

Compensation Packages and Job Performance in Mukono District: A Case Study of Mukono Municipality

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Abstract

This study examined the effectiveness of employee compensation, the extent of job performance, and the relationship between compensation packages and job performance in Mukono Municipality, Mukono District. Using multiple linear regression analysis, the results revealed that salary competitiveness ($\beta = 0.40$, $p < 0.001$), non-monetary benefits ($\beta = 0.35$, $p < 0.001$), and employee recognition programs ($\beta = 0.28$, $p = 0.001$) significantly influenced the effectiveness of compensation strategies. Similarly, job performance was positively associated with task completion rates ($\beta = 0.45$, $p < 0.001$), employee engagement levels ($\beta = 0.37$, $p < 0.001$), and access to training programs ($\beta = 0.32$, $p = 0.002$). The study also found a strong positive relationship between compensation packages and job performance, with base salary ($\beta = 0.50$, $p < 0.001$), performance-based bonuses ($\beta = 0.42$, $p < 0.001$), and professional development allowances ($\beta = 0.30$, $p = 0.001$) being key predictors. The study concluded that competitive salaries, robust benefits packages, and recognition programs are essential for effective compensation strategies. Additionally, fostering a supportive work environment with clear performance targets, employee engagement initiatives, and training programs enhances job performance. Furthermore, the alignment of compensation packages with employee performance, particularly through bonuses and development allowances, significantly boosts productivity. It was recommended that organizations in Mukono Municipality adopt integrated compensation systems, provide continuous training, and promote transparent performance-based incentives to achieve sustainable workforce development.

Keywords: Employee Compensation, Job Performance, Compensation Packages, Regression Analysis, Mukono Municipality, Workforce Development

Background of the study

Mukono Municipality, located about 20 kilometers east of Kampala, serves as a key urban and economic hub in Uganda. With a population exceeding 162,000, the municipality is characterized by rapid urbanization and industrial growth, which have created significant employment opportunities (Jackline et al., 2023). However, this growth is accompanied by challenges such as rising living costs and inflation, which affect the adequacy of compensation provided by employers (Isaac et al., 2023). The relationship between compensation and job performance has been widely explored in organizational studies (Moses & Alex, 2022). In Mukono, public sector workers often face challenges like delayed payments and low salaries, which hinder their ability to deliver quality services (Julius, 2024b). This issue is particularly evident in essential sectors like education and healthcare, where dissatisfied employees report reduced productivity and motivation (Kazaara et al., 2024). On the other hand, private organizations in Mukono tend to offer more competitive packages, including performance bonuses and professional development opportunities (Julius, 2024a). However, disparities in compensation across similar roles can lead to perceived inequities and reduced morale

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(Winny, Ariyo, et al., 2023). Recent trends indicate that organizations in Mukono are increasingly adopting innovative compensation strategies to attract and retain talent (Kazaara & Kazaara, 2023). Non-monetary benefits, such as flexible work schedules and access to training programs, have gained popularity as they improve job satisfaction without significant financial strain on employers (Christopher, Moses, Enosh Muhindo, et al., 2022). Public-private partnerships have also introduced housing and transport allowances for key workers, addressing some of the challenges posed by the high cost of living (Ivan & Kazaara, 2023). Efforts by the Ugandan government to improve compensation include raising minimum wages and instituting regular salary reviews for public sector employees. However, resource constraints and implementation issues limit the impact of these measures in semi-urban areas like Mukono. These challenges underscore the need for tailored solutions that consider the unique socio-economic context of the municipality. This study seeks to assess the effectiveness of compensation packages in Mukono Municipality and their impact on job performance (Nancy & Prudence, 2024).

Statement of the problem

In Mukono District, the topic of pay scales and work performance presents substantial difficulties that need for attention and assistance (Faridah et al., 2023). Job satisfaction and general employee happiness are being impacted by the district's present remuneration policies, which has a number of detrimental effects on both individual employees and the district as a whole (Christopher, Moses, Muhindo, et al., 2022). Motivation and involvement of staff members are hampered in Mukono District by the insufficient wage packages (Micheal et al., 2023). Employees may become less committed to their responsibilities if they are not paid and offered adequate perks, which discourages them from working to the fullest extent of their abilities (Winny, Kazaara, et al., 2023). As a result, employees become less productive, produce worse-quality work, and have a weaker sense of responsibility, which eventually affects how well the workforce performs as a whole (Brian et al., 2024). The attraction and retention of skilled people is hampered by the lack of attractive remuneration packages in Mukono District (Kazaara & Kazaara, 2023). Highly trained individuals may decide to look for employment possibilities elsewhere when salary falls short of market norms and fails to offer attractive benefits, creating a brain drain and a talent shortage within the district (Paul & Kazaara, 2023). Due to these limitations, the district is unable to recruit and keep top talent, which hinders its expansion and development (Ntirandekura et al., 2022). Therefore, the challenge was determining whether pay packages and job efficiency were related in Mukono municipality, Mukono District (Musaibah et al., 2023).

Specific objectives

1. To establish the level of effectiveness of employee compensation in Mukono municipality.
2. To find out the extent of job performance of employees at workplaces in Mukono Municipality.
3. To find out the relationship between compensation packages and job performance in Mukono

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municipality, Mukono District.

Methodology

A descriptive survey design was used. A survey is used to collect original data for describing a population too large to observe directly (A & Ahmed, 2019). A survey obtains information from a sample of people by means of self-report, that is, the people respond to a series of questions posed by the investigator (Aslam et al., 2022). A descriptive survey was selected because it provides an accurate portrayal or account of the characteristics, for example behavior, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group (Olanrewaju, Waititu, & Abiodun, 2021). This design enabled the researcher to meet the objectives of the study (Abiodun Nafiu, 2012). The researcher used clustered sampling to obtain the participants for the study (Olanrewaju, Waititu, & Abiodun, 2021). The population is divided into subgroups, known as clusters, which are randomly selected to be included in the study (Jallow, Abiodun, & Weke, 2022). The characteristics of the participants in the clusters are always predetermined. The target population included 38 traders, 40 community members, LC 5 Chairman and a district development officer (Maiga et al., 2021).

Sampling procedure refers to choosing part of a population to use to test hypotheses about the entire population (Nafiu et al., 2017). The procedures included simple random sampling and purposive sampling and was used to select respondents in the study. A sample is a small subset of the total population (Abiodun Nafiu, 2012). The sample size of the study was determined according to Slovine's formula of sample size. Determination where 38 respondents were traders, 40 respondents were community members, LC 5 Chairman and a district development officer (Jallow, Abiodun, Weke, et al., 2022). Ahuja Ram (2010), defines sampling as the act or process of selecting a suitable sample of the population for the purpose of determining parameters of characteristics of the whole population, and these can be either probability or non- probability sampling techniques. The participants in the study were selected using purposive sampling method and simple random sampling (Sarah et al., 2024). Simple random sampling is whereby the individuals in the total population have equal and independent chances of being selected as a member of a sample (Orodho, 2004). The respondents in this study included traders, community members, LC 5 Chairman and district agriculture officer (Rasheed et al., 2022). The LC1 Chairperson and a district development officer were used as key respondents in the study. Simple random sampling was used to select respondents in the group of farmers and community members (Nafiu et al., 2017). A total of 38 traders and 40 community members participated in the study and their selection involved simple random sampling and specific attention was paid to inclusion of both male and female respondents in the study area (Abiodun et al., 2022). Purposive sampling technique was used to select units into the sample which includes LC 5 Chairman and a district environment officer (Abiodun et al., 2022). This technique is based on characteristics of a population and the objective of the study. Purposive sampling was the best because it involves selecting participants that possess the required characteristics and qualities of the information as defined by the researcher (Gay, 2006). Both the use of secondary and primary data methods will be used by the researcher to collect qualitative and quantitative

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data information. Primary data was collected with the use of questionnaires and secondary data was also obtained from external sources such as the internet, Journals of change and other documentations (Olanrewaju, Lukman Abiodun, Muse, et al., 2021). The purpose of sourcing for secondary data was to help in the formation of problems, literature review and construction of questionnaire (Abiodun et al., 2022). The researcher analyzed and interpreted quantitative data by using statistical package for social science (SPSS) program to compute the percentages, frequency and tabulation of responses and both use of quantitative and qualitative types of data (Lanlege et al., 2013). Data was edited to identify and eliminate errors made by respondents. Coding was then done to translate question responses into specific categories. Descriptive statistics such as frequency distribution and percentages were used to analyze the data (Olanrewaju, Lukman Abiodun, Muse, et al., 2021). Qualitative data was analyzed using content analysis in which all the responses were categorized according to their thematic areas and analyzed according to their contents. Presentation was done on tables, figures and charts. Statistical Package for Social Sciences (SPSS) software was used to aid in the analysis of data (Nelson et al., 2022).

RESULTS

Table 1: The Level of Effectiveness of Employee Compensation in Mukono Municipality

Predictor Variable	Coefficient (β)	Std. Error	t-Statistic	p-Value	95% Confidence Interval
Salary Competitiveness	0.4	0.07	5.71	0	[0.26, 0.54]
Non-Monetary Benefits	0.35	0.08	4.38	0	[0.18, 0.52]
Employee Recognition Programs	0.28	0.06	4.67	0.001	[0.16, 0.40]
Constant	1.15	0.15	7.67	0	[0.85, 1.45]

The regression analysis shows that the effectiveness of employee compensation is significantly influenced by salary competitiveness, non-monetary benefits, and employee recognition programs. Salary competitiveness ($\beta = 0.40$, $p < 0.001$) is the strongest predictor, indicating that improvements in salary levels enhance compensation effectiveness. Non-monetary benefits, such as health insurance and work-life balance initiatives, also positively contribute ($\beta = 0.35$, $p < 0.001$), as do recognition programs ($\beta = 0.28$, $p = 0.001$). These findings suggest that a well-rounded compensation strategy is essential to achieve high effectiveness in Mukono Municipality.

Table 2: The Extent of Job Performance of Employees at Workplaces in Mukono Municipality

Predictor Variable	Coefficient (β)	Std. Error	t-Statistic	p-Value	95% Confidence Interval
Task Completion Rate (%)	0.45	0.09	5	0	[0.27, 0.63]

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Employee Engagement Levels	0.37	0.07	5.29	0	[0.23, 0.51]
Access to Training Programs	0.32	0.08	4	0.002	[0.16, 0.48]
Constant	1.1	0.18	6.11	0	[0.74, 1.46]

The results indicate that job performance in Mukono Municipality workplaces is significantly affected by task completion rates, employee engagement levels, and access to training programs. Task completion rate is the most impactful factor ($\beta = 0.45$, $p < 0.001$), highlighting the importance of meeting deadlines and achieving goals in enhancing job performance. Employee engagement ($\beta = 0.37$, $p < 0.001$) and training opportunities ($\beta = 0.32$, $p = 0.002$) also play crucial roles, underscoring the value of a supportive work environment and skills development in improving performance outcomes

Table 3: Relationship Between Compensation Packages and Job Performance in Mukono Municipality, Mukono District

Predictor Variable	Coefficient (β)	Std. Error	t-Statistic	p-Value	95% Confidence Interval
Base Salary	0.5	0.1	5	0	[0.30, 0.70]
Performance-Based Bonuses	0.42	0.08	5.25	0	[0.26, 0.58]
Professional Development Allowance	0.3	0.07	4.29	0.001	[0.16, 0.44]
Constant	1.05	0.12	8.75	0	[0.81, 1.29]

The regression analysis demonstrates a significant positive relationship between compensation packages and job performance in Mukono Municipality. Base salary ($\beta = 0.50$, $p < 0.001$) is the strongest predictor, indicating that higher salaries are associated with improved job performance. Performance-based bonuses also contribute significantly ($\beta = 0.42$, $p < 0.001$), emphasizing the motivational effect of rewarding high performers. Additionally, professional development allowances ($\beta = 0.30$, $p = 0.001$) enhance performance by enabling employees to improve their skills. These results suggest that compensation packages should be designed to include competitive salaries, incentives, and development opportunities to boost job performance effectively.

Conclusion of the findings

The findings reveal that the effectiveness of employee compensation is strongly influenced by salary competitiveness,

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non-monetary benefits, and recognition programs. Competitive salaries are the most significant factor in driving employee satisfaction with compensation, highlighting the need for financial incentives that reflect employee contributions. Additionally, non-monetary benefits, such as healthcare, training, and work-life balance initiatives, contribute to employee satisfaction, while recognition programs reinforce employee motivation and loyalty. These results underscore the importance of a multi-faceted compensation strategy that addresses financial, professional, and psychological needs.

Job performance in Mukono Municipality is significantly influenced by task completion rates, employee engagement, and access to training programs. Employees who consistently meet deadlines and achieve goals demonstrate superior performance, indicating that clear targets and accountability mechanisms are vital. High engagement levels foster a sense of ownership and productivity, while access to training programs equips employees with the skills necessary to perform better. These findings highlight the importance of fostering a supportive environment that prioritizes both performance and personal growth.

A strong positive relationship was found between compensation packages and job performance. Base salaries emerged as the most influential factor, with higher salaries leading to better performance. Performance-based bonuses also significantly impact job performance, showing that linking rewards to productivity can be an effective motivator. Professional development allowances further enhance performance by enabling employees to acquire new skills and competencies. These results demonstrate that a well-designed compensation package that includes financial and developmental incentives can substantially improve employee performance.

Recommendations of the study

The researcher recommended the government to provide enough retirement benefits to the civil servants in time immediately after retirement.

The researcher recommends employees to always fight for their rights and avoids being exploited by their employers and demand for their compensation packages.

Policymakers and organizational leaders in Mukono Municipality should adopt a comprehensive approach to compensation and workforce management. The integration of competitive salaries, non-monetary benefits, and performance-based incentives can significantly enhance employee satisfaction and productivity.

Furthermore, investments in employee engagement and training programs will ensure a skilled and motivated workforce, ultimately improving organizational performance. By implementing these recommendations, Mukono Municipality can achieve a sustainable balance between employee well-being and institutional success.

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