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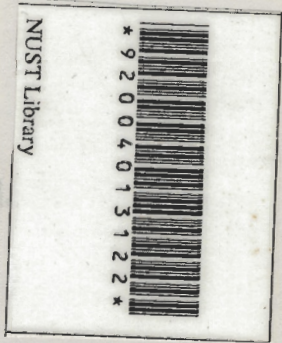


FINAL YEAR RESEARCH PROJECT

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Business Management

**HOW REMUNERATION POLICIES CAN IMPACT ON A LABOUR MARKET
- AN ANALYSIS FROM A ZIMBABWEAN PERSPECTIVE.**

*Submitted in partial fulfillment of the Bachelor of Commerce (Honors)
Degree in Management (August 2009).*

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EXECUTIVE SUMMARY

There have been many changes that have occurred in the Zimbabwean economy in the past two decades. Amidst the socio-political and economic turmoil in recent years, one key issue that has emerged is the reduced abilities of local organizations to adequately remunerate their employees. Whilst the diminished value of remuneration within the local labour market cannot be doubted, much cannot be said about its subsequent impacts on the operations of the labour market, whether at macro or micro level. The main bone of contention is whether the trends that have been observed in the Zimbabwean labour market can wholly be attributable to the remuneration structures currently in place.

Various literature were researched so as to find out what various authors and scholars have written about with regards to the intricate relationship between remuneration policies and any changes that can take place in a labour market. Greater reliance was placed on previous researches on the local labour market. Articles, journals and texts on remuneration and labour markets were used so as to link theory to what has been observed and empirically tested. Efforts have been made to refer to works of Zimbabwean labour economists and human resources practitioners.

An exploratory research targeted workers, management and human resources practitioners (both private and private sector), workers' representatives in trade unions and views from the informal sector and experts. Questionnaires were administered by human resources personnel at the convenience of the respondents. Due to the slow pace at which questionnaires were returned, the researcher also personally distributed them to potential respondents in the local community since everyone who works is a target of this research.

Having reviewed the feedback from the study, the researcher found that remuneration policies indeed impacted on the operations of a labour market and hence should be effectively managed at all levels. Considering that remuneration has important roles such as being reward for labour services, an instrument for allocating human resources across

sectors, regions and occupations; and an inducement for greater effort, falling real wages have had adverse impacts on the local labour market. Falling real wages across all sectors have succeeded in triggering adjustments that negate efficiency thus hindering the recovery of the Zimbabwean economy and improvement in the quality of life for the workers.

The researcher that remuneration can be linked to cross-sectoral movements, high labour turnover, collective job actions, moonlighting, declining morale, shirking, absenteeism and outright corruption in the local labour market. However, the same cannot be said about the growth of the informal sector with much of the findings attributing informal sector growth to the high unemployment rate and retrenchments that have taken place in recent years. The impact of remuneration in this regard can be seen in the role it played in dissuading those who had taken-up informal sector activities from re-entering the formal job market when the openings arose.

The researcher recommended a fundamental rethinking and radical reexamination of remuneration policies such that the burden of the economic crisis is shared across all sections of the economy. There has to be collective and concerted efforts from the main parties influencing remuneration levels (i.e. unions representing workers, business and government) to engage in dialogue, in good faith, with commitment to reach agreements and thereafter religiously adhere to the agreed policies.

Despite the findings that link remuneration to the trends that take place in the labour market, the researcher is of the view, however, that realigning remuneration policies should not be taken as a panacea to all the ills bedeviling the local labour market. Remuneration should not be seen as an end but means to an end; with some other key factors also being considered and addressed, in order to explain the trends within the local labour market.