

**AN ANALYSIS OF ADOPTION OF A PRODUCTIVITY-
LINKED WAGE SYSTEM IN ZIMBABWE: CASE STUDY OF HARARE
METROPOLITAN PROVINCE**

**A DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE MASTER DEGREE IN BUSINESS
ADMINISTRATION**

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FEBRUARY 2015

GRADUATE SCHOOL OF MANAGEMENT

UNIVERSITY OF ZIMBABWE

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DEDICATION

To all my family, fellow workmates, associates and business partners, I dedicate this to you .May this research lead to the transformation of the nation and have an everlasting impact on each of your lives as it did for me . I present to you my labour of love.

DECLARATION

Student's Declaration - I, Annah Rumbidzai Muchemwa, do hereby declare that this dissertation is the result of my own investigation and research, except to the extent indicated in the acknowledgements, references, and by comments included in the body of the report, and that this dissertation is therefore my original work and has not been presented in part or in full for any other degree in any other University.

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Supervisor Declaration – I, Dr Ranzi Rusike confirm that the work reported in this dissertation was carried out by the candidate under my supervision as the University supervisor. This dissertation has been submitted for review with my approval as University Supervisor.

Signature Date

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ACKNOWLEDGEMENTS

I would like to thank my supervisor Dr Ranzi Rusike who supported me and gave me insightful knowledge that inspired this dissertation. Your unwavering support and input will be always remembered.

This research would not have come to fruition without the respondents who I thank for agreeing, participating in the research and taking the time to be involved. Thank you.

Without my parents and siblings, relatives and friends' support, it would have made the journey long and tiring. Thank you for the love, understanding and help in times I required it. To my love thank you for been always there for me and supporting my dream.

ABSTRACT

Zimbabwe is a nation with a diversity of employees working and industries that are performing differently. A push has been made by the Employers' Confederation of Zimbabwe as well as through the Minister of Finance and Economic Development Honourable MP Patrick Chinamasa to adopt productivity-linked wage Systems largely due to the current economic environment production levels below 40%. The viability and the acceptance of the wage system were looked at in the research as well as to get a better understanding of the pay system. The main objective of this study was to find how the current labour laws, employee perception and industry sector have some bearing on the adoption of the productivity-linked wage system. Various researchers have researched on productivity-linked wage systems looking at the factors that affect its adoption and implementation as well as its correlational and regression relationship with labour laws, employee perception and industry sector. The findings of the research displayed that the independent variables played a positive role in the acceptance of the wage system under study. Using stratified random sampling mostly among different industries such as agriculture, financial services, telecommunications, tourism and manufacturing and employees based upon their position level in the organization, the sample was selected. Random sampling was then used in selecting the participants for the various industries and employee levels. The reliability of the study was acceptable as it was above 0.7 making the items of the questionnaire reliable and useful to make inferences from. With a response rate of 79.5 % from a sample of (n=200), from the 12 sectors under study it was concluded that the three variables had a positive impact on productivity-linked wage systems implementation as they explained 34.2% of the linear model of regression for the dependent variable. Not all the factors p-values were statistically significant, as for labour laws it was due to chance. The null hypothesis was rejected. It was recommended that employees be made aware and involved greatly in the introduction, implementation and determination of wage systems particularly for productivity-linked wage systems. A productivity centre needs to be first established and trust must develop between the tripartite to make the wage system work. It must be introduced into phases gradually dominating as the main wage systems.

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List of Acronyms and Abbreviations

EMCOZ	Employers' Confederation of Zimbabwe
KIPPRA	Kenya Institute For Public Policy Research And Analysis
NECS	National Employment Councils
OECD	Organisation for Economic Co-operation and Development
PWLS	Productivity-Linked Wage System
SADTU	South Africa Democratic Teachers Union
ZIMASSET	Zimbabwe Agenda for Sustainable Socio-Economic Transformation Asset
ZCTU	Zimbabwe Congress of Trade Unions

CHAPTER ONE

1.0 Introduction

This chapter will start with the background of the study then state the problem statement and expand on the research objectives and questions. The hypothesis of the study, the justification and scope of the study will also be expanded on. It will end with an outline of the dissertation as a whole and the summary of the chapter.

When presenting the 2014 Budget Statement, the Honourable Minister of Finance and Economic Development of Zimbabwe Mr Patrick Chinamasa expressed his view of liberalizing labour laws and introducing productivity-linked wages to prevent companies from collapsing (Tafirenyika 2014). It is difficult and costly to retrench and fire an employee in Zimbabwe due to the stringent labour laws of the Labour Act and the Statutory Instruments of different sectors (Robertson 2014 cited by Mahove 2014) as Chinamasa (2013:212) argues that the current labour laws tend “to be skewed in favour of employees, without taking due cognisance of productivity and the capacity of companies to pay”. Employers’ Confederation of Zimbabwe (EMCOZ) has started a campaign for the productivity-linked wage system (PWLS). Its intention is to improve the economic conditions in the country seeking to implement the system through its members. Attempting to solve the problem of high staff costs pertaining to salaries and avoid going for months and in some cases years without paying its workforce their salaries, EMCOZ has faced stiff from the trade unions and employees. They see this campaign as a step backward to the gained employment conditions they have advocated for and gotten.

After the meeting in Victoria Falls in March 2014 to call for a change in labour laws allowing more flexibility to the Employers, the Zimbabwe Congress of Trade Unions (ZCTU) and the Concerned Affiliates of ZCTU reportedly swore to resist the productivity-linked wages viewing it as “selfish and “retrogressive” on the employer side. They cite that mismanagement of funds and poor corporate governance are some of the reasons why companies are in the predicament they find themselves in and the lack of consideration of the Employers and Government to look at the outcome the system might have on the employees. To them the adoption of productivity linked wages will result in labour casualization (Shoko 2014). Shoko (ibid) cites Greece, the United Kingdom, Spain and

Italy who have adopted labour market flexibility and points out that this back fired in the countries, to the point that they have needed to pursue austerity measures to try to solve the respective country' economies. In following this debate, the researcher has noticed that there are several suggestive constraints to the acceptance of the productivity-linked wage. Therefore this dissertation is about analysing the identified factors' effect on the adoption of productivity-linked wage system.

1.1 Background To The Study

1.1.1 General Overview of Productivity- linked wage systems

The “Great Depression” of 2009- 2010 led to a number of changes in the labour market as rapid technology developments such as automating processes to the detriment of possible job losses and increase in globalization(Cantu,Flatau,Leftwich 2010).Business cycles for organizations became shorter and business competition intensified. This brought about the need for companies to quickly react to the changing business conditions to survive and manage their wage costs (Department of Industrial Relations Of Malaysia 2014). According to Sharp (2013), it is capital that has made firms more productive as the replacement of workers with more productive machines has resulted in job losses. The discussions about productivity-linked wages systems can be observed to have intensified after 2009.

i. Definitions defined

Productivity-linked wage will be used synonymously with productivity-linked pay and performance- related pay, as the researcher regards the three phrases as having the same fundamental meaning. By definition, Productivity- linked pay is roughly pay that an employee is paid by an Employer connected or interrelated to the productivity of individual outputs and the organization as a whole. Milkovich, Newman and Gerhart (2011:661) cited in Nyberg, Pieper, and Trevor, C.O. (2013) define it as “pay that varies with some measure of individual or organizational performance.” Chang, Liu and Hung (2013) considered revenue and profit sharing as performance- based compensation schemes basing upon Weitzman's (1983) reflection that any form of profit or revenue sharing by a firm is the most viable practical scheme for linking one wage to his or her performance particularly to a modern day capitalist economy. This pay may be in the form of a wage, performance bonus or profit sharing.

ii. Productivity- based Case Studies

Malaysia's Human Resources Minister Subramaniam (2013) states that productivity-linked wage system came about in 1996 with the aim of creating a relationship between productivity and wages. This was done to safeguard that increases in wages were been offset by an increase in productivity. In general globally most countries and companies are moving towards that a compensation system that links the performance or productivity of the company or employee to one's wage as it has become evident that wage increases cannot "outpace labour productivity gains" as it is unsustainable in the long run (Department of Relations of Malaysia 2014:1; Sharp 2013).

Subramaniam (2013) further argues that Employers world-wide must focus on coming up with ways to enhance productivity thereby encouraging investment in capital and reduce labour dependence just like what Canada and Switzerland did (Anon.2013). The system is also believed to motivate workers to be more productive thereby enhancing their income and welfare. In Malaysia alone 74,948 companies have at some stage implemented the productivity-linked wage system in the process benefiting about three million workers in the country.

It has been noted that diffusion of the performance-related pay has gone to developed countries such as America (Perry, Engbers and Jun 2010). In its report the Organisation for Economic Co-operation and Development (OECD) states that a number of civil servants are covered by performance related pay systems which mostly apply to senior managers but also are used for non-managerial employees (Lah and Perry 2008 ;OECD 2005 cited in Perry et al (ibid)). The authors further point out that OECD highlighted that two-thirds of its member countries have either implemented the performance-related pay system or are in the process of implementing it. For example Australia has a flexible pay system; Canada has incorporated some performance related pay elements while France has a limited pay system. New Zealand, Sweden and the Netherlands have already in place provisions to accommodate performance related pay systems in its civil service sector. Singapore and the United Kingdom are in the process of implementing performance related pay schemes focusing on a system of performance tranches linked to individual performance. These performance tranches refer "the classification of employees into three groups namely the best performers, the average performers and the least effective performers". Australia reportedly since 2011, has been actively lobbying to change its

policies in the process diminishing collective bargaining and increasing the control of management at the workplace (Todd 2012).

iii. Benefits of Productivity- based systems

The Department of Industrial Relations in Malaysia in campaigning for the adoption of the productivity- linked wage system in the country as a whole came up with the below explicit illustration of the benefits that PWLS will have on various stakeholders as shown in Figure 1.1 below.

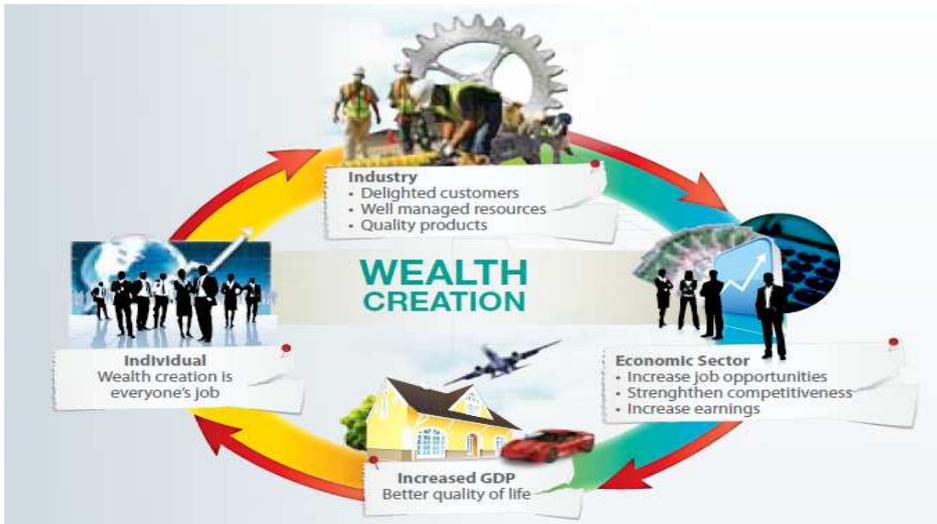


Figure 1.1 Graphic Illustration of Benefits of Productivity- Linked Wage Systems in Malaysia

Source: Industrial Relations Department of Malaysia, 2014

As depicted in the above Figure 1.1, the industry will gain customers satisfaction, well managed resources and produce products of high quality as it will be able to have a compensation system that enables it to remain viable and competitive. The economic sector will create new jobs and have its earnings increased while country as a whole will have a better standard of living leading to individual wealth creation eventually.

1.1.2 Productivity- linked wage systems in Africa

In Africa, its adoption and implementation of the productivity- based wage systems is similarly more problematic due to its low competitiveness attributed to the current low productivity, lack of good labour management relations, weak infrastructure in the area

comparing it to the rest of the world particularly the developed countries (World Economic Forum 2013). For instance the South Africa Democratic Teachers Union (SADTU) has reportedly refused to allow teachers' performance to be measured by pupil performance to the point that it has had teaching inspectors banished from classrooms leaving no objective independent evaluation of the country's teaching standards (Sharp 2013). To make the situation worse, there is no gratifying explanation for the SADTU's anti-productivity stance although some have suggested that productivity-linked wage system benefits more the productive employee than the average employee (Sharp 2013).

Kenya has a diverse wage determination system as it determines its wages using minimum wage legislation, flexible fixing of wages, collective bargaining agreements and administrative reviews (Sharp 2013). Kenya Institute of Research (2013) in their research found out that since jobs in the public sector was skewed more to an service-oriented model than the private sector that has both the goods and services, it was more challenging to measure productivity in that sector hence making it difficult to have a productivity-linked wage system. Its public sector determines its wages more on structured pay grades, minimum wages and seniority in Kenya.

It can be stated that the productivity-linked pay is not a one size fit all system as different industries and organizations' characteristics such as performance come in play (Nguwi 2012). There is a high likelihood of completely failing in organizations whereby work is difficult to quantify such as in the services industry and where there is lack of transparency and trust and distorted managerial evaluation of employee' performance. It may work for sectors such as manufacturing and agriculture but be a challenge to implement it in services industry such as telecommunication, tourism and education, social services and health where work is not easily quantifiable or developed countries with high- technology and sophisticated systems. Perry et al (2009) in their study pointed out that in their analysis of when the performance-related pay system was successfully implemented, discovered it seemed to work for "simple, structured jobs and in contexts in which trust is high and fair performance goals can be set' (Perry 2009: 42).

1.1.3 Productivity- linked wages Systems in the Zimbabwean Context

With the current economic challenges the country is facing of liquidity crisis, lack of financing, it has become pertinent that businesses, the government and the labour force look for new ways of doing business including how and what the labour force should be paid. Various Models of compensation such as total cost to employment model, total rewards model and the remuneration package mixed with salary, allowances and fringe benefits have been put across. However Nguwi (2012) has been vocal about introducing a concrete framework for productivity-linked wages. EMCOZ is also calling for productivity-linked pay citing the reason to enhance company survival in the short term to allow profitability in the long run due to the liquidity crunch and increasingly low spending of consumers and customers. The emphasis is on survival as organizations are restructuring, closing down or retrenching to remain viable. Government is also calling for labour law reforms to make hiring and firing of employees more flexible than what is currently is (Sunday Mail Reporter 2014).

To compare Zimbabwe's competitiveness in relation to its labour market, the Global Competitiveness Report of 2014- 2015 was used. Zimbabwe was compared to Brazil, Russia, India, China and South Africa (the BRICS- the emerging markets), high income countries such as Australia and the United States and its neighbouring countries. It was compared in relation to Cooperation in Labour- Employees Relations, flexibility of wage determination and Pay- Productivity categories.

Table 1.1 Labour- Market Efficiency Statistics Comparisons

Category	Brazil	Russia	India	China	South Africa	Australia	UK	USA	Botswana	Namibia	Zimbabwe
Cooperation in Labour- Employer Relations	123	89	90	58	144	109	22	43	69	101	112
Flexibility of wage	125	28	113	84	139	132	10	24	42	91	141

determination											
Pay- Productivity	117	24	69	15	136	125	17	10	82	107	143

Source: The Global Competitiveness Report of 2014-2015

As depicted in Table 1.1 above, Zimbabwe does not fare well in comparison with other countries in regards to its labour market efficiency in relation to flexibility of wage determination and paying for productivity. The Southern African region does not score well on the Cooperation in Labour- Employer relations due to mistrust between employees and employers evident in Zimbabwe. Zimbabwe is better than Brazil and South Africa in Labour - Employerrelations as the former countries have strikes before most agreements are made. The results of the comparison suggest that a lot of work needs to be done in Zimbabwe and its economy before any meaningful step can be made towards adoption of productivity- linked wage systems. Collective bargaining through the National Employment Councils and arbitration is seemingly the order of the day in wage determination in Zimbabwe.

i. Stakeholders' views about Productivity- linked wage systems

Nguwi (2012) contributes to the debate about productivity- linked wage systems by arguing that with the prevailing environment ,it is time that a way forward is implemented by all concerned parties. He advocates for change in the labour legislation and an establishment of an independent industry or national statutory body for collection of information about productivity- linked wages from selected participants. He expresses dissatisfaction with the National Employment Councils' (NECs) fixation on linking wages to the poverty datum line and inflation instead of productivity. He argues it is time a concrete framework was made for productivity- linked wages considering individual company's performance. Ndoro (2011) coincides that NECs have taken the position to push for higher wages despite the "fundamentals for employers at business and organizational level" as their income is based upon a percentage of that particular sector's employees' income.

On the other hand the Employees' trade unions are aggressively fighting this as they see it as an opportunity for Employers to exploit the labour force and remove some element of

job security and improved working conditions advocated for and obtained. They see it a step backwards to the former Rhodesian regime age ,when the labour force was exploited and freely fired at whim. Fear of rights such as the “employees’ right to fair labour standards” and “democracy in the workplace” stated in the Labour Act Chapter 28:01 of being infringed are mentioned. According to the Sunday Mail Reporter (2014), the trade unions are angered by this, as to them it is an “apparent assault on the rights of the worker” arguing that having a minimum wage system will benefit the country more than harm it especially in a weak economy and absence of government social safety nets such as out of employment benefits.

Mr George Nkiwane, President of ZCTU argued that workers are in need of the poverty-datum line wages to ensure one can sustain his or her family not productivity- linked wages at the moment (The Source 2014).To him the PWLS would apply to an economy whereby the relevant production processes and factors of production such as labour, capital and machinery were available that are not under a worker’s control.

ii. Areas of Interest of the study

Interest in finding a solution to the standoff has led to this study in particular the impact the current labour laws, employee perceptions and industry sector have on the adoption of the productivity-linked wage system. Questions such as, in which sectors will the system be effective, how can it be done and is it sustainable and justifiable in a country with a high employment rate, need answers. This study will also seek to understand further the complexity and implications of the productivity-linked pay system currently been advocated for and at the same time resisted on the other side. Therefore there is need to establish the impact the current Zimbabwean labour laws, employee perceptions and industry type have on the productivity-linked pay.

With the ever changing global environment and seemingly subsequent adaption of western ideas in Zimbabwe, it remains to establish whether there will come a time when Zimbabwe will adopt the performance- based pay system for generations to come. Zimbabwe in 2014 was ranked 124 from 132 in 2013 out of 148 participating countries on competitiveness, lagging behind in a number of factors such as linking pay to productivity where is scored 2.3 out of 7(World Economic Forum2014: Global Competitiveness Report of 2014-15, seeAppendix).The previous year 2013, it scored 2.8 displaying a decline in its

ability to link pay to the productivity levels indicating low labour market efficiency, something that requires to be addressed.

Whether the PWLS will be implemented in Zimbabwe is a continuous debate and it's successful or failure will only be evident in the future. Considering that Employers and to some extent, through and in conjunction with government are seeking to have the current labour laws reviewed makes this study vital in understanding the causal relationship between the independent variables and the dependent variable. What is required at the moment is to set the groundwork for the first step towards the goal of performance-related pay implementation which is one of the purposes of the study.

iii. Location of study

The employment statistics from 2010 to 2012 displayed that manufacturing is the highest employer with most employment in Harare, the capital city of Zimbabwe and the most earnings coming from that industry and the urban areas as well (See table of employment statistics in Appendix). This makes it imperative to have the study in Harare and focus on the industries such as manufacturing, financial services, agriculture, tourism and transport and communications whose earnings over the years have gradually increased. They have evolved to the point the industry sectors have a significant impact on the economy of Zimbabwe and the labour market as well.

1.2 Problem Statement

In discussions between the Employer, Employees and Government there is no agreed way forward on whether to adopt the productivity-linked wage system or not despite agreeing that there is need to address the closing down of business and the relevant low economic activity in the country.

i. Assumptions

The assumptions of the study are that companies, banks and organizations are closing down due largely to high costs of labour and there is need to find a way to sustain them and be viable in the industry. At the same time the labour force needs to be adequately compensated for the work done. Most job-based pay systems in Zimbabwe have employees entitled to receive a negotiated collectively bargained

pay even if there are not efficiently and effectively performing their responsibilities. Generally people are paid based upon industry collective bargaining agreements and market based surveys such as those done by Industrial Psychology Consultants and not necessarily for their skills, experience and their contribution to the organization.

ii. Problem statement defined

The previous stated meetings between the tripartite parties have seemingly not come up with concrete pros and cons for the PWLS, one side citing the need for companies to survive and the other stating the impact it will have on the labour force. Due to the background stated above, this has led to a gap of knowledge the researcher seeks to fill by determining the influence the current labour laws, employee perception and industry sector have on the embracement of productivity-linked pay.

1.3 Research Objectives

Taking from the statement of the problem, the main objective of the study is to find out how the current labour laws, employee perception and industry sector have some bearing on the adoption of the productivity-linked wage system. Therefore the explanatory investigation seeks:

1. To ascertain if the current labour laws have an impact on the adoption of the productivity-linked wage system.
2. To assert the effect employee perceptions have on the implementation of productivity-linked wage system.
3. To determine the part played by industry sector in the adoption of productivity-linked wage system.
4. To establish whether or not the call for adoption of productivity-linked wage system is justifiable with the current business environment.

1.4 Research Questions

The research questions for the study will be:

1. Do the current labour laws have a significant positive impact on the adoption of the productivity-linked wage system?
2. In what way does employee perceptions have a positive effect on the approval of the productivity-linked wage system?
3. To what extent does the industry sector play a positive part in the viability of adopting the productivity-linked wage system?
4. Is the call for adoption of the productivity-linked wage system justifiable in the current prevailing business environment?

1.5 Hypothesis Of The Study

The hypothesis below will be tested in the study:

H₀: Labour laws, employee perceptions and industry sector do not positively impact adoption of the productivity-linked wage system in Zimbabwe.

H₁: Labour laws, employee perceptions and industry sector positively impacts the adoption of the productivity-linked wage system in Zimbabwe.

Figure 1.2 depicts the framework one will initially use to explain the formation of the hypothesis above:

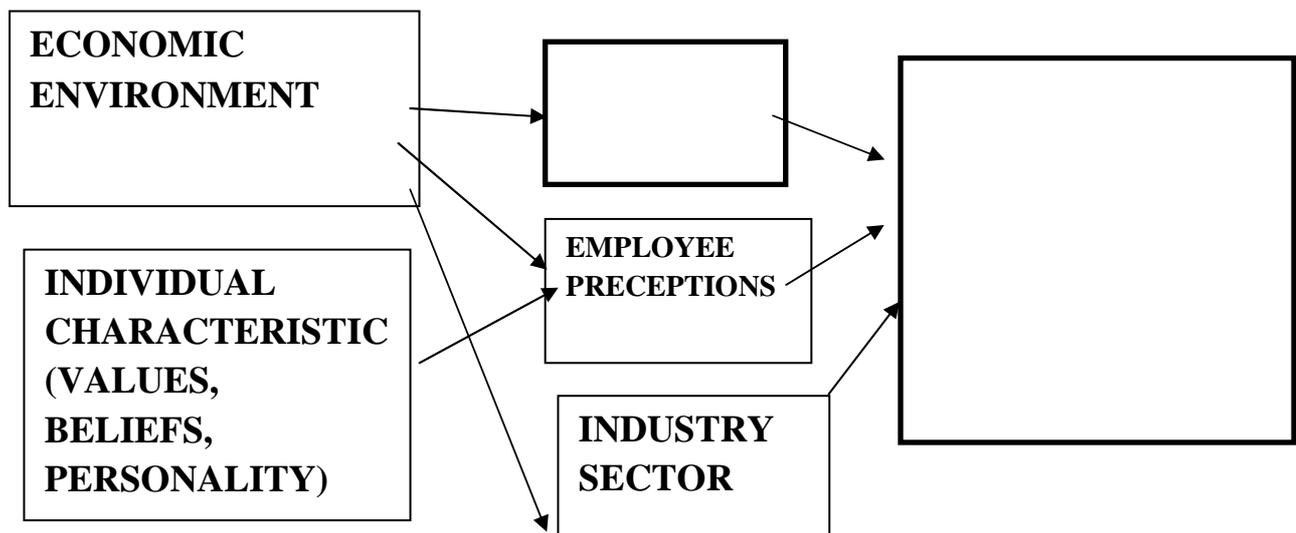


Figure 1.2 Initial Conceptual Framework of Study

Source: Researcher's Own Construction, 2015

The economic environment plays a role in the labour laws of the country, what industry sector prevail and employee perceptions in general. The business environment in Zimbabwe is fragile with deflation the order of day whereby prices are lowered just to sell goods. Banks such as Capital Bank, Tetrad, Interfin and AfriAsia are closing have effects on those who banked with them, suppliers they engaged and tax the government earned from them eroded. Since the environment is not conducive yet for a thriving economy to develop the labour laws are put to protect workers by ensuring it is costly to fire someone or retrench. Businesses just wait to close offices. The Banking sector has had a shaking effect on the economy due to the collapse of 6 banks in the past three years contributing to the mistrust people have of banks hence there is money that is not banked. Employees are more concerned about getting money to survive.

One's individual characteristics such as his or her values and beliefs about compensation system contribute to his perception of productivity- linked wage systems. If one views the industry as thriving he may be receptive to adopting productivity- linked wage system as the industry will be able to implement.

The framework postulates that the labour laws, employee perceptions and industry sector play a role in the adoption of productivity- linked wage system in the country. Labour laws in the country and the employee perception of the system have an effect on whether or not the system is implemented or not. Due to the differing natures of business the industry sector itself, has an impact on the adoption of the performance- based system. This will be further elaborated on in Chapter Two.

1.6 Justification Of The Study

The study will benefit other researchers, Universities, trade unions, Employer Organization, employees and other stakeholders such as the government in various ways.

i. Academic benefit

This research will add to the body of knowledge. Learning is a process and there can never be a point when one asserts that he or she has gained all the information available the academic scrutiny of the causal relationships between the stated independent variables and

dependent variable will incite other researchers to conduct investigations on a topical area of interest. Universities and other researchers can cite the research when conducting further research or as a basis of reference .At the moment in Zimbabwe considering the manner in which trade unions specifically Zimbabwe Congress of Trade Unions (ZCTU) are aggressively through adverts and pamphlets campaigning against productivity linked wages and the corporate governance scandals in the industry a lot of information can be documented for ease of reference and addition to the body of knowledge.

i. Benefit to government and labour practitioners

Results obtained from the study may be used to come up with suggestions and recommendations relevant and useful to government and labour practitioners both trade unions, human resource practitioners and owners of business. It will help in the decision making process offering information as a point of reference for justification of decisions made. The findings may lead to creation of strategies and better understanding of the area of interest and its implications to avoid actions that have no justification as well as guide in what form the productivity-linked system should be. What works in one company or country will not necessarily work for the next company or country. The final decision made should be the best one for the country after considering all the advantages and disadvantages.

ii. Employees

There are limited empirical studies done in developing countries such as Zimbabwe on the topic of adoption of productivity- linked wages hence the reason to carry out the research. Employees themselves can gain knowledge and empower themselves in order to understand what productivity- linked wage system constitutes of and what forms it can take in Zimbabwe .Most literature obtained is based upon studies done in the developed countries and the implementation of the system but not the factors that contribute to it been eventually adopted exclusively. There is need to add on to the body of knowledge in the developing countries as these countries have different environmental conditions and policies compared to the developed and transition countries in the West and East. Hayter, Fashoyin, and Thomas (2011) suggest that due to the decline in the share of wages in the national income, there is need for studies to be done on attempts to link wages and productivity and explore the extent to which they contribute to the general recovery in wage share. With this in mind, the proposed research topic for the factors influencing

productivity- linked pay becomes relevant as it will attempt to explain the link and the outcomes of having the productivity- linked wage system in Zimbabwe.

By conducting the proposed research the academic and practitioners' side will gain a better understanding of the factors that contribute to the adoption of the productivity-linked wage system as well as the concept of productivity- linked wage. It will also point out which countries have implemented how they implemented it and what were their challenges. Having this knowledge will help all vital decision makers to come up with sound informed decisions than just making decision on whims and intuition that have no empirical basis. Solid information will be obtained for future reference. Not conducting this study will leave the gap of knowledge still void and the confusion surrounding productivity-linked wages will prevail with both sides on a deadlock going in different directions while the industries and economy collapse in the meanwhile as the battle continues. Employers, Governments and Employees strive to pave a grounded way forward understood by all. All sides argue, but do not refer to substantial studies done to justify their views and actions hence the importance for the study to be done. Indeed this area warrants academic examination and empirical investigation in a developing country like Zimbabwe.

1.7 Scope

The study will be done in the Harare Metropolitan province hence the results cannot be generalised to reflect the whole country' views as it include participants from the agriculture, financial, manufacturing, tourism and telecommunications sectors of the country's economy.

1.8 Dissertation Outline

Below is the dissertation outline:

- **Chapter One** introduces the study and gives an overview of the study discussing the background, problem statement and eventually research questions.

- **Chapter Two** is comprised of literature review looking at past studies done and discoveries made. The chapter will bring out the linkages between past research and the prevailing study being done.
- **Chapter Three** focuses on the methodology of the study, explaining how it was conducted, how ethical issues were addressed and the approach taken to come up with the information.
- **Chapter Four** goes into detail on the analysis and interpretation of the data after collecting it confirming or disconfirming the stated hypothesis.
- **Chapter Five** concludes the research giving suggestive recommendations based on the results obtained and further areas of study for future research.

1.9 Conclusion

This chapter elaborated on what is being studied, how the study came about, the background of productivity- linked wage systems and the reasons why the study is being done. Further the chapter gave the scope of the study of the study and the dissertation outline.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter will discuss the various literatures available on the determination of pay, the factors affecting the adoption of productivity- based systems and the relationship between the adoption of productivity-linked systems and the industry sector, labour laws, and employee perceptions. Marsden (2004) asserts that a large amount of academic and policy wise literature on performance-related pay focusing on its incentive role.

2.1 Determination Of Pay

The determination of pay has evolved over the years from minimum wage to market based and now the drive for performance- based pay. KIPPRA (2013) displays the various approaches deciding on a pay ranging from national policies and salary and review committees, collective bargaining, market based to performance- based.

There is need to start from the international ways of determining pay and then zero in on the Zimbabwean context to get a better understanding of what really entails pay systems and how do they really work. By looking at other nations ne is able to get ideas from what others are doing and adopt what works in his or her country economy. What works for Sweden as a high- income nation with a relatively vibrant economy driven by the services industry, will not work for Ghana dependent on raw goods exports such as cocoa. The discussion will focus on those various methods as used to come up with a wage system used. Table 2.1 on the next page shows an international comparison of approaches to the decision- making of pay.

Table 2.1 Approaches to Decision- Making of pay determination: An International Comparison

Characteristics	Approaches	Techniques and tactics prevalence in the study
1. National Incomes policy	<p>A statutory “National Incomes and Employment” body is mandated and tasked to define policy targets and limits that bind both public and private sectors in pay adjustments</p> <p>Decisions for public service pay adjustments, including those based on, for example, the salary reviews commissions and collective bargaining agreements (CBAs) were based on the above policy framework</p> <p>To protect the workers from exploitation, government established a minimum salary above the market level. It was the wage leader</p>	<p>This was a common development soon after independence in the Anglophone study countries (Botswana, Ghana, Tanzania, Uganda, Zambia)</p>
2. Salary (and conditions of service) review commissions	<p>Head of State appoints a team of eminent nationals to collect views among stakeholders and present recommendations on salaries and terms and conditions of service</p> <p>The commission also facilitates consensus building</p> <p>The Commission is usually technically supported by experts and provided with administrative support by public/civil servants</p> <p>The Commission makes recommendations to government</p> <p>Government decides which of the recommendations to accept</p>	<p>In Anglophone countries, this technique was a sequel to the “National Incomes Policy” approach. Commonly applied in Ghana, Botswana, Tanzania, Zambia, Kenya and Uganda</p>
3. Controlled collective bargaining agreement	<p>Labour laws provide for trade unions to bargain for pay adjustments</p> <p>Trade unions are linked to the ruling Political Party</p>	<p>In Benin, Ghana, Kenya and Zambia, there is a significant degree of free collective bargaining</p>
4. Free collective bargaining agreement	<p>Labour laws allow and regulate trade unions to negotiate pay with government</p> <p>Trade unions present proposals and arguments for pay adjustments</p> <p>Salaries of non-unionized staff adjusted on the basis of CBAs</p>	<p>This practice is there in Botswana, Burkina Faso, Kenya and Tanzania</p>
5. Indexation of salary adjustments	<p>Invoke mathematical/statistical basis for early fixing of future pay</p> <p>Negotiate/agree future levels many years in advance</p> <p>Pre-empt future negotiated outcomes</p> <p>Government and workers representatives negotiate indices by which salaries for various grades will be adjusted over the years</p> <p>Automatic adjustment of salaries by Ministry of Finance</p>	<p>For many years, this was the dominant technique in the Francophone countries, for example Benin and Burkina Faso</p>

6. Wage bill and employment modelling	<p>Define wage bill ceiling for fiscal stability</p> <p>Reduce and/or control employment to within wage bill ceiling</p> <p>Adjust salaries within the wage bill envelope</p> <p>Enhance transparency of pay system</p> <p>Monetize in-kind benefits</p> <p>Consolidate allowances and monetize benefits into a basic salary structure</p> <p>Eliminate distortions and non-transparent compensation (allowances)</p> <p>External pressure to accord priority to fiscal stabilization (usually as part of structural adjustment)</p> <p>Allowances and in-kind benefits not associated with facilitating specific organizational functions or operations are eliminated</p> <p>Government prepares to absorb the additional wage bill and improve wage bill control</p> <p>Enhance fairness, equity and efficiency of the salary structure and improve the post-employment compensation structure</p>	<p>This has been the macroeconomic and Structural Adjustment Programme oriented technique to salary adjustment. While much has been written about it, it has had very limited practical application in Ghana, Botswana, Benin, except for a few years in Tanzania and Uganda</p>
7. Cost of living	<p>Determine the minimum acceptable standard of living for the public servant as the basis for establishing a target minimum salary</p> <p>Accord priority in salary adjustment to achieving the MLW (if necessary compress the structure)</p>	<p>In the countries where this technique was used, for example Uganda and Tanzania, it was found that: (i) it was difficult to achieve consensus on definition (level) of the MLW; and (ii) it resulted in extraordinarily high wage bill</p>
8. Crisis-driven pay adjustments	<p>A high prevalence of award of ad hoc allowances and in kind benefits indicates use of this technique. Powerful or influential groups put pressure/threaten government with industrial action or political consequences</p> <p>Government yields to the pressure/threat usually by an award of allowance outside the salary structure</p> <p>Use of allowances and in-kind benefits</p> <p>Introduction of new salary scales for select groups</p>	<p>This approach has been practiced extensively sometimes in Ghana, Tanzania, Uganda, Benin, Burkina Faso, Kenya and Zambia</p>
9. Job evaluation and salary re-grading	<p>Comparative analysis and re-grading of jobs as specified</p> <p>Pursuit of both fairness and equity</p> <p>Participatory but limited</p> <p>Use of "expert opinion"</p>	<p>This technique is a management tool that complements the salary review commissions and market benchmarking. It has been popular but technically and politically problematic in Uganda and Ghana. Applied in Kenya</p>
10. Market benchmarking	<p>Comparative salary survey across sectors</p> <p>Decompression of salary structure in favour of the senior and skilled staff</p> <p>Parallel progression salary structure for skilled professionals</p>	<p>This is the predominant feature of current initiatives in Botswana and Tanzania. It is also implicit in the new Uganda pay policy</p>

Source: Kiragu and Mukandala 2003 taken from KIRRP 2013 (p.34-36)

The approach used to decide on the type of pay system varies from company to company, industry to industry, country to country and region to region. As shown in the table some use the cost of living, job grading and wage bill. Similarly most countries in Europe have in some way or other adopted remuneration structures based on performance with the objective to have competitiveness of pay across public sector position equally (KIRRP 2013).

Judzik and Sala's (2013) longitudinal time series research of eight Organisations for Economic Co- Operation and Development (OECD) economies concludes that one of the driving forces of wage determination was productivity as well as deunionization and trade. They further talk about the "the growing exposure of all advanced economies to international trade" (Judzik and Sala *ibid*, pg.209). Freeman (1982) argues that when unions are heavily involved in determining pay they is a general preference for standardized payment systems to achieve a sense of solidarity and avoid unpredictability of supervision (Gilltemena and Pierce 2013). Researchers similar to Patra and Nayak (2012) conclude that there tends to be a positive impact on the economy when productivity is linked to wages as an incentive to workers to increase their output. However in her research Kaminski (2001) argues that there are serious social and health effects of the productivity- linked wages as they result in high injury rates as more workers engage themselves in more work for more pay, risking their health.

In justifying performance- related pay the Expectancy and the Reinforcement Theories are used as explanations of human work behaviour (Perry et al 2009). Vroom (1964)'s expectancy theory is based upon the belief on has that his or her exerted effort should result in an expected valued outcome for which he or she will be rewarded (Nyberg et al (2013); Van Eerde and Thierry 1996 cited in Perry et al *ibid*).It links one's pay with their performance as shown in Figure 2.1 on the next page.

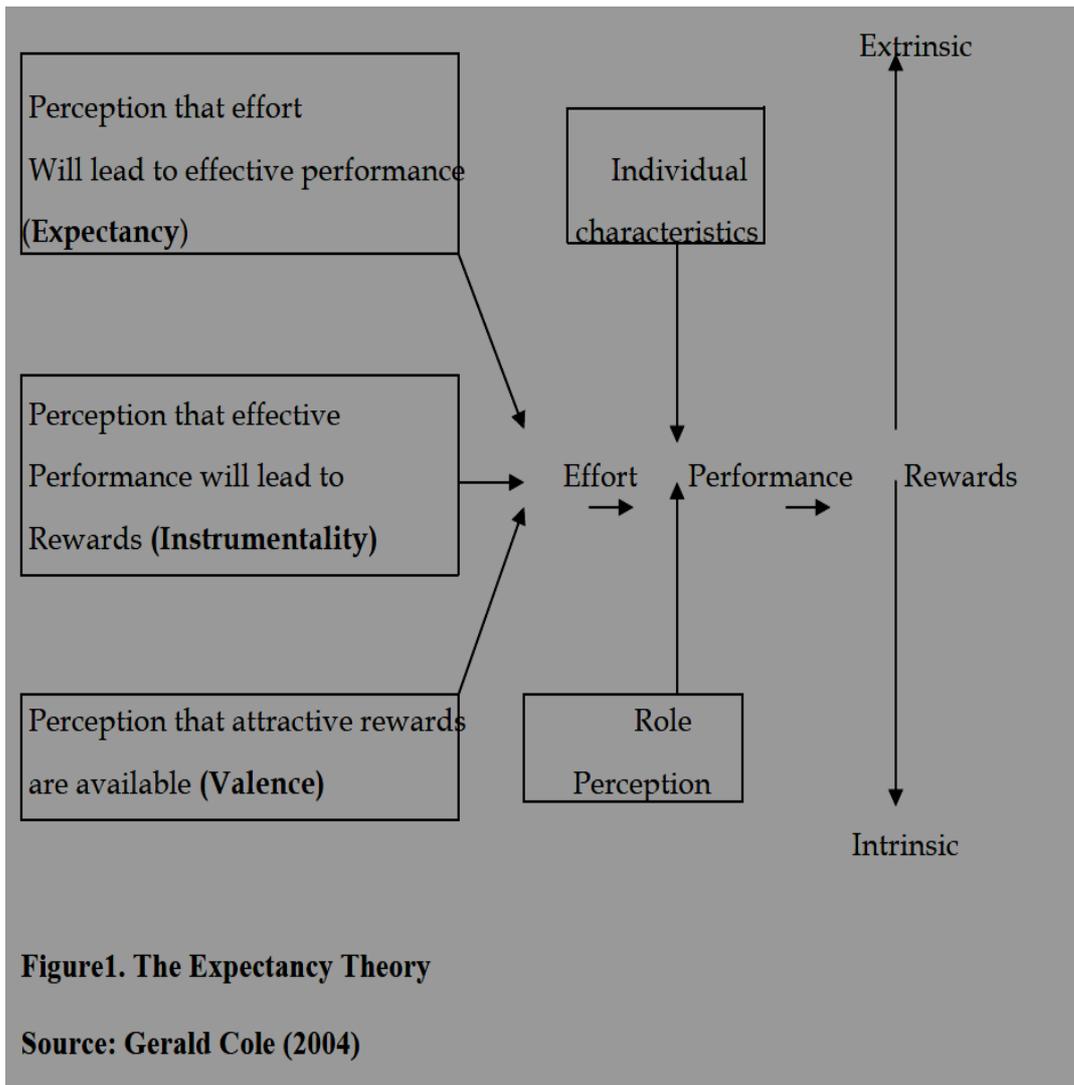


Figure 2.1 Expectancy Theory

In the workplace it is assumed that using the expectancy theory employees will tend to work harder if they value monetary rewards which they believe they will get from their increased efforts” (Perry et al ibid). Ariely et al. (2009) in Nyberg et al (ibid) dispute this saying performance related pay is a negatively correlated to one’s performance. On the other hand reinforcement theory suggests a more direct relationship between the desired behaviour and the consequences of that target behaviour implying that one’s pay can be the driving force to create a desired behaviour such as high productivity levels at an manufacturing company(Perry,Mesch, and Paarlberg 2006 cited in Perry et al 2009).

Patra and Nayak (2012) contend that productivity- linked wages focus on the actual physical output of a worker. With the increasing global competition adopting productivity-

linked wages has become a vital decision on firms to make as the link between productivity and wages leads to a positive impact on the economy as workers are motivated to increase their final output resulting in a greater market supply (Patra and Nayak *ibid*).When productivity is linked with outputs in the form of services of a qualitative nature which are not easily measurable, there is a higher probability of high quality of production. On the other hand quality of production can be low when focus is only on the quantity of work (Patra and Nayak 2012).

2.2 Definitions Of Performance- Linked Wage Systems

To Singh and Sugumar (undated), Performance linked wage system (PLWS) is a system whereby a link between wages and productivity is established. In this system an increase in wage is connected to a higher company productivity leading to its competitiveness. Performance related pay scheme's objective is to pay one for 'his or her value, rather than the value of the job' (Silva 2008:5). Gilltemena and Pierce (2013) postulate that the definition of the term "performance- related pay" by authors and professionals in literature usually consist of any form of payment scheme that is different from a fixed payment per unit of time. Armstrong (2009) expands that it is a process when one is given a financial compensation directly linked to individual and group performance which Schuler (1998) disputes that it is more than a financial reward and consists of other non- financial rewards for instance recognition.

Researchers such as Rusaw (2009) and ACAS (2012) view performance- based pay as an allegedly "fair" and objective approach to having improvements in organizational efficiency and effectiveness, as it is grounded on Taylor's "scientific management concepts". It has become a way that one's individual and the organizational productivity can be linked to the overall goals and performance of the firm as well as one's promotion in the company(Sivagnanam2012).With the assumption that workers in search of the ultimate fulfilment of their needs will assess their efforts, value of rewards and benefit to them. High performance in the company may be the eventual outcome (Rusaw 2009; ACAS, *ibid*).In addition Tomlinson(2000) cited in Kirunda (2004) states that the payment system of performance- based pay's central theme is motivation of people and

development of a culture that is performance-oriented not necessarily driven by non-monetary rewards.

Teachers clearly display this as they may be encouraged by non-financial rewards such as the satisfaction of passing on knowledge to the next generation and having an impact on one's life (Oded 2000a, Kelly 1999 cited in Kirunda (2004)). Those against performance-based rewards like Firestone and Pennell (1993) agree that there is evidence of increased collegiality in cases where employment of group performance rewards is done. However not all firms and countries can employ the rewards group-based as there is a risk of the free-rider in the group who rides on other workers' performance.

There is the fixed and variable component in the PWLS with the fixed component consisting of the basic pay while the variable component is calculated using the productivity and performance of the respective individual or firm. Other theorists such as Perry et al (2009) have postulated that there are three models namely the profitability model, productivity model and the combined model. The profitability model states that one's wage is a result of an agreed upon profit-sharing formula when the profit is at a certain stated range in an organization or country. Brazil reportedly participates in profit-sharing (Hayter, Fashoyin and Kochan 2011) Productivity models determine one's pay using the formula $T=A+P$ whereby T stands for the total wage increase A symbolises the annual increment and P represents the variable productivity payment, emphasizing the point that the annual increment is to be lower than the productivity payment to avoid increase in costs (Singh and Sugumar no date). Sri Lanka has productivity-based bonuses (Amerasinghe 2009 cited by Hayter, Fashoyin, and Kochan (ibid)). Combined models combine the productivity and profitability models whereby one is paid the incentive if both the productivity and profitability targets are met (Singh and Sugumar no date).

On the other hand, US Legal (2014) stipulates that those employees with productivity-linked rewards have them on the premise of the quantity of their work and outputs. They have two productivity-linked systems: gain sharing and profit sharing arrangements. Cantu, Flatau, and Leftwich (2010) and Silva (2008) contend with US Legal (2014) that profit-sharing and gain-sharing are the most common performance-based programs used in the private sector, but Silva (ibid) goes on to talk about employee share ownership schemes and individual-based incentives such as commission on sales.

Patra and Nayak (2012) propose that productivity-linked wages have evolved in the ever-growing competitive global economy whereby it has become essential for increased efficiency at work and less costly and time consuming while producing more (Silva 2008). Other researchers such as ACAS (2012) point out the risk of having subjective individual performance measurements and its inconsistent. Despite this there is a push for countries and companies to adopt performance-related systems for reasons stemming from economic to social to political reasons (Chang et al 2013). ACAS(*ibid*) are of the opinion that the shift from job valuation to valuation of the individual is what is stimulating conversations and discussion on the use of pay system that reward individuals on the basis of their contribution.

2.3 Countries That Have Adopted Performance- Related Pay Systems

Most countries like Malaysia, Singapore and Thailand have actively spearheaded the promotion of the performance pay systems (Boachie-Mensah and Dogbe 2011). The thrust behind the promotion in these Asian countries was the ideology that performance pay will in the long run increase job resilience and provide employment and ease the financial constraints. Singapore and Australia used tripartite mechanisms to urge the implementation of the new system and practices (Boachie-Mensah and Dogbe *ibid*). African countries such as Botswana and Ghana have adopted to some degree through not successfully (Kirunda 2004).

Bacardi-Martini cited in Sung and Ashton (2004) study, using its philosophy of “PACT” acronym of productivity, accountability, creativity and teamwork incorporated performance-related pay for all employees. The philosophy behind its adaption of productivity and accountability suggest insights and ideas about how the system should be implemented and what its underlying guiding principles are. The fact that it implemented for all employees gives the impression it is possible to implement for everyone. This raises questions on how the system must be implemented, should it be implemented just for the managerial workers or the non-managerial workers. In Zimbabwe almost all levels of employees are largely supported by unions.

Considering that managers particularly the middle management are also establishing their own unions such as the Zimbabwe Financial and Accounting Managers in the banking sector, in order to have union leaders to fight for their rights and voice their concerns. The adoption of the performance- related pay is apparently more acceptable to the Executive than the non-managerial staff on the premise that the Executive are more able to enjoy the rewards of their work as their rewards are ore defined. For instance Bank Executives may have a profit share that they receive based upon the profitability of the Bank and their contracts whilst for non- managerial staff the profit share may be discretion of the management to give Inconclusive of answers to the questions stimulate debate and debate. Answers for the perceptions of the different levels of employees on performance- related pay are to be sought out. There is no real consensus on, if the system should be accepted, how it will be effected and who it will target. There is general popularity of individual oriented performance pay schemes for senior managers especially in the private sector (ACAS 2012).

2.4 Factors Affecting Adoption Of Productivity- Linked Wage Systems

Contextual factors such as high levels of trust, geographic proximity are seemingly related to the success of productivity- linked wage systems (Condrey and Brudney, 1992 cited in Marsden 2009; Perry et al 2009).According to studies,theproblems stemmed from errors in the foundational assumptions of performance-based pay itself, particularly in its applicability to the public sector and in its belief that employees are motivated primarily by money with the shortcomings coming from the individuals per se(Rusaw, 2009). Whether it is implemented, just for managers or not, it has an impact on its effectiveness (Marsden, 2004). Similarly Milkovich and Wigdor's (1991) study has led to the view that performance- based pay systems are more suitable for jobs that were concrete and easily measurable, although this might be overstated.

2.4.1 Labour Laws and Productivity- linked wage system

There is very little available research that links labour laws to productivity- linked pay in developing countries. Sidhu (2010)'s research in India confirmed that a belief existed that

stringent labour laws and government policies determine the wage rates instead of the market conditions. With reference to the “Dearness Allowance” periodical revision, the fixation of minimum wages for unskilled workers and pay scales revisions as the statutory laws that impact the wage rates Sidhu (ibid) confirmed this general assumption in India. Similarly Silva (2008) supports this viewpoint as he states that conventionally wages and pay are a result of government regulation, industry minimum wage agreements, unions’ negotiations, arbitration or labour court decisions and one’s contract of employment.

Likewise in Zimbabwe, the constitution calls for “fair and reasonable wages” for workers, the Labour Act Chapter 28:01, the various Industry Statutory Instruments and wage increase negotiations between trade unions and employers dictate the minimum wage in Zimbabwe. The Zimbabwe Agenda for Sustainable Socio-Economic Transformation Asset (ZIMASSET2014) has a key output of aligning labour laws to productivity with its strategy been aligning the labour laws to productivity, under the key cluster area of Crop production and Marketing. The fact that Zimbabwe’s Labour laws have a two- tier system whereby those in the public service such as the army, police and air force are not covered by the Labour Act Chapter 28:01 but by the Public Service Act Chapter 16:04 (Madhuku 2012). This may make it problematic to adopt performance- based pay across all sectors.

Argus (2011), Bradley, (2011) and Ridout (2011) cited in Todd (2012) are cognisant of the fact that productivity growth was not only dependent on Industrial Relations legislation but argue that the problems affecting workplace productivity were more linked to the Fair Work Act of 2011. One can then put forward the argument that a country’s labour law play a role in productivity-linked pay systems. Todd (2012) refers to John Lloyd, Director of the Work Reform and Productivity Unit in Australia who was calling for performance – based rewards and individual contract agreements instead of using collective bargaining agreements. However their explanation has no link to the outcomes of productivity hence the plea for pursuing improvements in the productivity of companies at the same time balancing the fair results for employees be it cost reduction in the short term or efficiency gains in the long term (Green 1996 cited in Todd 2012).Studies done by Carruth et al and Felipe (2005) cited in Sidhu (2010) pointed out that productivity of labour determined industrial wages.

Wages tend to be viewed as a cost instead of an investment thereby Imbun (2003 cited in Junor 2012) disregards Employer’s strive to have productivity as the main basis for wage

increases. To Imbun (2003), the viewpoint of wages as a cost puts job creation and social cohesion in jeopardy. Junor (2012) points out in Papua New Guinea it was established that the change of labour laws to link productivity to pay resulted in reduced wages having catastrophic consequences. Already in Papua New Guinea, there is low labour productivity hence a low paid worker with less disposable income, food, health care and education will be less productive (Imbun 2003:116 cited in Junor 2012). Mbekeani (2013) explains that developing countries in Africa and Papua New Guinea low productivity ratios due to inefficient technologies such as management practices, machinery and production process thereby making adoption of productivity- linked system challenging. This view is supported by Rusaw (2009). The key components required for its successful implementation such as sound systems and efficiency, are not there.

2.4.2 Employee perceptions and productivity- linked wage system

Various authors and researchers such as Chang, Liu and Hung (2013) provide insights on the effect employee perceptions have on the adoption of productivity- based pay. Chang, Liu and Hung (2013)'s findings suggested that employee perception of the performance-based system plays a role in its adaption as they saw its impact of how the system was adopted. Rusaw (2009) asserts that an individual's perception and motivational state contributes to how he or she responds performance- based pay as well as how he or she interprets its value in relation to the rewards offered. Chang, Liu and Hung (ibid) show that workers engage in performance-pay seeking practices in a share- based scheme. Employees would have a positive view of the scheme as they reap the benefits of their work thereby boosting economic growth. Despite this positive, Chang et al (2013) in their welfare analysis see the program as unfavourable to the social welfare of the people despite the economic growth benefit. Contrary to this as Marsden and French (1998), argue that it does not really matter what the employee perceives about the system as their study revealed that despite believing the system was inappropriate for the nature of their works, the workers support the principle of performance- based pay.

Researchers' focus on employee perceptions, as being integral to the success of the various pay systems from motivational viewpoint, is well documented (Heneman and Young 1991; Egger-Peitler, Hammerschmid and Meyer 2007 cited in Marsden 2004). There is contention on the link between performance- related pay and employee perceptions.

Daley (1987) cited in Marsden (ibid) had results whereby respondents saw little relationship between performance and compensation and did not think that pay increase will occur. Employee attitudes to power sharing and power are barriers to adopting high performing work practices such as productivity- linked wage system (Kirunda 2004;Huang and Shen (2011).

In their research, Yuzden and Yildirim (2014), on Turkey physicians suggestively indicate that the physicians had limited awareness of what entails pay performance system. The healthcare providers' confessed unawareness about the system and belief that the system resulted in inequality in income distribution were considered some of the impediments to the success of performance- based payment systems (Hillman et al. 1998, et al1999; Van Herck et al. 2010 cited by Yuzden and Yildirim ibid).

Huang and Shen (2011)'s conclusion that high school teachers in China regarded performance related pay with high regard suggest a link between the employee perception of the system and its subsequent adoption. It can be contended on the other hand that the high regard is more based on how the system was implemented and not necessarily the systems basing upon the reasons given for the high regard such as the objective itemized performance criteria, the conception of the pay as "prize money and the small margin between employees in the pay.

Baransky et al (2007) in their "firm-level" experiment expressed their view that there was an increase in the preference of performance- based pay for executive and managerial employees but little literature was available to give evidence on the impact of performance- based pay on the managers and the effect it has on the workers at large. This assertion establishes the need to create the employee perception of the performance- based pay getting the views of both the managers and non-managerial staff as the two groups of workers might have differing opinions and views in regard to the system as it affects them differently. It allows verification of the system' real contribution to the productivity of the firm as the Employers' Confederation and the government through the Ministry of Finance and Economic development propose that it does(Chinamasa 2013). Baransky et al (2007) study was flawed in that it was based up one company in the soft fruit business hence their results cannot be generalised to the whole industry. To be able to generalise the findings of the sample they is need to assert that the sample is truly representative of the industry

(Saunders 2012). To do that one may have to engage several companies in the same industry.

Marsden (2009) posits that performance- related pay systems have two levels: notably the individual level and company level are important to look at. Company level concentrates on the alignment of individual performance with the goals of the organization. The individual perspective whereby one is motivated to work better as he will be rewarded for his performance and in the process hopefully will encourage his workmates to work harder with the goal to get the desired rewards.

2.4.3 Industry sector and productivity- linked pay

In their research Perry et al (2009) learned that the type of industry had a hand in the effectiveness of the performance related systems bringing across the theory that an organizational sector plays a part in the adoption and effectiveness of the productivity-base pay (Perry et al *ibid*). Ichniowski, Shaw and Crandall (1995)'s longitudinal research on thirty-six steel production lines in the steel industry put forward the conclusion that an industry sector contributes to the adoption of the performance- based pay system such as profit sharing.

Research such as the National Research Council (NRC) study in America pointed out that performance – related pay systems were mostly suitable for jobs that were concrete and measurable (Milkovich and Wigdor 1991 cited in Perry et al 2009). Productivity varies from one industry to another hence a blanket assessment will be unfeasible (Patra and Nayak 2012). Miller (2010) in his article refers to Kelly Services' survey in America whereby the researchers found out that the industries with the highest rates of performance-based remuneration were travel, leisure, financial services, business services and retail. Gittleman and Pierce (2013)'s study revealed that in America performance-related pay was less frequent in the small union sector than in its non-union sector.

Labour productivity varies from industry to industry bringing a challenge to having a standard method of assessing productivity- linked wages (Patra and Nayak 2012). Comparing the public sector and the private sector there has been a relatively general perception that the former is less efficient and has a lower quality of service (Ryan 2014).Therefore there has been a drive to make the public sector more accountable and

enhance on performance bringing in the topic of performance- based systems. Arpaia and Mourre (2012) cited in Judzik and Sala (2013) assert that every country has its own particular needs and structures thereby concurring with Patra and Nayak (ibid) that this contributes to various disparities and methods in organizations and industries. Manning (2013) further makes a case for concerning the economic and social needs of the employees and their respective families when adopting performance- related pay. In their study Marsden and French (1998) in state hospitals discovered the general census that performance – pay is difficult to apply in the medical field narrowing down on health care as the measurement of work was difficult. In the end various questions are left unanswered such as how one’s individual contributions can be assessed when working in a team and what proportionate increase can be implemented (Patra and Nayak, ibid).

The prevailing pay methods inn Zimbabwe are minimum wage based according to the sectors agreements. Most people in Zimbabwe are paid on the basis of collective bargaining agreements and some like Econet Wireless Private Limited on the total cost to company models. Whether Zimbabwe will get to a point of full embracement of performance related pay remains a mystery. Armstrong (2009:819) quotes Wright (1991) who says: ‘Even the most ardent supporters of performance-related pay recognize that it is difficult to manage well’. Performance pay is ideal in theory but problematic to put in practice (Oliver 1966). The controversy and the disagreement among researchers and theorists leave the debate on productivity- based pay open.

2.5 CONCEPTUAL FRAMEWORK

Borrowing some concepts from the expectancy theory, the conceptual framework depicted on the next page will be used for the study:

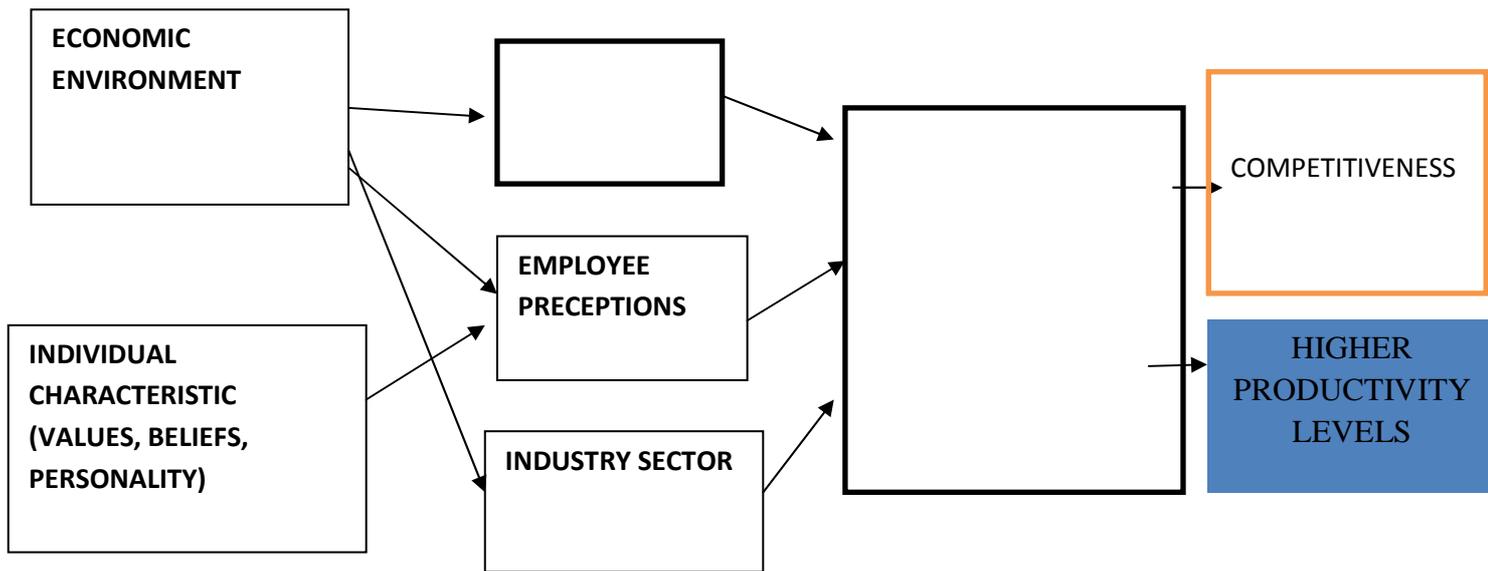


Figure 2.2 Conceptual Framework of the Study
Source: Researchers' Own Construction, 2015

As explained in Chapter One, the economic environment and individual characteristics play a role in the labour laws of the country, what industry sector prevail and employee perceptions in general. After literature review the additional concepts added on the framework are the outcomes of adoption of productivity- linked wage systems. Once productivity- linked wage systems are implemented in the country the country will be more competitive and produce high productivity levels. By having a wage system that rewards people for the output they produce, the employees will cover their own costs; hence the companies will not have to borrow to pay people thereby becoming more profitable leading to increase in competitiveness.

Motivated with the rewards of one' s effort the industry will have higher levels of productivity levels leading to wealth creation as shown earlier of Malaysia detailing the benefits of productivity- linked wage systems .In short adopting the performance- systems the environment will need to be conducive to motivate a worker to work harder. This will seemingly suggest that the goal of competitiveness and higher productivity levels will result in the betterment of the country's economy and the living standards of Zimbabweans.

2.6 CONCLUSION

Chapter Two discussed the available literature on performance- related pay highlighting the various approaches of determinants of pay. The discussion goes on further to expand on the debate about the labour laws, employee perceptions and industry sector affecting the adoption of the performance and the role the factors play.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Nacchamuis and Frankfort (1996) view methodologies as “systems of explicit rules” that form the basis of the research and the measure which is used to for evaluation of claims of knowledge. As such this chapter states the techniques, methods, tools that were used in the selection of the sample, collection and classification of data and the eventual analysis of the data. Brief descriptions of the theoretical frameworks of research designs, research instrument and target population are covered.

3.2 Research Design

A research design is the outline of the research (Kaseke 2014). It is a detailed account of the manner in which the research or investigation was done or will be done (Business Dictionary 2000).The design talks about how one intends to collect data and the preferred data collection instruments. Research design encompasses the methodology and procedures utilized in conducting the systematic research as it structures the research and displays the selection of samples, and methods used to answer the research questions. (Ader and Mellenbergh 2008).

The research on productivity- linked systems can be looked at using both the quantitative or qualitative approach. The two different approaches can be used to study the productivity- linked wage systems however the researcher selected the quantitative research approach for various reasons to be explained further. The study was based upon an epistemology approach as the researcher empirically tested the casual relationship between the independent and dependent variables and ontologically viewed reality from an objective perceptive. With that in mind, Quantitative studies tend to be more objective and are relatively easier and quicker to gather information(Saunders et al 2009).The focus was getting information about the viability of productivity-linked wage systems and not necessarily the qualitative aspects of people’s feelings and reasons for their support or

resistance of the system. This research was more of groundwork research for future researches hence the focus on “how, what, how many” and not on “why.’

3.2.1 Research Philosophy

Due to the nature of the data required to be collected in the specified time allocation of the project, the positivism approach was adopted. This approach allowed the researcher to have an objective perspective and remain independent to the research thereby ensuring for future researchers the opportunity to replicate the findings of the study to some degree if all things remain the same. Saunders et al (2009) concurs by using the positivism approach the researcher is enabled to collect a larger quantity of data cost effectively while at the same time having some control of the process of the research. Using the positivism or quantitative research philosophy the researcher was able to obtain a large sample from the target population enhance the reliability of the results.

As the researcher sought to determine the extent of a causal relationship between current labour laws, employee perception and industry sector an organization is in, on the espousal of the productivity-linked wage, the researcher used the deductive research approach. The research was quantitative in nature as it sought a causal relationship and had the purpose of explaining relationships as it was of an explanatory nature.

However the chosen philosophy fell short as the validity was low as there are high changes of things such as the participants’ feelings and attitudes, the country’s economy and the labour laws of the land changing, if another researcher would like to replicate the study in Harare. To add on, positivism is weak at understanding social phenomena and cannot be reliably used in social sciences hence the limitations of this study may lead other researchers to research on those gaps of knowledge taking a page from the results of the study (Sandada 2014.)

However, the Positivism paradigm was the most suitable one for the proposed study as it emphasized on objectivity and reliability of results making the results more credible as bias of the researcher was reduced. It had an element of interpretivism as the research was seeking to understand how employees perceive the productivity –based pay system without going in the finer details of why they feel so but largely followed the positivism paradigm.

3.2.2 Research Strategy

Authors such as Hussey and Hussey (1997) write that a research strategy can have different varying forms comprising of action research, archives, archival research, case studies, ethnography, experiments, grounded theory, history and surveys. In deciding on the research strategy the researcher thought about the type of questions that were to be addressed for the specific research topic. Table 3.1 below points out what types for questions are addressed by which research strategy:

Table 3.1 Choosing a research strategy

Strategy	Form of research question
Archival analysis	Who, What, Where ,How many, How much
Case Study	How , Why
Experiment	How, Why
History	How, Why
Survey	Who, What, Where, How many, How much

Source: Adapted from Hussey and Hussey (1997)

As a result of the type of questions desirable for the research strategy was a survey. The researcher did a cross- sectional study of the selected five industry sectors namely agriculture, financial services, manufacturing, telecommunications and tourism. In conducting the research the survey strategy was used to collect large amount of information in a short space of time. The survey in the form of a questionnaire leads to objective collection of data at a low cost in a short time in comparison to the experimental and observation method (Sandada 2014). Results of the study focusing on the Harare Metropolitan Province will contribute to the debate on whether productivity- linked wage system should be adopted in the prevailing economic environment.

3.3 Population and Sampling Techniques

3.3.1 Population

The population of the study was Harare based organizations in Harare Metropolitan province in the agriculture, financial services, manufacturing, telecommunications and tourism. Choice of the sectors was based upon the impact these five sectors have on the

economy of the country and the number of people employed in the sectors. Several organizations such as Employers' Confederation of Zimbabwe (EMCOZ), Ministries and identified companies were approached to engage in the study fully explaining what the study was about, its focused contribution and the manner in which data collected was done, used and stored. Other sectors that were later engaged as the response rate from the selected industry sectors was low than expected in the initial stage of the study, although the five sectors eventually became the major sectors at which the data was taken from.

The categories of employees was namely non- managerial, the junior, middle and senior management of the selected industries in Harare Metropolitan. This was a realistic way of gaining access to data and ensuring coverage of the main players in the chosen sectors for the study. Demographics such as how long one has been with the organisation or industry and their level of education assisted in the analysis of data as it pointed out how much one knows about the company pay systems and their level of understanding of the concepts. Knowing this will assist in understanding why one would have a certain response and display insights and gaps to the knowledge that people have.

3.3.2 Sampling

Sampling a population increases speed of data collection at a low cost and the accuracy and analysis of the collected data is enhanced (Parten 1950). Using the participating organizations' membership and contact persons in organizations, the targeted sample was randomly selected from the five sectors. Stratified random sampling was the selected sampling design because of the various sectors under study as well as the classification of employees based upon their levels. By so doing various opinions and views were acquired to assist in coming up with suggestions and recommendations for the implementation of productivity-linked pay. The selected level of confidence was 5% in order to increase the reliability of the results and representativeness of the sample to the target population and reduce the sampling error.

The pilot study comprised of employees in the agriculture, financial services, manufacturing, telecommunications and tourism sectors. The pilot study's participants were each given the data collection tool in the form of a questionnaire to assess if the questions were in line with the objectives of the study, if the statements were open- ended

and not leading and if one could overall get relevant data to form conclusions on the suggested hypothesis.

Below Table 3.2 shows the sampling size of the distribution of the questionnaire:

Table 3. 2Questionnaire Distribution sample size

Industry	Non- Managerial	Junior Management	Middle Management	Senior Management	Total
Agriculture	9	9	9	9	36
Financial Services	9	9	9	9	36
Manufacturing	9	9	9	9	36
Telecommunications	9	9	9	9	36
Tourism	9	9	9	9	36
Other	5	5	5	5	20
Total	50	50	50	50	200

The sample size of 200 was randomly selected basing upon the time available to get information as well as the diversity of the workforce. It was considered as a reasonable number to get inferences from to come up with a conclusion of the effect the independent variables have on the dependent variable of productivity- linked wage system. It was assumed by the researcher that 10%of the sampling size would come from other sectors hence the allocation of 20 out of 200 of the sample size. While the researcher sought to have equal distribution for the sectors and levels of management, it became evident during the research that the non- managerial employees were more responsive. Therefore there was a diversion to give that particular category of levels questionnaires to fill in. As well in the distribution of the questionnaires, there was a bias towards the financial sector and telecommunications sector as it became difficult to get quick responses from the tourism and manufacturing sectors. Due to the low response rate from those sectors at the onset, the researcher was driven to randomly select other sectors.

3.4 Sources of Data

When collecting data one comes along various forms of data. Besides the questionnaires, other primary sources of data such as articles in journals, online articles and newspaper articles were made use of. Secondary sources books, peer- reviewed studies, organizational documents and reports (press releases, policy papers, research papers) from various organizations as well as relevant ministries were utilized to gather information. The criteria that will be used for the sources of data are:

- The information was collected after January 2009 for primary data specifically to ensure the relevance of the findings.
- The source of information was a credible source that was peer- reviewed and or displayed the relevant expertise in the field.
- If a book, the studies or information written in the book were ground breaking if published before January 2009. Books written after 2009 used to a small extent in the study.
- If an organization or Ministry publication, the findings are valid and reliable to the point that they had been verified empirically.

3.5 Data Collection Procedure

In carrying out the research the targeted participants and participating companies were approached. They were advised of the research topic relevance, forecasted contribution and asked for consent to collect data. Once consent was gathered the sample population was given questionnaires to fill via email or by hand delivery. The researcher liaised with contact persons at the various organizations that participated in the research and made follow-ups with those contact persons either by calling or going to the organizations workplaces within at least two weeks from the day the questionnaires were delivered or emailed. It was then through email or collection from the contact persons that the researcher collected the questionnaires. This was done to limit tampering of the information gathered by third parties.

The research instrument was a structured questionnaire with twenty- nine (29) questions to answer, that had a cover letter explaining what the research was about and asking for

consent of the respondents as well as their honest responses to the questionnaire. It is comprised of the administrative section, demographic section and main body ending with a thank you to the respondents for taking the time to fill in the questionnaire.

A deliberate exclusion of bio data questions such as the sex or age of the respondent was done. It was of the researcher's view that the sex or age of the respondents in this particular research did not have any significant effect on one's perception of productivity-linked pay system as the nation is in an era of gender equality. All employees are regarded the same male or female, young or old. In addition most pay systems in Zimbabwe are not based upon one's age or sex hence the exclusion of collection of such biodata.

Pre-testing of the questionnaire was done to check if the participants would be able to understand what was been asked of them, the length of the questionnaire and to verify if indeed the questionnaire filled the objectives of the study. The reliability of the Questionnaire items was 0.762 and the questionnaire's validity was tested through the use of a pilot study. Changes in regards to content and length of the questionnaire were effected. Likert Scaling structure with 7 scales was used namely Strongly Agree, Agree, Slightly Agree, Neutral, Disagree, Slightly Disagree and Strongly Disagree factoring in all the possible responses of the respondents getting reasonable reliability and validity(Find the questionnaire in Appendix).

3.6 Data Analysis

The SPSS was the data processing tool for the study. Once the data had been inserted in the system it was analysed and subsequently the results were interpreted. As the study divided the sample into strata there was need for demographics, descriptive values to be obtained to discover what each stratum of employees believes and thinks about the various variables and their causal relationships. This information assisted in coming up with recommendations for each factor.

Before and after the study the researcher carried out a reliability test using the Cronbach alpha test to ensure internal consistency of the measures variables. The aim is to an alpha above 0.7 to have acceptable high reliability. The reliability test after the study gave Cronbach alpha of 0.837 which is considered to be good.

In testing the hypotheses the researcher calculated a p- value and compared it to the significance level of 95%. The significance level of 95% had been selected to increase the accuracy of the results. The p- value was compared to the precision level and if the calculated value was less to the significance level value ranges the hypotheses would be rejected but if it is more the hypotheses would be accepted. The researcher then confirmed or disconfirmed the hypotheses tested. Using the p-value the results were interpreted indicating what each value translated to and inferred in simpler non numerical terms. Correlation measures, regression figures, factor analysis and tables allowed the researcher to fully analyse the data and express it in simpler terms when explaining the results and the inferences made from the results.

3.7 Research Limitations

The study was based in the Harare Metropolitan province hence the results may not be generalised to reflect the whole country's views. It proved a challenge to engage all the different stakeholders due to time constraints and evaluation apprehension they felt, as discussions of pay at the current moment were avoided by most. Motivation is seemingly at a low point in the industry but the investigator used persuasion and negotiation as well as contacts gained over the five years as a Human Resources Practitioner, to gain access to the required information from the targeted population hence the 79.5% response rate.

3.8 Research Ethics And Credibility

In conducting the ethical concerns such as confidentiality of information, anonymity of participants was upheld as the questionnaires used for data collection was identifiable in code numbers and not name of participants or participating companies. In reporting the findings the same code numbers were used so that the participants were not recognized. In addition the participants were in no way coerced to participate in the study as informed consent and voluntary participation was obtained through explanation of the purpose of the research and the benefits of participating in the study before collecting information. Avoidance of influence to change the topic or direction of the topic from participants, supervisor and institutions was achieved as the selected topic was the focus of the research throughout.

To safeguard the security of information gathered and data collected as well as the outcome of the research project, data storage is in the form of password-protected documents saved on various backups of flash disks. The only one with unlimited access to the obtained and/or compiled documents was the researcher.

In regards to validity of the instrument the instrument after modification from the pilot study measured the objectives of the study. By using open-ended questions the validity was enhanced. Replication of the findings can be done if all things remain the same by future researchers although it will be a challenge as employees may have moved, changed their minds and labour laws changed.

3.9 Conclusion

The chapter discussed the research design, research philosophy, approaches and strategies used by the researcher in addressing the research problems outlined in chapter one. The chapter also covered data collection methods and analysis tools used and how the researcher addressed issues of limitations of the research. Finally the chapter pointed out the ethical issues and data credibility.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the research findings and gives an analysis of the study discussing the inferences, conclusions of the results and suggesting possible recommendations briefly that can be made. Two hundred questionnaires were distributed and 159 questionnaires came back giving a response rate of 79.5%. It is an acceptable response rate as Baruch (1999) cited in Saunders that an approximate 35% response rate for academic studies involving the senior management or representatives of organization is reasonable. Data collected from the respondents in the participating organizations was captured and analyzed using the Statistical Packages for Social Sciences software version Sixteen (16). The discussion of the study will start with the demographic of the respondents then will go in detail about the obtained statistics that direct the research questions of the study.

4.2 Response Rate Of The Study

Two hundred questionnaires were distributed for a sample size of 200 from various sectors resulting with (n=159), giving a response rate of 79.5%. It is an acceptable response rate as Baruch (1999) cited in Saunders states that an approximate 35% response rate for academic studies involving the senior management or representatives of organization is reasonable. It was possible to get the 79.5% response rate by making follow-ups on the contact persons of the participating organizations and ensuring that self- distribution and collection of the questionnaire was done. Figure 4.1 on the next page displays graphically the questionnaire distribution response rate:

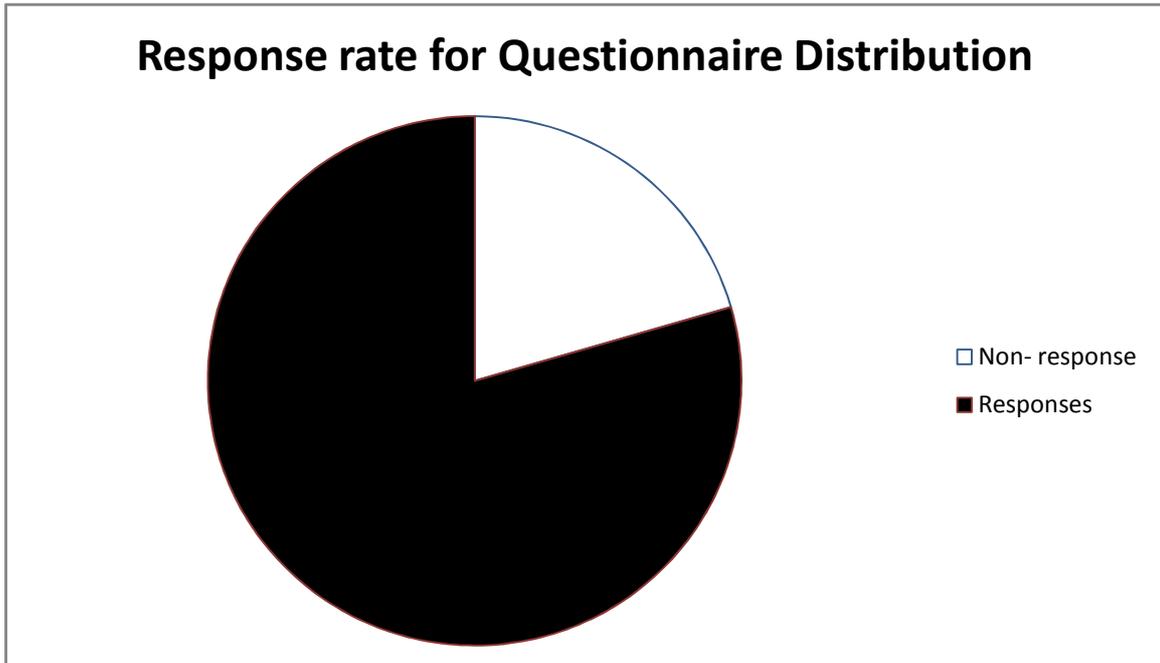


Figure 4.1 Response rate of Questionnaire Distribution

4.3 Demographics of respondents

The Questionnaire distributed required the respondents to state their organization (optionally), the type of industry he or she works in, job title, level in the organization, years in the organization and highest level of education. Below is the analysed data:

4.3.1 Type of industry

From the n=159 respondents the majority 30.6% were from the Financial Services industry and with Education and Legal Services having the least number of respondents at 1.9%. The targeted five sectors namely Agriculture, Financial Services, Manufacturing, Telecommunications and Tourism cumulatively making up 80.5 % of the respondents. This is largely due to the fact that the study particularly focused on getting respondents from those sectors for reasons stated in Chapter three. Other sectors were then incorporated due to the unexpected initial low response in the manufacturing and tourism sectors. The low response was due to the unwillingness of some potential respondents to participate, some outrightly refused and others cited not having the time and others left the organizations hence it was difficult to get back questionnaires from them as they could not be located.

Table 4.1 Respondents' industry

Type of Industry					
		Number distributed	Frequency	Percentage of Frequency	
Valid	Agriculture	30	26	16.35	
	Financial services	36	30	18.87	
	Manufacturing	36	22	13.84	
	Telecommunications	36	34	21.38	
	Tourism	36	16	10.06	
	Legal Services	7	6	3.77	
	NGO	6	4	2.52	
	Construction	3	2	1.26	
	Transport &Energy	9	7	4.40	
	Mining	8	6	3.77	
	Health	3	2	1.26	
	Education	2	2	1.26	
	Non Response	2	2	1.26	
	Total	200	159	100	

Considering the time limit it can be stated that the 79.5% response rate of the targeted five sectors was a good response. Most of the organizations in those sectors have bureaucratic procedures that take time before one is given permission to conduct his or her research. To get 80% of the estimated sample (n=160) for the top five sectors was a good achievement as it allowed the researcher to know more about the responses from the targeted sectors. As the top five sectors have a significant impact on the Zimbabwean economy information gathered can be inferred from the sample to represent to some degree those industry sectors in Harare.

4.3.2 Job Title

A number of various job titles were given by the respondents. To assist in data reduction the job titles were categorised into five namely administrator, clerk, officer, manager and

intern, with the sixth category for non- response on job title. This allowed for easier analysis of the job titles of the respondents which are shown in the below table:

Table 4.2 Respondents' Job titles

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Administrator	29	18.2	18.2	18.2
Clerk	19	11.9	11.9	30.2
Officer	60	37.7	37.7	67.9
Manager	46	28.9	28.9	96.9
Intern	5	3.1	3.1	100.0
Total	159	100.0	100.0	

Officers comprised most of the respondents as they were mainly the contact persons at the organizations and were the younger willing generation to assist in the learning process. As expected, as the ones who implement the pay systems and strategies in the company Managers were the second highest respondents' as they were interested in the topic. At one organization the researcher was interviewed by the respondents to get a better understanding of the purpose of the study and the topic itself productivity- wage systems. To know the job title of the respondent, it would assist to know what type of job one does hence when analysing the data will be able to understand better why an engineer answered in the manner he did, at the same time explaining the differences between the engineer and the Financial Accountant answers.

4.3.3 Level and Years in the organization

The level at which one was and the number of years in that organization was also analysed just to find out the general understanding of the respondent to the organisation culture of the company he or she worked for. It also helps to establish what working experience the participants have as they contribute to the study.

As shown in the following tables on the next page, the majority of the respondents fell in the officer and Manager category of job title and non- managerial and junior management

level in the organization. This is due to the fact that these categories of employees are the ones who are relatively easier to get responses from. Top Management rarely gives time to respond to questionnaires as they are mostly occupied. The majority years of experience ranged from 1 to 10 years cumulatively hence it can be said the majority of the respondents had relatively enough experience in their organization and industries to be acquainted with various wage systems that are used hence when answering the questions they gave their opinions based upon experience. This is vital as the responses would be more useful as they would have the relevant experience to discuss about wage systems. However since most of the respondents did not have productivity- linked wage systems in their organization, it is difficult to infer that they had the relevant experience to suggest that if adopted could implement the productivity- linked wage system successfully.

Table 4.3 Respondents Current Level in the Organization and Years of Service

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Non Managerial	60	37.7	37.7	37.7
Junior Management	59	37.1	37.1	74.8
Middle Management	27	17.0	17.0	91.8
Senior Management	12	7.5	7.5	99.4
Non response	1	.6	.6	100.0
Total	159	100.0	100.0	

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 1 year	15	9.4	9.4	9.4
1 to 5 years	49	30.8	30.8	40.3
5 to 10 years	52	32.7	32.7	73.0
Above 10 years	43	27.0	27.0	100.0
Total	159	100.0	100.0	

The Kruskal Wallis Test on the variable current level displayed that using the same category of employees in another sample one is able to infer the results. There is a likelihood that he or she will get the same answers as the significance value was ($p > 0.05$) for labour laws, employee perception and industry sector. This implies that using the same category of employees for a different sample is most likely to result in similar findings in relation to the pattern of response regarding labour laws, employee perception and industry sector. See below in table 4.4 the test statistics.

Table 4.4 Kruskals Test for Current Level Variable

Test Statistics^{a,b}

	Labour Laws	Employee Perception	Industry Sector	Productivity LWS
Chi-Square	5.424	6.331	8.064	3.606
Df	4	4	4	4
Asymp. Sig.	.247	.176	.089	.462

a. Kruskal Wallis Test

b. Grouping Variable: Current Level

4.3.4 Level Of Education

The fifth bio data characteristic of the respondents was their level of education. This was taken in order to know the highest educational qualifications of the respondents. As expected the most frequent highest level of education was a degree with 52.2% of the respondents having a degree followed by 23.9% having Masters Degrees. There is a high drive for individuals to be educated hence the degree and Masters qualifications' dominance. As most of the respondents were officers and Managers their level of understanding of concepts was high as educated people, who in most cases are the ones who actually are the implementers of the various wage systems used in the various organizations. Therefore one can conclude that the responses were coming from educated people who understood the concepts being asked. This enhanced the results as they came from knowledgeable people.

Below Table 4.5 shows the sample distribution of the respondents in terms of their highest level of education :

Table 4.5 Respondents' Level of Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Certificate	6	3.8	3.8	3.8
Diploma	28	17.6	17.6	21.4
Degree	83	52.2	52.2	73.6
Masters	38	23.9	23.9	97.5
PhD	4	2.5	2.5	100.0
Total	159	100.0	100.0	

4.4 Reliability And Validity

As per set out methodology the data was tested for reliability. This was done to determine if the data collected was reliable and can be used to make inferences. The reliability was tested for the 27 questions relevance, the combined questions and the four variables and also the four variables themselves. This was done to find out if the data collected would be reliable using the various questions items.

Table 4. 6 Reliability Test Results of Items on Questionnaire

Reliability Statistics	
Cronbach's Alpha	N of items
0.771	27
0.830	31

As shown above the 27 items on the questionnaire produced a Cronbach's Alpha of 0.771 and when the four variables were added to the analysis of the reliability the Cronbach's Alpha became 0.830 greater than the standard of 0.60 (Saunders , Lewis and Thornhill 2009). All of the four variables were tested for their reliability with all of them having a Cronbach's Alphacoefficient of 0.757. The reliability tested pointed out that if employee perception was removed the Cronbach Alpha would decrease more significantly pointed out the influence that employee perception as a factor had on the reliability.

Table 4. 7 Cronbach Alpha of the independent and dependent variables

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Labour Laws	14.7735	7.012	.484	.737
Employee Perception	14.2170	5.634	.720	.611
Industry Sector	14.6374	5.278	.500	.756

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Labour Laws	14.7735	7.012	.484	.737
Employee Perception	14.2170	5.634	.720	.611
Industry Sector	14.6374	5.278	.500	.756
ProductivityLWS	14.2272	6.215	.573	.691

As illustrated above in Table 4.7, none of the items of the variables had a corrected item total correlation negative or lower than the rest hence all the four variables were useful and relevant to the study.

4.5 Normality tests

	Tests of Normality					
	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Labour Laws	0.122	147	0	0.942	147	0
Employee Perception	0.117	147	0	0.957	147	0
Industry Sector	0.175	147	0	0.807	147	0
ProductivityLWS	0.095	147	0.003	0.951	147	0
a. Lilliefors Significance Correction						

Figure 4.2 Normality Test of the sample

To determine if one needed to use a parametric or non-parametric test the normality of the sample was tested. Basing upon the results of the Shapiro-Wilk test as the sample size was less than 2000, the sample is not normal. The average statistic value of the four

variables was (0.914), with significance value of p of 0.00 less than 0.05. Therefore non-parametric tests were done. Since the researcher had already grouped the questions using the variables labour law, employee perception, industry sector and productivity – linked wage system, factor analysis was not carried out.

4.6 Correlation Analysis

Since the distribution of the data was not normal and not ranked, the Spearman rank correlation was used. According to Saunders et al (2009) and Welman, Kruger and Mitchell (2005) correlations range from a negative one (-1.0) representing a perfect negative relationship to a positive one (+1.0) standing for a perfect positive relationship. It must be noted that correlation tests only if there is a relationship between variables whether it is positive or negative without going into the causal relationship of the variables. Correlational analysis focuses on the direction in which the relationship between variables flows as well as the magnitude of the relationship.

Below is Table 4.8 displaying the correlational relationship between the independent and dependent variables.

Table 4.8 Correlation Analysis Results

Correlations						
			Labour Laws	Employee Perception	Industry Sector	Productivity LWS
Spearman's rho	LabourLaws	Correlation Coefficient	1.000	0.506	0.134	0.198
		Sig. (2-tailed)	.	0.000	0.106	0.016
	EmployeePerceptio n	Correlation Coefficient	0.506	1.000	0.444	0.434
		Sig. (2-tailed)	0.000	.	0.000	0.000
	IndustrySector	Correlation Coefficient	0.134	0.444	1.000	0.366
		Sig. (2-tailed)	0.106	0.000	.	0.000
	ProductivityLWS	Correlation	0.198	0.434	0.366	1.000

		Coefficient				
		Sig. (2-tailed)	0.016	0.000	0.000	.
**.	Correlation is significant at the 0.01 level (2-tailed).					
*	Correlation is significant at the 0.05 level (2-tailed).					

The results display that in relation to each other the independent variable have a correlational relationship to each other. The p values indicate that most of the Correlation coefficient are not due to chance as they are less than ($p < 0.05$) except for the Correlation relationship between the Industry sector and the labour laws that has p value of 0.106 more than the 0.05. It was conclude that the correlational relationship statistical value of 0.134 between labour laws and industry sector was due to chance. The p values of the industry sector of (0.444) in correlation to employee perception indicated that there was statistical difference between the manners in which employee in the various sector under study perceived productivity- linked wage systems. It must be noted that the correlations between the independent variables except employee perceptions and labour laws are between 0.01 and 0.49 having a weak association with each other thereby avoiding multicollinearity.

4.6.1 Labour Laws and Productivity- linked wage system

There is a weak positive statistical relationship between labour laws and productivity ($r = 0.198$, $p < 0.05$) supporting H1 which states that labour laws plays a significant part in the adoption of the productivity- linked wage system although it is a weak relationship the two variables move in the same direction. To some extent labour laws affect the adoption of productivity- linked wage systems in Zimbabwe particularly the Harare Metropolitan province. The results can be said to consistent with Sidhu (2010), Argus (2011), Bradley (2011) and Ridout(2011) that there labour laws does not strongly have a correlation

relationship with adoption of productivity- linked wage systems. The p value is less than (0.05) hence the results was not due to chance.

4.6.2 Employee perceptions and productivity- linked wage systems

A moderate positive relationship exists between the employee perceptions and productivity- linked wage systems ($r=0.434$, $p<0.05$). This supports H1 that employee perceptions play a part in the adoption of productivity- linked wage systems. This is similar to Chang, Liu and Hung's (2013) findings that employee perception plays a role in the adoption of productivity- linked wage systems. The statistical value was also not due to chance hence can infer the correlational relationship existing. This implies that employee perception of productivity- linked wage systems must be taken in consideration when introducing and implementing the wage systems.

4.6.3 Industry Sector and productivity- linked wage systems

As displayed in Table 4.8 there is a moderate positive relationship between industry sector and productivity- linked wage systems (0.366 , $p<0.05$). This partially supports H1 as the industry sector plays a part in the adoption of the wage systems although moderately positively correlated the industry sector affects the adoption of the productivity- linked wage system as it contributes to how and when it can be implemented. Patra and Nayak (2012)'s findings concur that productivity varies from one industry to another hence each industry sector has its own perception of how the wage systems should be done to be effective.

4.7 Regression Analysis

In order to establish the causal relationship between the independent variables and dependent variables a regression analysis was carried out. Table 4.9 on the next page displays the statistical results of the regression analysis showing the causal effect of each factor on productivity- linked wage systems.

Table 4.9 Regression between the independent variables and productivity- linked wage systems

Independent Variables	Unstandardized Coefficients	Std. Error	Standardized Coefficients Beta	t value	Sig.
(Constant)	1.905	0.396		4.808	0.000
Labour Laws	0.052	0.095	0.046	0.548	0.584
Employee Perception	0.438	0.092	0.441	4.750	0.000
Industry Sector	0.151	0.058	0.201	2.585	0.011
R=0.596, R Square = 0.355, Adjusted R Square = 0.342; F = 26.250 significant at $p < 0.05$ except for Labour Laws, Standard error of the estimate=0.787					

The R statistical value (0.596) indicates the overall impact of the dependent variable meaning that independent variables explain the dependent variable. However the value is squared to show the model fitness of the independent variables catering for sampling error. The R squared value (0.355) displays the model fit of the impact labour laws, employee perceptions and industry sector in a linear model 35.5% predicting the adoption of productivity- linked wage systems, the dependent variable. This indicates that there are other factors that explain adoption of productivity- linked wage systems such as the economic and political environment, political interference in the running of the organisations, low remuneration for employees, lack of funds to implement the system, lack of adequate infrastructure, nepotism and failure to get the right skilled staff recruited mentioned by respondents in the research.

Adjusted R Square (0.342) taking into account the sample points out that the independent variables predict 34.2% of the dependent variable leaving room for further research for the other factors predicting adoption of productivity- linked wage systems. Considering that the F value (26.250) is relatively small it can be the model predictor power of the independent variable is not as significant.

To get a further understanding of the strength of the causal relationship beta coefficients were used as they state how much power each of the independent variables have on the dependent variable. The higher the coefficient the more influence the independent variable has on the dependent variable and vice versa. Basing upon the results employee perceptions was more influential and more significant in explaining the contributory effect the factors have on the adoption of productivity- linked wage systems ($\beta=0.441$, $p<0.05$), followed by industry sector empowerment ($\beta=0.201$, $p<0.05$) and labour laws ($\beta=0.046$, $p>0.05$). Respondents in the research pointed out the need to have employee involvement in the introduction and implementation of the wage system, gaining their trust and taking care of their welfare. Some alluded that it was vital for the wage system to be perceived to benefit the employees as the employees would resist systems unbeneficial to them. There was need to have clear targets and goals and be perceived as objective and also obtain all stakeholders buy-in before putting into action.

As the study was done in using data from various sectors, the employees in the various sectors indicated that each industry needed its own model. In answering question 12, 13 and 16 the respondents as shown 71.7%, 73.6% and 68.5% of them agreed that industry sector plays a part in the adoption of the productivity- linked wage systems (refer Figure 4.3, Figure 4.4 and Figure 4.5 in Appendix).

Although varying in the agreeing extent the majority of them agreed that each industry needs its own model system and the private sector is more adaptable and suitable for productivity- linked wage systems than the public sector. Hence it is important to look into the type of industry and its structures before implementing a wage system.

4.8 Hypothesis Testing

The hypothesis below was tested in the study:

H₀: Labour laws, employee perceptions and industry sector do not positively impact adoption of the productivity- linked wage system in Harare.

H₁: Labour laws, employee perceptions and industry sector positively impacts the adoption of the productivity- linked wage system in Harare.

The research findings have shown that Employee perceptions and Industry sector positively impact the adoption of the productivity- linked wage system in Harare Metropolitan province as the p- values are below 0.05 hence not due to chance. We can conclude that there is a positive relationship between the two independent variables and the dependent variable. Labour laws with $p > 0.05$ the relationship is due to chance hence cannot absolutely conclude that there is a no significant relationship as the beta value (0.046) was the smaller Beta coefficient.

i. Null Hypothesis

The study therefore rejects the null hypothesis. The statistical values obtained have resulted in a p- value ($p > 0.05$) indicating that labour laws, employee perceptions and industry sector positively impact the wage system in the Harare Metropolitan province.

ii. Alternative Hypothesis

It was accepted and concluded that employee perceptions and industry sector and labour laws positively impact the adoption of the productivity- linked wage systems in the Harare Metropolitan province. It must be noted however that the relationship is largely a weak to moderate causal relationship.

4.9 Conclusion

The chapter discussed the demographics of the respondents, response rate and correlation and regression analysis leading to the disconfirming of the null hypothesis. One hundred and fifty- nine (159) respondents from 12 various sectors out of a sample size of 200 participated in the study. Using a structured questionnaire to collect data, later processed using the SPSS system, the result showed that labour laws, employee perceptions and industry sector positively influence the adoption of productivity- linked wage systems in Zimbabwe particularly in Harare Metropolitan Province. The most influential factor was employee perception bringing out the need for employee involvement and participation as well as other stakeholders' buy-in. Industry sector and labour laws in the country are also be considered. Factors under study were positively correlated to adoption of productivity- linked wage systems. The null hypothesis was

rejected as the independent factors proved to be positively impacting the dependent variable. Considering that the independent variables explain 34.2% of the factors affecting productivity- linked wage systems there is need to investigate the other factors that predict the dependent variable such as the economic environment and infrastructure capacity.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter talks about the conclusions of the research study on the analysis of the factors of the productivity- linked wage system. It goes on further to discuss the validation of the research hypothesis and recommendations basing upon the results of the study. To conclude the researcher suggests areas for further study.

5.2 Summary of the study

The study was carried over a six month period from September 2014 to February 2015 to analyse the role that labour laws, employee perceptions and industry sector have on the adoption of productivity- linked wage systems in Harare Metropolitan Province. The objective of the study was to find out how much influence labour laws, employee perceptions and industry sector have on the adoption of the productivity- linked wage systems. Using a cross-sectional research strategy and positivism approach the researcher used a structured questionnaire to gather information from a sample size (n=200). Of the 159 respondents, it was gathered that the independent variables play a part in the adoption of productivity- linked wage systems.

5.3 Conclusions

The researcher concluded that labour laws, employee perceptions and industry sector positively impact the introduction and approval of productivity- linked wage systems. The implications of the study are that the independent variables are to be taken into consideration and invested in when coming up with a productivity- linked wage system. Therefore employees are to be more involved from the onset and if necessary labour laws are to be changed to be in line with the pay systems prevalent. Industries can have different methods such as variable pay in the manufacturing sector whereby one's salary will be based upon his or her actual output.

In addition the researcher discovered that there are other factors such as lack of a productivity Centre, infrastructure, economic environment, and politics that also affect the adoption of productivity- linked wage systems as the three independent variables explained 34.2 % of adoption of productivity- linked wage systems. It can be said that since the discussion of productivity linked wage systems is still a bit long way away from becoming a reality in Zimbabwe the call of it in the current economic environment is unjustifiable. There is need to have a capitalist mode of production supported by adequate infrastructure, skilled people, right strategy , structure and objectivity before productivity linked wage systems in its fullness is implemented in Harare. This is made more vital as the constitution states in Section 65 (1) that one has a right to be paid “afair and reasonable wage”. Whether or not the call for the freezing of wages by the Reserve Bank Governor Dr. John Mangudya is a right call, is another research on its own.

5.4 Validation of Research Hypothesis

The null (H0) hypothesis was rejected and H1 was accepted. This is based upon the fact of the beta values been smaller than 0.5 indicating a weak positive and moderate statistical significant relationship respectively. Conclusively therewas moderate positive relationship between employee perceptions and industry sector with productivity- linked wage systems. Labour laws with ($p>0.05$) indicatethe relationship was due to chance hence cannot absolutely conclude that there is a no significant relationship as the beta value (0.046) was the smaller Beta coefficient.

5.5 Recommendations

Using information gathered from the research and personal knowledge the researcherrecommends the following:

i. Policy implications

In concurring with respondent 70, the Tripartite Negotiating Forum (TNF) Bill needs to quickly become an Act of Parliamentto create the atmosphere for social dialogue betweenemployees, employers andthe government. By so doing the chances for a Development centre to be established will be higher. This is essential as the research centrewill serve as the research database for all productivity- linked

wage systems issues such as the productivity indexes, determination of productivity- linked wage systems and training courses for those wanting to implement.

Zimbabwe like Botswana must come up with a productivity centre that serves as a provider of productivity data and methods and ways in which to implement productivity- linked wages systems. It must be noted that the idea was started in the 1990s however it is time the idea became reality as soon as the government and business at large raise the necessary funds. Zimbabwe particularly the Ministry of Industry and Commerce, in a joint venture with Ministry of Labour can use the current European Union relations and the Look East policy with China to source the funds. It is reported that it requires \$2 million to start it; something that can be easily raised considering the current large amount of investments done in Zimbabwe such as Russia in platinum production and China in the City of Harare for rehabilitation of water plants.

It is recommended that since the current prevailing environment calls for more realistic strategies the adoption of the productivity- linked wage systems must be embedded as the way forward. Labour laws are to be enacted in line with the Constitution to make the environment conducive to have the productivity- linked wage system in place. Like ISO certification, the government can come up with international standards such as transparency, objectivity and fairness in structuring the wage system to lead to wealth creation.

ii. **Managerial Implications**

Managers and Executives should get the buy-in of all stakeholders, through their participation and involvement making them more committed to see the implementation become reality. Clear goals and targets must be communicated, understood and agreed upon by all affected stakeholders such as employees, management, government, shareholders and unions. Employees' perception of the wage system as beneficial is vital for its effectiveness and actual implementation.

The groundwork for the implementation must start now with the current economic environment, companies closing soon and industry producing below 40 % capacity. It would be recommended that the respective bodies introduce the wage

system through variable pay whereby a certain percentage of salary is determined by the productivity levels such as 15% but have a range and standards to be adhered to for the salary scales. It will work best in stages.

The productivity- linked wage system when implemented in Zimbabwe it must be immediately put into action after the necessary change management interventions such as organizational culture change, education and awareness of the system and changing the structure of the organization or even the employees themselves as a suitable strategy.

The industry sector explaining 20 % of the regression model must be looked at and managers should come up with systems in line with the industry sector. For instance in the telecommunication the wage system may be structured with a variable pay for Commission of clients acquired for the company and revenue created. In manufacturing one may be rewarded for the actual output achievement he or she would have reached. One may have a target of producing 150 litres of beverages per week and if produced exactly or more be rewarded with a productivity allowance at 15 % of his or her basic salary.

iii. Academic Implications

As it was observed that labour laws, employee perceptions and industry sector play a positive impact on the adoption of productivity- linked wage systems, there is need to research more on the topic in order to add on to the obtained knowledge. There is need for people to be educated about the wage system. An awareness document must be made clearly explaining what productivity- linked wage systems are, what form they can take, how they can be implemented, the pros and cons and where and when it can be done. This will be done to raise awareness to employees and employers. Workshops on the wage system can be held by the Ministry of Public Service, Labour and Social welfare in conjunction with legal practitioners inviting all stakeholders to the workshops such as Trade Unions, Employer Organizations, Sponsors and the Government.

5.6 Areas of Further study

Considering that the participants are human beings there may be need for further research to be done using the Interpretivism approach through interviews, focus groups and

structured observation to answer why participants perceive productivity-linked pay as they do and how did they come up with those attitudes and feelings. The prevailing economic, political and social environment is relative and contextual as it is unique in TNF bill to be accelerated to ensure that once passed the three partners the Labour, Employers and Government with the productivity Centre as the provider of all data in determining productivity-based wages. Need the buy in of all stakeholders and Employee involvement, training and relationship between employer and employee.

The study should be done in areas outside of Harare as the results cannot be inferred to other parts of the country and done over a longer period of time to get more respondents to participate.

5.7 Conclusion

Chapter Five consisted of the conclusion of the data results and rejection of the null hypothesis. There is a discussion of the managerial, academic and policy-making implications of the results. Recommendations of an awareness program, productivity-center and trust to be established between employees and employers were made. Further research to be done on the productivity-linked wage system can focus on the factors affecting its acceptance in society, conducting the study outside of Harare and for a longer period of time to get better understanding and come up with more recommendations.

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Appendices

Table 1.1: Zimbabwe Labour Statistics 2010-2012

Table 6.0 Employees and Earnings by Industrial Sector +^A

	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity and water	Construction	Finance, insurance & real estate	Distribution, restaurants and hotels	Transport & communications	Services				Total	
									Public Administration	Education	Health	Private Domestic		Other
Employees in thousands, annual average														
2010	388.1	36.1	137.6	15.8	21.3	71.9	77.7	29.2	95.4	122.1	48.0	97.3	52.4	1 192.9
2011	-	42.1	128.8	16.0	20.1	67.8	68.9	29.3	96.3	130.0	48.1	87.0	55.4	-
2011	March	398.8	40.4	126.7	15.5	20.7	67.7	29.4	96.3	136.1	48.0	97.3	55.2	1 200.5
	June	329.0	42.0	129.8	15.7	19.9	67.6	29.4	94.3	131.9	47.6	83.6	55.1	1 115.4
	September	234.1	42.2	129.8	16.2	19.7	67.9	29.2	97.4	124.8	47.3	83.6	56.4	1 018.7
	December	-	43.6	129.0	16.4	20.2	67.2	29.3	97.0	127.0	49.6	83.6	55.0	-
2012	March	-	42.8	126.9	17.7	18.5	64.3	26.9	98.8	142.2	46.5	83.6	57.2	-
	June*	-	44.1	125.8	17.4	19.2	66.0	29.8	99.7	133.7	44.2	83.6	56.9	-
Earnings in US\$ million														
2010	35.4	57.8	207.7	30.7	32.2	118.3	119.4	41.1	87.8	90.8	37.3	18.5	76.9	953.8
2011	-	75.5	209.4	52.7	29.8	123.0	112.7	49.0	151.9	151.7	54.6	19.9	112.7	-
2011	March	48.2	69.3	192.6	47.3	29.5	112.0	101.9	180.0	117.8	42.5	18.1	101.6	1 106.2
	June	43.0	73.6	198.8	54.9	27.1	120.1	110.9	111.7	122.5	45.3	17.8	106.3	1 079.9
	September	34.3	79.0	206.8	51.6	28.8	120.8	113.3	140.2	158.6	56.6	20.1	110.7	1 169.3
	December	-	80.0	239.3	56.9	33.9	139.1	124.5	175.6	207.7	74.0	23.4	132.2	-
2012	March	-	76.5	219.8	64.4	29.4	132.9	117.7	146.1	173.3	64.9	24.9	129.8	-
	June*	-	87.3	238.1	65.1	37.8	157.3	138.3	157.3	177.4	71.4	25.5	148	-
	September	-	92.5	200.5	64.5	35.1	125.7	134.3	165.4	196.0	62.0	26.2	138.4	-

Note: [i] ^A Because of collection difficulties these figures exclude the employees of small agricultural units and small businesses in rural areas.

[ii] + The figures for the most recent quarters are provisional and are amended as necessary in the following quarter.

[iii] - Data not available

[iv] Data for formal employment in the agriculture sector used to include persons only employed in the LSCF farms. For consistency and comparability purposes the data now includes employees and earnings for A1, A2 farms as these previously constituted the LSCF.

Table 6.1 Employees and Earnings in Specific Urban Areas

Period	Bulawayo		Gweru	Harare		Kadoma	Marondera		Masvingo	Mutare
		Chinhoyi					Kwekwe			
Employees in thousands, annual average										
2010	121.2	10.0	18.0	260.1	6.7	16.0	7.6	8.2	22.2	
2011	122.1	9.8	18.2	245.6	6.5	15.8	7.5	9.0	22.4	
2011	March	123.4	9.7	16.9	244.3	6.2	15.9	7.4	8.6	22.2
	June	121.1	9.8	18.7	245.3	6.5	16.1	7.6	8.9	22.0
	September	122.4	10.0	18.1	247.5	6.7	16.0	7.5	9.0	22.4
	December	121.5	9.5	19.1	245.1	6.6	15.2	7.3	9.6	22.9
2012	March	120.8	10.6	19.1	242.4	6.7	15.4	8.0	10.0	23.7
	June*	120.9	10.9	18.8	248.6	6.8	15.2	7.9	11.6	21.8
Earnings in US\$ million										
2010	180.9	14.6	16.7	391.5	6.4	22.8	8.5	8.2	21.8	
2011	214.9	14.9	27.3	458.5	7.5	26.7	10.2	11.0	28.4	
2011	March	195.3	13.9	22.4	405.5	6.2	23.9	8.8	9.0	24.3
	June	204.6	13.8	25.7	435.1	6.3	25.2	9.3	9.7	25.4
	September	215.3	15.4	28.1	455.5	7.6	26.1	10.3	11.4	28.1
	December	244.2	16.5	33.1	538.0	9.8	31.4	12.3	13.7	35.8
2012	March	242.0	16.8	29.5	494.2	8.3	28.7	12.2	12.3	31.7
	June*	253.9	18.4	34.2	588.6	9.0	34.0	13.1	17.6	34.8
	September	227.8	8.8	37.1	551.9	8.2	26.9	11.1	18.0	33.3

Note: [i] + The figures for the most recent quarter are provisional.

[ii] Data from selected areas excludes all mining companies

Source: Quarterly Employment Inquiry

Source: ZimStats (2013)

Table 1.2 Zimbabwe Global Competitiveness 2014-2015

2.1: Country/Economy Profiles

Zimbabwe

The Global Competitiveness Index in detail

INDICATOR	VALUE	RANK/144	INDICATOR	VALUE	RANK/144
1st pillar: Institutions			6th pillar: Goods market efficiency (cont'd.)		
1.01 Property rights	2.4	142	6.06 No. procedures to start a business*	9	106
1.02 Intellectual property protection	2.9	116	6.07 No. days to start a business*	90.0	137
1.03 Diversion of public funds	2.6	109	6.08 Agricultural policy costs	2.5	142
1.04 Public trust in politicians	1.9	132	6.09 Prevalence of trade barriers	4.9	17
1.05 Irregular payments and bribes	3.4	101	6.10 Trade tariffs, % duty*	21.0	142
1.06 Judicial independence	2.5	120	6.11 Prevalence of foreign ownership	4.3	94
1.07 Favoritism in decisions of government officials	2.5	117	6.12 Business impact of rules on FDI	1.8	142
1.08 Wastefulness of government spending	2.1	135	6.13 Burden of customs procedures	3.0	133
1.09 Burden of government regulation	2.8	119	6.14 Imports as a percentage of GDP*	50.1	65
1.10 Efficiency of legal framework in settling disputes	3.4	83	6.15 Degree of customer orientation	3.6	127
1.11 Efficiency of legal framework in challenging regs	2.5	120	6.16 Buyer sophistication	2.9	115
1.12 Transparency of government policymaking	3.3	115	7th pillar: Labor market efficiency		
1.13 Business costs of terrorism	6.5	9	7.01 Cooperation in labor-employer relations	3.9	112
1.14 Business costs of crime and violence	4.7	58	7.02 Flexibility of wage determination	2.6	141
1.15 Organized crime	5.7	31	7.03 Hiring and firing practices	2.2	142
1.16 Reliability of police services	3.0	122	7.04 Redundancy costs, weeks of salary*	82.3	142
1.17 Ethical behavior of firms	3.6	106	7.05 Effect of taxation on incentives to work	3.3	101
1.18 Strength of auditing and reporting standards	5.2	38	7.06 Pay and productivity	2.3	143
1.19 Efficacy of corporate boards	4.3	88	7.07 Reliance on professional management	4.7	41
1.20 Protection of minority shareholders' interests	4.1	74	7.08 Country capacity to retain talent	2.7	120
1.21 Strength of investor protection, 0-10 (best)*	4.9	105	7.09 Country capacity to attract talent	2.8	102
2nd pillar: Infrastructure			7.10 Women in labor force, ratio to men*	0.99	16
2.01 Quality of overall infrastructure	3.1	121	8th pillar: Financial market development		
2.02 Quality of roads	3.3	100	8.01 Availability of financial services	3.8	107
2.03 Quality of railroad infrastructure	2.2	82	8.02 Affordability of financial services	3.1	131
2.04 Quality of port infrastructure	3.6	96	8.03 Financing through local equity market	3.2	80
2.05 Quality of air transport infrastructure	3.3	116	8.04 Ease of access to loans	1.7	139
2.06 Available airline seat km/week, millions*	19.0	124	8.05 Venture capital availability	1.6	140
2.07 Quality of electricity supply	2.1	131	8.06 Soundness of banks	3.1	136
2.08 Mobile telephone subscriptions/100 pop.*	96.3	89	8.07 Regulation of securities exchanges	4.3	63
2.09 Fixed telephone lines/100 pop.*	2.1	119	8.08 Legal rights index, 0-10 (best)*	7	43
3rd pillar: Macroeconomic environment			9th pillar: Technological readiness		
3.01 Government budget balance, % GDP*	-0.1	26	9.01 Availability of latest technologies	4.3	101
3.02 Gross national savings, % GDP*	-5.7	143	9.02 Firm-level technology absorption	4.1	111
3.03 Inflation, annual % change*	1.6	1	9.03 FDI and technology transfer	3.5	133
3.04 General government debt, % GDP*	54.7	90	9.04 Individuals using internet, %*	18.5	105
3.05 Country credit rating, 0-100 (best)*	6.0	143	9.05 Fixed broadband internet subscriptions/100 pop.*	0.7	111
4th pillar: Health and primary education			9.06 Int'l internet bandwidth, kb/s per user*	3.5	127
4.01 Malaria cases/100,000 pop.*	8,452.6	56	9.07 Mobile broadband subscriptions/100 pop.*	97.8	56
4.02 Business impact of malaria	4.9	96	10th pillar: Market size		
4.03 Tuberculosis cases/100,000 pop.*	562.0	139	10.01 Domestic market size index, 1-7 (best)*	2.1	131
4.04 Business impact of tuberculosis	4.3	118	10.02 Foreign market size index, 1-7 (best)*	3.1	131
4.05 HIV prevalence, % adult pop.*	14.7	139	10.03 GDP (PPP\$ bilions)*	10.3	131
4.06 Business impact of HIV/AIDS	3.9	120	10.04 Exports as a percentage of GDP*	95.1	79
4.07 Infant mortality, deaths/1,000 live births*	55.7	127	11th pillar: Business sophistication		
4.08 Life expectancy, years*	58.0	127	11.01 Local supplier quantity	3.7	133
4.09 Quality of primary education	4.3	54	11.02 Local supplier quality	3.5	126
4.10 Primary education enrolment, net %*	95.6	59	11.03 State of cluster development	2.9	131
5th pillar: Higher education and training			11.04 Nature of competitive advantage	2.5	137
5.01 Secondary education enrolment, gross %*	51.9	120	11.05 Value chain breadth	2.9	138
5.02 Tertiary education enrolment, gross %*	5.9	126	11.06 Control of international distribution	3.7	101
5.03 Quality of the education system	4.2	43	11.07 Production process sophistication	2.5	135
5.04 Quality of math and science education	4.2	66	11.08 Extent of marketing	3.4	124
5.05 Quality of management schools	4.1	80	11.09 Willingness to delegate authority	3.6	91
5.06 Internet access in schools	3.1	118	12th pillar: Innovation		
5.07 Availability of research and training services	3.5	107	12.01 Capacity for innovation	3.1	121
5.08 Extent of staff training	3.9	84	12.02 Quality of scientific research institutions	3.0	112
6th pillar: Goods market efficiency			12.03 Company spending on R&D	2.3	129
6.01 Intensity of local competition	4.9	77	12.04 University-industry collaboration in R&D	2.8	121
6.02 Extent of market dominance	3.3	102	12.05 Gov't procurement of advanced tech products	2.4	140
6.03 Effectiveness of anti-monopoly policy	3.7	89	12.06 Availability of scientists and engineers	3.6	89
6.04 Effect of taxation on incentives to invest	3.5	88	12.07 PCT patents, applications/million pop.*	0.1	98
6.05 Total tax rate, % profits*	33.3	62			

Notes: Values are on a 1-to-7 scale unless otherwise annotated with an asterisk (*). For further details and explanation, please refer to the section "How to Read the Country/Economy Profiles" on page 101.

Source: World Economic Forum, 2014- Africa Competitiveness Report, 2014

Zimbabwe Congress of Trade Unions  (ZCTU)

CAMPAIGN AGAINST PRODUCTIVITY LINKED WAGES

I heard the Government and the Capitalists want to link our wages with production. What does this mean?

Yes they say we are taking too much money from the company for doing nothing.

WHO is saying that **NONSENSE!!!** when I cannot afford a meal, when my children are out of school, when I can't afford rent, transport etc.

It means more work more money to the bosses. We will earn on commission. We work harder while they eat and enjoy harder.

LET'S NOT ACCEPT THIS MODERN SLAVERY.

NO TO PRODUCTIVITY LINKED WAGES 

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"Stratiga Mabhokwadi Stratiga" "Qana Mabhokwadi Qana"

ZCTU Campaign Advert Against Productivity-linked wages

Source: ZCTU (2013)

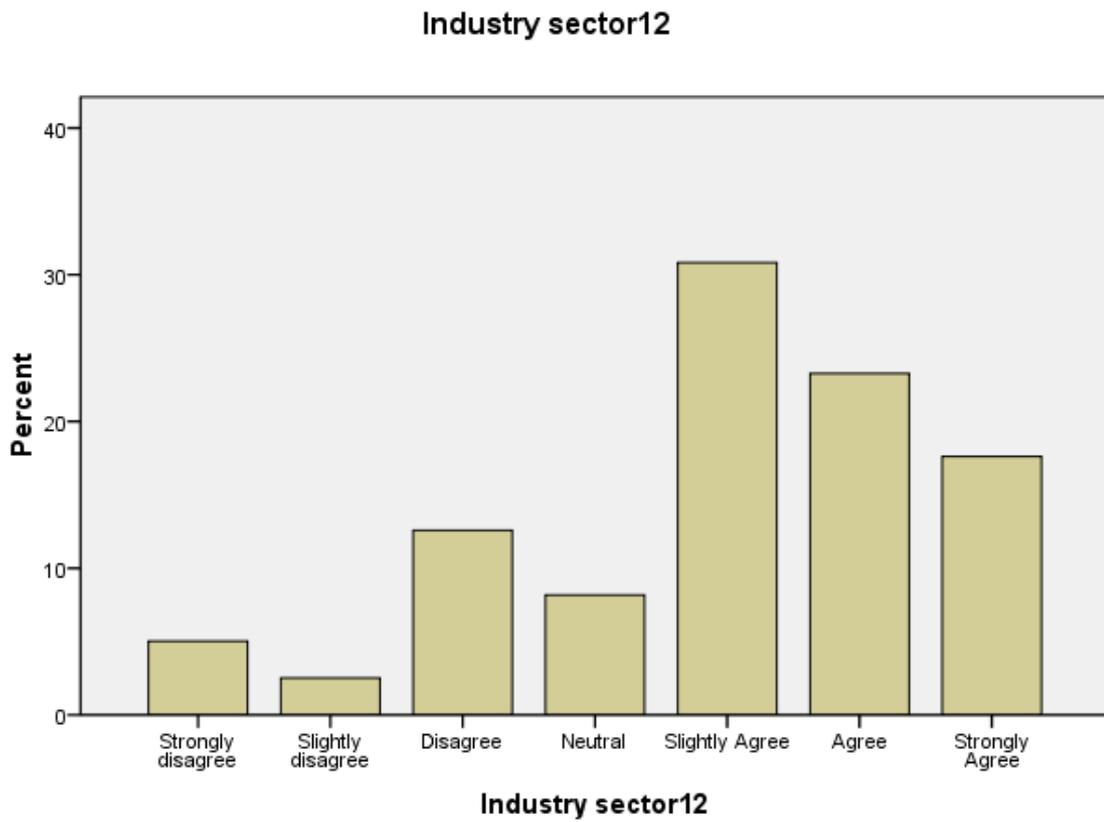


Figure 4.3 Question 12 responses

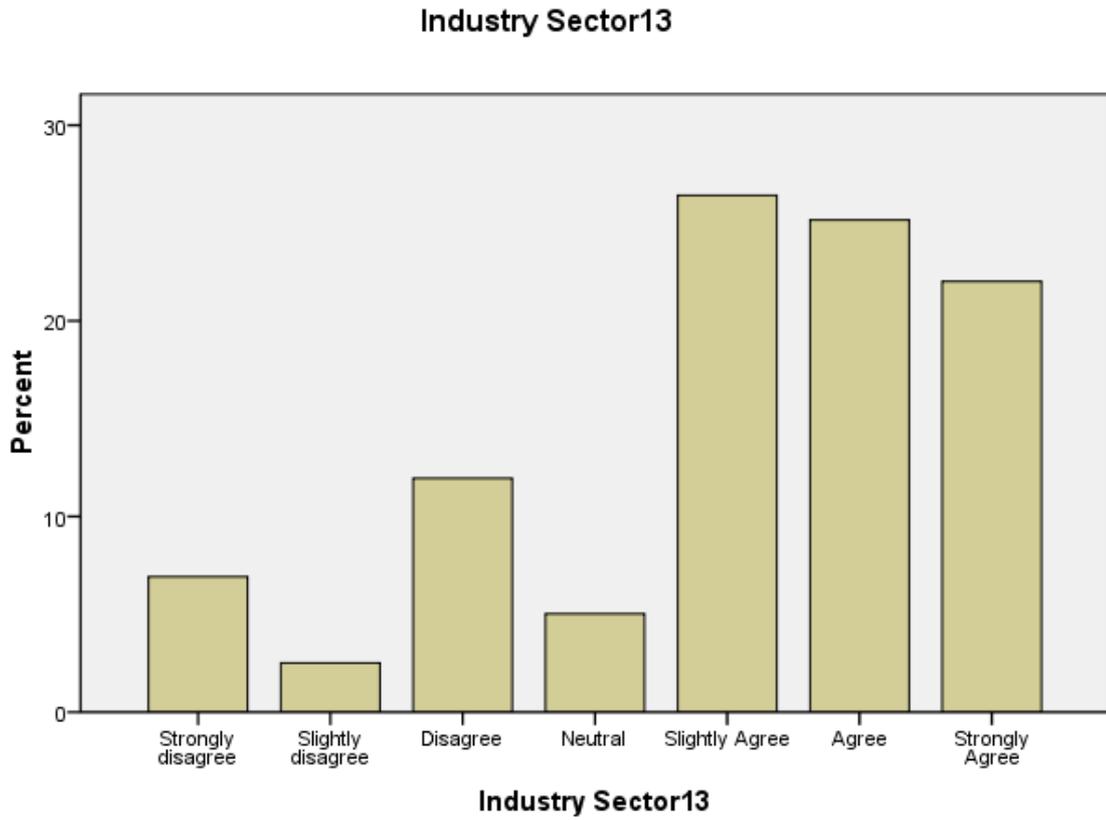


Figure 4.4 Question 13 responses

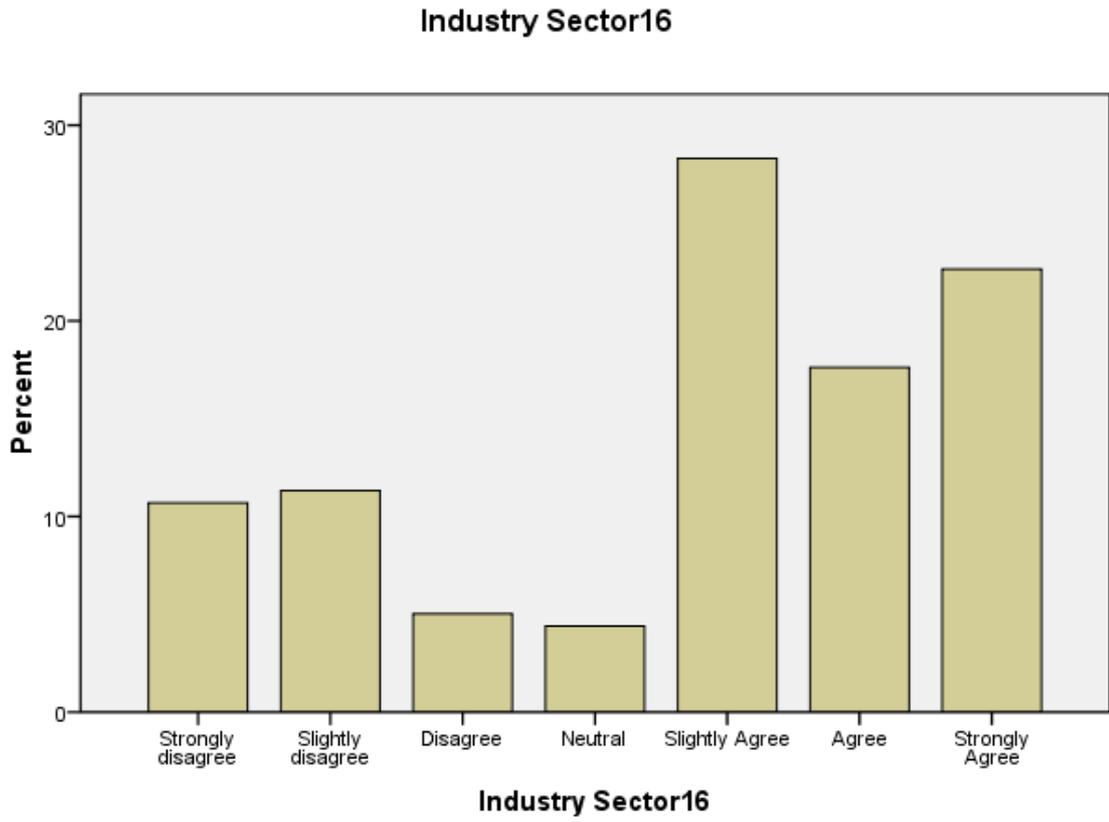


Figure 4.5 Question 16 responses

Cover Letter



A Questionnaire to analyze the influence of labour laws, employee perceptions and industry sector on the adoption of the productivity- linked wage system in Harare Metropolitan Province.

I am a final year student at the Graduate School of Management at the University of Zimbabwe studying for the Masters of Business Administration Degree (MBA) researching on the above topic. Conducting this research is a requisite for the fulfilment of the requirements of Masters in Business Administration (MBA) degree program.

You have been chosen and have accepted to give your opinion on the subject in question and your honest responses will be greatly appreciated as they will enhance the learning process. The contents and findings of the questionnaire will be strictly confidential and will not be disclosed. Your identity will remain anonymous as the questionnaire's reference is the questionnaire number.

Please return completed questionnaires either hand delivered to the researcher or emailed to annrumbi85@gmail.com. If you have any questions, please do not hesitate to contact me on 0773 359 361 or the GSM Director Dr N. Kaseke on 04 745316.

Yours faithfully

Annah Rumbidzai Muchemwa

QUESTIONNAIRE FOR PARTICIPANTS

- *Productivity- linked wage system for the purpose of this study is -.* a system whereby a link between wages and productivity is established usually with a financial compensation directly linked to it (*Armstrong 2009; Singh and Sugumar (n.d)*)

Instructions

Please tick against the response for questions 2,4- 6 under the Demographics Section A and Section B that best expresses your opinion for each question and for those that require you to write, write in the spaces provided.

A. DEMOGRAPHICS

1. What is the name of the company/organization you work for?(Optional)

.....

2. Your company is in which type of industry? (*Tick where applicable*)

Agriculture []

Financial Services []

Manufacturing []

Telecommunications []

Tourism []

Other

3. What is your job title?.....

4. What is your current level in the organization? (*Tick where applicable*)

Non- Managerial	Junior Management	Middle Management	Senior Management

5. For how long have you been with the Organization? (*Tick where appropriate*)

< 1 yr	1-<5years	5-<10years	≥10years

6. What is your highest level of education? *(Tick where applicable)*

- Secondary []
- Certificate []
- Diploma []
- Degree []
- Masters []
- PHD []
- Other (Specify) _____

SECTION B

For the following questions may you rank your opinion on the *Likert scale of 1-7*:
(Tick where applicable)

Strongly disagree	Slightly Disagree	Disagree	Neutral	Slightly Agree	Agree	Strongly agree
1	2	3	4	5	6	7

INFLUENCE OF LABOUR LAWS ON ADOPTION OF PRODUCTIVITY- LINKED WAGES SYSTEM							
	1	2	3	4	5	6	7
1. Labour laws in Zimbabwe are restrictive and rigid.							
2. Current labour laws determine the wage system in Zimbabwe.							
3. There is need to change the current labour laws to adapt to the prevailing business needs.							
4. The labour laws inhibit the implementation of Performance- linked wage system.							
5. Zimbabwean labour laws are conducive for the adoption of the performance-linked wage system.							

INFLUENCE OF EMPLOYEE PERCEPTIONS ON ADOPTION OF PRODUCTIVITY -

LINKED WAGES SYSTEM							
	1	2	3	4	5	6	7
6. Employees' views of the system matters.							
7. Employee perceptions impact the success and failure of the system.							
8. Minimum wage systems are the most preferred compensation system by employees.							
9. Employees need to be educated about the pros and cons of the system to enhance their understanding of the wage system.							
10. Involving employees in the determination of pay systems is vital.							
11. In coming up with the pay system, Managers and non-Managers should be treated differently.							

INFLUENCE OF INDUSTRY SECTOR ON ADOPTION OF PRODUCTIVITY-LINKED WAGES SYSTEM							
	1	2	3	4	5	6	7
12. The industry sector contributes to the effectiveness of performance- related systems.							
13. Each industry should have its own model system.							
14. It is possible to have a model that suits all industries in varying extents of effectiveness.							
15. Performance- related systems work best in services industries.							
16. Private sector is more adaptable and suitable than public sector for productivity- linked wage systems.							

PRODUCTIVITY - LINKED WAGE SYSTEMS IMPLEMENTATION							
	1	2	3	4	5	6	7

