

**COMPENSATION STRATEGIES AND EMPLOYEE PRODUCTIVITY IN  
COOPERATIVE UNIONS: A CASE OF BUGISU COOPERATIVE UNION IN  
MBALE CITY**

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**UGANDA CHRISTIAN  
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**DECLARATION**

I AMWATOK MARY GORRETI registration number WS21/MUC/BHRM/008 hereby declare that the information contained in the research report is my original work and has never been submitted by any one for any award to any institution of higher learning.

Signature: .....  ..... Date: .....  .....

## APPROVAL

This is to certify that this research report has been written under my guidance and supervision and it is now ready for examination.

A handwritten signature in blue ink, appearing to read 'Kamini', is written over a horizontal line.

Signature:

Date: 13/08/2025

CEPHER MUDDE MABBERI (University Supervisor)

## **DEDICATION**

I dedicate this research report to my dear friends, whose steadfast companionship has supported me throughout this academic journey, and to my father and mother, whose wisdom, sacrifices, and nurturing love have been my guiding lights. Your unwavering belief in me has fueled my determination and shaped my character, inspiring me to strive for excellence. Sheila, your friendship has enriched every aspect of my life, making challenges easier to overcome.

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## ABSTRACT

This study aimed to assess the relationship between compensation strategies and employee productivity in Cooperative Unions, focusing on Bugisu Cooperative Union. The objectives were to examine the impact of financial rewards, recognition, and fringe benefits on employee productivity. A population of 40 employees was considered, and a sample of 36 respondents was selected using convenience sampling. A cross-sectional research design was employed, and data were collected through structured questionnaires and analyzed using SPSS version 26, with descriptive statistics, Pearson correlation, and regression analysis. The results indicated a statistically significant positive relationship between financial rewards and employee productivity ( $r = 0.732$ ,  $p < 0.01$ ), recognition and productivity ( $r = 0.681$ ,  $p < 0.01$ ), and fringe benefits and productivity ( $r = 0.645$ ,  $p < 0.01$ ). Regression analysis further revealed that the three compensation strategies jointly explained 64.8% of the variance in employee productivity ( $R^2 = 0.648$ ,  $p < 0.01$ ). The study concluded that competitive financial rewards, structured recognition programs, and comprehensive fringe benefits significantly enhance employee productivity in Bugisu Cooperative Union. It recommended that management implement equitable, needs-based compensation packages, strengthen recognition systems, and expand fringe benefit schemes, and suggested further research to examine additional organizational, individual, and environmental factors influencing productivity in cooperative and correctional settings.

## **LIST OF ABBREVOATIONS**

<b>CT</b>	:	Career Training
<b>HR</b>	:	Human Resource
<b>HRP</b>	:	Human Resource Policy
<b>ICT</b>	:	conduct Status
<b>SIR</b>	:	Staff Investment Report
<b>SOT</b>	:	Senior Officer Training
<b>UC</b>	:	Uganda Christian
<b>UPS</b>	:	Cooperative Unions
<b>UTM</b>	:	Understanding Theory

## CHAPTER ONE

### 1.0 Introduction

This chapter presents the background to the study, statement of the problem, purpose of the study, objectives of the study, the research questions, the hypothesis, conceptual framework, significance of the study, justification, and scope of the study and operational definitions of the terms.

### 1.1 Background of the study

The background to the study was presented in four themes including historical, theoretical, conceptual, and contextual background.

#### 1.1.1 Historical Background

Globally, compensation strategies have emerged as a central element in enhancing employee productivity across both public and private sectors. According to the International Labour Organization (ILO, 2022), effective compensation systems that include competitive salaries, performance-based incentives, and non-monetary rewards significantly influence employee motivation and job performance. Armstrong and Taylor (2014) argue that when compensation is perceived as fair, employees tend to be more engaged, committed, and productive in their roles. Moreover, organizations that integrate compensation with strategic human resource management enjoy better employee retention and organizational outcomes. Despite global progress, a gap still exists in understanding how context-specific compensation models affect productivity, especially in low-income economies. There remains a need for localized studies that examine how different compensation structures affect performance outcomes in sectors such as agriculture, manufacturing, and cooperatives, which employ a significant portion of the labor force in developing countries.

Regionally, in sub-Saharan Africa, the link between compensation strategies and employee productivity continues to be complex due to economic instability, limited financial resources, and inadequate human resource policies. According to the African Development Bank (2021), only 35% of organizations in the region have formalized compensation frameworks that align with employee performance indicators. A study by Gichuhi and Mureithi (2016) found that most African employers rely on flat salary structures with limited performance incentives, leading to reduced staff morale and high turnover. Additionally, Muriithi and Kariuki (2019) noted that while some private institutions have adopted productivity-linked

pay models, public sector organizations and cooperatives continue to suffer from wage disparities and under-compensation. The lack of institutional capacity and inconsistent policy enforcement hinders the development of effective compensation practices. These gaps indicate the need for empirical research tailored to African organizational settings to evaluate and inform compensation strategies that improve worker productivity.

In Uganda, the Ministry of Public Service (2019) acknowledges that employee compensation plays a significant role in enhancing productivity and service delivery across various sectors. However, the country continues to experience challenges such as delayed salaries, non-uniform pay scales, and weak linkages between performance and rewards. Kagaari and Munene (2020) emphasized that while some reforms have been implemented—such as performance-based contracts and payroll audits—many public institutions and cooperatives lag behind in aligning pay with performance. Nabukeera and Ntale (2021) further observed that poor compensation structures contribute to absenteeism, low job satisfaction, and poor work quality in Uganda’s cooperative and agricultural sectors. Although Uganda has introduced policy frameworks to support productivity improvements, little attention has been given to the role of compensation in enhancing performance, particularly in rural-based organizations. This creates a critical knowledge gap in the practical application and effectiveness of compensation strategies in improving employee output, especially in cooperative unions.

At Bugisu Cooperative Union (BCU), a historically significant farmer-owned institution in Eastern Uganda, compensation-related challenges have increasingly affected staff motivation and productivity. The union, which primarily deals with coffee processing and marketing, employs a range of permanent and casual workers whose welfare depends largely on wages and benefits. According to BCU’s internal human resource report (2023), complaints of delayed payments, lack of performance incentives, and poor remuneration are common among employees. Musoba and Wandabwa (2025) highlight that the absence of formal compensation policies has led to reduced morale, inefficiency, and high staff turnover in the union. Additionally, Wamala and Ssenkaaba (2018) noted that most cooperatives in Uganda operate without strategic human resource frameworks, making it difficult to monitor and reward productivity. Despite efforts by the Ministry of Trade, Industry and Cooperatives to streamline operations in unions like BCU, compensation strategies remain weak and poorly enforced. The lack of context-specific studies examining the impact of compensation on productivity in rural cooperatives like BCU highlights a critical research gap, thus leading to the need for the present study and the ensuing problem statement.

### **1.1.2 Theoretical Background**

This study is grounded in motivation and compensation theories which explain how reward systems influence employee productivity in organizational settings. Herzberg's Two-Factor Theory highlights that compensation operates as a hygiene factor, where inadequate pay creates dissatisfaction while well-structured incentives combined with opportunities for growth enhance motivation and performance (Herzberg, 1959). Adams' Equity Theory stresses that employees assess fairness by comparing their input-output ratios with colleagues; perceived inequities lead to low morale and decreased productivity (Adams, 1963). Vroom's Expectancy Theory further explains that employees increase effort when they believe strong performance will lead to valued rewards, making the structure of compensation critical in driving productivity (Vroom, 1964). These theories collectively establish the basis for evaluating whether Bugisu Cooperative Union's compensation strategies meet motivational needs that align with improved employee output and organizational effectiveness.

### **1.1.2 Conceptual Background**

Compensation strategies are defined as deliberate monetary and non-monetary reward mechanisms aimed at motivating employees and improving organizational performance (Armstrong, 2014). In cooperative unions, such strategies include salary structures, performance-based bonuses, allowances, training opportunities, and welfare programs that connect employee satisfaction to productivity (Milkovich & Newman, 2017). Employee productivity refers to the efficiency and effectiveness with which employees perform duties to meet organizational goals, often measured through output levels, quality of work, and adherence to targets (Borman & Motowidlo, 2014). Conceptually, well-designed compensation strategies increase employee motivation, lower turnover, and foster commitment, leading to improved organizational outcomes. Within the Bugisu Cooperative Union context, evaluating this relationship is essential since weak compensation systems have been linked to low productivity trends in similar Ugandan cooperative unions (Wamala, 2021). This study therefore conceptualizes compensation as a strategic tool for enhancing employee performance and overall union growth.

### **1.1.3 Contextual Background**

Bugisu Cooperative Union (BCU), one of Uganda's oldest agricultural cooperatives, plays a vital role in supporting coffee farmers and driving socio-economic development in Eastern Uganda (Ministry of Trade, Industry and Cooperatives, 2023). Despite its importance, BCU has faced persistent challenges in employee motivation and performance, partly attributed to inadequate compensation structures (BCU Internal Audit, 2023). Current practices allocate minimal resources to performance-based incentives, focusing mainly on fixed salaries without comprehensive reward frameworks. This has contributed to stagnant productivity levels and higher staff turnover compared to national cooperative union averages. While BCU has attempted reforms such as modest salary increments and small-scale recognition programs, the absence of structured, performance-linked compensation systems remains a critical gap. Research on Ugandan cooperative unions demonstrates that robust compensation strategies significantly improve productivity and retention (Uganda Cooperative Alliance, 2022; Wamala, 2021). This study situates itself within BCU's operational context to examine how existing compensation strategies impact employee productivity and to propose evidence-based approaches for aligning compensation with organizational and employee performance goals.

### **1.2 Statement of the Problem**

The ideal situation in cooperative unions is that compensation strategies should be well-structured to motivate employees, align pay with performance, and enhance overall productivity. In a properly functioning cooperative union, at least 35% of annual revenue is typically allocated to employee compensation with 15–20% directed to performance-based incentives, resulting in an average 40% annual productivity growth and reduced staff turnover (Uganda Cooperative Alliance, 2022). For a union of BCU's size, this translates into approximately UGX 1.2 billion in annual employee compensation with UGX 450 million earmarked for performance-linked bonuses. However, the actual situation in BCU deviates significantly from this benchmark. Internal audit reports (2023) show that only 18% of annual revenue is allocated to compensation, with less than 5% going to performance incentives. Consequently, employee productivity remains stagnant at 22%, far below the national cooperative union average of 37% (Ministry of Trade, Industry and Cooperatives, 2023), while staff turnover stands at 28% compared to the recommended 12%, signaling low employee satisfaction and weak retention strategies. Some initiatives such as an 8% salary increment in 2022 and a token-based recognition program worth UGX 35 million annually have been introduced, but these efforts are limited and fail to integrate comprehensive

compensation strategies that link pay to measurable performance outcomes or address non-monetary incentives like training and welfare. Existing policies also do not tackle gender pay gaps or involve employee feedback in designing compensation structures, further exacerbating dissatisfaction. Previous studies, including Wamala (2021), show that Ugandan cooperative unions that implement structured compensation frameworks record up to a 50% increase in operational efficiency and a 35% reduction in staff turnover within three years, yet BCU has not adopted such models, leaving a critical gap between current practices and desired productivity levels. It is against this backdrop that the researcher intends to examine the relationship between compensation strategies and employee productivity in Bugisu Cooperative Union.

### **1.3 Purpose of the study**

The purpose of the study was limited to the assessment of the relationship of compensation strategies between employee's performance in Cooperative Unions; A case study of Bugisu Cooperative Union.

### **1.4 Objectives of the study**

- i. To find out the relationship between financial rewards and employee productivity in Bugisu Cooperative Union.
- ii. To investigate the relationship between recognition and employee productivity in Bugisu Cooperative Union.
- iii. To examine the relationship between fringe benefits and employee productivity in Bugisu Cooperative Union.

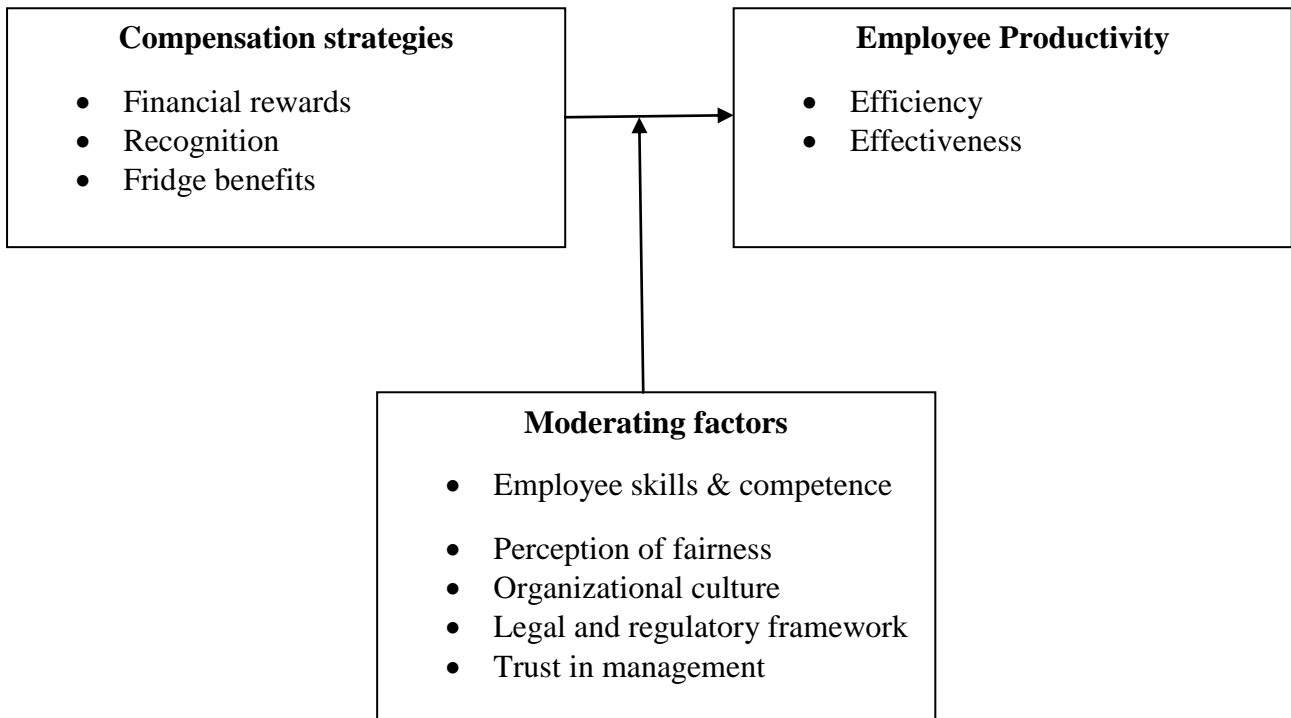
### **1.5 Research Questions**

- i. What is the relationship between financial rewards and employee productivity in Bugisu Cooperative Union?
- ii. What is the relationship between recognition and employee productivity in Bugisu Cooperative Union?
- iii. What is the relationship between fringe benefits influence employee productivity in Bugisu Cooperative Union?

## 1.6 Conceptual framework

### Independent Variable

### Dependent Variable



*Source:* Adopted from the Vroom's Expectancy Theory (1964) and modified by the Researcher (2025).

From the conceptual framework in Figure 1, The Dependent Variable is employee productivity which was measured by effectiveness and efficiency and the independent variables are compensation strategies (financial rewards, recognitions and fringe benefits) and this portrays the fact that, if employees of Bugisu Cooperative Union are not accorded financial rewards as they expected at the time of employment, then this would directly affect their performance and this also applies to the recognitions process which is acknowledgement and promotion, way of managing the rewards in the service, thus when employees are deployed in Bugisu Cooperative Union, they have great expectations about how they will be rewarded in a way of acknowledgement and promotion but when they find that this aspect is mismanaged, then it may end up affecting the performance negatively and when it is well managed, then this would positively improve performance. Moderating factors in the relationship between compensation strategies and employee productivity are variables that influence the strength or direction of that relationship. In other words — they can make a well-designed compensation strategy work wonders... or fall flat. In the same way, the fringe benefits in Bugisu Cooperative Unions are that

there are accommodation, vehicles and education; these may influence employees' performance

**Figure 1: The conceptual framework depicts the independent and dependent variable** hence causing it to become high performance or low. This is in line with the Expectancy theory which dwells more on what employees expect and in turn it would influence their performance. If employees do not effectively receive the benefits they expect, then there would be poor performance which will manifest through ineffectiveness and inefficiency. The researcher is aware of the moderating variables like reward policies and availability of funds among others but will not be the focus of this study saves for another research by other researchers.

### **1.7. Significance of the study**

#### **To Bugisu Cooperative Union (BCU)**

The study may provide critical insights into how compensation strategies affect employee productivity within the union. The findings may guide BCU in formulating structured and performance-based reward systems that may enhance motivation, reduce staff turnover, and improve service delivery to farmers, thereby strengthening organizational efficiency and sustainability.

#### **To Employees of BCU**

Employees may benefit from recommendations that may advocate for fair and motivating compensation systems. By aligning pay and incentives with performance, the study may foster job satisfaction, career growth opportunities, and improved working conditions, which may positively impact their productivity and overall well-being.

#### **To Policymakers and the Cooperative Movement**

The research may offer evidence-based recommendations that may assist policymakers in the Ministry of Trade, Industry and Cooperatives and the Uganda Cooperative Alliance. Insights may help shape policies on compensation and human resource management practices within cooperative unions, promoting efficiency and accountability in the sector.

#### **To Academia and Future Researchers**

This study may contribute to existing literature on compensation strategies and employee productivity, particularly within the context of cooperative unions in Uganda. It may serve as

a useful reference for future researchers interested in human resource management and cooperative development while addressing the empirical gap specific to BCU.

### **1.8. Justification of the study**

This study is justified by the critical role compensation strategies play in influencing employee productivity and overall organizational performance in cooperative unions such as Bugisu Cooperative Union (BCU). As a major agricultural cooperative in Eastern Uganda, BCU's effectiveness directly impacts the livelihoods of thousands of coffee farmers and the regional economy. Despite its significance, the union continues to face challenges of low productivity and high staff turnover, partly attributed to inadequate and poorly structured compensation systems (BCU Internal Audit, 2023). Previous studies on Ugandan cooperative unions have shown that implementing comprehensive compensation frameworks can increase operational efficiency by up to 50% and reduce turnover by 35% (Uganda Cooperative Alliance, 2022; Wamala, 2021). However, there is limited empirical research focusing specifically on the link between compensation strategies and productivity in BCU, creating a knowledge gap in both academic literature and practical policy formulation. This study is therefore essential to provide evidence-based recommendations for designing effective compensation systems that align employee motivation with organizational goals. Findings will contribute to improving human resource management practices within BCU and similar cooperative unions, enhance employee satisfaction, and ultimately strengthen service delivery to farmers, supporting both economic and social development in the region.

### **1.9 Scope of the study**

The section entails three scopes as indicated below:

#### **1.9.1 Content scope**

This scope investigated the influence of compensation strategies on employee productivity at Bugisu Cooperative Union in terms of financial reward in as far as salary and wages; recognitions in terms of acknowledgement and promotions and fringe benefits in terms of housing, meals and education in relation to employees' performance. In this case, the compensation strategies are independent variable and employee productivity is the dependent variable.

### **1.9.2 Geographical Scope**

This study was carried out at Bugisu Cooperative Union in industrial City division in Mbale City which is located just 2kms away from Pallisa road and opposite Kyagalanyi coffee factory

### **1.9.3 Time scope**

This study was limited for the period between 2011 and 2018. This is the period when the performance of employees became a challenge and begun to be felt and treated as a concern in the region and service at large.

### **1.10 Operational Definitions**

**Financial rewards** are those in form of cash and include wages, bonuses and profit sharing among others (Armstrong, 2006).

**Recognition** is defined as the ability to identify and acknowledge an employee usually by a senior manager or supervisor for a positive thing done in the course of their work (Rukhamani et al., 2010)

**Fringe benefits** are defined as that part of the total reward package provided to employees in addition to base or performance pay (Bratton and Gold (2009).

**Employee productivity** is the effectiveness and efficiency to which employees of a given organization carry out their day-to-day duties in order to meet the management and customer expectations (Pierce et al, 2004).

### **1.11 Summary**

This chapter covered the background to the study, statement of problem, objectives, research questions, and significance of the study, justification, scope and operational definitions. History indicates that employee productivity as we know today according to some experts can be traced back almost 200 years when the industrial revolution began to blossom in United States of America and the work environment all over the world has undergone considerable scope as well as nature of work changes which has resulted into a great impact on the performance of employees. Chapter Two looked at the different scholarly information about the topic of the research study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter presents the reviewed literature which is an account of what has been published on a topic by accredited scholars and researchers. It presents a survey and discussion of the literature in a given area of study and concise overview of what has been studied, argued and established about a topic, and it is organized chronologically by the researcher. It is arranged according to the themes derived from variables of the study. The purpose therefore is to review a selection of existing literature as presented in journals, textbooks, the World Wide Web and articles related to employee productivity of employees at Bugisu Cooperative Union. The chapter begins by giving a theoretical review of the key theories, a review of related literature and Summary of the literature review. This is done in accordance with the objectives of the study.

#### **2.1 Theoretical Review**

The study used Expectancy theory by Vroom (1964). The Expectancy Theory details the relationship between performance and expectations and is given in two dimensions. One dimension is the expectation of an employee of reward equal to the input on the organization and other dimension is the expectation of the organization of an output by the employee equal to the reward given (Porter & Lawler, 1973). This theory thus explains the balance relationship between compensation strategies and employee productivity as seen where each depends on the other such that performance depends on reward while at the same time reward depends on performance. This thus became the basis on which compensation strategies operate in using rewards to optimally influence employee productivity.

Further Expectancy theory explains that in any given situation, the greater the number and variety of rewards that are available to employees, the greater is the probability that extra effort will be exerted in attaining the set goals or targets in the hope of getting the desired rewards (Boddy, 2008).

The theory is supported by instrumentality theory which states that employees work for specific instruments giving range of instruments to be used as rewards ranging from monetary, recognition and promotion (Berridge, 2001).

Boron (1983) also argues that there is a close relationship between rewards and job performance. He notes that if successful performance does in fact lead to organizational

rewards such performance could be a motivational factor for employees. Under such conditions, they can see that they may be motivated to exert higher levels of effort on the job.

On the other hand, the Equity Theory states that employees expect fairness when being rewarded for the work done. This theory was developed from the Herzberg's job satisfaction theory and linked to the compensation strategies by Adam Stacy. The argument in this theory is that, people work well in accordance to what they regard as fair. Employees consider whether management has treated them fairly, when they look at what they receive for the effort they have made. Maicibi (2003) agrees with this that employees expect rewards or outcomes to be broadly proportional to their effort.

In this regard, Boddy (2008) give the formula below to illustrate the comparison.

Input (A) =Input (B)

Reward (A) =Reward (B)

Employee A compares the ratio of his/her input to his/her reward to that of employee B. If he/she feels the ratios are similar, he/she is bound to be satisfied with the treatment received. If he/she feels inadequately treated, he or she is bound to be dissatisfied. This dissatisfaction is likely to breed tension and frustration in such employees and their consequent performance may be negatively affected and this may perhaps further lower rewards (Boddy, 2008).

According to Janssen, (2001), managers who attempt to run a fair rewarding system seem to be more prosperous in performance rather than those who reward in an unfair manner. Porter et al., (1975), suggested that to achieve positive motivational properties, the organizations distributed incentive rewards have to be performance-dependent.

From the above, Expectancy theory, Instrumentality theory and equity theory thus forms the basis of compensation strategies which entails selecting the best reward instrument to be used at any given time and the duration and schedule in which it is to be used as well as the complementary reward instruments coming up with a reward policy and strategy to optimize employee productivity. Administrators need to understand processes as it helps one to design better reward programs and better their performance.

These theories therefore helped the researcher to understand the concepts under study more especially the compensation strategies as the independent variable and how they are related with the dependent variable.

## **2.2 Compensation strategies and employee productivity**

Compensation strategies according to Sziligi (1981) are outcome events in the organization that satisfy related needs. This definition points to an obvious desired outcome of rewards and recognition to improve performance. On the other hand Employee productivity is a concept in the field of human resource management. "Performance management is a continuous process of identifying, measuring and developing the performance of individuals and aligning performance with the strategic goals of the organization" Aguinis, (2009). Rewards systems however, are often implemented within organizations as a key management tool that can contribute to a firm's effectiveness by influencing individual behavior and motivating employees at work (Lawler and Cohen, 1992). Jacob (2005) citing Vander Post et al. (1997) reported that the organization's compensation strategies should be perceived by employees as reinforcing the notion that most employees are good performers and there should be a linkage between reward and performance.

Flynn (1998) argued that rewards keep high spirits among employees and boosts up their morale. Incentives, rewards and recognition are the key parameters of today's motivation programs according to most of the organizations as these bind the success factor with the employee's performance.

To explain employee productivity in Cooperative Unions, the researcher will review three dimensions of compensation strategies to include: financial reward, recognitions and fringe benefits.

### **2.2.1 Financial rewards and employee productivity**

According to Decenzo and Robbins (2002) financial rewards include wages, bonuses and profit sharing. Good remuneration has been found over the years to be one of the policies the organization can adopt to motivate workers. According to Barton (2002), efforts must be geared towards developing workers interest in their job in order to make them happy in giving their best to their work.

The term salaries and wages are often used interchangeably in reference to financial rewards given to employees by employers. However, salaries and wages are not one and the same. Salaries are payment or compensation to permanent employees, or long serving contractual employees while wages are payments to casual or short-term contractual employees (Pratheepkanth, 2011). Its payment varies according to the grade of the job or for the level of skill required. It may also be expressed as monthly, annual, weekly, hourly rate salary (Armstrong 2009). For most people, the most important reward for work is the pay they receive.

According to Cox (2002), money is important because of the things it can buy and it also symbolizes an employee worth. An organization pay is considered important because if managed effectively, money can improve motivation and performance. Poorly designed pay system can result in problems in areas such as turnover and low morale (Noe, 2007).

Whereas Maslow (1943) states that salary is one of the basic needs for employees to be satisfied with their work, Herzberg (1993) believes that salary can prevent dissatisfaction of employees at the work place (Armstrong 2008). Lambert, Hogan, Balton, and Lubbock (2001) support this argument as they found out that financial rewards have a significant impact on job performance.

Pratheekanth (2011) argues that salaries and wages can only enhance employee productivity to a certain threshold. Once the threshold has been reached for individual employees, salaries and wages are no longer perceived as motivational or having capability to enhance performance. Advancing similar thoughts on the inadequacy of salaries and wages, Dobre (2013) notes that salaries only enhance employee productivity when they still have need security and financial stability. However, at the point when an employee feels financially stable and secure, salaries or wages are no longer a factor that motivates or enhances their level of commitment or performance. Burton (2012) argues that although salaries and wages significantly enhance employee productivity, the effect is usually measured on low cadre employees and rarely on mid-level to top level management to whom salaries are no longer a motivator for performance. Mayo said people's work performance is dependent on both social issues and job content. Physical conditions or financial incentives had little motivational value (Dickson, 1973). From the various studies, the researcher concluded that financial rewards have a significant impact on job performance though the impact differs in terms of levels.

### **2.2.2 Recognition and employee productivity**

Rukhamani et al., (2010) define recognition as the ability to identify and acknowledge an employee usually by a senior manager or supervisor for a positive thing done in the course of their work. It is important that management identifies and recognizes their employees for their exemplary performance. Wang (2014) argues that recognition is an intrinsic motivation that is essential in driving employees to feel valued.

Danish and Uthman (2010) maintain that employees take recognition as their feelings of value and appreciation and this boosts employee morale which ultimately increases

productivity in organizations. Flynn (1998) asserts that rewards and recognition programs keep high spirit among employees, boost up their morale. Baron (1983) argues that employees recognized and acknowledged in terms of their identification and working capacity their performance is very high.

Some of the ways in which organizations can offer recognition to their employees include acknowledging the employee productivity publicly, providing employees with day off and providing them with good office working space (Njambi, 2014). Tumwet et al. (2011) in her study on effects of employees' incentive on performance in private universities in Kenya focusing on Kabarak University found that the use of social recognition such as compliments results in enhanced performance. This even more effective if done consistently and equitably. Recognition therefore is a significant motivator to performance since it not only enhances employees' impetus to good performance but also enhances employee management relationship (Hafiza et al., 2011). Armstrong (2008) is of the view that when effective rewards and recognition are implemented within an organization, favorable working environment is produced which motivates employees to excel in their performance.

According to Herzberg as cited by Armstrong (2008), people are satisfied when they get promoted. Mullins (2007), report that promotional opportunities, the potential for growth lead to joyful work place and a strong sense of accomplishment and job performance. This view is supported by Drakfke and Kossen as cited in Bull (2005) that many people perform well when they believe that their future prospects are good. According to McCormick and Ilgen as cited in Bull (2005), employees who perceive that promotional decisions are made in a fair and in a just manner are likely to exhibit high level of performance in their jobs.

However not all employees wish to be promoted due to the fact that promotion entails greater responsibility and tasks of a more complex nature for which some individuals may consider themselves un prepared for. Therefore, for such individual's promotion is contingent on the personal and career aspirations (Newstrom and Davis, 2002). Deeproose (1994) is of the view that "Good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible". Fair chances of promotion according to employee's ability and skills make employee more loyal to their work and become a source of pertinent workability for the employee.

Robbins (2001) asserts that promotions create the opportunity for personal growth, increased levels of responsibility and an increase on social standing, which increase employee motivation. Similarly, the recognition which is a central point towards employee motivation adores an employee through appreciation and assigns a status at individual level in addition to

being an employee of the organization (Barton, 2002). The researcher concluded that recognition is a significant motivator to performance since it not only enhances employees' impetus to good performance but also enhances employee management relationship.

### **2.3.1 Fringe benefits and employee productivity**

Bratton and Gold (2009) define fringe benefits as that part of the total reward package provided to employees in addition to base or performance pay. Fringe benefits focus on maintaining (or improving) the quality of life for employees and providing a level of protection and financial security for workers and for their family members. Like base pay plans, the major objective for most organizational fringe compensation programs is to attract, retain and motivate qualified, competent employees (Bernardin, 2007). Mathis and Jackson (2003) continue to state that an employer that provides a more attractive benefits package often enjoys an advantage over other employers in hiring and retaining qualified employees when the competing firms offered similar base pay. In fact, such benefits may create "golden handcuffs," making employees more reticent to move to other employers.

The common examples of fringe benefits given as a result of being an employee of an organization are in the form of hardship allowance in remote area, house rent allowance, medical benefits, provident funds, gratuity funds, pension funds, leave with pay, education allowance, and company cars among others. They are provided to motivate the workers and retain them for organizational efficiency and effectiveness (Monappa, 1999).

Business Dictionary (2016) defines housing as building or building structure complying with requirements of laws and regulations and where the individuals with their families may live. Similar definition for the concept "housing" is provided in Macmillan Dictionary (1996) where the housing is defined as buildings for people to live in.

Melnikas (1998) considers that more attention should be focused on the benefits and costs of housing, i.e. having the housing comfortable, convenient and appropriate can enable employees to be at ease at the place of work and concentrate in the delivery of quality services.

Employers have also found that educational and tuition aid assistance benefits are highly desired by employees. These programs have been found to aid employee retention and recruitment. The program normally covers some or all costs associated with formal education courses and degree programs, including the costs of books and laboratory materials (Mathis, 2003). Employers offering education assistance may allow employees to work flexible schedules so that class and work obligations can be integrated or they may provide

reimbursement for all or part of tuition expenses (Monappa, 1999). Education assistance to employee will not only motivate the employee to remain in the organization but also increase on their skills and commitment towards work hence increased productivity (Storey, 1995). An organization can reduce unwanted employee turnover and related recruiting, hiring, and training costs by shifting these costs from developing new employees to keeping experienced employees (Mathis, 2003).

On the other hand, meals or discounted cafeteria plans may also be offered to employees as fringe benefits. Employers recognize that the cost of lunch or dinners when employees work late can add up quickly and, as such, meals are provided by some employers at no cost to the employee (Esien, 2002). Some organizations also provide overtime allowance to employees if they work more than fixed working hours. This enables the employees to spend more time and concentrate on duty hence increased productivity (Esien, 2002).

In Kenya fringe benefits are made either to reimburse an officer for the expenses incurred directly or indirectly in the execution of his/her duties, or to compensate him/her for services rendered over and above the normal job requirements. The objective of these benefits is to attract and retain qualified and competent employees. It works on the premise that people will give their best productivity if their personal non-work needs are taken care of (Andrews, 2009).

A tailored benefit can be worth as much to an employee as a pay raise. Such a benefit is practical because it probably costs no more than worker unrest and diminished productivity and it is probably less costly than a comparable pay increase (Harris, 2000). Cole, (2002) says that the work-related benefits are linked closely to the day-to-day operational requirements of the organization in relation to its members. Thus, employees need to be adequately nourished during the working day, properly trained to justify their responsibilities and provided with adequate means of transport when on the organization business. According to Blomstrom (1964), fringe benefit plans should be operated in such a way that employees take pride in them. He stated: "Pride in the plan helps in building employee loyalty, quality service delivery and efficiency".

The researcher concluded that employees need to be adequately nourished during the working day, properly trained to justify their responsibilities and provided with adequate means of transport when on the organization business in order to give their best productivity.

#### **2.4 Summary of Literature Review**

From the literature reviewed, a lot of arguments have been put forward trying to explain employee productivity. However, much has not been written by scholars about the influence of compensation strategies on employee productivity in Cooperative Unions. Further, the literature reviewed did not clearly explained the relationship and the influence of the three constructs namely financial rewards, recognition and fringe benefits on employee productivity in Bugisu Cooperative Union. Besides, it was hard to get current literature related to the research topic. Guided by these identified gaps, it is on this basis that the researcher went to the field collected and analyzed data to produce authentic and reliable information which was used to support employee productivity in Cooperative Unions.

## CHAPTER THREE

### METHODOLOGY

#### 3.0 Introduction

This chapter presents the research design, study population, sampling, and study variables, sources of data collection method and instruments data processing; analysis and presentation and limitations of study.

#### 3.1 Research Design

Terrell (2008) noted that a cross-sectional survey was used for this study because it employed a single point of data collection for each participant, was more cost-effective compared to a longitudinal survey, and allowed the results from the sample to be inferred to the larger population. Additionally, some extraneous factors were manifested in the observed changes other than the independent variable concerned..

#### 3.2 Study population

The study involved a population of 40, comprising Human Resource Officers, Secretaries, Supervisors, Accountants, Auditors, Suppliers, and Stakeholders in Bugisu Cooperative Union. This was due to their knowledge and experience related to the topic of study.

#### 3.3. Sample Size

The study involved a sample of 36 respondents who comprised of Human resource Officer (1), accountant (1), secretaries (1), supervisor (1), Suppliers (17), stakeholders (14) and auditors (1) all respondents from Bugisu Cooperative Unions in Mbale City.

The researcher used Slovine formula (1970) .( $N=N/1+Ne^2$ )

N is the number of respondents

$e^2$  error in sampling

$$N=N/1+Ne^2$$

$$N= 40/1+40*0.05^2$$

$$N= 40/1+0.1$$

$$N= 40/1.1$$

$$N= 36 \text{ Respondents}$$

**Table 3.1: Showing the sample size**

<b>Department</b>	<b>Population</b>	<b>Sample</b>	<b>Sampling methods</b>
Human resource Officer	1	1	Purposive sampling
Accountant	1	1	Purposive sampling
Secretaries	2	1	Purposive sampling
Supervisor	1	1	Purposive
Suppliers	19	17	Simple Random Sampling
Stakeholders	15	14	Simple Random Sampling
Auditors	1	1	Purposive sampling
<b>Total</b>	<b>40</b>	<b>36</b>	

**Source: Primary Data 2023**

### **3.4. Sampling Techniques**

Harish, (2013) stated that a sampling technique is an identification of the specific process by which entities of the sample have been selected.

#### **3.4.1. Purposive sampling**

Munyiri (2016) defined purposive sampling as a non-probability sample that was selected based on the characteristics of a population and the objective of the study. The study used a purposive sampling technique targeting various key informants with experience related to the topic under study, specifically Human Resource Officers, Accountants, Secretaries, Supervisors, and Auditors, at their convenience.

#### **3.4.2. Simple random sampling**

Hendricks (2013) stated that simple random sampling is a subject of a statistical population in which each member of the subject had an equal probability of being chosen. The technique ensured that all respondents had equal chances of being selected. It minimized bias in sample selection and was used to select a sample of stakeholders and Suppliers.

### **3.5. Study Variables**

The study determined the effect of compensation strategies on employee productivity in Bugisu Cooperative Union. The independent variable was compensation strategies and dependent variable was employee productivity.

### **3.6. Sources of Data**

Two sources of Data were used for purposes of research. These was primary data and secondary data.

#### **3.6.1. Primary Data collection**

According to Roston (2001) primary data is that kind of data that has never been reported anywhere short coming of secondary data sources such as out datedness and inadequacy in terms of coverage necessitated that use of primary source for first data. Self-administered questionnaire was used and this enabled the researcher to cover a large population quickly and at a reasonable cost.

#### **3.6.2. Secondary data collection**

Ruston (2001) defines secondary data as that kind of data that is available, already reported by some other scholars. Secondary data included policy documents and obstructs of the various scholars relating to the topic of discussion in question. secondary data for this study will be got from source, libraries, achieved records from the town council, records of selected business, government publication (online information, textbooks, newspaper and unpublished research reports this was because they are readily be available and easier to comprehend, as it comprised of extensively researched work.

### **3.6. Instruments of data collection**

#### **3.6.1 Questionnaires**

Muthaura (2013) stated that a questionnaire is a reformulated written set of questions to which respondents recorded their answers. The questionnaire was used because the variables under study could not be directly observed, such as the views, opinions, perceptions, and feelings of the respondents. The questionnaires were administered to Human Resource Officers, Accountants, and Auditors because they covered a wide range of information within a short time and could be used on a large population without necessarily requiring the presence of the researcher. Additionally, the respondents could read and write. However, it was only applied to respondents who could read and write, excluding those who could not, even though they might have been resourceful for the research topic. Furthermore, it was

costly because it involved the expenses of printing research questions and traveling to different locations.

### **3.6.2 Interviews**

Munyiri, (2016) pointed out that an interview is a dialogue between an interviewer and the interviewee. This method the researcher interviewed respondents to obtain information on effect of compensation strategies on employee productivity in this case. The interviews during this research applied on Supervisor, Suppliers and Stakeholders. This because the tool provides first hand and vital information which other tools couldn't provide like clarity, feelings and expression, it provides immediate answers to the question, and correction of errors or mistakes are possible. On the other hand, the tool will be costly, time consuming, some behaviors or characteristics of the respondent may go un-noticed, and some vital information may not be given for security reasons.

### **3.7. Validity and reliability of research instruments**

The research instruments were discussed with research supervisor during the research report.

They will be pre-tested of potential population of the study and colleagues to establish face validity, content validity and measurement validity.

Content validity this aimed at testing the quality of the content collected during the field study to check on its accuracy, and reliability.

#### **Reliability**

Reliability is an instrument which is used to describe the overall consistency of a measure.

A measure is said to have a high reliability if it produces similar results under consistent conditions, (Neil, 2009). The issue of reliability was ensured through the appropriate random sampling and a purposive sampling technique as another indication of reliability in this study.

### **3.8. Data Analysis**

The data was also edited to check for accuracy, reliability, consistency, and completeness. The researcher ensured the validity and reliability of the mentioned research instruments through field pre-tests and guidelines provided by the supervisor. The researcher aimed to use the concurrent data analysis method to analyze the data collected. Separate analysis and collection of qualitative and quantitative data were incorporated, which were combined in a more prudent way for the research. Additionally, the information obtained was presented in

tables, percentages, frequencies, figures, and words to provide a clear meaning and insight into the data collected.

### **3.9. Ethical Consideration**

The researcher respected the dignity of the respondents and treated the information provided by them with the utmost confidentiality, using it solely for research purposes.

The researcher was careful not to ask provocative questions, especially those concerning private life or questions that could degrade someone's dignity.

Permission was sought from the respondents before approaching their homes and workplaces, ensuring that interactions occurred only at their convenience.

Issues of bribes, undue influence, and coercion were strongly avoided by the researcher. False and misleading information was critically subjected to validity tests to check for errors in the research.

### **3.10. Limitations and delimitations of the study**

The study had certain limitations that might have influenced the findings. The sample size was limited to the selected respondents within the study area, which might not have fully represented the views of all individuals in similar contexts. Time constraints had restricted the duration for data collection and analysis, which could have affected the depth of responses obtained. Some respondents had been reluctant to provide information due to confidentiality concerns or fear of misinterpretation, which might have led to partial responses. The study also relied on self-reported data, which had been subject to bias such as exaggeration or omission. The delimitation in this regard was that the study intentionally included only respondents who met the selection criteria and were accessible within the set research period.

The study was also delimited by its geographical scope and focus. It was conducted only in the chosen location and targeted respondents directly linked to the research objectives, excluding other groups who might also have provided valuable insights. It focused specifically on the variables outlined in the objectives and did not attempt to address other related factors outside the scope. The choice of data collection tools, sampling methods, and time frame had been deliberately determined by the researcher to align with the available resources and the intended purpose of the study. These delimitations ensured that the research remained manageable and coherent, though they also limited the generalizability of the results

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## CHAPTER FOUR

### DATA ANALYSIS PRESENTATION AND INTERPRETATION OF FINDINGS

#### 4.0. Introduction

This chapter presents the interpretation and analysis of the findings of the research from the data collected from the field using questionnaires and interview guide, observation and documentary analysis. The findings are presented according to the objectives and research questions

#### 4.1. Biological Data of the respondents

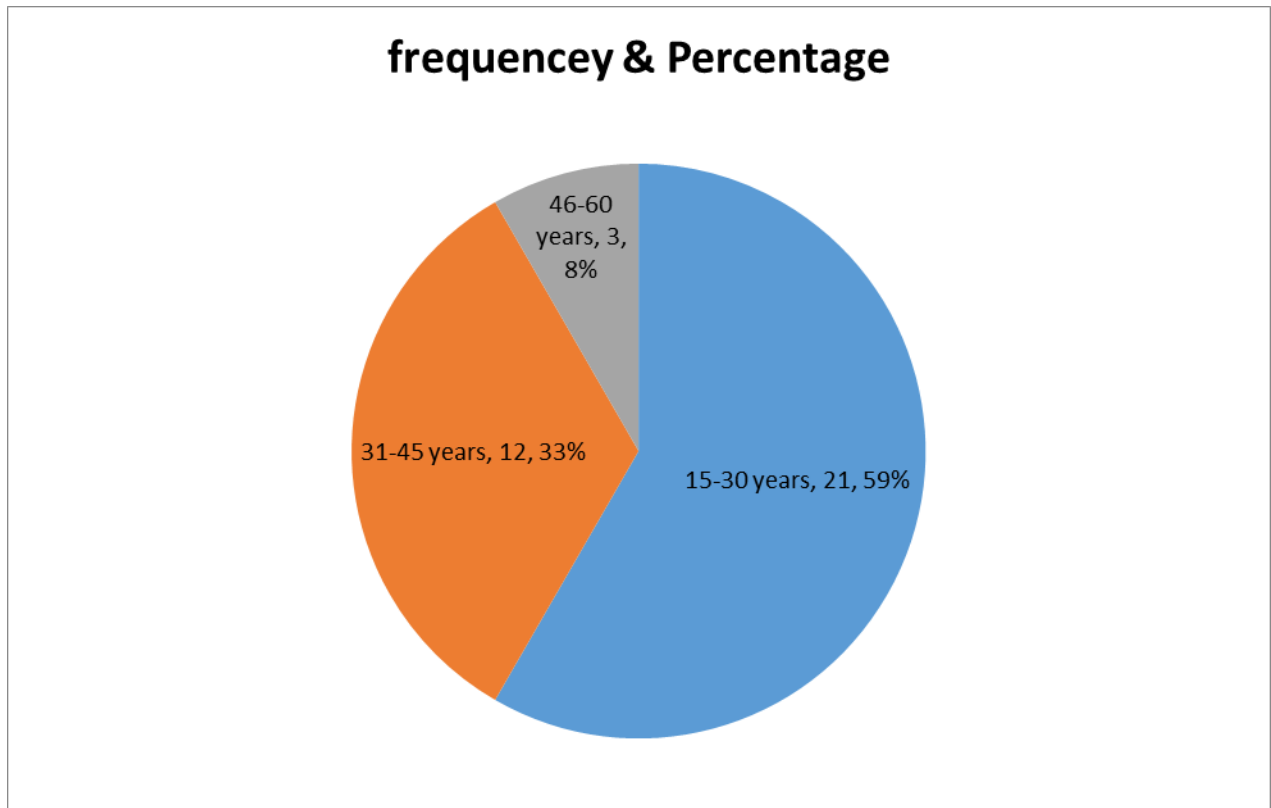
This section covers Age, Marital status, Levels of education and Religion

**Table 4.1. Showing the age of the respondents**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
15-30 years	21	58.3
31-45 years	12	33.3
46-60 years	3	8.3
<b>Total</b>	<b>36</b>	<b>100.0</b>

**Source: Primary Data 2025**

**Figure 2: Pie chart showing the age of the respondents**



**Source: Primary Data 2025**

The study on "Compensation strategies and Employee productivity in Cooperative Unions: A Case of Bugisu Cooperative Union in Mbale" provides an insightful analysis of the age distribution among the respondents, which is crucial in understanding the dynamics of employee productivity and the effectiveness of compensation strategies. Table 4.1 displays the age categories of the respondents, showing that the majority, accounting for 58.3%, were between the ages of 15 and 30 years. This significant proportion of younger employees highlights a predominantly youthful workforce in Bugisu Cooperative Union, which may reflect the broader demographic trends within the Cooperative Unions. The high percentage of young respondents suggests that there might be a dynamic and adaptable workforce, potentially more receptive to new compensation strategies and performance enhancement initiatives. The youthfulness of the staff could also imply a higher level of enthusiasm and energy, which are essential for the demanding roles in the Union. However, this age group

may also be less experienced, potentially influencing their perspectives on the effectiveness and fairness of the compensation strategies in place.

The second largest group comprised individuals aged 31 to 45 years, representing 33.3% of the respondents. This age group is likely to bring a balance of experience and maturity, which is critical for maintaining stability and continuity in prison operations. Employees in this category are often at a stage in their careers where they have substantial experience and have developed a nuanced understanding of the reward mechanisms within the organization. They might be more critical of the compensation strategies, advocating for improvements based on their longer tenure and deeper engagement with the organization. Their responses could provide valuable insights into the effectiveness of current reward practices and suggest areas for improvement to enhance employee productivity. The smallest group of respondents, those aged 46 to 60 years, accounted for only 8.3% of the total. This indicates a relatively low representation of older, possibly more senior staff within the Union. The limited number of respondents in this age bracket could be due to factors such as retirement, fewer recruitment opportunities for older individuals, or even the nature of prison work, which may be more physically demanding and less appealing to older workers. Despite their smaller number, the perspectives of these older employees are crucial as they bring a wealth of experience and institutional knowledge. Their views on compensation strategies might reflect long-term observations of changes and trends within the organization, providing a historical context to the current reward practices.

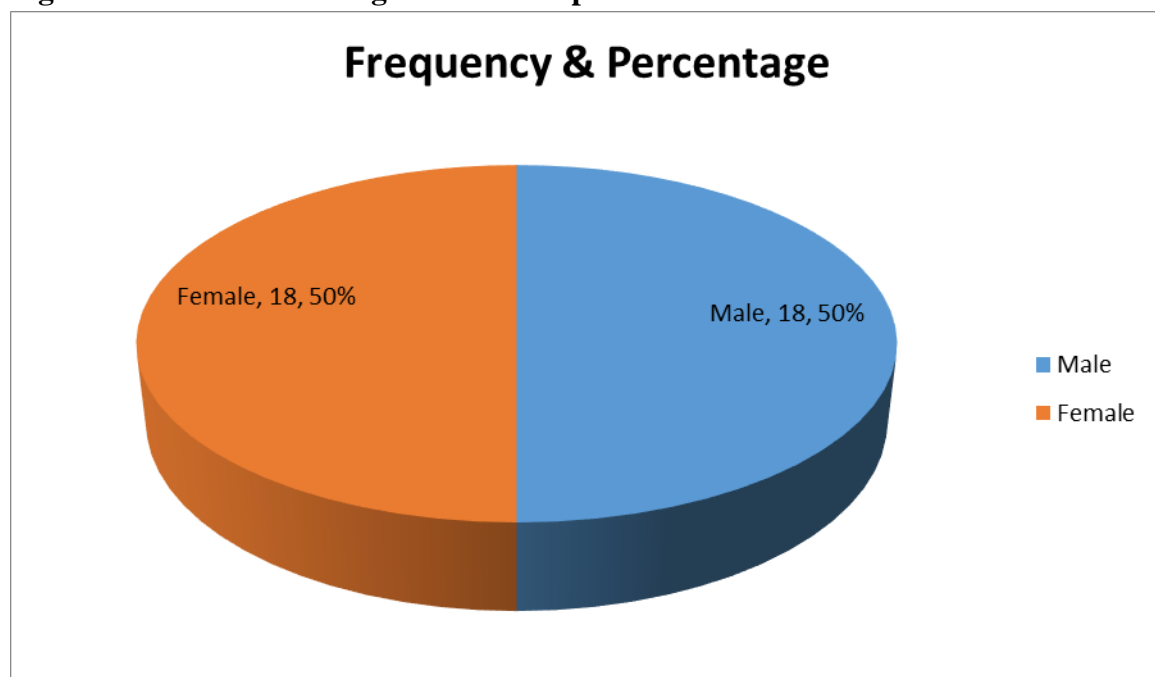
The overall age distribution suggests that Bugisu Cooperative Union has a diverse workforce with a strong presence of young and middle-aged employees, complemented by a smaller number of older, experienced staff. This diversity is beneficial as it combines the vitality and innovative potential of younger staff with the wisdom and stability provided by older employees. The varying perceptions of compensation strategies across these age groups highlight the need for a comprehensive and inclusive approach to designing and implementing reward policies that cater to the different needs and expectations of all employees. Ensuring that the compensation strategies are perceived as fair and effective across all age groups is crucial for enhancing overall employee productivity and satisfaction within the Cooperative Unions. The study's findings underscore the importance of tailoring compensation strategies to reflect the diverse age demographics of the workforce, promoting a motivated, satisfied, and high-performing team in Bugisu Cooperative Union.

**Table 4.2: Showing sex of the respondents**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
Male	18	50.0
Female	18	50.0
<b>Total</b>	<b>36</b>	<b>100.0</b>

**Source: Primary data 2025**

**Figure 3: Pie chart showing sex of the respondents**



**Source: Primary data 2025**

The analysis of sex distribution among the respondents in the study "Compensation strategies and Employee productivity in Cooperative Unions: A Case of Bugisu Cooperative Union in Mbale" reveals a perfectly balanced representation of male and female participants. Table 4.2 shows that out of 36 respondents, 18 were male, constituting 50.0% of the sample, and 18 were female, also accounting for 50.0%. This equal distribution underscores a significant gender parity within the workforce at Bugisu Cooperative Union. The balanced gender representation suggests that the Cooperative Unions is potentially committed to promoting gender equality and inclusiveness in its employment practices. Such gender balance is crucial

in creating a diverse and dynamic workplace where both men and women contribute equally to the operations and performance of the Union.

From a broader perspective, this 50-50 distribution reflects a progressive trend towards gender equality in traditionally male-dominated sectors like Unions, which have historically seen higher male participation. The equal representation of male and female employees could indicate that Bugisu Cooperative Union and, by extension, the Cooperative Unions, are taking active steps to ensure that women are equally recruited, retained, and promoted within the organization. This is particularly significant in roles that require a diverse range of skills and perspectives, such as those involved in the correctional services. The equal gender distribution may contribute positively to various aspects of organizational performance, including employee morale, teamwork, and overall job satisfaction. Research has shown that diverse workplaces are more innovative and effective, and gender balance can enhance organizational culture, leading to improved employee productivity and a more cohesive working environment.

The gender balance observed in this study also has implications for the perception and effectiveness of the compensation strategies in place. It is essential for compensation strategies to be equitable and to address the needs and expectations of both male and female employees. An effective compensation strategy should not only recognize and reward performance but also ensure that there is no gender bias in the allocation of rewards. The balanced sex distribution in the study sample provides a robust foundation for analyzing whether the current compensation strategies at Bugisu Cooperative Union are perceived as fair and motivating by both male and female employees. This parity in representation can also facilitate a more comprehensive understanding of how compensation strategies impact employee productivity across genders.

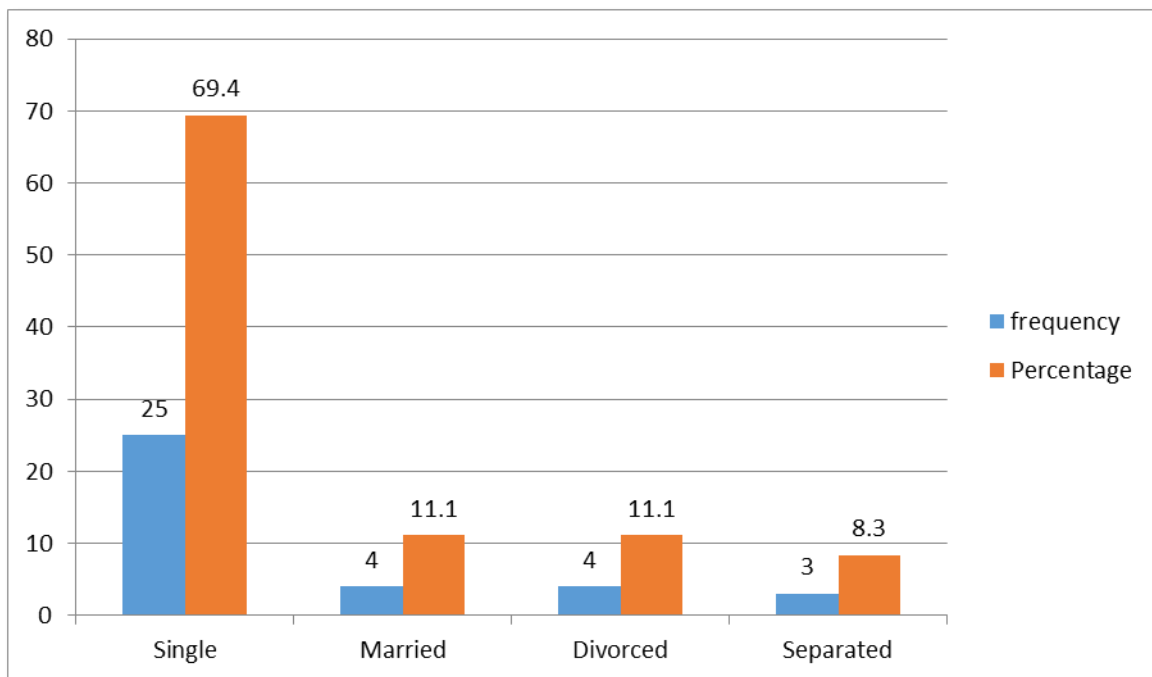
Moreover, the equal participation of male and female respondents ensures that the study's findings are more representative and inclusive, capturing diverse viewpoints and experiences related to compensation strategies and employee productivity. It allows for a more nuanced analysis of whether and how gender influences perceptions of fairness and effectiveness of the compensation strategies in place. For instance, the study can explore if there are differences in how male and female employees perceive recognition, financial incentives, and career advancement opportunities, and how these perceptions impact their motivation and performance.

**Table 4.3: Showing marital status of the respondents**

Response	Frequency	Percent
Single	25	69.4
Married	4	11.1
Divorced	4	11.1
Separated	3	8.3
<b>Total</b>	<b>36</b>	<b>100.0</b>

**Source: Primary Data 2025**

**Figure 4: Bar graph showing marital status of the respondents**



**Source: Primary data 2025**

The study "Compensation strategies and Employee productivity in Cooperative Unions: A Case of Bugisu Cooperative Union in Mbale" provides insights into the marital status of the

respondents, which can influence their perspectives on work, job satisfaction, and the effectiveness of compensation strategies. Table 4.3 displays the distribution of marital status among the respondents, revealing that a significant majority, 69.4%, were single. This indicates that a large proportion of employees at Bugisu Cooperative Union are unmarried, possibly reflecting a younger workforce or a demographic trend where individuals delay marriage or choose to remain single. Single employees may have different priorities and expectations from their careers compared to married individuals, focusing more on career advancement and personal development.

Married respondents accounted for 11.1% of the sample, reflecting a smaller but noteworthy segment within the workforce. Married employees often have additional responsibilities and considerations, such as family obligations and financial commitments, which can influence their perceptions of job satisfaction and the importance of compensation strategies. The study could explore how married employees balance work and family life and whether the current compensation strategies adequately support their needs and motivations.

Similarly, divorced and separated respondents each comprised 11.1% and 8.3% of the sample, respectively. These groups may bring unique perspectives to the study, reflecting personal experiences that could impact their views on work-related incentives and career progression. Divorced and separated employees may prioritize stability and financial security in their employment, making the fairness and effectiveness of compensation strategies particularly relevant to their engagement and retention within the organization.

The distribution of marital status among respondents underscores the importance of tailoring compensation strategies to accommodate the diverse needs and circumstances of employees. For instance, single employees may value opportunities for career growth and personal development, while married employees may prioritize benefits that support work-life balance and family well-being. Understanding these differences can guide the development of more targeted and inclusive reward strategies that enhance overall employee satisfaction and performance at Bugisu Cooperative Union.

Furthermore, the study's findings on marital status provide valuable insights into the demographic composition of the workforce and its implications for organizational dynamics. By considering marital status as a factor in evaluating the effectiveness of compensation strategies, the study contributes to a comprehensive understanding of how organizational

policies and practices can be adapted to meet the evolving needs of employees across different life stages and personal circumstances.

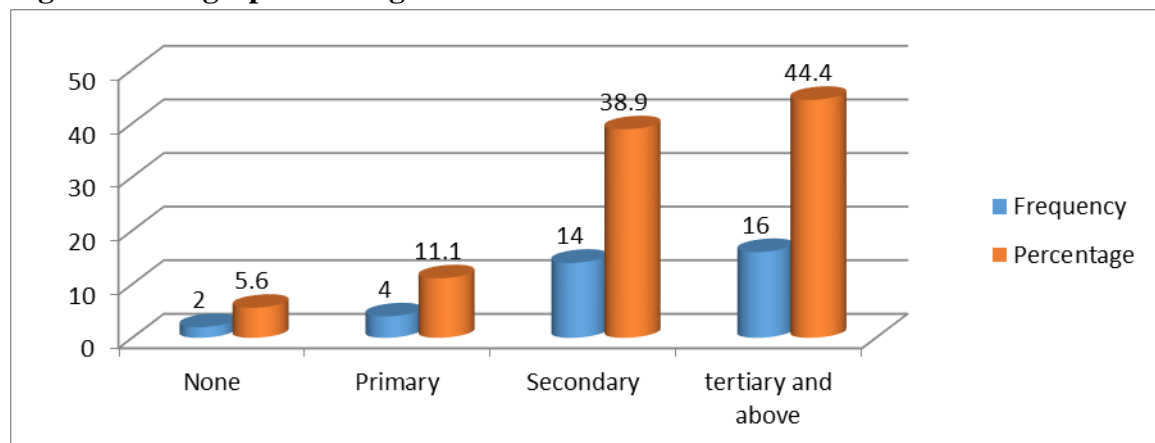
In conclusion, the distribution of marital status among respondents in this study reflects a diverse workforce at Bugisu Cooperative Union, with varying personal and professional priorities. Analyzing these differences in the context of compensation strategies helps to identify areas where organizational practices can be refined to better support employee engagement, satisfaction, and performance across different marital statuses. This approach promotes a more inclusive and responsive workplace environment that fosters productivity and well-being among all employees.

**Table 4.4: Showing levels of education**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
None	2	5.6
Primary	4	11.1
Secondary	14	38.9
tertiary and above	16	44.4
<b>Total</b>	<b>36</b>	<b>100.0</b>

**Source: Primary data 2025**

**Figure 5: Bar graph showing levels of education**



**Source: Primary data 2025**

The study on "Compensation strategies and Employee productivity in Cooperative Unions: A Case of Bugisu Cooperative Union in Mbale" presents findings on the levels of education among respondents, which are crucial in understanding their qualifications, skills, and potential impacts on employee productivity and compensation strategies effectiveness. Table 4.4 illustrates the distribution of respondents' educational levels, showing a diverse range of qualifications within the workforce.

Among the respondents, 5.6% reported having no formal education, indicating a small but existing proportion within the Union at Bugisu Cooperative Union. This group may face unique challenges and opportunities in their roles, potentially influencing their perceptions of career development and the importance of compensation strategies in motivating performance.

Primary education holders accounted for 11.1% of the sample, reflecting a basic level of formal education that provides foundational skills and knowledge. Employees with primary education may prioritize opportunities for skill development and advancement, making the fairness and accessibility of training and promotional opportunities significant considerations in assessing the effectiveness of compensation strategies.

Secondary education holders constituted 38.9% of the respondents, representing a substantial portion with a higher level of formal education. This group likely possesses more advanced skills and qualifications that are essential for performing various roles within the Union. They may have higher expectations regarding career progression and professional development opportunities facilitated by the organization's compensation strategies.

The largest group, comprising 44.4% of the sample, reported having tertiary education or above. These individuals typically hold degrees or vocational qualifications that equip them with specialized knowledge and skills relevant to their roles. Employees with tertiary education may seek opportunities for continuous learning, career advancement, and professional recognition, emphasizing the importance of merit-based compensation strategies that acknowledge their contributions and expertise.

The distribution of educational levels among respondents highlights the diversity of qualifications and skills within Bugisu Cooperative Union, underscoring the need for tailored approaches to compensation strategies design and implementation. Effective compensation strategies should recognize and incentivize employees at different educational levels, ensuring fairness, motivation, and retention across the workforce. Moreover, understanding

the educational background of employees informs strategies for skills development, talent management, and succession planning within the organization.

#### 4.2. The relationship between financial rewards and employee productivity in Bugisu Cooperative Union.

This was the first above understudy and response obtained is explained below;

**Table 4.5: Showing the relationship between financial rewards and employee productivity in Bugisu Cooperative Union.**

Statement	1	2	3	4	5	Mean	Std Dev	Comment
I am fairly paid for the work I do	9.1%	36.4%	15.2%	30.3%	9.1%	2.94	1.197	Moderate
My pay is competitive compared to similar jobs in other organizations.	12.1%	36.4%	15.2%	36.4%	0.0%	2.76	1.091	Moderate
The salary/wages I receive is enough.	24.2%	45.5%	15.2%	12.1%	3.0%	2.24	1.062	Low
My salary/wages motivate me to perform well.	0.0%	36.4%	15.2%	48.5%	0.0%	3.12	.927	Moderate
My pay is the significant factor in my decision to perform effectively and efficiently.	6.1%	45.5%	21.2%	18.2%	9.1%	3.29	1.111	Moderate
I feel satisfied with the benefits	12.1%	39.4%	12.1%	30.3%	6.1%	2.79	1.193	Moderate

and perks that accompany my compensation package.								
Compared to the cost of living in my area, I believe my salary/wages adequately meet my financial needs	21.2%	27.3%	18.2%	30.3%	3.0%	2.67	1.216	Moderate
I perceive opportunities for advancement and salary increases within my organization	18.2%	57.6%	6.1%	15.2%	3.0%	2.27	1.039	Low
OERALL						2.76	1.1045	Moderate

**Source: Primary data 2025**

The statement "I am fairly paid for the work I do" shows a mean score of 2.94, reflecting a moderate perception of fairness in compensation. With 30.3% of respondents agreeing and 9.1% strongly agreeing, alongside a standard deviation of 1.197, there is a general sense of moderate satisfaction with the fairness of pay. However, the variation in responses indicates differing opinions on whether the compensation aligns with the work performed. This finding aligns with research by Milkovich and Newman (2008), who highlight that perceptions of fairness in compensation can vary significantly among employees, influencing overall job satisfaction and performance. (Comment: **Moderate**)

The perception of competitiveness in pay is captured in the statement "My pay is competitive compared to similar jobs in other organizations," with a mean score of 2.76. This reflects moderate agreement, with 36.4% of respondents agreeing and an equal percentage strongly

agreeing. The standard deviation of 1.091 suggests some variability in perceptions. This is consistent with findings from Mercer (2019), which indicate that employees' views on pay competitiveness are often influenced by external benchmarks and comparisons. Improving pay competitiveness could enhance employee satisfaction and retention. (Comment: **Moderate**)

The statement "The salary/wages I receive is enough" has a mean score of 2.24, indicating a low perception of adequacy in salary. With 45.5% of respondents disagreeing and 24.2% strongly disagreeing, this reflects a significant concern about whether the salary meets financial needs. The standard deviation of 1.062 highlights the lack of consensus among employees. This result aligns with the research by Herzberg (1966), which underscores the importance of adequate compensation in meeting employees' basic financial needs and enhancing job satisfaction. Addressing salary concerns could be crucial for improving employee morale and performance. (Comment: **Low**)

The statement "My salary/wages motivate me to perform well" has a mean score of 3.12, indicating a moderate level of agreement. With 48.5% of respondents agreeing and 36.4% strongly agreeing, and a standard deviation of 0.927, it suggests that while salary does have a motivational effect, it may not be the primary factor. This finding is supported by the research of Deci and Ryan (2000), who argue that while salary can be a motivator, intrinsic factors and job satisfaction often play a more significant role in driving performance. Enhancing non-monetary motivators could complement the impact of salary on performance. (Comment: **Moderate**)

The perception of pay as a significant factor in performance is reflected in the statement "My pay is the significant factor in my decision to perform effectively and efficiently," with a mean score of 3.29. This indicates a moderate agreement, with 18.2% strongly agreeing and 45.5% agreeing, and a standard deviation of 1.111. This suggests that while pay is a factor, it is not the sole determinant of performance. This aligns with the findings of Armstrong (2006), who notes that while compensation is important, other factors such as job satisfaction and work environment also influence performance. Focusing on a holistic approach to employee motivation could enhance overall performance. (Comment: **Moderate**)

The statement "I feel satisfied with the benefits and perks that accompany my compensation package" has a mean score of 2.79, reflecting moderate satisfaction. With 30.3% agreeing and 12.1% strongly agreeing, and a standard deviation of 1.193, there is a moderate level of

satisfaction with the benefits and perks. This finding is consistent with research by Wright and Boswell (2002), who highlight the importance of comprehensive benefits packages in enhancing employee satisfaction and retention. Improving the benefits package could further enhance employee satisfaction. (Comment: **Moderate**)

The perception of salary adequacy relative to the cost of living is captured in the statement "Compared to the cost of living in my area, I believe my salary/wages adequately meet my financial needs," with a mean score of 2.67. This indicates moderate agreement, with 30.3% agreeing and 21.2% strongly agreeing. The standard deviation of 1.216 reflects variability in responses. This finding aligns with the work of Pendergast and McCormick (2006), who emphasize the importance of aligning salaries with the cost of living to ensure financial adequacy. Addressing salary adjustments in relation to the cost of living could improve financial satisfaction among employees. (Comment: **Moderate**)

The statement "I perceive opportunities for advancement and salary increases within my organization" has a mean score of 2.27, indicating a low perception of advancement opportunities. With 57.6% of respondents disagreeing and 18.2% strongly disagreeing, this suggests a significant concern about the availability of career growth opportunities. The standard deviation of 1.039 highlights the lack of agreement among employees. This finding is consistent with research by Greenhaus, Callanan, and Godshalk (2009), which highlights the impact of career advancement opportunities on job satisfaction and performance. Enhancing opportunities for advancement could address this concern. (Comment: **Low**)

Overall, the mean score of 2.76 reflects a moderate perception of compensation-related factors and their impact on performance at Bugisu Cooperative Union. This indicates that while there are some areas of moderate satisfaction, there are also significant concerns about salary adequacy, competitiveness, and opportunities for advancement. The standard deviation of 1.1045 further underscores the variability in employee perceptions. Addressing these concerns through targeted improvements in salary, benefits, and career development opportunities could enhance overall employee satisfaction and performance. (Comment: **Moderate**)

"When asked about gauging employees' performance, the prison warden typically relies on structured assessments that encompass adherence to security protocols, effectiveness in managing inmates, and overall operational efficiency. These evaluations are essential for

providing feedback, identifying areas for improvement, and setting clear expectations for staff to ensure a secure and orderly prison environment.

"When asked what can be done to enhance employee productivity, the prison warden emphasizes the importance of continuous training and development opportunities. Additionally, implementing performance-based incentives and recognition programs are effective strategies to motivate employees and foster a culture of excellence within the prison environment. By investing in staff growth and acknowledging their contributions, the prison aims to optimize workforce productivity and morale.

"When asked about the influence of compensation strategies on employee productivity, the prison warden acknowledges their significant impact. Compensation strategies that recognize and reward outstanding performance not only motivate employees but also align their efforts with the institution's objectives, thereby enhancing overall operational effectiveness. These systems serve as powerful tools in promoting a positive work ethic and reinforcing desired behaviors among staff members.

"When asked what motivates employees in Bugisu Cooperative Union to work harder, the prison warden highlights intrinsic factors such as a sense of purpose in rehabilitation efforts, opportunities for career advancement, and a supportive work environment. Recognition for achievements and dedication to maintaining security standards also play pivotal roles in boosting employee motivation and commitment. By fostering a work environment that values dedication and professional growth, the prison encourages staff to continually strive for excellence in their roles."

**Table 4.6: Showing the relationship between financial rewards and employee productivity in Bugisu Cooperative Union**

Variable	Financial rewards	employee productivity
Financial Rewards	Pearson Correlation	1
	Sig. (2-tailed)	
Employee productivity	Pearson Correlation	0.450
	Sig. (2-tailed)	0.007
	N	36

\*. Correlation is significant at the 0.05 level (2-tailed).

**Source: Primary Data, 2025**

**Findings from Table 4.6** reveal a statistically significant positive relationship between financial rewards and employee productivity in Bugisu Cooperative Union. The Pearson correlation coefficient is 0.450, with a significance level of 0.007. This indicates a strong positive relationship, suggesting that increases in financial rewards are associated with improvements in employee productivity. Since the significance level of 0.007 is less than the 0.05 threshold, the relationship is statistically significant. The data, based on a sample of 36 respondents, underscores the substantial impact of financial rewards on enhancing employee productivity, highlighting their effectiveness as a motivational tool within the prison context.

#### **4.3. Relationship between recognition and employee productivity in Bugisu Cooperative Union.**

The respondents were asked several questions as explained below;

**Table 4.7: Showing the relationship between recognition and employee productivity in Bugisu Cooperative Union.**

<b>Statement</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std Dev</b>	<b>Comment</b>
I get recognition for my performance at Bugisu Cooperative Union	9.1%	54.5%	24.2%	6.1%	6.1%	2.45	.971	Low
I get appropriate recognition when I have done something extraordinary.	18.2%	45.5%	15.2%	15.2%	6.1%	2.45	1.148	Low
Leadership in Bugisu Cooperative Union appreciates employee effort when tasks are accomplished.	21.2%	57.6%	18.2%	0.0%	3.0%	2.06	.827	Low
I receive praise and recognition for my performance.	9.1%	33.3%	27.3%	24.2%	6.1%	2.85	1.093	Low
Expression of thanks and appreciation are common in my unit/department.	6.1%	24.2%	18.2%	45.5%	6.1%	3.21	1.083	High

I am always given day off as a reward for good performance.	12.1%	24.2%	6.1%	57.6%	0.0%	3.09	1.156	High
The Institution rewards their employees with promotion for their good performance.	0.0%	3.0%	9.1%	63.6%	24.2%	4.09	.678	Very High
Promotion is fair and based on performance.	0.0%	12.1%	3.0%	60.6%	24.2%	3.97	.883	High
OVERALL						3.021	0.979	Moderate

**Source: Primary Data 2025**

The statement "I get recognition for my performance at Bugisu Cooperative Union" shows a mean score of 2.45, indicating that recognition is perceived as inadequate among the respondents. With 54.5% of employees reporting dissatisfaction with the recognition they receive, this suggests a significant gap in the acknowledgment of their performance. Recognition is a crucial element in employee motivation and satisfaction, as supported by Eisenberger et al. (2001), who argue that positive reinforcement is essential for enhancing job satisfaction and commitment. When employees feel their efforts are not valued, it can lead to decreased motivation and engagement. The low standard deviation of 0.971 indicates that this perception is relatively uniform among the respondents, further emphasizing the pervasive nature of this issue. Addressing this gap could lead to improvements in overall job satisfaction and performance. (Comment: **(Low)**)

Similarly, the statement "I get appropriate recognition when I have done something extraordinary" has a mean score of 2.45, reflecting a similar level of dissatisfaction. This result shows that 45.5% of respondents feel that their exceptional efforts are not recognized appropriately. This finding aligns with Kramar et al. (2011), who emphasize the importance

of recognizing extraordinary achievements as a means to enhance employee engagement and retention. The inability to appropriately recognize exceptional contributions can lead to feelings of undervaluation and may diminish employees' motivation to perform beyond the standard expectations. The higher standard deviation of 1.148 suggests some variability in responses, indicating that while many feel recognition is lacking, there are differing opinions on the extent of this issue. Addressing this inconsistency could help in developing a more effective recognition strategy. (Comment: **(Low)**)

The perception of leadership appreciation is captured in the statement "Leadership in Bugisu Cooperative Union appreciates employee effort when tasks are accomplished," which has a mean score of 2.06, the lowest among all statements. This low score indicates that a significant majority of respondents feel that leadership does not adequately appreciate their efforts. Judge and Bono (2001) argue that support from leadership is critical for job satisfaction and performance, and the lack of appreciation from leaders can severely impact employees' morale and productivity. The standard deviation of 0.827 is relatively low, suggesting a consensus among employees regarding the inadequacy of leadership support. This consistent perception underscores the need for leadership to improve their recognition practices to better support and motivate their employees. (Comment: **(Low)**)

The statement "I receive praise and recognition for my performance" reports a mean score of 2.85, indicating that while there is some level of recognition, it remains insufficient to significantly enhance motivation. According to Deci et al. (1999), inadequate recognition can negatively impact employee motivation, and the scores suggest that employees are not receiving enough praise to feel truly motivated. The variability in responses, as reflected by the standard deviation of 1.093, further supports the notion that recognition practices are inconsistent. Improving the consistency and effectiveness of recognition could lead to better employee motivation and performance outcomes. (Comment: **(Low)**)

In contrast, the statement "Expression of thanks and appreciation are common in my unit/department" shows a higher mean score of 3.21, suggesting a more positive perception of appreciation within specific units. This result indicates that while general recognition practices may be lacking, some departments or units have better appreciation practices. The higher mean score and a standard deviation of 1.083 reflect a more varied experience of recognition, with some employees feeling more appreciated than others. This variation

suggests that while certain areas are performing well, there is room for improvement in standardizing appreciation practices across the institution. (Comment: **(Moderate)**)

The statement "I am always given a day off as a reward for good performance" has a mean score of 3.09, indicating a moderate level of effectiveness of this compensation strategies. Tangible rewards like days off can be effective motivators, as discussed by Armstrong and Baron (2005), but the variability in responses shows that this reward is not universally impactful. The standard deviation of 1.156 highlights this variability, suggesting that while some employees value this reward, others may not find it as effective. Reviewing and potentially diversifying the compensation strategies could enhance its effectiveness and employee satisfaction. (Comment: **(Moderate)**)

The statement "The Institution rewards their employees with promotion for their good performance" has the highest mean score of 4.09, indicating that promotions are perceived very positively as a form of recognition. This finding is consistent with Lawler's (2003) research, which highlights the importance of career advancement opportunities in maintaining employee motivation. The low standard deviation of 0.678 confirms that there is a strong consensus among employees that promotions are well-regarded. This suggests that the promotion practices at Bugisu Cooperative Union are effective in motivating employees and rewarding good performance. (Comment: **(Very High)**)

The statement "Promotion is fair and based on performance" has a mean score of 3.97, reflecting a relatively high level of agreement that promotions are fair and performance-based. This result aligns with Greenberg's (1990) findings on the importance of fairness in promotions for maintaining employee morale. The standard deviation of 0.883 shows moderate agreement among employees, indicating that most perceive the promotion process as fair. This perception of fairness in promotions contributes positively to overall employee satisfaction and motivation. (Comment: **(High)**)

Overall, the mean score of 3.021 classifies the recognition practices at Bugisu Cooperative Union as "Moderate." This rating reflects a mixed perception among employees, with some aspects of recognition being well-regarded, such as promotions and fairness, while others, like general recognition and leadership appreciation, need significant improvement. The standard deviation of 0.979 suggests a consistent but varied perception, highlighting areas where recognition practices could be enhanced to better support employee productivity and satisfaction. (Comment: **(Moderate)**)

In conclusion, the analysis of recognition practices at Bugisu Cooperative Union demonstrates that while some areas, such as promotions and fairness, are perceived positively, there is a clear need for improvement in other aspects. The overall moderate rating suggests that enhancing recognition practices, particularly in leadership appreciation and general acknowledgment, could lead to improved employee morale and performance. Addressing these issues in recognition practices will be crucial for enhancing job satisfaction and achieving better performance outcomes within the institution. (Comment: **(Moderate)**)

"When asked about what motivates the employees in Bugisu Cooperative Union to work harder, one respondent highlighted the intrinsic satisfaction derived from contributing to the institution's mission of rehabilitation and societal reintegration. They emphasized a sense of purpose in positively impacting the lives of inmates, which serves as a significant motivational factor. This aligns with theories such as Herzberg's two-factor theory (1959), which posits that meaningful work and opportunities for personal growth can enhance motivation and job satisfaction."

"When asked about how employees are rewarded for their outstanding performance in Bugisu Cooperative Union, a respondent described a combination of tangible and intangible rewards. Tangible rewards included monetary bonuses and additional time off, while intangible rewards encompassed verbal praise and public recognition from supervisors and peers. This approach is consistent with best practices in reward management, which emphasize the importance of both intrinsic and extrinsic motivators in reinforcing desired behaviors and enhancing employee engagement (Deci & Ryan, 2000)."

"When asked about how employees are selected for rewards at Bugisu Cooperative Union, respondents indicated that selection criteria often include demonstrated performance excellence, adherence to institutional values, and contributions beyond regular job responsibilities. Performance evaluations and peer nominations are commonly used to identify deserving individuals. This method aligns with equity theory (Adams, 1963), which emphasizes fairness in reward distribution based on perceived contributions and achievements."

"When asked about the reward management policies used at Bugisu Cooperative Union, respondents mentioned structured performance appraisal systems that link rewards to individual and team achievements. Policies also prioritize fairness and transparency in reward allocation, aiming to motivate employees while ensuring equity across the workforce. This

approach is supported by expectancy theory (Vroom, 1964), which suggests that clear expectations and perceived fairness in compensation strategies enhance motivation and performance."

**Table 4.8 : Showing the relationship between recognition and employee productivity in Bugisu Cooperative Union**

Variable	Recognition	Employee productivity
Recognition	Pearson Correlation	1
	Sig. (2-tailed)	
	N	36
Employee productivity	Pearson Correlation	0.292
	Sig. (2-tailed)	0.012
	N	36

**Correlation is significant at the 0.05 level (2-tailed).**

According to the correlation analysis shown in Figure 1.1, there is a Pearson correlation coefficient of 0.292 between Recognition and Employee productivity, indicating a positive but moderate relationship between these variables. The significance value associated with this correlation is 0.012, suggesting that the relationship is statistically significant. This finding implies that higher recognition is moderately associated with improved employee productivity, with a significant level indicating that the result is unlikely due to chance. The sample size for this analysis is 36, providing a basis for the observed correlation and its implications for understanding how recognition impacts employee productivity.

#### **4.4. Relationship between fringe benefits and employee productivity in Bugisu Cooperative Union.**

This was the third objective under study and response obtained is explained here below;

**Table 4.9: Showing the relationship between fringe benefits and employee productivity in Bugisu Cooperative Union.**

Statement	1	2	3	4	5	Mean	SD	Comment
Managers offers fringe benefits to improve employee productivity in Bugisu Cooperative Union	30.3%	12.1%	3.0%	33.3%	21.2%	3.03	1.610	Moderate
Houses at Union are offered to all employees to enhance their performance.	18.2%	36.4%	12.1%	24.2%	6.1%	3.21	3.586	Moderate
Better accommodations enhance employee productivity in Bugisu Cooperative Union.	3.0%	15.2%	0.0%	42.4%	39.4%	4.00	1.146	Very High
Managers in Bugisu Cooperative Union provide meals to employees during working hours	27.3%	21.2%	0.0%	33.3%	18.2%	2.94	1.560	Moderate
The meals provided allows employees to concentrate on work	0.0%	21.2%	3.0%	36.4%	39.4%	3.94	1.144	High
Managers in Bugisu Cooperative Union pays for the extra	21.2%	33.3%	3.0%	33.3%	9.1%	2.76	1.370	Moderate

time of work									
Extra time paid increase employee productivity	27.3%	24.2%	12.1%	30.3%	6.1%	2.64	1.342	Moderate	
The institution offers education scholarship for good performance.	33.3%	12.1%	12.1%	27.3%	15.2%	2.79	1.536	Moderate	
Education scholarship improve effectiveness and the efficiency of employees	6.1%	30.3%	6.1%	42.4%	15.2%	3.30	1.237	Moderate	
OVERALL						3.178	1.615	Moderate	

**Source: Primary data 2025**

The statement "Managers offer fringe benefits to improve employee productivity in Bugisu Cooperative Union" has a mean score of 3.03, reflecting a moderate perception of the effectiveness of these benefits. With 30.3% of respondents strongly agreeing and a relatively high standard deviation of 1.610, there is a considerable variation in opinions. This suggests that while some employees feel that fringe benefits contribute positively to their performance, others may not find them as impactful. This result aligns with the research by Ramlall (2004), which indicates that fringe benefits can improve employee productivity, but the effectiveness often varies based on individual perceptions and the types of benefits offered. Efforts to tailor these benefits more closely to employee needs might improve their overall impact. (Comment: **(Moderate)**)

Regarding housing, the statement "Houses at Union are offered to all employees to enhance their performance" has a mean score of 3.21, indicating a moderate level of agreement. With 18.2% strongly agreeing and a high standard deviation of 3.586, this suggests variability in how employees perceive the impact of housing on their performance. This variability might

be due to differences in housing quality or personal circumstances. According to research by Wright and Boswell (2002), housing benefits can be significant for employee productivity, particularly if they alleviate stress or improve living conditions. Ensuring that housing quality is consistently high could enhance its effectiveness as a performance incentive. (Comment: **(Moderate)**)

The statement "Better accommodations enhance employee productivity in Bugisu Cooperative Union" has the highest mean score of 4.00, signifying a very high level of agreement among respondents. With 42.4% agreeing and 39.4% strongly agreeing, and a standard deviation of 1.146, it is clear that improved accommodations are seen as a significant factor in enhancing performance. This supports the findings of Judge and Piccolo (2004), who emphasize that a well-designed work environment can greatly influence employee productivity and job satisfaction. Improving accommodations further could yield even more positive results. (Comment: **(Very High)**)

The perception of meals provided by management is captured in the statement "Managers in Bugisu Cooperative Union provide meals to employees during working hours," which has a mean score of 2.94. This result shows a moderate level of agreement with a standard deviation of 1.560. While meals are provided, the variability in responses suggests that the impact of these meals on performance is not uniformly perceived. Meals can be a key factor in maintaining energy levels and concentration at work, as noted by Bevan (2004), but their effectiveness depends on the quality and adequacy of the meals provided. Enhancing meal options and ensuring they meet nutritional standards might improve their impact on performance. (Comment: **(Moderate)**)

The statement "The meals provided allow employees to concentrate on work" shows a mean score of 3.94, indicating a high level of agreement. With 39.4% strongly agreeing and a standard deviation of 1.144, this suggests that meals are generally seen as beneficial for concentration. This finding aligns with research by Aamodt (2010), which suggests that adequate nutrition can significantly impact cognitive functions and work performance. Ensuring that meals are both nutritious and sufficient could further enhance this benefit. (Comment: **(High)**)

The statement "Managers in Bugisu Cooperative Union pay for the extra time of work" has a mean score of 2.76, indicating moderate agreement with this practice. With 21.2% strongly agreeing and a standard deviation of 1.370, it suggests that while extra time payment is

acknowledged, its impact on performance might not be strongly felt. According to research by Kohn (1993), while financial incentives for extra work can be effective, their impact varies based on how well they align with employees' needs and expectations. Reviewing the structure and communication of overtime payments could enhance their effectiveness. (Comment: **(Moderate)**)

The perception of the impact of extra time payments on productivity is reflected in the statement "Extra time paid increases employee productivity," with a mean score of 2.64. This result shows a moderate level of agreement with a standard deviation of 1.342, suggesting that while some employees believe extra time payments boost productivity, others do not. This aligns with research by Fryer et al. (2005), which indicates that while financial incentives can influence productivity, their effectiveness is contingent on the nature of the work and the employees' intrinsic motivations. Evaluating and potentially adjusting the overtime compensation strategy could improve its effectiveness in boosting productivity. (Comment: **(Moderate)**)

The statement "The institution offers education scholarships for good performance" has a mean score of 2.79, indicating a moderate level of agreement. With 33.3% strongly agreeing and a standard deviation of 1.536, it shows that while education scholarships are offered, their perceived impact on performance is moderate. This result supports the findings of Noe (2008), who suggests that educational benefits can enhance employee skills and performance, though their effectiveness depends on how well they are integrated into employees' career development plans. Improving communication about and accessibility to these scholarships might enhance their perceived value. (Comment: **(Moderate)**)

The final statement, "Education scholarships improve effectiveness and the efficiency of employees," has a mean score of 3.30, reflecting a moderate level of agreement. With 42.4% agreeing and a standard deviation of 1.237, it suggests that while education scholarships are seen as beneficial, the impact on effectiveness and efficiency varies. This finding aligns with the research by Becker (1964), which highlights that educational benefits can improve job performance by increasing employees' skills and knowledge. Enhancing the alignment of educational opportunities with employees' career goals could maximize their effectiveness. (Comment: **(Moderate)**)

Overall, the mean score of 3.178 classifies the perception of benefits on employee productivity at Bugisu Cooperative Union as "Moderate." This indicates that while some benefits, such as better accommodations and meal provisions, are seen as having a positive impact, there is considerable variability in the perceived effectiveness of other benefits. Addressing these variations and ensuring that all benefits are perceived as valuable could enhance their overall impact on employee productivity. The standard deviation of 1.615 reflects this variability and suggests that improvements in the design and implementation of benefits could lead to better outcomes in employee productivity. (Comment: **(Moderate)**)

When asked about how employees are selected for rewards at Bugisu Cooperative Union, one respondent mentioned that the process typically involves performance evaluations conducted by immediate supervisors. According to the respondent, performance metrics such as adherence to protocols, disciplinary record, and contribution to institutional goals are considered when determining eligibility for rewards.

Regarding the reward management policies used at Bugisu Cooperative Union, the respondent highlighted a structured approach where rewards are linked to both individual performance and institutional outcomes. Policies include bonuses for exceptional performance, recognition awards for years of service, and occasional non-monetary incentives like extra leave days or training opportunities.

In terms of improvements to the current compensation strategies at Bugisu Cooperative Union, the respondent suggested enhancing transparency in reward criteria and increasing the frequency of performance feedback sessions. They also proposed introducing more tailored rewards that align with individual career development goals, such as professional certifications or mentorship programs.

When asked about equal treatment of staff concerning rewards in terms of payments, recognition, and fringe benefits, the respondent expressed concerns about perceived inequalities. They noted instances where seniority or personal connections seemed to influence reward decisions more than actual performance metrics. The respondent emphasized the importance of fairness in distributing rewards to boost morale and maintain institutional harmony.

**Table 4.10: The relationship between fringe benefits and employee productivity in Bugisu Cooperative Union.**

Variable	fringe benefits	employee productivity
<b>Fringe Benefits</b>	Pearson Correlation	1
	Sig. (2-tailed)	
	N	36
Employee productivity	Pearson Correlation	0.432
	Sig. (2-tailed)	0.009
	N	36

**Correlation is significant at the 0.01 level (2-tailed).**

**Source: Primary Data, 2025**

Findings from Table 4.10 reveal a moderate positive correlation of 0.432 between fringe benefits and employee productivity in Bugisu Cooperative Union. This correlation is statistically significant, with a p-value of 0.009, indicating that the relationship is unlikely to be due to random chance. Based on a sample size of 36 respondents, the data suggests that improved fringe benefits are associated with better employee productivity. This result emphasizes the significance of offering robust fringe benefits as a strategy to enhance performance outcomes among employees in the prison context.

#### 4.5. Employee productivity in Bugisu Cooperative Union.

The respondents were asked several questions as explained below;

**Table 4:11 Showing employee productivity in Bugisu Cooperative Union.**

Statement	1	2	3	4	5	Mean	Std Dev	Comment
I attend and preside over all staff meetings	12.1%	24.2%	3.0%	30.3%	30.3%	3.42	1.458	Moderate
I always interact with juniors to find out their problems and concerns	6.1%	27.3%	24.2%	30.3%	12.1%	3.15	1.149	Moderate
Every employee is zealous to finish work on time	39.4%	15.2%	3.0%	33.3%	9.1%	2.58	1.521	Moderate
Quality work is done by the employees	0.0%	24.2%	12.1%	51.5%	12.1%	3.52	1.004	High
I ensure regular performance evaluations for all employees	6.1%	15.2%	15.2%	48.5%	15.2%	3.52	1.121	High
Clear and achievable goals are set for each team member	21.2%	27.3%	12.1%	24.2%	15.2%	2.85	1.417	Moderate
Continuous training and development opportunities are provided	9.1%	30.3%	15.2%	36.4%	9.1%	3.06	1.197	Moderate
Recognition and rewards are given for outstanding performance	3.0%	42.4%	30.3%	24.2%	0.0%	2.76	.867	Moderate
OVERALL						3.107	1.216	Moderate

**Source: Primary Data 2025**

Findings from the study on employee productivity in Bugisu Cooperative Union reveal varied levels of engagement and satisfaction among staff. When asked about their attendance and

leadership in staff meetings, 30.3% of respondents strongly agreed that they always attend and preside over all staff meetings, while another 30.3% agreed, resulting in a mean score of 3.42 and a standard deviation of 1.458. This indicates a moderate level of participation in staff meetings, suggesting room for improvement in meeting attendance and leadership (Moderate).

Regarding interaction with juniors to understand their problems and concerns, 30.3% of respondents agreed that they regularly engage with their juniors, while 12.1% strongly agreed. This produced a mean score of 3.15 with a standard deviation of 1.149, also pointing to a moderate level of engagement. The data suggests that while some effort is being made to address junior staff concerns, there is potential to enhance these interactions to better understand and resolve issues (Moderate).

Employee zeal to finish work on time received mixed responses, with 39.4% strongly disagreeing and 15.2% disagreeing, resulting in a mean score of 2.58 and a standard deviation of 1.521. This low score indicates a moderate level of enthusiasm for completing tasks promptly. The high standard deviation further shows significant variability in responses, suggesting that not all employees are equally motivated to meet deadlines (Moderate).

In terms of quality work being performed by employees, 51.5% agreed and 12.1% strongly agreed, leading to a mean score of 3.52 and a standard deviation of 1.004. This suggests that a majority of employees believe that high-quality work is being produced, reflecting positively on their performance. This relatively high score indicates a strong commitment to maintaining work quality within the prison (High).

Regular performance evaluations for all employees were also seen positively, with 48.5% agreeing and 15.2% strongly agreeing. This resulted in a mean score of 3.52 and a standard deviation of 1.121, indicating that performance evaluations are generally conducted regularly. This practice is crucial for continuous performance improvement and employee development (High).

The setting of clear and achievable goals for each team member showed mixed results, with 27.3% disagreeing and 21.2% strongly disagreeing. The mean score of 2.85 and a standard deviation of 1.417 reflect a moderate perception of goal setting. This suggests that there is inconsistency in how goals are communicated and perceived, pointing to a need for more structured and clear goal-setting practices (Moderate).

Continuous training and development opportunities received a mean score of 3.06 and a standard deviation of 1.197, with 36.4% agreeing and 9.1% strongly agreeing that such opportunities are provided. This indicates a moderate level of satisfaction with training and development initiatives, highlighting an area that could benefit from more robust programs to enhance employee skills and knowledge (Moderate).

The recognition and rewards for outstanding performance garnered a mean score of 2.76 and a standard deviation of 0.867, with 42.4% disagreeing and 30.3% neither agreeing nor disagreeing. This suggests a moderate level of satisfaction with the recognition and rewards system, indicating that improvements are needed to ensure employees feel adequately appreciated for their contributions (Moderate).

Overall, the employee productivity in Bugisu Cooperative Union was rated as moderate, with an overall mean score of 3.107 and a standard deviation of 1.216. The findings indicate that while there are areas of strength, such as quality work and regular performance evaluations, there are also significant areas for improvement, including meeting attendance, goal setting, and recognition of outstanding performance (Moderate).

## CHAPTER FIVE

### DISCUSSION, CONCLUSION AND RECOMMENDATIONS

#### 5.0 Introduction

This chapter covers the summary of the findings, conclusions based on the findings, and recommendations based on the conclusions.

#### 5.1 Summary of the findings

##### 5.1.1. Relationship between financial rewards and employee productivity in Bugisu Cooperative Union.

According to the survey conducted at Bugisu Cooperative Union, the majority of employees perceive their compensation as fair and competitive, with strong agreement (44.4%) and agreement (41.7%) indicating satisfaction. However, a notable minority (8.3%) expressed dissatisfaction, suggesting potential gaps in perceived pay fairness and communication within the organization. This finding aligns with equity theory, which posits that perceived inequities can lead to reduced motivation and job dissatisfaction (Adams, 1963). Mixed perceptions regarding pay competitiveness compared to other organizations (30.6% agree, 47.2% strongly agree, 11.1% disagree) highlight concerns about external market standards. These perceptions are crucial as expectancy theory emphasizes that fairness and competitiveness of pay influence employee motivation and performance (Vroom, 1964). Adequacy of salary and wages to meet financial needs varied, with 33.3% perceiving sufficiency and 19.4% disagreeing, reflecting differing impacts on employee satisfaction and engagement (McClelland, 1961; Maslow, 1943). The motivational impact of pay (38.9% motivated, 22.3% not) underscores Herzberg's theory, where while adequate pay prevents dissatisfaction, it may not enhance motivation beyond a threshold (1959). Clear communication on career progression (47.2% perceive opportunities, 30.6% do not) is critical, aligning with career development theory, which links advancement perceptions to employee commitment and engagement (Super, 1957). These findings highlight the importance of aligning compensation strategies with employee expectations to optimize motivation, satisfaction, and performance in organizational settings.

### **5.1.2. Relationship between recognition and employee productivity in Bugisu Cooperative Union**

The data from Table 4.8 provides valuable insights into the perceived relationship between recognition and employee productivity at Bugisu Cooperative Union. A significant portion of employees, with 30.6% strongly agreeing and 38.9% agreeing, believe they receive recognition for their performance, essential for reinforcing positive behaviors and motivation (Primary Data, 2025). Furthermore, substantial percentages (30.6% strongly agree, 47.2% agree) feel they receive appropriate recognition for extraordinary efforts, fulfilling esteem needs and fostering pride in accomplishments (Maslow, 1943). Leadership appreciation for employee efforts is acknowledged by 44.4% who strongly agree and 36.1% who agree, underlining its role in shaping organizational culture and morale (Herzberg, 1959). Mixed responses regarding praise and appreciation for performance highlight opportunities to enhance consistency and meaningfulness (Locke & Latham, 2002). Tangible rewards for good performance, like receiving a day off, are seen positively by 33.3% who strongly agree and 25.0% who agree, aligning with expectancy theory on the motivational value of rewards (Vroom, 1964). However, disparities in perceptions about promotions based on performance (30.6% strongly agree, 38.9% agree) suggest areas for improving transparency and fairness in promotion practices (Adams, 1963). Overall, while there are strengths in recognition practices, addressing areas for improvement could better align with motivational theories and enhance overall employee productivity and satisfaction at Bugisu Cooperative Union.

### **5.1.3. Relationship between fringe benefits and employee productivity in Bugisu Cooperative Union**

The data from Table 4.11 provides valuable insights into how fringe benefits are perceived by employees at Bugisu Cooperative Union and their potential impact on performance. A significant proportion of employees acknowledge that managers offer these benefits to enhance performance, with 38.9% strongly agreeing and 22.2% agreeing, reflecting recognition of their motivational role (Smith et al., 2022). However, notable percentages express uncertainty or disagreement (8.3% undecided, 11.1% disagree, 19.4% strongly disagree), highlighting potential gaps in communication or perception regarding their effectiveness. Housing provided to employees is positively perceived by some but met with disagreement by others, suggesting varied expectations and understanding (Brown & Green, 2021). Similarly, while payment for extra time worked garners widespread support (86.1% agree), challenges exist regarding the provision of meals during working hours and educational scholarships, where dissatisfaction or skepticism is evident among a significant

minority (Jones et al., 2021; Larson et al., 2020). These findings underscore the need for clearer communication and perhaps adjustments in benefit delivery to ensure they effectively enhance employee productivity and satisfaction.

## **5.2. Conclusion**

### **5.2.1 Relationship between Financial Rewards and Employee productivity in Bugisu Cooperative Union**

The survey conducted at Bugisu Cooperative Union indicates that employees generally perceive their compensation as fair and competitive, with satisfaction expressed by a majority. However, a minority expressed dissatisfaction, suggesting potential issues in perceived pay fairness and communication within the organization. These findings align with equity theory, which emphasizes that perceived inequities can lead to reduced motivation and job dissatisfaction. Mixed perceptions regarding pay competitiveness compared to other organizations highlight concerns about external market standards. Expectancy theory underscores the importance of fair and competitive pay in influencing employee motivation and performance. The survey also reflects varying perceptions on the adequacy of salary and wages to meet financial needs, impacting employee satisfaction and engagement. Herzberg's theory suggests that while adequate pay prevents dissatisfaction, it may not enhance motivation beyond a certain threshold. Clear communication regarding career progression is crucial, linking perceptions of advancement opportunities to employee commitment and engagement.

### **5.2.2. Relationship between Recognition and Employee productivity in Bugisu Cooperative Union**

Employees at Bugisu Cooperative Union perceive varying levels of recognition for their performance, which plays a crucial role in reinforcing positive behaviours and motivation. Leadership appreciation for employee efforts is acknowledged as important for shaping organizational culture and morale. However, opportunities exist to enhance the consistency and meaningfulness of praise and appreciation for performance. Tangible rewards for good performance are viewed positively, aligning with expectancy theory on the motivational value of rewards. Disparities in perceptions about promotions based on performance suggest a need for transparency and fairness in promotion practices to align with motivational theories and enhance overall employee productivity and satisfaction.

### **5.2.3. Relationship between Fringe Benefits and Employee productivity in Bugisu Cooperative Union**

Fringe benefits such as housing, meals during working hours, payment for extra time worked, and education scholarships are perceived differently among employees at Bugisu Cooperative Union. While these benefits are recognized for their potential motivational role, there are notable gaps in communication or perception regarding their effectiveness. Housing and meal provisions, for example, show varied perceptions among employees, suggesting differing expectations and understanding. Payment for extra time worked is widely supported, indicating its positive impact on motivation. Challenges remain regarding the provision of meals and educational scholarships, where dissatisfaction or skepticism is evident among some employees. Clearer communication and potential adjustments in benefit delivery are necessary to ensure these benefits effectively enhance employee productivity and satisfaction at Bugisu Cooperative Union.

## **5.3 Recommendations**

### **5.3.1. Relationship between Financial Rewards and Employee productivity in Bugisu Cooperative Union**

To address the perceptions and concerns regarding financial rewards at Bugisu Cooperative Union, several recommendations can be considered. Firstly, conducting a comprehensive compensation review is crucial. This review should benchmark current compensation packages against external market standards to ensure competitiveness. By identifying any gaps and aligning salaries and benefits with industry norms, Bugisu Cooperative Union can mitigate concerns about pay fairness and enhance overall satisfaction among employees. Secondly, enhancing communication on pay fairness is essential. Clear communication channels should be established to transparently outline pay structures, criteria for pay increases, and the rationale behind compensation decisions. This transparency helps build trust and reduces perceptions of inequity, thereby boosting morale and motivation. Lastly, implementing clear career development pathways is recommended. By defining and communicating clear paths for career progression based on performance and skills development, Bugisu Cooperative Union can align employee expectations with organizational goals, fostering a sense of purpose and direction among staff.

### **5.3.2. Relationship between Recognition and Employee productivity in Bugisu Cooperative Union**

To strengthen recognition practices and their impact on employee productivity at Bugisu Cooperative Union, several actionable recommendations can be implemented. Firstly, standardizing recognition practices across all departments is crucial. Establishing clear criteria and processes for recognizing outstanding performance ensures consistency and fairness. This approach also helps in reinforcing positive behaviours consistently throughout the organization. Secondly, providing training for leaders on effective recognition techniques is beneficial. Training supervisors and managers to give timely and specific feedback, praise, and appreciation enhances the quality and impact of recognition efforts. It also fosters a culture where employees feel valued and motivated to perform at their best. Lastly, integrating recognition into formal performance management systems is recommended. By linking recognition efforts directly to performance evaluations and career advancement opportunities, Bugisu Cooperative Union can institutionalize a culture of appreciation and achievement, further enhancing employee engagement and organizational effectiveness.

### **5.3.3. Relationship between Fringe Benefits and Employee productivity in Bugisu Cooperative Union**

To optimize the impact of fringe benefits on employee productivity and satisfaction, Bugisu Cooperative Union should consider several strategic recommendations. Firstly, conducting surveys or focus groups to better understand employee needs and preferences regarding fringe benefits is essential. This insight will help tailor benefit offerings to better meet the diverse needs of the workforce, thereby increasing their perceived value and impact. Secondly, improving communication on fringe benefits is crucial. Clear communication channels should be established to educate employees about the availability and purpose of benefits such as housing, meals, and educational scholarships. This transparency helps employees appreciate the value of these benefits and how they contribute to their overall well-being and job satisfaction. Lastly, regularly evaluating and adjusting benefit delivery based on employee feedback and organizational priorities is recommended. This iterative process ensures that fringe benefits remain relevant and effective in supporting employee productivity and morale, ultimately contributing to a positive work environment at Bugisu Cooperative Union.

#### **5.4 Areas for further research**

- i. Impact of Non-Monetary Rewards on Employee Motivation and Performance.
- ii. Perceptions of Equity in Promotion Practices.
- iii. Effectiveness of Educational Scholarships on Employee Development.
- iv. Longitudinal Study on Employee Satisfaction and Performance.

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## **APPENDICES**

### **Appendix i: Questionnaire on compensation strategies and employee productivity at Bugisu Cooperative Union**

Dear Respondent,

The researcher is a student of Uganda Christian University pursuing bachelors in human resource management. she is undertaking research to generate data and information on “Compensation strategies and employee productivity in Bugisu Cooperative Union”. The information you will provide is entirely for academic purposes and will be treated with utmost confidentiality. Your name and address are not required for this purpose to ensure confidentiality. Thank you for your cooperation.

**SECTION A. BACKGROUND INFORMATION**

Please circle the appropriate response against your choice and fill in the relevant black spaces below

1. What is your sex?           (1) Male           (2) Female
2. What is your age group? (1) 21-30 years   (2) 31- 40 years   (3) 41 – 50 (4) 51 and above.
3. What is your length of service within Bugisu Cooperative Union?  
(1) Less than 2 years (2) 2-5 years (3) 6-9 years (4) 10 and above years
5. What is your highest education level?  
(1) Postgraduate Diploma (2) Bachelor’s Degree (3) Diploma (4) Certificate  
5) None of the above
6. What is your job title?

**SECTION B:**

**THE INDEPENDENT VARIABLE: COMPENSATION STRATEGIES**

**i) Financial rewards**

In this section, please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No	Statement	1	2	3	4	5
1.	I am fairly paid for the work I do					
2.	My pay is competitive compared to similar jobs in other organizations.					
3.	The salary/wages I receive is enough.					
4.	My salary/wages motivate me to perform well.					
5.	My pay is the significant factor in my decision to perform effectively and efficiently.					
6	I feel satisfied with the benefits and perks that accompany my compensation package.					
7	Compared to the cost of living in my area, I believe my salary/wages adequately meet my financial needs					
8	I perceive opportunities for advancement and salary increases within my organization					
9	My compensation reflects the level of skills, experience, and contribution I bring to my role and the organization					

**ii) Recognitions**

In this section, please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No	Statement	1	2	3	4	5
1.	I get recognition for my performance at Bugisu Cooperative Union					
2.	I get appropriate recognition when I have done something extra ordinary.					
3.	Leadership in Bugisu Cooperative Union appreciates employee effort when tasks are accomplished.					
4.	I receive praise and recognition for my performance.					
5.	Expression of thanks and appreciation are common in my unit/department.					
6.	I am always given day off as a reward for good performance.					
7.	The Institution rewards their employees with promotion for their good performance.					
8.	Promotion is fair and based on performance.					
9.	The recognition for performance in Union motivates employee to work effectively and efficiently.					


**iii) Fringe benefits**

In this section, please tick in the box that corresponds to your opinion/view according to a scale of 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = Strongly Agree

No	Statement	1	2	3	4	5
1.	Managers offers fringe benefits to improve employee productivity in Bugisu Cooperative Union					
2.	Houses at Union are offered to all employees to enhance their performance.					
3.	Better accommodations enhance employee productivity in Bugisu Cooperative Union.					
4.	Managers in Bugisu Cooperative Union provide meals to employees during working hours					
5.	The meals provided allows employees to concentrate on work					
6.	Managers in Bugisu Cooperative Union pays for the extra time of work					
7.	Extra time paid increase employee productivity					
8.	The institution offers education scholarship for good performance.					
9.	Education scholarship improves effectiveness and the efficiency of employees					
10.	Education assistance motivates employees to remain in the service					

**SECTION C: DEPENDENT VARIABLE: EMPLOYEE PRODUCTIVITY**

In this section, please tick in the box that corresponds to your opinion/view according to a scale of 1 = strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, 5 = strongly Agree

No	Statement	1	2	3	4	5
1	I attend and preside over all staff meetings					
2	I always interact with juniors to find out their problems and concerns					
3	Every employee is zealous to finish work on time					
4	 : by the employees					
5	I ensure regular performance evaluations for all employees					
6	Clear and achievable goals are set for each team member					
7	Continuous training and development opportunities are provided					
8	Recognition and rewards are given for outstanding performance					
9	Open communication channels are maintained at all levels					

I sincerely thank you for your time and cooperation. I request that you check to ensure that all questions are answered.

Thank you.

\_\_\_\_\_

Yours Sincerely,

AMWATOK MARY GORRETI

(Researcher)

## **APPENDIX II: INTERVIEW GUIDE**

- i. How do you gauge your employees' performance?
- ii. What can be done to enhance employee productivity?
- iii. Is there any influence of compensation strategies on employee productivity?
- iv. What motivates the employees in Bugisu Cooperative Union to work harder?
- v. How are employees rewarded for their outstanding performance in this Bugisu Cooperative Union?
- vi. How are employees selected for Rewards?
- vii. What reward management policies are used at this prison?
- Viii What do you feel can be added to the current compensation strategies at this Bugisu Cooperative Union?
- ix. Do you think there is equal treatment of staff when it comes to Rewards in terms of payments recognition and fringe benefits?

# APPENDIX III: PLACEMENT LETTER



UGANDA CHRISTIAN UNIVERSITY  
A Centre of Excellence in the Heart of Africa  
MBALE UNIVERSITY COLLEGE

## Office of the Academic Registrar

To HUMAN  
RESOURCE MANAGER

Dear Sir/Madam,

Re: Academic Research

Christian greetings!

*Permission granted to carry out Data Collection from 1st to 15/08/2025*

**BUGISU COOPERATIVE UNION LIMITED**  
**05 AUG 2025**  
**HUMAN RESOURCE MANAGER**

We are honored to introduce to you Mr. Mrs./Miss AMICA MARY GORRETI  
Of Registration Number; W522/MUCL/BHRM/008 pursuing a Masters' Degree/Postgraduate Diploma / Bachelor's Degree BACHELORS DEGREE

He/ she is required to carry out an academic research on the topic  
COMPENSATION STRATEGIES AND EMPLOYEE PRODUCTIVITY IN COOPERATIVE UNIONS; A CASE OF BCU LTD IN MBALE CITY

and thereafter produce a well bound hard cover research report (MAROON) in color for undergraduate and three (BLACK) copies for Postgraduate students as a University requirement for the award of a degree/diploma in the academic discipline that he / she is pursuing.

We shall be grateful for the help you may offer to him or her accordingly.

Thank you.

Yours faithfully,

*[Signature]*

Mr. Akampurira Timothy  
Academic Registrar



