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FACULTY OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

**EFFECTIVENESS OF EMPLOYEE COMPENSATION STRATEGIES ON
IMPROVING EMPLOYEE PERFORMANCE IN THE MINERALS MARKETING
SECTOR IN ZIMBABWE .A CASE OF MINERALS MARKETING CORPORATION
OF ZIMBABWE (MMCZ)**

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FULFILMENT OF THE BACHELOR OF COMMERCE HONOURS DEGREE IN
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RELEASE FORM

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The undersigned certify that I have supervised the student's dissertation entitled: **Effectiveness of employee compensation strategies on employee performance at Minerals Marketing Corporation of Zimbabwe:** submitted in fulfillment of the requirements of the Bachelor of Commerce in Marketing Management Honors Degree with Midlands State University.

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DEDICATION

I dedicate this project to my Grandparents, Mr and Mrs Hamadziripi. Thank you very much.

ACKNOWLEDGEMENTS

My sincere gratitude goes to my supervisor Ms Ngwenya for her unwavering support and guidance throughout my study. And more importantly for her insightful and invaluable critique and comments, which went a long way to ensure the success of this research. I also want to express my gratitude to the MMCZ marketing family for their support in this study. Special thanks go to my uncle and aunty Mr and Mrs Maruva for their patience, support and love throughout my studies. Guys you are my pillar of support in my life. Thank you so much.

I also do recognize my friends; Pauls T Mashamba, Nancy Mpamombe and others whose resources, love and advices have been useful towards the completion of this research report.

ABSTRACT

The study sought to find out the effectiveness of employee compensation strategies on employee performance. A case of Minerals Marketing Corporation of Zimbabwe was used. The main objectives of the research were to determine the impact of a basic pay on employee commitment, to assess the influence of commission based reward on employee productivity in the minerals marketing sector and to measure the effectiveness of fringe benefits on worker absenteeism. The study reviewed that compensating employees using fringe benefits will help in increasing employee motivation and this will lead to reduced employee absenteeism. In addition, it was also argued that a commission based pay influences the productivity of employees. Employees who are motivated by money to produce more are the ones that are largely influenced by commission based pay. Furthermore it was reviewed that a basic pay offered to employees leads to employee commitment. Relevant literature for the research was obtained from textbooks as well as online journals. A sample size of 33 was drawn from Minerals Marketing Corporation of Zimbabwe in Harare and Gweru. Judgmental sampling and convenience sampling techniques were used for both the management and employee and descriptive and exploratory research designs were used in utilizing quantitative and qualitative data which was gathered to address the stated objectives through questionnaires, interviews and observation. The findings also revealed that Minerals Marketing Corporation of Zimbabwe has a few and inadequate compensation packages that are currently being used. It also revealed that fringe benefits will increase motivation of the employees thus reducing worker absenteeism. It was observed through the findings that a commission based pay is very influential in increasing the productivity of employees. Moreover, the findings revealed that a basic salary that is competitive will increase employee commitment. The researcher recommended that management is challenged to continuously provide compensation packages that motivate different employees at different levels at a way that will help them increase productivity and commitment at the corporate. Various types of fringe benefits should be provided by the cooperation to ensure that there are high levels of motivation amongst employees. The researcher suggests that further research should be done on the evaluation of non-financial motivational strategies on sales revenue.

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LIST OF DEFINITIONS AND ABBREVIATIONS

Employee performance: the function of ability, motivation and skills to participate.

Compensation: rewards employees receive in exchange of performing organizational task

MMCZ : Minerals Marketing Corporation of Zimbabwe.

CHAPTER ONE

GENERAL INTRODUCTION

1.1 Introduction

This research focuses on the compensation strategies and employee performance in the minerals marketing sector. This chapter discusses and defines the statement of problem statement, the purpose of the study, definitions of terms and the scope of study. It will also highlight the limitations, delimitations and the assumptions of the study.

1.2 Background of study

In order for the employees to be motivated they should be effectively and efficiently rewarded thus compensation remains vital. Compensation is the total rewards provided employees in return of their services (Mondy 2008). It is also payment made by an employer to an employee for services rendered in the course of the employer's business which consist of pay, benefits, financial incentives and non-financial compensation. In these ever competitive business environments, companies are attempting to identify and implement innovative compensation strategies that can be directly linked to improving employee performance (Tremblay and Chenevert 2011).

A study was conducted in Nigeria by Osibanjo et al (2014) , titled "Compensation packages: A strategic tool for employees' performance and retention", where there was an analysis of the effect of compensation packages on employees' job performance and retention in a selected private University in Ogun State, South-West Nigeria. The use of monetary compensation such as, basic salaries and employee bonuses on employee performance and retention were noted in the research. One hundred and eleven valid questionnaires were used to determine if there is a strong relationship between compensation packages and employees' performance and retention.

Another research was done by Akingbola and Van den Berg, (2015), on CEO compensation and patient satisfaction. The relationship between CEO compensation and patient aspects of hospital CEO compensation which included straight basic salaries and bonuses incentives to hospital patient satisfaction were explored in this study. The analyses in this study were based on data of 261CEO-hospital-year observations in a sample of 103 non-profit hospitals. Feng , Wang and Saini (2015) also conducted a research on monetary compensation, workforce-oriented corporate social responsibility, and firm performance.

Monetary compensations used by USA companies were measured against firm's performances. The use of bonuses, straight salaries, and performance based compensation was included in the study. A sample of 181 from the largest 3,000 US companies for the years 1991-2011 was used to investigate how monetary compensation influences firm performance.

The above mentioned researches only focused on monetary compensation strategies such as, salaries and bonuses and they failed to look at non-monetary compensation. The researches were conducted in developed countries that have different business environment and failed to look at developing countries such as Zimbabwe. Furthermore the researches were conducted in the education sector, manufacturing sector and the healthy sector which does not have a profit motive and failed to look at the minerals marketing sector. As a result of the gaps that have been left by other researchers, the researcher now finds it necessary to analyse the effectiveness of compensation strategies on improving employee performance in the minerals marketing sector.

MMCZ 's 2015 performance appraisal report shows that about 60% of shipping clerks are taking more than 30 minutes to process one export document while the remaining 40% of the clerks are taking less than 15 minutes to process the same document. The findings from the human resources department showed that highly performing clerks which is 40% were new employees with less than a year at MMCZ. The average lead time has been increasing depending with the years at work and this in return will result in failure to meet set targets thus leading to decrease of productivity.

MMCZ 's 2015 quarterly report shows that more than 56 export documents prepared for customers were returned back to the offices due to erroneous work done by employees. The errors that were made include overstating or understating of quantities of minerals to be exported, the errors also included overpricing or under-pricing of the values agreed upon specific contracts. A repetition in errors, by workers shows that employees are dissatisfied with their work thus they did not want to revise the documents before submitting them to the customers. In addition the MMCZ 2015 log sheet was compiled and it shows that employee absenteeism has become a normal organisational culture for employees. Some employees tend not to come to work due to various reasons and might not report about their absence.

Some other reasons may be uncontrollable such as sickness but however the absenteeism may be as a result of dissatisfaction with one's work. Due to all the above problems that have been noted to be arising at MMCZ, the research find it necessary to research on the compensation strategies that can be employed by MMCZ to reduce employee dissatisfaction.

1.3 Statement of problem

A number of factors have contributed to MMCZs employee performance decrease. This was seen by an increase in the number of mistakes and erroneous on customer export documents prepared by employees. The absenteeism of employees was also increasing due to different factors. Some employees are taking a lot of time in preparing one document thus increasing the average lead time. This has given the researcher the room to assess if there is a relationship between employee compensation and employee performance.

1.4 Research Objectives

- To determine the impact of a basic pay on employee commitment in the minerals marketing sector.
- To assess the influence of commission based reward on employee productivity in the minerals marketing sector.
- To measure the effectiveness of fringe benefits on reducing worker absenteeism in the minerals marketing sector.

1.5 Research questions

- Does a basic salary have an impact on employee commitment in the minerals marketing sector?
- How does commission based reward lead to employee productivity in the minerals marketing sector?

- How do fringe benefits help to reduce worker absenteeism in the minerals marketing sector?

1.6 Significant of study

1.6.1 To the researcher

The researcher aimed to increase knowledge in the field of compensation strategies and employee performance in the mining sector. The study allowed the researcher to deal with problems relating to compensation strategies employed by MMCZ.

1.6.2 To the corporate

The researcher hoped that the results would assist the management of MMCZ to effectively use fringe benefits so as to increase worker motivation.

The management may have a broader knowledge on different compensation strategies and how they can be used to improve the employee performance.

1.6.3 To the university

If completed successfully, students at the university may use the research as study material for future research uses.

1.7 Delimitations

- The researcher did not look at all the MMCZ branches operating but rather on a sample of the head office in Harare and Gweru branch.
- The research was carried out using secondary data from January 2012 to March 2016.
- The respondents included the employees and management.
- The study was focused on the influence of compensation strategies on employee performance.

1.8 Limitations

- The researcher was restricted to some confidential information of the company hence could not gather all the secondary data wanted to be used in the research.
- The researcher faced challenges in terms of verbal communication and language which was a barrier when trying to acquire information from different respondents.
- The sample size was small however, the researcher chose appropriate respondents to represent the target population.

1.8 Assumptions

- Respondents would be eager to answer the questionnaire and give their truthful opinion.
- There would be total collaboration from the executives and management of MMCZ
- The researcher assumed that the macro environment in which the research was going to be carried out would not change during the study.

1.9 Chapter summary

This chapter gives an introduction of what the researcher attempts to achieve. It gives an indication of what the researcher will be focusing on. It covers the background of the study, problem statement, research objectives, limitations .delimitations of the study as well as definition of terms and abbreviations. The next chapter entails literature review of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter focuses on the views of authors regarding the compensation strategies on employee performance.

2.1 Compensation defined

According to Omotayo et al (2014), compensation is the reward employees receive in exchange for performing organizational tasks which can be direct and indirect. In addition Chavan (2009) posit that employee compensation refers to the total rewards provided employees in return of their services. Further more compensation includes wages and non-wage benefits such as medical insurance plan given to employees that is according to (Weathington and Jones 2006). In a different view Neil (2000) in Kamau (2013) argues that employee compensation is a compulsory requirement for an employer to provide medical benefits to injured employees. Although a variation of definitions can be found, employee compensation is the payment made by an employer for services rendered in the course of the employers business which consists of pay, benefits financial incentives and non-financial incentives.

Osibanjo et al (2014) states that compensation impacts everyone in the organization to an extent and can prove to be a very valuable and powerful tool either intentionally or unintentionally. Researchers in employee compensation strategies have concluded that effective usage of compensation strategies will result in companies performing better than those that neglect it (Armstrong2010). In a different view, Zingheim and Schuster (2007) believes that employee compensation acts as a pillar of many factors within a particular company and does not necessarily include work related behaviors such as employee performance.

Furthermore Larbi (2014) states that those organisation that do not properly manage the human resources aspects such as compensation plan result in decreased employee performance as well as productivity hence employee compensation is vital to an organisation and should be implemented effectively to attain organizational goals and objectives. In agreement with Larbi (2014), Feng et al, (2015) acknowledge that for there to be an improvement in employee performance, there should also be an increase in both non-executive and executive compensation. That is if both these compensation are increased the organisation will run smoothly as they will be motivated to perform at their maximum levels. In disagreement, Tella, Ayeni and Popoola (2007) argues that employee motivation and job satisfaction could be achieved by the nature of the work itself and social conditions rather than the compensation packages received.

Osibanjo et al (2014) adds on that it is important to note that compensation is not all about money and that it is a symbol of what an organization believes is valuable. It specifically communicates the extent to which an organization values its employees. Chang-hyun Cho (2014) states that compensation levels must be high enough to attract a strong applicant pool and retain the best among current employees. Morale is enhanced if employees know they are being paid much as comparable employees are being paid by other employers. In a different view, Giancola (2009) argues that that the internal pay systems and increments in salaries are influenced by the behaviours of the other companies in the same market. In agreement with Chang-hyun Cho(2014), Osibanjo et al (2014) postulates that, the compensation package must be attractive enough to prevent employees from becoming dissatisfied and looking elsewhere for better salary, career development opportunities, fringe benefits, bonuses and incentives.

Furthermore Weinstein , DeHaan and Ryan (2010) says " like a child being given a chocolate cake and a big hug after cleaning her room, rewards and recognition can be powerful tools for employee motivation and performance management'. When employees are compensated using different types of strategies, they will increase their levels of performance as well as the delivering of various duties and services. To support Weinstein, DeHaan and Ryan (2010), Rasch and Szytko (2013) posit that employees love to work for an employer if they get fair compensation for services they provide thus increasing job satisfaction.

Njorege and Kwasira (2015) conducted a research in Kenya on compensation and employee performance and discovered that there is a positive relationship between compensation and reward and employee performance. The authors posit that training needs and other non-monetary practices also enhance employee performance. Another research was done in Canada by Van den Berg, (2015), on CEO compensation and patient satisfaction and found out that CEO compensation motivates employees and thus leading to patient satisfaction. Gomez-Mejia et al (2010) conducted a research on performance based compensation and the study included employee skills and family job as determinates of employee compensation. However, the authors failed to emphasize the extent to which those variables contribute to employee motivation and improved employee performance.

In support of the views of the above authors, the introduction of various compensation packages within an organisation can motivate employees thus leading to an improvement of employee performance. However, the above authors left out the idea that compensation practices differ across employment units. The discussions did not mention on how compensation can help to improve the performance of employees in the mining sector and they also did not note that compensation packages cannot satisfy employees in the same way because their needs are different. Existing researches has shown how compensation strategies influence the performance of employees in different sectors other than the minerals marketing sector.

2.2The influence of basic salary on employee commitment

Shields (2007) defined a basic pay as the most important part of total pay that is fixed and mainly time-based, rather than performance-based. In agreement Nyanumba et al (2014) states that a basic salary is a fixed periodical payment for employees usually expressed in annual terms, paid per month with generally no additions for productivity. This was supported by Green (2010) who argues that a basic pay is compensation given on the basis of some pre-defined rates for example the amount of time spent on the job by the employee such as hourly or weekly rates. A basic pay communicates commitment to employees, and is used as the baseline for assessing other pay systems such as skill and competency pay (Munene et al 2014).Green (2010) also agrees that a basic pay forms the largest component of the total reward package for most employees.

Moreover despite the above definitions the researcher observed that a basic salary is a fixed or guaranteed regular monthly or annual gross payment made to employees who vary between hierarchy of job positions, employees to employees and companies to companies. Dolan, Tzafrir and Baruch (2005) defined employee commitment as the emotional involvement of an individual with his organization through possession, sense of belonging to the organisation as well as being ready to accept trials. For an organisation to achieve its goals, it should create employee commitment (Briscoe and Claus 2008). Employee commitment also considers the strength between individual involvements in a particular organization.

According to Pepe (2010) employee commitment has three levels. There is normative commitment, continuance commitment and affective commitment. Pepe (2010) further explain that normative commitment is when an employee stays with an organization because they ought to even if they don't want to. When the employees remain with the same employer for years because they are afraid of the expenses associated with leaving is called continuance commitment. Finally affective commitment is when an employee gets emotionally attached to an organization and do not leave because they want to. A basic salary that is offered to employees is therefore capable of creating worker commitment. This was supported by Smith (2015) to say a promotion, salary and recognition can significantly impact an employee's motivation, loyalty and commitment. Lewis (2003) disagrees with the concept that an increase in the basic salary improves worker commitment as the author argues that rewards create compliance and not commitment.

Livingstone (2009) acknowledges that regardless of basic pay inefficiencies, it remains a rule that employees should be paid at, or above market rates as negotiated by labour unions. This means that employees are entitled to receive their basic salary whether on a monthly basis or weekly basis and this will create employee commitment since the employees will work to get paid for work done. Dobre (2013) argues that a basic pay is a key motivator for employees and it is very important in establishing employees' attentiveness and commitment. A higher basic salary is a most motivating factor that causes employees to be attached to the organization even if they have other alternatives. This is supported by Feng et al (2015) to say if an employee has another job offer which offers greater financial rewards in terms of a competitive basic salary and possesses the same job characteristics with the current job, that worker would most probably be motivated to accept the new job offer.

If the current job is competitive in terms of the remuneration systems then the employee will choose to remain committed to the organization.

In disagreement David Pollit (2007) in Mehta, Kurbetti and Dhankar (2014) argues that at the same time giving more money can have undesired side effects ,this is because it makes other employees frightened to leave that organization due to its competitive pay hence they will not be committed to work but are rather just frightened. Furthermore Malik, Danish and Munir (2012) believe that an increase in the basic pay offered to an employee also contribute a major effect on work. If an employee is getting an extra pay above a normal scale, the employee will feel satisfied and motivated. Kalimullah (2010) in Dobre (2013) suggests that when an employee is motivated, the employee's goals will be associated with those of the organization thereby directing his or her efforts in that same direction thus creating emotional attachment with the organisation.

A higher basic pay is used for attracting skilled employees motivating them and enhancing employee commitment in a competitive market. This is supported by Devi (2013) to say for better employee commitment organizations must improve its basic pay and benefits and also factors like good working conditions. There are different factors that help to keep a person loyal and committed to the organization like competitive salary and benefits package that suit the individual. On a different view Armstrong (2007) opposes that employees do not work for money but they work more for meaning and direction in their lives. Where work has no meaning, there is greater loss of commitment.

According to Rynes et al (2004) employees view a higher basic salary as a compensation package that have an influential value thus employees should earn reasonable salaries. In support of that Ziethmal et al (2009) says that money is the crucial incentive and no other incentive or motivational technique comes even close to money with respect to its instrumental value. Since money is said to be a reward that has a vital value in the compensation structures, management should aim at giving a higher basic salary so as to motivate employees and increase employee commitment. Armstrong (2007) adds that a research has established that as employee basic salary increases, motivation by money becomes low and therefore managers should be attentive to the motivational bases of incentive plans.

In support with Armstrong (2007), Smith (2015) believes that most employees remain loyal and committed to their employers because of diverse intrinsic and extrinsic motivational factors which include promotion potential, pay and benefits.

If an organization does not give employees a good basic salary and incentives, it will be difficult for it to establish employee commitment (Iqbal et al 2013). For employees to be committed there is need for a competitive basic salary that enhances motivation because motivation is the key to employee commitment. In addition Stella (2008) states that organizations need to coordinate its efforts to attract, retain and increase worker motivation as well as commitment. This is obtained through the use of extrinsic motivators.

The coordination of a basic salary in relation to fairness and transparency will lead to an increase in employee motivation. In support Dobre (2013) mentioned that for a basic salary to be used as a factor of motivation, the management should develop salary structure according to job importance and employee performance. More so Divit and Bhati (2012) argue that poor compensation packages are a major issue disturbing employees' commitment and productivity. Their argument was that employers should understand what pushes employees to perform efficiently thus employees should be rewarded appropriately so that they will reach the organization's goals. If management understands the needs and wants of employees, it will be able to motivate them so as to create employee commitment. Steyn (2010) argues that employees are motivated by more than just money therefore fringe benefits should accompany money for effective motivation.

Armstrong (2007), noted that there is a requirement for employees to be motivated that is through higher basic salary and enough incentive plans, these will always encourage them to be proactive as they will be having the right attitude towards work, thus promoting improved productivity and commitment. In support, Merhta, Kurbetti and Dhankar (2014) postulates that they are factors that help to keep a person loyal and committed to the organization like having job security, a flexible working environment values, competitive salary and benefits package that are suitable for a specific employee however, a basic salary is an important factor that determine the decision made by an employee either to stay or leave an organisation. In disagreement Topper (2009) adds on to say that cash incentives can truly demotivate the employees hence a basic salary does not neither produce good performance and productivity on a long term basis.

Yazdanifard and Wei (2014) states that one of the simple ways to motivate employees to work is giving them a good salary thus an employee who receives a good salary is eager to work and would not want to leave the organization for another one. In addition salaries and wages are the chief and very significant aspects of motivation that influence the performance of employees in the organization (Ude and Coker 2012).Furthermore Charith (2015) argues that employees are not motivated by money only but can be motivated by more things other than money hence if employees and management are rewarded by money only, it will results in criticisms from the management and employees.

Motivated employees are capable of establishing a good and positive working environment thus making work exciting this is supported by Meganck (2007) in Merta,Kurbetti and Dhankar (2014) to say that generating a positive work setting and adding tasks for the employees helps to improve employee commitment and satisfaction. Employee rewards, employee independence and company image perform a key role in employee commitment in the organization (Gberevbie2010).In addition Deery (2008) suggest that the employees desire to get promoted which will result in earning an higher pay may also results in employee motivation.Osibanjo et al (2014) postulates that research studies have showed that compensation in the form of basic salary may not only be sufficient to attract, satisfy employees, but also the use of benefits such as working conditions, bonuses, car allowances and healthy insurance may make the employees to be fully committed.

All companies and organizations should possess a workforce characterized by loyal and committed employees Pepe,(2010) this is because employee commitment and loyalty are the two vital aspects and the foundation to any organization's success(Shahid and Azhar2013). In agreement Chang and Miao (2007) states that researches conducted on commitment have shown that highly committed employees have higher work motivation and increased employee performance. A higher basic salary may directly influence key outcomes like job satisfaction, worker commitment, attraction, retention, performance, flexibility but however, its influence may result in constraining the effectiveness of other human resource activities such as recruiting, selection and training. An employee earning a higher basic salary has the ability to work efficiently in the organization and committed to his or her own duties.

However, McKee (2007) postulates that Herzberg (1957) in his theory proposed that a salary is one of the hygiene factors thus money does not lead to highly motivated employee but it can impact on motivation in a way. The motivator factors help to drive an employee to be committed and perform high.

North (2011) believe that an employee who gets a competitive salary in a market has the ability to offer good quality customer service as they will be committed to their day to day duties. Kay and Zhao (2009) states that a basic wage is a critical factor under compensation packages that helps in increasing employee commitment. A basic pay is the most common and legal payment that is supposed to be received by the employees no matter what business environment a business is operating. If the basic pay is competitive and high, the employees will tend to compare theirs with others hence that higher difference will lead to creation of enhancement of employee commitment. Silbert (2005) in Shoaib et al (2009) further reviewed that a high basic salary is important among other compensation packages because they provide a good impression to the employees as they will feel that they are taken as valuable assets of that organization.

In disagreement Makorva (2011) asked a question “is money a panacea?” This question was directing to examine weather money was the most appropriate solution for motivating employees and in turn increase commitment. This is because most reward systems are believed to have been designed so as to improve employee performance (Heigh and Curtburth2006). In addition, Lane et al (2010) review that employee commitment is obtained as a result of job satisfaction and for an employee to be satisfied by his or her own job, factors like a high basic salary and good working environment should be considered. According to Sarajah et al (2014) money is the most relevant factors that necessitate employee motivation and success. It helps the employees to have a feeling of being part of the organization hence increasing the employee commitment. When employees receive a good basic salary at the appropriate time to cover their own personal issues, they will be satisfied with the organizations .Through this satisfaction, the employee will become attached to the organization.

In support Coordy (2007) shows that financial incentives necessitate employees to do more in favor of the organizations thus a higher and competitive basic pay helps employees to perform more for the organization. If employees are increasing an effort to do more for the organization it means that they are committed to the organization hence a good basic salary results in an increase in employee performance. Herzberg (1968) argues that financial incentive is less significant to motivate workers and to engage in their duties efficiently and adds on to say financial incentive is important to gear people to work hard but does not guarantee continued improved performance.

Derry (2008) adds to say there are various ways to improve employee commitment which include flexible work hours, on the job training opportunities, offering a higher basic salary as well as rewarding best employees for doing their tasks efficiently. Mehta, Kurbetti and Dhankar (2014) also postulates that it is important to have the best employees but it is equally necessary to be able to satisfy them for long term benefits for both the organization and its people, this is however achieved through offering a competitive basic salary. Employees that receive a good competitive salary can be committed for a long period of time.

Moreover, Maslow (1943) proposed a theory of motivation in which he said that money is a motivator. The author further explains that a competitive base salary has the ability to increase employee commitment as the employees will have a better ability to evaluate their worthy with other competing organizations. In disagreement Ramzan et al (2011) argues that managers instill fear of losing jobs to employees through the use of a high basic salary hence this will reduce commitment by employees since they will be living in fear every day at work.

Osibanjo et al (2014) conducted a research on compensation package as strategic tool for employees' performance and retention. The authors concluded that a higher competitive basic wage has a positive effect of employee performance in the education sector of Nigeria. Osibanjo et al (2014) postulates that when an employee receives a high salary he or she will be motivated and would not want to leave the organization for another one hence, a higher base salary results in employee commitment.

Furthermore Van den Berg, (2015), researched on CEO compensation on employee performance and the findings has showed that if CEOs receive a higher basic salary or a competitive salary, those CEOs would want to be part of the organisation and will want to be involved with the organisation whole heartedly. This point support the fact that a higher salary or an increase in a basic salary has got a larger effect on worker commitment hence resulting in improved employee performance. A recent study by Heirmsac et al (2014) investigated the relationship between the use of human management practices and organizational performance. The findings show that companies that provide a higher basic salary to employees will not suffer from higher turnover rate and it will improve the performance of its employees.

Basing on the above author's areas of agreement and dispute, it can be argues that a gap was left in the use of a higher basic pay in improving the commitment of workers in the minerals marketing sector so as to improve their performance. Organizations of today should provide a competitive salary so as to attract committed employees and the management should have the ability to assess and evaluate how its employees are reacting to a basic salary so as to avoid fear within the employees. The above researches were also conducted in different countries that have a different economic environment with that of Zimbabwe.

2.3Commission based reward on employee productivity.

Borowsk and Daya (2014) defined commission based pay as a share that an employee receives in settlement for intermediation in selling of the products or services. Commission based pay is a financial reward given to an employee which is linked directly to individual performance (Armstrong 2005). In a different view, Bernadin (2007) ,Ayeni and Popoola (2007) argue that money only motivates workers behaviour when it compensate people in relation to their performance and when it is believed that it has a true value. Scarth (2002) in Kamau (2013) reviewed that employee productivity as the quantity of goods or services that a worker produces in a given amount of time which can be measured for a firm, an industry, or a country. An employee that is motivated is willing and intentionally and unintentionally increases his or her own productivity.

Workers have more ability to perform well if they are paid in relation to their productivity (Sheer 2004 in Ramzan, Zubair and Arslan 2014). The primary reason companies use commission based pay is to motivate employees to work harder, more effectively and more efficiently thus increasing productivity. Heneman and Warner (2005) in Ramzan, Zubair and Arslan (2014) adds that motivational impact of the commission based reward can vary, but those employees that get driven by income will go after more customers and work very hard so as to produce more. The role of commission based reward has a direct influence in improving the productivity of employees (Bandied re et al 2007), this is because if employees become aware of that extra effort may result in more pay, they can be motivated hence increasing their capacity to produce more.

According to Rudman (2003) in Gachunga, Katua and Mukulu (2014) paying using commission based reward is a crucial issue in modern human resources management. The author further explained that organizations have long said that employee productivity improve when there is a linkage between performance and payment. Employees work hard if they are aiming to achieve more hence paying employees in relation to their capability of producing will enable them to produce more hence increasing each employee's productivity. In agreement Goel (2008) states that commission based pay is a useful motivator and passes a clear message that high performance is expected and those that performs well will be compensated.

Durant et al (2006) adds to say employees usually perform at their maximum effort because of the rewards they will get at the end, however strategic managers viewed that as an opportunity for increased productivity by rewarding using a commission based pay. Furthermore Authur (2004) note that commission-based structures can lead to problems with motivation as employees being paid on commission based pay are given the idea that their employer is not committed to them for the long service. According to Yadanifard (2013) the commission based technique can greatly increase the concentration and preparedness of staffs. When a portion of wages are reliant on performance, employees tend to work harder. Employees who are rewarded basing on commission tend to be very attentive when it comes to serve customer or just in doing their tasks, they will also work very hard because they will be alert that their final reward is based on their performances thus increasing productivity.

In addition Bryson et al (2011) notes that economists favor the commission based pay on rewarding employees this is because employees are likely to be motivated by working for a higher percentage hence they will produce more. In disagreement Gilberts (2014) views commission based pay as a strategy that causes an increase in negative motivation this means that commission based pay may encourage employees to engage in certain behaviours that are counterproductive hence having a negative effect on employee productivity. Tapon et al (2007) in Park and Sturman (2015) says that commission based pay leads to higher productivity among all workers in an organization, especially those employees that do not worry about a loss or those that are risk takers favor commission based reward as a form of their compensation. More risk-averse employees tend to favor a fixed salary and hence are less productive. More so Berry-Stolzle and Eckles (2010) notes that if firms pay workers basing on their output it means that the employees will produce more than they do when paid with a fixed salary.

Employees have got the need to earn a higher salary and improve their standards of living at homes thus they will aim at producing more to receive more hence commission based reward will become appropriate for an increase in employee productivity. In a different view Authur (2008) postulates that while a commission-based compensation system might seem attractive to a selected few employees; it is not the best option for everyone. Employees that are compensated using commission-based reward sometimes cut corners as they will be focusing on short term achievements. They have the need to produce immediately so as to pay their own bills. The employees that receive a commission based reward are concerned with producing at that very moment hence forgetting to build long term achievements. In addition Kokemuller (2007) believes that a concern with commission sales is that they may motivate salespeople to push harder for sales in the short term. High-pressure or manipulative sales approaches can often produce short-term sales, but they also tend to drive customers away over time. Thus, companies need to consider building commission structures that motivate employees toward long-term sales relationships.

Yap , Bove and Beverland (2012) state that a commission based pay is a reward program that helps individual to produce more in an effort to have more income. When employees are rewarded basing on their produces or sales, they will perform at their maximum so as to cover a large percentage and gain more at the end hence this type of rewarding is more effective in enhancing employee productivity.

Harris (2013) adds on to say an effective commission -based pay system seems to be able to encourage employees to commit to achieving performance goals. Employees that receive their rewards in relation to their final outcome tend to be more connected and involved to their entire organizational process so as to attain higher productivity. In a different view, Looker (2012) found out that a commission based pay may also reduce the degree of cooperation as individuals will be aiming at producing what favours oneself in terms of a final pay. This means that employees will focus on their own performance so much that they are less inclined to cooperate with co-workers.

Hammerschmid and Meyer (2007) further elaborates that commission based pay affects individual performance positively in that the employees will rush to produce more products hence resulting in increased productivity. This is supported by Stella (2008) to say a motivated workforce is likely to increase productivity, this is so because when employees are driven by money and are paid using a commission based as a motivator they will work harder to obtain more. In addition Brantton (2013) states that commissions help in the motivating of sales staff to achieve higher sales, as their rewards depend on it thus the commission based pay is variable and if production tends to be low the person is paid less. However Dessler (2005) points out that establishing a good compensation plan basing on commission is a difficult task because individuals are unique and they value different factors on the system of the organisation hence what may motivate one employee to increase productivity may not be a motivator to others.

Taylor (1911) states that managers need to come up with commission based pay as a way to compensate their workers. The general idea of this type of rewarding is to motivate the employees and to let them display an outstanding performance. Scientific management was aimed mainly at controlling employee's work on the factory. Taylor understood that the upper management did not understand the operations on the shop floor hence they failed to know how to increase worker productivity. Booth and Frank (1999) in Mensah and Dogbe (2011) view that many researchers have also considered the effects of commission based pay on some many outcomes which include employee perceptions, employee motivation, and employee performance as well as employee productivity.

Certain individuals that have the ability and the energy to produce more are the ones that can manage the situation of getting a pay depending on what one produces, this was supported by Thierry, (2013) when the author postulates that jobs that offer commission based pay, attract workers that have a high ability to produce at a greater effort thus increasing employee productivity. In disagreement Archer et al (2011) states that there is no conclusive evidence to support that individuals increase production when their individual pays are tied to their performance this is because the employees will be highly motivated by their own desire to have much earnings than to help the organization performance improve.

Hahn, (2006) note that commission based reward improves and enhances employee's productivity and performance but this however only applies to the employees that have the same motive or goal for higher pays or for large sums of money. If workers are characterized by a motive for high pay at the end of a particular period they will increase their productivity to earn a higher percentage. In support, Yap, Bove and Beverland et al (2009) adds that certain reward programs, such as commission based reward helps in motivating sales representatives in behaving in ways of increasing employee productivity. If the sales representatives know that their salary is based on the number of sales they have made by the end of a specific period, they will be motivated to do anything in their capabilities to increase their sales or their productivity. However Wright (2002) in Kamau (2013) argues that with the commission based pay as a strategy that increases employee productivity, it forces some employees to get involved in unethical behaviour to reach a goal and receive a higher pay.

The commission based pay helps in directing employee's attention to their work and to do the work effectively. This is achieved through employee's own ability to set targets, standards and responsibilities so as to increase productivity. Sherer (2013) states that employees who earn what they consider to be good compensation through commission based pay would be motivated by their favourable pay situation as well as their future pay increases. A motivated employee is capable of producing beyond the management expectation hence increasing employee productivity. Furthermore De Silva (2014) argues that commission based pay may sometimes have little impact on employee productivity because factors such as availability of raw materials and machinery and equipment may contribute more. An employee maybe willing to produce more but the organisation may lack adequate machinery and equipment to produce more or even lack of markets may lead to poor production.

More so Dogbe and Mensah (2011) noted that the effect of commission based salary on employee performance is very low. This is so because not every employee is motivated by money hence some may tend to produce less because money is not their main motive of coming to work. Some are motivated by a friend environment no matter how much they receive as their final pay.

Regardless of the above authors' arguments, the use of commission based reward on improving employee productivity remains questionable. Commission based reward should however be practiced by organizations that have the ability to produce more using the available machinery and equipment. Actions of employees in coming up with strategies to produce more should also be monitored so as to avoid unethical activities. Management should also make sure that organizational employee connectedness should also be present regardless of different activities that will be employed by the employees to produce more. Despite all the mixed findings, the researcher observed that if commission based reward is implemented properly and to the right people, it will increase employee productivity.

In support of the fact that commission based pay has got an effect on employee productivity, Blazovich, L. (2013) researched on team identity and performance-based compensation effects on team performance and the findings showed that there is a positive relationship between commissions based rewards and individual performance of the sales representatives. A research was conducted by Lung-Ming Tseng and Yue-Min Kang et al (2014) on the influences of sales compensation made by insurance brokers. The research showed that there is a positive effect between the commissions based pay and the performance of the insurance brokers in Taiwan. The insurance brokers aimed at serving more customers so as to attain a higher pay at the end of two weeks. Furthermore Feng, Wang and Saini (2015) conducted a research on monetary compensation, workforce-oriented corporate social responsibility, and firm performance and the conclusions showed that there is a positive effect between commissions based pay and the performance of employees in many USA manufacturing companies.

Furthermore Durant et al (2006) conducted a research of pay-for-performance research on motivation in the public sector. The study concluded that commission based rewards are ineffective in traditional public sector settings and it is dependent on the conditions of the organizational.

In addition Jann (2008) in his research found out that the part of difference between fixed salary and commission based pay is seen through the differences in productivity characteristics such as worker experience .An employee who has much more experience on his or her work is mainly motivated by commission based reward as the employee will have the capability of producing more .Another individual will be less motivate, he or she will not favor commission based reward because that individual lacks experience hence less productivity.

However, the above researches were done in different countries that have a different business environment with that of Zimbabwe. Furthermore on the mentioned existing researches, no research was done to find out the influence of the commission based pay on employee productivity in the minerals marketing sector.

2.4 The influence of fringe benefits on worker absenteeism

Ayeniyo (2015) defined fringe benefits as a general range of benefits and services that are given to an employee as a vital part of their total compensation package. In a different view Bratton and Gold (2009) states that fringe benefits are part of the total reward package given to employees in addition to base or performance pay. Fringe benefits are used as a way of maintaining and improving the employee's quality of life both at work and outside the work place. They also help to provide financial security and protection for employees as well as their family members. This was supported by Kamau (2013) in that the purpose of fringe benefits is aimed at maintaining the life for employees to be of very good quality.

Absence of fringe benefits within an organisation results in employee absenteeism since the employees will be experiencing high levels of boredom at work. In support of this Sahu and Thirulogasundaram (2014) points out that in the absence of remuneration, quality working conditions and the emotional possessions of an employee, the workers will demotivate thus increasing absenteeism. However, in disagreement Artz (2008) also believes that receiving fringe benefits cannot increase job satisfaction this is because workers may not desire to sacrifice wages at the expense of fringe benefits. Kato (2010) argues that fringe benefits are indirect pay methods such as health benefits, company cars and company houses, the packages should be attractive to employees.

For example offering company cars and houses will increase employee motivation and reduce absenteeism. At the same time, it reduces labor turnover. Denny et al (1980) noted that money is the crucial incentive and no other incentive or motivational technique comes even close to money with respect to its instrumental value. Furthermore Chepkwony (2014) states that fringe benefits are influenced by the level of compensation considering the market situation such as comparing the internal rates of pay with the market rates.

Grimani and Drakopoulos (2011) defined absenteeism as non-attendance when attendance was scheduled or clearly expected. In addition, Sahu and Thirulogasundaram (2014) further argues that absenteeism is a usual pattern of absence from a duty or obligation. Absenteeism is viewed as an indicator of poor employee performance. If an employee is dissatisfied by his or her own job, it means that the employee will be lacking the morale to attend work as expected by the employer hence lack of motivation leads to absenteeism. This was supported by Sahu and Thirulogasundaram (2014) to say job dissatisfaction means low job motivation and this is the main cause that leads to absenteeism of an employee.

Abdul and Raheela (2014) believes that in order to increase productivity, success, and job commitment of employees, there should be a satisfaction of the needs of employees by providing adequate and appropriate fringe benefits. This is because when an employee is satisfied by his or her own job, he or she will reduce the levels of absenteeism. This is supported by Grimani and Drakopoulos (2011) to say, if there will be an increase in the demands of non-pecuniary rewards by employees and if these rewards do not lead to employee satisfaction, higher levels of strikes, quits and absenteeism are likely to be faced.

In a different view, Glen (2006) postulates that fringe benefits have been identified out of the compensation packages as the ones that are capable of ensuring job satisfaction and influencing people's attitude towards better performance in a durable manner. Spector (2011) states that since job satisfaction involves employees' feelings and outlooks, it also influences the organizations' prosperity regarding to job productivity, employee turnover and absenteeism. The major objective for fringe compensation programs in most organizations is to attract and motivate qualified and competent employees (Bernardin (2007)).

Organisations of today aim to provide different types of fringe benefits so as to create a good working environment thereby motivating employees, employee motivation as a result will lead to reduced absenteeism this is supported by Nelson and Quick (2008) as the authors believes that people who are dissatisfied with their jobs are absent more frequently. Based on Noe et al (2006) an employee who is highly motivated produces high quality products or services with less or no erroneous and more quantity of work leading to high performance. In support Jensen and McMullen (2007) states that providing fringe benefits for members of staff could ultimately lead to better individual and organizational performance. This is so because fringe benefits encourage job satisfaction. However Ziethmal et al (2009) have a view that fringe benefits do not necessarily led to worker motivation. This is because employees might see the use of fringe benefit as a threat to a decrease in the amount of money they can receive. In agreement Kwak and Lee (2014) argues that fringe benefits do not lead to promotion of good performance of firms, simply because ill intentional employees often abuse the fringe benefits.

Artz(2008) states that fringe benefits are known as added elements of job satisfaction. Hence if an employee is satisfied, he or she will increase performance by increasing commitment towards the organization itself. Morrison (2008) with a different view from Artz (2008) postulates that, the significances of job satisfaction include better job performance and a reduced turnover and behaviors that allows increment of production. More so job satisfaction plays a major role in reducing absenteeism this is because if one is satisfied by the fringe benefits that are offered to her for example lunch, company car, that person will not have a reason not to attend work. Grimani and Drakopouls (2011) suggest that job satisfaction has also been noted out as another factor affecting an employee's motivation to work attendance. Incentives may only motivate the employees essentially and there should be identical in terms of their worthy and should help to create a motivated working environment.

A pleasant working environment creates the ability for employees to create social relationships thus creating employee moral to attend work daily. Gachunga, Katua and Mukulu (2014) states that fringe benefits help in complementing other financial incentives such as basic pays and bonuses and this in return leads to improved motivation and thus reduced absenteeism.

In a different view Glen (2013), points out that fringe benefits have been singled out of the compensation packages as capable of ensuring job satisfaction, influencing people's attitude towards coming to work, motivating workers and enhancing better performance.

Additionally Bockerman and Imakunnas (2008) state that a worker is absent whenever the benefits of not working are high and when they are greater than the costs. The authors further explain that when an employee experiences painful work situations they will become dissatisfied and that employee will not attend work as expected by the employer. Sahu (2014) noted that as bases of job satisfaction includes working conditions, leave, and pay they also leads to employee motivation. This is supported by Popoola and Ayen (2007) to say the use of fringe benefits such as holidays with pay, pensions, and so on as compensation is an effective way of motivating employees. Low job motivation is the primary cause of absenteeism. In disagreement Yousaf et al (2014) observes that even though organisations provide fringe benefits to motivate employees, they are not the root for employee motivation. The author further argues that they are other non-monetary motivational techniques that build employee confidence levels and self-esteem thus leading to job satisfaction.

Herman (2005) noted that fringe benefits are the most important motivator and rewards for employees and they help to focus on the duties that can be performed. More so when employees are motivated they do not tend to experience boredom during work thus reducing absenteeism. This was supported by Josias (2005) to say that when employee satisfaction tends to be high, absenteeism tends to be low and when satisfaction is low, absenteeism tends to be high. It is however best for organisations to keep their employees motivated by offering adequate and appropriate benefits so as to reduce absenteeism. However Schein (2012) have the view that employees should be given responsibilities and the managements should create enabling environment that aids high level of worker motivation over a long period of time, the working environment will however lead to a reduction in the levels of absenteeism.

Fringe benefits focus on providing security for workers in terms of finance, maintaining and improving the quality of life for employees. Attracting, retaining and motivating qualified, competent employees is its main objective (Bernardin2007).When an employee is given enough financial security, the employee will get motivated and perform well towards the organisation's vision and mission through coming to work every day thus supporting that fringe benefits increase worker motivation and work attendance.

However, Reinhardt (2015) argues that fringe benefits do not necessarily mean that employees will improve on their performance this is so because some employees will only choose to enjoy benefits of the organisation with extra effort on performance.

Ramzan et al (2014) conducted a research on the impact of compensation on employee performance in the banking sector, the results of the study showed that there is a positive relationship between compensation in form of fringe benefits and performance of the bank tellers in Pakistani. The research showed that if the employees are motivated by the compensation, they will pass a good service to different customers. Charith (2015) conducted a research on the impact of fringe benefits on job satisfaction in the mining constructions in India. The findings show that employee commitment can be increased by fringe benefits. As the workers tend to produce more and come to work every day because of the benefits they received at work such as free lunch. Another research was done by Rasheed et al (2012) on the impact of rewards and motivation on job satisfaction in the banking sector in Saudi Arabia. The findings show that motivation leads to job satisfaction and job satisfaction will lead to employee commitment and thus reducing employee absenteeism.

With respect to the above author's areas of agreement and dispute, it brings mixed views to the researcher on the knowledge of fringe benefits and their influence on employee absenteeism. The above authors did not point out that management should be able to offer adequate fringe benefits that suit different levels. The authors failed to point out that organisations should offer fringe benefits that are affordable in equivalence to monetary terms. However the reaches above were conducted in different countries that have a different business conditions with that of Zimbabwe and also were conducted from other various sectors other than the minerals marketing sector.

2.5 Chapter summary

This chapter entailed similarities as well as different views in the study. The study highlighted the influences of fringe benefits on worker absenteeism, how an increase in a basic pay affects the commitment of employees at work as well as the influence of commission based pay on different employees in different organizations. The next chapter dealt with the research methodology used in this particular research.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter highlighted the methodology that was used in conducting the study. It consist of the research design, the population under study, the sample size, the sampling designs, data sources, data collection instruments that helped the researcher in analysing the role of compensation strategies on employee performance.

3.1 Research design

A research design is an in-depth layout for directing a research through collecting and analysing data leading to the understanding of stated objectives. The researcher used exploratory and descriptive research designs.

3.1.1 Exploratory research design

The exploratory research design is an initial research conducted for a problem that has not been clearly defined. This design was used by the researcher so as to understand why there is a decrease in employee performance at the corporate. The researcher acquired information on employee productivity through gathering information from the results based management reports of MMCZ. Furthermore the exploratory research design was achieved through reading some human resource board reports from the human resources department to determine if fringe benefits have got an effect on employee absenteeism.

3.1.2 Descriptive Research design

The descriptive research design is a study done to represent the participants in an accurate way which general precedes the exploratory design. In this design questionnaires to gather employee perceptions and opinions on the importance of a basic salary to the employees were used so as to obtain detailed information on how a basic salary increases commitment. The study used observations so as to obtain information on time taken by an employee at MMCZ to complete a given task as well as to see how they responded to different customers.

3.2 Target population

The target population is made up of both the employees and management of MMCZ in Harare head office and in Gweru because many employees are based in the head office in Harare and some in Gweru. The management is responsible for coming up with the compensation strategies hence it is important to include them on the target population. An estimated population of 55 people was used by the researcher in this study.

3.3 Sampling

The manner in which the researcher is expected to come up with conclusions from a population is called sampling. In sampling the researcher observes the sample frame and calculates the sample size and then determines the sampling technique to use.

3.3.1 Sample frame

A sample frame is a source material where a sample is drawn. The research was done and observed in Harare and Gweru and the information was obtained from both management and employees. It is important to obtain information from the management because managers take part in the implementation of the compensation packages. From the employees the researcher wanted to find out how they view the compensation packages they were receiving such as the basic salary and some allowances and also to rate their basic salary according to adequacy.

3.3.2 Sampling size

A sampling size is a selected small number of elements from a large defined collection of elements with the assumption that the evidence collected from a minor group will permit conclusions to be made about represented large group (Hair et al 2006). The researcher's sample size consisted of 33 respondents out of a population of 55 which was calculated using Lucy (2006) model which states that when a researcher is sampling a population which will be above 200 respondents, the researcher will get a sample from 10% of that population. If the population is below 200 then 40% of the population constitutes a sample. The researcher used the sample size to obtain information on how the organization is using compensation strategies to employees and how the employees respond to such packages. The table below shows the sample size of the population.

Table 3.1 Target population size

Respondents	Targeted Population	Sample
Management	10	6
Employees	45	27
Total	55	33

3.3.3 Sampling technique

A sampling technique is a procedure that is used by a researcher to gather information from a targeted population. There are two sampling techniques that can be used which are probability sampling and non-probability sampling where non probability sampling is a technique which allows samples to be gathered but not giving every individual a chance to be selected. The types of non-probability sampling techniques are snowball sampling, quota sampling, purposive, sampling, judgmental sampling and convenience sampling. Probability sampling is a method that uses random selection with the effort of having an equal probability of choosing different units in a population. In this particular research, researcher used judgment and convenience sampling.

3.3.4 Judgmental sampling technique

Saunders et al (2003) states that it is a method when a researcher personally select cases which will enable them to provide answers to research questions This sampling approach enabled the researcher to select respondents who are judged and known to have reliable and up to date information. Employees who were judged to have reliable information basing on the number of years the employees have been working on the organisation as well as their job positions. The management was judged basing on their understanding of the company's compensation systems. The technique assisted the researcher to purposefully pick the respondents who were aware and had the knowledge on the compensation packages present at MMCZ.

3.3.5 Convenience sampling

Rubin (2005) argues that convenience sampling is when the sampling units are chosen based on convenience accessibility. Convenience sampling was used to select those respondents at MMCZ which were chosen simply because they were accessible at that particular time.

This method enabled the researcher to gather information wanted regardless of unavailability of other staff members such as other managers and other permanent employees.

3.4 Data Source

In conducting the research, the researcher used both secondary and primary data in this study.

3.4.1 Secondary Data

Secondary data is information not gathered for the instant study at hand but for some other purposes. This is information obtained for other uses but proves to be useful in this study. The researcher used MMCZ's result based management reports so as to see the level of productivity of employees. The human resources board reports were obtained from the human resources department where log sheets were used to examine the absenteeism of the employees at MMCZ. The researcher used secondary data because it was inexpensive and reliable. This is because the data was readily available.

3.4.2 Primary Data

Primary data is information collected for the exact purpose at hand which is collected for the period of research and may be later used as secondary data. The primary data was collected from MMCZ employees and management through the use of interviews and questionnaires. The researcher obtained information from employees on how effective is the compensation packages they were receiving. The data was important because it gave current information about employee performance in relation to the compensation packages being used. The research had the ability to control how to interview the managers and what information to collect.

3.5 Research Instruments

The researcher used questionnaires and interviews to collect primary data related to the exact study.

3.5.1 Interviews

This is another instrument that involves discussions between the researcher and the correspondent so as to purposefully obtain information from the respondent. Interviews are employed so as to compliment the data from the questionnaires as this allows the researcher to clarify on questions that might be unclear to the respondents. Moreover, the researcher conducted face to face interviews to get result of the information and those interviews were done on the management of MMCZ because the management is responsible for coming up

with compensation systems, and are the ones that can identify poor and good performance of their employees. The interviews helped the researcher to capture verbal and non-verbal cues thus the body language helped to clarify the answers from other individuals.

3.5.2 Questionnaire

A questionnaire is an instrument used for seeking and recording data either by interviewing or observation of a meaningful measurement of data thus according to Brar and Kular (2010). The questionnaire serves as a lasting record of the research and they are easy to encode or interpret and examine. The researcher used this instrument to enable a uniform collection of data gathering process. Closed ended questions which required the respondents to make a choice from a list of answers which leads to gathering appropriate data was used. The closed ended questions permitted the respondents to have the same questions and some answers hence allowing a direct comparison on compensation strategies being implemented. The questionnaires were issued at MMCZ to be answered by the employees so as to get information on how they rate their basic salary in terms of adequacy. The researcher wanted to find information pertaining the use of commission based reward to the employees and how they would react to it.

3.5.3 Observations

The researcher used hidden observation on the employees of MMCZ which do not allow them to know that they are being watched. This method helped the researcher to get information on how the employees handle clients as well as to record the time employees take to complete a particular export document and to identify their general moral at work place.

3.6 Data Collection Procedure

Pre-tests to the questionnaires were done before the questionnaires were administered. The questionnaires were given to colleagues after being structured so that they attempt to fill them. This helped the researcher in clarifying features on the questionnaire that were not very clear so as to avoid uncertainty in the questions. After suggestions were made the questionnaires were revised, corrected and issued to the MMCZ employees and management

with the help of the receptionist. The researcher arranged appointments with both the management and employees of the company so as to avoid inconveniencing at workplace. Interviews were scheduled a week before the set date for interviews because MMCZ staff is always busy and they were done in the board room and not more than fifteen minutes per individuals were spent on during the interviews. The researcher used the hidden observations without the awareness of the employees, whereby the researcher visited MMCZ premises four times a week during the study and sat in different offices to observe them.

3.7 Validity and Reliability of Data

To ensure validity and reliability the researcher conducted a pilot study whereby questionnaires were given to a few colleagues who went through the questionnaires in order to help correct any mistakes and alter language if not clear. To reduce ambiguity questions asked during interviews were kept short and precise. This enabled the researcher to know whether the target audience will understand the language, instructions of study so as to get reliable and valid data. Furthermore a triangulation method was done which involves the use of two research methods in order to balance the flaws of the extra research approach and as well as to exploit on the benefits of the other. The researcher used methodological triangulation which involves exploratory research design and descriptive research design and data triangulation which involves secondary data and primary data sources and so as increase the reliability and validity of the study. The researcher also got assistance from a Marketing Management Lecturer at Midlands State University who supervised the researcher in designing the data collection instruments thus assuring that relevant questions to the study were covered.

3.8 Ethical consideration

The researcher did not engage into unethical practises when trying to get information from MMCZ. The researcher got permission from the management so as to avoid breaking the company rules in an effort to conduct a study. The researcher kept the privacy and confidentiality of the respondents by using questionnaires that do not include names. The respondents were not forced to participate when they were not willing to and also bribes were not used by the researcher to get information from the employees during the study.

3.9 Data Presentation and Analysis

After the questionnaires were returned the researcher then went through each questionnaire so as to check if all data had been collected well and correct. Qualitative data from various sources were examined and presented in different forms. The obtained data was then presented using line graphs, bar graphs, pie charts and other relevant data presentation methods.

3.9 Chapter Summary

The researcher used both descriptive and exploratory research designs to obtain information from the management and employees of MMCZ. Non-probability sampling techniques were used for sampling. The research instruments used were questionnaires and interviews. This allowed the researcher to acquire all the information that will be presented in the next chapter.

CHAPTER FOUR

DATA PRESENTATIONS, ANALYSIS AND DISCUSSIONS OF FINDINGS

4.0 Introduction

This chapter focused on examining and arranging of data which was obtained from the questioners and interviews .The researcher used line graphs, tables and bar graphs to examine the data.

4.1 Response Rate

The researcher carried interviews with the management of MMCZ and distributed questionnaires to the employees under study. The table 4.1 below shows the percentage rates of the responses on interviews and questionnaires.

Table 4.1 Questionnaire and Interview response rate.

Respondents	Distributed	Returned	Percentage
Employees questionnaire	27	24	89%
Management interviews	6	4	67%
Total	33	28	84%

As shown by table 4.1 above the total response rate from all respondents is 84%. The researcher managed to get 89% response rate from the questionnaires because the researcher is the one who distributed the questionnaires with the help of the receptionist. Three employees did not answer the questionnaires that were distributed to them by the researcher because they were very busy hence they returned them unattended. Another 67% response rate was obtained from the management interviews. Amongst the six managers only four participated on the interviews, this is because the other two had gone outside of the country for meetings.

4.1.1 Respondents Profile

This section discusses the demographics of the respondents. The researcher established the gender in determining their demographics. The table 4.2 below shows the number of males and females who participated

Table 4.2 respondents gender profile

Gender	Frequency	% of respondents
Female	16	57%
Male	12	43%

As shown by table 4.2 above most employees who participated in the study were the female which constituted 57% of the respondents. The other 43% is constituted by the males that participated in the study. This is because most female employees were very patient and sacrificed their time to complete the questionnaires other than the males.

4.2 The influence of commission based reward on employee productivity

The use of commission based reward on compensating employees can help employees to increase their productivity.

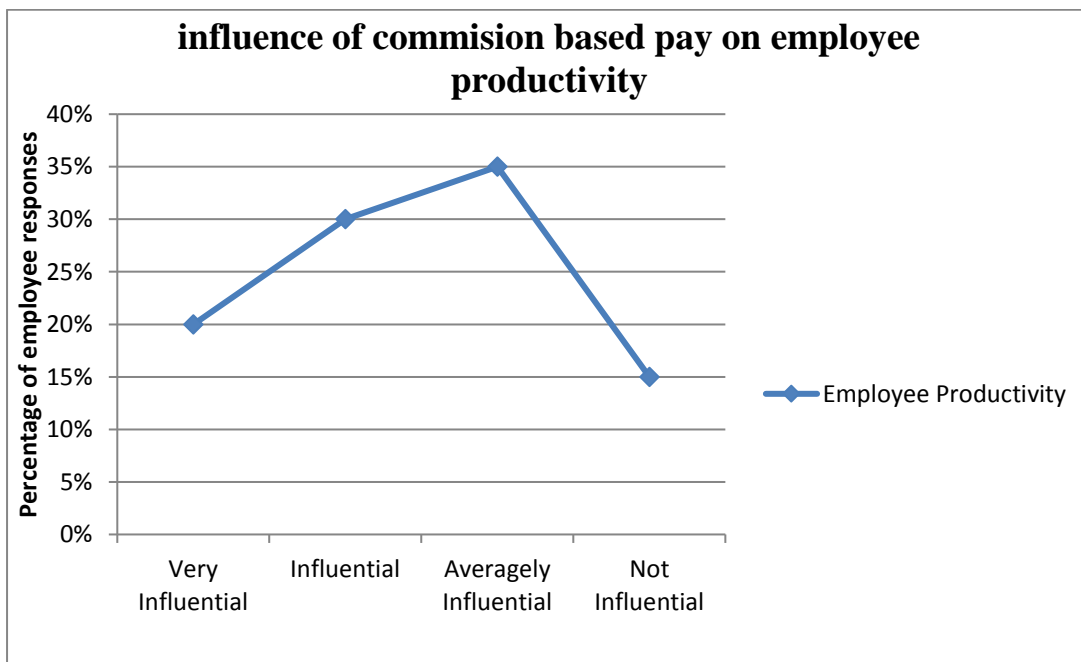


Fig 4.3: Influence of commission based reward on employee productivity.

The figure 4.3 above shows the influence of commission based reward on employee productivity. The results shows that 30% rated commission based reward as influential and 20% rated commission based compensation as very influential on increasing employee productivity. Furthermore 35% indicated commission based compensation as averagely influential and 15% indicated commission based compensation as not influential on

productivity. The researcher observed that the employees that rated the commission based reward as influential in increasing employee productivity have a money motive hence the more they are eager to earn higher amounts of money the more they will increase their production. In addition, the researcher observed that many employees rated commission based reward as not influential to employee production. These employees are those that are satisfied with the salaries they are getting and are not eager to increase their productivity. Most of these employees also value having a good working environment and other fringe benefits instead of having money and most of them have worked for the organisation for more than fifteen years.

4.3 Impact of a basic salary on employee commitment.

A competitive basic salary plays a vital role in increasing employee commitment.

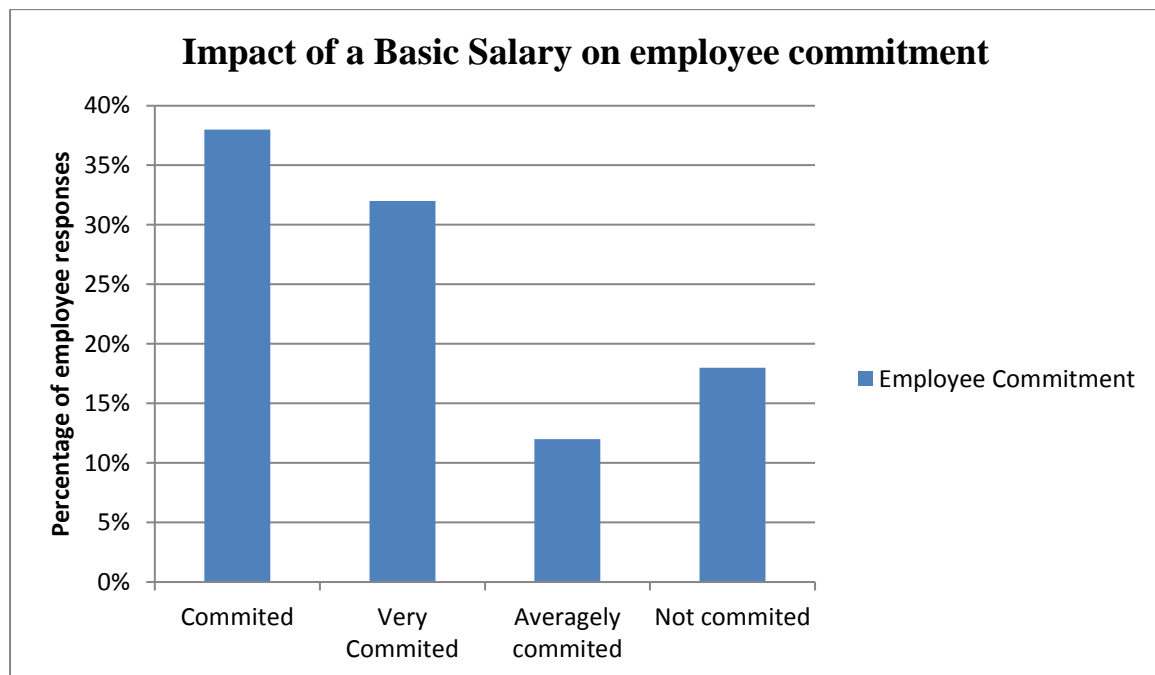


Fig 4.4: The impact of basic salary on employee commitment.

The figure 4.4 above shows that 38% of the employees are committed to the organisation and 32% are very committed to the organisation because of a basic salary offered to them. Also 12% of the employees indicated that are averagely committed and 18% indicated that they are

not committed to the organisation as a result of a basic salary. The researcher observed that employees are not satisfied by the same motivational factors, hence the differences in the percentage levels of commitment to the organisation. The employees that are not committed to the organisation because of a basic salary are those that are motivated by money but they are rather motivated by good working environment. These employees have been employed by the organisation for more than fifteen years and they agreed that fringe benefits play a vital role in motivating them therefore they tend to value recognition and socialising at workplaces.

In addition those employees that indicated to be committed to the organisation due to a basic salary are highly motivated by money and can easily turnoff to work in the absence of a salary .The researcher observed that the employees that values a basic salary and that stay committed to the organisation because of the basic salary are mostly between the males and females who are not married and have been working for the organisation for less than five years.

4.4 Importance of fringe benefits on worker absenteeism

Fringe benefits help in reducing absenteeism among employees. The employees were asked if they agree that fringe benefits help to increase their motivation and reduce absenteeism. The results obtained are shown in figure 4.5 below

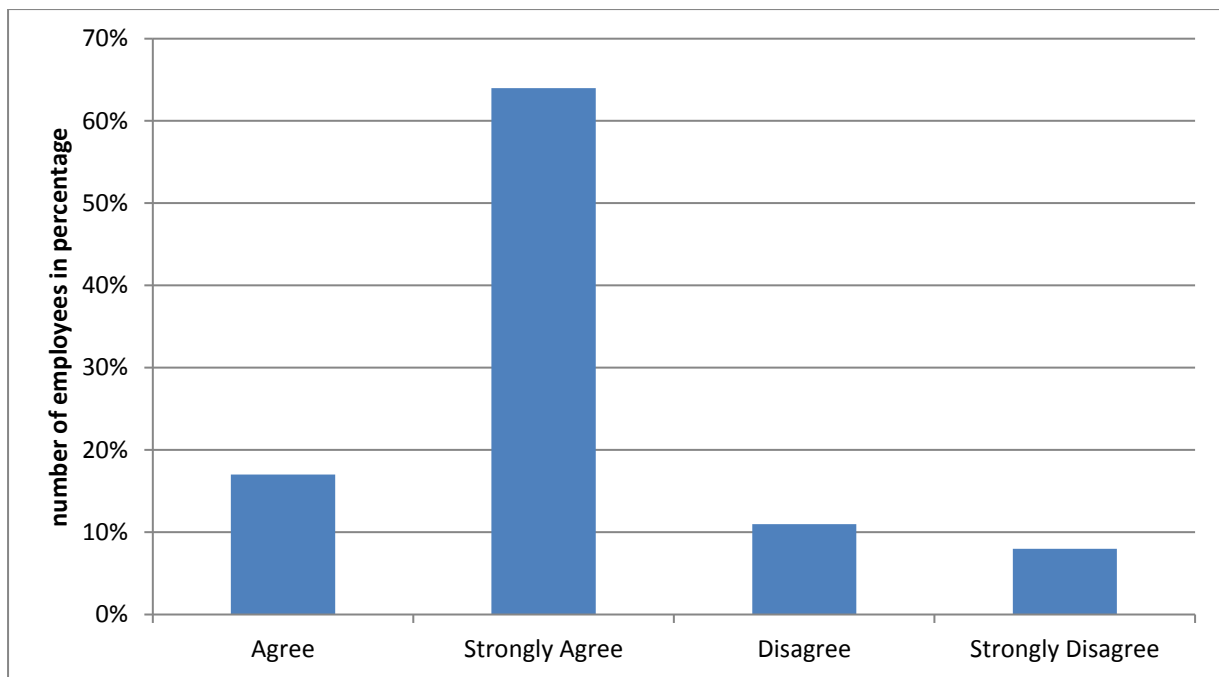


Fig 4.5: the importance of fringe benefits in motivating employees' attendance to work

The results in fig 4.5 above shows that 64% of the respondents agree that the use of fringe benefits will motivate employees to attend work daily and also 17% agree that it is also important to use fringe benefits as a motivator that reduces employee absents. These respondents stressed out that if an employee is given a company car or transport fee, he or she will not find an excuse to absent from work. They also mentioned that provision of lunch and breakfast at work increases the motivation of employees to attend work daily.

The other remaining 11% and 8% respondents disagree and strongly disagree respectively that fringe benefits increases their motivation and reduces absents this is because these respondents only have a money making motive which means they are motivated by money other than work benefits.

4.4 Observations analysis

The researcher spent two working days at Harare MMCZ offices observing how the employees perform their duties, in terms of completing a task as well as the time they spent to come back to their respected offices after a lunch break. Some of the employees took a lot of time to complete a particular task comparing with others performing the same task. However a few of them were seen strolling around the passage and outside their offices minutes after a break. The employees complained with each other about the quality of food they had received

during their lunch break which made it easier for the researcher to gather information for the study. The researcher spent a day during the observation period in Gweru at the MMCZ office; the researcher noticed that the employees were not punctual to come for work because they arrived at the office some minutes after the business opening hour. The researcher noticed that the employees were not punctual in responding to customers and were very time conscious to break for the day. The staff members had lunch boxes with them which showed the researcher that lunch was not provided to them like those at the head office.

4.5 Chapter summary

This chapter focused on presenting, analysing and discussing data informs of tables, bar graphs line graphs and pie charts. The data was interpreted basing on the findings collected in the field through questionnaires and interviews. The next chapter focused on summary, conclusions and recommendation.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS.

5.0 Summary

The purpose of this study was to analyse the effectiveness of compensation strategies on employee performance. A case of Minerals Marketing Cooperation of Zimbabwe. The researcher pursued to find out the influence of a basic pay on employee commitment, the researcher highlighted how a basic salary leads to increased employee commitment. More so, the researcher also assessed if a commission based pay has an effect on employee productivity and how this type of reward contributed to an increase in employee productivity. Furthermore the researcher went on to establish the effectiveness of fringe benefits on employee absenteeism. The fringe benefits play a vital role in reducing employee absenteeism that is through the use of company cars, company houses, lunch packs and working conditions.

Descriptive research and exploratory designs were used by the researcher through the use of questionnaires and interviews. A sample size of 33 was used which consisted of 27 employees and 6 top managers and the total response rate was 84%.The secondary data sources which were used to gather data included the MMCZ annual reports, the appraisal reports and the human resource board reports. Line graphs and bar graphs were used to analyse and to present the research findings.

The research findings show that a commission based pay has got a larger influence on the productivity of an employee since most employees strongly agreed that if they are paid using commission based pay, they will produce more so as to get more money. Moreover, the research findings on the effectiveness of fringe benefits on employee absenteeism indicated that employee motivation was increased or decreased due to the availability of fringe benefits. The findings however show that fringe benefits result in improved employee work attendance since the findings strongly agrees that if MMCZ introduces more fringe benefits for its employees, they will increase their work attendance in return.

Conclusively the research results show that a basic pay have a greater impact on employee commitment, employees that receive a competitive and high basic salary will become motivated and will be committed to the organisation.

5.1 Conclusions

The following conclusions were attained by the researcher.

5.1.1 The impact of a basic pay on employee commitment

An assessment of the study concludes that a higher basic salary will increase the commitment of the employees. It has been observed that 38% of the employees will be committed and 32% of the employees will be very committed to the organisation as a result of a basic salary. The researcher also observed that the experience the employees have with the basic salary have already played a part in their levels of employee commitment. Moreover the researcher predicts that the levels of employee commitment will increase with an increase in a basic salary given to the employees.

5.1.2 The influence of commission based pay on employee productivity.

Additionally the research concludes that if MMCZ implements a commission based pay as a compensation method, the productivity of employees will increase.30% and 20% of the research respondents indicated that the commission based pay is influential and very influential respectively to employee productivity. Some respondents stated that working to earn higher salaries was the only way to boost their productivity hence agreed with the use of commission based pay. Only 15% indicated that the use of commission based pay cannot be influential to their productivity whilst 35% rated a commission based pay as averagely influential to their productivity. Thus conclusion was drawn by the researcher from the findings that a commission based pay greatly influences the productivity of a particular employee.

5.1.3 The effectiveness of fringe benefits on employee absenteeism

Moreover, 64% strongly agree that fringe benefits will motivate them to attend work daily as well as 17% agree that the use of fringe benefits are a good motivator that reduces employee absenteeism. Also 11% disagree and 8% strongly disagree that fringe benefits are effective in motivating employees to attend work. Fringe benefits are observed to be a major strategy that motivates employees to like work because of the working environment they help to create.

Socialising at work and receiving lunch packages at work motivates an employee to attend work daily. From the study, the researcher concluded that fringe benefits play a vital role in reducing employee absenteeism hence an increase in the provision of different types of fringe benefits will increase employee motivation and reduces the absenteeism of different employees.

5.3 Recommendations

The researcher recommends ways in which MMCZ can improve its employee productivity, commitment and employee absenteeism. The researcher recommends that:

- MMCZ could offer a much competitive basic salary such that the employees will remain committed to the organisation and will not leave the organisation for another one. The organisation should be a market leader in terms of a basic salary so as to attain committed employees.
- Employees could be involved when coming up with the reward systems and they must be considered as the stem of the organisation. MMCZ can fairly provide various types of fringe benefits such as giving company cars and houses to employees so as to ensure a good working environment for the employees. This will boost the morale of employees to attend work on a daily basis and to perform duties properly. The organisation can also implement various social activities at work such as sporting activities so as to create a good working environment.
- The management could be able to identify different needs of employees so that they will have a broader knowledge on how to motivate those employees. Employees should be given room to choose the type of compensation systems that they want. This can be done through the use of the representatives of employees that should take part in this implementation thus reducing employee complains and meeting their needs.
- MMCZ could also introduce the commission based pay reward system so that it will improve the productivity of its employees. Through a commission based pay, employees will aim at earning more income hence they will work hard to produce more.

However management will have to thoroughly monitor its employees so as to control them to work ethically. This is because some of the employees will do unethical things in an effort to produce more hence damaging the image of the organisation.

5.4 Area for further research

The future research should be on the evaluation of non-financial motivational strategies on sales revenue.

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APPENDIX A

Midlands State University
P bag 9035
Gweru

12 September 2016

The Marketing Manager
P bag 90 Mutare road
Msasa
Harare

REF: REQUEST TO CARRY OUT A RESEARCH WITH YOUR ORGANISATION

I am a student at Midlands State University currently studying Bachelor of Commerce Honors Degree in Marketing Management.

I am therefore kindly seeking your permission to carry out a research into your organisation which is to **FIND OUT THE EFFECTIVENESS OF EMPLOYEE COMPENSATION STRATEGIES ON EMPLOYEE PERFORMANCE**. I would like to assure you that all collected data is for academic use and is strictly confidential and it will not be disclosed.

Your understanding and corporation is greatly appreciated

Yours faithfully

BB41

APPENDIX B

MANAGEMENT INTERVIEW GUIDE

1. What are the indicators of good or poor employee performance?
2. Are your employees satisfied with the compensation strategies you are offering them?
3. What are the key issues that are considered when designing a compensation package?
4. Are there any forms of employee benefits given?
5. What contributions does the basic salary have to the overall employee performance?
6. What other compensation packages have you considered to implement?

APPENDIX C

Questionnaire for MMCZ employees

This questionnaire was prepared by R131865X a student at the Midlands State University to analyse the role of compensation strategies on employee performance. All the responses shall remain as private and treated with confidentiality. Quotations will be done only after approval from the respondents. I hope you will find it interesting to respond to the following questions.

Tick in the answer boxes provided

1. Gender

Male

Female

2. Marital status

Single

Married

Divorced

Widowed

3. How many years have you been employed at the organization?

Less than 5years 5-10yrs 10-15yrs more than 15yrs

4. How often did your company use fringe benefits as a motivated technique?

Less than 1year 1-3years more than 3yrs never

5. What forms of fringe benefits do you get at work?

Indicate if any of the below

Tea

Lunch

Refreshments

Nothing

6. Do you agree that fringe benefits will increase motivation and reduces absenteeism?

Agree strongly agree Disagree Strongly disagree

7. To what extent do you agree that your working environment contribute to the employee absenteeism?

Agree strongly agree Disagree Strongly disagree

8. Do you agree that a basic salary increases employee commitment?

Agree Strongly agree Disagree Strongly disagree

9. Do you get your salary on fixed dates?

Always sometimes never

10. How do you rate your current basic salary?

Adequate

More than adequate

Inadequate

Poor

11. Do you agree that a basic salary is much more important than work benefits?

Agree Strongly agree Disagree Strongly disagree

12. How effective is the basic salary in motivating employees?

Very effective Moderate Ineffective

13. To what extent do you agree that employees should be rewarded through commission based pay?

Lesser extent Average extend Greater extent

14. How influential is commission based pay on employee productivity?

Influential Very influential Average not influential

15. To what extent does a commission based pay reduce the degree of employee cooperation?

Greater extent Average extent lesser extent

16. Do you agree that commission based reward is appropriate for employees with a money making motive?

Agree Strongly Agree Disagree Strongly Disagree

17. What would you say is your level of commitment to MMCZ?

Using a scale of 0-25% as not committed; 26-50 %averagely committed; 51-75% not fully committed; 76-100% very committed

0-25% 26-50% 51-75% 70-100%