Perennial challenges facing the Government of Zimbabwe on paying salaries and other benefits to its workers (2013-2016)

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Abstract

Definition of key terms

Benefit-Also known as fringe benefit which is an extra benefit supplementing an employee’s money wage or salary, for example a company car (or transport allowance), private health care (medical aid), accommodation (housing allowance), pension etc.

Perennial-Existing for very long time period and not easily resolved. Something ongoing with no solution in the short or medium term like for this study, the salary and bonuses erratic payments by government which are shifted oftenly due to “financial incapacitation”.

Poverty datum (PDL)-represents the cost of a given standard of living that must be attained if a person is deemed not to be poor. In Zimbabwe it is around $550 based on a family of six members but fluctuates as a result of largely macro economic factors e.g. taxation, interest rates

Remuneration-Monetary (financial such as salary) and non financial extrinsic rewards provided by an employer for the time, skills and effort made by employees (workers) in fulfilling their job requirements (employment contractual obligation) aimed at contributing to the accomplishment of organisational goals

Salary-is a form of periodic payment from an employer to an employee, which may be specified in an employment contract. It is contrasted with piece wages, where each job, hour or other unit is paid separately, rather than on a periodic basis. In this study it is on a monthly payment basis

Background to the study

The Government of Zimbabwe has been facing a lot of financial challenges to meet its huge wage bill constituting about 82% of its recurrent expenditure (the Independent 8 January 2016). Those being paid by government include the civil servants (working in mainstream government ministries) who are the majority, others are employed in state grant aided institutions like state universities. Others who also expect government benefits include pensioners and war veterans and those
working in foreign assignments (at various embassies worldwide). Government revenue inflows have largely been affected by an underperforming economy characterised by lots of liquidation or downsizing of operations by lots of companies, massive retrenchments exacerbated by the Supreme court ruling of 17 July 2015 which resulted in 25,000 losing their jobs by end of August 2015 (Daily news 25 August 2015). This has drastically reduced government revenue inflows from company and income tax contributions.

Due to tight fiscal space, Minister Chinamasa had early last year, 2015 contemplated suspending payment of bonuses for 2015 and 2016. Minister Chinamasa said economic activity was depressed and with more people working in the informal sector where they do not pay taxes, it was unsustainable to continue paying the bonuses. The move irked civil servants and President Robert Mugabe overturned the suspension saying

“when government bestows a benefit on civil servants, that benefit cannot be withdrawn because it has become a right.”

At its peak, the country had two million workers in formal employment (2006), but the figure has shrunk to a paltry 500,000 in the last decade. Without any balance of payment support and starved of foreign credit, Zimbabwe’s budget is almost funded 100 percent from tax collections and most of it goes towards salaries, leaving not much funds (money) for infrastructural maintenance and development from the fiscus.

Minister Chinamasa says Zimbabwe spends $260 million on salaries every month or 82% of the total revenues raised from taxes. Cutting the wage bill is part of reforms agreed with the International Monetary Fund under an ongoing plan to revamp the economy.

Since the general elections of July 2013, the economy has been spiraling. Even multi-billion deals signed with Russia and China appear to have failed to breathe life into the suffocating economy (The Independent of 26 September 2014, www.theindependent.co.zw accessed 24 February 2016).

According to Minister Chinamasa’s fiscal policy in early September 2014, the economy was by then projected to grow by 3.1% in 2014, down from initial forecasts of a 6.1% growth due to continued low business and investment confidence, scarce liquidity, and subdued international prices for major exports, among other factors.

Apart from cutting the unsustainable wage bill, the IMF had by then said Zimbabwe needed to enhance financial sector stability, strengthening debt management measures and capability, among other issues such as continued sale of diamonds through international centres and sustained reforms to meet its ongoing Staff Monitored Program (SMP) targets. (The Independent of 26 September 2014, www.theindependent.co.zw accessed 24 February 2016). The IMF and Zimbabwe reached consensus under the SMP on measures to improve the current economic situation, including a package of measures to address the fiscal gaps that have arisen in the context of the weaker economic forecast and wage pressures. The ballooning wage bill is crowding out crucial capital and social expenditure that can transform the economy, currently heading for recession. (The Independent of 26 September 2014, www.theindependent.co.zw accessed 24 February 2016)

The report further mentioned that since 2009, the Zimbabwean government had struggled to meet its cash budgetary needs largely due to a huge civil service wage bill which kept ballooning and accounted for as much as 76% of total expenditure between January and June 2014. Salaries gobbled up nearly US$2.6 billion in 2012, which translated to 70% of the government’s total revenue collections. The wage bill swelled further due to a 14% increase on civil servants salaries awarded by President Robert Mugabe’s government earlier in 2014 in order to make good on his 2013 promise to improve conditions of service for government
employees in the run up to 2013’s Presidential and parliamentary elections.

The financial constraints of government has been further compounded by cash shortages which surfaced around end of April 2016. That has prompted the government to introduce bond notes in the next few months, likely to be August 2016 according to Sunday mail edition of 29 May 2016. Introducing bond notes which would have an equivalence of the USD, has brought a feeling among majority of Zimbabweans that the strategy was an indirect way to reintroduce the Zimbabwe dollar again. That is being viewed as likely to cause more harm than good and speculation was high that this could witness the re-birth of the illegal forex market (popularly known as the black market), reminiscent of the 2007/2008 hyperinflationary period which reached alarming levels of 300 million percent.

Research questions

(i) What is government policy on the remuneration (salaries and benefits) of its workers?
(ii) What are the major challenges facing government on the payment of its workers salaries and benefits?
(iii) How has been the relationship between the government and its workers on the issue of payment of salaries and benefits over the past three years?
(iv) What should government do to improve paying salaries and benefits to its workers

Statement of the problem

The Government of Zimbabwe has been facing serious challenges pertaining to payment of monthly salaries for its workers especially over the past two and half years. There has been unilateral shift of pay dates and delayed bonus payments especially over the past three years. This has culminated in civil servants threatening to go on strike on several occasions, hostile labour relations between the government and its workers characterised mainly by serious counter accusations. Dwindling revenue of government has been a major concern especially when revenue collection fell by 3% to USD3,5 Million from USD3,6 in 2014 and continuing to plummet in 2016. The situation has been exacerbated by cash shortages which surfaced around end of April 2016.

It is against a plethora of challenges affecting government payment of salaries and benefits to its workers that prompted this researcher to conduct this study in order to have better insights about this perennial problem and to suggest what could be done to alleviate it.

Literature review

Conceptual framework

Theories of Compensation

In order to understand which components of remuneration are more effective, we need to understand the conceptual framework or theories or employee remuneration. Three such theories are reinforcement and expectancy theories, equity theory and agency theory (Human resources management practice, www.humanresourcespractice.com accessed 12 April 2016)

Reinforcement and expectancy theories

The reinforcement theory postulates that a behavior which has a rewarding experience is likely to be repeated. The implication for remuneration is that high employee performance followed by a monetary reward will make future employee performance more likely. By the same token, a high performance not followed by a reward will make its recurrence unlikely in future. The theory
emphasizes the importance of a person actually experiencing the reward. Like the reinforcement theory, Vroom’s expectancy theory focuses on the link between rewards and behavior. Motivation, according to the theory, is the product of valence, instrumentality and expectancy. Remuneration systems differ according to their impact on these motivational components. Generally speaking, pay systems differ most in their impact on instrumentality the perceived link between behavior and pay. Valence of pay outcomes remains the same under different pay systems. Expectancy perceptions often have more to do with job design and training than pay systems.

Since remuneration payment by the Zimbabwean government is mostly on a pro-rata basis, and everyone expects to be paid bonuses and other commensurate benefits, there has not been much incentive or motivation for government workers to go “beyond the call of duty” compounded by a laissez faire leadership style that seems to be however changing of late due to ongoing human resource audits across all ministries and other departments (last quarter 2015-2016).

Equity theory
Adam’s equity theory says that an employee who perceives inequity in his or her rewards seeks to restore equity. The theory emphasizes equity in pay structure of employees’ remuneration. Employee’s perceptions of how they are being treated by their firms are of prime importance to them. The dictum ‘a fair day work for fair day pay’ a sense of equity felt by employees. When employees perceive inequity, in can result in lower productivity, higher absenteeism or increase in turnover.

The feeling of inequity by most government workers (salaries below poverty datum line and regional earnings such as for those of South Africa and Botswana) seems to be adversely affecting performance of its workers and some have resorted to corruption in order to improve their earnings (e.g. Police, Department of immigration, ZINARA, Zimbabwe Revenue Authority-ZIMRA).

Agency theory
The agency theory focuses on the divergent interests and goals of the organization’s stakeholders and the way that employee remuneration can be used to align these interests and goals. Employers and employees are the two stakeholders of a business unit, the former assuming the role of principals and the latter the role of agents. The remuneration payable to employees is the agency cost. It is natural that the employees expect high agency costs while the employers seek to minimize it. The agency theory says that the principle must choose a contracting scheme that helps align the interest of the agents’ with the principal’s own interests. These contracts can be classified as either behavior-oriented (e.g. merit pay) or outcome oriented (e.g. stock option schemes, profit sharing, and commission).

In Zimbabwe, it appears the government wants to save costs by not increasing salaries in light of its hugely criticised wage bill (82% of the fiscus), whereas its workers want salaries increased in line with the poverty datum line(PDL).

All the above 3 theories affect attitude and behavior of both government and its workers on remuneration issues.

Factors affecting remuneration management. (also Zimbabwe government)
According to Beach (2002) and Bates (1999) cited by Jubenkanda (2004), these are
• Prevailing wages (should be comparable with market rates. For this study, generally government workers are paid lower relative to private businesses or regionally if compared with South Africa and Botswana).
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is a big challenge for Zimbabwe government which is cash strapped due to economic and political factors).

• **Cost of living Adjustment** (should be guided by PDL and expected to pay above that, but the Zimbabwe government has generally failed for majority of its workers with few exceptions like those holding senior positions and state universities staff).

• **Productivity** (where revenue is flowing e.g. to treasury, it should be easy to pay or review salaries and awarding bonuses but in Zimbabwe, the government revenue base from taxes has been dwindling due to company closures, retrenchments and liquidity crunch).

• **Bargaining power** (negotiations should be in good faith but government workers remuneration is a prerogative of government as workers can only be consulted due to absence of a collective bargaining framework).

• **Job evaluation or Internal rates** (usually based on a grading system which shows salary scales and commensurate benefits. The Zimbabwe government decides for its workers who can only be consulted. For majority of cases, the salary reviews are on a pro-rata basis. Same percentage across).

• **Legislation** (Laws of the country which may determine minimum and maximum wages for respective professions. In Zimbabwe largely based on the Public Service Act and other statutes e.g. University Acts-Staff conditions of service ordinances, ZIMCHE promotions guidelines etc.).

• **Individual and team performance** (performance related pay should be able to motivate star performers but for the Zimbabwe government workers that has not been very functional due to the pro-rata basis).

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**Media reports on government wage/salary issues (Desk research or Secondary Data)**

The following media articles with their headlines, have been included to provide better insights about the magnitude of the problem under investigation.

**Govt issues contradictory statements on civil servants’ bonuses – The Zimbabwean 1April 2016 (www.zimbabwean.com accessed 20 April 2016)**

According to the newspaper article, the crisis ridden Zimbabwe government was again issuing conflicting statements on the payment of overdue bonuses owed to civil servants. The bonuses are routinely paid in November and December of each year except for the past two years.

**Finance Minister Patrick Chinamasa**

Treasury was expected by the end of March to pay bonuses to members the health sector but failed to meet its obligation but after only paying the members of the Defence force, Zimbabwe Republic Police, Zimbabwe Prisons and Correctional Services at the beginning of April 2015, who initially were supposed to be paid end of February 2015.

A statement released in the morning on 1 April 2016 by Health Services Board executive director, Ruth Kaseke, showed the dysfunction in government. The statement directed to secretary for Health and Child Care, Brigadier General Gerald Gwinji, read:

“As you might be aware bonus payment for Health Workers had been scheduled for today, (Thursday) 31st March 2016. Please advise all institutions that there has been a delay in the honoring of this commitment and we await details from treasury.”
Later, Finance Minister, Patrick Chinamasa issued a somewhat contradictory statement saying,

“As previously communicated, government is paying the 2015 bonus payments on a staggered basis, with the first installment having been made end of February 2016. The next proposed payment date is for end March 2016. In this regard, 2015 bonus payments for members of the Zimbabwe Republic Police are being made tomorrow (Friday), 1 April 2016.”

Minister Chinamasa’s statement further said,

“To allow for mobilization of additional resources, 2015 bonus payments to members of the Zimbabwe Prisons and Correctional Services and staff under the Health sector will be made on Thursday 7th April 2016. The 2015 bonus payment dates for the Education Sector and the rest of the civil service remain as previously communicated, that is, 30th April, 2016 and 31st May, 2016 respectively.”

Mr Chinamasa in February 2016 had said that members of the defense forces – who include the Zimbabwe National Army and the Air Force of Zimbabwe – were to be paid that month, followed by the Zimbabwe Republic Police, Zimbabwe Prisons and Correctional Services and the health sector in March 2016.

Only the defence forces had been paid by then in what many government workers alleged was a divide and rule tactic.

President of the Zimbabwe Hospital Doctors Association Dr Fortune Nyamande said that they had been expecting their bonuses on Thursday (30 March 2016) as promised by treasury but they were not paid. He said there was no formal communication from the government as to why it had failed to honor its promise.

Furore over civil servants’ pay date change

February 1, 2016 (Daily News report by Mugove Tafirenyika www.newsday.co.zw accessed on 25 April 2016)

In the newspaper article, Financial constraints had forced government to change the pay dates for civil servants, Public Service Minister Prisca Mupfumira had said, amid a furore among government workers.

Police officers who used to get paid after teachers were now getting their salaries earlier. This came amid complaints by some civil servants that government seemed to favour uniformed forces when it comes to remuneration.

A new pay schedule indicated that soldiers and police officers would receive their salaries first ahead of nurses and teachers. Minister Mupfumira told the Daily News the previous weekend that it was only prudent to have civil servants paid sector by sector, starting with those with less numbers.

“Staggering pay dates for employees has been the norm and government has considered numbers of personnel in each sector considering the rate at which it can mobilise resources,”

Minister Mupfumira said, adding that whatever the case, all of them would get their salaries after every four weeks.

“Historically, pay dates have always been structured as such without problems. Government adheres to the principle of equality and impartiality henceforth does not favour any group of its employees but treats them equally.”

However unions representing civil servants including the Progressive Teachers’ Union of Zimbabwe and the Zimbabwe Teachers Association as well as others who make the Apex Council, said they had opposed the new plan to no avail.

The previous month (January 2016) soldiers got their salaries on the 16th, followed by the police and prison officers who got their salaries on the 20th, while teachers got paid on the 27th, with the rest of the civil service only getting paid on the 29th.

The Rural Teachers Union of Zimbabwe (RTUZ) said the timelines announced by government we meant to thwart plans by the union’s members to go on strike which was to start on 15 February 2016. Although RTUZ acknowledged the announcement of new
dates as good news, they still had other outstanding issues that included the unilateral 7.5% pension deduction and cancellation of vacation leave for teachers.

Finance minister Patrick Chinamasa had told State media on Wednesday that the government had come up with dates for the payment of civil servants bonus starting with the Zimbabwe Defence Forces this month (February 2016) Zimbabwe Republic Police and Zimbabwe Prisons and Correctional Services as well as the health sector in March, followed by the education sector in April and lastly the rest of the civil servants in May.

**Civil servants breathe fire over inconsistent pay dates**

1 July 2014 by Stephen Chadenga (www.zimbabwesituation.com, accessed on 10 May 2016)

In the report, Civil servants unions had urged the government to have fixed pay dates and avoid leaving everything to chance as that was tantamount to taking them for granted.

In an exclusive interview on the sidelines of the National Public Servants’ Day commemorations in Shurugwi the previous Friday, Richard Gundane said government employees were getting impatient with the constant shifts of their pay dates.

“The issue of pay dates should not be left to chance and workers should not be left guessing. We are aware that it (government) is now going to come up with new dates, which dates I believe have already been gazetted, if not, will be gazetted shortly”

Apex Council chairperson Gundane said.

“We have taken the government to task over salary delays to the extent that they now had to gazette new dates because we have said it is not good to keep people guessing when they are going to get their payments.”

Since the beginning of 2014, civil servants’ pay dates had been constantly shuffled as the cash-strapped government struggles to meet the huge wage bill which gobbled about 70% of government’s monthly revenue by then.

**Government stagers civil servants’ bonuses**

By The Herald, December 25, 2014

According to the newspaper article, the majority of civil servants who had not received their bonuses last month (November 2014), were expected to get theirs before the end of the December 2014, while the rest would get theirs staggered up to the end of January 2015 according to a statement released by the Public Service, Labour and Social Welfare Minister, Prisca Mupfumira. She said that due to cash flow challenges, Government could not pay all the bonuses at once as promised earlier on.

Civil servants, however, said they were not aware of the development and expressed anger at their employer, saying they were being forced to adjust their budgets once again.

“Due to low cash inflows being experienced at Treasury, we realised that we could no longer pay the outstanding bonuses at once. Government then resolved that it would pay all its workers’ December salaries before Christmas and then stagger the bonuses for those who are yet to get them, Half of the workers will get their bonuses at the end of December, while the rest will get theirs at the end of January next year. I want to appeal to the workers to bear with the Government. I also want to assure them that they will definitely get their bonuses”

said Minister Mupfumira.

According to the same article, the bonuses were initially staggered between November and December, with the uniformed forces receiving their 13th cheque last month, November 2014.

Apex Council president Richard Gundane said Government workers were not aware of the development:

“We’re disturbed by the development as it is the latest in a chapter of promises that have not been met. Colleagues in the uniformed forces received their bonuses last month and we thought it was only fair for the rest
of the civil servants to get theirs as promised by the Government.”

**Government faces fiscal crisis on bloated wage bill**

*September 26, 2014 by Zimbabwe independent’s reporters Taurai Mangudhla/Kudzai Kuwaza (www.theindependent.co.zw accessed on 24 February 2016)*

In the article, the visiting International Monetary Fund (IMF) mission had raised the red flag and rang alarm bells over a looming fiscal crisis in Zimbabwe due to an unsustainable wage bill of US$248 million a month as government revenues continued to dwindle amid budget overruns.

This had left Finance minister, Patrick Chinamasa stuck as he had no fiscal space to manoeuvre out of the growing financial crisis. The Bretton Woods institution team warned of a “financial cataclysm” if the bloated wage bill was allowed to spin further out of control. Since 2009, the wage bill had grown from about 60% to close to 80% as around September 2014.

An unnamed senior cabinet minister had said

“If this is wage bill issue was not addressed urgently, our government faces bankruptcy. The country’s wage bill was embarrassing and unsustainable”.

By then Zimbabwe spent around 35% of GDP compared to 27% on average for Africa and 25% for Asia. So Minister Chinamasa and government faced tough options; To intensify the Zimbabwe Revenue Authority taxation crackdown and further squeeze companies and tax payers already taxed to the bone or retrench part of government’s 236 000 strong work force.

Further taxation would have certainly fueled a wave of company closures and retrenchments, while impoverishing the already overburdened taxpayers.

Retrenching civil servants might trigger a fierce backlash on Zanu PF whose government is disastrously unable to meet its long list of electoral promises, including creating 2,2 million jobs by 2018 as targeted by the party’s economic blueprint, ZimAsset.

In the same article, the ruling Zanu PF government had in its 2013 election manifesto, promised to unlock US$1,8 trillion by utilising idle assets and transfer millions of it into the hands of the previously marginalised black Zimbabweans through indigenisation - which had virtually deteriorated into an empty slogan after triggering capital flight worth billions and failed to create more jobs (1 million) among other exaggerated promises.

The report stated that, however, instead of the promised boom and jobs galore, the economy was “haemorrhaging into a bloodbath” as companies and retrenchments intensified.

In an interview with the Zimbabwe Independent (on 25 September 2014) the then previous president Joseph Kanyekanye of the Confederation of Zimbabwe Industries’ (CZI), said as early as 2012 he argued there was need to retrench as much as 50% of government employees to match limited budget capacity.

“I think difficult decisions have to be made because this level of consumption is not sustainable and it has to be rationalized. If there are no prospects of increase in revenue then you have to work with suitable benchmarks and you can move back to desired levels when things normalise, but to continue and pretend nothing is happening and nothing needs to be done will damage the economy.,” he said.

Labour economist, Joseph Kanyenze also said that the government lacked the political courage to make bold decisions.

“Retrenchment is political, especially in the civil service and one cannot make such decisions when they are not prepared to face the consequences,”
He said Zimbabwe should not only focus on reducing staff costs, but growing the economy.

“It is not a case of either or, one has to do both. Another challenge is that the Ministry of Finance has no control on the courts where labour issues spill to and government reform requires ministries working together, for instance there is a shortage of health workers, but some areas are overstaffed,” he added.

In the same article, more than 75 000 ghost workers were unearthed in the civil service through a comprehensive audit carried out by Ernst & Young (India) in 2011. However, most of them remained on the wage bill by then.

Reserve Bank of Zimbabwe governor Dr. John Mangudya had noted in his maiden monetary policy statement, that the country was faced with interwoven economic challenges that included tight liquidity conditions, company closures, rising formal unemployment, low production levels, rising non-performing loans and disproportionate trade balance. In a July 2014 letter of intent to the IMF, Minister Chinamasa and RBZ Governor Mangudya said the country remained committed to keeping the overall wage bill on a downward trend relative to government revenues and expenditures in the medium term. They said government was committed to granting only one salary adjustment in 2014 and maintain the hiring freeze which started in July 2012 to manage the huge wage bill.

Public wage bill growing faster that real GDP: Economist

April 8, 2016 by reporter Tarisai Mandizha in Business Newsday

According to a 2014 report by Labour and Economic Development Research Institute of Zimbabwe (Ledriz) senior economist, Prosper Chitambara, the public sector wage bill had been growing at a faster pace than the real gross domestic product. Growth in the public wage bill was 16,5% compared to the real GDP growth rate of 3,1% for the same year. The public sector wage bill had been growing at a faster pace than the real Gross Domestic Product (GDP). He said that the growth was unsustainable. It meant that the public sector wage bill was growing faster than the rate at which the economy was growing. It was compromising fiscal and debt sustainability and jeopardizing growth by generating excessive deficits and crowding out growth-enhancing public investments. Economist Chitambara also said that the average real earnings index for Zimbabwe had declined from 159 in 2010 to 95,7 in 2014. This confirmed that there was a weakening and declining productivity as a result of increasing unemployment and general economic malaise.

Salary strikes rocks state universities (harare24.com, 10 February 2015)

The article said that workers at Zimbabwe’s state universities were downing tools with immediate effect, citing non-payment of the 2014 bonuses and the delay in paying their January salaries.

The national president of the Zimbabwe State Universities Union of Academics, Alois Muzvuwe told reporters that university workers could no longer afford to go to work, adding that they also wanted the government to come up with fixed salary dates and let them know in advance if the dates were to be changed.

State universities lecturers strike over no pay (www.ewco.za 10 February 2015)

The article said that lecturers at the country’s nine state universities had gone on strike because they had not been paid their salaries and bonuses since the previous year, 2014. They were being said to have been borrowing money to send their own children to school, but they were not going back to work until they received overdue payments according to
the Union of Academics for state universities, President Alois Muzvuuwe.

State university lecturers from the likes of the University of Zimbabwe, in the capital city, Harare and the National University of Science and Technology in Bulawayo, said that other civil servants had been paid their salaries but they hadn’t received anything in 2015. The article also stated that State universities workers could no longer afford to go to work at that time, adding that they also wanted the government to come up with fixed salary dates and to let them know in advance if the dates were to be changed.


The report mentioned that Government support to state universities was going to be reduced and would affect the sponsoring of key projects and expansion programmes, salaries, equipment, acquisition of properties and providing student grants and loans. University sources said they had been given six months’ notice before they start fending for themselves.

“Minister of Higher and Tertiary education, Science and Technology, (Oppah) Muchinguri recently summoned all state university vice chancellors and informed them of government’s plan to wean universities off all state support. There is now a lot of uncertainty about the future of these universities because that could signal their collapse,”

said a University of Zimbabwe (UZ) informant.

The government was struggling to pay university teaching and non-teaching staff salaries, which for many months had been arriving late. The report also said that staff at most state universities briefly withdrew their services over delayed payment of salaries. They only resumed work after government paid them. Pay days had been shifting for the rest of the civil service and other state aided institutions like state universities, except the army and central intelligence services, as treasury was struggling to raise money.

In the same report, the following subheadings were covered

Survival strategies

The report said that Minister Muchinguri, reportedly told the universities that they must establish their own resource mobilisation strategies for survival.

“The VCs (Vice chancellors) were told that they must consider using the farms and other resources they have to fend for themselves. What she seems to have missed is that the macro-economic situation is dire and this is a bad time to start business on our own. If the given notice carries through, which institution would have generated sufficient income within six months? Even if a project is good, there is no guarantee that it will sustain itself within such a short period of time,”

said a lecturer from National University of Science and Technology (NUST).

For the universities to engage in sustainable income-generating projects, there was need to fund them, but government had not given resources for the initiation of the business ventures. It was not clear if cabinet had already approved the plan to withdraw financial support to universities.

Government must stop

The chairperson of the Higher education parliamentary portfolio, Peter Mataruse, urged government to halt the plan.

“Government must stop this plan. In as much as we are aware that it is struggling to raise revenue, completely withdrawing would be disastrous. Withdrawal has many negative implications for university operations and students. The universities are most likely to fail to raise sufficient income on their own and this will force teaching staff to relocate to other countries. That would leave students with no teachers and they might just decide to drop their studies,”

Mataruse said.
Students drop out

Universities were likely to be forced to hike fees so as to improve revenue collection but, added Mr Mataruse, this would boomerang because most struggling students would drop out and enrollment would suffer. He urged the universities to use available resources to generate income so as to aid the cash-strapped government.

Recalling teachers and other civil servants on staff development

In the same report, government had reportedly withdrawn full-time university students from the civil service, mostly teachers, arguing that treasury had no money to pay relief staff due to the then current economic hardships. Hundreds of teachers and other civil servants who had enrolled at different universities during the first semester of 2015 had since been ordered to report back to their workstations. The move had riled most civil servants, especially those who had paid the full amount of their fees as the institutions refused to give them refunds.

Some of the civil servants said they had received phone calls from the government ordering them to report back to their workstations. At Great Zimbabwe University (GZU) in Masvingo at least 100 civil servants who had enrolled for different degree programmes were reportedly ordered to withdraw.

Shocked

“We were shocked to receive the directive to withdraw from the university despite the fact that we had been cleared to go on study leave. We are going to continue engaging government over this issue because we feel our right to education is being infringed by the state,”

said a teacher who had enrolled at the university

Primary and secondary education Minister Lazarus Dokora said the right people to comment on the development were at the Public Service Commission – the employer of civil servants. Public service, labour and social services Minister Prisca Mupfumira confirmed that some civil servants had been withdrawn from the universities because they had not obtained study leave clearance.

The country’s wage bill, according to Finance Minister Patrick Chinamasa, consumed over 80 percent of the total revenue collected by government. In the report, the minister hinted at trimming the country’s bloated civil service through retrenchments in order to reduce the huge wage bill.


The report stated that government was considering weaning off State universities or make them meet a certain percentage of salaries for their staff, The Higher and Tertiary education, Science and Technology Development Deputy Minister Dr Godfrey Gandawa had confirmed the development in an interview that had been held the previous week.

“I can confirm that Government has come up with a proposal to either have State universities meeting a certain percentage of their salaries or to wean them off completely. However, the issue was still going to be deliberated in Cabinet “

he said.

In the report some sources claimed that Government intended to implement the measure as early as July 2015. As from July, universities would no longer be receiving any funds from Government. Government wanted the institutions to stand on their own. Government funded State universities through grants and paid salaries for lecturers. According to the report, analysts said that the move, if implemented, was likely to cause an increase in fees with universities passing on the burden to students.
Mr Joseph Sagwati an analyst said that the move was imprudent.

“It is an ill-advised move as universities are already poor. It will be difficult for them to sustain a wage bill for lecturers’ salaries as well as administration staff. In the event that they consider adopting this policy, it will compel universities to increase fees, which will affect many parents.”

Mr Brains Muchemwa another commentator, said the decision would literally close the door on most rural students.

“The move, in as much as it is going to conserve cash for the Government, is very unfortunate from the perspective that it is going to make university education a privilege and a preserve for the very few elite at a time when most households are facing challenges due to the high unemployment rate. It is important for policy makers to understand that they themselves are beneficiaries of a free university education system without which — because some were raised in very poor families — they would not be sitting in the very public offices that allow them to make such retrogressive decisions.”

Mr. Muchemwa urged the Government to focus on meeting fiscal savings from parastatals where money was being misappropriated and then subsidise the education sector.

Government must fund state universities (Bulawayo24news.com, 1 July 2015)

In this report the, Member of Parliament (MP) for Harare West constituency, Jessie Fungayi Majome challenged the government to fully fund the running of state universities if it wanted to really call them state institutions. MP Majome said that in the National Assembly, when she debated in critical support of the Marondera University of Agricultural Sciences and Technology Bill, which if passed would then establish the university.

The cash strapped government was planning to completely withdraw financial support to state universities, raising fears that this could lead to the collapse of higher learning.

All the above Literature reviewed give very serious challenges facing the Government of Zimbabwe on its capacity to pay its workers and that has become perennial giving a gloomy picture about its staff motivation, sustainability and economic recovery.

Methodology

Approach

The study used the Qualitative paradigm

Design

The Survey design was used

Target population

Ministry of Public Service, Labour and Social Services & Ministry of Finance (Treasury department) and Civil Service Commission officials as well as Apex council & Staff associations representatives such as Zimbabwe Teachers Association (ZIMTA), Progressive Teachers Union Of Zimbabwe (PTUZ), College Lecturers Association Of Zimbabwe (COLAZ), Civil Service Employees Association (CSEA) and Government Workers Association (GWA)and also University staff associations, ZIMRA & RBZ etc.

Sample size and sampling technique

20 subjects using convenience sampling. The data saturation technique (Kennedy, 2009) was used to determine the number of 20 participants for this study.

Instrumentation

Used unstructured interview guide.
Data Presentation and Analysis

The content analysis method, involving categorization of data, classification, summarization and coding (Cresswell, 2003).

Findings

The following are the findings of this study

- Government was paying an alarming wage bill for its workers of about 82% of its total fiscal budget
- The number of government workers (civil servants and other grant aided institutions was very large).
- The government unilaterally shifted pay dates without consulting its workers
- The government unilaterally shifted bonus payment dates and the delay stretched to as much as 8 months from the traditional November month.
- The uniformed services got their salaries and bonuses earlier than the rest of other workers and seemed to be prioritised.
- Issues of conditions of service for civil servants were enshrined mainly in the Public Service Act and others like State universities were the ordinances on staff conditions
- Although salary pay dates were shifted causing delays, government was making effort to pay within at most four weeks.
- Although bonuses payments were delayed, these were paid on a staggered system with eventually everyone getting the benefit including some grant aided institutions.
- There was no provision for collective bargaining in the public sector and the Joint Negotiating Council (a coalition body made up of Apex council representatives, representing staff associations and the employer represented by the Public (Civil) Service Commission and selected ministries representatives including main Ministry of Public Service, Labour and Social Welfare & that of Finance (housing Treasury and the Reserve Bank of Zimbabwe-RBZ) and Zimbabwe Revenue Authority (ZIMRA) was only consulted to make recommendations to the Minister of Labour, who had veto powers to reject, amend or accept before making recommendations to the cabinet and thereafter to the presidium for finalisation.
- Labour unrest or collective job action was not allowed to government employees as they were involved in essential services.
- There was still suspicion of ghost workers although the Public service commission with the assistance of line ministries, was conducting a human resource audit to address the problem which had effectively started in 2015.
- Government had a bloated work force (employees) and in line with best practice, wage bill should be kept below 70 % of its total expenditure instead of current 82%.
- Delays of salary payment had created poor labour relations between government and its workers who felt cheated and disgruntled as they felt government had other unnecessary priorities instead of improving their welfare, eg luxurious expenditure by senior government expenditure exacerbated by corruption. Corruption was said to be rife among senior government officials and such sentiments were also echoed by ZANU PF’s Youth League on the One million men march campaign rally held in Harare on Africa day, 25 May 2016 according to the Newsday newspaper of 27 May 2016)
- Economic sanctions were adversely impacting on the economic situation in Zimbabwe resulting in lack of foreign aid and credit lines (off shore borrowing).
• which largely contributed to economic under-performance. This has culminated in the government also being cash strapped, hence struggling to remunerate its workers.
• The Public Service Act should be aligned with the New National Constitution of 2013 and the Labour Amendment Act 28:01 Number 5 of 2015 (although some sections still needed amendments) and best practices eg. International Labour Organisation (ILO) Conventions like Number 98, the right to associate and organise, No. 154 on the right to collective bargaining in the Public service.
• Issue of streamlining the large workforce should go beyond political factors so as to address the economic challenges facing Zimbabwe.

Conclusions

These have been made in line with the study's research questions (sub-problems)

What is the government policy on the remuneration (salaries and benefits) of its workers?

The study was able to establish that government policy on remuneration was in line with the Public Services Act and conditions of service. The employer for majority of civil servants was the Public Service Commission (Civil Service Commission). The other Commissions were the Defence and Health (for security and health personnel). Payment was administered by the Ministry of Finance's department of Treasury and for those under the PSC, the processing was done by the Salary Service Bureau (SSB). Negotiations for improving conditions of service such as salary reviews and fringe benefits (allowances) was supposed to be done through the National Joint Negotiating Council. The JNC would then recommend to the Minister of Public Service, Labour and Social Welfare, who will then advise the cabinet. Deliberations are then made in consultation with Treasury before approval or amendment(s) by the Presidium (State president and deputies).

For government grant aided institutions, like universities, these were in line with each respective university Staff Grading, Tenure and Promotions ordinance through the employer, University council though rationalised by the parent Ministry of Higher & Tertiary Education, Science and Technology Development's, Zimbabwe Council for Higher Education (ZIMCHE) department.

However the fact that civil servants are consulted without concluding an agreement on remuneration, has remained a contentious labour issue with its workers. This gives the government the prerogative to decide on its own account which is viewed as unfair labour practice. This has resulted in unilateral shifting of pay dates and bonuses or making deductions (e.g. The compulsory 7% pension deduction introduced in 2016).

What are the major challenges facing government on the payment of its workers salaries and benefits?

The study found out that government revenue had declined especially after the 2013 general elections,
• as the country continued to be under economic siege from western countries which had imposed economic sanctions since 2002. The government could not borrow like other countries, from the Bretton Woods institutions (IMF and World Bank). Furthermore the collapse of major industries meant that government coffers were affected as ZIMRA failed to collect taxes as per set targets to meet fiscus demands (needs).
The domestic industry was collapsing due to the issue of sanctions as well as stiff competition from a proliferation of cheaper products from South Africa and the East (China, Japan etc.). As a result company and sales taxes collections had dwindled.

Adoption of multi-currency system/ regime necessitated by the hyper-inflationary period of 2007/2008 was causing a liquidity crunch as the RBZ could not print or control money supply due to absence of seignorage rights and to also act as a lender of last resort.

Downsizing of companies and massive retrenchments compounded by the Supreme court ruling of 17 July 2015 (25 000 said to have been fired by end of August 2015) has even worsened the government revenue base due to reduced Income Taxes. The massive retrenchments has made Zimbabwe one of the countries with the highest informal sector (about 85% now employed in the sector) whose members invade tax (no remittance to government) and known for fuelling criminal activities.

Recent externalisation of foreign currency (USD) as reported in the media with some culprits facing legal suit, has resulted in cash shortages (liquidity crisis), prompting government to introduce Bond notes which has brought back memories of the unforgettable suffering to Zimbabweans as a result of the unpopular bearer cheques of 2007/2008 hyperinflationary period (inflation exceeded 300 million percent). This has coincided with payment of bonuses to some civil servants bringing back memories of long bank queues and cash limits to reality.

Existence of “ghost workers” and alleged continued payments into bank accounts of some deceased workers due to corruption prompting the government to conduct a human resource audit in all government ministries and departments.

Failure to effectively collect taxes from the informal sector whose activities are not included in the GNP and GDP (Zimbabwe has 2 million individual entrepreneurs and 800 000 Micro, small and medium enterprises (MSES) estimated to be employing 2.9 million people (FinScope survey, 2012). The numbers should have ballooned by now, 2016 taking cognisance of massive company liquidation, retrenchments especially after the 17 July 2015 Supreme court ruling which allowed employers to terminate one's employment by giving 3 months notice without need for explanation. After 6 weeks more than 25 000 had lost their jobs with the bulk forced to join the informal sector bandwagon in order to make ends meet.

How has been the relationship between the government and its workers on the issue of payment of salaries and benefits over the past three years?

The relationship has been a cat-mouse relationship characterised by counter accusations of unfair labour practices by both parties. The Joint negotiating Council has been dysfunctional on many times which has paralysed dialogue between the two parties. Some cases of industrial action (sit-in, strike, stay away) by some workers have happened with the majority however being incidences of threats made by staff associations and their coalition body, the Apex Council to embark on industrial action, forcing government to accede to some of their demands (eg nurses threatened not to report for duty from 1 January 2016 after their salary date had been shifted to 7 January 2016 which prompted government to facilitate payment of their transport costs so that they reported for duty).
Most of these labour unrest cases have been centred on dispute of interest. The majority of civil servants were not happy with what they said was unfair treatment as the government prioritised the uniformed forces (army, police and correctional services personnel (prisons staff).

“We protested against the clear bias in favour of the military and we were advised changing the cycle would create confusion but having reported this to the members, we now ask our structures to debate and give us guidance.”

A Progressive Teachers Union of Zimbabwe (PTUZ) official said in a statement after their meeting with government (soon after 1 February 2016).

“In 2014, we got our bonuses after Christmas, soldiers got theirs before. Last year, we got our salaries after Christmas, soldiers got theirs before and now we are supposed to be paid after they and their police counterparts have been paid, how do you explain that?” the PTUZ official queried.

The relationship had also been further strained between teachers and the government over scrapping of incentives provided by School Development Associations (SDAs) and holiday/vacation lessons by the latter, which used to be vital sources of augmenting their “meager” salary.

**Recommendations**

The following recommendations if implemented may improve the payment of remuneration to government workers in Zimbabwe.

**Reduction of huge workforce**

Government should rationalise some job positions and streamline activities of some ministries, some of which should be merged with others. Also the Human resource audits should enforce removal from the pay sheet ghost workers and the deceased whose names still appeared in the payment data base. This was a difficult austerity measure for government to undertake but there was need to come up with bold solutions to address that.

**Wage (Salary) policy in line with fiscal realistic budget**

There was urgent need to stimulate economic growth and similarly reduce the wage bill by government implementing a wage policy that is fiscally sustainable. Government should put a ceiling on the wage bill eg. To allocate a minimum of 30% of the national budget to development expenditure, implying that the wage bill should not exceed 70% of the in line with best practice. This also called for the government to align public sector wage negotiations with the National budget process.

**Curbing corruption and unnecessary expenditure**

A lot of funds were also being ‘abused’ in the name of travelling and subsistence allowances (T & S). A lot of training workshops were done in expensive resort areas like Kariba, Hwange, Eastern Highlands etc. which could be conducted at the workplaces in Boardrooms. These were selfishly conducted in those areas so that the participants could benefit from T & S. In addition, Senior officials would be driving individual cars with fuel provided, therefore ballooning the cost of conducting such entire exercise which is then met (paid) by government. Cost cutting measures should be imposed on such irrational allowances (T & S).
Performance related pay and bonuses

Government should consider taking a bold move on service delivery in the public sector which generally had been criticised and labelled inefficient. Awarding of bonuses on a pro-rata basis had brought a sense of complacency in the general conduct and performance of government workers who had developed a culture of bonus as a fundamental right to them. If this could be done, this would reduce the bonus bill and enhance the much needed improvement in public service delivery and culture.

Empowering government workers particularly civil servants by aligning the Public Service Act 16:04 to the National constitution (2013), the New Labour Amendment Act 28:01 and ILO Conventions.

If this was done to accommodate some of the provisions in the above statutes and conventions, government workers would be empowered as they could be able to participate in collective bargaining giving them the right to negotiate conclusively, that is reaching an amicable binding agreement with the employer instead of the current set up of being consulted. They would have the democratic right to freedom of association, that is even participating in national politics. Also they can have the right to organize e.g. an industrial action without fear of victimization or dismissal if they have genuine grievances which the employer (government) could have failed to address to their satisfaction. This would improve the labour relations in the Public service and grant aided institutions as per expectations of ILO for which Zimbabwe is a bona fide member and has ratified a number of conventions though it has usually reneged on implementation.

Re-engaging the West (Developed countries) and Bretton Woods Institution to lift economic sanctions.

Although efforts have been made in the past, there was need for further talks/negotiations to create a harmonious working relationship which could result in improved country image, foreign direct investment (FDI), increased unconditional donor aid/support. This would improve government revenue base and that will ensure that salaries and other benefits are paid as scheduled which would be a big boost to government workers motivation.

Resuscitating ailing industry (manufacturing)

Government should encourage smart partnerships with foreign companies (joint ventures also) in order to recapitalise most industries so that they become operational and productive which would boost the economy. Exports would be boosted thereby earning the country the much needed forex.

STEM Vigorous campaign to promote ZimAsset

There is need for a culture orientation among scholars and university graduands to ensure that the MOHETSTD campaign for artisans and engineers (scientists) is understood and accepted. This would help in breeding a crop of technocrats who would then become innovaters so that as a country we produce finished products instead of raw materials. This STEM programme should bear fruits if all stakeholders show commitment to its full implementation. This would be a milestone achievement on ZimAsset’s pillar of Value addition and beneficiation.
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