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Reward Management and SME Performance: A Case Study of Some Selected SME in Lagos State, Nigeria.

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Abstract

Reward management is one of the strategies adopted by Human Resource Managers attracts and retain employee's attention and stimulates him to work. Well rewarded Motivated employees are more productive, more efficient and more willing to work towards organizational goals than those that are not well motivated. Reward management is either lacking in SMEs or SME owners do not adopt the right reward mix that suit the desire of their employee which create a problem. A study like this has therefore remain germane by investigating the effect of reward management on performance of SME's in Lagos state, Nigeria. This study adopted the simple random sampling technique on the registered members of National Association of Small and Medium Enterprises, Lagos State Chapter. One hundred and eighty-five questionnaires were completed and returned. The principal tools for analysis of data are carried out with the help of regression analysis. The finding revealed that Salary, Bonus and Job recognition are good determinant of reward management and there exist a positive significant relationship between reward management and SME performance. It was recommended that SME owners should formulate strategy that will ensure good implementation of the reward management and adoption of right mix that will suit the desire of their employee.

Introduction

Positive reinforcements given by the organization to the employee inform of reward spur them to reciprocate with maximum performance and make employees feel appreciated and valued. Reward management supports the achievement of business goals by helping to ensure that the organization has the talented and engaged people in needs. Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation (Armstrong, 2007). Salary and wages, bonus and job recognition as a measure of reward management could be applied as one of the tools to enhances the performances of SMEs.

Employees are the most valuable asset to an organization and they play an important role in preserving the successful image of organization. Employee performance is the main factor in ensuring that the organization is run smoothly and successfully. Good employee performance will improve the organization performance. To maintain a good employee performance, a suitable reward management strategy is needed. Reward can be defined as anything that attracts an employee’s attention and stimulates him to work. Rewards are the positive reinforcements given by the organization. Rewards acts as effective motivators and help people to increase productivity and efficiency According to Mirkander (2010). Employees will give their maximum when they have a feeling or trust that their efforts will be rewarded by the management, and a well-rewarded employee feels that he /she is being valued by the company that he/she is working for (Sajuyigbe, Bosede, and Adeyemi, 2010). Reward system should be looked at from an organization's and an employee's point of view. This study examined the effect of reward management on SME performance in Lagos State.

Statement of Problem

When employees are well motivated, they will be more efficient, more productive and more willing to work towards organizational goals than those employees who are not properly motivated. As observed by San, Theen, and Heng, (2012) every organization especially the small and medium business do not fully understand the power of reward strategy. So also, thus Muogbo and Chineze, (2018) observed that organization do not adopt the right reward mix that suit the desire of their employee in order to get the best out of them. While Mabaso and Dlamini (2018) posited that reward, management enhances the performances of organizational performance, Lee and Wong (2006) concluded that reward does have an impact on the company’s innovation performance. In view of these, mixed results do not only exist in reward management, it is either lacking in SMEs or SME owners do not adopt the right reward mix that suit the desire of their employee which create a problem. A study like this has therefore remain germane by investigating the effect of reward management on performance of SME’s in Lagos state, Nigeria.

RESEARCH HYPOTHESES

H01: There is no relationship among reward management variables and SMEs performance.

H02: There is no significant differences among the factors militating against good and adequate compensation and SMEs performance.

H03: Organizational culture does not significantly moderating the relationship between reward management and SMEs Performance in Lagos State, Nigeria.

LITERATURE REVIEW

An Overview of Reward Management Practice on SMEs Performance

Modern organizations need to take care of their assets and as for the employees, taking care means satisfying them by fulfilling their wants, both financial and nonfinancial. Reward can be defined as anything that attracts an employee's attention and stimulates him to work. Mirkander (2010) define rewards as an effective motivator and help people to increase productivity and efficiency. According to Armstrong (2010) reward management supports the achievement of business goals by helping to ensure that the organization has the talented and engaged people in needs. Sajuyigbe, Bosede, and Adeyemi, (2013) is of the view that reward management is one of the strategies used by Human Resource Managers for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and regulation.

It is important that rewards must be aligned with what people value. The two basic types of rewards, financial and non-financial rewards must be utilized positively to enhance performance behaviors of employees. Reward management could be characterized as a motivational tool employed in recognizing employee's efforts, when employees surpass their target or exceed their standard they should be rewarded immediately as a way of motivating them. By doing this, employees directly connect the reward with behavior and higher performance that they have attained. Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation. Reward management is not only concerned with pay and employee benefits. It is equally concerned with non-financial rewards such as recognition, training, development and increased job responsibility (Armstrong, 2007).

Reward management has been singled out by many researchers as a major predictor of organizational performance (Agwu, 2013; Armstrong, 2006). This is so because they help maintain a positive motivational environment for workers, they determine both business goals and employee values which are essential in organizational performance (Armstrong, 2006). The overall aim of reward management should be to 'add value to people'.

Salary and Wages

In order to show the existing differences between salary and wages, different authors have advanced different definitions on both concept. Salary is a periodical payment at regular intervals usually monthly for non-manual employees as a remuneration for their productivity. While wages on the other hand is the hourly, volume or piece rate-based remuneration payable to manual workers (Salau, 2022). Surbhi (2015) also defined salary as a fixed amount paid to the employees at regular intervals for their performance and productivity whereas wages are the hourly- based payment given to the labor for the amount of work finished in a day. He further argued that while Salaried persons are generally said to be doing "white collar office jobs" which implies that an individual is well educated, skilled and is employed with some firm and holds a good position in the society, whereas the waged person are said to be doing "blue collar labor job" which implies that an individual is engaged in the unskilled or semi-skilled job and is drawing wages on a daily basis.

For many Nigerian employees, wages or salaries are highly critical issues. They are decisive because without them in sufficient quantities, life becomes extremely precarious for the worker and members of his/her family. As direct financial rewards, wages and salaries are the most emphasized by the employees, thus they sort of take a Centre stage in the scheme of things as far as rewards for work is concerned.

Bonus

Investopedia (2016) defined bonus as an additional compensation given to an employee above his/her normal wage. A bonus can be used as a reward for achieving specific goals set by the company, or for dedication to the company. Heathfield (2016) bonus pay is compensation over and above the amount of pay specified as a base salary or hourly rate of pay. A decision is made to pay it to one, a group or all employees, based on criteria decided by management to reward past achievements, such as reaching a specific profit or some important milestones for the organization, or in a totally discretionary manner but defined an incentive as a plan which is forward-looking. Payment is tied to the achievement of specific objectives that have been pre-determined and communicated to the employees that are on the plan.

The purpose of the incentive scheme is to influence behavior to reach the objectives by providing an incentive to work towards the goals. Romanoff (2008) defined bonus as a single payment made at the end of the performance period typically a year to reward extraordinary effort or achievement while incentive is a tangible or intangible reward that is designed to motivate a person or group to behave in a certain way. He further stressed that incentives differ from bonuses in that incentives define both what needs to be accomplished, what the employee will receive in return for accomplishing it. As a result, incentives have greater behavioral and motivational impact.

Job Recognition

For a very long time, employee job recognition has remained a powerful reward to human resources managers around the world (Salau, 2022). Frequent application of both formal and informal recognition programs provides management with a powerful tool to influence employees to live the company's values and implement its focused mission. Many scholars have advocated their opinions about job recognition and made definitions of it. They all define job recognition differently or slightly different. Fundamentally, job recognition is the identification or acknowledgement given for something (Roberts, 2005). Kim (2004) sees employee job recognition as the timely, informal or formal acknowledgement of a person's or team's behavior, effort or business result that supports the organization's values, and which has clearly been beyond normal expectations (Barton, 2002).

According to Jun, Cai and Shin (2006), job recognition is essential factors in enhancing employee job satisfaction and work motivation which is directly associated to organizational performance. Job Recognition is said to be the most common and prevailing instrument that is being used in the organization to drive employee commitment (Sun, 2013).

Factors militating against good and adequate compensation

According to Essien (2002) wages, salaries and related costs (pension, etc) make up about 65 percent of the total costs of running a business. However, any organization that lack ability to pay wages and salaries regularly are in danger of disintegration. Poor wage and salary can result in declines in productivity, they are also a constant source of frustration and. As such, organizations must spend a great deal of time and effort in finding appropriate payment system in their organization. Considering Essien (2002) assertion, pay systems and decisions in pay have to take account of the following factors militating against good and adequate compensation:

1. **The ability to pay:** Organization changes their ability to meet their salary and wages commitments. Those which are profitable and which enjoy a good cash flow, will, other things being equal, find it easier to be generous to their employees. Those who are struggling for survival will find it difficult to meet even their minimum obligations. Both prosperous and weak organizations still have to decide the amount in terms of revenue to be kept for labour cost in comparison with amounts required for investment in new plant and machinery. Thus, the ability to pay is a question of individual judgment as it is of economic necessity.

2. **Cost of Living:** When the cost of living is high, that is, when inflation is rising, there is enormous pressure on employers to raise wages and salaries by the rate of inflation, since the employees are effectively experiencing a cut in their purchasing power in short term by government action in form of an "income freeze". Having said this, one should not lose sight of the fact that wages and salaries makes up a variety of factors, and that government uses tax to reduce the rate of inflation. Like in oil and gas industry, there is room for an annual cost of living increment of at least 5 percent for all employees annually. This is to take care of the increase in the cost of living in the country and it must be noted that this is automatic and not negotiable.

3**. Productivity or Performance:** The efficiency with which goods and services are produced determines the profitability of an organization. Wage and salary negotiators can ask for more

pay, if the company management is able to relate that high wages or salaries paid to the workers will improve productivity.

Theoretical Review

Expectancy Theory of Motivation

This theory is based on expectation that will bring to the work place and context in which these expectations are satisfied (Vroom, 1964). The theory states that the intensity of a tendency to perform in a particular manner is dependent on the intensity of an expectation that the performance will be followed by a definite outcome and on the appeal of the outcome to the individual (Bowman, 2016). The Expectancy theory states that employee's motivation is an outcome of how much an individual wants a reward (Valence), the assessment that the likelihood that the effort will lead to expected performance (Expectancy) and the belief that the performance will lead to reward (Instrumentality) (Bassett-Jones and Lloyd, 2005). In short, Valence is the significance associated by an individual about the expected outcome. It is an expected and not the actual satisfaction that an employee expects to receive after achieving the goals. Expectancy is the faith that better efforts will result in better performance. Vroom argues that what was important in motivating the work force was the perception of the link between effort and reward. This means that the management needs to demonstrate to employees that effort will be recognized and rewarded both financially and non-financial terms. Employees calculate whether there is a connection between their efforts and performance. They also calculate the probability that valued rewards would follow from high performance.

Expectancy is influenced by factors such as possession of appropriate skills development for performing the job, availability of right resources, availability of crucial information and getting the required support for completing the job. Instrumentality is the faith that if you perform well, then a valid outcome will be there (Stone and Henry, 2003). Instrumentality is affected by factors such as believe in the people who decide who receives what outcome, the simplicity of the process deciding who gets what outcome, and clarity of relationship between performance and outcomes. Thus, the expectancy theory concentrates on Effort-performance relationship, Performance-reward relationship and Rewards-personal goals relationship (Droar, 2006), this will enable the employee to achieve his/her personal goal in an organization.

Vroom was of view that employees consciously decide whether to perform or not at the job. This decision solely depended on the employee's motivation level which in turn depends on three factors of expectancy, valence and instrumentality (Droar, 2006). The theory is based on self-interest individual who want to achieve maximum satisfaction and who wants to minimize dissatisfaction.

The expectancy theory however seems to be idealistic because quite a few individuals perceive high degree correlation between performances and rewards (Stone, et al., 2003). The application of this theory is limited as reward is not directly correlated with performance in many organizations. It is related to other parameters also such as position, effort, responsibility, education, etc. The importance of this theory is that it acts as a fund for management to establish schemes to reward behavior that can improve employees' performance. If employees perceive that they may get valued rewards from the organization, they tend to put greater effort into work which will lead to greater performance and eventually be considered for succession planning.

Empirical Review

Reward Management and SMEs performance

In developed countries, Prouska, Psychogios and Rexhepi, (2016) analyzed the rewarding employees in turbulent economies for improved organizational performance in the South-Eastern European region SMEs. The sample study consists of 199 SMEs operating in South-Eastern European countries which are either under economic crisis or transition: Greece, Bulgaria, Romania, Albania, Kosovo and others, data was collected through online questionnaires. Pearson Correlation analysis was conducted to assess relationships between variables. The study found that SMEs in the South-Eastern European region were implementing a total rewards model which is characterized by a weaker application of individual aspects and by a stronger application of transactional, relational and communal aspects. The study furthers recommended that future studies should explore both employee and managerial perceptions in order to provide a more balanced view of how rewards are used in organizations.

In developing countries, Yasmeen, et al., (2013) study explores the impact of rewards on organization performance in telecom sector of Pakistan with salary, bonus, promotion, appreciation and recognition as the determinants of reward. Data was collected from 80 respondents in Islamabad while correlation analyses and regression analyses were used to test the hypotheses. The study revealed that all the independent variable i.e. salary, bonus, promotion, recognition and appreciation are positively related with telecommunication sector in Pakistan. The study recommended that organization can increased their performance by providing intrinsic rewards in a shape of certificates and by giving performance rewards.

In Nigeria, Muogbo and Chineze, (2018) examined effective reward management as a tool for improving employee performance in a private sector organization: a study of selected Zenith Bank branches in Anambra State, Nigeria. Sample chosen for the study was 180 employees of Zenith Bank branches in Anambra State. Both primary and secondary data were used for the study. Pearson Correlation analysis was used for data analysis while Multiple Regression analysis method and ANOVA was used to test the significant correlation between dependent and independent variable. The finding shows that there is a positive relationship between reward and employee performance and further recommended that organization should adopt the right reward mix that suit the desire of their employee in order to get the best out of them.

Factors militating against good and adequate compensation and SMEs performance.

Kadir, AlHosani, Ismail, and Sehan, (2019) establish the effect of compensation and benefits towards employee performance. This research was carried out at XYZ College. This study used the survey research method where 100 questionnaires were distributed among lectures of XYZ College with population of 100 lectures which make the sample is 80 respondents. The data collected were analyzed and interpreted using the Statistical Package for Social Sciences (SPSS). The study found that there is a positive correlation between compensation and employee performance. Moreover, the compensation and benefits also give a positive effect on employee performance.

Onuorah A. N Lecturer, Okeke, M.N and Ibekwe A.I (2019) examine the effect of compensation management and employee performance in Nigeria organization. The study adopts descriptive survey research design. The study was carried out in Anambra State. The population of the study comprises 257 public secondary schools in Anambra State with 257employees drawn from the population of the study as the sample size. The sample consists of entire population. The instrument for data collection is a structured questionnaire. In analyzing the data for the null hypotheses, Z-test was used to test the hypotheses at 0.05 level of significance. The study concluded that equity-based compensation has no negative significance effect on employee performance in Nigeria organization. Competency based compensation has no negative significance effect on employee performance in Nigeria organization. Performance based compensation has no negative significance effect on employee performance in Nigeria organization. Therefore, the study conclude that compensation management has significance effect on employee.

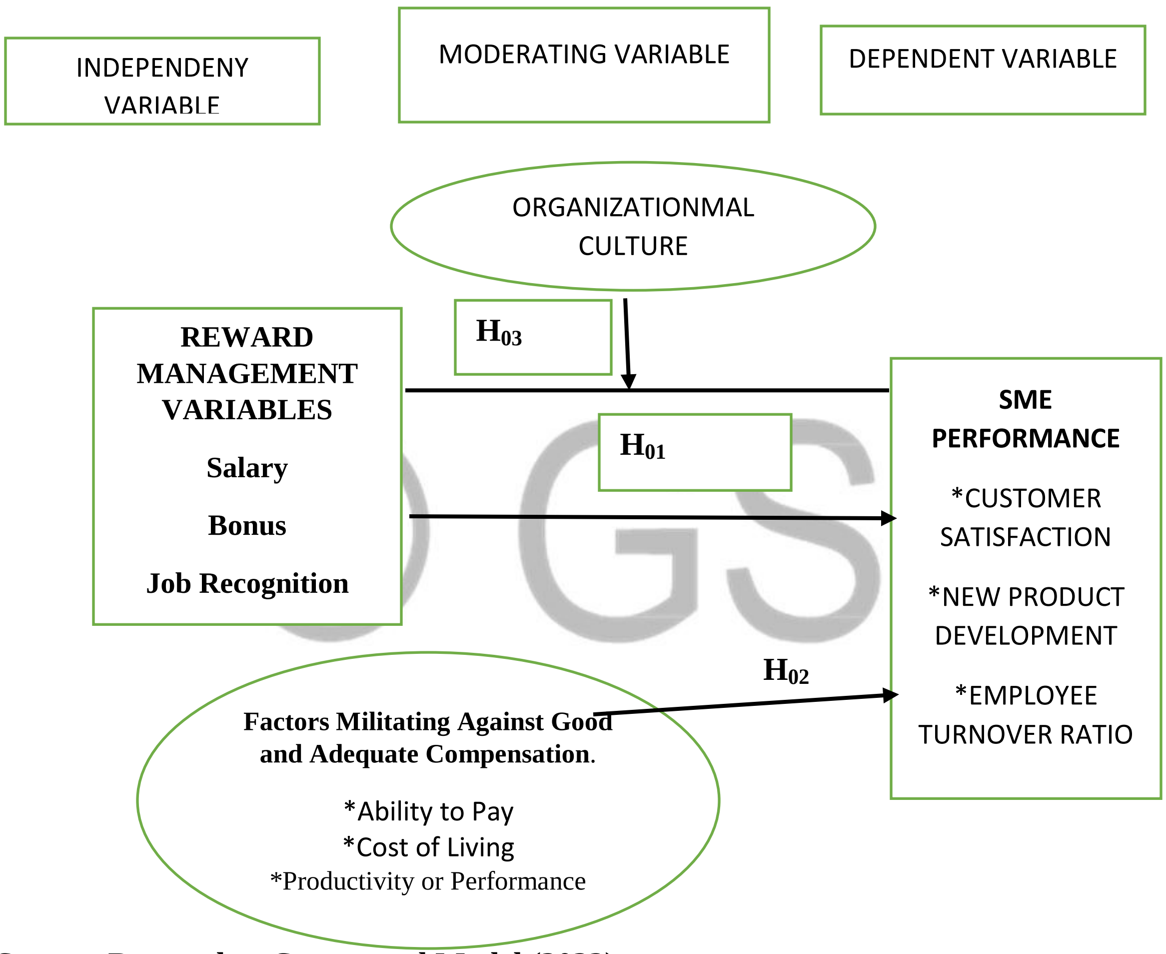
Organizational culture as a moderating variable to SMEs performance.

Suppiah and Sandhu (2011) investigate the influence of the type of organizational culture on knowledge sharing behavior is hidden in the Malaysian public organizations. The research was conducted in Malaysia with survey data collected from 362 participants from seven organizations. Data were analyzed using multiple regression analysis to assess the research model. The results of this study showed that the type of organizational culture influences the behavior of intuitive knowledge sharing and influence positively or negatively depending on the type of culture.

Gorondutse and Hilman, (2014) investigated the Meditating Effect of Organizational Culture on the Relationship between Commitments of Business Social Responsibility (BSR) on Performance of SMEs in Malaysia. The sample population was 800 but only 514 administered questionnaires were duly completed and returned. This study used Structural Equation Modelling (SEM) and Partial Least Square (PLS) techniques to examine the effect of commitment of business social responsibilities on SMEs performance with mediating effect of organizational culture. The study established that organizational culture significantly mediates the causal relationships between commitment, trust and perceived ethics and performance.

In Nigeria, Shehu, *et al.*, (2014) studied the mediating effect of organizational culture on the relationship between entrepreneurial orientation and firm performance in Nigerian small and medium enterprises (SMEs). The study used quantitative survey method to collect data from SMEs owner/managers in Kano – Nigeria. Six hundred and forty questionnaires were distributed; 511 usable questionnaires were returned. Partial least squares structural equation modelling (PLS) was used for the data analysis. The study revealed that; entrepreneurial orientation and organizational culture were significantly related to firm performance; organizational culture was found to mediate on the relationship between entrepreneurial orientation and firm's performance.

CONCEPTUAL MODEL



Source: Researcher Conceptual Model (2022)

RESULTS AND DISCUSSION

Table 1 depicted the demographic characteristics of 185 respondents. About the age of the respondents that served as participants in the study: about 15 (8.1%) of the respondents were between 20-29years of age; 41(22.2%) of the respondents were between 30-39years of age, 59 (31.9%) were between 40-49years of age and 70 (37.8%) between 50-59years. Therefore, majority of the respondents to the questionnaire was between the ages of 50-59years. The study further shows the gender classification of the participated respondents in the study as follows: 113(61.1%) of the respondents are male while 72(38.7%) of the respondents are female. Therefore, simple majority of the participated respondents were male.

The demographic further analyses our respondents based on marital status, the result shows that 11(5.9%) of the respondents are single, 163(88.1%) of the respondents are married and 7(3.8%) of the respondents are widowed while 4(2.2%) are separated. Most of the participants were married. The study equally classified the respondents in terms of their level of formal education. Results 4 show that a 44(23.8%) of the respondents had WASCE certificate, 92(49.7%) are Diploma/NCE graduate, while 37(20%) are B.Sc./HND graduate while 12(6.5%) are Masters/Ph.D. holders. Most of the respondents are Diploma/NCE graduate.

If the reward method suits the desire of their employee, the participated respondent in the study are as follows: 93(50.27%) reward method of the respondent firms suits the desire of their employee desire, 92(49.73%) reward method of the respondent firms does not suit the desire of their employee desire. Although, those firms that adopted reward method that suits the desire of their employee desire are more but the result it too close which may suggest that employee can still perform better if the reward method suits their desire

1 Descriptive Analysis of Demographic report

Table 1: Demographic Distribution of Respondents

Variables	Level	Frequency	Percentage (&)
Age	20—29	15	8.1%
	30-39	41	22.2%
	40-49	59	31.9%
	50-59	70	37.8%
	Sub Total	**185**	**100%**
Gender	Male	113	61.1%
	Female	72	38.9%
	Sub Total	**185**	**100%**
Marital Status	Single	11	5.9%
	Married	163	88.1%
	Widow	7	3.8%
	Separated	4	2.2%
	Sub Total	**185**	**100%**
Educational Qualification	WASCE	44	23.8%
	ND/NCE	92	49.7%
	B.SC/HND	37	20.0%
	M.SC/Ph.D	12	6.5%
	Sub Total	**185**	**100%**
Did you consider your reward method to suit the desire of their employee	Yes	93	50.27%
	No	92	49.73%
	Sub Total	**185**	**100%**

Source: Field Survey (2021)

HYPOTHESIS 1: There is no significant relationship among Salary, Bonus and Recognition and SME Performance in Lagos State, Nigeria.

In Table 2, Pearson Product Moment Correlation (PPMC) was run to determine the relationship among the variables of Reward Management (Salary, Bonus and Recognition) and SMEs performance. The result of the PPMC which tested the relationship among the variables of Reward Management (Salary, Bonus and Recognition) and SMEs performance is significant. The correlation coefficient is therefore statistically corelated at 99% confidential level. The hypothesis tested shows that there is correlation among the variables of Reward Management (Salary, Bonus and Recognition) and SMEs performance at **r = (Salary, 0.**707***; Bonus, 0.**835******; **Recognition 0.** 703*****)** with a Sig. level 2tailed; $P< 0.05$; that is, 0.000)**.** It implies that as Salary, Bonus and Job Recognition increased by 70.7**%,** 83.5**% and** 70.3% respectively SME performance also increased in the same proportion and this shows a positive relationship between the dependent and independent variables. Hence, the null hypothesis (H_{01}) which state that "**There is no significant relationship among salary, bonus and recognition and SME performance in Lagos State, Nigeria"** is hereby rejected while alternative hypothesis is accepted. The result of present study is in agreement with the empirical studies such as **Adewale**, Adenike, Hezekiah and Heirsmac (2014) opined that there is strong correlation between salary, bonus, incentives, allowances, and fringe benefits and job performance. Also, Nnaji-Ihedinmah and Egbunike, (2015); Muogbo and Chineze, (2018); Yasmeen, et al., (2013) and San, et al., (2012) revealed that all the independent variable i.e. salary, bonus, promotion, recognition and appreciation are positively related with organizational performance. Mabaso and Dlamini (2018) showed a positive and significant correlation between elements of total rewards and organizational commitment.

Table 2: Pearson Product Moment Correlation Table Showing the Relationship Between Reward Management Variables (Salary, Bonus and Job Recognition) and SMEs Performance.

		SMEP	SAL	BON	JRE
SME Performance	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	185			
Salary and wages	Pearson Correlation	.707**	1		
	Sig. (2-tailed)	.000			
	N	185	185		
Bonus	Pearson Correlation	.835**	.506**	1	
	Sig. (2-tailed)	.000	.000		
	N	185	185	185	

job recognition	Pearson Correlation	.703**	.847**	.511**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	185	185	185	185

Source: Researcher Analysis, 2021 Correlation is significant at the 0.01 level (2-tailed).

H02: Factors militating against good and adequate compensation does not have any significant effect on SMEs performance.

Table 3 above depict the result of the multiple regression that were calculated to predict the influence of Factors militating against good and adequate compensation (ability to pay, standard of living and Production and Performance) on SMEs performance. A significant regression coefficient was found (F= 53.229, p = .000), with R^2 of .603. This presupposes that 60.3% of SMEs performance was explained by Factors militating against good and adequate compensation (ability to pay, standard of living and Production and performance). This implies that 39.7% of the variance was explained by other variables outside the Factors militating against good and adequate compensation indices. Similarly, the three Factors militating against good and adequate compensation showed these result abilities to pay (β = -.066, p value of 0.364 > .005, t = -.910), standard of living (β = .099, p value of 0.179 >.005, t = 1.439), however, production and performance (β =.137, p value of .064>.005, t = 1.866).

The multiple regression for factors militating against good and adequate compensation is presented in the above tables is observed that all the succession planning predictors to a crown zero, SME performance would be at 2.686, at 1% change in ability to pay would lead to decrease in SME performance by a variation of -5.1%. While at 1% change in standard of living and production and performance would lead to decrease and increase in SME performance by a variation of 15.4%, and 15.6% respectively. Hence, the null hypothesis (H_{01}) which state that "**Factors militating against good and adequate compensation does not have any significant effect on SMEs performance.**" is hereby accepted while alternative hypothesis is rejected. This implied that factors militating against good and adequate compensation ha a negative significant effect on the performance of SMEs.

Table 3: Multiple Regression Table Showing the Relationship Among the factors mitigating against good compensation and SMEs Performance.

R=.778[a]	**R^2**=.603		**Adj. R^2 =.**602	**F=**53.229	**Std. Error of the Estimate=.**66841
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model	B	Std. Error	Beta		
(Constant)	2.686	.585		4.592	.000
Ability to Pay	-.051	.056	-.066	-.910	.364
Cos of Living	.154	.114	.099	1.349	.179

Production and Perfo	.156	.084	.137	1.866	.064

a. Dependent Variable: SMEs Performance

H03: Organizational culture has no significant moderating effect on the relationship between Reward Management predictors and SMEs performance in Lagos State, Nigeria.

Interpretation:

The entries in tables 4 indicate the results of the regression analysis. The Multiple Regression estimates the coefficients of the equation, involving two or more independent variables that best predict the value of the dependent variable. To test whether organization culture moderates the effect on the relationship between reward management and SMEs performance in Lagos State, Nigeria, the following analysis below was considered. The result showed that R^2 (regression value) of the reward management is 0.773 which implies that the variation in reward management by 77/3% will lead to a variation in SME performance by the same proportion. The R value is .879 that is, 87.9%.

F-values statistics is **148.879** shows that the overall equation is significant at {sig. level= 0.000 (that is, $P<0.05$)}, with the significant value of organizational culture at .021. Based on the result of the analysis, it could be concluded that Organizational culture significantly moderate the effect on the relationship between reward management and SMEs performance in Lagos State, Nigeria. Therefore, the null hypothesis **(**Ho_2**)** which states that “Organizational culture has no significant moderating effect on the relationship between reward management and SMEs performance in Lagos State, Nigeria”; is hereby rejected. The result of present study is in agreement with the empirical studies such as **Gorondutse** and Hilman, (2014) who established that organizational culture significantly mediates the causal relationships between commitment, trust and perceived ethics and performance and Shehu, *et al.,* (2014) who found out that organizational culture mediate on the relationship between entrepreneurial orientation and firm’s performance.

Table 4: Regression Coefficients for Organizational Culture, Predictors of Reward Management (Salary, Bonus and Recognition) and SME performance.

R=.879[a]	**R^2=.773**		**Adj. R^2 =.768**	**F=148.879**	**Std. Error of the Estimate=.32866**
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model	B	Std. Error	Beta		
(Constant)	1.686	.134		12.585	.000
Salary	.202	.037	.343	5.488	.000
Bonus	.227	.036	.436	6.344	.000
Recognition	.084	.036	.150	2.317	.022
Organizational Culture	-.118	.051	-.085	-2.320	.021

a. Dependent Variable: SMEs Performance

Conclusion and recommendations

Reward management is one of the strategy to attract and retain good and talented employees. A well rewarded employee will want to put up a good performance that will translate into increase in organizational performance and growth. The study examined the effect of reward management on the performance of SMEs. This study concluded that recognition, salary and bonus have a positive relationship with the performance of SMEs. It further concludes that factors militating against good and adequate compensation ha a negative significant effect on the performance of SMEs. Also, that organizational culture significantly moderates the causal relationships between reward management and SME performance.

Based on the above conclusion, the study recommended that: SME owners should formulate strategy that will ensure good implementation of the reward management and adoption of right mix that will suit the desire of their employee. Also, improve on those factors that militating against good and adequate compensation by ensuring adequate compensation. SME owners should continue to promote those cultures that are capable of promoting efficiency and enhance performance.

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