

Incentivizing Staff in an Era of Severe Financial Limitations

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ABSTRACT

The study sought to investigate incentivisation strategies used by the Zimbabwe Open University to motivate employees during the period 2006-2009, which was an era of severe financial limitations. The study used documentary evidence such as the Zimbabwe Open University's Strategic Plan 2005-2009. Structured interviews were conducted with the human resources personnel and employees from various departments at ZOU. The study revealed that employees were largely motivated by a wide range of incentives which include staff development and training, medical aid, funeral assistance, the "Baccossi" transport programme, appointment and promotion opportunities. However, employees expressed dissatisfaction with the deferment of some incentive packages. Deferred incentives included the Best idea award, Worker of the year award, VC's trophy of the most improved worker, Manager of the year award, housing and car loans, sabbatical and contact leave. The study concluded that the incentive scheme introduced by ZOU had a meaningful impact in boosting employee motivation as the institution managed to retain most of its staff and remained operational when other Zimbabwean universities had suspended operations. The study recommends that urgent steps must be taken by ZOU to expedite the implementation of the deferred incentive schemes.

Background to the study

The Zimbabwe Open University is the sole State Open and Distance Learning University in Zimbabwe and is the largest in the country in terms of enrollment figures. For some decades, Zimbabwe's public education had been ranked as one of the best in Southern Africa, and many other parts of the world. Chitambara, F. (2009) argues that this was chiefly as a result of a stable economic and political environment and attractive working conditions for education practitioners.

From the year 2006-2009 the Zimbabwean economy suffered the highest levels of economic and political deterioration. This period is generally regarded as a period of economic crisis (Raftopoulos 2009). Hyperinflation reached an official level of 230 million percent by the end of 2008 (Raftopoulos 2009: 220). The number of Zimbabweans living below the poverty datum line was estimated to be around 85% in 2006 (Raftopoulos, 2009: 220). Many employees left both the private and the public service to get employment in Non-Governmental Organisations that were paying employees in foreign currency. At the Zimbabwe Open University workers were still earning Zimbabwean dollars that were equivalent to less than thirty United States dollars (\$30) per month. Dornbusch et al, (1990) argue that, when confronted with this deepening and crippling economic levels, the government of Zimbabwe was unable to provide adequate remuneration for government workers. It is against this background that the system of incentives to public employees was introduced to augment the meager salaries earned by public employees so that public education in the country would not face liquidation or total paralysis, (Gaidzanwa 1999).

The general understanding has been that staff welfare had deteriorated in universities to unacceptably low levels. There is not known a study that was carried out at ZOU to assess the impact of incentives during times of severe economic challenges. This study therefore seeks to clearly explore how the Zimbabwe Open University incentivised staff in an era of economic deprivation. It is expected that the research findings will assist ZOU and other ODL institutions in addressing employee motivation during periods of economic crisis.

Statement of the Problem

University education was adversely affected by the hyperinflationary environment during the period 2006 - 2009. Employees expressed dissatisfaction over poor salaries and unattractive working conditions, thus, the Zimbabwe Open University resorted to various coping strategies to address this problem. The incentivisation of staff was then an attempt to motivate and retain employees in the University. While the economic climate of Zimbabwe has improved due to the introduction of the multicurrency system, one would want to know how the Zimbabwe Open University managed to incentivise its employees during the economic crisis period of 2006-2009. This study, therefore, seeks to identify the various incentives used by ZOU to motivate employees during the era of severe financial constraints. The information from this study will assist the ODL institution to cope with crisis periods of this nature, should such a situation recur.

Purpose of the study

- The aim of this study is to explore the strategies that were used by the Zimbabwe Open University to incentivise its staff during the hyperinflationary period of 2006-2009. The study was therefore guided by the following objectives.

Objectives of the study

- To identify incentives that were used to motivate employees at the Zimbabwe Open University in the era of severe financial constraints.
- To find out how the Zimbabwe Open University used the various incentives to motivate its employees during the economic crisis.

Key research questions

- What are the key incentives that were used to motivate employees at the Zimbabwe Open University during the era of severe financial constraints?
- How were these incentives operationalised?

Justification of the study

It is a fact that when all other State Universities in Zimbabwe closed shop during the period 2006–9, the Zimbabwe Open University was the only University that remained operational. This research study is therefore expected to harness information on incentivisation of staff as part of the ZOU

knowledge management programme. The business environment is characterized by economic growth and recession. From a risk management perspective, it is therefore important that organisations have reliable and tested strategies that can be used to incentivise staff during an era of severe financial limitations. The information can also help to address employee motivation at ZOU and other Open and Distance Learning institutions. The study will also benefit policy makers in Higher Education as it will reveal the impact of incentives on employee motivation. It is envisaged that the results of this study will assist policy makers to take appropriate measures to address the concerns of employees during periods of economic crises.

Research Methodology

The research methodology used for this study was the descriptive survey. Documentary evidence and structured interviews were used to collect data. Robson (1983) argues that a descriptive survey gathers data at a particular point in time with the intention of describing the nature of prevailing conditions. A descriptive survey was preferred because of its ability to collect opinions, views and perceptions of respondents. This was an appropriate research design to describe the incentive structure at the Zimbabwe Open University and its impact on employee motivation during the period of severe financial constraints.

Review of related literature

The notion of incentivisation

Buchan et al., (200) define an incentive as, "one particular form of payment that is intended to achieve some specific change in behaviour". Chhabara, (2001) states that, "an incentive is something which stimulates a person towards a goal. It activates human needs and creates the desire to work, and thus an incentive is a means to motivation". Chhabara further states that incentives generally have a direct influence on the degree of employee motivation, where an increase in incentives leads to improved performance. In order to motivate workers to work towards the accomplishment of organizational goals and objectives, the employer must determine the needs of the workers and provide a conducive environment in which appropriate incentives are available for their satisfaction. In this way incentives are expected to increase most employees' desire to attain targeted levels.

Expectancy Theory

Lambright, K.T (2010) suggested an extended version of the expectancy theory, in which the level of certainty is included. This theory resulted from Vroom (1964)'s work on motivation of employees. According to Lambright (2010), expectancy theory purports that people's actions are based on their expectations. People are motivated to work when they have the expectation that extra effort leads to good performance, and that, performance results in positive reward. In essence, the motivation of the employees is determined by the desire for the reward. However, the only challenge of the expectancy theory is that it becomes irrelevant if the employees do not believe in the motivation or reward provided by the employer.

Basing on Lambright, (2010)'s revised expectancy theory, Janet Wiscombe (2002) argues that employees desire to be recognized for contributing something to their organisations. Wiscombe, (2002), in a study carried out in a hyperinflationary environment, discovered that non monetary

incentives are the most preferred strategy because they are cost effective. He found out that non-monetary incentives lowered stress, absenteeism, and turnover and raised morale, productivity, and competitiveness. According to Wiscombe's study in 34 United States organizations, 90.5% of the managers agreed on the idea that recognizing employees helps in motivating employees and 84.4% of the managers responded that providing non-monetary recognition to the employees when they do good work helps to increase their motivation and performance. The research revealed that most of the employees indicated that it was extremely important to be recognized by their managers when they do good work.

Transactional Analysis- descriptive model (revised 2011)

The central element upon which the revised transactional theory is built is effective communication. Psychologist Eric Berne (1980) developed the transactional analysis theory. Berne viewed an interpersonal interaction as a transaction. A complete transaction involves a stimulus and a response that involves feedback. According to Hackman and Oldham (1980), feedback is the degree to which the individuals are provided direct and clear information about the effectiveness of their performance. One of the best ways to encourage workers to help in cost reduction for the organization is to provide them with public recognition for their efforts in reducing the costs (Nelson, 2001). According to a March 1998 survey by The Gallup Organization Inc. and Carlson Marketing Group Inc., of the 2000 employees surveyed in the United States, 82% said recognition and positive feedback motivate them to improve their performance (PFI, 2002).

Job characteristics model

Hackman and Oldham (1980) in their job characteristics model observe that jobs can be redesigned to make them more motivating through enrichment, job rotation, job enlargement, empowerment and feedback. Hackman and Oldham (1980) state that empowerment of staff involves the delegation of power or authority to subordinates. Participation in decision making as a non-monetary incentive was analyzed in the researches of Ertekin (1978), Sencer (1986), and Tosun (1981). The research revealed that most employees were to a lesser extent participating in the formulation of important decisions. These findings may suggest that participation in decision making though not a very common practice in public organizations, is an important motivator for many employees.

Discussion of Findings.

The research revealed the following;

The Zimbabwe Open University had, first and foremost, a clear strategic plan which articulated the broad vision of the institution, the mandate, core values and specific goals and objectives. With this vision, the Zimbabwe Open University projected a future for everyone in the institution, a future which reflected organizational well being during and well after the economic crisis period. The ZOU strategic plan articulated a clear human resources strategy which assisted employees to understand how the institution was dealing with fundamental bread and butter issues. The major components of the human resources strategy were as follows;

Growth of the institution

The Zimbabwe Open University strategic plan required tremendous growth in terms of student enrollment and staff compliment. ZOU has a staff complement of 850 and an annual registration of about 16 000 students. This is important, because, when the institution was made aware that the government was unable to provide favourable salaries, student fees became the main source of revenue to support better conditions of service. In this way, ZOU employees were motivated to recruit more students and provide them with good quality service.

Caliber of staff required

The envisioned future for the Zimbabwe Open University, of being a World class Open and Distance Learning University, requires personnel of high caliber who can inject energy, give direction and meaning to stated organizational goals and objectives. The human resources' mandate was to ensure that at least 30% of Academics would be Doctors and Professors by 2014. This propelled both the institution and staff to put in place mechanisms to attain this goal e.g. through staff development programmes funded by the institution and support in research work for purposes of staff promotion to professorial grade.

Rewards and sanctions

Various ways of acknowledging exceptional performance were introduced at ZOU. The following rewards and sanctions were clearly communicated in the Human Resources plan. These are, Accelerated advancement, Worker of the quarter / worker of the year award, Manager of the semester award, Unit of the year award, Researcher of the year award, Consultant of the year award, Quality improvement awards, Sanctions reduced bonus and reprimands and Quarterly publication of project variance reports

Participation in decision making

Employees at ZOU through participation in decision making felt that their ideas were valued and they were given the opportunity to influence the work process. Various consultative meetings on key organizational issues were carried out starting at departmental level. ZOU implemented the, “Best idea programme” as a way of encouraging staff to play their part and make contributions towards the effective running of the University. In so doing the ZOU management recognized that every staff member had a crucial role to play in boosting the institution's performance. This helped to make employees' jobs more interesting and meaningful. Moreover, it helped the organization to benefit from the knowledge and skills of employees whenever and wherever possible. Lawler (1990) stated that participation affects motivation because it increases the amount of information that employees have on the expected outcomes of performance.

Effective Works Council Committee

The study confirmed that there was a strong rapport between employees and management at the Zimbabwe Open University. There was an effective Works Council Committee which comprised half of senior management members and half of the workers representatives. The Works Council Committee enabled employees' representatives and management team to openly discuss the

challenges faced by the organisation and possible solutions to assist employees. This helped to keep ZOU employees positively engaged on their work.

Supervisory feedback

The Zimbabwe Open University effectively managed to use supervisory feedback as a way to motivate employees during the economic crisis. ZOU employees were informed about how effectively they were performing in their jobs. Immediate supervisors at ZOU provided feedback to their subordinates. A survey by Ndudzo, D (2012)'s (unpublished paper) revealed that, 72.5% of respondents at ZOU indicated that they get feedback from their supervisors. This confirmed the availability of effective communication channels at the University. Social non-monetary incentives such as verbal recognition by supervisors or letters of appreciation to the employees highly motivated ZOU employees during the economic crisis period.

Staff development and training

The Zimbabwe Open University's human resources unit facilitated internal training of staff members. The institution introduced the Exemption from Payment of Fees facility, where after one year of service at ZOU, an employee who is on full time employment will be eligible for the exemption from payment of school fees together with his / her spouse and three dependants. Staff members and line managers had the responsibility to identify training needs in relation to their areas of work. Lynton & Pareek (1990) states that training opportunities is a job-related incentive that most employees prefer in organisation. They insist that this incentive gives the employees the opportunity to develop their potential and may satisfy the growth and self-actualization needs of the employees. According to Ndudzo, D, (2012)'s (unpublished paper), 85% of respondents at ZOU indicated that staff development and training opportunities were good. This clearly shows that the University provided effective staff development training opportunities to its staff.

Appointment and promotion opportunities

The Zimbabwe Open University put in place an effective appointment and promotion committee to manage all appointments and promotions to outstanding employees basing on the ZOU Staff Appointment, Grading and Promotion ordinances. This ensured an equitable and workable system of appointments and promotions in the University. This ties very well with the observations by Tetey (2000) which are that employees are highly motivated by opportunities for appointments and promotion. Promotion usually meant an increase in prestige, self-respect and self-development for the employees, which to a larger extent satisfied their psychological needs.

Transport assistance

Gaidzanwa (1999) states that during the hyperinflationary period employees in various organisations could not afford to pay bus fares because of the poor salaries they got from their employers. There was an erratic fuel supply which propelled a rampant shortage of transport in the whole country. This study revealed that, the Zimbabwe Open University provided transport assistance which was meant to ferry ZOU employees to and fro work. This was popularly known as the, "Baccossi transport" among ZOU employees. The research highlighted that, to a larger extent, employees appreciated the provision of transport by the employer.

Job title change

Organ (1977) states that one example of a non-monetary incentive can be a simple job title change. Human resources documents revealed that, at the Zimbabwe Open University, “cleaners” in the Works department had their titles changed to, “work assistants”. Merrill Lynch (1990) argues that people often measure themselves not by what they do, but by the job title even if the pay is the same. For the cleaners at ZOU, this was almost like a promotion without a salary increment. The employees performed the same tasks and same job duties, but they now had a different job title. This job title change highly motivated the cleaners who felt they now had a better and more important sounding title.

Social activities

The study indicated that, ZOU provided its employees with social activities such as sporting activities where members of staff participated in various games such as soccer, netball, basketball, etc. ZOU employees participated in various national and international competitions such as SASU, ZITHUSA and ZUSA. Hackman and Oldham (1980) argues that social activities arranged in the organization may be a high potential source of motivation for the employees. Sporting activities created a positive working atmosphere at ZOU. These sporting activities at ZOU also successfully satisfied the belongingness and friendship needs of employees thus providing a model of teamwork and motivation that could not be found in many universities at that time.

ZOU funeral assistance

The study revealed that the ZOU funeral policy which was meant to assist staff members in times of bereavement played a pivotal role in boosting morale of employees. The late member’s spouse would receive funeral assistance in the form of cash, as well as fuel and transport. In addition, a member of staff would also benefit from the University funeral facility in the event of losing an immediate relative through death.

ZOU allowance

The study revealed that ZOU provided its employees with monetary incentives such as the ZOU allowance. A survey carried out by D. Ndudzo (2012) confirmed that 60% of ZOU employees were highly motivated with the ZOU allowance. Allowances were usually disbursed towards school opening days thus employees would use this to pay school fees for their children. However employees mentioned that there was need for timeous distribution of ZOU allowances.

Medical allowance

The research revealed that the Zimbabwe Open University employees were motivated by the ZOU medical aid facility. The medical aid facility is a voluntary package offered to ZOU employees. The contribution rates for medical aid are 80% for the employer and 20% for the employee.

The “ZOU family” concept

The research confirmed that the Zimbabwe Open University significantly provided a convenient and conducive work environment which promoted the social well being and oneness of its employees. The “ZOU family” ideology boosted staff bondage as staff viewed themselves as a large corporate family. The ZOU family accepted the dignity of the individual without discriminating against sex, gender, race, ethnic or religious backgrounds or political affiliation of an individual. The research revealed that the ZOU human resources department offered social counseling services to staff. This boosted employees’ morale.

Conclusion

The study reveals that the Zimbabwe Open University survived the economic crises of 2006-2009 due largely to a well focused human resources strategy which assisted to align employee values with the vision of the organisation. The Human Resources strategy was underpinned by a clear incentive strategy that motivated staff to remain at ZOU. The incentive program at ZOU was beyond the monetary rewards system because it embraced a ZOU culture that focused on participative and consultative decision making, staff development and training, appointment and promotion opportunities. A consistent implementation of the selected incentive strategies assisted the University to realize its vision to become, “A World Class Open and Distance and Learning University”

Recommendations

On the basis of above findings the following recommendations are suggested

- The institution should timeously disburse its allowances whenever possible. This will enable the institution to realize the full potential of allowances in boosting staff morale especially during periods of economic hardships.
- The University should consistently implement the recognition awards as crafted in the ZOU’s Strategic Plan Document of 2005-2009. Examples of such wards are Worker of the year award, VC’s trophy of the most improved staff, Manager of the year award, Unit of the year award, Researcher of the year award, Best Idea award etc. This will acknowledge good performance and innovativeness thereby enhancing motivation across all levels of the University.
- The University should work closely with housing cooperatives especially those supported by government.
- The University should carry out further research on the notion of incentives as these are critical even during periods of low economic crises.

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