

## Impact of Salary Cuts Survey Report

**Author: Memory Nguwi . April 2017**

This research is aimed at establishing common practices that organisations are taking when cutting salaries and what the legal implications and challenges are which are associated with salary cuts. The findings presented in this report are meant to assist organisations that want to implement salary cuts to make their organisations more sustainable. Although there are best practices when it comes to implementing salary cuts, at the end of the day, each organisation is uniquely set up. As such, it is worth emphasising that great care should be taken when adopting the recommendations of this report. Key Findings Twenty four (24%) percent of the participants cut salaries.

All participants that cut salaries in the last three years also reduced their staff either by retrenchment or non-renewal of contracts. The majority of participants implemented a salary cut on basic salaries. Generally speaking, the salary cut methodology involved negotiations with affected employees' representatives e.g. NEC, Works Council and Individual Employees. The salary cuts for non-managerial employees were generally lower than those of managerial and executive employees. Salary cuts for non-managerial employees ranged from zero percent to twelve percent. Salary cuts for managerial and executive level employees ranged from five percent to twenty percent. Most participants faced challenges at the non-managerial level of employment when implementing salary cuts. These challenges included the following: Trying to negotiate down statutory salaries as pegged by the NEC; There was no consensus between employers association and Trade Unions; There was resistance from CBA graded employees which resulted in no salary cuts for CBA levels; There was no consensus between managerial and non-managerial employees; Demotivation, low productivity, and reduced employee morale.

When asked if the salary cut was a success, there was a general consensus that the salary cut was a success. It saved the participating organisations significant amounts of money although some participants highlighted that there was demotivation among employees. Methodology Our survey targeted companies operating in Zimbabwe. We designed a questionnaire and emailed it to Human Resources Managers and other Senior Managers via Survey Monkey (an online survey software) for completion. Twenty five companies (25) responded. The table and diagrams below describe the profile of companies whose data was analysed in this survey.

Memory Nguwi is the Managing Consultant of Industrial Psychology Consultants (Pvt) Ltd a management and human resources consulting firm. Phone 481946-48/481950/2900276/2900966 or email: [mnguwi@ipccconsultants.com](mailto:mnguwi@ipccconsultants.com) or visit our website at [www.ipccconsultants.com](http://www.ipccconsultants.com)

<https://thehumancapitalhub.com/articles/Impact-of-Salary-Cuts-Survey-Report>