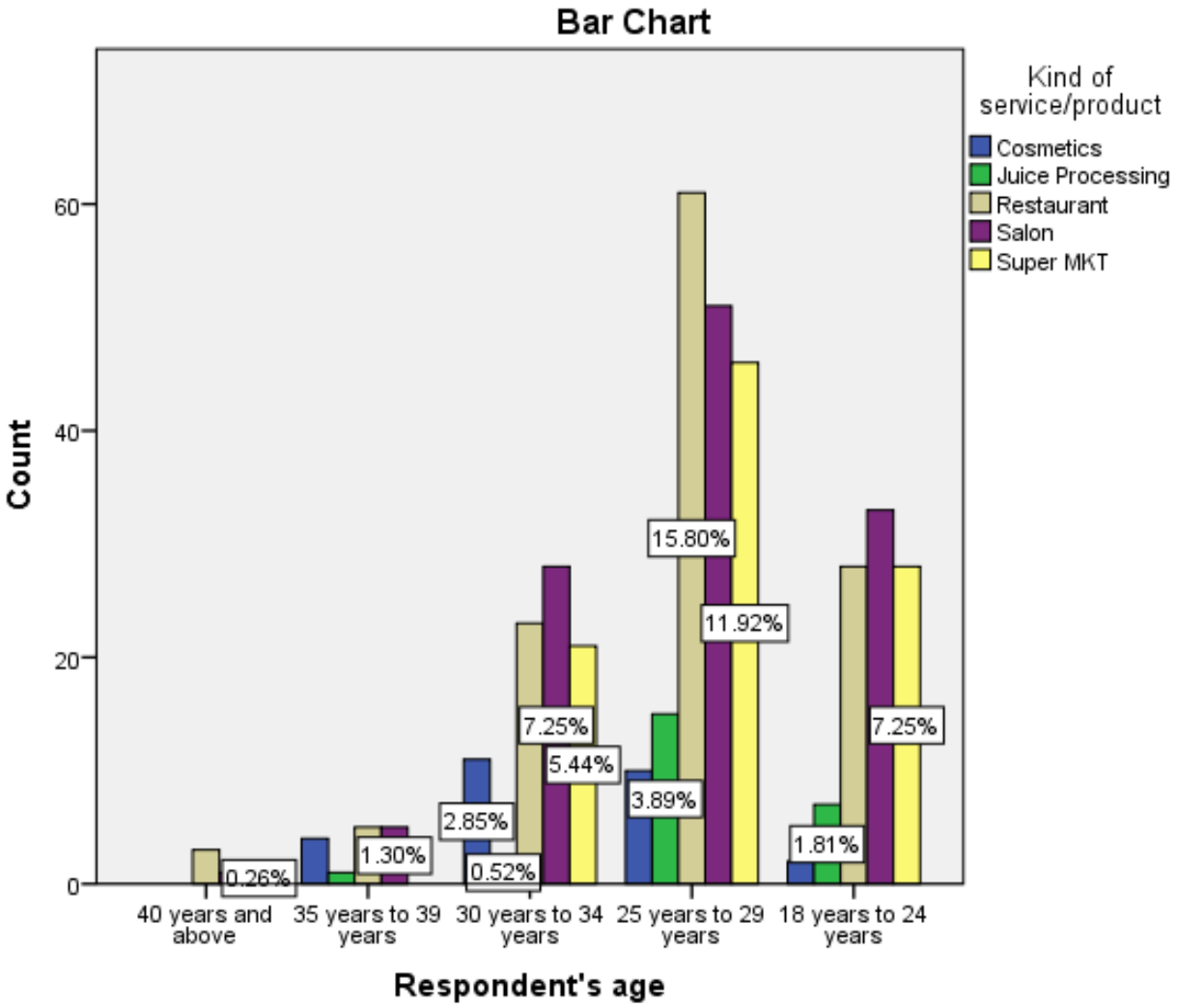


Figure 6.3, indicates that Uganda's informal economy employs more of people in the age group 25 to 29 years of age. This is followed by age group 18 to 24 years and the lowest group to be employed is the one above 40 years. This is supported by Uganda Bureau of Statistics (2015) which indicates that the youth labour force participation rate in Uganda is at 74.6%. Furthermore, the age group of 18 to 24 years maybe working in this sector perhaps because they dropped out of school at an early stage in life or they are working to earn fees for tertiary education. People under the age group of above 40 years are

least represented perhaps because energy levels at this point can no longer enable them carry out informal work.

Furthermore, restaurants employ more people in each of the age groups maybe due to the fact that urban centers where the survey was conducted are over populated, yet people spend more time at work. They get less time to go back home for a meal. It may also be a factor of more youths being single so they find ease with restaurant services. With an increasing number of occupants in urban centers and more jobs being created, it is inevitable for town occupants to search for ready meals on a daily basis. Eventually many restaurants have to open up to take up business opportunities hence employing more people.

Figure 6. 4: The period worked for in the current firm and the business categories

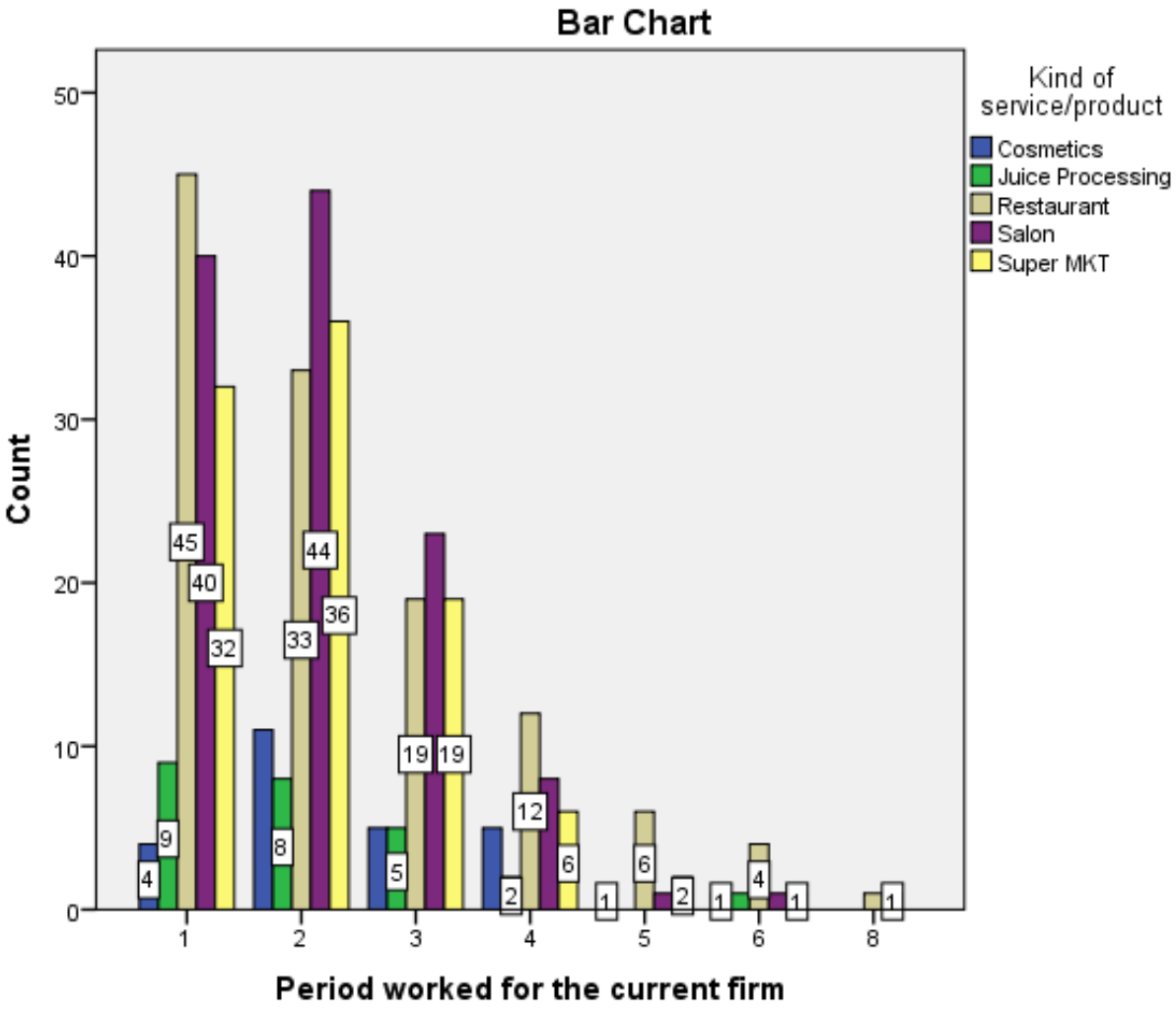


Figure 6.4 shows that the number of people employed in the informal economy keeps reducing as the period worked for in the current firm increases. No respondent had worked in the informal economy for one employer for more than 10 years. Furthermore, the chart reveals that most people are employed for one to two and half years. This may be due to the reason that the informal economy can employ educated people who are yet to find jobs in the formal economy. Once they get employment within the formal economy, they abandon the informal economy. Additionally, labour turnover may be high since workers have no contractual obligations with their employers.

Figure 6. 5: Respondents with titles at work

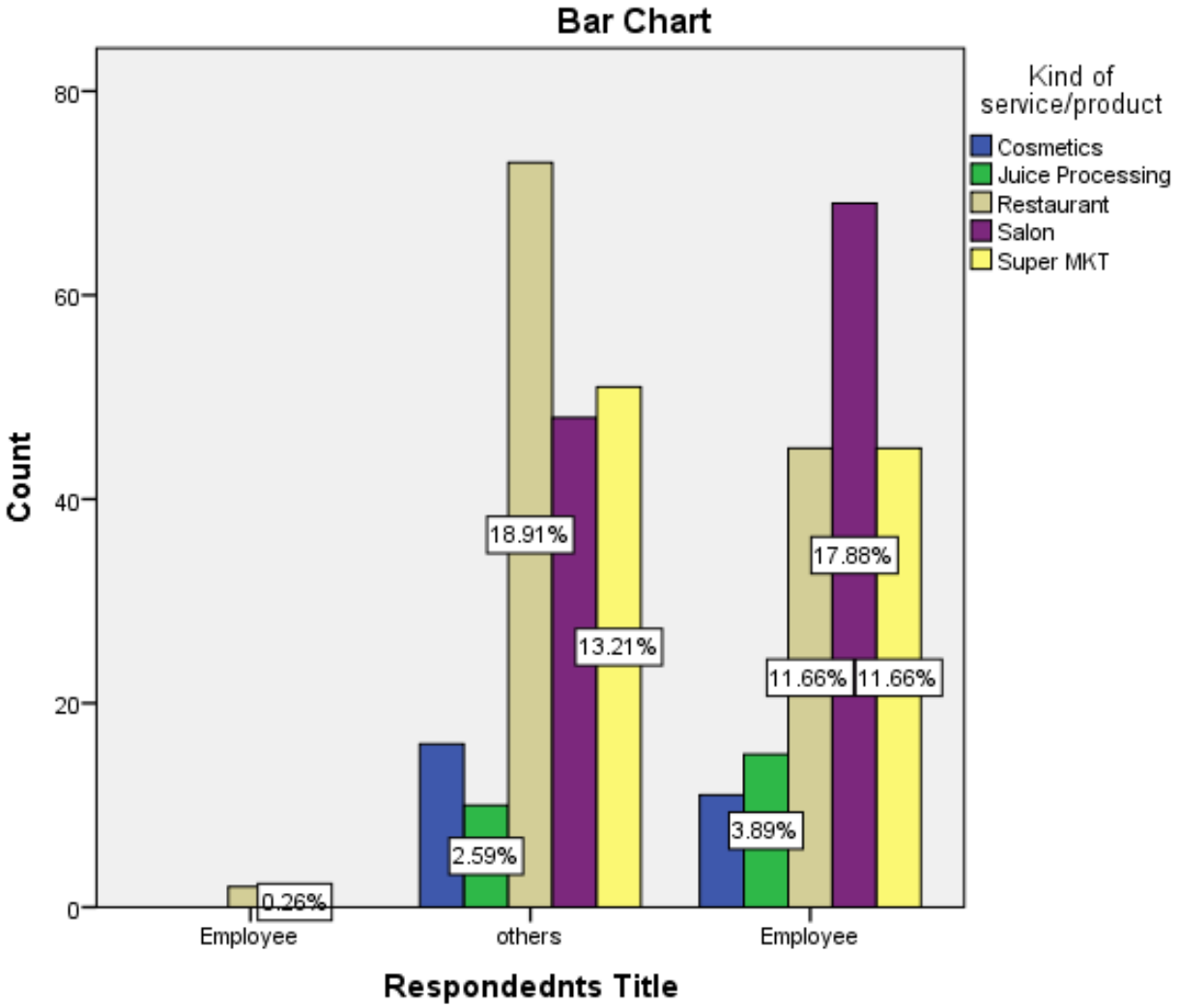


Figure 6.5 shows that 47.9% do not know their titles at work. The highest impact is in the salon business while the lowest impact is in cosmetics. This implies that salons are challenged with leadership. On the other hand, restaurant businesses demonstrated that they can define employees' titles. This indicates good management practices. Having clear titles help to implement a good chain of command.

6.5) Reliability test for measuring instrument

Leedy and Ormrod (2010) and Javali (2011) concur with Gliem and Gliem (2003) that Cronbach's alpha is a better tool for measuring reliability. However, Gliem and Gliem (2003) and Bravo and Potvin (1991) provide that the reliability test cannot yield results if a single-item question is tested. They suggest that multiple items can yield better results. This is evident in this study that the reliability for the whole questionnaire was very high at α=0.919 compared to that of separate constructs which were lower. Chow and Chan (2008) employed Cronbach's alpha to determine internal reliability of the questionnaire. The same path was followed in this study. The overall Cronbach's alpha was α=0.919. This indicates that the tool can be used elsewhere under similar conditions to yield the same results.

6.5.1) Reliability test for Core values

The measures for core values in the study yield a high Cronbach's alpha of α=0.845. Being that the resultant alpha is above α=0.7, it is important to conclude that the variables had acceptable internal reliability. The resultant reliability score is consistent with researchers, such as Barber and Scarcelli (2010), Herrenkohl, et al. (1999) and Siegrist et al. (2004) who had an average Cronbach's alpha statistic of α=0.82 for the same constructs in their contexts. Furthermore, to confirm the reliability results, composite reliability was carried out. Scholars such as Stander and Van Zyl (2016) and Li et al. (2017) used composite reliability in their studies. They articulated that the acceptance criteria is CR$\geq$0.7.

6.5.2 Reliability test for entrepreneurial performance

The entrepreneurial measures in the study yield a high Cronbach's alpha of α=0.801. This implies that the variables had an acceptable internal reliability. This is consistent with Schoorman et al. (2007) and Hays and Hill (2006) who had an average Cronbach's alpha of α=0.885 in their context. Also in this case, composite reliability was carried out.

6.5.3 Test for reliability for Motivation and Trust

The items measuring motivation and trust as used in this study and by Kakeeto et al. (2014), Schoorman et al. (2007) and Dietz and Hartog (2006) indicated a high Cronbach's alpha of α=0.811. Although this alpha is slightly lower than the average Cronbach's alpha of α=0.835 indicated in the studies of Kakeeto et al. (2014), Schoorman et al. (2007) and Dietz and Hartog (2006), it should be observed that the measure of Motivation and trust in Uganda's context consistently provides a Cronbach's statistic of above α=0.8. This is because the resultant Cronbach's alpha for this study is α=0.811, which is consistent with Kakeeto et al. (2014)'s earlier study in Uganda which shows α= 0.884.

6.5.4. Reliability test for mediating variables (motivation and legitimacy)

The reliability statistics for the mediating variables (combined) in this study is α=0.740. Being that the score is above α=0.7, the reliability score is acceptable. The CR scores were also acceptable at 0.70.

Table 6. 2: Summary of reliability scores for the study constructs

Category	Source	Cronbach's alpha	Average alpha	Current study alpha	C.R Scores
Motivation & trust	Kakeeto et al. (2014)	0.884	0.835	0.811	0.93
	Schoorman, Mayer and Davis (2007).	0.82			
	Dietz and Hartog (2006)	0.8			
Entrepreneurial Performance	Hays and Hill (2006)	0.95	0.885	0.801	0.82
	Schoorman, Mayer and Davis (2007)	0.82			
Core values	Barber and Scarcelli (2010), Herrenkohl, Judson and Heffner (1999), and Siegrist, Starke, Chandola, Godin, Marmot, Niedhammer and Peter (2004).	0.82	0.82	0.845	0.93
Reinforcement				0.648	0.99
Motivation and Legitimacy		0.8		0.7	0.84

From Table 6.2, reinforcement has no benchmark alpha score because it is being tested for the first time, especially in Uganda's context. The resultant alpha score for reinforcement is below α=0.7, however, it cannot be dropped for analysis purposes because George and Mallery (2003) provide that any alpha score between 0.6 and 0.69 is not a bad score for analysis. In addition, the composite reliability scores for reinforcement are very high at 0.99. Furthermore, the scales that measured profitability

were also developed because the way entrepreneurs in Uganda's informal economy demonstrated profitability was different from the conventional definition and measurement of profitability, that is to say, their definition differed from other scholars such as Madishetti and Kibona (2013) who take profitability to be measured by gross profit margin, return on assets or return on investment. The researcher developed the scales for measuring reinforcement and profitability using qualitative data and following all the procedures as provided by Slavec and Drnovsek (2012), for acceptability of new measurement scales.

The researcher reviewed literature about reinforcement of behaviour, for instance, from Skinner (1938) the first proponent of the theory to current scholars, such as Yazdanifad (2014). The researcher identified major components of the reinforcement theory to be rewards and punishment, comparison of literature about core values and reinforcement theory was carried out, the necessary questionnaire was developed with the help of the supervisor and subject matter experts, the questionnaire was piloted and changes to the scales were made, sampling and data collection from 386 participants was done, thereafter reliability assessment and construct validity were carried out. The reliability scores as provided in Table 6.2 are Cronbach's alpha 0.648 while the composite reliability is 0.99. The scores are acceptable, therefore the researcher had to use the scale to analyse reinforcement theory in Uganda's informal economy.

Furthermore, reinforcement was provided in this survey as a way of testing the applicability of the reinforcement theory in Uganda's informal economy, but not as a measurable variable because it was neither an input nor an outcome variable. After carrying out the reliability and EFA, Pearson chi-square test was done to establish the extent of reinforcement with employees of different business categories in Uganda's informal economy. Having established that data was reliable for analysis, it is important to test for validity and establish whether data can be used for analysis without any fears of losing meaning, hence the discussion below.

6.6) Validity for study constructs

Validity was estimated through convergent validity, discriminant validity and factor analysis. The first stage was to carry out convergent and discriminant validity then exploratory factor analysis and thereafter, confirmatory factor analysis. It was however observed that constructs such as core values and entrepreneurial performance had sub-components. Therefore, the analysis adopted an approach of factoring for each sub-component to enable the extraction of the real factors which could validly measure a particular sub-component **(appropriate for EFA).** This helped to avoid amalgamation of factors in classes where they do not fit. Under the exploratory factor analysis, all variables whose eigenvalue was greater than 1 were deemed to be validly measuring the construct hence being acceptable for further analysis. Having introduced the methods for measuring validity, it is important to first and foremost discuss each component of validity hence the following discussion:

6.6.1) Convergent validity

The convergent validity of the study construct was carried out by AVE method following Fornell and Larcker (1981) and Farrell and Rudd (2009)'s formula provided in chapter four. It was established that all study constructs were above the threshold of ≥ 0.5 except for motivation and legitimacy as Table 6.3 indicates.

6.6.2) Discriminant Validity

The discriminant validity was measured by comparing the AVE score of constructs with the squares of their correlations. The acceptance criterion is that the correlation squares of the constructs should be lower than the AVE scores for discriminant validity to prevail Li et al. 2017). For this study, the correlations squares were lower than the AVE score as Table 6.3 indicates.

Table 6. 3: Summary of convergent and discriminant validity scores

Constructs	AVE	Discriminant
Motivation and trust	0.7	
Entrepreneurial performance	0.54	
Core values	0.5	
Motivation and Entrepreneurial performance	0.48	
Core values and entrepreneurial performance		0.49
Core values and motivation		0.49
Motivation and entrepreneurial performance		0.34
Core values and legitimacy		0.45
Legitimacy and entrepreneur performance		0.36

Since the AVE values in Table 6.3 exceed 0.5 except for motivation and entrepreneurial performance, study variables confirm convergent validity. Furthermore, the squares of the correlations are lower than the AVE scores as Table 6.3 shows, therefore, discriminant validity is confirmed. Although the AVE for motivation and legitimacy is below 0.5, it is very close because it is 0.48 therefore it can be carried forward for further analysis. There is discriminant validity because the square of the correlation between variables is lesser than the AVE values. The convergent and discriminant validity explained above indicate that factors are good for data analysis. However, to sort out the real factors for consideration into the research model, EFA is useful, hence the following discussion

6.7) Exploratory Factor Analysis (EFA)

Having conducted both convergent and discriminant validity in section 6.6, it is useful to carry out EFA to confirm those specific factors which can be used for analysis purposes. The EFA is effective when eigenvalue of a factor is more than 1. Furthermore, the Kaiser-Meyer-Olkin (KMO) which measures sampling adequacy varies between 0-1 (Field, 2005). Field (2005) continues to assert that a KMO value of 0 indicates that the sum of

partial correlations is large relative to the sum of correlations so this implies diffusion in the pattern of correlations therefore factor analysis maybe inappropriate. On the other hand, a value close to 1 indicates that patterns of correlations are relatively compact and so factors should be reliable (Field, 2005). Furthermore, values between 0.7- 0.8 are good and values between 0.8-0.9 are great and values above 0.9 are superb (Field, 2005).

Furthermore, the exploratory factor analysis requires a significance test in the correlation matrix. Field (2005) asserts that if there is no relationship between variables which are to be included in the analysis, then factor analysis is not helpful. The significance test in this regard is done by Bartlett's test and where it is highly significant (P <0.001), factor analysis is appropriate. Therefore, all conclusions in the exploratory factor analysis were based on these rules.

6.7.1 Exploratory factor analysis for Motivation

Table 6.4 shows that KMO normalisation statistic is 0.767. Furthermore, the Bartlett's test of Sphericity was significant at 0.001. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.4.

Table 6. 4: The KMO and Bartlett's test

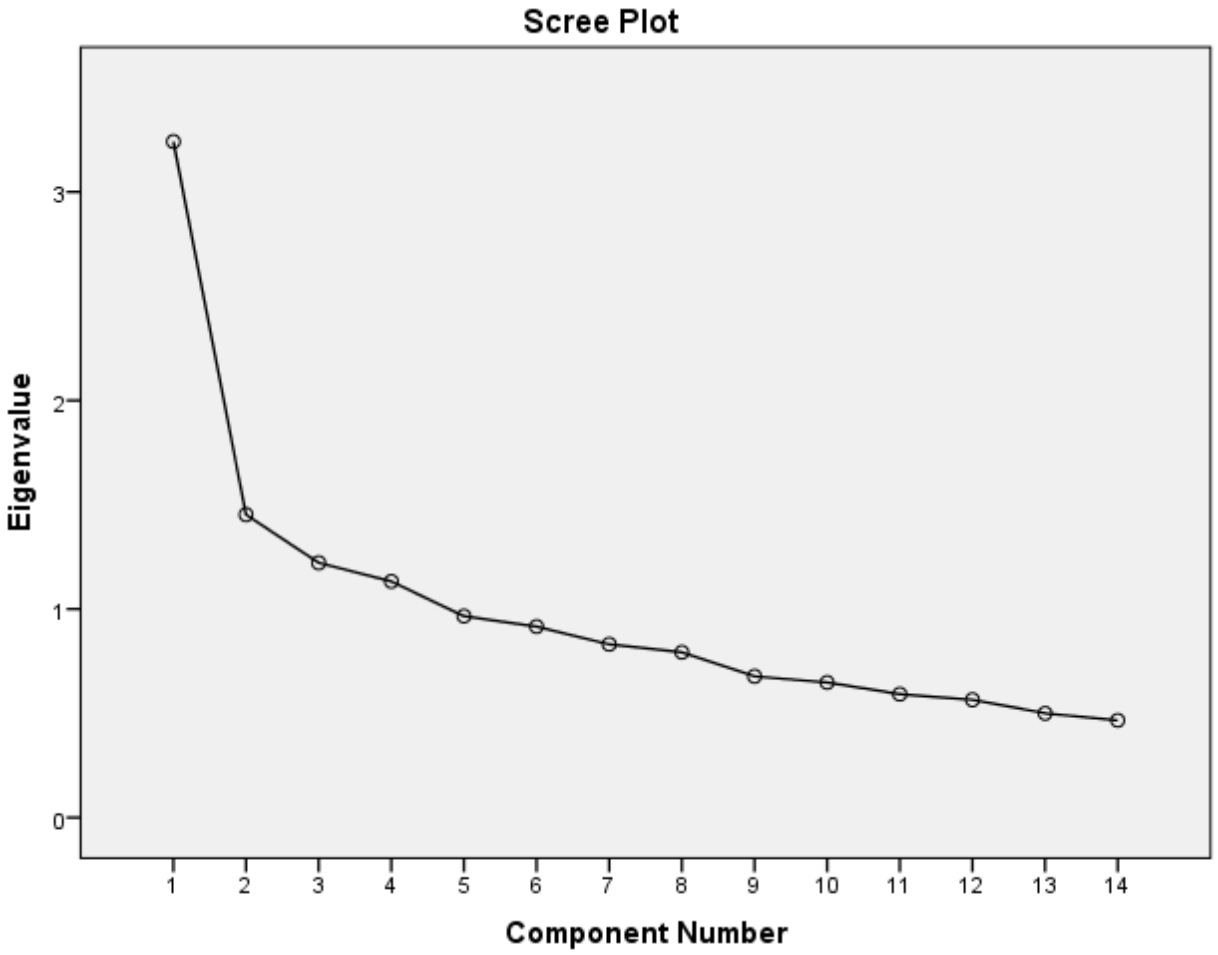
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.767
Bartlett's Test of Sphericity	Approx. Chi-Square	775.839
	Df	91
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the scree-plot and rotated component matrix. The rotation was done by following the varimax rotation criteria because the variables were orthogonal in nature. Brown (2009) provides for use of varimax rotation if the correlation coefficient is less than 0.32. This means that the factors are independent from each other. Since in this case, by following the correlation matrix, most items had coefficients of less than 0.32, varimax was applied.

Additionally, by use of the scree-plot, four factors were identified as having eigenvalues above 1. The scree-plot is shown in Figure 6.6.

Figure 6. 6: The scree-plot for motivation



From Figure 6.6, it was observed that four factors or components had eigenvalues above 1. This was further confirmed by the rotated component matrix shown in Table 6.5.

Table 6. 5: Exploratory factor analysis for motivation

Scale	Accountability	Honesty	Keeping employee interests in supervisors minds	Consistent application of job decisions
I feel a great sense of accountability for new p..	.546			
I prioritise honesty while serving customers.			.786	
My supervisor keeps my interests in mind when ma..	.674			
All job decisions are applied consistently across..	.536			
I get more interested in work if I am given an o.	.630			
Trust		.741		
Fairness		.689		
Respect			.562	
Confidentiality				.822
Commitment		.599		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

From Table 6.5, it was observed that motivation had four valid measures out of 14. This is because those four factors had eigenvalues above 1. The four factors were explained by the variables indicated in Table 6.5 whose scores are above 0.5. These factors explain the influence of core values on motivation. It is further indicated that; accountability, honesty, supervisor keeping employee interests in mind and consistent application of job decisions energise employees.

6.7.2 Exploratory factor analysis for legitimacy.

Legitimacy was another mediating variable which needed analysis. This enabled identification of valid factors for further analysis. The KMO was 0.600 and Bartlett's test of Sphericity was highly significant at 0.001 as Table 6.6 indicates. This implied that the R-matrix was not identical. Therefore, the variables for analysis were related. Factor analysis therefore was appropriate.

Table 6. 6: The KMO and Bartlett's test for legitimacy

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.600
Bartlett's Test of Sphericity	Approx. Chi-Square	433.069
	Df	66
	Sig.	.000

Furthermore, factor analysis was carried out using the scree-plot and the rotated component matrix to show those factors which were valid for further analysis. The rotation approach in this case was orthogonal. This is because variables were independent as they had low correlation coefficients. The majority of these coefficients were below 0.32 (Brown, 2009) therefore varimax was the preferred rotation method. Table 6.7 indicates the variables with factor loadings.

Table 6. 7: The exploratory factor analysis for legitimacy

Scale	Faith in neighborhood	Betrayal if neighbours do not avail information	Commitment to long term relationship with business	Neat personnel attract neighbors	Reputation improved in last twelve months
We have faith in our neighbours that they will r..				.762	
We would feel betrayed if our neighbours failed ..				.791	
Customers and other stakeholders are committed t..		.658			
Our neighbours are attracted to this firm because..		.695			
The firm's reputation improved in the last twelv..		.618			
Customer referrals			.723		
Trust	.603				
Cleanliness					.831
Customer care			.631		
Responsibility	.506				
Fairness	.833				
Respect	.640				

Extraction Method: Principal Component Analysis.

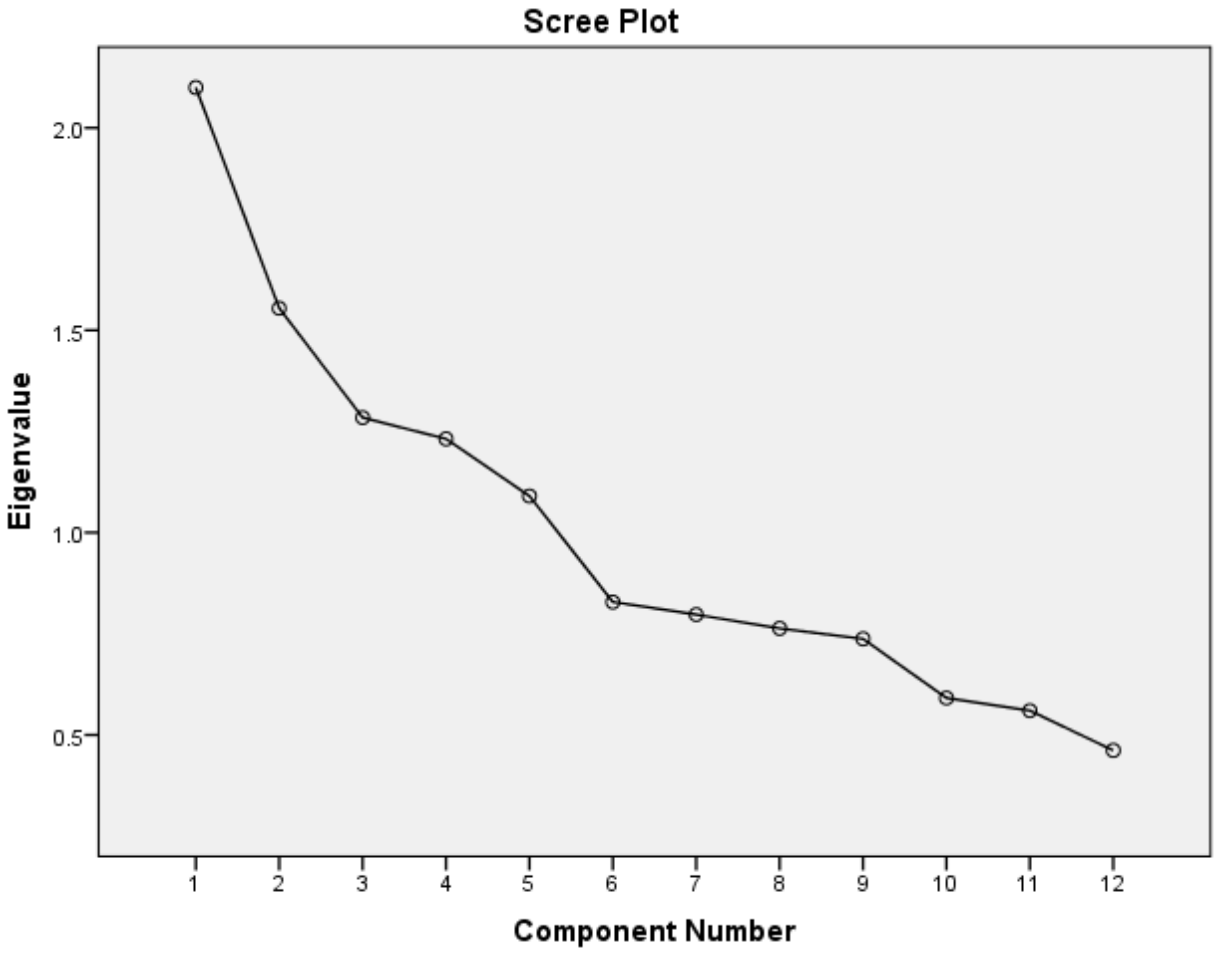
Rotation Method: Varimax with Kaiser Normalisation.

a. Rotation converged in 7 iterations.

Table 6.7 indicates that five factors could validly measure legitimacy since they had eigenvalues greater than 1. These factors are explained by variables in the above table whose factor coefficients are above 0.5. The EFA in this case measured the values which legitimise SMEs. Table 6.7 indicates that faith in neighborhood, betrayal if neighbours do not avail vital information, commitment to long term relations and neat personnel as factors which prominently influence firm legitimacy.

This position was further confirmed by the scree-plot illustrated in figure 6.7.

Figure 6. 7: **The factor analysis for legitimacy**



The scree-plot above indicates that five factors are above 1 therefore necessary for further analysis.

6.7.3) Exploratory factor analysis for product diversification.

Table 6.8 shows that KMO normalisation statistic is 0.822. Further the Bartlett's test of Sphericity was significant at 0.000. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.8.

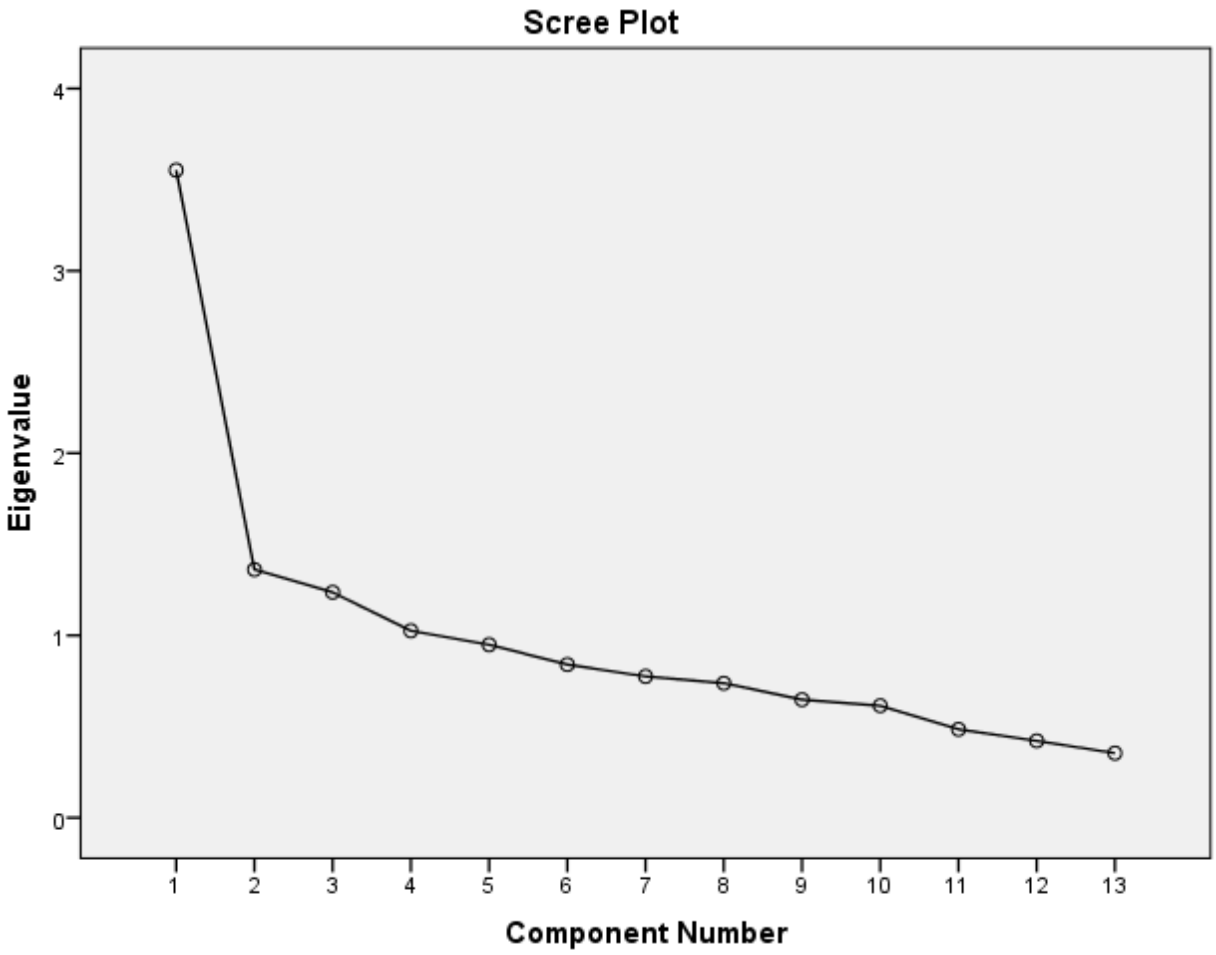
Table 6. 8: The KMO and Bartlett's test for product diversification

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.822
Bartlett's Test of Sphericity	Approx. Chi-Square	957.009
	Df	78
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the scree plot and rotated component matrix. The rotation was done by following the varimax rotation criteria because the variables were orthogonal in nature. Brown (2009) provides for use of varimax rotation if the correlation coefficient is less than 0.32. This means that the factors are independent from each other. Since in this case by following the correlation matrix, most items had coefficients of less than 0.32, varimax was applied.

Figure 6. 8: The factors of product diversification



The above scree-plot showed that there were four factors out of 13 which had eigenvalues above 1. This position was further confirmed by the rotated component matrix in Table 6.9.

Table 6. 9: The exploratory factor analysis for product diversification

Scale	Products/services penetrate all markets	Customers perceive products to be superior	Employees introduce reliable products/services	Market driven products are introduced through interaction with employees
Our service/product can penetrate all markets be..	.519			
Customers perceive a variety of our products/ser..			.769	
With trust, employees can introduce reliable pro..		.717		
Employees interact with customers to establish m..		.569		
Customers believe in the information provided by..	.656			
The firm has introduced new products/services in..	.697			
Business reputation/legitimacy		.513		
Motivation	.555			
Trust	.841			
Cleanliness				.800
Customer care			.635	
Responsibility	.820			
Fairness				

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.

a. Rotation converged in 13 iterations.

The above rotated component matrix in Table 6.9 indicates that product diversification can be validly measured by four factors explained by the various variables indicated in Table 6.9. All variables explaining the factors have factor coefficients above 0.5 therefore they are valid. In this perspective, product diversification is explained by values.

Furthermore, product diversification is measured by; Products/services penetrate all markets, customers perceive products to be superior, employees introduce reliable products/services and market driven products are introduced through interaction with employees.

6.7.4) Exploratory factor analysis for profitability.

Table 6.10 shows that KMO normalisation statistic is 0.602. The Bartlett's test of Sphericity was significant at 0.000. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.10.

Table 6. 10: The KMO and Bartlett's test for product diversification

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.602
Bartlett's Test of Sphericity	Approx. Chi-Square	407.122
	Df	91
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the scree plot and rotated component matrix. The rotation was done by following the varimax rotation criteria because the variables were orthogonal in nature. Brown (2009) provides for use of varimax rotation if the correlation coefficient is less than 0.32. This means that the factors are independent from each other. Since in this case by following the correlation matrix, most items had coefficients of less than 0.32, varimax was applied.

Figure 6. 9: Factors for profitability

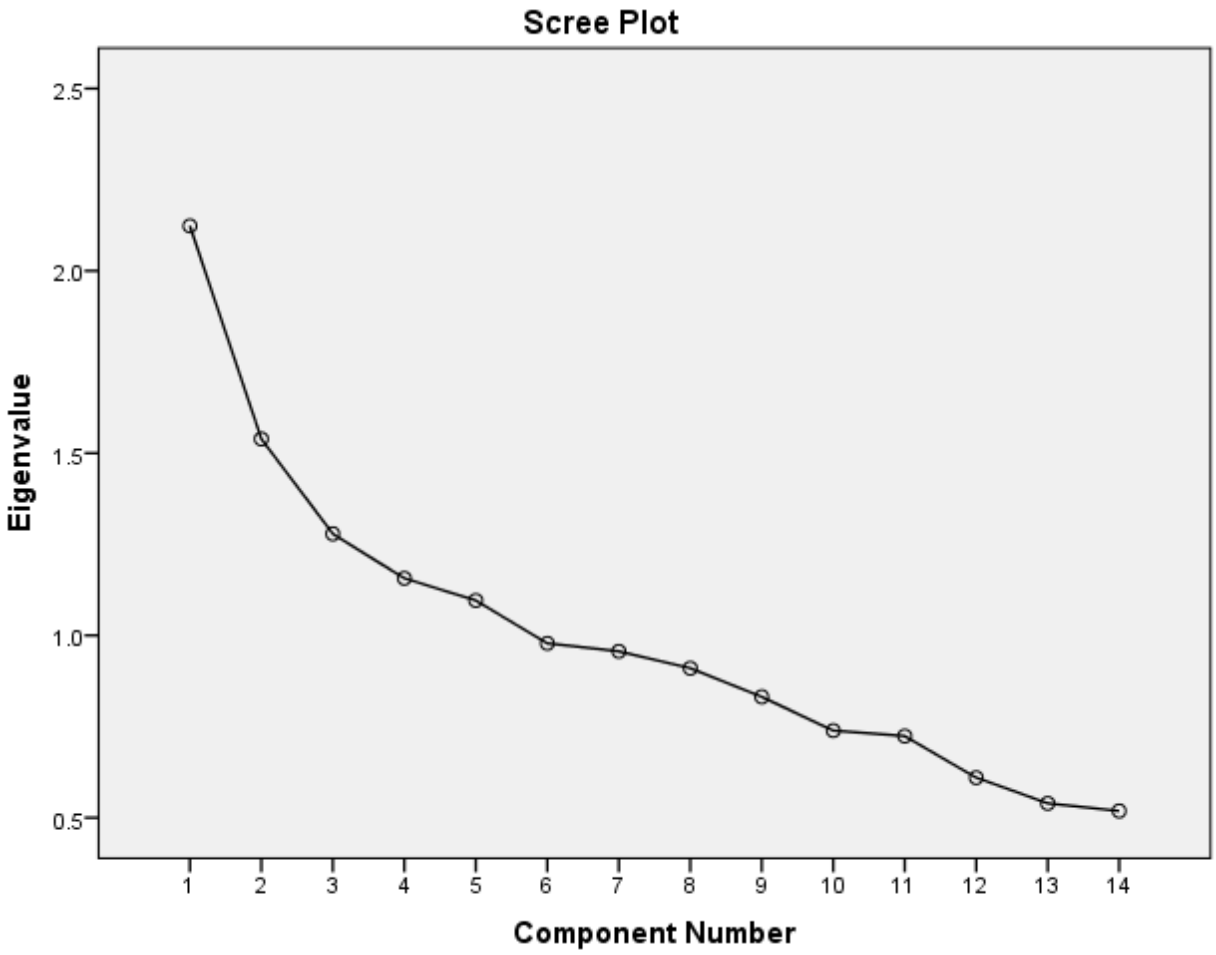


Figure 6.9 shows that profitability can validly be measured by five factors. These factors have eigenvalues above 1. This position is further confirmed by the rotation component matrix below.

Table 6. 11: The exploratory factor analysis for profitability

Scale	Business meets customer expectations	Firm aims at spending at right cost	Trust influences employees to record right amount	Sales increase because of well dressed and neat employees	Sales increase because of clean floor and walls
This business meets customer expectations becaus..					
This firm aims at spending at the right cost for..		.579			
Trust influences employees to record transaction..				.743	
Our sales increase because employees are well dr..					.784
Our sales increase because of clean floor and wa..					
The firm's sales have increased in the last twel..			.524		
The firm's expenses have increased in the last t..					
Business reputation/legitimacy		.657			
Motivation					
Trust	.773				
Cleanliness			.699		
Customer care		.506			
Responsibility			.523		
Fairness	.759				

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalisation.

a. Rotation converged in 19 iterations.

Table 6.11 shows rotation component matrix that profitability can be validly measured by five factors which are explained by the variables in Table 6.11 with the factor coefficients which are above 0.5. This is valid for further analysis. The EFA in this section provides the influence of values on profitability. The factors which explain profitability are; Business meets customer expectations, Firm aims at spending at right cost, Trust influences employees to record right amount, Sales increase because of well-dressed and neat employees, Sales increase because of clean floor and walls.

6.7.5 Exploratory factor analysis for cumulative employment.

Table 6.12 shows that KMO normalisation statistic is 0.704. Further, the Bartlett's test of Sphericity was significant at 0.000. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.12.

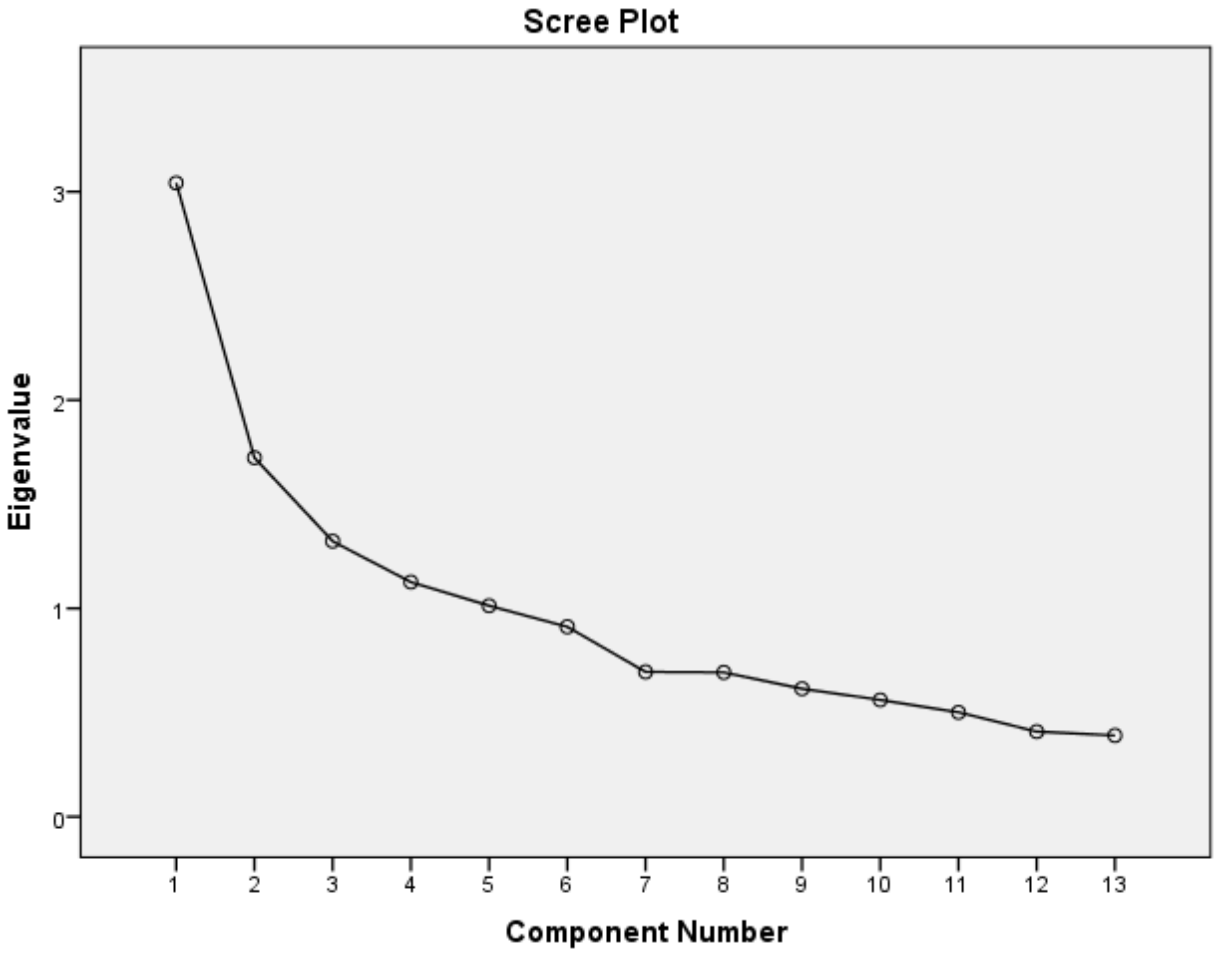
Table 6. 12: The KMO and Bartlett's test for cumulative employment

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.704
Bartlett's Test of Sphericity	Approx. Chi-Square	892.871
	Df	78
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the scree-plot and rotated component matrix. The rotation was done by following the varimax rotation criteria because the variables were orthogonal in nature. Brown (2009) provides for use of varimax rotation if the correlation coefficient is less than 0.32. This means that the factors are independent from each other. Since in this case, the correlation matrix had coefficients for most items of less than 0.32, varimax was applied.

Figure 6. 10: **Factors for cumulative employment**



The scree-plot in Figure 6.10 indicates that cumulative employment can be validly measured by five factors. These factors have eigenvalues above 1. This is further confirmed by the rotation matrix below.

Table 6. 13: The exploratory factor analysis for cumulative employment

Scale	Employees are happy because of fair pay	Firm retains employees because of fair commitments	Attractive business premises help retain employees	Employees are retained because of punctuality	Firm retained most employees in last twelve months
Employees are happy to work with this firm becau..		.789			
Firm retains current employees because commissio..		.723			
Employees are retained because of attractive bus..			.607		
Because of punctuality, employees are retained.				.699	
The firm retained most of its employees in the l..					.811
The firm attracted new employees in the last twe..					
Business reputation/legitimacy					
Motivation					
Trust	.664				
Cleanliness			.586		
Responsibility			.786		
Fairness	.794				
Respect	.509				

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 7 iterations.

Table 6.13 above indicates that cumulative employment was measured by five factors which are explained by the variables in the table with coefficients greater than 0.5. This is a valid case justifying further analysis. In addition, the EFA in this section explored the relationship between core values and cumulative employment. The factors which

measure cumulative employment are; Employees are happy because of fair pay, firm retains employees because of fair commitments, attractive business premises help retain employees, employees are retained because of punctuality and firm retained most employees in last twelve months.

6.7.6 Exploratory factor analysis for reinforcement.

Table 6.14 shows that KMO normalisation statistic is 0.616. Further, the Bartlett's test of Sphericity was significant at 0.000. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.14.

Table 6. 14: The KMO and Bartlett's test scores for reinforcement

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.616
Bartlett's Test of Sphericity	Approx. Chi-Square	1333.109
	Df	91
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the rotated component matrix. In this case, a scree-plot was not processed because reinforcement was neither an outcome nor an input variable. This would not require a lot of justification like other forms of variables. The rotation was done by following the varimax rotation criteria because the variables were orthogonal in nature. Brown (2009) provides for use of varimax rotation if the correlation coefficient is less than 0.32. This means that the factors are independent from each other. Since in this case, the correlation matrix had more items with coefficients of less than 0.32, varimax was applied.

Table 6. 15: The exploratory factor analysis for reinforcement

Scale	Employees repeat past behaviour because of trust	Employees do not misbehave because of clean premises	Employees providing less time to assignments are punished	Fairness leads to repeat of past good behaviour	Responsibility leads to repeat of past good behaviour
Because of trust, employees can repeat past good..	.758				
Employees do not badly behave because of cleanli..	.745				
Employees who provide less time compared to coll..		.928			
Fairness leads to a repeat of past good behaviou..				.623	
Respect leads to a repeat of past good bahaviour..				.694	
Responsibility leads to a repeat of past good b..					.855
In the last twelve months, management has ensure..			.782		
In the last twelve months, management has preven..			.760		
Trust	.661				
Respect				.693	
Fairness			.572		
Responsibility					.840
Cleanliness	.736				
Punishment		.927			

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Table 6.15 shows that reinforcement was validly measured by five factors. The factors are explained by the variables in the table with high factor coefficients. It must further be observed that reinforcement was neither an input nor an output variable, so this matrix

was used for further analysis to enable expansion of the reinforcement theory as it is a new phenomenon in Uganda's informal economy.

The EFA aimed at measuring the influence of core values on reinforcement. Indeed, the reinforcement is measured by; employees repeat past behaviour because of trust, employees do not misbehave because of clean premises, employees providing less time to assignments are punished, fairness leads to repeat of past good behaviour and responsibility leads to repeat of past good behaviour.

6.7.7 Exploratory factor analysis for cleanliness

Table 6.16 shows that KMO normalisation statistic is 0.690. Further, the Bartlett's test of Sphericity was significant at 0.000. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.16.

Table 6. 16: The KMO and Bartlett's test scores for cleanliness

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.690
Bartlett's Test of Sphericity	Approx. Chi-Square	374.507
	Df	21
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the rotated component matrix and scree-plot. The factor analysis methods were very important for cleanliness because it was being measured as a core value for the first time in Uganda's informal economy. This followed an earlier confirmation from the qualitative interviews that cleanliness was one of the core values small businesses in Uganda's informal economy uphold. This further justifies the methodological triangulation of qualitative and quantitative approaches. The rotation was done by following the varimax rotation criteria because the variables were orthogonal in nature. Brown (2009) provides for use of varimax rotation if the correlation coefficient is less than 0.32. This means that

the factors are independent from each other. Since in this case, the correlation matrix had coefficients of less than 0.32, varimax was applied.

Table 6. 17: The exploratory factor analysis for cleanliness

Scale	Employee encouraged to work if neighborhood is clean	Employee interested to work with clean floor space	Employee can serve well if smells no odor from restrooms
Iam encouraged to work if the neighbourhood is c..		.760	
Iam interested in working if the floor space is ..		.789	
I can serve well if I do not smell any odor from..			.679
I can stay for long hours working if soap is pro..	.803		
I confortably settle in to work if the sinks are..	.634		
I settle to work if toilet papers are provided a..	.830		
I serve better if I am neat and well dressed.			.813

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Table 6.17 indicated that cleanliness was validly measured by three factors. These factors were explained by the variables in the table whose coefficients were high above 0.6. Clearly further analysis was possible.

Figure 6. 11: Factors for cleanliness

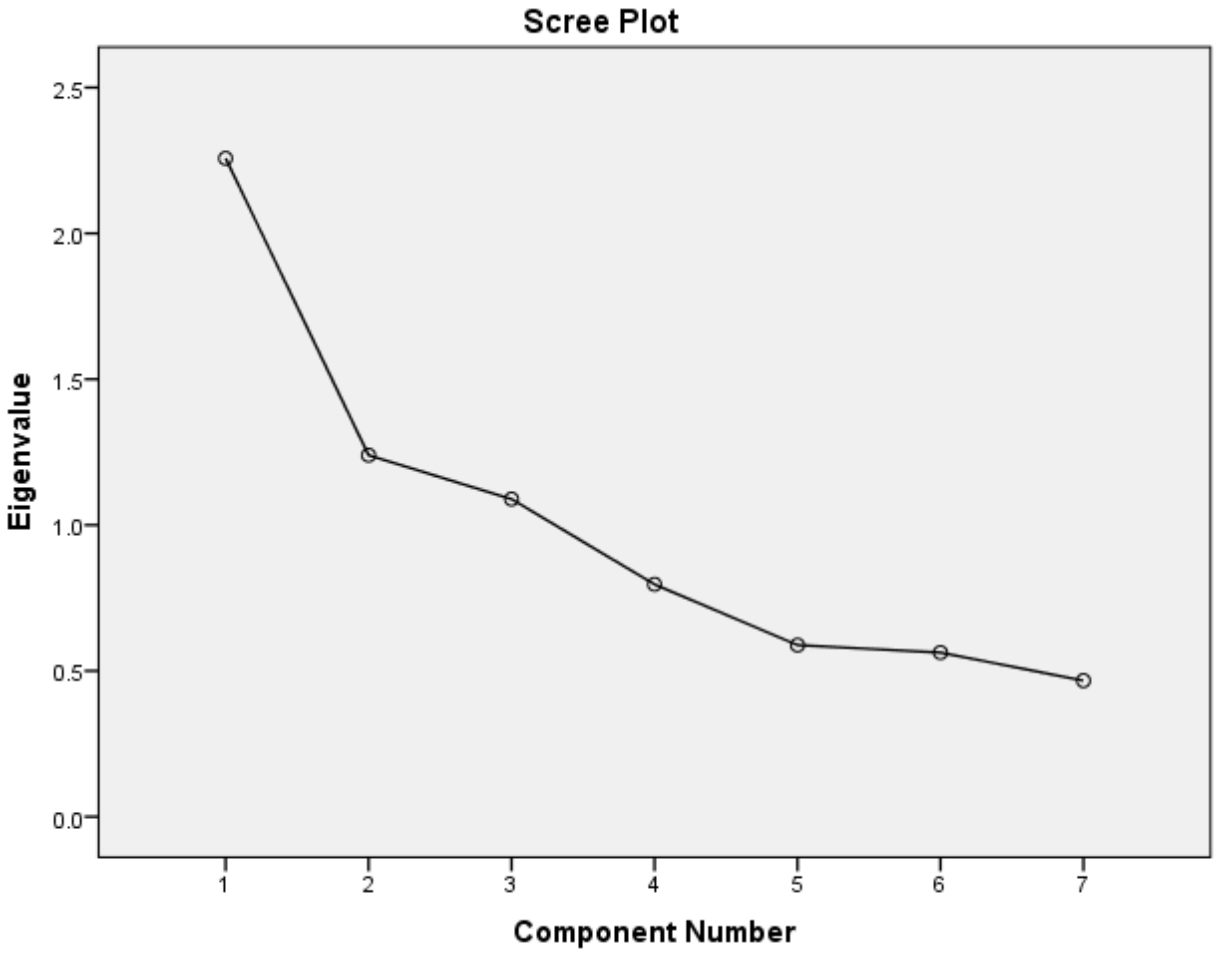


Figure 6.11 indicated that cleanliness is measured by three factors which have an eigenvalue greater than 1.

6.7.8 Exploratory factor analysis for trust.

Table 6.18 shows that KMO normalisation statistic is 0.773. Further, the Bartlett's test of Sphericity was significant at 0.000. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.18.

Table 6. 18: The KMO and Bartlett's test for trust

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.773
Bartlett's Test of Sphericity	Approx. Chi-Square	384.071
	Df	15
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the scree-plot and the component matrix.

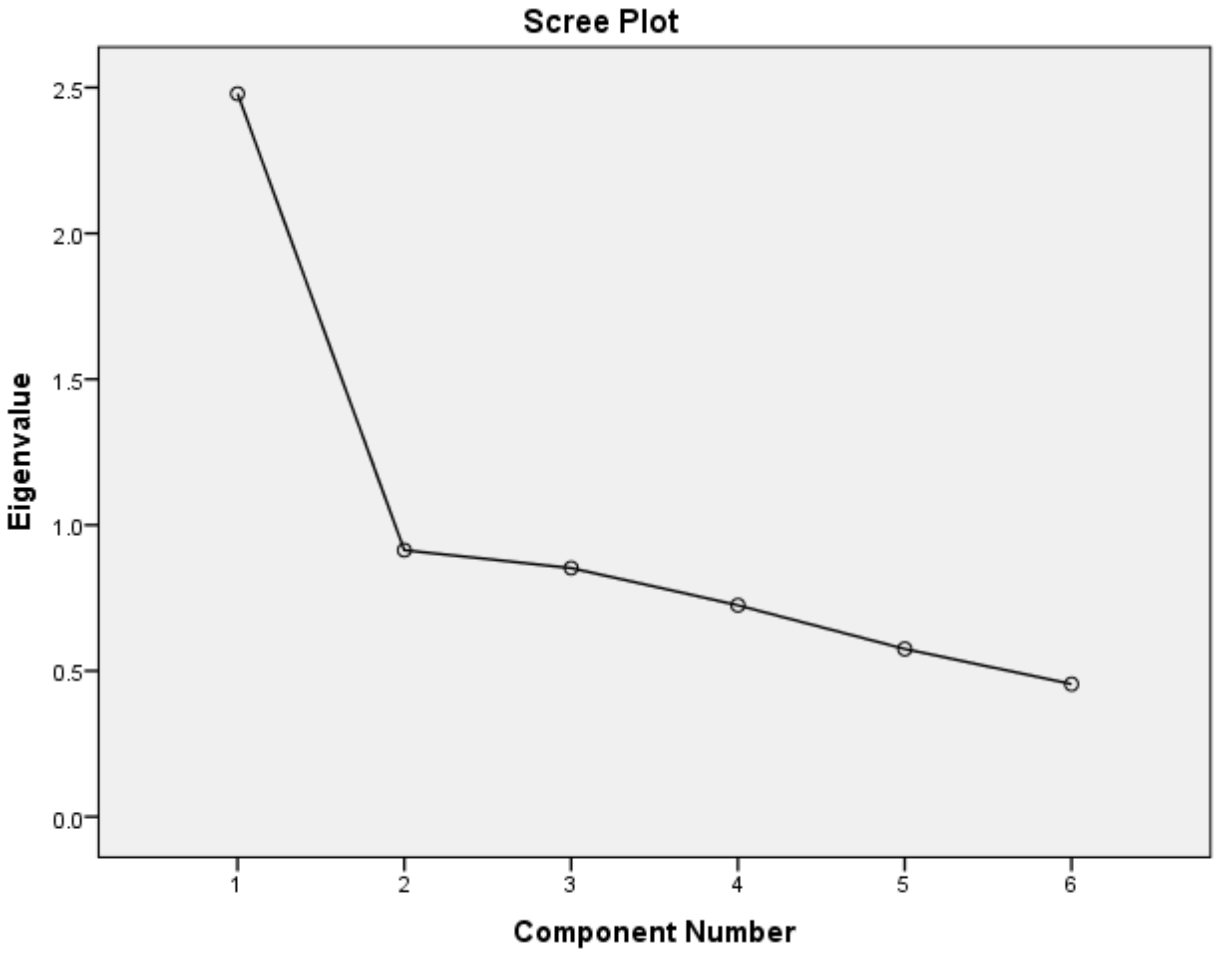
Table 6. 19: The exploratory factor analysis for trust

Scale	Firm being successful in all activities
This firm is known to be successful in all activ..	.773
This firm can be relied on to keep its promises.	.709
I believe my employer's intentions and motives a..	
This firm does not mislead people.	
I feel a sense of loyalty to this firm.	.743
Customers are committed to long term relationshi..	.607

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Figure 6. 12: Factors for trust



The scree-plot in Figure 6.12, together with the component matrix, indicated that trust was validly measured by one factor. This was not a good indicator for further analysis. However, confirmatory factor analysis had to be carried out to be satisfied that trust would only be measured by one factor. For the case of trust, a rotated component matrix would not be generated as only one factor was extracted. This implies that there were no other items to be considered for correlation purposes.

6.7.9) Exploratory factor analysis for fairness

Table 6.20 shows that KMO normalisation statistic is 0.648. Further the Bartlett's test of Sphericity was significant at 0.000. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.20.

Table 6. 20: The KMO and Bartlett's test for fairness

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.648
Bartlett's Test of Sphericity	Approx. Chi-Square	564.583
	Df	6
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the scree-plot and component matrix.

Table 6. 21: The exploratory factor analysis for fairness

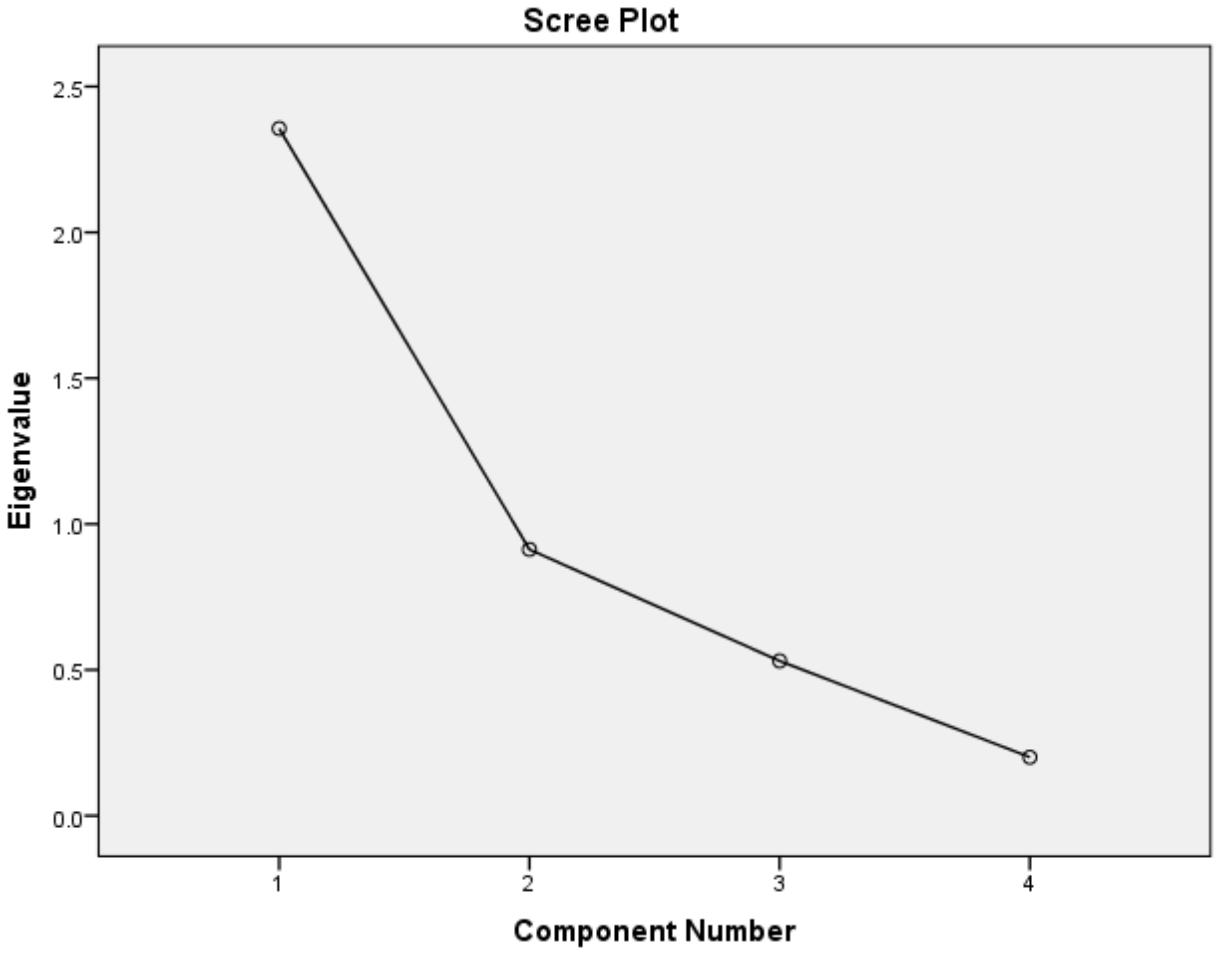
Scale	Fair distribution of rewards
There is fair distribution of rewards in this fi..	.848
Employees in this firm are rewarded fairly for t..	.874
This firm recognises exceptional accomplishments.	.746
My employer treats me fairly.	.562

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

It was observed that the rotation component matrix would not be carried out because only one factor was extracted. This implies that no other factors would significantly correlate with this component though it is explained by four variables with high correlation scores as indicated above. This position was further confirmed by the scree-plot in Figure 6.13.

Figure 6. 13: Factors for fairness



The scree-plot in Figure 6.13 indicates that only one factor has an eigenvalue greater than 1. This implies that only one factor qualified to validly measure fairness. This would not be adequate for further analysis hence a need for confirmatory factor analysis.

6.7.10) Exploratory factor analysis for responsibility

Table 6.22 shows that KMO normalisation statistic is 0.580. Further, the Bartlett's test of Sphericity was significant at 0.000. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.22.

Table 6. 22: The KMO and Bartlett's test for responsibility

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.580
Bartlett's Test of Sphericity	Approx. Chi-Square	268.870
	Df	10
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the scree-plot and rotation component matrix. The rotation was done by following the varimax rotation criteria because the variables were orthogonal in nature. Brown (2009) provides for use of varimax rotation if the correlation coefficient is less than 0.32. This means that the factors are independent from each other. Since in this case, the correlation matrix had most coefficients of less than 0.32, varimax was applied.

Table 6. 23: The exploratory factor analysis for responsibility

Scale	Employees being responsible for quality of product/service	Employees being happy about firm changes
Employees in this firm feel responsible for the ..	.635	
Employees in this firm feel happy about changes ..		.718
Employees feel responsible for the firm's success.	.811	
Employees feel responsible for achieving firm go..	.870	
My work has a lot to do with firm accomplishments.		.746

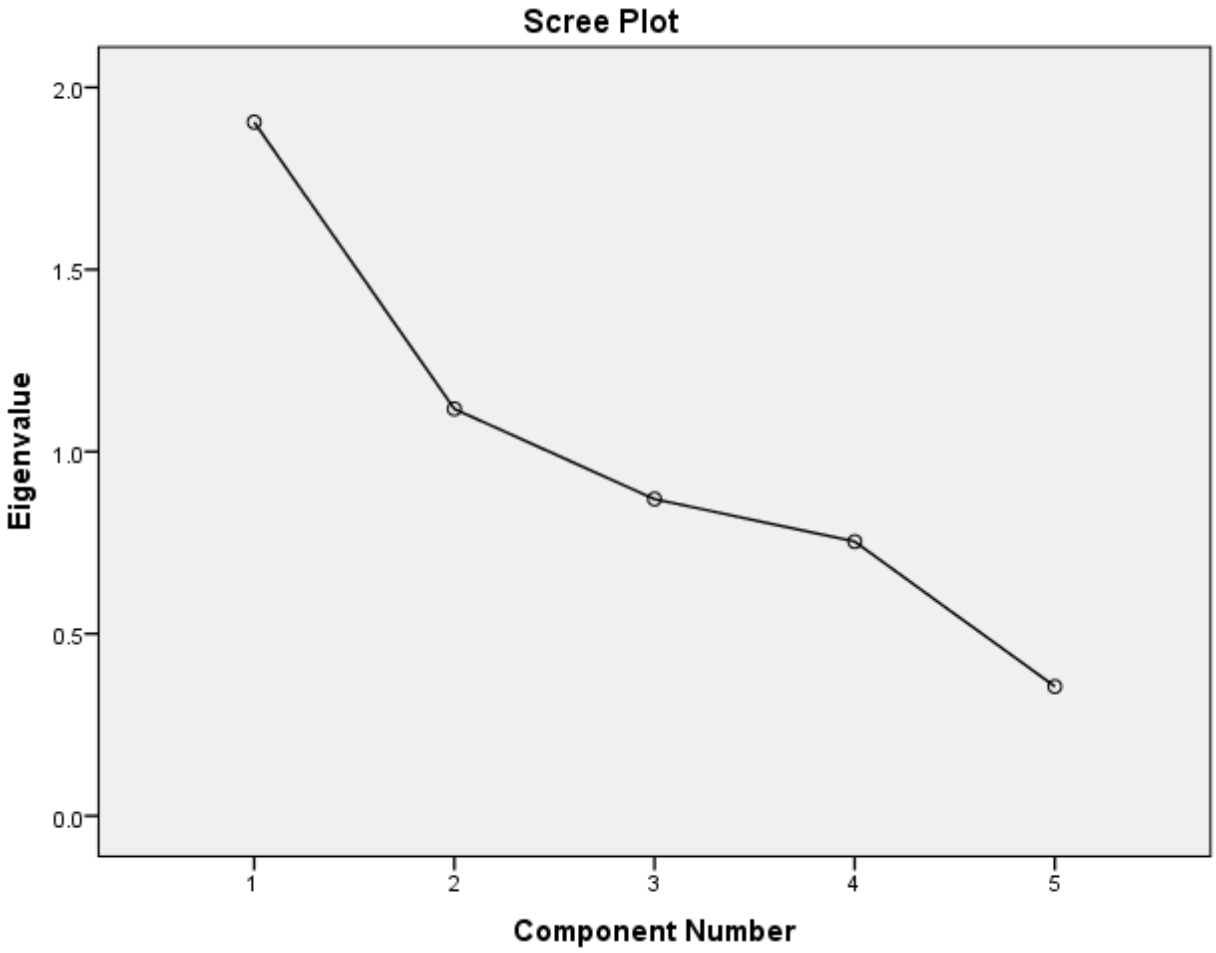
Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

From Table 6.23, responsibility was validly measured by two factors explained by the variables indicated in Table 6.23 with high coefficients. This was confirmed by the scree-plot in Figure 6.14.

Figure 6. 14: Factors for responsibility



The above scree-plot indicated that responsibility was validly measured by two factors whose eigenvalues were above 1. Though two factors are not advisable for further analysis, confirmatory factor analysis was useful to detect whether only two factors would be used in further analysis.

6.7.11) Exploratory factor analysis for respect

Table 6.24 shows that KMO normalisation statistic is 0.543. Further, the Bartlett's test of Sphericity was significant at 0.000. The significance of the Bartlett's test further implied that the data had no singularity problem. Both statistics confirmed that factor analysis was appropriately carried out. More results are reflected in Table 6.24.

Table 6. 24: KMO and Bartlett's test for respect

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.543
Bartlett's Test of Sphericity	Approx. Chi-Square	291.166
	Df	6
	Sig.	.000

Since the sample size was adequate, factor analysis followed. This was done by following the scree-plot and component matrix.

Table 6. 25: The exploratory factor analysis for respect

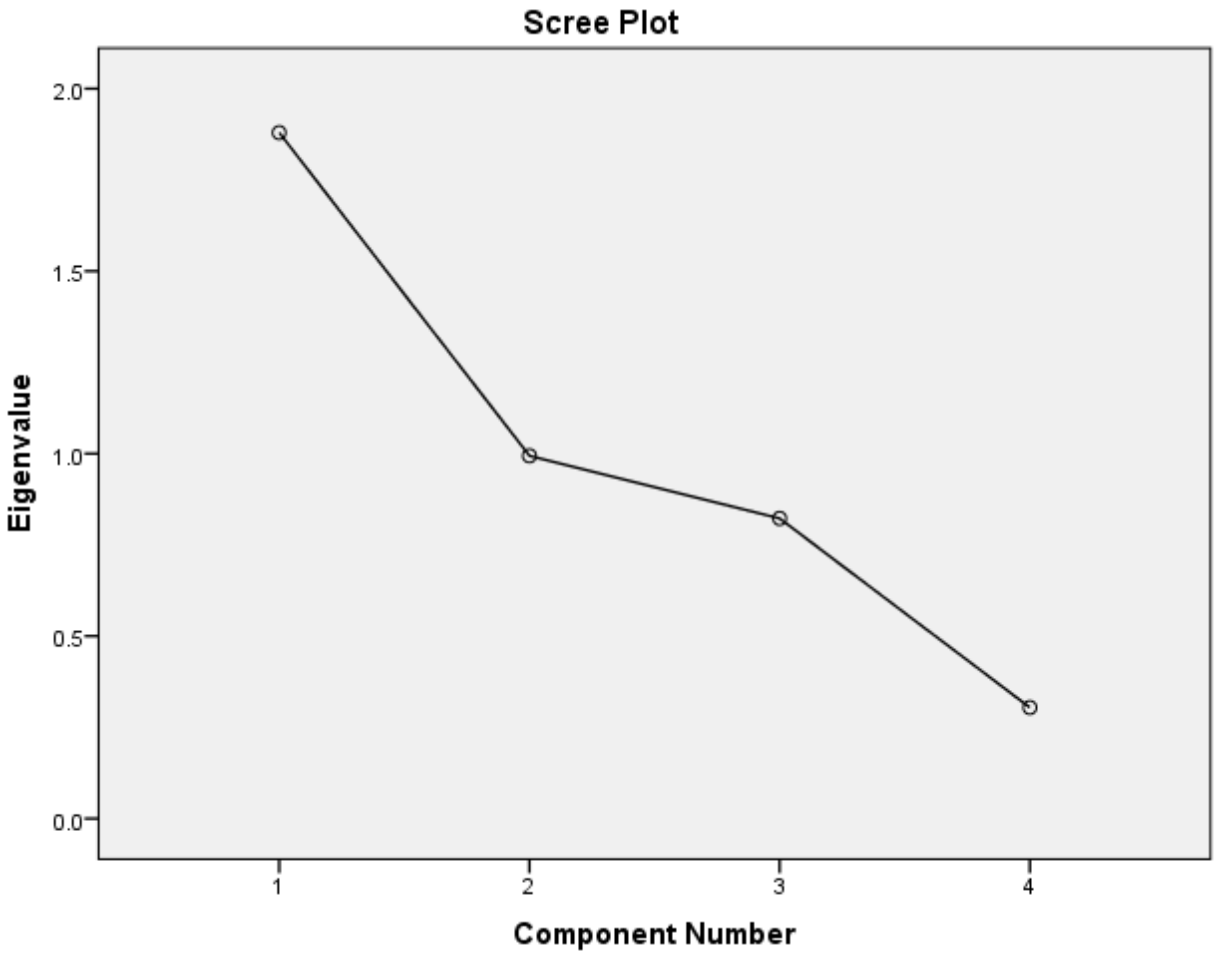
Scale	Employee receives respect he deserves from superiors
I receive the respect I deserve from my supervis..	.843
I receive the respect i deserve from my colleagu..	.558
I get adequate support in difficult situations.	
Considering my effort and achievements, I receie..	.886

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

The component matrix shows that one factor validly measured respect. Confirmatory factor analysis would be carried out to confirm factors for further analysis.

Figure 6. 15: Factors for respect



The scree-plot in Figure 6.15 indicated that only one factor out of four had an eigenvalue above one. Confirmatory factor analysis helped to confirm whether respect would be eliminated for analysis purposes or had more than one measurement factor to be carried on for further analysis.

The EFA for all variables presented above shows that every study construct has at least one factor with an eigenvalue above 1. This was the first step in screening the factors to be used in analysis. In order to confirm the validity of the factors to be used for SEM

structural model, confirmatory factor analysis (CFA) had to be carried out on top of EFA. The factors with highest factor loadings from EFA, especially those with eigenvalues above 1 were considered for CFA. The purpose of CFA was to show the strength of each construct with the measurement factors (loadings) in order to confirm whether the EFA results are consistent with CFA. At the same time, considering that SEM analysis takes results from CFA to supersede those of EFA, CFA had to follow EFA in order to confirm the factors to use in SEM structural analysis, hence the analysis below.

6.8) Confirmatory factor analysis (CFA)

6.8.1) CFA for study variables

Core values predicted entrepreneurial performance as far as the study is concerned. After EFA, there was a need to carry out confirmatory factor analysis to ensure that the variables used to determine model paths are fit for purpose.

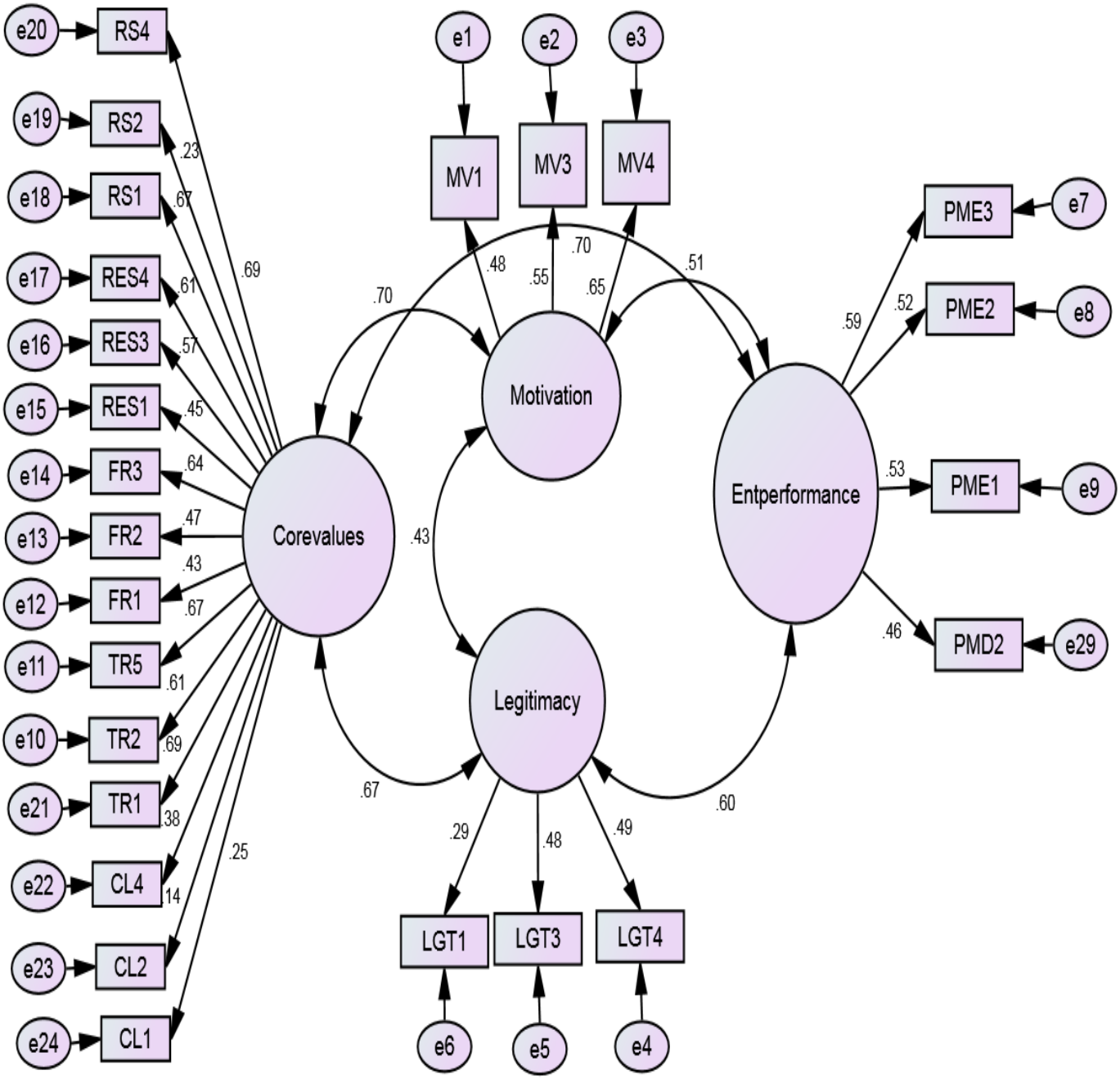
The CFA for study variables was carried through AMOS. The local minimum location for AMOS was reached. Core values as the latent variable had five predicting factors (cleanliness, trust, fairness, respect and responsibility) with each factor being measured by three variables to have fifteen indicators on the measurement model.

The measurement model was specified for these factors and factor loadings determined. It is important to know that all paths showed the existence of significant relationships between variables. Furthermore, all paths indicated good factor loadings. Statistics indicate that core values are related to all other factors in the model with the relationship between core values and motivation being high at 0.70. This indicates that core values and motivation co-vary in the same direction since the coefficient is positive. The relationship between core values and entrepreneurial performance is 0.70, indicating that core values and entrepreneurial performance co-vary but in the same direction. Furthermore, the relationship between core values and legitimacy is 0.67. This is also a high relationship implying that core values and legitimacy can co-vary to the extent of 0.67 in the same direction. The relationship between legitimacy and entrepreneurial performance is 0.60. This further implies that legitimacy and entrepreneurial performance

can co-vary to the extent of 0.60. The relationship between motivation and entrepreneurial performance is 0.51 indicating that motivation and entrepreneurial performance can co-vary to an extent of 0.51. In addition, the relationship between motivation and legitimacy is 0.43. Implying that motivation and legitimacy can co-vary to the extent of 0.43 as figure 6.16 indicates.

Additionally, some variables which were earlier rejected by EFA were accepted by CFA. For instance, the validity test for fairness under EFA had only one variable (FR1) with eigenvalue above one, but CFA generated FR2 and FR3 with high factor loading of 0.47 and 0.64 respectively. Also, EFA provided one variable with an eigenvalue above one under trust. But CFA generated three variables with good scores. TR1, TR2 and TR5 presented factor loadings of 0.69, 0.61 and 0.67 respectively. Although the EFA had rejected these variables, they were adopted for further analysis because they satisfied CFA criteria. Moreover, all factors measuring profitability were rejected by CFA. (More statistics provided in Figure 6.16).

Figure 6. 16: The CFA for Study variables



In this analysis, core values was measured by; CL1, CL2 and CL4. TR1, TR2, TR5, FR1, FR2 and FR3, RES1, RES3 and RES4, RS1, RS2 and RS4. Furthermore, Motivation was measured by MV1, MV3 and MV4. Legitimacy was measured by LGT1, LGT3 and LGT4. Additionally, entrepreneurial performance was measured by PMD2, PME1, PME2 and PME3. Details of the questions are provided in **Appendix B.** Although EFA had provided that profitability is validly measured by five factors (factors whose eigenvalues are above 1), CFA rejected all those factors by showing that they had very low loadings and to the extreme, some factors had negative loadings. Moreover, the factors measuring profitability caused inconsistence with both convergent and discriminant validity. Therefore, profitability was not carried forward as a measure of entrepreneurial performance in both the measurement and structural model.

The exclusion of profitability for further analysis is based on evidence that whereas literature provides for gross operating profit (Madishetti & Kibona, 2013) and return on assets, return on investment and return on equity (Park & Jang 2012; Crema et al. 2014; Martinez-Sola et al. 2014; Su & Tsang 2015; Monea 2016; Logan 2016) as measures for profitability, respondents from the Uganda's informal economy defined profitability by way of increase in sales level (through interviews) which is inconsistent with literature. Therefore, new scales were developed, tailored for Uganda's informal economy situation, but the results indicate that the perspective of profitability amongst the informal workers in Uganda is not supported by literature.

The model generated chi-square of 3.894 with degree of freedom of 269. The chi-square was significant at $P<0.000$ and minimum location for AMOS was achieved. In addition, other test indices such as RMR of 0.078, AGFI of 0.790, GFI of 0.825, CFI of 0.698 and RMSEA of 0.087 indicate a good model fit. Therefore, it was concluded that the model fit was achieved.

After discussing the model fit, it became appropriate to discuss the factor covariance. This is indicated in Table 6.26.

Table 6. 26: Covariances and significance levels for study variable

Variables	B	S.E	C.R	P
Motivation ⟷ Legitimacy	0.064	0.018	3.501	***
Motivation ⟷ Entperformance	0.197	0.043	4.584	***
Motivation ⟷ Core values	0.205	0.035	5.830	***
Legitimacy ⟷ Entperformance	0.141	0.030	4.671	***
Legitimacy ⟷ Core values	0.119	0.022	5.528	***
Entperformance ⟷ Core values	0.319	0.048	6.629	***

Table 6.26 indicates the existence of a significant relationship amongst all factors which makeup the study constructs. All covariances are significantly positive at P<0.000. This implies that all model variables change within the same direction. Furthermore, all critical ratios are good, therefore the measurement model had accurate estimates.

Furthermore, from figure 6.16 the relationship between motivation and legitimacy indicates a coefficient of 0.43. This implies that both variables are not measuring the same items and they are different although they are in the same model. The relationships of core values and motivation and core value and entrepreneurial performance had the highest co-variance coefficient of 0.7. This implies that the variance in the variables is not wide. Both are different items although they possess similar co-variance coefficients. The relationship between core values and legitimacy indicates that both variables are different. Finally, the relationship between legitimacy and entrepreneurial performance is 0.60. This shows that the variables are significantly different. It must be understood that all these relationships are significant, therefore, the variables can be used for further analysis. The results in the CFA have confirmed that the discriminant and convergent validity results were accurate because similar meaning can be obtained.

After determining the factors appropriate to specify the SEM model, it became important to test the study hypotheses. Section 6.9 shows the SEM model (Figure 6.17) specified to test the study's hypotheses.

6.9) Hypothesis testing

The study objectives were; to establish the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region, to establish the relationship between core values and motivation in SMEs in the informal economy of Uganda's central region, to establish the relationship between core values and legitimacy in SMEs in the informal economy of Uganda's central region, to establish the relationship between motivation and entrepreneurial performance in SMEs in the informal economy of Uganda's central region and to establish the relationship between legitimacy and entrepreneurial performance in SMEs in the informal economy of Uganda's central region. These are tested in Figure 6.17.

Figure 6. 17: Hypothesis testing for relationship between core values and entrepreneurial performance

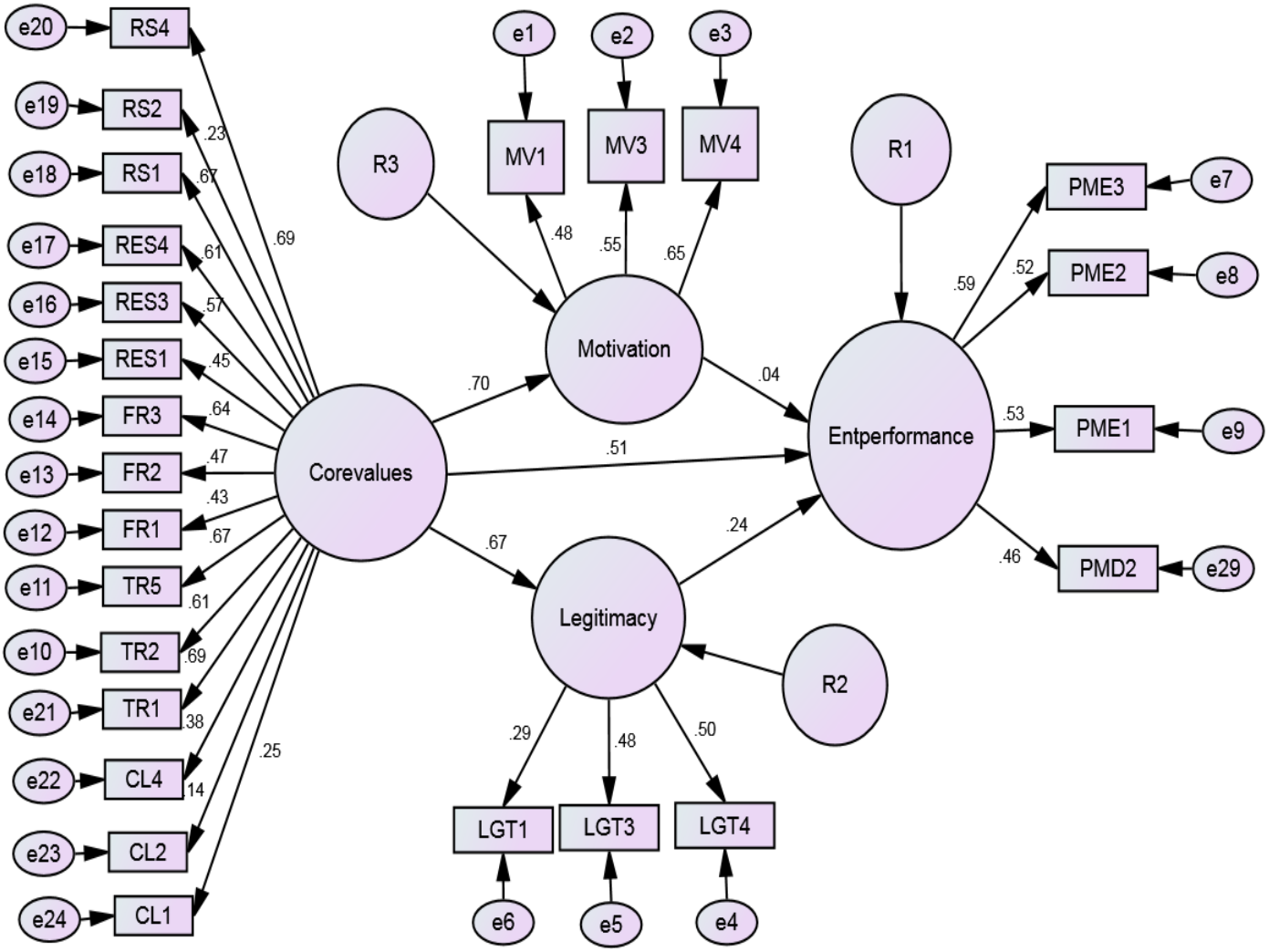


Table 6. 27: **Model fit summary for structural model.**

Model Fit Indices	**Acceptable Threshold**	**Path model Results**	**Acceptable/ Unacceptable**
Comparative Fit Index (CFI)	0- 1	0.698	Acceptable
Chi-square value	<3	3.881	Acceptable
Goodness of Fit (GFI)	Tending to 1	0.825	Acceptable
Root Mean Square Error of Approximation (RMSEA)	0.05-0.08	0.087	Acceptable
Adjusted Goodness of Fit Statistics (AGFI)	>0.9	0.790	Acceptable
Root Mean Square Residue (RMR)	Tending to 0	0.078	Acceptable

The model is significant at P=0.000. The CFI and GFI should be tending to 1. In this case, the model fit statistic is tending to 1 therefore the model fits the data. Although AGFI is slightly deviating from the standard, it is close to the threshold acceptance statistics. Therefore, the model is acceptable. Furthermore, the specified model indicates the statistical summarised in Table 6.28.

Table 6. 28: Statistics summery of the specified model

Variables	**B**	**S.E**	**C.R**	**P**
Core values ⟶ Motivation	0.70	.093	6.412	***
Core values ⟶ Legitimacy	0.67	0.057	6.011	***
Motivation⟶ Entrepreneurial performance	0.04	0.192	0.352	0.720
Legitimacy ⟶Entrepreneurial performance	0.24	0.394	1.574	0.115
Corevalues ⟶Entrepreneurial performance	0.51	0.214	3.145	0.002

The statistical indicators in Table 6.28 show that all model paths were positive. This is an indicator that all set hypotheses in the model are supported, therefore acceptable. Although paths for motivation and entrepreneurial performance and legitimacy and entrepreneurial performance were insignificant, the factor loadings are positive, therefore the hypotheses are acceptable. Furthermore, the hypotheses testing for mediating variables was done by use of Sobel's test indicated in Table 6.34. The summary of supported hypotheses is indicated in Table 6.29.

Table 6. 29: Results from testing the structural model

Proposed Hypotheses	**Hypotheses No**	**Factor Loadings**	**Reject/ supported**
Core values → Motivation	+H1	0.70***	Supported
Motivation→ Entrepreneurial performance	+H2	0.04	Supported
Core values → Entrepreneurial performance	+H3	0.51**	Supported
Core values → Legitimacy	+H4	0.67***	Supported
Legitimacy ⟶ Entrepreneurial performance	+H5	0.24	Supported

Where *P*** 0.05 and *P****0.001. This is to mean that hypotheses H3 was significant at 0.05 while H4 and H1 were significant at 0.001. H2 and H5 were positive but insignificant.

Moreover; the above model in figure 6.17 indicates that all study hypotheses are positive and supported by the model and therefore findings confirm the study hypotheses that;

Hypothesis 1; there is a positive relationship between core values and motivation in SMEs in the informal economy of Uganda's central region.

Hypothesis 2; There is a positive relationship between motivation and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

Hypothesis 3; There is a positive relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

Hypothesis 4; There is a positive relationship between core values and legitimacy in SMEs in the informal economy of Uganda's central region.

Hypothesis 5; There is a positive relationship between legitimacy and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

6.10) Regression analysis

After confirming the study hypotheses as discussed above, it was important to carry out regression analysis to confirm the level of change of outcome variables for a unit change in the predictor variable. The change was either direct or indirect through motivation or legitimacy as mediating variables. The discussion below provides an analysis of a change in unit predictor variable to change in outcome variables. The analysis was conducted with a specified regression model in Figure 6.18. The regression analysis was carried out to analyse the effect of core values to entrepreneurial performance as a whole. The analysis indicates how a unit change in core values influences a change in entrepreneurial performance.

At the same time, mediating variables were introduced in the same model to indicate the effect of a unit change in the independent variable to a change in mediating and dependent variables. This is indicated in Figure 6.18. It must be understood however that the model which tested hypotheses was the very one used to explain regressions. No other model specification was carried out. The strategy for having identical models is supported by Lee (2008) where maximum likelihood for equivalent models is viewed to have identical fit indices. The application of both SEM for hypothesis testing and regression analysis was emphasised in the work of Lee (2008) who studied the utility of employee flows as a driver of marketing productivity.

Figure 6. 18: The regression analysis for core values and entrepreneurial performance

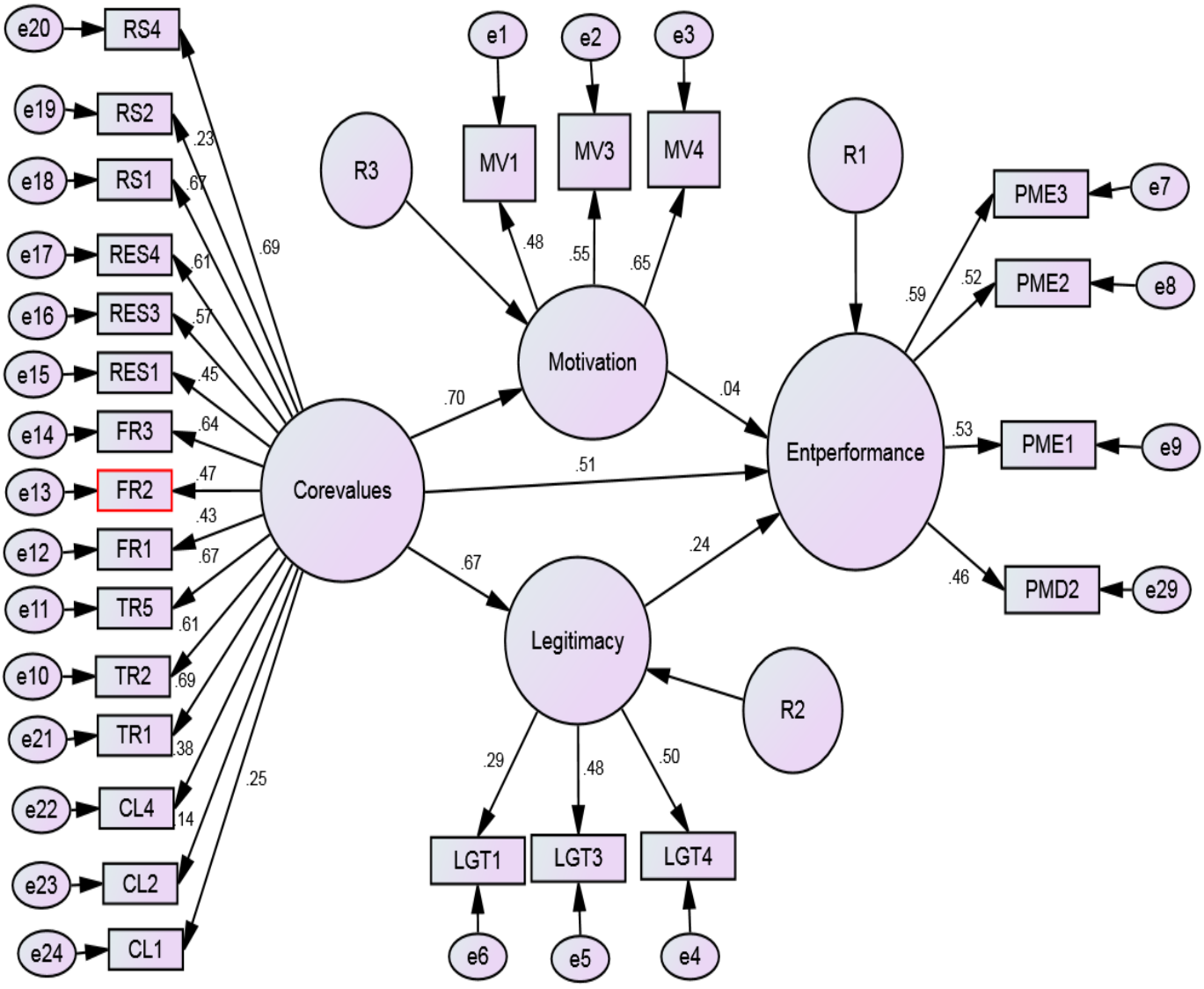


Figure 6.18 specifies a model at chi-square of 3.881 with P=0.000, at degree of freedom of 270. The minimum location for AMOS was reached, therefore estimates were accurate. RMR is 0.078, GFI is 0.825, AGFI is 0.790, CFI is 0.698 and RMSEA is 0.087. Although some indicators such as CFI are not very high, they are within acceptable ranges. Therefore, the model fits the data. More statistics are provided in Table 6.30.

Furthermore, Table 6.30 indicates the statistical estimates for the study's hypotheses.

Table 6. 30: Statistical estimates for the regression analysis of core values and entrepreneurial performance

Variables	**B**	**S.E**	**C.R**	**P**
Core values ⟶ Motivation	0.70	.093	6.412	***
Core values ⟶ Legitimacy	0.67	0.057	6.011	***
Motivation⟶ Entrepreneurial performance	0.04	0.192	0.352	0.720
Legitimacy ⟶Entrepreneurial performance	0.24	0.394	1.574	0.115
Corevalues ⟶Entrepreneurial performance	0.51	0.214	3.145	0.002

Table 6.30 shows that the relationship between core values and motivation is positive and significant at 0.05. The β of 0.74 implies that for a unit increase in core values, motivation increases by 0.74. This is a high ratio which implies that core values play an enormous role in motivating workers in Uganda's informal economy. This concurs with Ferguson and Milliman (2008) who observed that core values intrinsically influence workers' attitudes. Moreover, Ard (2015) established that well-structured core values improve employees' morale. Furthermore, Dahlgaard-Park (2015) and Katou (2015) agree with study findings that core values such as trust, improve employees' commitment. In addition, Alas and Tuulik (2005) observe that if values held by both managers and subordinates are similar, staff will be motivated. The earlier literature and study's statistics are confirmed by the qualitative interviews. For instance, interviewee No 16 said '….**Values will motivate employees especially if they were consulted while crafting them….'** Furthermore, **interviewee No 15** said '…**Values will create enthusiasm among employees because they find their employer so focused. So they would like to meet the job expectations….'** In addition, **Interviewee No 5** said '…**Values will**

create a sense of commitment which is useful for business operations…' Moreover, **interviewee No 21** said '… **Fair treatment at work energises employees to work harder…**' He concurs with Falk (2014) and Long (2016) who established that fairness motivates employees.

Table 6.30 indicates that the relationship between core values and legitimacy is strong at 0.66 and significant at 0.05. This implies that core values can be a source of stakeholders' acceptance of the business. The statistics agree with Ryan (2011) who observes that serving clients and community with high levels of integrity and trust improve the firm's reputation. At the same time, Bansal and Roth (2000) assert that legitimacy is a core organisational value which improves relationships with different stakeholders, such as business partners in the supply chains, regulatory bodies and customers.

Furthermore, Table 6.30 indicates that motivation does not significantly influence entrepreneurial performance, though the relationship is positive. A positive relationship concurs with Tabassi and Abu Baker (2009) who argue that to improve employee innovation, employers should use workers' participation, recognition and motivation. In addition, Mak and Sockel (2001) observed that employee motivation is highly correlated with employee retention. Therefore, managers of SMEs in Uganda's informal economy must ensure that they turn motivation into entrepreneurial performance.

The relationship between legitimacy and entrepreneurial performance is positive and insignificant. The insignificance may imply that managers of SMEs in Uganda's informal economy do not know how to use legitimacy to business advantage. However, the positive relationship implies that a good relationship with SMEs' audience may improve SMEs' performance. Drori and Honig (2013) observe that legitimacy based on internal organisational cohesion helps build a strong foundation for firm innovation.

Table 6.30 further indicates that the relationship between core values and entrepreneurial performance is positive and significant at 0.05 with β=0.51. The relationship indicates that if core values are well crafted and maintained, employees can be innovative, they can stay on the job and aim at introducing more services and products. Hitt and Collins (2007) observe that businesses that maintain ethical behaviour improve their performance.

Coldwell et al. (2008) established that values help workers to stay longer on the job. This concurs with Idris (2014). Specific results about the tested hypotheses are indicated in Table 6.31.

Table 6. 31: Summary of all hypotheses

Proposed Hypotheses	**Hypotheses No**	**Factor Loadings**	**Reject/ supported**
Core values → Motivation	+H1	0.70***	Supported
Motivation→ Entrepreneurial performance	+H2	0.04	Supported
Core values → Entrepreneurial performance	+H3	0.51**	Supported
Core values → Legitimacy	+H4	0.67***	Supported
Legitimacy → Entrepreneurial performance	+H5	0.24	Supported
Core values → Motivation → Entrepreneurial performance	+H6	0.002***	Supported
Core values → Legitimacy → Entrepreneurial Performance	+H7	0.012**	Supported

Where *P*** 0.05 and *P****0.001. This means that hypotheses H3 and H7 were significant at 0.05 while H4, H6 and H1 were significant at 0.001. H2 and H5 were positive but insignificant.

Figure 6.18 further shows that both motivation and legitimacy mediate the relationship between core values and entrepreneurial performance. This was ascertained by Sobel's test, results indicated in Table 6.35. Although the overall model shows that both legitimacy and motivation mediate the relationship, further testing of mediation on specific core value items shows that some paths are mediated by both legitimacy and motivation whereas other paths have no mediation effects at all. More results are indicated in Table 6.35. After the description of the model in Figure 6.18, the discussion of results is provided in chapter seven.

6.11) Testing for mediation

After conducting regression analysis, it was critical to test for the mediation effect. The results helped to determine whether motivation and legitimacy mediate the relationship between core values and entrepreneurial performance in Uganda's informal economy. In order to conclude that a variable mediates the relationship between a predictor and an outcome, Beaujean (2011) provides three conditions which must be fulfilled; i) the independent variable must be significantly related to the mediating variable, ii) the independent variable must be significantly related to the outcome variable and iii) the magnitude of the relationship between the independent and the outcome variables must significantly decrease after controlling for the mediating variable. For the case of this study, the mediating variables were motivation and legitimacy, the predictor variable was core values and outcome variable was entrepreneurial performance as proposed.

Before the quantitative tests are done, earlier literature conforms to the above three conditions. This literature was discussed in chapter three of the study. Table 6.32 summarises the literature that reflects the above conditions;

Table 6. 32: Summary of constructs with related authors

Construct	**Authors**
Core values and motivation	Rupova et al. (2015). Dahlgaard-Park (2012). Katou (2015).
Motivation and performance	Vik and McElwee (2011). Kuvaas (2006).
Core values and performance	Wei and Yazdanifad (2014). Urde (2003).
Core values and legitimacy	Raviv et al. (2013). Zimmerman and Zeitz (2002). Bansal and Roth (2000).
Legitimacy and performance	Liao and Yu (2012). Zimmerman and Zeitz (2000).

Besides the literature cited above, the qualitative findings through interviews further revealed the mediation effect of motivation and legitimacy to the relationship between core values and entrepreneurial performance. Interviewees' opinions showed that core values are related to entrepreneurial performance through motivation or legitimacy. The responses which indicate the relationships are reflected in Table 6.33.

Table 6. 33: The responses from interviewees which reflect the mediating effect of motivation and legitimacy.

Motivation	Interviewee No	Response
	1	Values create a sense of seriousness so employees are energised to work very hard following values.
	4	Values energise workers to perform better. "if rumours are discouraged at work, there will be respect for each other, respect will encourage hard work.'
	5	Values will create a sense of commitment which is useful for business operations.
	6	Values encourage employees to focus on service delivery. 'For instance, refusing employees to attend to their mobile phones will encourage them focus all their attention to serving customers'.
	8	Values will energise employees to work harder because if the employee is smart, he/she will hurry to go and serve customers because she is contented that customers will like her dress code.
	14	Values can motivate staff to work harder. For instance, if the core value is "we employ to add value to the company" the employee will perform exceptionally well to ensure that he/she adds value to the business.

	15	Values create enthusiasm among employees because they find their employer so focused. So they would like to meet the job expectations.
	17	Values can motivate staff, for instance, if respect among staff is emphasised, employees will feel they are close to the business. If supervisors respect workers, workers will feel appreciated and they will work harder for better quality products.
	18	Values provide hope to staff. So staff will be motivated.
	21	Fair treatment at work energises employees to work harder.
	23	Values motivate staff to do the right job. ' if values dictate that we should be fair while pricing customers, then staff in the procurement department will be forced to source for goods from a cheaper source so as not to unfairly hike prices…'
	24	Values motivate staff to perform better, in fact values influence staff's personal life.
Legitimacy		
	6	If cleanliness is maintained, customers will be attracted. Customers always want to associate with a clean environment.
	7	Values create business reputation if exemplary service has been provided. For instance, 'a man went to a restaurant in ……and he was not well served. He was then referred to this restaurant…..'
	8	Handling customers well and time management will create a good name for this restaurant in the community. People will always refer to a good service received hence strong business reputation.
	9	Clean and tidy environment will always be appealing to customers.

	11	Customers will admire the cleanliness, respect and the general care provided so they will come back for more services.
	13	'Workers are business ambassadors. If they are clean and well behaved, the community will be attracted to the firm'.
	16	Values can improve business image and reputation if well followed by both managers and employees.
	18	Cleanliness and quality will attract more potential customers. These customers will refer friends who require similar services.
	20	Cleanliness can improve business reputation. 'if a customer finds dirty items in the shelves, dirty employees and dirty shelves, he will poorly perceive the business and the morale to buy will be reduced'.
Entrepreneurial Performance.		
	1	If employees provide a service in a timely manner and respect, energy bills will be saved so less expenses. At the same time, values lead to customer satisfaction which increases sales level. Team work will lead to initiatives and innovations so product diversification will be achieved. Fairness and respect to workers will maintain current employees and attract potential ones.
	3	Employees who are given responsibility of managing stock will ensure that stock is not used for personal gains. Cleanliness will attract more customers hence more sales. Good treatment of workers will help maintain current employees.
	4	Using the right material mix in saloon will save material cost and fairly using water will reduce the water bills. Good customer care will increase the sales of the business. Customers may recommend a particular service if they are well handled. Good treatment of employees will maintain the workforce.
	8	Fairness and trust may help in proper stock management. Values will ensure good treatment of employees so they will always seek to stay on the job.
		Product diversification will be achieved through customer recommendation. Listening to existing customers' opinions will attract more customers hence improved sales.

	11	Fair determination of bonuses at work is a sign of good employee treatment so employees will stay on the job.
	13	A business with good values will be perceived by customers as one which produces quality products, so there are increased sales. Good behaviour by the supervisor will encourage workers to stay on the job. Good customer relations will prompt customers to recommend change in product or introduction of new products which suit their demands.
	18	Fair treatment of employees will keep them on job. Customer relations and care will prompt customers' advice on the product they will need to consume. Quality products and cleanliness will attract more customers hence more sales
	22	Customers will recommend the kind of goods to be stocked, but this is as a result of good customer care. Hire employees who embrace business values, they will stay on the job. Assigning each employee responsibility over a section of stock will prevent shop lifting hence minimising losses. At the same time values will attract customers hence more sales.

Considering the above interviewees' responses in Table 6.33, the conditions set in Beaujean (2011)'s work are fulfilled by the qualitative interviews though statistical figures cannot be attached.

The statistical analysis to prove the mediation effect was done through the quantitative approach. This section discusses the mediation analysis. However, before carrying out Sobel's test, regression analysis was done to generate coefficients and error terms to be used in Sobel's test calculator. The regression coefficients are presented below in Table 6.34.

6.11.1) Determining regression coefficients for model's indirect paths

In order to confirm that motivation and legitimacy were mediating variables in the relationship between core values and entrepreneurial performance, online Sobel's test was carried out using the Sobel's test calculator provided on https://www.quantpsy.org/sobel/sobel.htm . Before applying Sobel's test, regression analysis for the indirect path was carried out to generate coefficients. This is supported

by Preacher and Hayes (2008) and Beaujean (2011). The regression results are presented in **Table 6.34**.

Table 6. 34: Regression coefficients to use in Sobel Test calculator

Constructs	B	STD Error	F-Test	Sig
Motivation for mediation				
Cleanliness				
Cleanliness and motivation	0.134	0.050	7.209	0.008
Cleanliness, Motivation and product diversification	0.163	0.051	11.625	0.000
Cleanliness, Motivation and cumulative employment	0.129	0.045	5.894	0.003
Trust				
Trust and motivation	0.370	0.047	62.279	0.000
Trust, Motivation and product diversification	0.040	0.051	36.172	0.000
Trust, Motivation and cumulative employment	0.069	0.047	12.707	0.000
Fairness				
Fairness and motivation	0.286	0.049	34.702	0.000
Fairness, Motivation and product diversification	0.125	0.052	14.775	0.000
Fairness, Motivation and cumulative employment	0.094	0.046	10.390	0.000
Responsibility				
Responsibility and motivation	0.316	0.057	30.710	0.000
Responsibility, Motivation and product diversification	0.103	0.051	24.986	0.000
Responsibility, Motivation and cumulative employment	0.095	0.046	10.007	0.000
Respect				
Respect and motivation	0.288	0.051	32.166	0.000
Respect, Motivation and product diversification	0.115	0.051	18.979	0.000
Respect, Motivation and cumulative employment	0.094	0.046	10.88	0.000
Legitimacy for mediation				
Cleanliness				
Cleanliness and legitimacy	0.116	0.048	5.705	0.017
Cleanliness, Legitimacy and product diversification	0.144	0.052	10.186	0.000
Cleanliness, Legitimacy and cumulative employment	0.152	0.046	7.164	0.001
Trust				
Trust and legitimacy	0.323	0.046	49	0.000
Trust, Legitimacy and product diversification	0.028	0.052	35.983	0.000
Trust, Legitimacy and cumulative employment	0.097	0.048	13.774	0.000
Fairness				

Fairness and legitimacy	0.215	0.048	20.273	0.000
Fairness, Legitimacy and product diversification	0.114	0.053	14.188	0.000
Fairness, Legitimacy and cumulative employment	0.125	0.047	11.941	0.000
Responsibility				
Responsibility and legitimacy	0.279	0.056	25.091	0.000
Responsibility, Legitimacy and product diversification	0.086	0.052	24.207	0.000
Responsibility, Legitimacy and cumulative employment	0.120	0.047	12.184	0.000
Respect				
Respect and legitimacy	0.228	0.050	20.943	0.000
Respect, Legitimacy and product diversification	0.103	0.052	18.390	0.000
Respect, Legitimacy and cumulative employment	0.123	0.047	12.250	0.000
Core values and motivation	0.324	0.048	46.086	0.000
Motivation and entrepreneurial performance	0.156	0.046	38.428	0.000
Core values and legitimacy	0.311	0.048	41.2	0.000
Legitimacy and entrepreneurial performance	0.126	0.046	36.213	0.000

From the regression coefficients in **Table 6.34**, Sobel's test was carried out and the results are summarised in **Table 6.35.**

Table 6. 35: Sobel's test results for mediation effect

Paths	**P-Values**	**Sig**	**Decision**
Cleanliness → Motivation → PMD	0.04	0.000	Motivation mediates the path.
Cleanliness → Motivation → PME	0.05	0.003	Motivation mediates the path.
Trust → Motivation → PMD	0.44	0.000	Motivation does not mediate the path.
Trust → Motivation → PME	0.15	0.000	Motivation does not mediate the path.
Fairness → Motivation → PMD	0.026	0.000	Motivation mediates the path.
Fairness → Motivation → PME	0.05	0.000	Motivation mediates the path.

Responsibility → Motivation → PMD	0.06	0.000	Motivation does not mediate the path.
Responsibility → Motivation → PME	0.05	0.000	Motivation mediates the path.
Respect → Motivation → PMD	0.04	0.000	Motivation mediates the path.
Respect → Motivation → PME	0.05	0.000	Motivation mediates the path.
Cleanliness → Legitimacy → PMD	0.07	0.000	Legitimacy does not mediate the path.
Cleanliness → Legitimacy → PME	0.05	0.000	Legitimacy mediates the path.
Trust → Legitimacy → PMD	0.06	0.000	Legitimacy does not mediate the path.
Trust → Legitimacy → PME	0.05	0.000	Legitimacy mediates the path.
Fairness → Legitimacy → PMD	0.05	0.000	Legitimacy mediates the path.
Fairness → Legitimacy → PME	0.02	0.000	Legitimacy mediates the path.
Responsibility → Legitimacy → PMD	0.12	0.000	Legitimacy does not mediate the path.
Responsibility → Legitimacy → PME	0.02	0.000	Legitimacy mediates the path.
Respect → Legitimacy → PMD	0.07	0.000	Legitimacy does not mediate the path.
Respect → Legitimacy → PME	0.02	0.000	Legitimacy mediates the path.
Core values → Motivation → Entrepreneurial performance	0.002	0.01	Motivation mediates the path

Core values⟶Legitimacy ⟶ Entrepreneurial performance	0.012	0.013	Legitimacy mediates the path

From **Table 6.35**, motivation does not mediate any relationship where trust is an independent variable. However, motivation mediates the relationships between; cleanliness and product diversification, cleanliness and cumulative employment, fairness and product diversification, fairness and cumulative employment, responsibility and cumulative employment, respect and product diversification, and respect and cumulative employment. In addition, legitimacy mediates the relationships between; cleanliness and cumulative employment, trust and cumulative employment, fairness and product diversification, fairness and cumulative employment, responsibility and cumulative employment and respect and cumulative employment.

Furthermore, the regression weight (c) for direct path reduced after introducing mediators. Therefore, the regression weight for ć is lower than c but did not reduce to zero. In this case, there is no complete mediation relationships as Preacher and Kelly (2011) argue that for complete mediation to take place, ć should be zero. From Sobel's test above, it can be confirmed that hypotheses six and seven are accepted and summarised in Table 6.36.

Table 6. 36: summary of accepted hypotheses

Proposed Hypotheses	**Hypotheses No**	**P. Value**	**Reject/ supported**
Motivation mediates the relationship between core values and entrepreneurial performance	+H6	0.002*	Supported
Legitimacy mediates the relationship between core values and Entrepreneurial performance	+H7	0.012**	Supported

Where *P** is 0.01 and *P*** is 0.05.

Table 6.36 indicates that hypotheses six and seven are accepted after carrying out Sobel's test. The confirmed hypotheses are;

Hypothesis 6: Motivation mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

Hypothesis 7: Legitimacy mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

6.12) Analysis for reinforcement theory

The purpose for analysing the reinforcement theory was to answer objective two of the study which states that; '**To establish whether the commonly practiced core values can motivate and reinforce behaviour among employees in Uganda's informal economy'**. This analysis further answers the second **proposition that; 'Core values can reinforce employee behaviour or performance in the informal economy of Uganda's central region'**.

The analysis focused on only factors provided after EFA. This was for the reason that CFA would not be carried out because reinforcement was neither a predictor variable nor an outcome variable. Therefore, it was not possible to directly link it to a particular variable for CFA. For this matter, the analysis was based on factors generated from EFA results only. The EFA results were; REF1, REF2, REF3, REF 4 and REF5 (details provided in **Appendix B)**.

Table 6. 37: The effect of reinforcement and gender

			REFNEW				
			Disagree	Neither agree nor disagree	Agree	Strongly Agree	Total
Gender	Female	Count	3	62	145	15	225
		% within Gender	1.3%	27.6%	64.4%	6.7%	100.0%
		% within REFNEW	60.0%	55.4%	58.9%	65.2%	58.3%
	Male	Count	2	50	101	8	161
		% within Gender	1.2%	31.1%	62.7%	5.0%	100.0%
		% within REFNEW	40.0%	44.6%	41.1%	34.8%	41.7%
Total		Count	5	112	246	23	386
		% within Gender	1.3%	29.0%	63.7%	6.0%	100.0%
		% within REFNEW	100.0%	100.0%	100.0%	100.0%	100.0%

Table 6.37 indicates that 64.4% of gender is females who agreed to core values being behavioural reinforcers compared to 62.7% males who also agreed to core values being behavioural reinforcers. Further, 6.7% of gender is females who strongly agreed to core values being behavioural reinforcers compared to 5.0% of males who strongly agreed that core values are behavioural reinforcers. Furthermore, there are more males who were not sure whether core values are behavioural reinforcers at 31.1% compared to females at 27.6%. However, there are more females who disagree with core values being behavioural reinforcers at 1.3% compared to males at 1.2%. Considering that 69.7% and more of respondents agreed with core values being behavioural reinforcers and only 30.3% did not agree, it is a sign that core values can reinforce behaviour among employees in Uganda's informal economy. However, the effect of reinforcement is more with females compared to males.

Table 6. 38: Core value reinforcers

Reinforcer	Option	Female		Males	
		Count	Percentage (%)	Count	Percentage (%)
Trust	Strongly Disagree	0	0%		
	Disagree	18	8%	11	6.8%
	Neither Agree nor Disagree	20	8.9%	11	6.8%
	Agree	139	61.8%	107	66.5%
	Strongly Agree	48	61.5%	30	38.5%
Cleanliness	Strongly Disagree	19	8.4%	20	12.4%
	Disagree	58	25.8%	48	29.8%
	Neither Agree nor Disagree	54	24%	27	16.8%
	Agree	62	27.6%	42	26.1%
	Strongly Agree	32	14.2%	24	14.9%
Punishment	Strongly Disagree	43	19.1%	20	12.4%
	Disagree	48	21.3%	48	29.8%
	Neither Agree nor Disagree	27	12.0%	19	11.8%
	Agree	75	33.3%	56	34.8%
	Strongly Agree	32	14.2%	18	11.2%
Fairness	Strongly Disagree	1	0.4%	0	0.0%
	Disagree	7	3.1%	6	3.7%

	Neither Agree nor Disagree	11	4.9%	5	3.1%
	Agree	138	61.3%	108	67.1%
	Strongly Agree	68	30.2%	42	26.1%
Respect	Strongly Disagree				
	Disagree	0	0.0%	2	1.2%
	Neither Agree nor Disagree	3	1.3%	0	0.0%
	Agree	85	37.8%	61	37.9%
	Strongly Agree	137	60.9%	98	37.9%

Table 6.38 shows the rate at which respondents believe core values are behavioural reinforcers in Uganda's informal economy. It was observed that above 60% of respondents agreed that trust can reinforce behaviour. However, there was mixed reaction with cleanliness. Although most females believed that cleanliness can reinforce behaviour, there were considerable numbers of those who were not decisive. The rate of the indecision was high at 24% though below the percentage of those on agree side who were 41.8%. In addition, more males considered cleanliness not to be a behavioural reinforcer because those on disagree side were 42.2% compared to those on the agree side of 41%. However, it can be stated that 1% difference can be offset by a larger difference in female responses of 7.6% to agree that cleanliness reinforces employee behaviour. Furthermore, punishments are perceived as reinforcers because the majority of females and males generally agreed that they are. It was observed that 47.5% and 46% are females and males respectively on the agree side while 40.4% and 42.2% are females and males respectively on the disagree side. This implies that the majority of employees believe that punishments can reinforce their behaviour, although fewer do not believe so.

Furthermore, most employees believe that fairness can reinforce behaviour because more than 60% in both females and males were on the agree side. Respect was the most

appreciated value which can reinforce behaviour. This is because no one strongly disagreed with respect being a behavioural reinforcer, only two disagreed with respect reinforcing behaviour and only three were indecisive. For that matter, 97.5% were on the agree side as far as respect being a behavioural reinforcer is concerned. This implies that in Uganda's informal economy, if an employee feels respected, he/she will have the energy to repeat past good behaviour.

Additionally, reinforcement was analysed through business categories or the kind of service/product. This was carried out with the aim of establishing the business category where reinforcement of behaviour can easily be done. The Table 6.39 demonstrates business categories with reinforcement levels among employees.

Table 6. 39: Business categories with levels of reinforcement among employees.

Kind of service/Product	**Narration**	**REFNEWQ**		**Total**
		Disagree (n=117)	**Agree (n=269)**	
Cosmetics	Count	6	21	27
	Expected count	8.2	18.8	27.0
	% within kind of service/product	22.2%	77.8%	100.0%
	% within REFNEWQ	5.1%	7.8%	7.0%
Juice processing	Count	6	19	25
	Expected count	7.6	17.4	25.0
	% within kind of service/product	24.0%	76.0%	100.0%
	% within REFNEWQ	5.1%	7.1%	6.5%
Restaurant	Count	28	92	120
	Expected count	36.4	83.6	120.0
	% within kind of service/product	23.3%	76.7%	100.0%
	% within REFNEWQ	23.9%	34.2%	31.1%

Salon	Count	51	67	118
	Expected count	35.8	82.2	118.0
	% within kind of service/product	43.2%	56.8%	100.0%
	% within REFNEWQ	43.6%	24.9%	30.6%
Super Market	Count	26	70	96
	Expected count	29.1	66.9	96.0
	% within kind of service/product	27.1%	72.9%	100.0%
	% within REFNEWQ	22.2%	26.0%	24.9%

Table 6.39 indicates the level at which core values reinforce employee behaviour within business categories. The highest proportion of employees who agreed that core values are behavioural reinforcers is in restaurants with 34.2% followed by super markets with 26%. On the other hand, the business category with the highest number of employees who disagreed with core values being behavioural reinforcers is the salon with 43.6%.

This analysis was carried out by using the chi-square test. The asymptotic significance (2-sided) Pearson chi-square result is P=0.008 at 99% confidence interval. This implies that there is a significant relationship between reinforcement of behaviour among employees based on the business categories in Uganda's informal economy. Furthermore, these statistical results confirm that the reinforcement theory is applicable in Uganda's informal economy. In addition, the statistics also confirm that core values can reinforce employee behaviour. **Therefore, the secondary objective of the study that; 'to establish whether the commonly practiced core values can motivate and reinforce behaviour among employees in Uganda's informal economy' has been answered**.

Generally, it can be realised that all factors which were validated by EFA for further analysis were true reinforcers of behaviour, except for cleanliness where the majority of males disagreed. It can thus be confirmed that trust, respect, fairness and cleanliness are

core values which cause a repeat of a good behaviour at the work place. Bonus payments and high remuneration packages can sometimes be reinforcers; core values can significantly reinforce employee behaviour.

6.13) Conclusion

The results above indicate that the direct relationship between respect and all elements of entrepreneurial performance ranges between 50% and 70%. The direct relationship between fairness and all elements of entrepreneurial performance ranges between 38% and 50%. The direct relationship between responsibility and all elements of entrepreneurial performance ranges between 50% and 59%. The direct relationship between trust and entrepreneurial performance ranges between 50% to 81% and finally the direct relationship between cleanliness and entrepreneurial performance ranges between 50% and 70%. Furthermore, the direct path indicates that regression relationship is significant, implying that core values significantly influence entrepreneurial performance.

It can also be emphasised that motivation and legitimacy can mediate the relationship between core values and entrepreneurial performance. It is also important to know that whereas motivation does not mediate relationship between trust (an element of core values) and entrepreneurial performance, legitimacy mediates the relationship between core values and entrepreneurial performance.

Finally, it was significantly established that reinforcement theory is applicable among employees in all business categories under this study (salon, juice processing, super markets, cosmetics and restaurants). This means that employees in Uganda's informal economy can be reinforced by core values, thus a deviation from Uduji (2013) and Yazdanifad (2014) who had observed that reinforcement dependents on monetary rewards.

CHAPTER SEVEN

DISCUSSION OF FINDINGS

7.1) Introduction

This section discusses the results presented in chapter six complemented by results in chapter five. Moreover, the discussion triangulates results from both qualitative and quantitative findings. The major purpose of the study was to investigate the relationship between core values and entrepreneurial performance of SMEs in Uganda's informal economy. Furthermore, the study objectives were; i) to establish whether the commonly practiced core values can motivate and reinforce behaviour among employees. ii) To establish the effect of legitimacy on small businesses and iii) establish the relationship between core values and entrepreneurial performance among employees in Uganda's informal economy, iv) to establish whether motivation mediates the relationship between core values and entrepreneurial performance and v) whether legitimacy mediates the relationship between core values and entrepreneurial performance of SMEs in the informal economy of Uganda's central region. To answer the research objectives and questions, research hypotheses were tested. The relationships tested were both direct and mediating relationships amongst variables in the study. The results are thus discussed in relation to set hypotheses.

7.2) The relationship between core values and motivation

The construct core values and motivation was discussed in relation to the first hypothesis (H_1) of the study. The research hypothesis states that; **there is a positive relationship between core values and motivation in SMEs in the informal economy of Uganda's central region**. The model presented in Figure 6.18 shows a positive regression weight of 0.70 for the hypothesis (path). This is a strong and significant relationship implying that core values strongly determine employees' motivation in SMEs in Uganda's informal economy.

It is relevant to understand that the above statistics can be supported by qualitative analysis. For instance, i**nterviewee No 8** stated; '**Values will energise employees to work harder because if the employee is smart, he/she will hurry to go and serve customers because he/she is contented that customers will like her dress code'.**

This is an indicator that cleanliness instills confidence among staff and enthusiasm for work. Furthermore, if cleanliness creates courage for staff to urgently attend to customers, then customer satisfaction can be emphasised. Customers will always crave for firm products and can refer friends to the firm. In addition, employees in Uganda's informal economy expressed that they are more encouraged to work if the firm's neighbourhood is clean; they are also encouraged to work if floor space is clean. Therefore, if cleanliness improves employee morale, their level of service to customers will increase, hence customer attraction to the firm. This is in agreement with Nayagam (2016) who found customer referral in the hotel business being influenced by cleanliness. Although cleanliness improves employees' morale such that they stay longer hours working, Park et al. (2017) observe that the motivation effect of cleanliness is more felt among employees who are starting their working career than those who are ten years and more in service.

Furthermore, it is important to understand that cleanliness reinforces behaviour. It was established that a higher percentage of females agreed (41.8%) that cleanliness reinforces their behaviour compared to those who disagreed (34.2%). Although more males (42.2%) disagreed to cleanliness reinforcing their behaviour, compared to those who agreed (41%), managers of SMEs in Uganda's informal economy should not ignore the female position that cleanliness reinforces employee behaviour as females dominate the workforce in Uganda's informal economy at 58.29% (Figure 6.1).

In addition, to further analyse the relationship between core values and motivation, Tschannen-Moran (2015) established that as supervisors emphasise punishments and rewards, leaving aside trust relationships, employees' motivation and morale shrink. This confirms the earlier position by Frey (1997) that a reward system with no trust has limited motivational effect. This is true because the empirical findings show that core values (where trust is a component) is strongly related to motivation and the regression weight of 0.70 at which core values influence motivation is very high. Therefore, with any immediate change in core values, motivation is sharply affected. In addition, results concur with Rupova et al. (2015) who established that trust is a means of developing positive attitude and behaviour in people which results in motivation. This is to concur

with **interviewee No 13** who said '**.. core values promote commitment to work…'** Furthermore, for core values to have a high correlation coefficient with motivation as this study established, it is an indicator that SME managers in Uganda's informal economy must embrace employees' interests while making decisions, the firm must keep its promises, employees must feel loyal to the firm and at the same time, managers should apply job decisions consistently across all sections of employees. Moreover, to improve employees' attitudes, Dahlgaard-Park (2012) advised that trust and other core values have to be considered human needs. This is to concur with **Interview No 3** who said **'Values create similarity in behaviour at work; employees will feel comfortable because values are guiding them, and eventually they become happy'.**

Additionally, Katou (2015) argues that trust motivates employees through improved commitment. He concurs with **interviewee No 5** who said, '…**Values will create a sense of commitment which is useful for business operations'.** Moreover, Ellis (2013) emphasises that trust commands employee cohesion. Ellis concurs with Emich and Wright (2016) about the importance of trust in a team. This means that team-work must be emphasised in Uganda's SMEs as **interviewee No 22** said '….t**eam work makes employees feel that tasks are shared equally so they will be motivated to work'**. Furthermore, to encourage employees in Uganda's informal economy to stay in business networks, trust must be emphasised (Baron & Markman, 2000). Furthermore, Jing et al. (2014) observe that trust can help improve supervisor-worker relationship. **Interviewee No 16** concurs with Jing et al (2014)'s position **by saying** '…**core values will motivate employees especially if they were consulted while crafting them…'** in addition, interviewee No 15 said, '…**Values will create enthusiasm among employees because they find their employer so focused. So they would like to meet the job expectations'**. This is motivational enough for staff. Therefore, if managers in the informal economy aim at improving employees' attitude and commitment towards work, then employees' human needs should first be improved. The human needs are inform by core values (Dahlgaard-Park, 2012).

In addition, the study's quantitative findings confirm the results from qualitative interviews. **Interviewee No 21** said; **fair treatment at work energises employees to work harder** and **Interviewee No 23** said that; **values motivate staff to do the right job**. ' **if values dictate that we should be fair while pricing customers, then the staff in the procurement department will be forced to source for goods from the cheaper source so as not to unfairly hike prices…'**. It is clearly understandable that the results concur with Adebayo (2004) who had earlier concluded that workplace fairness is significantly related to motivation at a correlation coefficient of 0.43. The results in Adebayo's study were quite different. The difference can perhaps be attributed to sector perceptions as the study by Adebayo (2004) was conducted in a formal sector of the Nigerian police force while this study focused on SMEs in Uganda's informal economy. Still, Nigeria as an economy is the second largest in Africa. Therefore, results of any empirical study from Nigeria may not be exactly the same as the results from Uganda, which is not even a second performing economy in sub-Saharan Africa. But overall, it has been indicated that fairness and motivation are significantly related. In a similar manner, Isa and Zainuddin (2011) assert that positive feelings of fairness in organisational affairs affect employees' attitudes and behaviour. In support to this assertion, **interviewee No 20** said **'..this company doesn't encourage employing hungry staff. This value will force the company to provide meals to staff. This impresses employees..**'.

Furthermore, Janssen (2000) had earlier observed that employee innovativeness can be suffocated if they expect unfair reward systems at work. Moreover, Falk (2014) observed that kind and fair treatment can help managers to motivate their employees. This position was further asserted by Kossek et al. (2015) who observed that if work-place flexibility is done by employee discrimination, they will detest it and such flexibility will not help to build any morale. To further support the study findings about the significant relationship between core values and motivation, Long (2016) observes that workplace fairness improves employee motivation. In the same way, Goltz (2010) asserts that unfair treatment at work results in negative emotions. Fair treatment of employees was also emphasised by **interviewee No 19** who said, '**Fair treatment of employees will motivate workers to repeat past behaviour. Values will prevent bad behaviour if they were involved in crafting such values'.** It can thus be confirmed that fairness

impacts motivational effects of employees not only in the formal economy, but also in the informal economy as the empirical findings of this study have indicated. Therefore, managers and entrepreneurs in Uganda's informal economy must take a keen interest in being fair to all employees, especially while rewarding or appreciating employees' exceptional accomplishments and task assignments.

Furthermore, empirical findings indicate that employees in Uganda's informal economy feel responsible for quality work produced; they feel responsible for the firm's success and for achieving firm goals. They also seek simple challenges, maybe due to the fact that most of them are semi-skilled. Furthermore, the empirical results may mean that even though employees in the informal economy are taken to be school dropouts or those who have failed to get jobs in the formal economy, they need to be given a chance to design tasks and to take the lead in accomplishing such tasks. Assigning employees tasks is an indicator that they are part of the business. This is to agree with Alsheddy and Tsang (2011) who argue that when employers consider employees' interests while scheduling tasks, morale and productivity improves. Dobre (2013) concurs with the study results that responsibility motivates employees. At the same time, Rusu (2011) argues that if a leader interferes with employee responsibilities, morale reduces. Moreover, Gosschalk and Hyde (2005) assert that supervisors must be fair while assigning responsibility to junior staff. In the same way, **interviewee No 22** said **'Team work makes employees feel that tasks are shared equally so they will be motivated to work'.** This may increase employee commitment. In addition, the empirical results are supported by the qualitative response, for instance, **interview No 19** said, **values create a sense of responsibility among staff**. Therefore, employees can be cautious while approaching work.

Furthermore, the quantitative finding which indicates that core values are significantly related to motivation is supported by qualitative findings; for instance, **interviewee No 17** said; '**values can motivate staff, for instance if respect among staff is emphasised, employees feel they are close to the business. If supervisors respect workers, workers feel appreciated and they will work harder for better quality products'**. At the same time, **interviewee No 4** said; '**values energise workers to perform better. "If**

rumours are discouraged at work, there will be respect for each other, respect will encourage hard work.' Therefore employers and managers in the informal economy must take care and emphasise respect at work. Chandler et al. (2009) also observed through a qualitative study of clinical workers in Tanzania that they expected to be respected and recognised in their working environment if they were to be motivated. Furthermore, that lack of respect for clinical workers was a clear demotivating factor which would result in poor quality of patient care. Though the clinical discipline is in the formal economy, the service is provided to clients in local communities and it is important to notice that respect is desirable everywhere. Moreover, employees in Uganda's informal economy demonstrated that they would be motivated if they receive the respect they deserve from supervisors and colleagues and should receive the respect they deserve if efforts and achievements are recognised. Furthermore, respect promotes compatibility at work in seeming diversity (Karakas, 2010). If compatibility at work places is achieved, employees' commitment can be increased. Wood and Karau (2009) further observed that employees felt more dignified if they are respected. At the same time, respected employees rise in status (Emich & Wright, 2016) this is motivational to them. Therefore, respect commands a sense of togetherness and dignity among employees. The respect and dignity position was further asserted by Lucas et al. (2013).

Furthermore, the empirical results show that the relationship between core values and motivation has the highest level of correlation and regression weights. This means that perhaps employees in the informal economy mind a lot about core values such as respect, cleanliness and trust. Once achieved, other motivational factors such as bonuses and rewards follow.

In addition, it was established that core values can reinforce employee behaviour in Uganda's informal economy. Reinforcement by core values is more applicable among employees working with restaurants and least applicable among those working for salon businesses. The construct that core values reinforce employee behaviour in Uganda's informal economy is significant at P=0.008 using Pearson's chi-square test. This implies that core values not only significantly motivate workers; they also significantly reinforce employee behaviour. It can therefore be asserted that core values motivate and at the

same time significantly reinforce employee behaviour. The statistical findings concur with qualitative findings; for instance; **interviewee No 1** said '**Values help to command respect and humanity. Respect and humanity may force repeat of behaviour. Values can prevent abuses at work and at the same time, force people to always declare all cash collected while selling'**. Furthermore, **interviewee No 3** said '**Employees will always serve customers on time, they will always report on time because they know that one of the values is time management'**. Additionally, **interviewee No 8** said '**Values will prevent bad behaviour because workers will need to protect their jobs'**. Therefore reinforcement at this point is about fear of losing a job.

From the motivational perspective, **interviewee No 10** said "**Values prevent bad behaviour because employees were involved in crafting such values. Values will motivate workers therefore due to such motivation, workers will repeat past performance'.** However, **interviewee No 11** had to observe that for reinforcement to be effective, values must be accompanied with punishments. '**Values alone may not cause to repeat good performance, sometimes punishments should be prescribed if core values are breached. Furthermore, if core values are accompanied with punishments, employees may not behave badly'** though very few interviewees recommended punishments. In addition, reinforcement can be effective if values are also observed by supervisors. **Interviewee No 13** said '**Values will prevent bad behaviour but this will depend on the supervisor's approach. If the supervisor is respectful over the juniors, juniors will not misbehave. At the same time, if respect is observed, people will not quarrel with each other and work will continually be carried out'.** Although **interviewee No 16** rejected the proposition that values cause a repeat of good behaviour, she acknowledged that values can reinforce behaviour by preventing bad behaviour from occurring. She said '**Values may not cause repeat of a behavior. Repeating a behaviour requires a self-driven employee. However, he agreed that values can prevent bad behaviour when the employee is new at work. When he serves longer, he may be reluctant'.** This position was also emphasised by **interviewee No 18** who had to say that **'Values can prevent bad behaviour because they shape employee character'**. Besides punishments, it is important to know that communicating values is critical, **interviewee No 2** said '**The approach used in**

communicating values determines whether such values will compel people to repeat past performance….' Therefore supervisors ought to adopt good and proper means of communicating values to employees if the firm aims are to be achieved.

It is important at this point to know that objective five of the study has been answered and that the reinforcement theory has been expanded by incorporating core values as behavioural reinforcers. At the same time, H_1 that; '**there is a positive relationship between core values and motivation in SMEs in the informal economy of Uganda's central region,** has been answered. The results show that not only rewards and punishments can reinforce behaviour, core values too reinforce behaviour. The above discussion provides for a relationship between core values and motivation, section 7.3 provides a discussion for hypothesis two of the study.

7.3) The relationship between Motivation and Entrepreneurial performance

Having discussed H_1 in section 7.2 above, it is important to discuss H_2 which states that; '**there is a positive relationship between motivation and entrepreneurial performance in SMEs in the informal economy of Uganda's central region'.** The model specified in Figure 6.18 indicated a positive regression weight of 0.04, but was insignificant.

As indicated that the relationship between motivation and entrepreneurial performance is positive but insignificant, the findings contradict earlier scholarly work such as Kuvaas (2006) who established that motivation significantly relates with work performance. This position may imply that SMEs managers are inconsistent while implementing job decisions, inconsistent while assigning tasks to employees or unfairly determine commissions. However, SMEs in the informal economy should take the initiative to motivate employees so as to turn the motivation earned to proper firm performance. In this case, motivation should be enhanced through core values. For instance, motivated employees can always provide the right information to customers about a variety of products or services the business provides. Moreover, energised employees ensure that they think about new ways of providing services or new products the business can launch. In addition, motivated employees can perform to the expectation of customers and aim at

selling more of the business products. Furthermore, motivated employees can be happy to stay with the current employer and at the same time, fairly determined commissions can help retain current or attract new employees.

The positive nature of the relationship finds support from the qualitative findings; **interviewee No 2** said '**Values can energise employees to perform better**. **If we emphasise good customer handling, and achieve customer satisfaction, the employee will be happy because the customer has appreciated his approach".** In addition, **interviewee No 3** said; **'employees who are given responsibility of managing stock will ensure that stock is not used for personal gains. Cleanliness will attract more customers. Good treatment of workers will help maintain current employees'.** In addition, **interviewee No 6** said '**Values will encourage employees to focus on service delivery. For instance, refusing employees to attend to their mobile phones will encourage them focus all their attention to serving customers'**. Eventually, more sales can be made. Furthermore, **interview No 8** argued that efficiency in service delivery improves if employees are well motivated. He said **'Values will energise employees to work harder because if the employee is smart, he/she will hurry to go and serve customers because she is contented that customers will like her dress code'.** Furthermore, **interviewee No 11** said; **'Fair determination of bonuses at work is a sign of good employee treatment so employees will stay on the job'**. Therefore, fairness in terms of remuneration helps maintain the current work force. In addition, **interviewee No 12** said; **'… customers may advise on how the product can be changed to suit their demands, and at the same time, fair treatment of employees will help maintain the work force and '..Employees will feel that they are part of the whole business.'** This position is also supported by Tabassi and Abu Baker (2009) who argued that employee innovation is enhanced by motivation. Moreover, motivation is a foundation for diversification (Vik & McElwee, 2011). Additionally, **interviewee No 13** argues that if employees observe time, productivity improves. He said '**Values can energise employees to work harder. If arrival time is prescribed, employees will follow it. At the end, more hours are put to production time than when employees arrive late at workplace'.**

Furthermore, **interviewee No 14** said '**listening to employees will promote innovativeness. Fair treatment of employees, for example, by providing lunch and accommodation on equal terms will keep the workforce on the job….'.** This shows that motivated employees stay on the job. This position was emphasised by Yildiz et al. (2009). Furthermore, in order to maintain the existing work force, **interviewee No 24** observed that **'Values motivate staff to perform better; in fact, values influence staffs' personal life'** so staff may not just leave a firm where he/she is feeling personal life is enhanced.

In addition, the study's finding that motivation positively relates with entrepreneurial performance imply that workers will positively perceive their current job hence low attrition rates. This is to concur with Ard (2015) and Soundarapandiyan and Ganesh (2015) who established that motivated employees find it difficult to pursue other jobs. In the same way, study findings concur with Mak and Sockel (2001) that motivation and employee retention are related. Furthermore, **interviewee No 16** argues that '**Values will motivate employees especially if they were consulted while crafting them'.** Having discussed hypothesis two, section 7.4 provides a discussion of hypothesis three.

7.4) Relationship between Core values and entrepreneurial performance

After analysing the indirect paths above, it was important to discuss the direct path of the model for the purpose of answering the research hypothesis H_3 that**; there is a positive relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region'.** The model in Figure 6.18 indicates a significant regression weight of 0.51. The quantitative statistics are in agreement with the qualitative results. For instance, I**nterviewee No 18** concurs with **Interview No 3** about cleanliness and firm customers. He said; '……**Quality products and cleanliness will attract more customers….'.** To further strengthen the argument that cleanliness positively influences customer attraction, study findings agree with Yusuf et al. (2016) and Hassan et al (2016) that cleanliness enhances customer attraction. This is a sign of good firm performance. Barlan-Espino (2017) observed that clean dining rooms in restaurants provide customer satisfaction and customer satisfaction can be derived from providing a variety of services as **interviewee No 2** observed that **'customised services can be**

provided by firms…' The assertion by interviewee No 2 is supported by all interviewees when they observed that customers recommend the kind of services and products they need. With customer satisfaction achieved, more customers are likely to come in for business services and products. Moreover, Yunusa (2015) observed that for some customers to opt for a service, they consider cleanliness. This is to concur with Wangalwa et al. (2016) who established that cleanliness positively influences product quality in SMEs dealing in dairy products in Uganda's rural areas. Although this study was not concerned with dairy sector, it is important to understand that the restaurant business, one of the study's area of focus deals with food staff therefore literature from dairy sector is relevant for comparison purposes. Cleanliness and quality of service varieties was discussed by Park et al. (2017) while studying operations of small firms in the day care service sector of South Korea. It was established that cleanliness is a basis for proper kitchen services of the day care firm.

Furthermore, the study's statistics imply that whenever employees are trusted, and they also trust the business system, they can work hard and ensure good firm performance. An increase in performance may be explained by efficiency due to trust (Johnson & Grayson, 2005). Furthermore, the study findings are in agreement with Wei and Yazdanifad (2014) who observe that trusted employees will be more committed to the job, hence show good performance. This position is also held from qualitative findings where **Interviewee No 13** said '…**A business with good values will be perceived by customers as one which produces quality products. Good behaviour by the supervisor will encourage workers to stay on the job. Good customer relations will prompt customers to recommend change in products or introduction of new products which suit their demands'.**

Furthermore, if employees trust the firm they are working for, they can think about innovations and new ways of penetrating markets and change production systems for improved service delivery. This concurs with Slack (2015) who emphasises trust in customers for proper service diversification. In the same way, **interviewee No 6** said '….**Listening to both employees and customers will help pick good recommendation about production. This will enhance product diversification. Fair treatment of workers will help maintain current workforce'**. It is further observed that

employees who trust the systems of work will tend to stay longer on the job. This may be attributed to reduced conflicts because of trust (Tschannen-Moran, 2015). Furthermore, trusted systems can attract new employees. Besides attracting new employees, Idris (2014) emphasises that trust helps to retain the current workforce. Furthermore, the quantitative findings are supported by the qualitative results where **Interviewee No 8** said; '… **Values will ensure good treatment of employees so they will always seek to stay on the job**'. Furthermore, **interviewee No 24** said; '….**company can get recommendation from customers about the products they need because of good customer handling. Employees work for only eight hours a day, they are provided with lunch on equal terms and transport allowance so they will not consider leaving the job'.** The results are in agreement with Nies (2011) who observed that core values enhance productivity. At the same time, service quality and high performance level is guaranteed by practicing core values (Mithamo & Uzel, 2016).

Furthermore, innovations in Uganda's informal economy may be remote since entrepreneurs do not subscribe to delegating responsibility to employees. Furthermore, matters are worse if entrepreneurs do not share core values with employees (Hammann et al. 2009). The qualitative findings in this regard indicate fewer respondents who highlighted the level of responsibility given to employees. However, entrepreneurs in Uganda's informal economy must understand that, upholding proper employee responsibilities provides accurate information for decision making (Preuss, 1997). In addition, assigning responsibilities and tasks to employees improves productivity (Rusu, 2011; Alsheddy & Tsang, 2011). Moreover, if employees are assigned the responsibility of gathering feedback from customers, changes in service delivery or products can materialise. This is in agreement with Interviewee **No 21** who said, '…**Customers will advise on the kind of products to stock in the supermarket whenever they are treated well'.** Su and Tsang (2015) observed that constant interaction between the business and stakeholders results in product diversification. Similarly, most interviewees subscribe to Su and Tsang (2015)'s position. For instance, **interviewee No 9** said '….**Product diversification will be achieved through customer recommendation.'** and **interviewee No 12** said '… **Customers may advise on how product can be changed to suit their demands….'** Furthermore, O'Leary (2015) asserts that if no one

takes up responsibility in a firm, there will be decay in all firm aspects, especially morality. The decay in morality can thus imply lack of innovation for product diversification.

The regression coefficient of 0.51 in Figure 6.18 may further imply that fairness among employees may improve product diversification. This position was confirmed by **interviewee No 25** who said, **'Fairly rewarding employees who innovate promotes product diversification'.** Although **interviewee No 15** said; '….**Product diversification may not necessarily be linked to values in small businesses. It can be a matter of personal initiative;** but it must be understood that personal initiative may not be achieved if employees are not treated fairly. Janssen (2000) observes that workers can innovate if they expect a fair reward system. Furthermore, Qazi et al. (2015) assert that a reward system should be fairly determined. At the same time, Long et al. (2016) emphasise that tasks should be fairly assigned to employees for better quality work.

Although **interviewee No 18** observed that '….**cleanliness will attract more customers'**, most of the informal businesses may not locate in modern clean facilities because of high expenditure on rent. For instance, Kampala (capital city of Uganda) still has old buildings where it is cheaper to rent though not that much attractive, so any small business owner finds it easy to locate in such facilities rather than paying rent in dollars in a clean and modern shopping mall. It is also commonly understood that small businesses in the informal economy serve lower class citizens so these citizens are located in suburbs so it is not easy to find clean and modern buildings in the suburbs.

Furthermore, fair treatment of employees helps in retaining good ones, for instance, **interviewee No 25** said; '…**fair treatment and listening to employees will be a reason to retain current staff.**….' And **interviewee No 4** said '…**Good treatment of employees will maintain the workforce.**….' To emphasise the cumulative employment factor, **interviewee No 1** said; '…..**Fairness and respect to workers will maintain current employees and attract potential ones'**. Furthermore, **Interviewees No 5, No 6, No 18 and No 16** said; 'Employees can easily be retained if the employer handles them fairly'. To emphasise employee retention, **interviewee No 11** said, '**Fair determination of bonuses at work is a sign of good employee treatment so employees will stay on the job'.** This is in agreement with Arnold et al. (2009) and Kossek et al. (2015) who argue

that employees resent bad treatment at work. Furthermore, the study findings concur with Bello (2012) that fairness among employees helps to reduce labour turnover. Additionally, it should be understood that a fair system contributes a lot to maintaining the same experienced work force in the business. On the other hand, Mitchell, Holtom and Lee (2001) assert that departing employees often take with them valuable knowledge and expertise gained. It can be understood however, that a fair system can at the same time, be an attraction for potential experienced employees to join the business. It is very important to know that interviewees during the qualitative exercise were able to state that a fair system can guarantee retention of employees and good business performance. At the same time, **interviewee No 18** said; '**fair treatment of employees will keep them on job. Customer relations and care will induce customers to advise on the product they will need to consume. Quality products and cleanliness will attract more customers'.** Although, **interviewee No 7** said, '…**core values do not matter, it's all about payment…**', Mitchell et al. (2001) provide for a combination of economic benefits, such as pay and bonuses, and structural factors, such as autonomy and fairness, to be considered for employee retention.

In addition, the coefficients of the regression model in Figure 6.18 may imply that employees in the informal economy need respect to be innovative. With respect, employees can feel their energy being rewarded. At the same time, in the informal economy, respect to customers also matters since product diversification often originates from the customers' point of view, as already discussed in earlier sections. For this case, **Interviewee No 2** said '**Customised services will be provided because of good customer care…**' In addition, **interviewee No 16** said; '**Through good customer relations, customers may recommend new products they wish to have**…..' This position is further emphasised by **interviewee No 22** who said '**Customers will recommend the kind of goods to be stocked, but this is as a result of good customer care….'** Furthermore**, Interviewee No 19** said, '…**If employees are respected, they will be willing to share good information on how to reduce costs…'** This is to agree with Feuer (2013) who asserts that respect among employees is an enabler of firm operations. Furthermore, respect is important in order to keep the work force in the firm. However, keeping the workforce on the job and promoting togetherness,

requires dignity at the workplace. Workplace dignity is emphasised by Lucas et al. (2013). The statistical results from Figure 6.18 are further in agreement with qualitative findings where **interviewee No 1** said, '**If employees provide a service in a timely manner and respect, energy bills will be saved so less expenses. Fairness and respect to workers will maintain current employees and attract potential ones**'. The respect as provided by **interviewee No 1** is in agreement with Long (2016).

The discussion of results indicates that core values (cleanliness, trust, fairness, responsibility and respect) have a significant positive relationship with entrepreneurial performance (product diversification and cumulative employment). This therefore implies that the study objective which sought to establish the relationship between core values and entrepreneurial performance has been answered.

In addition, although the study findings in general provide that product diversification in Uganda's informal economy is generated from customer recommendation, **Interviewee No 17** uniquely provided that diversification especially in the juice processing sector is enabled by technology. He said; '….**To a small extent, values help in product diversification, to a large extent, other factors like technology will determine product diversification….**' This is in agreement with Zahavi and Lavie (2013) who observe that product diversification requires investment in technology. Furthermore, there are other factors for product diversification such as; diversification experience (Mayer et al. 2015) and research and development (Galan, 2016). These factors were identified in literature review but not revealed under this study's findings. It is probable that SMEs cannot invest in technology nor can they invest in research and development because both approaches to product diversification may be expensive. Therefore, SMEs resort to customer recommendations. Having discussed hypothesis three of the study, section 7.5 discusses hypothesis four.

7.5). The relationship between core values and legitimacy

The discussion in section 7.4 concentrated on the path of core values and entrepreneurial performance. In this section, the path of core values and legitimacy is considered with the aim of establishing the real meaning of the relationships. The path was formulated with **a research hypothesis** that; '**there is a positive relationship between core values and**

legitimacy in SMEs in the central region of Uganda's informal economy'. The model in Figure 6.18 indicates a regression weight of 0.67.

The quantitative results are supported by the qualitative results where **interviewee No 3** said; '**customers are attracted to this salon because of cleanliness and they refer their friends'**. **Interviewee No 4** said; '**The salon is always clean, employees do not rumour about customers, and employees are not allowed to engage in non-business conversation with customers. These attributes are highly admired by customers'**. Furthermore, **Interviewee No 6** said; **'If cleanliness is maintained, customers will be attracted. Customers always want to associate with a clean environment'**. At the same time, **interviewee No 9** said; **'Clean and tidy environment will always be appealing to customers'**. Moreover, i**nterviewee No 12** said; **'Cleanliness in cosmetics business means that employees are smart, hygienic, (if my workers fetch water with dirty jerricans, the community may perceive that I produce dirty products hence low quality). If there is no drug abuse by staff, then the community will associate quality with company products. Even smart employees will give the company good image and people would prefer to associate themselves with a company which has smart employees'**, and **interviewee No 13** said; '**Workers are business ambassadors. If they are clean and well behaved, the community will be attracted to the firm'**.

Furthermore, the results of this study are consistent with the findings of Lee (2016) who established that cleanliness and hygiene is one of the pull factors for the elderly to frequent Taiwan restaurants. Furthermore, Barber and Scarcelli (2010)'s findings concur with most of the interviewees' opinions in this study that most customers will choose, stay or return to the business for a service based on cleanliness. The same position is held by Tran and Jeppesen (2016) who observe that cleanliness can help firms win business contracts. Furthermore, Dossenbach (2004) observed that cleanliness intrinsically influences clients to frequent premises and at the same time, Barlan-Espino (2017) avows that customer satisfaction is derived from clean premises. This is impressive to the firms' audience. Therefore, the discussion of the results clearly indicates that cleanliness is not only a requirement in the formal setting and in big businesses; it must be maintained by SMEs in an informal setting for developing nations.

As a way of measuring the model path (core values being related to legitimacy), the study findings indicate that businesses in the informal economy must practice high levels of trust in order to improve their image. **Interviewee No 15** said; **'values build business credibility over which customers and other people may need to associate with'**. Furthermore, **interviewee No 24** said; '**Being faithful, fair and having good attitude towards clients will promote business in the eyes of the community. For instance, if the customer forgets his items and finds them in the original state (un-tampered with), the customer will feel so satisfied so he will keep on passing that information to other people'.** This is to concur with, Ryan (2011) who argues that serving the community and customers with high levels of integrity and trust improves business image and reputation. At the same time, **interviewee No 25** said; '**caring about the neighbourhood brings the community closer to the business. So the business commands good image'.** Therefore managers of SMEs in informal economy need to emphasise trust in order to capture customer loyalty, hence legitimacy.

In addition Baron and Markman (2000) observe that having a network of people or just acquaintances is important enough to be trusted. This is very important as networking is a form of legitimacy. This was confirmed by Zimmerman and Zeitz (2002) who concur with Liao and Yu (2012) that legitimacy is a resource which helps to acquire other resources, especially networks. Welter and Smallbone (2006) further confirm that trust is a pillar for successful networks. Furthermore, Gosschalk and Hyde (2005) observe that trust helps organisations to build strong reputations. Moreover, Lee and Dawes (2005) observe that buyers can develop trust in the firm. This implies a good relationship with the audience the firm serves. In addition, public trust in firms is a result of firm integrity and competency perceptions (Pirson et al. 2016). Therefore, if SMEs in the informal economy are faithful and trustworthy, customers, suppliers and other stakeholders will be willing to associate with the business. This is a good form of creating networks which in turn, result in legitimacy. With good networks and legitimacy, SMEs have a chance of expanding their business operations. This is because workers in the informal economy play a major role in completing the supply chain of registered businesses in the formal economy (Ramani et al. 2013).

Furthermore, the contribution of fairness to workers should not be abandoned by managers of SMEs. Employees need to appreciate that they are treated fairly, that is how they can also be fair to customers. Furthermore, since employees in the informal economy are paid a piece rate rather than salary, the system through which rates are determined must be appreciated, understood and commensurate with the employee's effort. To further support the study's statistics, qualitative findings revealed that; **interviewee No 2** said; **'fair pricing to customers, non-tolerance to rumours and respecting customers' ideas makes this salon outstanding in the community'.** Also, **interviewee No 24** said; **'being faithful, fair and having good attitude towards clients promote business in the eyes of the community. For instance, if the customer forgets his items and finds them in the original state (un-tampered with), the customer will feel so satisfied so he will keep on passing that information to other people'**. These findings concur with Rubin (2012) who observed that fairness is a virtue, and when a business is perceived to be fair, it can have a significant impact on its reputation and the satisfaction of its customers and employees. Although Rubin (2012) disagrees with Hong et al. (2013) who established that fairness insignificantly relates with job satisfaction, Hong et al. (2013) ascertained that the insignificance may have been caused by inadequate data. Although Rubin (2012)'s study was conducted in the USA, the world's biggest economy, the findings are applicable to the Ugandan setting because it was established that core values has a significant positive relationship with legitimacy.

In addition, the qualitative analysis would not directly link responsibility to legitimacy compared to other core values, but this is not to say that employees are not assigned tasks, perhaps it is because the tasks assigned may not directly be reflected to organisational legitimacy. It can also be understood that SMEs in the informal economy do not have strategic plans so they cannot systematically design responsibilities aiming at improving business legitimacy. In other words, organisational management skills are lacking. On the other hand, Feuer (2013) provides that with a good level of follow up, the business can have a high prospect of improving its reputation. This is because supervisors communicate what they can do and they do it. Furthermore, if responsibility is not well assigned, the firm may not only lose its image, it may collapse (O'Leary, 2015).

Mitroff and Alpaslan (2003) assert that when organisations prepare for crises by assigning responsibility to a department to handle such crises, organisational reputation improves.

The relationship between core values and legitimacy is further supported by the response of **interviewee No 11** who said; '**customers will admire the cleanliness, respect and the general care provided so they will come back for more services'**. At the same time, **interviewee No 14** said; '**values promote respect and prevent physical assault both within company and in community. Being with no police cases over employee misbehaviour, company reputation is strong'.** From the above statements, it is indicated that respect for both employees and customers will improve the company image to the public. It is then proper that the regression weight of 0.67 is supported by the qualitative findings. Furthermore, respect to employees is paramount in building a proper business image this position was supported by Cravens and Oliver (2006) who observed that employees are the means by which the creation and support of corporate reputation can be enhanced in organisational strategic priorities.

Although Cravens and Oliver (2006) concentrated on corporate businesses, their position is applicable to SMEs in the informal economy. Furthermore, Lucas et al. (2013) observe that if employees are disrespected, they are forced to attempt suicide because they cannot command any dignity at work. The numerous suicide attempts damage the business legitimacy before its clients, suppliers, government and the entire neighborhood. Every business needs to build a good name and image to its audience, so SMEs need to respect employees since they form an integral part in building business legitimacy. Through respect, employees are able to represent the business very well. Having discussed hypothesis four of the study, it is important to discuss hypothesis five in the following section.

7.6) The relationship between Legitimacy and Entrepreneurial performance

An investigation into how the business's audience (customers, neighbours and competitors) would perceive business activities was conducted. The construct was guided by the research **hypothesis that; 'there is a positive relationship between legitimacy and entrepreneurial performance in SMEs in the informal economy of Uganda's**

central region'. The statistical results from Figure 6.18 indicate a non-significant regression weight of 0.24.

The insignificance of the results would mean that SMEs in Uganda's informal economy are failing to use legitimacy earned through core values to business advantage. However, the relationship is in a positive direction hence confirming the hypothesis. Furthermore, the statistical results were supported by the qualitative findings. **Interviewee No 4** said, **customers may recommend a particular service if they are well handled.** Furthermore, i**nterviewee No 6** said, '**listening to both employees and customers will help pick good recommendation about production. This will enhance product diversification'.** Moreover, **Interviewee 9** said; '**product diversification can be achieved through customer recommendation'**. The same opinions were held by **interviewees No 13, 18 and 19.** This position confirms that the informal economy differs from the formal economy where factors such as research and development and technological advancement are major enablers of product diversification (Zahavi & Lavie 2013; Galan (2016); Slack 2015).

In addition, it is clear that managers/ entrepreneurs and employees in the informal economy can more easily relate legitimacy to product diversification than cumulative employment. It is further observed that product diversification in SMEs in Uganda's informal economy is sourced from customer recommendations. This is a fine indicator of a well appreciated business in community. In addition, the results of this study concur with Li et al. (2017) who established that corporations should be involved in green innovation (change production to supplies which are eco-friendly) to meet environmental requirements of stakeholders to enhance external legitimacy. Although Li et al. (2017)'s study was an environmental concern and conducted in China which is a modern economy, it indicates that the business audience influences change in company products and production system. This is similar to the opinions and empirical findings with Uganda's informal economy where it was established that SMEs audience (customers) recommend change in goods/services businesses provide. Furthermore, if the firm accepts unethical pay-offs, then efficiency is compromised (Rose-Ackerman, 2002). Therefore, in order to maintain efficiency, firms must keep the respect of customers and other stakeholders as **interviewee No 2** observed. Also, **interviewee No 5** concluded

that legitimacy can be maintained if customers' expectations are satisfied. In this regard, customers' expectations are about having a variety of services at the right price and quality. Therefore, fair pricing should be adhered to as **interviewee No 2** concluded that fair pricing to customers makes the business outstanding in the community.

Furthermore, the insignificant relationship between legitimacy and entrepreneurial performance may mean that whenever a firm is known for being successful or firm supervisors are known for keeping promises, these factors cause mild positive comfort in both current employees and potential employees who may seek to join the firm. Having discussed hypothesis five which discussed the relationship between legitimacy and entrepreneurial performance, the next section discusses hypothesis six.

7.7) The relationship between motivation, core values and entrepreneurial performance

One of the study's objectives was to establish whether motivation mediates the relationship between core values and entrepreneurial performance. This was hypothesised as, '**motivation mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region'.** The mediation test results are; P.value=0.002 and sig=0.01 under Sobel's. The test indicates that motivation significantly mediates the relationship between core values and entrepreneurial performance of SMEs in Uganda's informal economy.

This is to imply that motivation positively influences the relationship between core values and entrepreneurial performance of SMEs in Uganda's informal economy. The results are supported by qualitative findings of this study**, interviewee No 11** said '**...fair determination of bonuses at work is a sign of good employee treatment so employees will stay on the job...'** Furthermore, interviewee No 5 '**Values will create a sense of commitment which is useful for business operations.'** In addition, **interviewee No 4** said **'Values energise workers to perform better. "If rumours are discouraged at work, there will be respect for each other, respect will encourage hard work.'** This is to concur with Blaskova (2014) who argued that trust and respect improve employee morale, hence good firm performance. Furthermore, Rupova et al.

(2015) and Katou (2015) agree that trust motivates employees which improves firm performance. In addition, **interviewee No 17** said **'Values can motivate staff, for instance if respect among staff is emphasised, employees will feel they are close to the business. If supervisors respect workers, workers will feel appreciated and they will work harder** ...'. Furthermore, core values are a source of motivation which influences firm performance (Parks & Guay, 2009).

In addition, the principles for determining the mediation effect were applied in the study of Kuvaas (2006) where intrinsic motivation was studied as a mediator in the relationship between performance appraisal and work performance. The same principles are provided by Beaujean (2011). In this study, the same principles were adopted to determine whether motivation mediates the relationship between core values and entrepreneurial performance and significant results were obtained.

Additionally, having realised that similar principles can be employed in testing for the mediation effect between the predictor and outcome variables and consistent results are obtained regardless of the sector, business size or economy, generalisability of findings becomes easy. This helps in transferring and relating knowledge across sectors, economies and business sizes. Having discussed the sixth hypothesis above, section 7.8 below discusses hypothesis seven.

7.8) The relationship between legitimacy, core values and entrepreneurial performance

The study further sought to find out the mediating effect of legitimacy in the relationship between core values and entrepreneurial performance, this was hypothesised as; **'legitimacy mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region'.** Statistical results from Table 6.35 indicate that P=0.012 and sig=0.013. This is a significant relationship, therefore legitimacy mediates the relationship between core values and entrepreneurial performance of SMEs in the informal economy of Uganda's central region.

This may imply, that core values for instance, cleanliness, where clean premises are maintained, create an impression to the external environment; therefore firms can attract

potential employees and customers. This position is in agreement with Barlan-Espino (2017) and Park et al. (2017). In the same vein, **Interviewee No 9** said '**Clean and tidy environment will always be appealing to customers'**. **Interview No 13** stated **'Workers are business ambassadors. If they are clean and well behaved, the community will be attracted to the firm'**. At the same time, values help to build credibility with which stakeholders can associate **(interviewee No 15)**. Furthermore, customers' good perception of the business compels them to recommend a variety of goods and services they would wish to be served with hence product diversification **(Interviewees No 6, 7,9,12 and 13).** Furthermore, for legitimacy to significantly mediate the relationship between core values and entrepreneurial performance, this implies a fair distribution of rewards in the firm. The good news can circulate around the employee community and all stakeholders, so employees may feel comfortable to stay with the same employer or the firm can attract potential employees. Furthermore, the study results are in agreement with Davis (2003) who observed that ethical standards build reputation to attract new employees. This is to concur with **Interviewee No 1** who said, '**…Fairness and respect to workers will maintain current employees and attract potential ones'**.

In addition to attracting new employees, values may help keep the same employees on the job. For instance, **Interviewee No 11** stated, '**Fair determination of bonuses at work is a sign of good employee treatment so employees will stay on the job'.** In this case, the good name is created in the community. The study results are further consistent with Jing et al. (2014) who established that trust between supervisor and subordinates creates loyalty. This enables workers to stay with the employer. To further emphasise the role of legitimacy in mediating the relationship between core values and entrepreneurial performance, Greenwood et al. (2005) established that socially constructed legitimacy influences product diversification. This means that whenever employees and customers get the respect they deserve from both supervisors and colleagues, they will be willing to share ideas on how to introduce new services or products. To this effect, **Interviewee No 20** said, '…**Customers will advise the kind of products to stock in the supermarket whenever they are treated well…'** At the same time, **Interviewee No 24** said, '…. **the company will get recommendation from customers about the products they need because of good customer handling…'**

The study agrees with Slack (2015) who argues that firms should keep customer trust to keep up with market trends. The same position was asserted by the qualitative results that in Uganda's informal economy, customers recommend the kind of products and goods they like so businesses follow customers' desires. **Interviewee No 20** said, '…**Customers will advise the kind of products to stock in the supermarket whenever they are treated well…'**

The role of legitimacy in mediating the relationship between core values and entrepreneurial performance was further emphasised by Anderson and Smith (2007). They accentuate that entrepreneurs who just focus on only entrepreneurial activities are likely not to achieve much because their businesses are not appealing to society. On the other hand, they stress that entrepreneurs must look out for those values which are congruent with society norms in order to make the business acceptable before its audience so as to achieve success with entrepreneurial performance. Values such as trustworthiness and fairness were pointed out by Anderson and Smith (2007) to be good values for a firm to match with society norms in order to achieve success in entrepreneurial performance. The same values were provided by interviewees in Uganda's informal economy as the values which can ensure SMEs' legitimacy and improved entrepreneurial performance. For instance, I**nterviewee No 4** observed, '…**Listening to both employees and customers will help pick good recommendation about production. This will enhance product diversification. Fair treatment of workers will help maintain current workforce'.** Moreover**, Interviewee No 13** said, **'…Good customer relations will prompt customers to recommend change in products or introduction of new products which suite their demands'.**

The discussion therefore shows that hypothesis seven which sought to establish the mediating effect of legitimacy in the relationship between core values and entrepreneurial performance in SMEs in Uganda's informal economy has been answered.

7.9) Conclusion

The study investigated the relationship between core values and entrepreneurial performance in SMEs in Uganda's informal economy. The relationship had two mediating variables (motivation and legitimacy). The study's objectives were; to determine the commonly practiced core values by SMEs in Uganda's informal economy, to establish whether the commonly practiced core values can motivate and reinforce behaviour among employees in Uganda's informal economy, to establish the effect of legitimacy on small businesses operating in Uganda's informal economy, to examine the relationship between the commonly practiced core values and entrepreneurial performance of SMEs in Uganda's informal sector, to establish whether motivation mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region, to establish whether legitimacy mediates the relationship between core values and entrepreneurial performance in SMEs in the informal economy of Uganda's central region.

It was established that the relationship between core values and entrepreneurial performance is positive and significant. However, the extent of the relationship declines with the introduction of mediators (motivation and legitimacy). Furthermore, the structural model in Figure 6.18 and Sobel's test in Table 6.34 confirm that both motivation and legitimacy mediate the relationship between core values and entrepreneurial performance. However, the relationships between motivation and entrepreneurial performance and legitimacy and entrepreneurial performance were insignificant. Therefore, managers of SMEs in Uganda's informal economy should inform employees about the business core values and emphasise such values on a timely basis to keep smooth business operations while improving business performance at the same time.

Most importantly, it was established that core values significantly motivate employees in Uganda's informal economy. At the same time, it was established that core values significantly reinforce employee behaviour in Uganda's informal economy. Therefore, the

reinforcement theory has been expanded by incorporating core values as behavioural reinforcers.

Finally, all study objectives and hypotheses have been answered the way they were proposed. This implies that managers and employees in Uganda's informal economy must take core values seriously especially cleanliness, which is not commonly regarded as a value. This is because core values influence employee behaviour, business legitimacy and at the same time, influence entrepreneurial performance.

CHAPTER EIGHT

CONCLUSIONS

8.1) Introduction

In this chapter, conclusions are provided, based on the research questions, the study objectives and problem statement. Additionally, methodological and theoretical contributions together with the policy implications are made. Practical implications are made from findings, study limitations are given and suggestions for future research are made.

8.2) Summary of theory

The theoretical advances are important for any study. Likewise, for this study to be credible, a theoretical framework had to be considered. Since the study focused on core values as her major study variable, the behavioural theory of deontology was discussed, following the reinforcement theory of motivation. Deontology theory emphasises observation of principles and rules before action is taken (Schwartz, 2005). Having observed that since Kant's day deontology theory aims at observing right or wrong through values, principles, norms or rules, organisations ensure that they maintain good work practices (Wright et al. 2017). Furthermore, Viviers et al. (2008) established that moral obligations observed under deontology are required for a firm to do well.

Since this study sought to establish whether core values motivate and reinforce employee behaviour, deontology theory would not be sufficient for this study. Therefore, there was a need to introduce a motivational theory to answer the study's purpose, objectives and questions. Furthermore, it was prudent to use core values as a variable which could provide a link between the behavioural theory of deontology and motivation. Having provided for deontology theory and discovered that it is about moral values, principles and rules to guide actions, such actions are well implemented when employees, who are the major subject in implementation, are motivated. The motivational aspects are derived from empirical findings of scholars such as Dahlgaard-Park (2012) who established that core values are motivational. For this matter, it is important to emphasise the major theory which was advanced in this study, hence the discussion below.

The main theory advanced by this study was the **reinforcement theory of motivation**. This is due to the fact that core values, which is the major study variable, motivates employees (Dahlgaard-Park 2012) and at the same time, Skinner (1938), the founder of the reinforcement theory argued that motivating factors can be behavioural reinforcers. It was further observed that reinforcement is propelled by monetary rewards or punishment to prevent wrong doing (Uduji, 2013; Wei & Yazdanifad, 2014). Contrarily, the study had to establish whether core values (non-monetary factors) can reinforce behaviour since they are motivators.

Furthermore, the study findings indicated that core values can motivate employees in Uganda's informal economy and also reinforce employee behaviour, either through repeating past good behaviour or preventing bad behaviour. This is consistent with qualitative findings for example; **Interviewee No 4** said**; 'values will cause a repeat of behaviour for instance if employees are smart, they are always encouraged to serve customers. At the same time values will prevent bad behaviour. Employees will not over charge customers since a customer is respected'.** Interviewee No 8 **said; 'values will prevent bad behaviour because workers will need to protect their jobs'.** Interviewee No 15 **said; 'Trust and honesty will prevent one from stealing at work'. Furthermore,** interviewee No 16 **said; 'Values may not cause repeat of a behaviour. Repeating behaviour requires a self-driven employee. However, he agreed that values can prevent bad behaviour when the employee is new at work. When he serves longer, he may be reluctant'.** Interviewee No 17 **said; 'values can cause repeat of behaviour, but entrepreneurs should take the initiative of ensuring that proper values are maintained. For values to prevent bad behaviour, they must be incorporated in each and every business process. Values have to be communicated gradually because employees come from different cultural backgrounds'. And** interviewee No 18 **said 'values can prevent bad behaviour because they shape employee character'. It is very important to understand that core values reinforce behaviour especially by preventing bad behaviour. Although** interviewee No 16 **does not believe that core values cause repeat of good behaviour, he contradicted himself by accepting that core values prevent bad behaviour. Therefore, it is generally agreed that core values reinforce behaviour.**

Besides the qualitative findings, the quantitative results indicate that reinforcement is significant within business categories at 99% confidence interval. Furthermore, the significance of the reinforcement theory is more in restaurant businesses and least in salon businesses. This is perhaps explained by higher levels of craftsmanship in barbers and hair dressers compared to waiters and waitresses.

On the whole, the study makes a theoretical contribution by first and foremost incorporating core values under the reinforcement theory as a behavioural reinforcer. At the same time, informal economies can appreciate core values as motivators, therefore managers need to craft and incorporate them in all firm processes**.**

8.3) Summary of Literature

This study followed other similar studies such as Dahlgaard-Park (2012) which established the motivational effects of core values. The major emphasis was to explore Skinner's reinforcement theory of motivation. The relationship between core values and motivation was further emphasised by Katou (2015); Ard (2015); Loch et al. (2012). The relationship between core values and entrepreneurial performance was emphasised by Gregory et al. (2009); Wei and Yazdanifad (2014); and Long (2016). Furthermore, the relationship between motivation and entrepreneurial performance was asserted by Mak and Sockel (2001); Soundarapandiyan & Ganesh (2015); Dobre (2013); Tabassi & Abu Baker (2009). In addition, the relationship between core values and legitimacy was emphasised by Ryan (2011); Bansal & Roth (2000); Dossenbach, (2004) & Pirson (2016). The relationship between legitimacy and entrepreneurial performance was stressed by Drori and Honig (2013), Lopez and Iglesias, (2010) and Li et al. (2016). Besides, legitimacy mediates the relationship between core values and entrepreneurial performance. To this effect, Anderson and Smith (2007) established that firms must create values which are compatible with social norms to enable them to accelerate entrepreneurial performance through social acceptance. At the same time, motivation mediates the relationship between core values and entrepreneurial performance. Blaskova (2014) asserts that values, such as trust, improve employees' morale which results in good firm performance.

8.4) Summary of results

The study was carried out with the purpose of investigating the relationship between core values and entrepreneurial performance in Uganda's informal economy. The study objectives were; i) to determine the commonly practiced core values by SMEs in Uganda's informal economy, ii) to determine whether the commonly practiced core values can motivate and reinforce behaviour among employees in Uganda's informal economy, iii) to establish whether core values can legitimise SMEs in Uganda's informal economy, iv) to examine the relationship between the commonly practiced core values and entrepreneurial performance of SMEs in Uganda's informal economy, v)to establish whether motivation mediates the relationship between core values and entrepreneurial performance in SMEs in Uganda's informal economy and vi) to establish whether legitimacy mediates the relationship between core values and entrepreneurial performance in SMEs in Uganda's informal economy.

In order to achieve both the purpose and the study objectives, the study employed a mixed method approach. The mixed method was justifiable because in the first case, there was a need to establish commonly practiced core values and to establish whether they do motivate and reinforce behaviour among employees. Thereafter, the set hypotheses had to be tested to confirm whether the established core values could motivate and reinforce behaviour, and at the same time establish the relationship between core values and entrepreneurial performance in Uganda's informal economy. The qualitative data analysis was done through open coding, axial coding, categorising data and developing themes for the data. After qualitative analysis, quantitative analysis was carried out using Structural Equation Modelling (SEM) and models were specified using Analysis Moment of Structure (AMOS).

It is important to understand that a list of core values practiced in Uganda's informal economy was established from the study's findings, and it includes; cleanliness, trust, fairness, responsibility and respect. Cleanliness is a unique value practiced in Uganda's informal economy. This core value was not provided by the work of Schwartz's (2005). Cleanliness is significantly related to motivation, legitimacy and entrepreneurial

performance except for cumulative employment. At the same time, the study's findings indicate that all core values significantly motivate and reinforce employee behaviour.

The informal economy employs more females than males within age range of between 25-29 years. Furthermore, there is a lot of job switching in the informal economy. Employees do not stay long with the same employer. They commonly work for 1-2 years with the same employer.

In addition, core values are positive and significantly related to entrepreneurial performance. At the same time core values are positive and significantly related with legitimacy. Furthermore, legitimacy is positive and insignificantly related to entrepreneurial performance. However, it is disappointing that all employees and managers in the informal economy measure profitability by increasing sales level.

Motivation positively and significantly influences the relationship between core values and entrepreneurial performance. However, motivation does not mediate the relationship between trust and entrepreneurial performance. Furthermore, cleanliness is significantly related to entrepreneurial performance except for cumulative employment.

On the whole, core values significantly predict entrepreneurial performance. Also, core values significantly motivate and significantly reinforce employee behaviour. However, it was ascertained that the relationship between trust and entrepreneurial performance is not influenced by motivation.

8.5) Discussion of literature, methodology, managerial and policy

8.5.1) Contribution to literature

The study contributes to theory and literature through the major findings established. Therefore, the study's findings show a positive significant relationship between core values and motivation. Furthermore, an insignificant positive relationship was determined for the relationship between motivation and entrepreneurial performance. At the same time, it was established that reinforcement is significant within business categories. Additionally, managers and employees in Uganda's informal economy believe that SMEs must have core values. These values must be communicated properly such that

employees understand them well for easy implementation. Much as the study has established that core values motivate and reinforce behaviour as well as legitimising SMEs in Uganda's informal economy, employees and managers do not know how to utilise motivation derived from trust to influence the relationship between trust and entrepreneurial performance.

Additionally, the qualitative analysis revealed that management of SMEs in Uganda's informal economy should take a central role in crafting core values. **Interviewee No 2** said '**it's bad practice not to discuss new values with workers. Workers may not reject values if they were not consulted but this will promote bad culture in the businesses'.** Furthermore, **Interviewee No 3** said '**Workers are consulted just to know customers' needs but not necessarily crafting values. Since all workers are serving customer interests, so they will accept whatever will make a customer happy'.** In addition, **Interviewee No4** said, '**Only involve workers in crafting values if such values are directly affecting them. This will accelerate acceptance. If values are about serving customers, do not involve them'.** At the same time, **interviewee 7** said; **'I do not involve workers in crafting values because I am the business owner so I know the best values suitable for my business" Acceptance of values rests on employees'.** The interviewees agreed with Lencioni (2002) that crafting values is a primary role of management. This position was earlier determined by Buckley et al (2001) who assert that it is management philosophy which provides the ethical approach to daily business operations.

The above discussion shows that core values in Uganda's informal economy are crafted by managers and not employees. The study has empirically established that core values significantly reinforce behaviour among employees within business categories. Since core values significantly reinforce behaviour among employees and that core values are designed by managers, reinforcement of behaviour therefore originates from management. The promoters of the reinforcement theory emphasise that positive and negative reinforcers cause repeat of behaviour or performance. Skinner (1938) was the major promoter of the reinforcement theory and observed that rewards can encourage employees to repeat past good behaviour or performance and that punishment can

prevent bad behaviour. This study provided a different approach to the reinforcement theory by incorporating core values as behavioural reinforcers, especially by preventing bad behaviour. Therefore, this expands the reinforcement theory and Skinner's work.

Further, this study contributes to a body of literature by examining the relationship between core values and entrepreneurial performance. The variable core values was measured in form of; trust, respect, fairness, responsibility and cleanliness while entrepreneurial performance was measured through cumulative employment, product diversification and profitability. In addition, although existing literature such as Kuvaas (2006), Hays and Hills (2001) and Hays and Hills (2006) discusses the mediating role of motivation, they concentrated on work performance, perceived service quality and service quality respectively which is a deviation from this study. Such findings were insightful for this study, however, the study discussed the mediating role of motivation in the relationship between core values and entrepreneurial performance. Therefore, the findings which indicate significant positive relationship implies an addition to the existing body of literature.

Furthermore, Park and Jang (2012), Crema, Verbano and Venturini (2014) and Su and Tsang (2015) measured business performance by Return on Assets(ROA) Return on Sales (ROS), Return on Investment (ROI) and Return on Equity (ROE). However, in Uganda's informal economy, no SME can attempt to define and track their assets, they hardly maintain asset registers, and there is no proper book keeping (Orobia et al. 2013). Therefore, profitability would not be measured by ROA, ROE or ROI. Through the qualitative interviews, participants defined profitability by increased sales. On the other hand, it would be difficult to require entrepreneurs in Uganda's informal economy to measure profitability by ROE or ROA since most of them cannot understand precisely how to observe the equity level right from the initial capital injected. In the same way, since the measurement of profitability is by increased sales level, according to the description given by SME managers in Uganda's informal economy, SEM had to disqualify profitability. This is because the informal managers' description is not supported by literature. This is to say that the study has deviated from Bosma et al. (2002) who measured entrepreneurial performance by profitability among other factors.

The study additionally indicates that motivation and legitimacy significantly influences the relationship between core values and entrepreneurial performance of SMEs in Uganda's informal economy. Literature about legitimacy and motivation as mediating variables in relationships concerning entrepreneurial performance has not been limited.

The study further provided a framework indicating the effect of predictors, that is, core values to outcome variable, (entrepreneurial performance). The direct relationship in this study indicates a significant relationship between core values and entrepreneurial performance. This framework is specified by incorporating motivation and legitimacy as mediators and the reinforcement theory as the major theory driving the framework.

Furthermore, a new core value (cleanliness) was established within SMEs in Uganda's informal economy. This is to add on Schwartz's (2005) universal moral values. Moreover, the identified core values within SMEs in Uganda's informal economy motivate and legitimise SMEs and at the same time, influence entrepreneurial performance as the above discussions indicate. Finally, the study indicated that the set hypotheses were confirmed in Uganda's informal economy as Table 8.1 shows. However, having insignificant results for +H2 and +H5 indicates a deviation from studies such as; Katou (2015), Kuvaas (2006), Ard (2015), Drori and Honig (2013) and Li et al. (2017). Empirical findings from Uganda's informal economy indicate that motivation and legitimacy do not significantly translate into entrepreneurial performance. Therefore, managers of the SMEs need to develop strategies to improve the situation.

Table 8. 1: Summary of hypotheses

Proposed Hypotheses	Hypotheses No	Factor Loadings	Reject/ supported
Core values → Motivation	+H1	0.70***	Supported
Motivation→ Entrepreneurial performance	+H2	0.04	Supported
Core values → Entrepreneurial performance	+H3	0.51**	Supported
Core values → Legitimacy	+H4	0.67***	Supported
Legitimacy → Entrepreneurial performance	+H5	0.24	Supported
Core values → Motivation → Entrepreneurial performance	+H6	0.002***	Supported
Core values → Legitimacy → Entrepreneurial Performance	+H7	0.012**	Supported

8.5.2) Methodological contribution

The study has methodological contribution and implications for Uganda's informal economy. Core values are composed of trust, cleanliness, fairness, responsibility and respect. These are social and psychological constructs which influence business performance. The factors defining core values explain core values by an average of 48% of covariance. In addition, the qualitative findings provided core values practiced in Uganda's informal economy and empirical tests confirmed their covariance as used in Uganda's context. Furthermore, since cleanliness is a new core value; its measures were derived from Barber and Scarcelli (2010) who investigated the role of cleanliness in determining service quality in USA hotels. The measures of cleanliness combined with other core value measures resulted in a reliability score of 0.845. This is an indicator that findings can be generalised.

In addition, the study revealed that entrepreneurial performance was composed of cumulative employment and product diversification. These factors were measured by variables derived from studies taken from developed countries. Although the scales for

profitability were generated from qualitative study results to specifically capture the construct as it is understood and explained by managers/entrepreneurs in Uganda's informal economy, these scales had no backing in the literature, therefore SEM rejected them for structural model analysis. Furthermore, the measurement scales for reinforcement were established after qualitative analysis and thereafter, the measures of reinforcement were empirically tested. Reinforcement was measured separately by variables which include; i) employees repeating past good behaviour or performance because of trust, ii) employees not behaving badly because of clean premises, iii) punishing employees who do not participate well in assignments and tasks, iv) fairness leading to repeat of good behaviour or performance and respect leading to repeat of behaviour or performance. Whereas a lower reliability test score for reinforcement of α=0.648 was realised, its composite reliability was high at 0.99. Furthermore, reinforcement is significant in Uganda's informal economy at P=0.008 following Pearson's chi-square test. Therefore, behaviour of employees in Uganda's informal economy can be reinforced by core values. This study provides a beginning point for testing the reinforcement theory in developing countries.

Additionally, the study reflected how the relationship between core values and entrepreneurial performance can be estimated. There is a direct path where all components of core values had a significant relationship with all components of entrepreneurial performance and the indirect path where motivation and legitimacy mediated the relationship between core values and entrepreneurial performance.

In addition, the study was multiple sector comprising both processing and service firms. The results obtained are useful for generalisation purposes first with Kakeeto et al. (2014) who concentrated on trust and service sector in Uganda. Besides Kakeeto et al. (2014), Hays and Hills (2006), Schoorman et al. (2007) and Barber and Scarcelli (2010)'s studies were outside Uganda and in developed countries, but the reliability score results obtained using the measures generated from such studies were close to being similar as indicated in Table 6.2. Therefore, generalisation of study results is possible.

Furthermore, the study employed mixed method to establish the commonly practiced core values. SME managers/ entrepreneurs were interviewed to generate the values which

matter in their businesses. This is a deviation from the works of Schwartz (2005) and Bello (2012) who based their research on a literature review to determine business values. Furthermore, Schmiedel et al. (2013) employed a Delphi technique to establish values suitable for business processes. Schmiedel et al. (2013)'s study interviewed experts and practitioners who had authored in the area of business ethics. However, this study did not discriminate among interviewees. Managers/ entrepreneurs who had at least three years' experience were interviewed. In addition, behavioural studies such as; Fortin et al. (2016), Hong et al. (2013), Arnold et al. (2009), Goltz (2010), Janssen (2000) and Siegel et al. (2005) did not adopt a mixed method. Whereas Long et al (2016) employed a mixed method to study fairness within organisations, the study concentrated on only one variable of core values while this study concentrated on five elements of core values (cleanliness, fairness, trust, responsibility and respect). This study provided a mixed method approach to ethics and entrepreneurial research where qualitatively the elements of core values and reinforcement theory were generated. Thereafter a survey was conducted to test the values and the reinforcement theory in Uganda's informal economy. Further, it is important to know that for this mixed method, educational level was not a criterion for inviting participants in the study. Therefore, all adult managers/ entrepreneurs and employees operating in Uganda's informal economy formed a population for this study.

8.5.3) Managerial or Practical contribution

The study findings have practical considerations for SMEs in Uganda. It must be understood that all SMEs surveyed confirmed that they have core values though such values may differ depending on management aspirations. Therefore, it is advisable for managers to pin core values as they do with cleaning rosters in order to avoid Hammann et al. (2009)'s observation that core values in SMEs in the informal economy are known only by managers and entrepreneurs. Pinning core values serves to let clients and employees know about them and incase of any behavioural intolerance, the client easily reminds the employee about the core values. Whereas most SME managers acknowledge that communicating values is important to both employees and the business, the method, approach and the time frame of communicating core values differs.

In addition, since soft skills are not emphasised in Uganda (Tukundane et al. 2015), managers of SMEs in Uganda's informal economy have to utilize this study to understand that core values reinforce behaviour. Furthermore, managers have to consider the core values in a more appropriate way. In this manner, SMEs in Uganda's informal economy will conform to Skinner (1938)'s reinforcement theory. If managers want to have a self-driven team, values are appropriate for the task. This is the rationale for core values being motivators and at the same time behavioural reinforcers.

Furthermore, findings show that core values have a significant positive relationship with entrepreneurial performance. For instance, product diversification is guaranteed by customer recommendation (Slack, 2015). Moreover, Idris (2014) confirms that trust explains retention of work force. It must further be noted that cleanliness was identified as a new core value which is not part of Schwartz (2005)'s list of universal moral values, and it has a strong contribution to entrepreneurial performance. It is encouraging that most SMEs had cleaning duty rosters to try and keep up with the expected levels of cleanliness. However, cleaning tasks should be assigned with all due fairness this is how it will be appreciated and respected by employees.

Managers should seek training on how to turn legitimacy and motivation gained out of core values to business advantage. Training may be provided by Uganda private sector foundations or Enterprise Uganda. This will help SMEs harness the advantages of legitimacy and motivation to influence entrepreneurial performance.

Furthermore, in the wave of SMEs failing to raise adequate working capital, especially due to perfect competition tendencies in the informal economy, managers of SMEs should emphasise intrinsic motivational factors such as core values. Since they are non-monetary in nature, and empirical tests determined that they have significant positive effects on motivation and legitimacy, it is prudent for managers to exploit such motivational opportunities. Besides core values being motivational, they are soft skills which impact on both employees and customers' psychological conscience. The soft skills can be a source of customer attraction as already observed in the qualitative analysis.

Since SMEs survive on small business budgets and sometimes the budget is not separate from the owner's personal budget, SMEs cannot run promotional campaigns and advertisements. Therefore, managers should ensure that they emphasise the soft skills which can attract customers. If customers are satisfied with the fair treatment, clean environment and a good service delivery, they will refer their friends to seek services from the enterprise. Lock et al. (2012) observed that fairness to customers is a source of competitive advantage. It is thus crucial from management's point of view to turn core values which are part of the soft skills into an advertising tool.

8.5.4) Policy contribution

It has been established that core values play a critical role in shaping employee beliefs and behaviour in Uganda's informal economy. Further, core values contribute tremendously to business legitimacy, product diversification, and cumulative employment. Furthermore, the informal economy employs more youths who need profound guidance in business ethics. With the government of Uganda, through the Ministry of Gender, Labour and Social Development realising that more youths find employment in the informal economy, it designed the youth livelihood programme (2013) to facilitate youth entrepreneurship. However, the programme does not really indicate how youth groups should be managed. Further, the programme highlights that youths are equipped with business management skills, but it has no appended indicators of the training package with which youth groups are equipped. Therefore, there is a need for a deliberate policy on youth training in Uganda. The policy should emphasise business ethics especially core values, which is currently missing. The youth livelihood programme (2013) highlights the selection criteria for successful business ventures. The selection criteria emphasises political steps and processes rather than appending the business proposal guidelines and any other vital business management information guides. It is also important to understand that even if the Ministry of Gender, Labour and Social Development facilitates the implementation of a youth livelihood programme, without a clear policy guide on ethical requirements of workers and employers in the informal economy, the programme may not be a success.

Furthermore, the Ministry of Tourism and Wildlife recognised one of the meals (rolex) prepared by restaurants in the informal economy to be a source of tourist attraction. However, there is no clear policy strategy to guide on how restaurants should operate to attract tourists. It is high time the Ministry led a campaign to guide how these restaurants should operate. The guidance can be a coordinated effort between the ministry of tourism and local council authorities through health inspectors, town planners and commercial officers to develop a policy guiding dealers on how to operate. Also the Ministry of Trade and Commerce should coordinate with local council authorities and develop a clear policy strategy on where small businesses, like restaurants, should be located for cleanliness and hygienic purposes and not locate them any-where as it is today.

Ministry of Education, Science, Technology and Sports through the Department of Business, Technical, Vocational Education and Training together with the youth livelihood programme secretariat and Ministry of Trade and Industry should emphasise the teaching of business ethics in vocational institutes. This may be through re-orienting tutors and emphasising to them that they should clearly inculcate business ethics to students. Unfortunately, currently vocational institutions have no deliberate programme helping to impart soft skills to learners (Tukundane et al. 2015). There should be a clear policy for re-orienting the tutors to ensure that they are equipped with current scientific research which associates business ethics with SME performance such that they deliver this information to students in a more focused way.

Although the Micro, Small and Medium Enterprises policy (2015) highlights the challenge of lack of access to business information by SMEs, the policy fails to show a clear way of how the information can be delivered closer to the employees and managers of SMEs. Therefore, there is a need for the Micro, Small and Medium Enterprises (MSME) secretariat to approach subject matter experts from universities and other successful business executives to design simple videos with management modules (conducted in local languages) suitable for SMEs in the informal economy. It will be appreciated by employees and managers in the informal economy since many telecommunication companies are providing internet bundles and smart mobile phones at promotional prices.

Whereas the youth livelihood programme (2013) and the Micro Small and Medium Enterprises (2015) policies are emphasising training in business management, the challenge of mishandling government support funds and business in general has not stopped. This implies that there is a gap in the training. Therefore, there is a need to design a clear policy guiding the teaching of business ethics to all stakeholders in the informal economy. Moreover, the Micro Small and Medium Enterprises (2015) policy clearly indicates that institutions such as the private sector foundation of Uganda can assist in training business management to MSMEs, however, such institutions do not have a training package deliberately tailored to management of SMEs in the informal economy. There is a need therefore to re-orient the policy and spell out how these supporting institutions are going to help in training proprietors of SMEs.

Finally, since SMEs are operating in the informal economy and from the suburbs of major city centers, they are affected by changing weather patterns yet they are not bothered about it. There is a need for coordination between the Ministry of Trade and Industry, the Ministry of Gender, Labour and Social Development and Local Council authorities to design a policy which will compel SMEs to engage in community service. For instance, there is need to have a policy of cleaning and safe-guarding the major water channels in the towns. If SMEs know that there is a deliberate government policy compelling them to clean up the major water channels, and such a policy is well publicised, SMEs will not be affected by constant flooding during severe rainy seasons and they too will enjoy legitimacy out of the cleaning exercises.

8.6) Recommendation for further research

This study was carried in an informal setting and in Uganda. A similar study should be carried out in a developed economy or any country at the same level of development as Uganda to establish whether cleanliness can be a core value, and whether core values can reinforce employee behaviour in that economic setting as has now been established in Uganda. Replicating studies is very important to generate more knowledge and comparison. Since reinforcement theory has basically been linked with monetary rewards world over as provided by Skinner (1938), Uduji (2013) and Wei and Yazdanifad (2014),

it is critical to replicate this study and establish whether core values can reinforce behaviour in a developed economy as it has been tested in a developing economy (Uganda).

The most dominant factors in this study were core values and motivation. Studies such as; Ferguson and Milliman (2008), Schwartz (2005) and Bello (2012) were based on literature reviews. Furthermore, Dahlgaard-Park (2012)'s study was cross sectional, similar to this study, therefore limited studies have let core values and motivation stand the test of time. Another study should be carried out employing either longitudinal or experimental approach. Longitudinal and experimental approaches enable researchers and users of findings to have a gradual understanding of phenomena (Urde, 2003).

Cleanliness as a core value established in Uganda's informal economy has been well researched in the tourism and hospitality sector basically not as a core value rather as a factor for the successful running of the business. Barber and Scarcelli (2010) defined cleanliness and related it to promotion of hotel business. Lee (2016) confirmed that cleanliness is a pull factor for guests in the restaurant business. Barlan-Espino (2017) discussed cleanliness as a factor for customer satisfaction in restaurants. There is a need therefore to study the impact of cleanliness on other forms of organisation settings, for instance, in higher education sector, hospitals, airport management, etc.

Madishetti and Kibona (2013) assert that profitability is measured by gross operating profit. Profitability can also be measured by return on assets, return on investment and return on equity (Park & Jang 2012; Crema et al. 2014; Martinez-Sola et al. 2014; Su & Tsang 2015; Monea 2016; Logan 2016). On the other hand, through qualitative interviews, it was established that entrepreneurs in Uganda's informal economy cannot distinguish between sales and profitability. They reported to measure profitability by levels of sales they make. It is necessary to carry out further studies to determine the dimensions of measuring profitability in informal economies. Emphasis may be put to those economies where most people are semi-illiterate or illiterate.

The interviews revealed that assigning responsibilities among workers in the informal economy is useful. For instance, **Interviewee No 3** who stated that '…**.employees that**

are given responsibility of managing stock will ensure that stock is not used for personal gains. Customers are attracted because of cleanliness hence more sales. Good treatment of workers will help retain current employees...' However, there is limited research on the role of responsibility or task assignment in SMEs' performance in informal economies. Most research handles environmental aspects, for instance, Li et al. (2017) and Corporate Social Responsibility (CSR). More research therefore is needed to establish the influence of employee responsibility to SMEs' performance in the informal economy.

Furthermore, legitimacy is important to facelift SMEs before the audience they serve. However, researchers such as Yusuf et al. (2016) and Hassan et al. (2016) emphasise registration with local authorities. More research should be carried out to investigate whether pragmatic legitimacy transcends levels, cycles and age as businesses grow.

The informal economy is unique because product diversification is by customer referral as most interviewees' responses indicate. However, research and development (Galan, 2016) or technology and diversification experience (Zahavi & Lavie, 2013) which were highlighted in the literature review need to be investigated in the context of the informal economy to understand why they are not common factors for product diversification.

Although the paper handles aspects of entrepreneurship such as product diversification, profitability and accumulated employment, the entrepreneurship theory was not investigated because it was beyond the set scope for the study. Another similar study may be carried out elsewhere to test the entrepreneurship theory.

The study concentrated on investigating the relationship between core values and entrepreneurial performance rather than the extent to which variables change due to changes in core values. Another study may consider investigating the extent to which profit levels or product diversification changes given a change in any form of core values.

8.7) Study limitations

This study has demonstrated that core values significantly motivate and reinforce employee behaviour. Therefore, core values are part of behavioural reinforcers under the reinforcement theory. Despite this contribution, it was a cross sectional study. It may not be a good reflection of events over time.

Furthermore, the study was carried out in Uganda's informal economy; this economy is dominant in town suburbs and slum areas. Therefore, most firms in juice and cosmetics processing were operating in home garages. It was not easy to locate them since Ugandan slum and town suburbs do not have proper addresses in the form of block and plot numbers. Since the SMEs are remotely located, Uganda Revenue Authority cannot trace them for tax administration. It would have been very important to establish whether empirical results were to change because SMEs file returns for tax purposes. This is based on premise that SMEs are immoral when they are faced with challenges of tax administration (Ntayi et al. 2013).

In addition, a myriad of authors such as; Park and Jang (2012), Crema et al. (2014) and Su and Tsang (2015) measured profitability by; return on assets (ROA), return on investment (ROI) and return on equity (ROE). On the other hand, business proprietors in Uganda's informal economy defined profitability by the volume of sales they make. This was rejected by the CFA. Therefore, profitability was not carried forward for analysis. The explanations for profitability by the business community in Uganda's informal economy is justified by the lack of proper ways through which SMEs can track equity, SMEs cannot track their expenditure patterns. Therefore, if a manager cannot track business expenses, it would be very difficult for that manager to explain profitability the way it is defined in most business scholarly work. This confined the study to only two entrepreneurial performance measures (product diversification and cumulative employment).

The study was guided by mixed method; therefore, it has logical explanations for statistical analysis derived. However, interviews were held during the time of political hype when Uganda had just concluded presidential elections. Therefore, it was difficult to

schedule appointments. Furthermore, persuading respondents to attend interviews was extremely difficult.

Finally, the informal economy has many definitions from different perspectives for instance, registering with authorities, keeping records, providing employment contracts and social benefits etc. This study considered informality to be where employees neither get employment contracts nor do they qualify for social benefits.

8.8) Conclusion

The study investigated whether core values motivate and reinforce employee behaviour. At the same time, an investigation into whether core values can influence entrepreneurial performance was carried out. In order to achieve these aims, the study employed a mixed method with coding, theme development, CFA and SEM as the major tools of analysis.

The study established that cleanliness is part of core values practiced by Uganda's SMEs. Furthermore, core values motivate and reinforce employees' behaviour and at the same time foster entrepreneurial performance in Uganda's informal economy. It is also important to know that core values can be a source of business legitimacy, at the same time, core values are initiated by managers. It was also established that profitability in Uganda's informal economy is measured by sales levels (perspective managers in informal economy).

Managers need to focus on crafting and enhancing core values among employees since it can be a source of legitimacy. This kind of legitimacy can be a source of marketing and advertisememnt for the business. Furthermore, the government of Uganda with help from local authorities needs to gazette decent locations for the SMEs to ensure hygiene and cleanliness. Finally, government needs to strengthen entrepreneurial curricula in vocational institutions by emphasising soft skills.

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APPENDICIES

Appendix A (an interview guide for qualitative study)

Dear interviewee, the information you provide will be of great value to this study and will lead to establishing a set of new knowledge. This interview is being administered for absolutely study purposes and all information provided will be treated with utmost confidentiality.

Core values (these include; trust, fairness, respect, responsibility and honesty), motivation, reinforcement and legitimacy

1) Which core values are practiced in your business?
2) In case of no core values, what is preventing you from forming them?
3) Give reason as to why communicating core values to employees is important.
4) Explain the importance of frequently reminding employees about business core values.
5) Why would you consult your employees while drafting core values?
6) Explain how core values motivate your employees to work hard.
7) Explain how core values influence your employees to repeat a behavior or past performance.
8) Explain how core values can prevent your employees from misbehaving at work.
9) Explain how core values can improve your business approval rate in community/appreciation/ reputation.
10) Explain how core values can increase business profitability.
11) Explain how core values can influence product diversification.
12) Explain how core values can improve the employment status in your business.

Thank you for your participation

Appendix B (Introductory letter)

Introduction

Dear participant, I salute you. I am Ismail Kintu a PhD student of University of Witwatersrand South Africa. I am carrying out a study titled 'The role of motivation and legitimacy in the relationship between core values and entrepreneurial performance: A study of SMEs in the informal economy of Uganda's central region'. I request for your corporation in this study and therefore I seek for your consent to undertake the interview. You were selected for this study because you are employed in an informal economy which is the genesis of my study. You are humbly requested to attend to my questionnaire to enable a successful completion of this study. The questionnaire will require utmost 20 minutes to complete. Your participation will be voluntary and will require your total consent. The final dissertation will be published on world-wide web or any other conference where the supervisor and Wits University will decide.

Yours sincerely;

Ismail Kintu

Researcher

Appendix C (participants' consent form)

Participants' consent form

I…… … here by agree to freely participate in this research without coercion or undue influence. The title of my study is 'The role of motivation and legitimacy in the relationship between core values and entrepreneurial performance: A study of SMEs in the informal economy of Uganda's central region'. I understand the brief content and purpose of the study as explained by the researcher. I will have to attend to an interview session/or fill the questionnaire as guided by the researcher. This study is not a rigid mutual contract therefore I may withdraw my participation at any point I feel the nature of conduct is deviating from the purpose. I also appreciate the fact that my participation will remain confidential; my personal identity will not be collected nor used. This research study will not pose any harm or risk to the business I serve or the community where I live.

Participant's signature Date

Appendix D (survey Questionnaire)



Appendix D (Questionnaire for quantitative analysis) **No……**

Student Number: 1118315

Core value and entrepreneurial performance of SMEs

SMEs Questionnaire: employees

Dear respondent,

The questionnaire being administered is solely for academic purposes. The information provided will be handled with utmost confidentiality.

Section One

1) Biographical data

Which year did this business commence?		
Respondent's title		
Gender	Female	Male
What kind of service/ product are you providing?		
Respondent's age		
40 years and above		
35 years to 39 years		
30 years to 34 years		
25 years to 29 years		
18 years to 24 years		

2) How long have you worked for this firm?.....Years.

Section two

Motivation (MV) In this section, you are being asked about what motivates you in the workplace.

(Please tick only one box to answer each of the following statements);

		Strongly Disagree	**Disagree**	**Neither agree nor disagree**	**Agree**	**Strongly agree**
MV1	I feel a great sense of accountability for new products launched.					
MV2	I prioritise honesty while serving customers.					
MV3	My supervisor keeps my interests in mind when making decisions.					
MV4	All job decisions are applied consistently across all affected employees.					
MV5	I get more interested in work if I am given an opportunity to design a task and accomplish it.					
MV6	I have been motivated at work in the last twelve months.					

MV7. The following factors improve your morale to work.

	Factor	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
A	Trust					
B	Fairness					
C	Responsibility					
D	Respect					
E	Cleanliness					
F	Confidentiality					
G	Customer care					
H	Commitment					

Section Three

Performance (PM) In this section you are asked about the way the business you work for provides new services/products or the way it captures new markets. **(**Please tick one box to answer each of the questions below);

		Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
	Product Diversification					
PMD1	Our service/product can penetrate all markets because of trust the community has in this firm.					
PMD2	Customers perceive a variety of our products/services to be superior to our competitors.					
PMD3	With trust, employees can introduce reliable products/services to improve business reputation.					
PMD4	Employees interact with customers to establish market driven goods/services.					
PMD5	Customers believe in the information provided by employees of this organisation and therefore no doubt about the variety of service/products.					
PMD6	The firm has introduced new products /services in the last twelve months.					

PMD 7. The following factors cause product diversification.

	Factors	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
A	Business reputation/legitimacy					
B	Motivation					
C	Trust					
D	Cleanliness					
E	Customer care					
F	Responsibility					
G	Fairness					

Profitability In this section you are asked about what influences an increase in firm sales and expenses.

(Please tick one box to answer each of the following questions);

		Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
PMF1	This business meets customer expectations because of the responsibility managers assign to employees.					
PMF2	This firm aims at spending at the right cost for all transactions.					
PMF3	Trust influences employees to record transactions at the right amount.					
PMF4	Our sales increase because employees are well dressed and appear neat.					
PMF5	Our sales increase because of clean floor and walls.					
PMF6	The firm's sales have increased in the last twelve months.					
PMF7	The firm's expenses have increased in the last twelve months.					

PMF8. The following factors influence firm profitability.

	Factors	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
A	Business reputation/legitimacy					
B	Motivation					
C	Trust					
D	Cleanliness					
E	Customer care					
F	Responsibility					
G	Fairness					

Cumulative employment In this section you are asked about the factors causing employee retention or attraction in this firm.

(Please tick one box to answer each of the questions below);

		Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
PME1	Employees are happy to work with this firm because the mode of payment is fair among employees.					
PME2	Firm retains current employees because commissions are fairly determined.					
PME3	Employees are retained because of attractive business premises.					
PME4	Because of punctuality, employees are retained.					
PME5	The firm retained most of its employees in the last twelve months.					
PME6	The firm attracted new employees in the last twelve months.					

PME7. The following factors determine employee retention.

	Factors	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
A	Business reputation/legitimacy					
B	Motivation					
C	Trust					
D	Cleanliness					
E	Responsibility					
F	Fairness					
G	Respect					

Section four

Legitimacy In this section you are asked about this firm's reputation **(**Please tick one box to answer each of the following questions)

	.	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
LGT1	We have faith in our neighbors that they will react in our interest even when it is costly to do so.					
LGT2	We would feel betrayed if our neighbors failed to avail us with credible information of the environment surrounding us.					
LGT3	Customers and other stakeholders are committed to a long term relationship with the business.					
LGT4	Our neighbors are attracted to this firm because of our neat personnel.					

LGT5	The firm's reputation improved in the last twelve months.					

LGT6. The following factors influence firm reputation.

	Factors	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
A	Customer referrals					
B	Trust					
C	Cleanliness					
D	Customer care					
E	Responsibility					
F	Fairness					
G	Respect					

Section 5

Reinforcement of behaviour/ or performance. In this section, you are asked about factors causing a repeat of

past behaviour/ or performance. **(**Please tick one box to answer the following questions)

		Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
REF1	Because of trust, employees can repeat past good behaviour or performance.					
REF2	Employees do not badly behave because of cleanliness of the premises.					
REF3	Employees who provide less time compared to colleagues for the same task assignment are punished.					
REF4	Fairness leads to a repeat of past good behaviour or performance.					
REF5	Respect leads to a repeat of past good behaviour or performance.					
REF6	Responsibility leads to a repeat of past good behaviour or performance.					
REF7	In the last twelve months, management has ensured that employees repeat past good behaviour/ or performance.					
REF8	In the last twelve months, management has prevented employees from misbehaving.					

REF9. The following factors have prevented you from misbehaving at work.

	Factors	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
A	Trust					
B	Respect					
C	Fairness					
D	Responsibility					
E	Cleanliness					
F	Punishments					

Section Six : Core values. In this section you are asked about the core values practiced in Ugandan small businesses. **(please tick one box to answer each of the questions below)**

		Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
	Cleanliness					
CL1	I am encouraged to work if the neighborhood is clean.					
CL2	I am interested in working if the floor space is clean.					
CL3	I can serve well if I do not smell any odor from the restroom.					
CL4	I can stay for long hours working if soap is provided in the restroom.					
CL5	I comfortably settle in to work if the sinks are clean.					
CL6	I settle to work if toilet papers are provided at work.					
CL7	I serve better if I am neat and well dressed.					
	Trust					
TR1	This firm is known to be successful in all activities it does.					
TR2	This firm can be relied on to keep its promises.					
TR3	I believe my employer's intentions and motives are good.					
TR4	This firm does not mislead people.					
TR5	I feel a sense of loyalty to this firm.					
TR6	Customers are committed to long term relationship with our firm.					
	Fairness					
FR1	There is fair distribution of rewards in this firm.					
FR2	Employees in this firm are rewarded fairly for their achievements.					
FR3	This firm recognizes exceptional accomplishments.					
FR4	My employer treats me fairly.					
	Responsibility					
RES1	Employees in this firm feel responsible for the quality of work produced.					

RES2	Employees in this firm feel happy about changes to improve performance.					
RES3	Employees feel responsible for the firm's success.					
RES4	Employees feel responsible for achieving firm goals.					
RES5	My work has a lot to do with firm accomplishments.					
	Respect					
RS1	I receive the respect I deserve from my superiors.					
RS2	I receive the respect I deserve from my colleagues.					
RS3	I get adequate support in difficult situations.					
RS4	Considering my efforts and achievements, I receive the respect I deserve at work.					

Thank you for your participation

Appendix E: Interview request letter

8th November, 2015

Dear Sir/Madam

Re: **Request to carry out research interview and survey in your organisation**

I am Ismail Kintu, a PhD student at the University of Witwatersrand South Africa. I write to request for permission to carry out my interviews and survey in your business setting. I will first interview you as the entrepreneur or manager of the business and there after request for one of your employees to be a respondent in the survey. I am conducting a study titled 'The role of motivation and legitimacy in the relationship between core values and entrepreneurial performance: A study of SMEs in the informal economy of Uganda's central region'. The purpose of this letter is to request for your permission to accept me carry out my research from your business setting. My research will help to generate a set of core values practiced by Ugandan entrepreneurial undertakings in the informal economy and there after determine whether such values motivate employees, legitimise businesses and at the same time foster entrepreneurial performance.

The business was chosen for this study because it meets the criteria of SMEs in Uganda. The data collected will highly be confidential and for only academic purposes. Participation in this study will be voluntary and respondents will not be exposed to any danger. The study was approved by the university of Witwatersrand research ethics committee (Non-medical) and it will be within the confines of the ethics guidelines.

Appreciations; should you have any inquiries, please do not hesitate to contact as directed below;

Mobile numbers: 0782602121 or 0705320010.

Email is kintuisma@gmail.com

Yours faithfully;

Ismail Kintu (PhD student)

Appendix F: Research Planning

Schedule for Research

The study was handled chronologically from the first chapter up to the last following the time limits shown in the chart below.

Activities	Year 2014		Year 2015				Year 2016				Year 2017	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Registration year I												
Meeting supervisor												
Proposal Writing												
Registration year II												
Meeting supervisor												
Proposal Defence												
Literature Review												
Research Design												
Ethical clearance												
Registration year III												
Meeting supervisor												
Interviews for qualitative study												
Analysis and discussion of findings												
Pilot study Questionnaire												
Data Collection												
Data Analysis												
Research findings												
Report writing												
Conclusions												
Submission of thesis for examination												
Registration year IV												
Meeting supervisor												
One paper ready to present in conference												
Reacting to examiners' report.												
Presenting a paper in conference												
One paper ready for publication												

Graduation at end of Quarter 2 2017												

Appendix G: Research consistency matrix

Can core values practiced by SMEs motivate and reinforce behavior among employees and at the same time foster performance of SMEs in Uganda's informal sector?					
Research Aims	**Literature reviewed**	**Hypothesis and propositions**	**Source of data**	**Type of data**	**Analysis**
To determine the commonly practiced core values by SMEs in Uganda's informal sector	Buckley et al (2001), Jurkiewlcz and Giacalone (2004), Schwartz (2005), Michie and Gooty (2005) and Kakeeto-Aelen et al (2014).	Businesses need to set and practice core values for proper work behavior and leadership.	Questions in appendix A	Nominal data where answers were generated through interviews and non of the responses was quantitative.	This was through proper coding of phrases in the interview and meaning to statements was attached.
To establish whether the commonly practiced core values can motivate and reinforce a behavior among employees in Uganda's informal sector	Reina and Reina (2006), Wei and Yazdanifad (2014) and Dahlgaard-Park (2012)	1) There is a positive relationship between core values and motivation. 2) There is a positive relationship between motivation and business performance	Questions provided in appendix B section two	Ordinal data because the researcher measured non numeric concepts like strongly disagree, disagree, Agree, and strongly agree.	The model paths were specified and show a causal effect relationship among variables

To examine the relationship between the commonly practiced core values and performance of SMEs in Uganda's informal sector.	Wei and Yazdanifad (2014), Boomer (2009) and Urde (2003)	There is a positive relationship between core values and Entrepreneurial performance.	Questions in appendix B in section three	Ordinal data because the researcher measured non numeric concepts strongly disagree, disagree, agree, and strongly agree	The model paths were specified and show causal-effect relationship among variables.
To establish the impact of legitimacy on SMEs operating in Uganda's informal sector	Zimmerman and Zeitz (2002), Suchman (1995), Dief and Font (2010), Bansal and Roth (2000), Raviv et al (2013) and Liao and Yu (2012).	1) There is a positive relationship between core values and legitimacy. 2) There is a positive relationship between legitimacy and business performance.	Questions in Appendix B	Ordinal data because the researcher measured non numeric concepts strongly disagree, disagree, agree, and strongly agree	The model paths were specified to show a causal-effect relationship among variables

Appendix H: Ethics clearance certificate

Research Office

HUMAN RESEARCH ETHICS COMMITTEE (NON-MEDICAL)
R14/49 Kintu

CLEARANCE CERTIFICATE	**PROTOCOL NUMBER: H16/02/12**
PROJECT TITLE	The role of motivation and legitimacy in the relationship between core values and entrepreneurial performance: A study of SMEs in the informal economy of Uganda's central region
INVESTIGATOR(S)	Mr I Kintu
SCHOOL/DEPARTMENT	Economic and Business Science/
DATE CONSIDERED	19 February 2016
DECISION OF THE COMMITTEE	Approved unconditionally
EXPIRY DATE	06 March 2019

DATE 07 March 2016 **CHAIRPERSON** _____
(Professor J Knight)

cc: Supervisor : Dr R Venter

DECLARATION OF INVESTIGATOR(S)

To be completed in duplicate and **ONE COPY** returned to the Secretary at Room 10005, 10th Floor, Senate House, University.

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee. **I agree to completion of a yearly progress report.**

_____ _____/_____/_____
Signature **Date**

PLEASE QUOTE THE PROTOCOL NUMBER ON ALL ENQUIRIES