Remuneration cost reduction measures during the COVID-19 pandemic: An employee perspective at a South African retail company

by

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ABSTRACT

The Coronavirus Disease 2019 (COVID-19) pandemic severely disrupted organisational finances worldwide, compelling organisations to implement employee remuneration cost-reduction measures to survive government-imposed lockdowns. While such measures were financially necessary, they frequently generated industrial conflict, reduced employee morale, and declining productivity, particularly when the perspectives of non-managerial employees were overlooked. Against this background, the purpose of this study was to explore non-managerial employees' preferences and perceptions regarding remuneration cost-reduction measures adopted by organisations in response to financial challenges arising from exogenous crises. The study is both academically and practically significant, adding to limited empirical research on remuneration cost-reduction measures from the perspective of non-managerial employees, despite their central role in organisational resilience during crises. Using a qualitative research approach, the study investigated non-managerial employees' experiences of remuneration cost-reduction measures implemented during the COVID-19 pandemic at a retail company in South Africa. Data were collected through 30 semi-structured interviews and analysed using thematic analysis, augmented by quantitative frequencies in order to reveal patterns in the data. The findings suggest that non-managerial employees prefer remuneration cost-reduction measures that prioritise employment security, financial stability, well-being, and survival. Participants expressed a strong preference for employee consultation, viewing it as evidence that management values their contributions. The study further found that employees are more co-operative with management when financial challenges are attributed to external factors rather than mismanagement. Although participants acknowledged the necessity of remuneration cost reductions during the COVID-19 pandemic, they reported that such reductions negatively affected their morale and productivity. The study contributes to the literature by proposing an employee-centred theoretical framework for remuneration cost reduction, thereby addressing a gap in crisis management and employment relations research. Practically, the findings offer guidance to organisational stakeholders and managers on how to implement remuneration cost-reduction measures in ways that sustain employee morale, productivity, and organisational resilience during exogenous crises such as the COVID-19 pandemic.

Keywords: COVID-19 pandemic, remuneration cost reduction, non-managerial employees, South Africa, qualitative, resilience, exogenous crises, employee consultation, employee morale, productivity, employment security, financial well-being

OPSOMMING

Die COVID-19-pandemie (Koronavirus Siekte 2019) het organisasies se finansies wêreldwyd ingrypend ontwrig. Dit het organisasies genoop om maatreëls vir die vermindering van werknemersvergoedingskoste in te stel ten einde die regerings-opgelegde inperkings te oorleef. Alhoewel sulke maatreëls finansieel noodsaaklik was, het dit dikwels tot arbeidskonflik, laer werknemermoraal en afnemende produktiwiteit gelei, veral wanneer die perspektiewe van nie-bestuurswerknemers oor die hoof gesien is. Teen hierdie agtergrond was die doel van hierdie studie om nie-bestuurswerknemers se voorkeure en persepsies rakende vergoedingskosteverminderingsmaatreëls te ondersoek wat organisasies in reaksie op finansiële uitdagings tydendens eksogene krisisse toepas. Die studie is van akademiese èn praktiese waarde. Dit dra by tot die beperkte empiriese navorsing oor vergoedingskosteverminderingsmaatreëls vanuit die perspektief van nie-bestuurswerknemers, ondanks hul sentrale rol in organisatoriese veerkragtigheid tydens krisisse.

Deur ’n kwalitatiewe navorsingsbenadering te gebruik, het die studie nie-bestuurswerknemers se ervarings van vergoedingskosteverminderingsmaatreëls wat tydens die COVID-19-pandemie by ’n kleinhandelmaatskappy in Suid-Afrika geïmplementeer is, ondersoek. Data is deur middel van 30 semi-gestruktureerde onderhoude ingesamel en deur middel van tematiese analise ontleed, aangevul met eenvoudige kwantitatiewe frekwensies om patrone in die data te identifiseer. Die bevindinge dui daarop dat nie-bestuurswerknemers vergoedingskosteverminderingsmaatreëls verkies wat werksekerheid, finansiële stabiliteit, welstand en oorlewing prioritiseer. Deelnemers het sterk steun uitgespreek vir werknemerkonsultasie, aangesien dit as bewys beskou is dat bestuur hulle bydraes waardeer. Verder toon die bevindinge dat dat werknemers beter met bestuur saamwerk wanneer hulle finansiële uitdagings eerder aan eksterne faktore as aan wanbestuur toeskryf. Alhoewel deelnemers die noodsaaklikheid van vergoedingskostevermindering tydens die COVID-19-pandemie erken het, het hulle aangedui dat sodanige vermindering hulle moraal en produktiwiteit negatief beïnvloed het. Die studie dra by tot die literatuur deur ’n werknemergesentreerde teoretiese raamwerk vir vergoedingskostevermindering voor te stel. Daardeur spreek dit ’n leemte in die literatuur oor krisisbestuur en werkverhoudinge aan. Vanuit 'n praktiese perspektief bied die bevindinge riglyne aan organisatoriese belanghebbendes en bestuurders oor hoe vergoedingskosteverminderingsmaatreëls geïmplementeer kan word op 'n wyse wat werknemermoraal, produktiwiteit en organisatoriese veerkragtigheid bevorder. Hierdie insigte is veral relevant tydens eksogene krisisse, soos die COVID-19-pandemie.

Sleutelwoorde: COVID-19-pandemie; vergoedingskostevermindering; nie-bestuurswerknemers; Suid-Afrika; eksogene krisisse; werknemerkonsultasie; werknemermoraal; werksekerheid; finansiële welstand; produktiwiteit; organisatoriese veerkragtigheid; kwalitatiewe navorsing.

NGOKUFITJHAZANA

Umbulalazwe wobulwele be-*Coronavirus Disease 2019 (COVID-19)* watjharaganisa kabuhlungu iimali zeenhlangano iphasi loke. Umbulalazwe wakatelela iinhlangano ukobana zisebenzise amahlelo wokuphungula imirholo yabasebenzi, ngesizathu sokuqalana namahlelo karhulumende wokuqinteliswa kwamakhambo. Njengombana imizamo enjalo beyinesidingo sezeemali, yayihlala ingunobangela wokutjhayisana kezamabubulo, yehlisa ummoya wokukhuthala kubasebenzi, begodu yehlisa nezinga lomkhiqizo, ikakhulukazi lokha imiqondo yabasebenzi abangasibo abaphathi nabeyiqalelwa phasi. Ngaphasi kwalobu bujamo, umnqopho walelirhubhululo kwakukuhlola inyulo kanye nemiqondo yabasebenzi abangasibo abaphathi malungana nemizamo yokuphungulwa kwemirholo. Lemizamo yamukelwa ziinhlangano ngehloso yokuqalana neentjhijilo zeemali ezibangelwa miraro evela ngaphandle. Isifundo serhubhululo sikabili, simalungana nezefundo kanti begodu siqakatheke ngendlela ephathekako. Isifundo singezelela kunani eliphasi lerhubhululo eliphathekako malungana nemizamo yezokuphungulwa kwemirholo kusukela emqondweni wabasebenzi abangasibo abaphathi, naphezu kwendima yabo eyisika ekuqiniseni ihlangano ngeenkhathi zobujamo obumasikizi.

Ngokusebenzisa indlela yerhubhululo edzimelele kukhwalithi/kuzinga lento, isifundo serhubhululo siphenye ilwazi labasebenzi abangasibo abaphathi malungana nemizamo yezokuphungulwa kwemirholo esetjenzisiweko ngesikhathi sombulalazwe we-*COVID-19* kukhamphani ethengisa igrowuzari eSewula Afrika. Idatha yabuthelelwa ngokusebenzisa amahlolombono aquntiweko (*semi-structured interviews*) ama-30 begodu atsengwa ngokusebenzisa amatsengo wendikimba (*thematic analysis*), akhambisana namafrikhwensi wezamanani ukuveza amaphetheni kudatha. Ilwazi elitholakeleko liphakamisa bona abasebenzi abangasibo abaphathi banyula imizamo yokuphungulwa kwemirholo leyo ebekaqangi ukuphepha komsebenzi, inzinzo lezeemali, ihlalakuhle kanye nokuphepha. Abadlalindima bakhombise ukwenyula khulu ukuthintana nesisebenzi, okubonakala njengobufakazi bokobana abaphathi bathabela amagalelo wabo. Irhubhululo liragela phambili nokuthi lithole kobana abasebenzi bakhombise itjhebiswano elikhulu nabaphathi lokha nabalemuka ukuthi iintjhijilo zeemali zibangelwa zizinto ezivela ngaphandle kunokuthi kube baphathi. Nanyana abadlalindima bamukele isidingo sokuphungulwa kwemirholo ngesikhathi sombulalazwe we-*COVID-19*, babikile bona ukuphungulwa okunjalo kube nomthintela omumbi phezu komndlhandlha begodu nakuzinga lokukhiqiza. Irhubhululo libe negalelo phezu komtlolo wobukghwari ngokuphakamisa isakhiwo sethiyori edzimelele kusisebenzi ukwenzela ukuphungulwa komrholo. Ngokwenza njalo, lilungisa ukuvala isikhala kezokurarululwa kwemiraro kanye nakezerhubhululo elimalungana nezabasebenzi.

Ngendlela ephathekako, ilwazi elitholakeleko linikela umhlahlandlela kubasebenzisani behlangano kanye nakubaphathi malungana nokuthi ngabe imizamo yokuphungulwa kwemirholo ingasetjenziswa bunjani ngeendlela lezo ezingakhuthaza ngokuqinileko abasebenzi, ezingaqinisa izinga lokukhiqiza, begodu nokubambelela kwehlangano. Leli lwazi likhambisana nemiraro evela ngaphandle enjengombulalazwe we-*COVID-19*.

Amagama aqakathekileko: Umbulalazwe we-*COVID-19*, ukuphungulwa komrholo, abasebenzi abangasibo abaphathi, iSewula Afrika, ngokwekhwalithi/ngokwezinga, ukubambelela, imiraro evela ngaphandle, ukuthintana nabasebenzi, ummoya wokukhuthala kwabasebenzi, izinga lokukhiqiza, ukuvikeleka kwabasebenzi, ukujama kuhle kwezeemali.

DECLARATION

I declare that the thesis entitled:

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DEDICATION

This study is dedicated to all those, yesterday, today and tomorrow, who commit to genuine love and peace worldwide.

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LIST OF ACRONYMS AND ABBREVIATIONS

BCEA	Basic Conditions of Employment Act 75 of 1997
COVID-19	Coronavirus Disease 2019
EEA	Employment Equity Act 55 of 1998
GDP	gross domestic product
HRM	human resource management
ILO	International Labour Organization
LRA	Labour Relations Act 66 of 1995
RSA	Republic of South Africa
SAMWU	South African Municipal Workers Union
SMEs	Small and medium enterprises
SMMEs	Small, medium, and micro enterprises
UIA	Unemployment Insurance Act 63 of 2001
UIF	Unemployment Insurance Fund
UNISA	University of South Africa
USA	United States of America

DEFINITIONS OF KEY TERMS

Cost reduction is a set of strategies aimed at cutting expenditure and improving operational efficiency, cash flow, and profit (Akeem, 2017).

COVID-19 is an abbreviation for coronavirus disease, which is an infectious disease caused by a newly discovered coronavirus (Pugliese et al., 2020).

Employee morale is the level of satisfaction an employee has with his or her job and working conditions (Mabe, Swarts & Mmako, 2025).

Employee perspective is the viewpoint of employees with regard to the functioning of their organisation (Van Beurden, Van De Voorde & Van Veldhoven, 2021).

Human resource practices are principles aligned to the overall business strategy, which guide the effective management of the business's human resource capital (Hamadamin & Atan, 2019).

Job evaluation is the determination of the relative value of each job (El Balshy & Ismael, 2023).

Non-managerial employees are workers with no management roles, and their positions range from the supervisory level to the lowest level of general workers (Awasthy & Adya, 2025).

A pandemic is a global epidemic of an infectious disease affecting many people and causing high rates of mortality (Dias, 2024).

Productivity is a measure of production efficiency or the rate of product output per unit of input (Zelenyuk, 2023).

Remuneration/Compensation is the total monetary and non-monetary pay an employee receives for services rendered to the employer (Zayed et al., 2022).

Remuneration cost-reduction measures are organisational strategies aimed at reducing labour-related costs during periods of financial distress, while retaining employees wherever possible (Gandolfi, 2020). These measures may include reduced

working hours, pay adjustments, temporary salary freezes, and other cost-saving interventions affecting employee remuneration (Yoon, 2022).

Retrenchment, conceptually synonymous with downsizing, is defined as an intentional reduction in the total number of physical workers an organisation utilises to decrease overall payroll expenses (Yoon, 2022).**Reward** is an intrinsic or extrinsic positive outcome received by an employee as a result of good work performance (Krishna & Agrawal, 2024).

NOTES ON STYLE

This thesis follows the Harvard referencing style, in line with institutional requirements. All sources are cited in text using the author–date format, with full details provided in the reference list at the end of the thesis. British English spelling and grammar conventions have been applied. Acronyms and abbreviations are defined upon first use and applied consistently thereafter. Headings, tables, and figures are formatted according to the university's prescribed thesis guidelines, to ensure clarity and uniformity.

CHAPTER 1: SCIENTIFIC OVERVIEW OF THE RESEARCH

This chapter introduces the subject and scope of the study, defines the problem statement, and identifies the knowledge gap that justifies the research. It outlines the primary and secondary objectives, presents the research questions, and explains the context and significance of the study. The chapter also provides a brief overview of the methodology, and concludes with an outline of the remaining chapters of the thesis.

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

This section introduces the study topic and provides background to the research. It also identifies the research gap, and outlines the aim and justification for the study.

This study examined remuneration cost-reduction measures from the perspective of non-managerial employees in the context of the COVID-19 pandemic. Kenton (2021) explains that cost reduction involves adopting strategies that reduce company expenses in order to enhance profits, especially when an organisation faces financial difficulties or an economic recession. Remuneration, which is the financial and non-financial rewards an employee receives for services rendered to the employer (Murray, 2020), is a major component of company expenses.

The 2019 Coronavirus Disease (COVID-19) pandemic presented considerable challenges in South Africa for most companies' operations, save for those who were considered to render essential services, with a significant impact on their income. Business Insider (2020, July 9) reported that several companies in South Africa were forced to close because they could no longer meet their financial obligations. This underscored the need for organisations to consider implementing cost-reduction measures to remain operational during the crisis.

COVID-19 is a serious respiratory syndrome, with its origins reportedly in Wuhan, China (Mwamwaja & Mlozi, 2020). The virus was characterised as having a high rate of mutation, with transmission on a global scale, hence its ability to disrupt economic activity (Mwamwaja & Mlozi, 2020). Meyer, Prescott, and Sheng (2021) argue that the low economic activity in the United States of America (USA) during August 2020 was mainly due to falling economic demand because of COVID-19 restrictions. Mwamwaja

and Mlozi (2020) and Meyer et al. (2021) observe that pay reductions were amongst the most widely adopted cost-reduction measures used by companies to remain financially viable. In light of the foregoing, it was considered pertinent to examine how employees in South Africa perceive pay reductions and other remuneration-related cost-reduction measures implemented to support the survival of both employees and their organisations during the COVID-19 pandemic.

In their study of the impact of the COVID-19 pandemic on health professionals in Pakistan, Sethi et al. (2020) note financial strain and work overload as some of the challenges health professionals faced. These challenges emanated from temporary lay-offs and pay reductions, especially in private health institutions, where management tried to reduce operational costs. Daniels (2020) examined the decision by Aon, a company with operations in the USA and Europe, to implement pay reductions in mid-2020, as businesses were financially distressed due to the COVID-19 pandemic restrictions. Daniels (2020) reported that management implemented a plan of pay reductions and retrenchments while, at the same time, implementing other measures such as suspending share repurchases. Although Daniels (2020) posed an important question about the number of employees who agreed to such cost-reduction measures, the study does not provide details on the percentage of Aon employees who accepted cost-reduction measures that adversely affected their pay instead of those of shareholders.

Brammer, Branicki, and Linnenluecke (2020) reflected on travel restrictions imposed globally, including in the USA, to curb the spread of the virus, which resulted in businesses being unable to operate normally. While Brammer et al. (2020) acknowledge the importance of restrictions to support public health, they also expressed concerns about how these travel restrictions adversely affected business operations, and noted the need for society to adjust and respond to such societal threats. However, Brammer et al. (2020) did not examine the specific measures, such as cost-reduction strategies, that businesses could implement to respond to declining revenue. In a study on the effect of the COVID-19 pandemic on American college athletics, Swanson and Smith (2020) observed that high-profile persons agreed to a reduction of their pay as a cost-reduction strategy. However, there were contesting ideas from college stakeholders on which athletics programmes' funding should be reduced (Swanson & Smith, 2020).

Trade unions in South Africa wield significant influence, not only over their members, but also over government, employers, and society at large (Van der Westhuizen, 2020). Once a decision receives a union's endorsement, there is a high likelihood of acceptance and compliance by members. News24 (2020, April 10) reported that the South African Municipal Workers' Union (SAMWU) pronounced that it would not be part of any discussions on pay reduction, in opposition to prominent figures who had agreed to a pay reduction. This was a clear signal that the example of taking pay reductions set by the President of South Africa and some company executives should not be emulated by their members. This trend, in which some political leaders and company executives willingly accepted pay reductions in the expectation that their subordinates would follow suit, had the potential to be resisted by unionised low-income earners. The union's stance implied that companies should consider alternative cost-reduction measures to respond to the adverse economic impact of the COVID-19 pandemic, rather than reducing employees' pay. While Swanson and Smith (2020) observed a contest of ideas among college stakeholders regarding which athletic programmes' funding should be reduced, the presence and extent of trade union influence in the company under study had the potential to shape employees' preferences for different cost-reduction strategies.

A study by Chen, Byrne, and Velez (2022) revealed the vulnerability of the shop-floor worker during the COVID-19 pandemic, with the authors arguing that low-income earners faced more severe financial distress than high-income earners. The financial vulnerability of modest earners, together with their limited participation in decision-making processes, motivated the selection of non-managerial employees as the primary participants in the present study.

News24's (2020, April 10) report on SAMWU's response to the COVID-19 salary-reduction challenge does not indicate whether union leadership engaged its membership to obtain a mandate for either participation or non-participation. Gumbrell-McCormick and Hyman (2019) note that the disproportionate power of union officials may compromise internal democracy. Francis, Valodia, and Webster (2020) also state that trade unions do not always represent the views of the majority of workers, nor do they necessarily serve the multiple interests within each union. The conflicting positions of trade unions in representing worker interests is also noted by Ndlovu,

Ngwane, and Mongae (2022), who reported intense conflicts between unions in the name of representing worker interests. These observations suggest that the absence of meaningful involvement of employees in the organisation's decision-making process can deprive both the organisation and its employees of the benefits of employee consultation. While the present study does not dwell on the legalities of remuneration cost-reduction measures, it places one of the most important stakeholders in an employment relationship, the employee, under the microscope in exploring preferred remuneration cost-reduction measures.

According to a report by Statistics South Africa (2020), the country lost 2.2 million jobs in the second quarter of 2020, due to the devastating effects of the COVID-19 national lockdown. Business Insider South Africa (2020, July 9) reported that South Africa's Unemployment Insurance Fund (UIF) faced challenges in assisting the many employees who qualified for assistance, including delays in payments, non-payment of legal foreign nationals, and complaints about capping the maximum payable amount per employee per month.

Nwosu and Oyenubi (2020) argue that, in South Africa, the COVID-19 regulations increased the wide inequality between rich and poor because employees lost their sources of income. This suggests that cost-reduction measures such as reduced working hours and pay reduction for low-income earners would worsen their financial status and further widen the existing economic disparities between the rich and the poor. These economic realities could influence employees to accept cost-reduction measures in response to financial challenges brought about by the COVID-19 pandemic.

Patterson and Johnson (2020) recognise the legal complexities of implementing measures to reduce the cost of human resources in South Africa, including the legal requirement to renegotiate employment contracts. Agreed conditions of employment, which cannot be changed unilaterally, include, amongst others, pay rate and hours of work. However, Patterson and Johnson (2020) also highlight the employer's right to retrench staff in accordance with Section 189 of the Labour Relations Act 66 of 1995. In this context, the rights afforded to both employers and employees under South African labour law, as well as the classification of the COVID-19 pandemic as a natural

epidemic, may influence employees' perspectives on their preferred remuneration cost-reduction measures.

In the current study, the views of non-managerial employees on remuneration cost-reduction measures were foregrounded to inform the development of more effective and context-sensitive strategies, in anticipation of future financial crises. Existing literature on remuneration cost reduction seems to predominantly reflect the perspective of management and union leadership, with limited attention given to the views of the shop-floor worker. The perspective of shop-floor workers is particularly critical in the context of a crisis, as they often endure the most severe consequences of reduced remuneration. Thus, the overall aim of the present study was to determine non-managerial employees' preferences regarding remuneration-based cost-reduction measures in response to financial challenges arising from crises such as the COVID-19 pandemic and other future exogenous shocks. Such understanding is invaluable in shaping organisational policies, maintaining employee morale and productivity, and reducing the likelihood of industrial conflict. The outcome of the study was the development of an employee-centred theoretical framework for remuneration cost reduction. The next section discusses the present study's problem statement.

1.2 PROBLEM STATEMENT

The COVID-19 pandemic took the world by surprise, and resulted in a severe decline in revenue, leading to business closures, primarily because of a steep decline in consumer demand due to lockdown regulations. The demand for goods and services was adversely affected by national lockdowns and travel restrictions, which were necessary to contain the spread of COVID-19. To survive, many organisations took drastic measures, such as reducing employee remuneration.

The problem addressed in the present study is the lack of adequate literature to guide organisational leadership on the remuneration cost-reduction measures preferred by non-managerial employees while maintaining employee morale and productivity during periods of financial distress, such as the COVID-19 pandemic. Existing research indicates that traditional top-down cost-reduction approaches, i.e., unilateral decision-making by management with minimal employee consultation on pay reductions and lay-offs, tend to erode organisational trust and reduce morale,

resulting in decreased productivity and increased industrial conflict (Hamouche, 2023), hence the importance of the present study. Moreover, empirical evidence highlights the importance of employee consent and participation in measures such as short-time work or temporary pay adjustments to safeguard employment and morale (Hamouche, 2023). Thus, in the present study, the view is taken that gaining insight into remuneration cost-reduction measures acceptable to employees constitutes a key element in developing an efficient and effective cost-reduction strategy to address financial and other exogenous crises.

As observed by Ramlo (2021), the COVID-19 pandemic compelled organisations to embark on remuneration cost-reduction measures, even if the measures employed were not representative of the views of affected employees. A challenge arises when these measures have a negative effect on employee morale, industrial peace, and productivity. In their study on workers' right to strike, Diarah and Ogbodo (2021) acknowledge the negative impact of this right on the economy, which indicates the need for a body of knowledge on employee-centred remuneration cost-reduction measures to augment existing legislation. Karolia-Hussain and Fourie (2021) note that, in South Africa, strikes are becoming increasingly frequent, violent, and costly for both employers and employees as legislative provisions for collective bargaining fail. Subramanien and Joseph (2019) also acknowledge the violent and destructive nature of strikes in South Africa. However, they argued that these strikes not only adversely affect production and the parties in the employment relationship, but also the ordinary person and the country at large.

Solinger et al. (2021) argue that cost-reduction measures cause long-term damage to employees' work performance and their feeling of pride in and loyalty to their organisation. This view is supported in a study by Mashau and Makhunga (2018), which found a negative effect on employee morale and productivity. Cubrich (2020) stresses the need to protect employees from adverse cost-reduction measures. Mwamwaja and Mlozi (2020) note that businesses in the Tanzanian tourism sector realised a need to implement remuneration cost-reduction measures to survive the COVID-19 pandemic crisis. Employees whose positions were retained were required to accept a reduction in their remuneration, implying a lack of meaningful employee consultation to determine their perspective on the proposed measure. A report by

News24 (2020, April 10) regarding SAMWU leadership distancing itself from any pay reduction discussion suggests that the perspective of the South African worker on remuneration cost-reduction measures in response to the COVID-19-induced financial crisis was not well understood, a situation which posed a threat to industrial peace and productivity.

In their study on the COVID-19 responses of five European family-owned companies, Kraus et al. (2020) observed that some companies consulted their stakeholders, including employees, in crafting COVID-19 response strategies. The measures utilised to reduce costs and increase revenue included reduced working hours, government financial subsidies, and diversification. Kraus et al. (2020) acknowledged the value of the input of company stakeholders, including employees, but did not extend their analysis to identifying the measures preferred by employees. Kaur (2019) concurs with the idea that understanding employee preferences is critical to enhancing employee morale and maintaining industrial peace and productivity.

An experimental study by Kube, Maréchal, and Puppe (2013) demonstrated that pay reduction leads to employee dissatisfaction and lower productivity. Their experiment, however, did not account for circumstances arising from exogenous shocks beyond management's control, which is the context of the current study. A more recent quasi-experimental study by Krueger and Friebel (2022) reinforces Kube et al.'s (2013) findings by showing that reducing employee remuneration not only adversely affects productivity, but also increases the rate of employee turnover and absenteeism. The present study thus addresses a distinct gap in the literature by exploring how non-managerial employees perceive and prefer various remuneration cost-reduction measures when organisations are compelled to reduce costs in response to a global financial crisis created by a crisis. Furthermore, it extends these insights to similar future exogenous shocks, offering management a framework for understanding and integrating employee-preferred cost-reduction measures into organisational crisis-response strategies.

BusinessTech (2021, April 6) reported that public sector unions in South Africa were prepared to see economic activity halted through strikes if their members did not receive a wage increment above the inflation rate. This demand was made despite the decline in economic activity at the time due to the COVID-19 pandemic. This

implied that employers were supposed to consider cost reduction measures other than reducing or freezing employees' pay rates.

The problem of identifying the most efficient and effective measures to reduce costs and navigate a financial crisis affects not only labour but also business and government. Kaur (2019), in a study of casual agricultural workers and employers in India, found that the reduction of seasonal workers' pay is considered unfair, with a detrimental impact on employee morale and motivation, business performance, and profitability. As observed by Mwamwaja and Mlozi (2020) in the Tanzanian tourism sector, cost-reduction measures to navigate the COVID-19 pandemic had a negative impact on the sustainability of businesses and employment levels.

The problem under investigation in the present study is the inadequate literature on employees' perspectives regarding cost-reduction measures necessitated by factors beyond management's control. There is limited literature on how organisational cost-reduction measures affect employee morale, productivity, and industrial peace whenever organisations implement such measures due to exogenous factors. In a study of a framework of ideal pay reduction, Miller (2020) argues that such an exercise must be done carefully, considering the differences in companies' pay structures and the parties' bargaining power.

According to Lexa and Lexa (2020), the nature of the private health institutions model in the USA, which emphasises short-term returns, means that some cost-reduction measures would be onerous for stakeholders. For companies that make long-term investments, however, determining appropriate measures to reduce the cost of employees is essential to realising investment returns through increased morale and productivity (Lexa & Lexa, 2020).

In conclusion, there is a need for all stakeholders in an organisation, including employees, to express their perspective regarding the most efficient and effective measures to reduce remuneration costs during a crisis. There is limited literature on how to do this in practice, which the present study addressed.Understanding employees' perspectives on remuneration cost-reduction measures used to respond to the financial challenges brought about by an exogenous financial crisis is invaluable in efficiently and effectively lifting companies out of financial distress

The subsequent section elaborates on the purpose of the study.

1.3 PURPOSE OF THE STUDY

As outlined in the problem statement, there is a critical gap in the understanding of employees' perspectives on remuneration cost-reduction measures during crisis periods such as the COVID-19 pandemic. Many organisations implemented pay reductions, often without meaningful consultation, resulting in industrial conflict, diminished morale, and reduced productivity (Diarah & Ogbodo, 2021; Mwamwaja & Mlozi, 2020).

The aim of the present study was to explore employees' preferred measures to reduce remuneration costs, to assist organisations to navigate financial crises while sustaining industrial peace, employee morale, and productivity. Research by Kruger and Meyer (2021) highlights the sharp economic disruptions resulting from the pandemic, while Ozili (2021) emphasises the need for strategic management of organisational resources during such turbulent times. Employee morale is a crucial factor affecting productivity and retention during and after crises (Moyo et al., 2021; Nutsubidze & Schmidt, 2021; Salem, Elkyhwesky & Ramkissoon, 2024), and poorly designed cost-reduction measures could have long-term negative impacts on loyalty and work performance (Kube et al., 2013; Solinger et al., 2021).

By focusing on employee perspectives, this study was aimed at generating evidence-based recommendations that support the inclusive development of cost-reduction strategies that are consistent with organisational goals and employee preferences, as recommended by Paarlberg and Perry (2007). Furthermore, the aim of the study included contributing to the broader discourse on human-centred responses to economic challenges, thereby fulfilling the important role of research not only in identifying organisational problems, but also in proposing actionable interventions (Chauhan, 2015; Lim, Kumar & Ali, 2022). The findings of the study informed the development of a framework for reducing remuneration costs.

In summary, the purpose of this study was to inform management on how to balance financial stability with employee satisfaction by integrating employee voices into remuneration cost-reduction decisions during crisis situations such as the COVID-19

pandemic. By fulfilling this purpose, the current study not only makes a theoretical contribution to literature on employee-centred measures to reduce costs, but also offers practical solutions for future financial crises due to other exogenous factors such as economic recessions, supply chain shocks, geopolitical instability, and natural disasters, amongst other factors. The study's research objectives are listed in the next section.

1.4 RESEARCH OBJECTIVES

This section outlines the overall aim of the study and presents the specific research objectives that guided the investigation. Together, these objectives provided a structured framework for addressing the research problem and achieving the study's intended outcomes.

1.4.1 Aim of the study

The overall aim of this study was to explore non-managerial employees' preferences and perceptions regarding remuneration-based cost-reduction measures that organisations may adopt in response to financial challenges arising from exogenous crises. The implementation of preferred measures may assist in sustaining employee morale, productivity, and industrial peace during periods of financial distress. Based on the findings, the study proposes an employee-centred theoretical framework for remuneration cost reduction that responds efficiently and effectively to the needs of organisations experiencing financial distress. This aim was achieved by addressing the research objectives outlined below. The framework illustrates how organisations experiencing financial distress may adopt remuneration cost-reduction measures that are responsive to employees' preferences, with the aim of sustaining morale, productivity, and industrial peace during periods of crisis.

1.4.2 Research objectives

The study's research objectives (ROs) were:

RO1: To explore non-managerial employees' perceptions, preferences, and reasoning regarding different remuneration cost-reduction measures implemented during

periods of organisational financial distress arising from the COVID-19 pandemic and other potential future exogenous shocks;

RO2: To explore how prior consultation and the origin of financial crises, whether exogenous or endogenous, influence employees' acceptance of pay reductions and the justifications they provide for such acceptance during the COVID-19 pandemic and other potential future exogenous shocks; and

RO3: To explore employees' perceptions of the impact of remuneration cost-reduction measures on morale and productivity during the COVID-19 pandemic and other potential future exogenous shocks.

In addition to the three primary research objectives outlined above, four secondary research objectives were formulated to further elaborate and operationalise the study's primary objectives, thereby enhancing analytical depth and ensuring a comprehensive examination of the research problem. The secondary research objectives (SROs) are outlined below.

SRO1: To explore how employees rank various remuneration cost-reduction measures, together with the underlying rationale for their preferences in the context of the COVID-19 pandemic

SRO2: To explore employees' preference for either reduced pay or retrenchment as a cost reduction strategy in the context of the COVID-19 pandemic

SRO3: To understand whether employees are more inclined to accept a pay reduction when prior consultation has occurred, and to understand the reasons underpinning such acceptance

SRO4: To explore employees' preferences for either reduced pay or temporary lay-offs as remuneration cost-reduction measures in the context of the COVID-19 pandemic

Collectively, these objectives informed the development of an employee-centred framework for remuneration cost-reduction measures that reflects employees' experiences, preferences, and perceptions during periods of crisis, particularly those triggered by exogenous shocks.

1.5 SIGNIFICANCE OF THE STUDY

Although employees are often referred to as a company's most important resource, their views on key organisational decisions are often underrepresented. As observed by Hoang Dang, Nhat Vuong, and Duy Huan (2025), human resources are more than organisational assets, as they constitute a central element of organisational success; hence, employee participation in the decision-making process is essential.

The present study sought to inform decision-makers on non-managerial employees' perspectives regarding remuneration cost-reduction measures implemented during financial challenges. A deeper understanding of employee preferences in this regard is particularly vital in the South African context, where sustaining morale, promoting industrial stability, and preserving productivity remain pressing organisational imperatives. In their study on management of employee well-being in Nigeria and South Africa, Sampson and Asonye (2025) argue that organisations can sustain morale, industrial stability, and productivity by aligning leadership practices with employee needs, and by embedding well-being into organisational systems.

The study also contributes a theoretical framework for employee-centred remuneration cost reduction, which has the potential to guide employers to navigate financial distress with minimal resistance. In a labour environment often marked by industrial actions, some of which are in response to unpopular cost-reduction initiatives, such a framework may assist in harmonising employers' and employees' interests. Fana and Goudge (2024) observe that, in South Africa, cost-reduction measures frequently trigger industrial action, as workers distrust management and fear job losses.

This is especially important in a country grappling with a high unemployment rate, and where strikes not only endanger livelihoods but also place corporate survival and political stability at risk. This aligns with the observation by Ndwamai and Wiza (2025) that South Africa's high unemployment and economic fragility intensify the consequences of strikes. They further contend that unprotected strikes, in particular, exacerbate worker insecurity and destabilise firms, hence the importance of a framework that prevents industrial conflict during crises.

The framework developed in this research could serve as a foundation for future studies, which could explore the applicability of employee-sensitive cost-reduction strategies across different organisational contexts and countries. The subsequent section provides a brief overview of the study methodology, which is discussed in detail in Chapter 5.

1.6 OVERVIEW OF THE RESEARCH METHODOLOGY

This study was based in an interpretivist ontology and a subjectivist epistemology. In following a qualitative research approach and a case study design, qualitative data were gathered through semi-structured interviews with 30 participants from a retail company in the Overberg District of the Western Cape province of South Africa. The research paradigm and approach were aimed at uncovering rich, contextual insights grounded in participants' lived experiences. The data were analysed inductively, using thematic analysis, which was augmented by quantitative patterns that emerged from the data. The next section clarifies the layout of the thesis through an outline of each chapter.

1.7 OUTLINE OF CHAPTERS

This thesis is organised into seven chapters, each structured to build a coherent narrative and scholarly argument around employee perspectives on remuneration cost-reduction measures. The structure of the thesis was informed by the research question, the methodological approach, and the need for a logical progression from the study's background to its conclusions.

Chapter 1: Scientific overview of the research

This chapter introduced the study and provided background on the topic under study. This was followed by a detailed discussion of the problem statement and the purpose of the study, supported by the research objectives and the significance of the study. The chapter subsequently provided a brief introduction to the methodology followed in conducting the study.

Chapter 2: Theoretical framework

This chapter explores key theoretical perspectives that inform employee responses to remuneration cost-reduction initiatives. The discussion encompasses organisational theories and psychological frameworks relevant to crisis periods such as the COVID-19 pandemic. Theories related to employee morale, productivity, and remuneration management are critically examined, providing a robust conceptual foundation for the study.

Chapter 3: Remuneration and legislative context

Focusing on the South African context, this chapter unpacks the concept of remuneration and the legislative frameworks that govern it. It critically reviews the literature on cost containment strategies, with particular emphasis on the impact of the COVID-19 pandemic on organisational remuneration practices. The discussion includes an analysis of government relief mechanisms and employee attitudes towards different remuneration adjustment measures, thereby linking policy, practice, and employee experience.

Chapter 4: Employee morale and productivity

This chapter interrogates the constructs of employee morale and productivity, drawing from relevant literature to assess the implications of remuneration cost reductions. It culminates in the development of a conceptual framework that integrates remuneration strategies with employee motivation and performance outcomes. This framework serves as a bridge between theoretical assumptions and empirical investigation in the study.

Chapter 5: Research methodology

The chapter discusses the research paradigm, approach, and design, followed by a description of the study population and the methods employed in sampling, data collection, and data analysis. This is followed by an overview of the strategies employed to ensure rigour and the ethical considerations that were upheld throughout.

Chapter 6: Findings

This chapter presents the empirical findings of the study, structured around key themes that emerged from the interview data. The findings are substantiated with direct quotations from the interview transcripts.

Chapter 7: Discussion and recommendations

In this chapter, the findings are discussed in relation to the theoretical framework and existing literature. The chapter not only highlights points of convergence and divergence, but also highlights novel insights. It also presents the study's employee-centred theoretical framework for remuneration cost reduction that is grounded in the data, thus representing the lived experiences of non-managerial employees. The concluding chapter also reflects on the study's contributions to both theory and practice. It presents a reconciliation of the research objectives, followed by actionable recommendations for organisational leaders and policymakers. This is followed by a discussion of the study's limitations, together with suggestions for future research.

1.8 CHAPTER SUMMARY

This chapter introduced the study and its focus on employees' perspectives regarding remuneration cost-reduction measures applied during the COVID-19 pandemic. The chapter highlighted the research problem, which is a lack of research on ways to approach and manage the reduction of employee remuneration in order to survive a time of crisis while maintaining employee morale, productivity, and industrial peace. This gap in knowledge informed the study's purpose, which was to explore non-managerial employees' preferences with regard to lowering the organisation's remuneration costs. The chapter subsequently listed the research objectives that guided the enquiry, followed by an overview of the significance of the study. The chapter concluded with a brief introduction to the study methodology and an outline of the chapters. The next chapter examines the key theories that underpinned the study.

CHAPTER 2: THEORETICAL FRAMEWORK

2.1 INTRODUCTION

This chapter explores key economic and psychological theories on employee behaviour during periods of organisational crises. It begins by examining concepts of organisational resilience, highlighting how organisations and employees adapt to financial and operational challenges. The discussion then transitions to motivational theories that explain how employee engagement and morale can be sustained or undermined during challenging times. The chapter concludes with an analysis of best practices in remuneration management, focusing on the strategic alignment of remuneration policies with organisational goals. This synthesis of theoretical perspectives provides a critical foundation for understanding the complex dynamics between remuneration cost-reduction measures, employee responses, and organisational sustainability during crisis periods.

2.2 EMPLOYEE RESPONSES TO FINANCIAL DIFFICULTIES: ECONOMIC AND PSYCHOLOGICAL THEORIES

The employment relationship, which is pivotal in the success of organisations, is often adversely affected by economic crises. Maake, Harmse, and Schultz (2024) argue that positive employment relationships significantly enhance work engagement, which, in turn, strengthens the effectiveness of performance management systems. Maake et al. (2024) concluded that both employment relationships and work engagement are strong predictors of the effectiveness of performance management systems and, consequently, organisational performance. Johnstone (2024) highlights how recessions lead to restructuring and cost-cutting that negatively impact employee morale and trust. These changes strain employment relationships, which underscores the lasting effects of economic downturns on employee–employer relationships.

The economic and psychological theories that explain the behaviour of employees as they respond to economic crises are not mutually exclusive, but provide a comprehensive picture of employee behaviour during difficult times.

Ogbonnaya et al. (2022) argue that the adoption of cost-reduction measures breaches the psychological contract (Levinson et al., 1962), the unwritten ‘agreement’ on expectations between employer and employee regarding expectations, obligations, and rewards. Based on psychological contract theory (Levison et al., 1962), the present study holds that employers who employ remuneration cost-reduction measures are, in fact, maintaining the psychological contract by preserving jobs and saving the organisation from collapse. Ogbonnaya et al. (2022) posit that deterioration of the employment relationship leads to declining performance and productivity. However, employee support and participation in decision-making could mitigate the adverse effects of cost-reduction measures and, instead, enhance employees’ positivity and co-operation (Ogbonnaya et al., 2022).

Randall, Brooks, and Heck (2022) concur with Ogbonnaya et al. (2022) on the importance of employee support by arguing that, as postulated by social exchange theory (Blau, 1964; Homans, 1958), employees feel obliged to support their organisation during a crisis, in appreciation of the support they get from the employer. Social exchange theory (Homans, 1958) states that social relationships, including employment relationships, are formed and maintained through reciprocal exchanges in which individuals seek to maximise benefits and minimise costs based on mutual obligations and trust. According to Randall et al. (2022), the reciprocation of support between the employer and employee is also validated by the economics theory of human capital (Becker, 1962), which suggests that employee productivity increases with more investment in employee training and development. Human capital theory (Becker, 1962) posits that investing in employee’s education, training, and health increases their skills and productivity, ultimately leading to higher future economic returns.

Jelacic’s (2011) study on employee motivation during a period of economic crisis highlighted the primacy of extrinsic motivators, specifically wages and job security. Alfalih (2021) confirms the observation that, during a crisis, employees are motivated more by personal stability needs than by social and other higher-level needs. These primary needs dominate during crises, in contrast to periods of economic stability, when higher-order motivational factors such as affiliation and self-actualisation take precedence. Jelacic (2011) classifies motivational theories into content-based, e.g.,

those of Maslow (1943), Glasser (1998), and Herzberg (1968), and process-based, e.g., those of Hackman and Oldham (1976) and Fromm (1941), shown in Table 2.1.

Table 2.1: Classification of content- and process motivational theories

Content motivational theories	**Process or cognitive motivational theories**
Maslow's (1943) theory of needs: Human behaviour is motivated by physiological and psychological needs, progressing from basic to complex.	Motivational principles, based on Barrows and Tamblyn's (1980) problem-based learning, suggest that human behaviour is motivated by the need to solve a problem.
Glasser's (1998) theory of choice: Human behaviour or choice is shaped by the drive to fulfil five genetically ingrained needs: survival, love, power, freedom, and enjoyment, which are pursued in a hierarchical order.	Hackman-Oldhaman's (1976) Model of Work Enrichment posits that workplace motivation increases when employees experience their work as meaningful, feel a sense of responsibility for outcomes, and receive feedback on the results of their efforts.
Herberg's (1968) two-factor motivational theory distinguishes between motivators (factors motivating employees) and hygienic factors (factors that preserve normal levels of satisfaction).	Fromm (1941)'s motivational theory suggests that human behaviour is primarily driven either by the pursuit of material acquisition ('having') or by the aspiration to develop one's identity and sense of self ('being').

Source: Jelacic (2011:2)

Findings from the study by Jelacic (2011) revealed that, during crisis periods, employees prioritise physiological and survival needs, congruent with the theories of both Maslow (1943) and Glasser (1998). This behaviour shift was especially pronounced during the COVID-19 pandemic, when scarcity and insecurity redirected employees' focus to basic subsistence. Of note is the relevance of Fromm's (1941) distinction between 'having' and 'being'; during crises, employees tend towards

instrumental motivation, seeking tangible outcomes rather than self-realisation. Kukanja and Planinc (2012) emphasise the imperative of aligning rewards with employees' dominant motivational triggers in times of instability. Panneerselvam and Balaraman (2022) concur with this argument, suggesting that organisations should identify their employees' needs and work towards fulfilling them in order to enhance employee satisfaction and motivation to work.

Kukanja and Planinc (2012) confirm financial reward as the most important motivator during crisis periods. This view aligns with economic motivational theory, grounded in Taylor's (1911) principles of scientific management, and supports the design of remuneration strategies appropriate for the crisis. Expanding these foundations, Zacher and Rudolph (2022) provide a broader theoretical framework that captures the multidimensional nature of employee behaviour during a crisis (see Table 2.2). These models and theories incorporate stress, adaptability, and identity theories to explain behavioural responses to external shocks.

Table 2.2: Theories of employee behaviour during a crisis

Theory	**Description**
Transactional stress model (Lazarus & Folkman, 1984)	Employees evaluate a crisis, available resources, and their coping abilities to assess if they can overcome the challenges presented by the crisis.
Conservation of resources theory (Hobfoll, 1989)	Employees experience the loss of resources during a crisis as stressful, such that they invest in preventing resource loss, recovering lost resources, and gaining additional resources.
Job Demands–Resources Model (Demerouti et al., 2001)	High work demands and limited job-related resources lead to stress and burnout, hence the importance of reducing stressful work demands.
Theory of work adjustment (Dawis & Lofquist,1984)	There is employee–job fit when the employee's skills and abilities meet the requirements of the job; however,

Theory	Description
	a crisis can change both the employee's abilities and the job requirements.
Theory of work role transition (Schlossberg,1981)	Changes and adjustments accompany changes in employment status, job content, and mobility within or outside an employee's organisation.
Career construction theory (Savickas, 2005)	Employees build their careers by imposing meaning on their vocational choices and making work-related adjustments as the business environment changes.
Event system theory (Ancona et al., 2001)	Events vary in their impact, with those of greater magnitude and disruption exerting stronger influence on individual and organisational responses and subsequent adaptation.
Crisis management and resilience framework (Mitroff, 2005)	Employees can better predict, prepare, and adjust to a crisis if they have the necessary knowledge, behaviour, emotional control, and relationships.
Social identity model of identity change (Haslam et al., 2019)	Employee membership of social groups is important in transition periods, as it provides the psycho-social support required to cope and adjust to change.

Source: Zacher and Rudolph (2022:9)

Collectively, these frameworks offer a comprehensive understanding of employee cognition, emotion, and behaviour during crisis events. Notably, event system theory (Ancona et al., 2001) offers a compelling lens through which to interpret the impact of the COVID-19 pandemic with its unprecedented disruptiveness and the existential threat it posed to business continuity. The pandemic, as noted by De Villiers, Cerbone, and Van Zijl (2020), exemplifies the kind of 'strong event' that catalyses transformative behavioural and structural changes in organisations.

Furthermore, these theories suggest that employee responses to financial distress are shaped by both rational economic calculations and subjective psychological interpretations. Economic theories emphasise income security and loss aversion, whereas psychological theories highlight perceptions of fairness, trust, and organisational support. Reviewing these theories integrates these two perspectives to explain how employees evaluate remuneration cost-reduction measures during crises. This study bridges this gap by applying both perspectives to understand employee preferences within a real-world organisational context.

2.3 THEORIES ON EMPLOYEE MORALE AND PRODUCTIVITY DURING A CRISIS

This section explores theoretical constructs underpinning organisational resilience, which relates to an organisation's ability to anticipate, prepare, respond, and adapt to disruptive events such as the COVID-19 pandemic. Such resilience allows an organisation to maintain productivity during a crisis, and even emerge stronger after the crisis period. The section also considers motivational theories, specifically Maslow's (1943) hierarchy of needs, as a lens to understand employee morale and behavioural responses during prolonged uncertainty.

2.3.1 Organisational resilience and adaptation

Scholarly discourse reflects persistent ambiguity regarding the conceptual boundaries of resilience. Conz and Magnani (2020) and Fisher and Ragsdale (2019) observe that there is a lack of consensus on the definition of resilience, and call for a more unified theoretical orientation. According to Fisher and Ragsdale (2019), the divergence amongst scholars centres on whether resilience is best viewed as a personal attribute, an outcome, or a dynamic process. Table 2.3 illustrates the points of convergence and contention amongst scholars in defining resilience.

Table 2.3: Points of consensus and contradiction in definitions of resilience

Points of consensus	**Points of contradiction**
A crisis has the potential to cause disruption. Resilience exists in the presence of adversity. It becomes meaningful only when individuals encounter difficulty, hardship, or disruption. Such adversity may take many forms, ranging from acute traumatic events such as natural disasters to more chronic stressors, including ongoing job demands.	Attribute- or resource-based approaches emphasise personal characteristics or situational factors. Some scholars define resilience as a personal trait, such as hardiness, optimism, and emotional regulation, or as stable external resources like social support. However, these qualities can exist without adversity, and are, therefore, better understood as factors that support resilience, not resilience itself.
Resilience in the face of a crisis results in a positive outcome. This involves maintaining, recovering, or optimising functioning despite adversity, and achieving organisational goals in spite of serious adversity.	Outcome-oriented views equate resilience with end results. The capacity to recover after setbacks or to keep functioning during hardship reflects resilience. However, the contradiction is that outcomes show that resilience has occurred, but do not explain how it happened.
	Process-based perspectives emphasise behavioural adaptation during crises. The process-based view defines resilience not as a trait or an outcome, but as the dynamic set of actions and psychological operations individuals engage in when confronted with adversity. From this viewpoint, resilience is understood as something individuals engage in rather than possess.

Source: Fisher and Ragsdale (2019:586)

Wiig et al. (2020) acknowledge the complexity of defining resilience, and emphasise that it involves both responding to challenges and preserving service quality amidst

disruption. Wiig et al. (2020) propose a multidimensional framework comprising psychological, engineering, and ecological perspectives, each offering a distinct interpretation of organisational adaptability. Table 2.4 illustrates these perspectives of resilience.

Table 2.4: Perspectives of resilience

Perspective	**Description**
Psychological	The ability to learn, grow, and develop in times of crisis and challenges
Engineering	The design and implementation of systems that respond well to a crisis and return to their original state or equilibrium after disruption
Ecological	The capacity to adapt to disruptions without fundamentally changing existing systems

Source: Wiig et al. (2020:3)

Drawing on stakeholder theory (Freeman, 1984), which posits that organisations should consider the interests of all stakeholders, and not only those of shareholders, Yang et al. (2021) and Van Wyk and Wesson (2021) argue that organisations with embedded corporate social responsibility initiatives demonstrated greater resilience during the COVID-19 crisis. These organisations exhibited more rapid recovery trajectories, suggesting that stakeholder-oriented practices may bolster institutional resilience. This resilience, according to Bostock and Breese (2023), is not an end in itself, but a means to defeat operational disruptions, such as the COVID-19 pandemic, to achieve organisational goals.

In a nuanced articulation of time-based resilience, Conz and Magnani (2020) identify four distinct but interrelated categories of resilience that unfold across the temporal dimensions of a crisis: proactive, reactive, dynamic, and absorptive. The proactive stage encompasses anticipatory measures undertaken *before* a crisis, enabling organisations to prepare strategically for potential disruptions. The reactive category

reflects the organisation's capacity to respond *after* a crisis has occurred, focusing on recovery and post-crisis adjustment. The dynamic dimension spans the entire lifecycle of the crisis, *before, during, and after,* and captures the organisation's ability to continually learn, adapt, and evolve in response to unfolding circumstances. Finally, the absorptive stage pertains to the organisation's capacity to sustain core functions *during* a crisis, effectively buffering the shock without compromising operational integrity. These four categories, as illustrated in Figure 2.1, offer an integrated lens through which organisational resilience can be understood as both multidimensional and embedded within time.

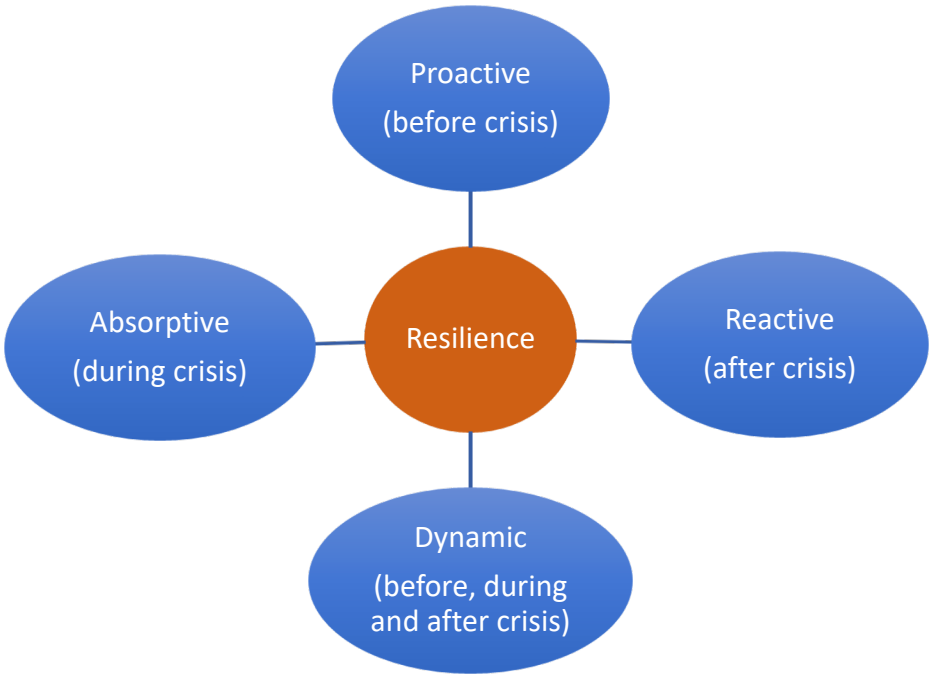

Figure 2.1: Time-based categories of resilience (Conz & Magnani, 2020:404)

Building on Conz and Magnani's (2020) time-based categories of organisational resilience, Abdullah, Husin, and Haider (2020) propose a complementary framework that delineates resilience into three stages: anticipation, coping, and adaptation. These stages correspond, respectively, to the pre-crisis, crisis, and post-crisis phases, and align conceptually with Conz and Magnani's (2020) framework. Specifically, *anticipation* reflects preparatory actions similar to those of the proactive stage; *coping* aligns with the absorptive capacity during the crisis, and *adaptation* mirrors the reactive and dynamic capacities required to adjust and evolve in the aftermath. The

convergence of these models reinforces the understanding that organisational resilience is not static, but that it evolves across distinct phases, each demanding different strategic, structural, and behavioural responses.

Extending this perspective, Brown et al. (2017) note that the definition of resilience remains fundamentally similar across disciplines, with minor differences in application. Their work classifies resilience into four key domains: systems, organisations, economics, and communities, each offering a different lens through which to assess adaptive capacity. Table 2.5 outlines these domains and their respective definitional emphases, highlighting the multidimensionality of resilience as both a concept and a practical imperative.

Table 2.5: Contexts of resilience

Context of resilience	**Description**
System	Resilient systems have the ability to change and adjust to a crisis, and to transform into a new functional condition.
Organisation	Resilient organisations have the flexibility, culture, resources, and structure to promote adaptability to a crisis and ensure their continued existence.
Economy	A resilient economy is able to withstand and survive disruption and losses.
Community	A resilient community or group of individuals is able to alleviate and cope with the adverse effects of a crisis.

Source: Brown et al. (2017:364)

The centrality of a crisis to these resilience frameworks is undisputed. Mirjana (2018) observes an increasing scholarly emphasis on both natural and anthropogenic crises, positioning resilience as a core organisational competence. Mirjana (2018) asserts that organisational resilience manifests when institutions effectively respond to changing environmental conditions while continuing to operate efficiently.

Haque (2023), however, argues that organisational resilience during crisis periods such as the COVID-19 pandemic is enhanced through the integration of the resource-based view (Wright, McMahan & McWilliams,1994) and strategic human resources management (HRM). Haque (2023) argues that the resource-based view suggests that organisations utilise their competitive advantage rooted in their internal strengths, found in their financial and human resources, while strategic HRM seeks to align human resource practices and policies with organisational strategic goals. According to Haque (2023), when organisations take advantage of their internal strengths and prioritise employee well-being, they are better positioned to adjust to change in the business environment while, at the same time, maintaining employee motivation and resilience during crisis periods such as the COVID-19 pandemic.

2.3.2 Employee motivation theories in challenging times

The COVID-19 pandemic introduced unprecedented disruptions that tested the limits of employee resilience and motivation. As noted by Hitka et al. (2023), although scholars define motivation differently, the thematic core remains consistent, describing motivation as a psychological process that directs, energises, and sustains goal-directed behaviour. Hitka et al. (2023) conceptualise motivation as a psychological mechanism that directs and sustains individual effort and behaviour to achieve certain goals. Hitka et al. (2023) observe that the salience of motivational factors is not static, but that it varies over time, a notion that resonates with Maslow's (1943) hierarchy of needs, where individuals progress from basic to higher-order needs. This dynamism is especially relevant in crisis contexts, such as the COVID-19 pandemic, which altered socio-economic conditions and, by extension, the motivational priorities of employees across sectors (Estimo & Villanueva, 2023).

Ihensekien and Joel (2023) emphasise that employee productivity is intrinsically linked to motivation, underscoring the need for organisations to recognise and respond to the diversity of employee needs. This aligns with the motivational theories, as noted by Ali and Anwar (2021), namely need-based (e.g., Maslow, 1943), reinforcement (e.g., Skinner, 1948), and process theories such as expectancy theory (Vroom, 1964). These theories converge in suggesting that mechanisms such as recognition, performance-linked remuneration, and feedback systems play a central role in enhancing employee morale and organisational commitment. Ali and Anwar (2021)

contend that organisations that maintained these motivational drivers during the pandemic were more likely to preserve employee engagement and productivity despite external volatility.

In line with self-determination theory (Ryan & Deci, 2000), Al-Habaibeh et al. (2021) note that, during the COVID-19 pandemic, employees swiftly acclimatised to working from home because of the intrinsic motivation derived from the perception of them as autonomous and sufficiently competent to function in their job in the wake of the challenges brought about by the pandemic. Simultaneously, the retention of employment and income during the difficult period of the COVID-19 pandemic was a source of extrinsic motivation, in addition to the intrinsic motivation they derived from the satisfaction of being in control of their work situation (Al Habaibeh et al., 2021).

Job characteristics theory (Hackman & Oldham, 1976), offers another useful lens. According to Kulikowski, Przytula, and Sulkowski (2022), job design elements such as task identity, task significance, skill variety, autonomy, and feedback significantly influenced teacher motivation in e-learning environments during the pandemic. Table 2.6 shows how these dimensions were affected by the shift to digital instruction. Notably, while autonomy and social interaction declined due to imposed constraints, skill variety expanded as teachers adapted to new technological demands. This illustrates that not all job characteristics were negatively affected, suggesting that organisations had opportunities to reconfigure job roles to sustain motivation in constrained environments.

Table 2.6: Teacher motivation in e-learning during the COVID-19 pandemic

Job characteristic	**Description**
Task identity	E-learning seemed to erode the task identity of teachers, as they could not assume full ownership of tasks to completion with tangible outcomes.
Task significance	E-learning appeared to reduce how teachers perceived the impact and contribution of their work, with a negative effect on their satisfaction and motivation.

Job characteristic	Description
Skills variety	The use of diverse skills in e-learning increased because of the need to adapt to new technologies and the work environment.
Feedback	There was no difference in the need for feedback between e-learning and on-site teaching.
Autonomy	The choice of teaching methods was decreased to adapt to e-learning.
Social dimension	Interaction with co-workers and other stakeholders decreased because of the e-learning teaching method.

Source: Kulikowski et al. (2022:177)

Despite the argument by Kulikowski et al. (2022) that autonomy diminished in virtual teaching, other scholars, such as Al Habaibeh et al. (2021), maintain that working from home increases employees' perception of being in control of their work, which enhances their satisfaction and intrinsic motivation. This apparent contradiction suggests that motivation during crises is context-specific, and may differ according to role, sector, and technological readiness.

Ojo, Fawehinmi, and Yusliza (2021) argue that, with the stress that came with the COVID-19 pandemic, regardless of off-site or on-site work, the conservation of resources theory (Hobfoll,1989) rightly explains the importance of job, social, and personal resources in motivating employees to acquire and conserve resources and achieve personal and, ultimately, organisational goals. It is therefore critical that, during crisis periods, employers work towards reducing employee resource loss and boosting resource gain to improve and maintain employee satisfaction and motivation and, hence, productivity.

Finally, returning to Maslow's (1943) hierarchy of needs theory, Wolor, Solikhah, and Martono (2020) found that, during the COVID-19 pandemic, employees prioritised physiological and safety needs, given the existential threat posed by health risks and economic uncertainty. Accordingly, Wolor et al. (2020) encourage employers to

develop policies that respond to employees' needs in order to motivate them to maintain and enhance productivity.

The theories selected for this study are relevant to the research problem because they explain how non-managerial employees perceive and respond to remuneration cost-reduction measures during an exogenous crisis. Economic, psychological and motivational theories explain employee concerns about fairness, financial security, morale, and stress. The social exchange theory (Homans, 1958) and psychological contract theory (Argyris, 1960), for example, highlight the importance of consultation in shaping acceptance of cost-reduction decisions. Crisis and resilience theories further contextualise employee responses during the COVID-19 pandemic. Collectively, these theories provide a coherent conceptual foundation for analysing employee preferences and informing the development of the employee-centred theoretical framework proposed in this study.

The theoretical framework informs the study's research objectives and questions by explaining how employees interpret and respond to remuneration cost-reduction measures during crises. Economic and psychological theories underpin RO1 by explaining employees' perceptions, preferences, and reasoning regarding remuneration cost reduction measures. Crisis-related and attribution theories inform RO2 by explaining how acceptance of remuneration reductions may be influenced by the origin of the crisis and the extent of consultation. Motivation theories provide the rationale for RO3 by explaining the potential effects of remuneration reductions on employee morale and performance. Collectively, these theories justify the study's focus and ground the investigation in established explanations of employee behaviour during organisational financial distress.

A synthesis of resilience and motivation theories suggests that employee morale during crises is influenced not only by structural conditions, such as job security and workload, but also by psychological resources, including perceived organisational support and fairness. While resilience theory emphasises adaptive capacity, motivation theories highlight the need for stability, recognition, and meaningful involvement. Together, these perspectives suggest that remuneration cost-reduction measures are most effective when they protect core motivational drivers while enabling employees to adapt to crisis conditions.

2.4 CHAPTER SUMMARY

This chapter critically examined the theoretical underpinnings in the form of motivational and cognitive theories that inform employee behaviour during crisis periods, integrating both economic theories and psychological perspectives. Understanding employee behaviour during crisis periods assists managers to maintain and improve productivity, regardless of the prevailing harsh business environment.

The discussion further positioned organisational resilience as a strategic capability essential to navigating crisis periods effectively. Resilience is framed not as a reactive attribute, but as a dynamic, proactive competency that must be cultivated before, during, and after a crisis. This conceptualisation reinforces the need for organisations to embed adaptive structures and behavioural agility into their operational fabric.

The discussion of employee motivational theories in challenging times further highlighted the importance of both intrinsic and extrinsic motivators in sustaining workforce engagement and performance amidst adversity. Drawing on models such as Maslow's (1943) hierarchy of needs, self-determination theory (Ryan & Deci, 2000), job characteristics theory, and conservation of resources theory, the chapter demonstrated how motivational drivers shift in response to environmental pressures and organisational responses. Collectively, the theories serve as a foundation for understanding how to maintain productivity and morale during systemic disruptions. The next chapter reviews the literature and South African legislation related to remuneration.

CHAPTER 3: REMUNERATION AND THE LEGISLATIVE CONTEXT

3.1 INTRODUCTION

This chapter comprehensively explores remuneration, beginning with an overview that includes definitions of key concepts essential to understanding the topic. It then delves into the legislative framework governing remuneration in South Africa, highlighting relevant laws and regulations. The chapter then offers an overview and evaluation of various remuneration cost-reduction measures, examining their effectiveness and implications. The discussion culminates in an analysis of the impact of the COVID-19 pandemic on the South African economy, with a particular focus on how remuneration practices and relief schemes have been affected and adapted in response to the financial challenges posed by the pandemic. The chapter concludes with factors to consider when assessing employees' remuneration preferences.

3.2 OVERVIEW OF REMUNERATION

This section defines remuneration and discusses key theoretical perspectives on remuneration management. It also outlines the core components of remuneration systems, and highlights the importance of remuneration within the employment relationship.

3.2.1 Definition

Remuneration is the basic wage or salary and other financial and non-financial rewards employees receive for offering their service to the employer. Thus, remuneration incorporates not only direct or monetary remuneration, but also indirect or non-monetary benefits such as health insurance, pension fund contributions, and leave (Kayode, Adeyinka & Abiodun, 2019; Werdati, Darmawani & Solihah, 2020).

In the context of the present study, remuneration is defined as the total monetary and non-monetary rewards an employee receives for services rendered to the employer. Nalyvaiko, Chanysheva, and Kozin (2018) note that, in Germany, remuneration in the public sector is based on sustaining the employee throughout their service to the state, rather than rewarding specific work outputs. This reflects a value-based, rather than pure performance-based logic. In contrast, Kustin and Sugeng (2020) conceptualise

remuneration as a direct reward for work performed in pursuit of organisational objectives, thus advancing a performance-centric view. Koziol and Mikos (2020) maintain that remuneration should operate through structured policies and strategies that reflect both the market value of work and the intrinsic worth of employees, grounded in job-evaluation mechanisms that promote internal equity and procedural fairness. In their study on executive remuneration, Hartikainen, Järvenpää, and Rautiainen (2021) observed that remuneration policies tend to prioritise the interests of executives and shareholders, which may disadvantage other stakeholders. This observation highlights the importance of examining how remuneration frameworks balance stakeholder interests.

Koziol and Mikos (2020) stress that remuneration systems should function through policies, strategies, and processes designed to fairly reward employees, both financially and non-financially. They argue that recognising employee contributions towards organisational goals requires systems that are consistent, equitable, and transparent. In line with this, job evaluation is a critical tool for determining the relative value of different jobs, thereby informing fair remuneration structures (Koziol & Mikos, 2020).

Baxter-Tomkins and Wallace (2009), however, argue that remuneration alone does not necessarily motivate a service, citing volunteers who are committed without financial incentives. While this may hold true in specific contexts, such as volunteerism, Werdati et al. (2020) counter that remuneration still plays a motivational role when viewed more broadly, and includes not only financial rewards, but also non-financial aspects like a conducive working environment and a sense of community, amongst others. The next section discusses the various components of remuneration.

3.2.2 Remuneration components

Werdati et al. (2020) emphasise that employee performance should be rewarded through an appropriate mix of remuneration components in order to support the achievement of organisational goals. Their findings suggest that an effective remuneration system aligns reward structures with employee contributions in order to maintain motivation and drive results. Figure 3.1 illustrates the components of remuneration proposed by Werdati et al. (2020).

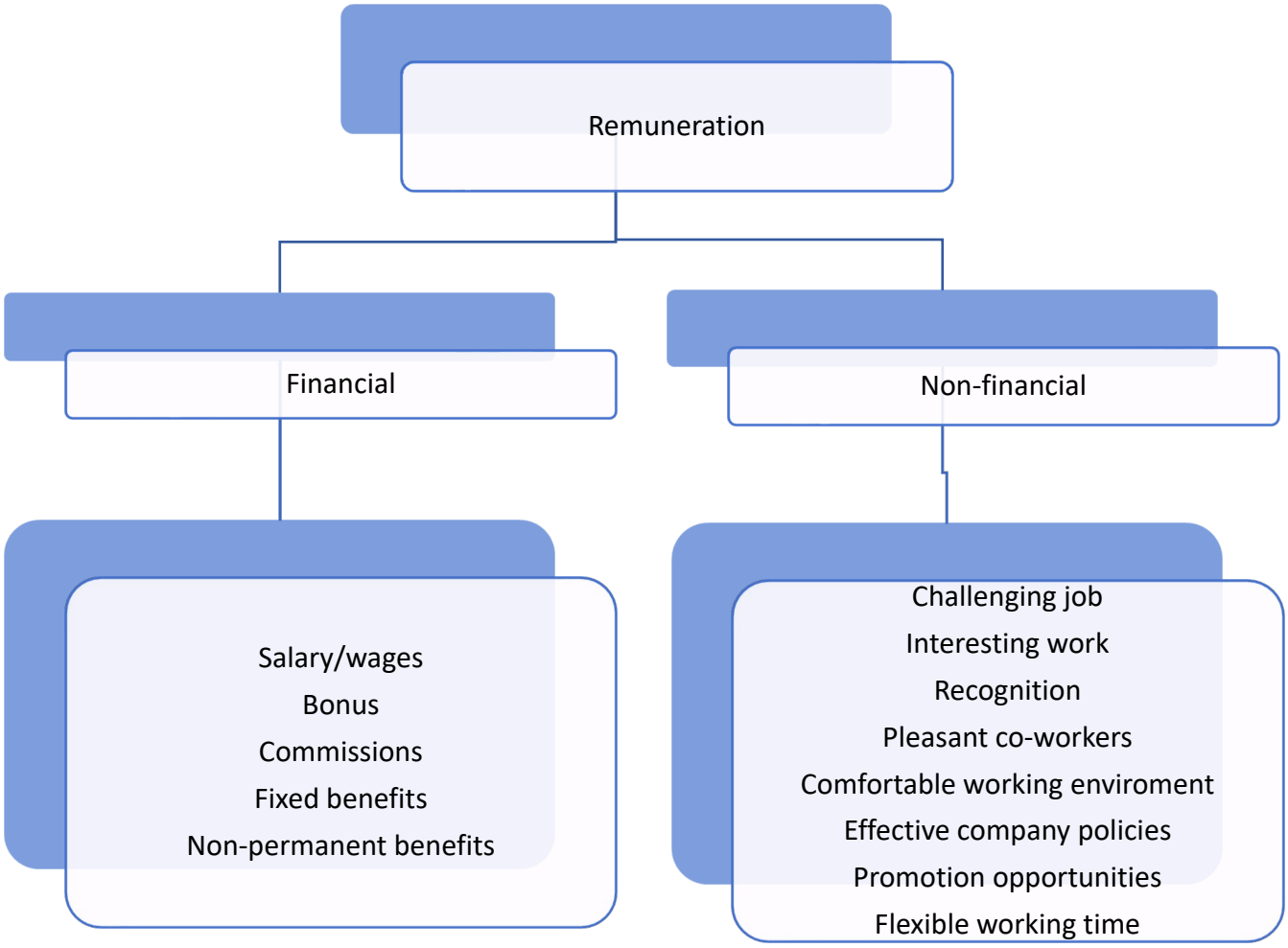

Figure 3.1: Components of remuneration (Werdati et al., 2020:22)

While Werdati et al. (2020) examined components of remuneration across different employee levels, Geiler and Renneboog (2016) focused on executive remuneration, identifying components unique to executives, illustrated in Figure 3.2.

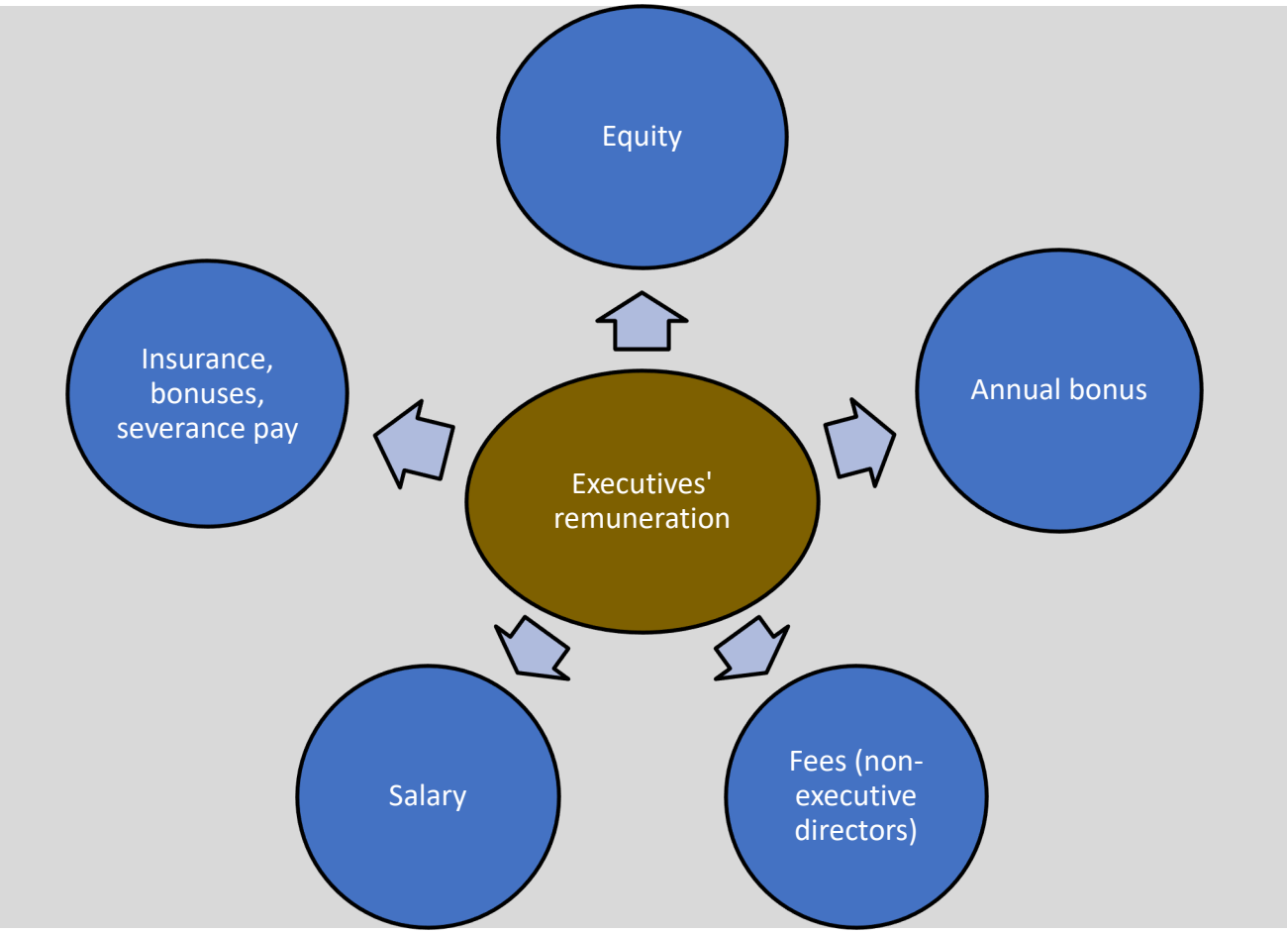

Figure 3.2: Components of executive remuneration (Geiler & Renneboog, 2016:49)

Geiler and Renneboog (2016) suggest that the inclusion of equity as a component of executive remuneration packages does not automatically translate into a higher total payout. Geiler and Renneboog (2016) use the term 'equity' to refer to components of CEO's remuneration, primarily stock options and restricted shares, which gain or lose value with changes in the company's share price; thus, payout decisions such as dividends or share buybacks directly affect the CEO's personal wealth. This challenges the widely held assumption that equity-based pay necessarily aligns the interests of executives with those of shareholders, and raises important questions about the real function of equity-based remuneration, i.e., whether it incentivises long-term strategic thinking or simply adds complexity to pay structures without yielding proportional value.

Cabezon (2025) agrees with Geiler and Renneboog (2016) regarding the main components of executive remuneration. However, Cabezon (2025) contends that

executive remuneration has increasingly become standardised around the components presented in Table 3.1.

Table 3.1: Components of remuneration

Component	Description
Salary	A fixed regular monetary payment for performing executive role functions
Bonus	Performance-based compensation linked to specific targets
Stock options	The right of executives to purchase company stock in the future at a predetermined price
Stock awards	A grant of equity or cash equivalent offered to executives when certain conditions are met
Non-equity incentives	Performance-based monetary rewards linked to set financial and operational targets
Perquisites	Non-monetary benefits such as health insurance or a company vehicle
Pensions	Retirement benefits post-employment, to reward long-term employees

Source: Cabezon (2025:4)

Carter, Lynch, and Peng (2024) propose that reducing executive remuneration during the COVID-19 pandemic may have helped justify the implementation of remuneration cost-reduction measures for the broader workforce. Moreover, they argue that such reductions enhanced employees' perception of fairness, thereby supporting the maintenance of morale and productivity, in line with the principles of Adams's (1963) equity theory. The next section delves deeper into the importance of remuneration in the workplace.

3.2.3 Importance of remuneration in the workplace

While Atanda and Udoedouok (2020) found that the work environment is important for organisational efficiency and effectiveness, their study also highlights that a well-

structured remuneration package enhances employees' commitment to their work. Similarly, Bussin, Pregnolato, and Schlechter (2017) found that remuneration and benefits are perceived by employees as critical to an organisation's ability to retain their services. A particularly relevant conclusion from the same study, one that proved to be a major challenge for many organisations during the COVID-19 pandemic, is that employers should ensure that remuneration is both regular and reliable in order to retain key talent. Unfortunately, the national lockdowns imposed by several governments severely impacted organisations' ability to meet their financial obligations, including employee remuneration.

Naji (2014) concurs with the view that remuneration reinforces the employer–employee relationship by improving employee satisfaction and productivity. However, a study by Zarei et al. (2016), which focused on frontline employees in the health sector, found that remuneration is a comparatively weaker employee motivator than other factors, such as employee relationships. Figure 3.3 illustrates the mean scores of factors influencing job motivation as identified in the study by Zarei et al. (2016).

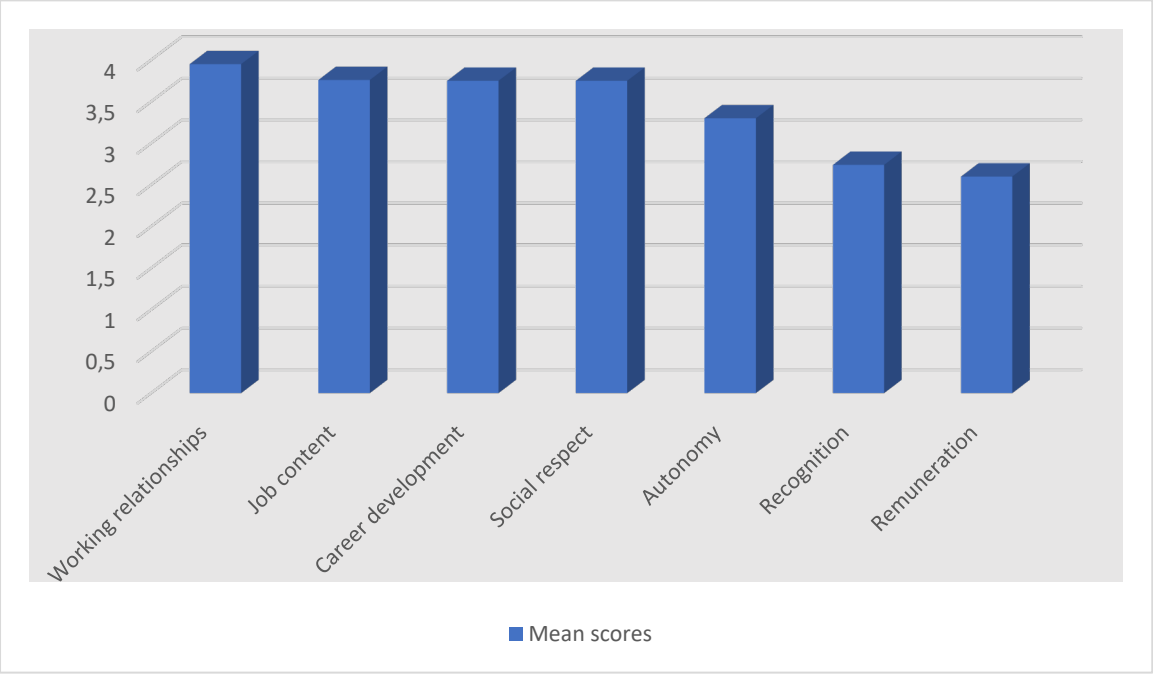

Figure 3.3: Factors influencing job motivation (Zarei et al., 2016:2250)

Although the findings of Zarei et al. (2016) suggest that remuneration ranks the lowest amongst factors influencing motivation, Van Zyl (2021) argues that under-

remuneration has a significantly adverse effect on productivity. Interestingly, the same study also revealed that excessive remuneration has only a marginal effect on productivity. This finding supports Zarei et al.'s (2016) argument that factors other than remuneration, such as interpersonal relationships and intrinsic motivation, also play a key role in influencing employee motivation and productivity. In contrast to the findings of Zarei et al. (2016), Gruzevskis, Sudnickas, and Urbanovic (2018) noted that remuneration was the most frequently cited factor driving emigration in Lithuania. Gruzevsks et al. (2018) further acknowledge the importance of both internal and external motivators, arguing that the value placed on remuneration is often context-dependent, and that it shapes the country's standard of living.

In their assessment of remuneration systems in Slovakia, Mura et al. (2019), concurring with Gruzevsks et al. (2018), assert that effective remuneration practices are central to achieving organisational goals, particularly through the attraction, motivation, and retention of skilled employees. Mura et al. (2019) place specific emphasis on financial remuneration as a key motivator, due to its role in facilitating the attainment of basic human needs.

Urbancova and Syndrova (2017) argue that organisations with a highly developed remuneration system are more competitive in attracting, retaining, and motivating productive employees. Such systems not only enhance employee satisfaction and loyalty, but also contribute to productivity and the organisation's positive image as an employer of choice (Urbancova & Syndrova, 2017). In a comparable context, Awotunde and Ojo (2022), in their study of public servants' remuneration in Nigeria, found that remuneration has a significant effect on employee performance and, hence, service delivery. Awotunde and Ojo (2022) also found that inadequate remuneration can result in the mismanagement of public funds, even in the presence of strong regulatory policies and procedures.

The importance of remuneration is further emphasised by Akinwale and George (2020), whose study on job satisfaction amongst nurses in Nigeria concluded that, although several variables, such as recognition and promotion, impact job satisfaction, remuneration is the most significant influential factor. The importance of remuneration in employee motivation is also highlighted in a recent study by Didit and Nikmah (2020), who aver that employees today have multiple needs, which require that they

have a regular income to meet these needs. According to Didit and Nikmah (2020), there is a significant positive relationship between satisfactory remuneration and employee engagement. The findings of a study by Bai et al. (2022) also confirm the importance of remuneration as a motivator by revealing that employees' intention to leave the organisation increases when they are poorly remunerated.

3.2.4 Remuneration management theories

The COVID-19 pandemic created substantial financial pressures on organisations to modify their remuneration practices for both non-managerial employees and senior executives. Theories such as efficiency wage theory (Shapiro & Stiglitz, 1984), equity theory (Adams, 1963), and expectancy theory (Vroom, 1964) provide insight into how remuneration shapes motivation, perceptions of fairness, and employee retention in contexts marked by financial strain and heightened job insecurity. In contrast, executive remuneration is better examined through theories such as agency theory (Jensen and Meckling, 1976) and tournament theory (Lazear and Rosen, 1981), which emphasise the alignment of leadership incentives with organisational survival and recovery objectives. These theoretical perspectives are essential in designing equitable and effective remuneration reduction measures that enhance organisational resilience and promote employee well-being and productivity during periods of crisis.

Remuneration theories help explain how employees experience changes in earnings, perceptions of fairness, and income protection during economic shocks such as the COVID-19 pandemic. Findings by Cortes and Forsythe (2023), for example, show that low-income earners experienced the greatest income shocks during the pandemic, aligning with equity theory (Adams, 1963), as remuneration became more unequal and perceived fairness deteriorated. Similarly, theories such as efficiency wage theory (Shapiro & Stiglitz, 1984) and human capital theory (Becker, 1962) highlight how remuneration structures adjust in response to crisis conditions. Theories related to the remuneration of non-managerial employees are summarised in Table 3.2.

Table 3.2: Remuneration theories linked to non-managerial employees

Theory	Description
Classical and neoclassical wage theory (Marshall, 1920)	This theory explains wages as the equilibrium outcome of labour supply and demand. In the context of the COVID-19 pandemic, the theory helps to explain how abrupt disruptions to labour markets produced wage freezes, reduced working hours, lay-offs, and, in high-demand sectors such as healthcare, temporary wage premiums driven by constrained labour supply.
Efficiency wage theory (Shapiro & Stiglitz, 1984)	Efficiency wage theory holds that paying above market-clearing wages can boost productivity and reduce labour turnover. This helps explain why, during the COVID-19 pandemic, organisations offered allowances such as hazard pay to frontline workers to sustain effort and retention under heightened health risks.
Institutional labour market theory (Commons, 1934)	Institutional labour market theory posits that wages and employment outcomes are shaped by institutions, labour laws, collective bargaining, and minimum wage policies rather than market forces alone (Commons, 1934). This helps explain sectoral and national differences in wage outcomes during the pandemic, as measures like furlough schemes, wage subsidies, and employment protections strongly influenced pay and income security.
Expectancy theory (Vroom, 1964)	Expectancy theory argues that motivation depends on employees' belief that effort and performance lead to valued rewards (Vroom, 1964). During the COVID-19 pandemic, disrupted work conditions and job insecurity weakened these expectancies and beliefs amongst employees, reducing the effectiveness of performance-related pay.
Equity theory (Adams, 1963)	Equity theory posits that employees' motivation is based on the perception of fairness with regard to their effort and reward. Fairness is also perceived if their rewards are comparable to those of others doing similar work. During the COVID-19 pandemic, remuneration reductions and increased workloads

Theory	Description
	without commensurate rewards generated strong perceptions of inequity, which undermined motivation amongst employees.
Reinforcement theory (Skinner, 1938)	The theory explains that behaviour is shaped and maintained by its consequences, whereby behaviour that is followed by positive consequences is more likely to be repeated, while that followed by negative consequences is less likely to recur. Incentives such as hazard pay and bonuses during the pandemic could be interpreted as positive reinforcers that promoted work attendance. In contrast, cost-reduction measures such as pay cuts and unpaid leave may be viewed as forms of negative reinforcement that diminished employee morale and productivity.
Self-determination theory (Ryan & Deci, 2000)	Self-determination theory posits that high-quality motivation and well-being arise when the basic psychological needs for autonomy, competence, and relatedness are fulfilled. During the COVID-19 period, remuneration practices that supported employees' autonomy, competence, and relatedness, such as involving them in consultation, likely helped sustain motivation and well-being. Conversely, unilateral pay cuts and cost-reduction measures may have heightened these psychological needs and led to reduced motivation.
Job evaluation theory (Lawler, 1971)	The theory suggests that a well-designed pay system based on job evaluation can improve motivation, fairness, and effectiveness. In relation to the COVID-19 pandemic, job evaluation theory suggests that remuneration should reflect the value and demands of jobs, such as high-risk roles, e.g., frontline employees, receiving higher pay in the form of a hazard allowance.
Goal-setting theory (Locke, 1968)	The theory suggests that specific and challenging goals lead to higher performance than vague or easy goals. With regard to the COVID-19 pandemic, goal-setting theory suggests that linking remuneration to specific, challenging, and attainable pay-related

Theory	Description
	goals can help motivate employees to sustain performance under crisis conditions.
Psychological contract theory (Argyris, 1960)	Psychological contract theory explains employees' unwritten beliefs about mutual obligations within an employment relationship (Rousseau, 1989). During the COVID-19 pandemic, remuneration cost-reduction measures, such as pay cuts, disrupted these expectations, increasing perceptions of psychological contract breach and leading to decreased employee morale.
Social exchange theory (Homans, 1968)	Social exchange theory explains social relationships as continuous exchanges in which individuals aim to maximise benefits and minimise costs, operating within established norms of reciprocity (Blau, 1964; Homans, 1958). In organisational contexts, employer support and fairness during periods of crisis tend to elicit reciprocal employee responses, including loyalty and sustained work performance.
Downward wage flexibility theory (Keynes, 1936)	Downward wage flexibility theory suggests that employers are reluctant to reduce wages during economic downturns because of concerns about morale, fairness, and productivity. It can be suggested that during the COVID-19 pandemic, organisations avoided direct wage cuts and instead relied on furlough schemes, reduced working hours, or government wage subsidies, which may reflect downward wage rigidity even under severe economic pressure.
Procedural justice theory (Thibaut & Walker, 1978)	Procedural justice theory focuses on the fairness of decision-making processes rather than outcomes. It can be suggested that, during the COVID-19 pandemic, remuneration cost-reduction measures such as pay cuts or reduced working hours were more likely to be accepted when implemented through transparent and consultative procedures, supporting perceptions of fairness and trust.

Theory	Description
Relationship theory (grounded in psychological contract theory) (Levinson et al., 1962)	The theory posits that employee motivation is shaped by the quality of the employment relationship and the fulfilment of mutual expectations and trust. Relationship theory, grounded in psychological contract theory, emphasises the mutual and implicit obligations between employers and employees. It could be suggested that, during the COVID-19 pandemic, remuneration cost-reduction measures were evaluated by employees based on whether employers upheld these relational obligations, thereby influencing the perceived strength of the employment relationship.

Source: Kukanja and Planinc (2012:30)

In their study on executives' remuneration and company performance indicators in the South African mining industry, Van Wyk and Wesson (2021) found that executives' long-term incentives were not strongly aligned with company performance. To explain the relationship between executive pay and performance, Van Wyk and Wesson (2021) identified several theoretical frameworks, which are summarised in Table 3.3.

Table 3.3: Executive remuneration theories

Theory	Explanation
Principal–agent theory (Jensen & Meckling, 1976)	Executive remuneration seeks to align the interests of executives (agents) with those of shareholders (principals). It may be argued that, during the COVID-19 pandemic, organisations implemented remuneration cost-reduction measures to reduce agency costs and safeguard organisational survival.
Managerial power theory (Bebchuk & Fried, 2006)	Executives have the power to influence their own remuneration, which can result in compensation that is not fully aligned with firm performance.

Theory	Explanation
Tournament theory (Lazear & Rosen, 1981)	Executives are rewarded according to their hierarchical rank within the organisation. It may be argued that, during the COVID-19 pandemic, the relevance of tournament-based remuneration declined, as bonuses and other performance-related pay were constrained to reduce costs and preserve employment.
Stewardship theory (Davis, Schoorman & Donaldson, 1997)	Executives act as stewards of the organisation and require no incentives to serve shareholder interests. It can be argued that, during the COVID-19 pandemic, stewardship behaviour influenced executives to take temporary pay reductions to support organisational sustainability amidst crisis conditions.
Stakeholder theory (Freeman, 1984)	Stakeholder theory emphasises that organisations have responsibilities to serve multiple stakeholders, including shareholders, employees, customers, suppliers, and the community at large. It could be argued that, during the COVID-19 pandemic, this theory helps explain why organisations adopted remuneration cost-reduction measures that balanced organisational survival with employee wellbeing.

Source: Van Wyk and Wesson (2021:3)

Consistent with the present study's focus on the employee perspective, Van Wyk and Wesson (2021) appear to favour stakeholder theory (Freeman, 1984), which posits that the organisation exists to serve the interests of all its stakeholders, including employees. However, contrasting findings emerged from a study conducted in Pakistan by Siddiqui, Sohail, and Niazi (2023), who found that agency theory most accurately explains executive remuneration practices in that context. Figure 3.4

presents a ranking of executive remuneration theories in terms of their explanatory power, based on Siddiqui et al.'s (2023) findings.

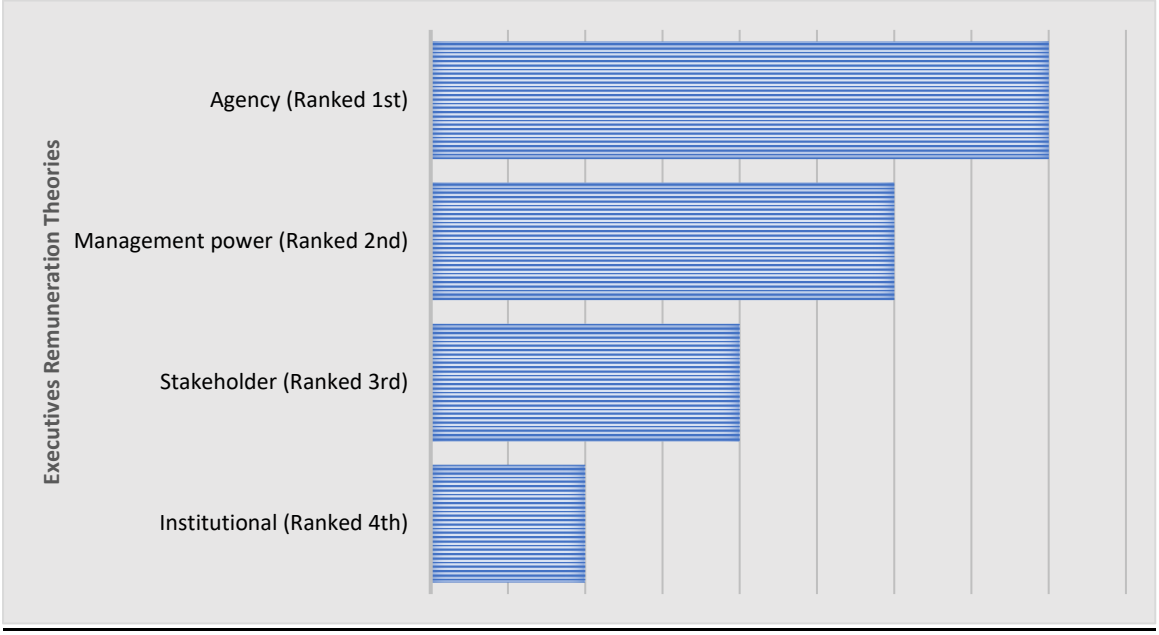

Figure 3.4: Ranking of executive remuneration theories in order of explanatory importance (Siddiqui et al., 2023:28)

Although Siddiqui et al. (2023) found agency theory to be the most relevant, they acknowledge the explanatory value of the other theories noted in Figure 3.4, which may vary according to contextual and institutional variations across countries.

The findings discussed above regarding executive remuneration during the COVID-19 pandemic align with prior findings by Bussin and Modau (2015), who examined remuneration management practices following the 2008 global financial crisis. According to Bussin and Mudau (2015), in response to financial uncertainty, many executives preferred fixed pay over performance-related incentives, given the difficulty of meeting the required performance targets. This trend illustrates the widening gap between company performance and executive remuneration, contrasting the institutional and economic theories of remuneration, which hold that executive remuneration should reflect company performance. Kirsten and Du Toit (2018) contend that the types of performance measures used in remuneration assessment are critical, as executive remuneration has a more significant relationship with share

performance than with traditional financial performance. This suggests that the share value, which defines the shareholder's wealth, determines executive remuneration, rather than the company's financial performance (Kirsten & Du Toit, 2018).

According to Silingiene, Stukaite, and Radvila (2015), remuneration level differences can be explained through several remuneration theories, including classical economic theory (Marshall, 1920), efficiency wage theory (Shapiro & Stiglitz, 1984), human capital theory (Becker, 1962), and agency theory (Jensen & Meckling, 1976), as illustrated in Figure 3.5.

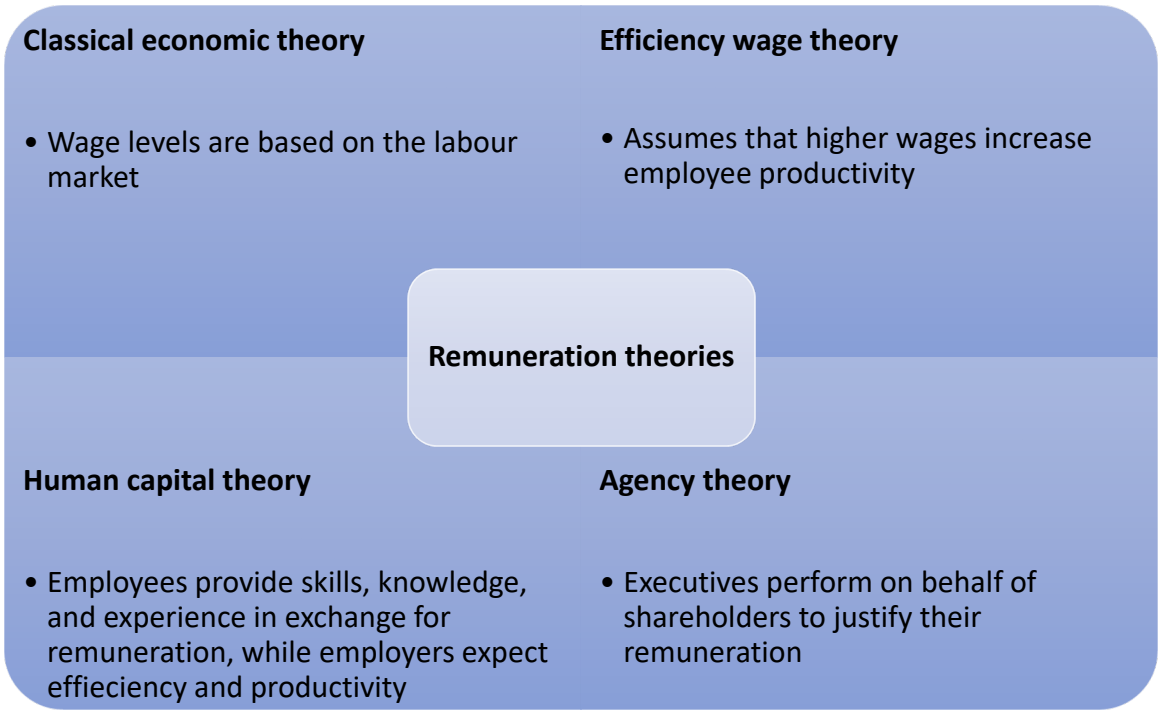

Figure 3.5: Remuneration theories (Silingiene et al., 2015:848-854)

The existence of multiple theories explaining remuneration suggests that it is a complex subject that needs to be explained from different perspectives to fully understand how organisations reward their employees. Silingiene et al. (2015) argue that, while the remuneration theories listed in Figure 3.5 explain various aspects of wage differentiation, they fall short of explaining the determinants of remuneration, and propose that internal and external determinants, outlined in Figure 3.6, should also be considered in remuneration decisions.

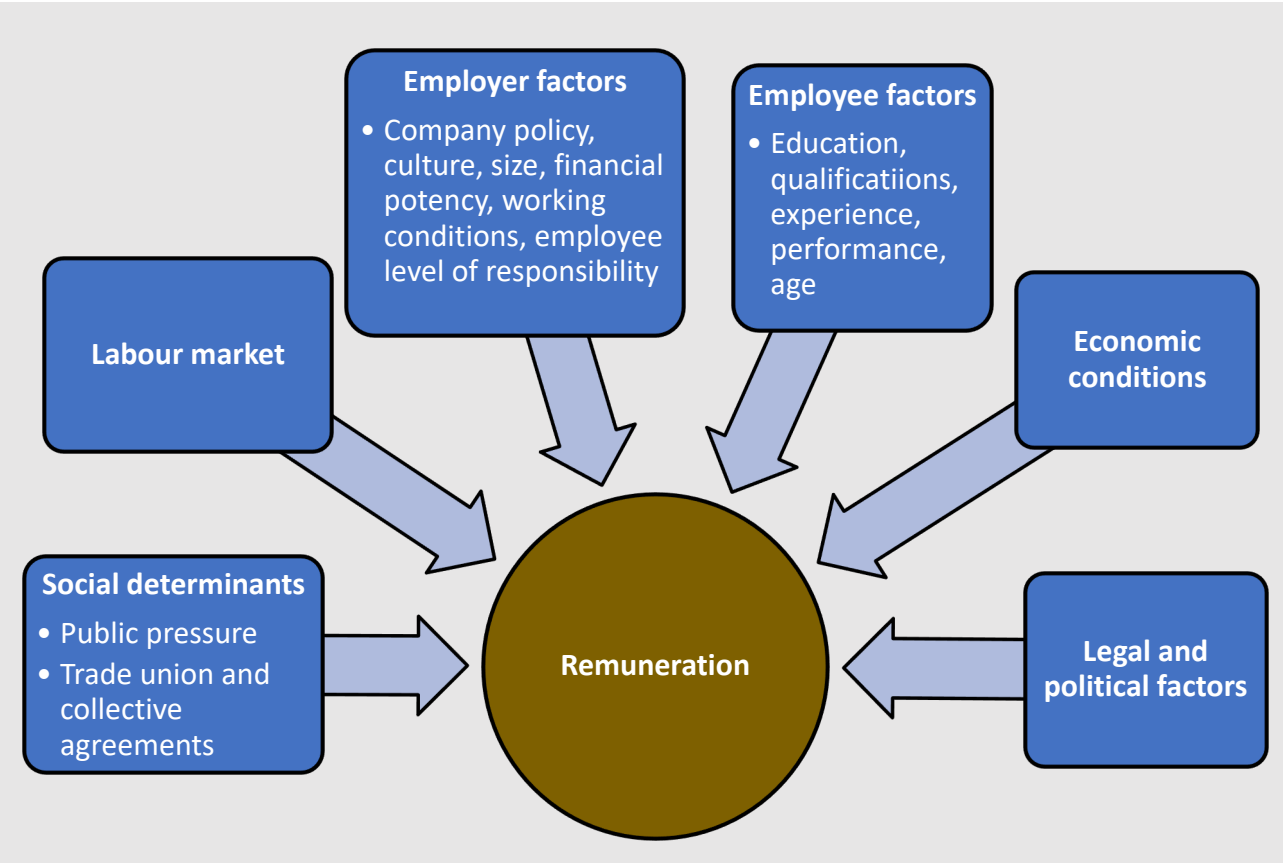

Figure 3.6: Determinants of remuneration (Silingiene et al., 2015:850)

Silingiene et al. (2015) further observed that remuneration determinants vary significantly between executives and lower-level employees. For instance, the legislated minimum wages will have a significant effect on the general workforce's pay rates, with no impact on executives' remuneration. Conversely, unfavourable economic conditions affect remuneration at all levels, as evidenced by widespread salary reductions across various industries worldwide during the pandemic (Larrimore, Mortenson & Splinter, 2021).The next section discusses the impact of COVID-19 pandemic on organisations and employees.

3.3 THE IMPACT OF THE COVID-19 PANDEMIC ON ORGANISATIONS AND EMPLOYEES

The COVID-19 pandemic restrictions triggered an unprecedented disruption of global economic systems, altering the very fabric of business operations and profoundly affecting employee livelihoods. Organisations experienced financial shocks, while employees were exposed to widespread job insecurity and loss of income. This

section explores the multifaceted impact of the pandemic on organisations and employees, with a particular focus on the necessity for shared, inclusive solutions. It also examines institutional and policy responses, including both organisational adaptations and government interventions. The COVID-19 pandemic significantly disrupted conventional remuneration practices in several ways, prompting unprecedented organisational responses such as pay freezes, reduced wages, and altered benefit structures, amongst others. These shifts not only challenged existing remuneration models, but also amplified the need for adaptive, context-responsive remuneration strategies. The subsequent sections focus on the impact of the pandemic on businesses and employees, respectively.

3.3.1 Impact on businesses

Although COVID-19 did not exhibit the lethality of diseases such as Ebola, its novel character, asymptomatic transmission, and the absence of a vaccine in the early stages rendered it a serious global health threat. De Villiers et al. (2020) contend that the South African government's swift implementation of a national lockdown was a critical intervention to curb transmission, particularly given the country's fragile healthcare infrastructure. However, while the lockdown was a necessary public health measure, its socio-economic repercussions were immediate and severe.

The nationwide shutdown, announced by the South African President on 27 March 2020, amplified existing economic fragilities. De Villiers et al. (2020) highlight a cascading set of consequences: business closures, mass retrenchments, reduced working hours, and furloughs. These developments not only destabilised organisations, but also placed considerable strain on household income security. It is within this context that many companies initiated remuneration cost-reduction strategies, not merely as a tactical response, but as a means of organisational survival.

Kruger and Meyer (2021) argue that the national lockdown reduced working hours, consumer demand, and investments. South Africa's relief schemes, though well-intentioned, were often undermined by logistical and administrative constraints. This inadequacy necessitated businesses implementing other strategies, such as remuneration cost reduction, to remain operational during this prolonged period of uncertainty (Kruger & Meyer, 2021).

The rationale behind these austerity responses is well-documented. Clemente-Suarez et al. (2021) assert that the reduction of economic activity across the world led to significant negative gross domestic product (GDP) growth rates in many countries, including South Africa. As Figure 3.7 illustrates, the pandemic did not merely halt growth; it actively reversed developmental gains in many countries, exacerbating inequalities and deepening poverty.

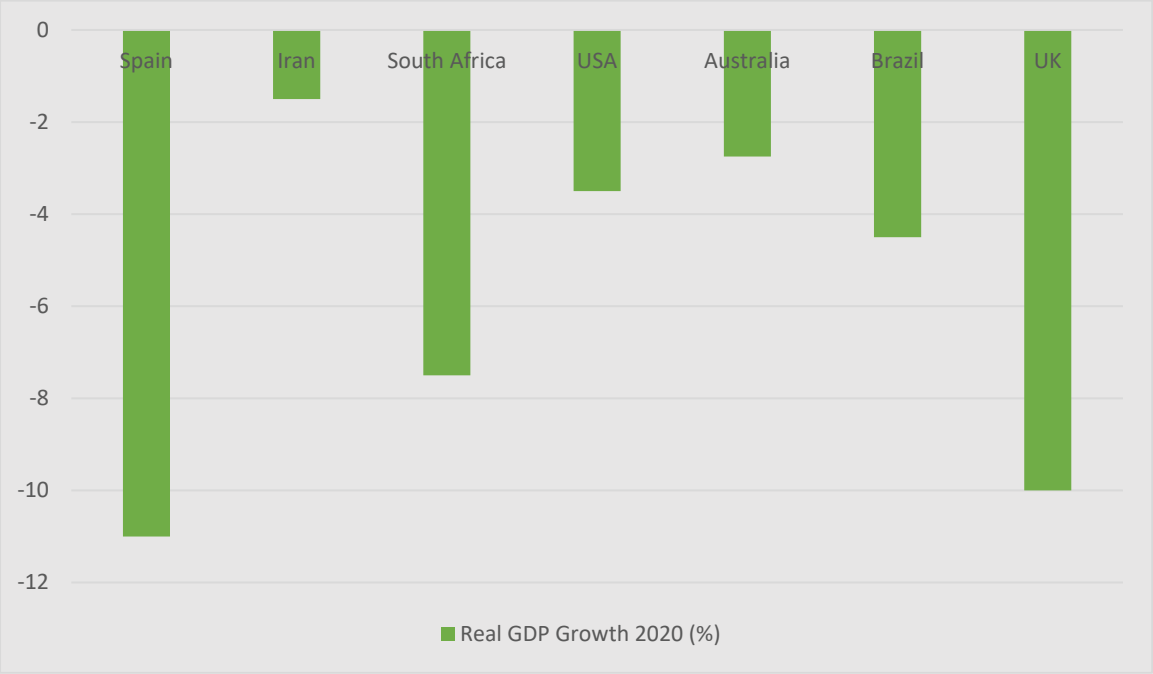

Figure 3. 7: Negative GDP growth rates during the COVID-19 pandemic (Clemente-Suarez et al., 2021:5)

De Villiers et al. (2020) maintain that South Africa's relief schemes may have prioritised short-term political gains over long-term economic benefits. Clemente-Suarez et al. (2021), however, offer a contrasting perspective, claiming that increased public spending can result in positive results, since it can increase demand in the economy and, hence, economic growth. This view aligns with Keynesian economic theories (Keynes, 1936), which advocate government intervention during downturns to stimulate recovery. These diverging views highlight a deeper tension between immediate crisis management and long-term economic stewardship.

Nonetheless, there is a global consensus on the necessity of government interventions (Kruger & Meyer, 2021; Zhou et al., 2023). State actions, despite their imperfections,

played a central role in staving off complete economic collapse during the lockdowns. What emerges, however, is the critical importance of co-ordination between external support mechanisms and internal corporate decision-making (Kruger & Meyer, 2021; Zhou et al., 2023).

Kruger and Meyer (2021) emphasise that, while government relief programmes were essential in preventing a complete economic collapse, businesses also needed to implement strategies to manage operational costs, including that of remunerating their employees. In integrating these perspectives, addressing the immediate and strategic responses to the crisis is important. Government relief measures offered crucial short-term support, but businesses were also tasked with effectively adapting their strategies to navigate the related economic challenges. This dual approach, combining external support with internal cost management, reflects a comprehensive strategy to deal with the pandemic's impacts (Kruger & Meyer, 2021).

Kumar et al. (2021) note the sectors worldwide most acutely affected by the pandemic, amongst them travel and tourism, agriculture, entertainment, and manufacturing. These sectors became focal points for relief efforts, but also required that firms engage in agile, often difficult, cost-containment strategies.

In examining the economic repercussions of the COVID-19 pandemic, Kumar et al. (2021) demonstrate that the crisis generated widespread disruptions across globally interconnected and labour-intensive sectors. Agriculture experienced supply-chain breakdowns, labour shortages, and heightened food insecurity, particularly in developing economies. Micro to medium enterprises faced severe liquidity constraints and demand shocks, placing up to 43% of firms at risk of closure. Traditional entertainment industries and live events collapsed under government-imposed travel restrictions. The travel and tourism sector suffered the greatest contraction, with international arrivals declining by 72% and global revenue losses reaching USD935 billion. Manufacturing and service sectors were similarly destabilised by border closures, dependence on Chinese inputs, and reduced foreign direct investment. Collectively, these findings underscored the pandemic's economic impact and highlighted the need for targeted policy interventions to support vulnerable industries (Kumar et al., 2021).

Mthembu, Mkhize, and Arthur (2022) echo Kumar et al.'s (2021) view regarding the agricultural sector, but note that this sector's essential status precluded its full suspension. Regardless of lockdown regulations, food supply chains had to remain functional to avert worsening food insecurity in South Africa, especially in rural communities dependent on subsistence and smallholder farming. This observation illustrates that not all sectors could uniformly apply lockdown protocols, further complicating policy responses (Mthembu et al., 2022).

The pandemic's impact on tourism was particularly instructive. Kumar et al. (2021) highlight that South Africa's travel and tourism industries suffered significant losses, which prompted a suite of social and economic relief measures. However, a comparative view revealed deeper structural vulnerabilities elsewhere. In Indonesia, for example, the tourism sector experienced an even sharper decline. Atmojo and Fridayan (2021) documented a staggering collapse in tourist arrivals—from nearly 1.4 million in December 2019 to just 175 000 in November 2020, largely due to stringent border restrictions. Figure 3.8 illustrates this stark downturn, reflecting the region-specific nature of the crisis and the urgent need for targeted and context-specific support measures.

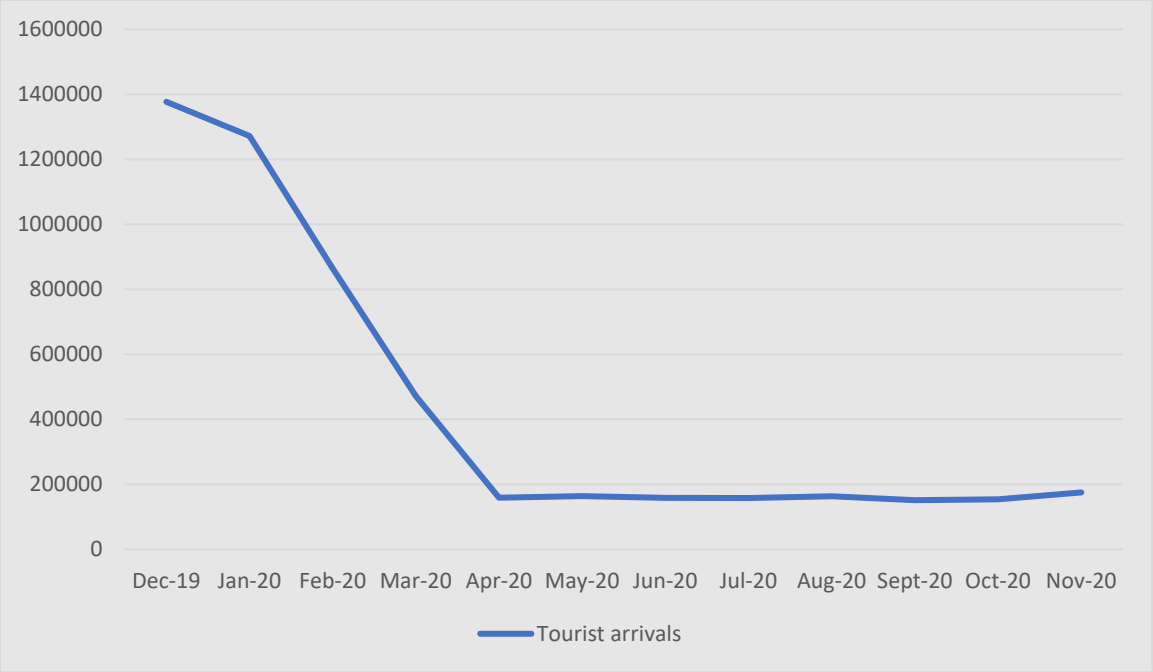

Figure 3.8: Tourist arrival decline in Indonesia during the COVID-19 pandemic (Atmojo & Fridayan, 2021:2)

Beyond tourism and agriculture, the pandemic triggered macroeconomic volatility, including sharp declines in stock markets, oil prices, and currency stability. Padhan and Prabheesh (2021) detail how economic uncertainty translated into exchange rate volatility and destabilised financial markets globally. Their analysis is corroborated by Iyke and Ho (2021), who highlight the South African rand's depreciation and the decline in the Johannesburg Stock Exchange index. Although reduced oil prices benefited net oil-importing countries like South Africa, Padhan and Prabheesh (2021) note that oil-exporting economies experienced revenue declines due to suppressed demand.

The COVID-19 pandemic generated severe disruptions across global commodity, currency, and financial markets. As Padhan and Prabheesh (2021) explain, the crisis triggered an unprecedented collapse in oil prices due to simultaneous supply and demand shocks. At the same time, emerging and advanced economies experienced sharp exchange rate volatility and widespread currency depreciation driven by capital outflows and deteriorating investor sentiment. Financial markets also became highly unstable, with global stock indices falling sharply from late February 2020 and exhibiting heightened volatility as uncertainty and financial challenges spread across markets. Collectively, these dynamics illustrate the pandemic's multifaceted economic impact and the interconnected vulnerabilities across oil markets, exchange rates, and stock market performance (Padhan & Prabheesh, 2021).

Hatmanu and Cautisanu (2021) reinforce Padhan and Prabheesh's (2021) findings in highlighting the adverse effects of the COVID-19 pandemic, including the negative impact of travel restrictions and the general uncertainty created by the crisis. Both studies emphasise how these factors contributed to economic instability. Ozili and Arun (2020) note that global stock markets experienced significant declines in value as COVID-19 case numbers and fatalities surged, which was accompanied by rising global inflation and unemployment rates.

In the context of South Africa, Schotte and Zizzamia (2022) support Padhan and Prabheesh's (2021) findings in noting that the hard lockdown policies led to reduced demand for goods and services and triggered a range of socio-economic challenges, as illustrated in Figure 3.9. Schotte and Zizzamia (2022) posited that these adverse economic effects would likely persist beyond the immediate health crisis, and

advocated for transforming temporary social relief measures into a permanent component of South Africa's social safety net system.

Schotte and Zizzamia (2022) note that South Africa’s stringent lockdown measures, particularly travel restrictions and social-distancing regulations triggered a sharp contraction in urban economic activity, resulting in business closures, job losses, and widespread underemployment. Furthermore, 40% of households lost their main source of income early in the lockdown, while nearly all respondents in their study experienced reduced earnings between February and June 2020 (Schotte & Zizzamia, 2022). These labour-market shocks were unevenly disproportionately affecting women, less-skilled workers, informal workers, and low-income earners, who were concentrated in precarious occupations most vulnerable to the collapse in demand (Schotte & Zizzamia, 2022). The authors further observed that social-distancing policies severely disrupted the informal economy, forcing households to liquidate savings, default on insurance payments, and increasingly rely on government grants as informal support networks and rotating savings groups collapsed under the covariate nature of the shock (Schotte & Zizzamia, 2022). Collectively, these dynamics illustrate how the lockdown deepened pre-existing vulnerabilities and eroded household resilience in urban South Africa.

Mishi et al. (2023) affirm Schotte and Zizzamia’s (2022) findings, highlighting the magnitude of operational discontinuity and the implications for organisational viability. Figure 3.9 illustrates how the COVID-19 pandemic restrictions affected businesses within the Nelson Mandela Municipality of South Africa (Mishi et al., 2023).

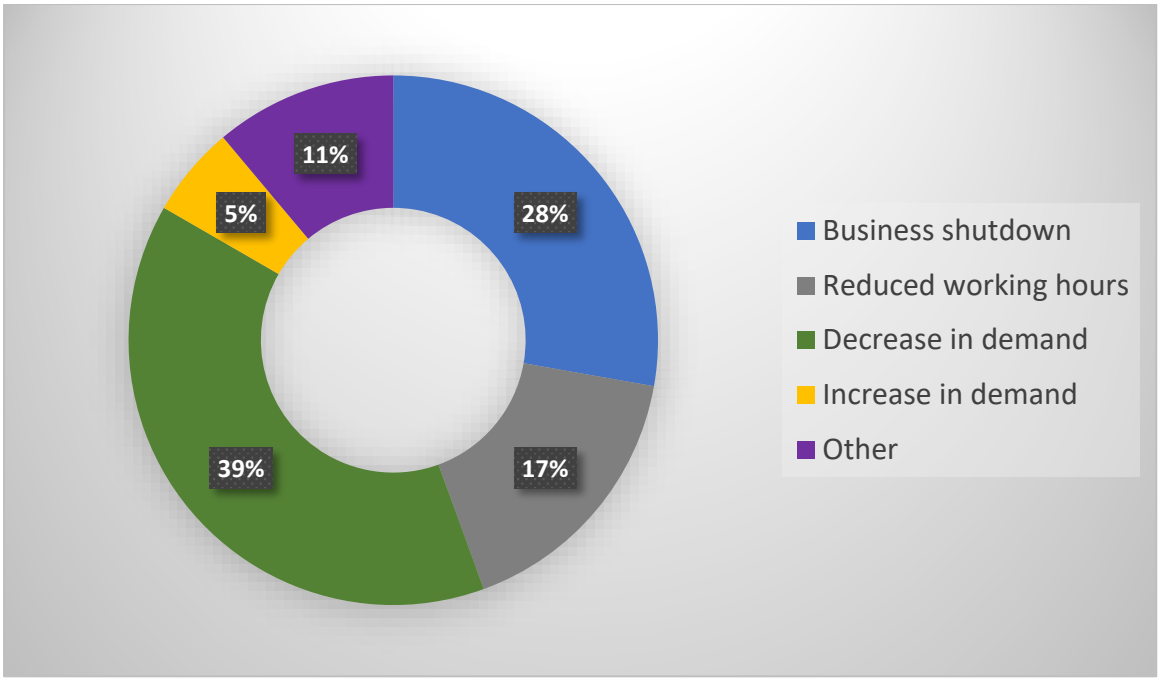

Figure 3.9: How COVID-19 pandemic restrictions disrupted businesses (Mishi et al., 2023:7)

According to Mishi et al. (2023), businesses within the Nelson Mandela Municipality experienced markedly uneven operational disruptions during the COVID-19 pandemic, with the severity of impacts closely tied to business size, sector, and resilience capacity. Almost 28% of firms reported complete shutdowns, reflecting the vulnerability of service-oriented and contact-dependent sectors under strict lockdown conditions (Mishi et al., 2023). A further 39% of businesses experienced a decline in demand, driven largely by travel restrictions and the closure of tourism- and transport-related activities, while 17% reported decreased working hours (Mishi et al., 2023). Although many firms attempted to remain operational, reduced revenue streams forced widespread reductions in working hours, retrenchments, and reliance on retained profits, with employees experiencing heightened anxiety and burnout as workloads intensified for the few who continued working (Mishi et al., 2023). These findings underscore the differentiated nature of pandemic-induced shocks, illustrating that small businesses were disproportionately unable to pivot operations, while larger firms leveraged stronger internal systems to maintain continuity. Overall, the study highlights that operational disruptions such as shutdowns, reduced hours, and

fluctuating demand were not only widespread but also stratified by structural characteristics that shaped each firm’s resilience trajectory.

3.3.2 Impact on employees

Parry and Gordon (2020) lamented the disproportionate effect of the COVID-19 pandemic on women in South Africa, noting that households headed by women had become increasingly vulnerable to poverty due to the pandemic's economic fallout. They further observed that women were overrepresented in low-skilled, low-wage occupations, and continued to shoulder the majority of unpaid domestic work. These dual pressures, according to Parry and Gordon (2020), not only restricted women’s access to stable employment, but also increased their susceptibility to accepting temporary or precarious work. Parry and Gordon (2020) suggest that employers were more likely to reach agreements for pandemic-induced lay-offs or reduced working hours with women employees, as women often face the compounded burden of caregiving, particularly for the sick, elderly, and children, while attempting to maintain paid employment during the pandemic.

Kabeer, Razavi, and Van Der Meulen Rodgers (2021) similarly argue that women, more than men, occupied jobs that were highly susceptible to COVID-19 transmission and lockdown restrictions, particularly within sectors heavily impacted by the pandemic, such as tourism, arts, and entertainment. Figure 3.10 illustrates the employment decline from April 2019 to April 2020 across selected countries, broken down by gender.

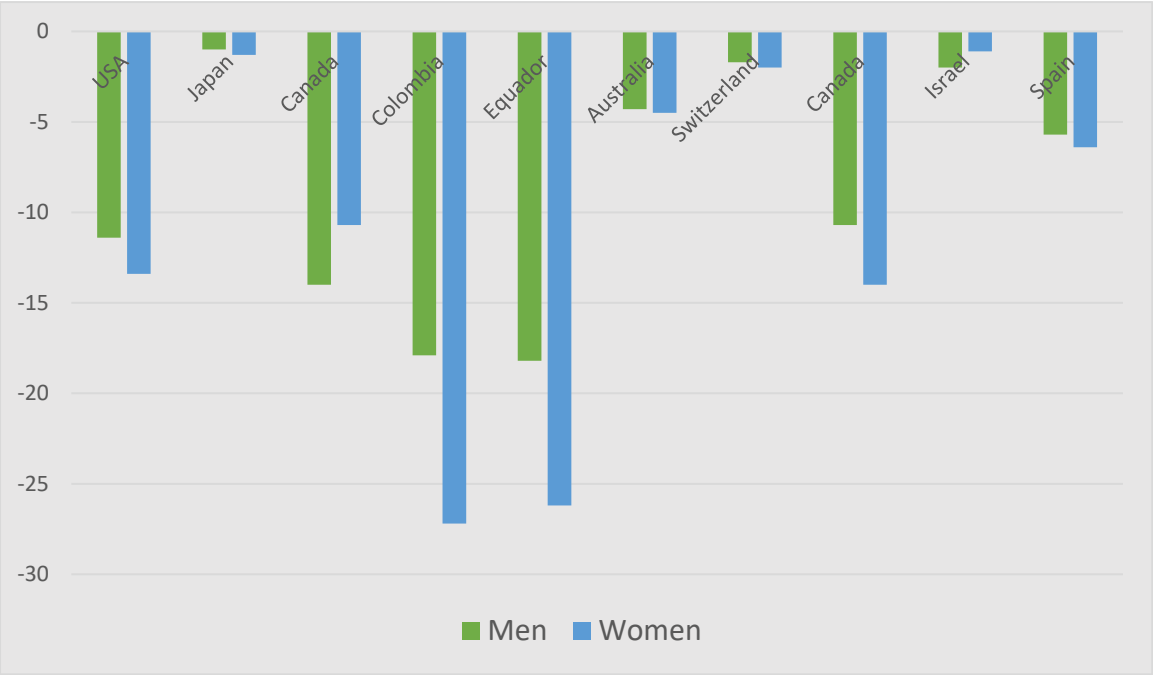

Figure 3.10: Decline in employment levels by gender during the COVID-19 pandemic (Kabeer et al., 2021:7)

Kabeer et al.'s (2021) findings align with those of Casale and Posel (2021), whose South African study revealed that, by April 2020, women had experienced higher rates of job loss and reductions in working hours than men. Specifically, 47% of women in the lowest-paid bracket in February 2020 had lost their jobs by April 2020, compared to 36% of men in the same bracket. Figure 3.11 further illustrates the percentage of job losses by gender, race, education, and income status.

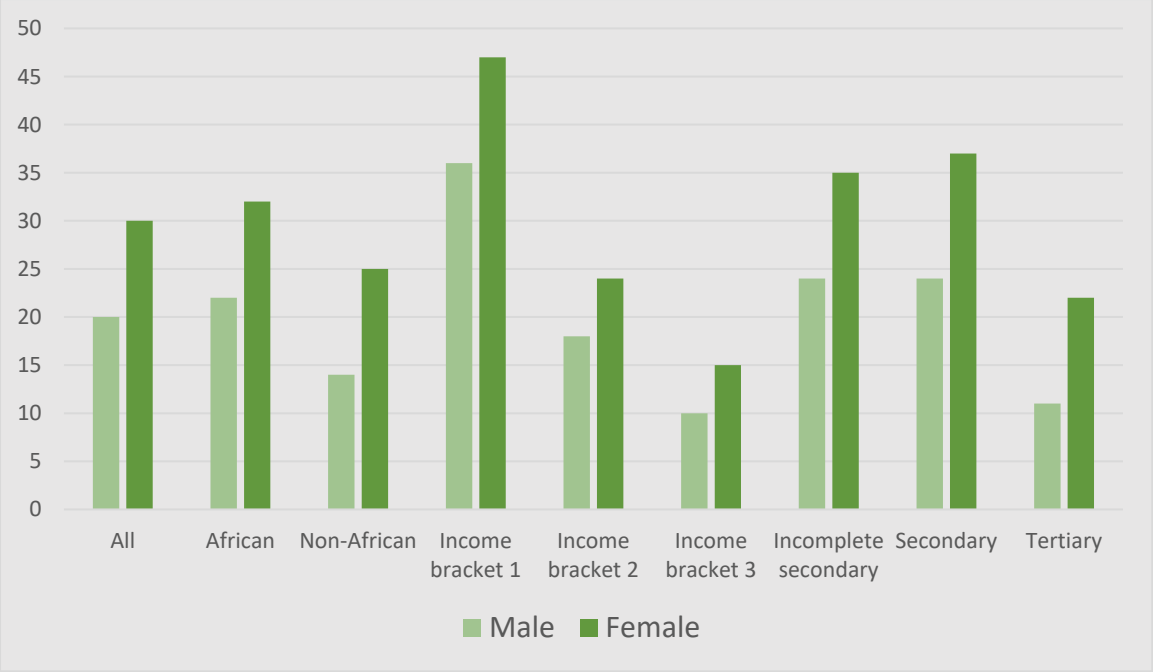

Figure 3.11: Percentage of job losses by gender, race, education, and income status in South Africa (Casale & Posel, 2021:4)

As indicated in Figure 3.11, women experienced job loss across all demographic categories at higher rates than men, thus deepening existing gender inequalities. The findings by Casale and Posel (2021) also show that black African workers, low-income earners, and individuals without a tertiary education were particularly vulnerable, which intensified racial and economic inequalities in the labour market. Casale and Posel (2021) conceptualise economic inequalities as systemic differences in employment outcomes and household economic well-being across gender, race, education, and income groups. These findings were corroborated by Dabone et al. (2021), who reported that food insecurity worsened amongst African, Caribbean, and black populations globally during the COVID-19 pandemic, stemming from structural inequalities that rendered these groups more susceptible to reduced working hours, pay reductions, furloughs, and redundancy. The authors characterise the African, Caribbean, and Black populations as individuals and communities of African heritage living across different countries and regions worldwide. Dabone et al. (2021) conceptualises structural inequalities as systemic, historically rooted, and institutionally reproduced disparities, driven largely by racism and socioeconomic exclusion, which shape black communities' access to food, health, income, and safety globally, and which were further intensified by the COVID-19 pandemic.

Similarly, Ranchhod and Daniels (2021) found that the loss of employment in South Africa had a greater effect on demographic groups who had always been disadvantaged, namely the less educated, women, youths, and individuals of colour. The anticipated government responses to these challenges did not come to fruition in alignment with South Africa's longstanding policy goals of addressing the triple challenge of unemployment, poverty, and inequality (Kgatle, 2020). These anticipated responses imply state-driven, pro-poor, redistributive, and transformative economic interventions aimed at reducing unemployment, poverty, and inequality (Kgatle, 2020).

Turok and Visagie (2021) note another dimension to this issue by identifying further inequalities, shaped by urban geography. Their findings indicate that residents in suburban areas were more likely to retain paid employment during the lockdown, compared to those in townships and peri-urban or informal settlements. Figure 3.12 illustrates the proportion of survey respondents who reported having a paid job in February, April, and June 2020.

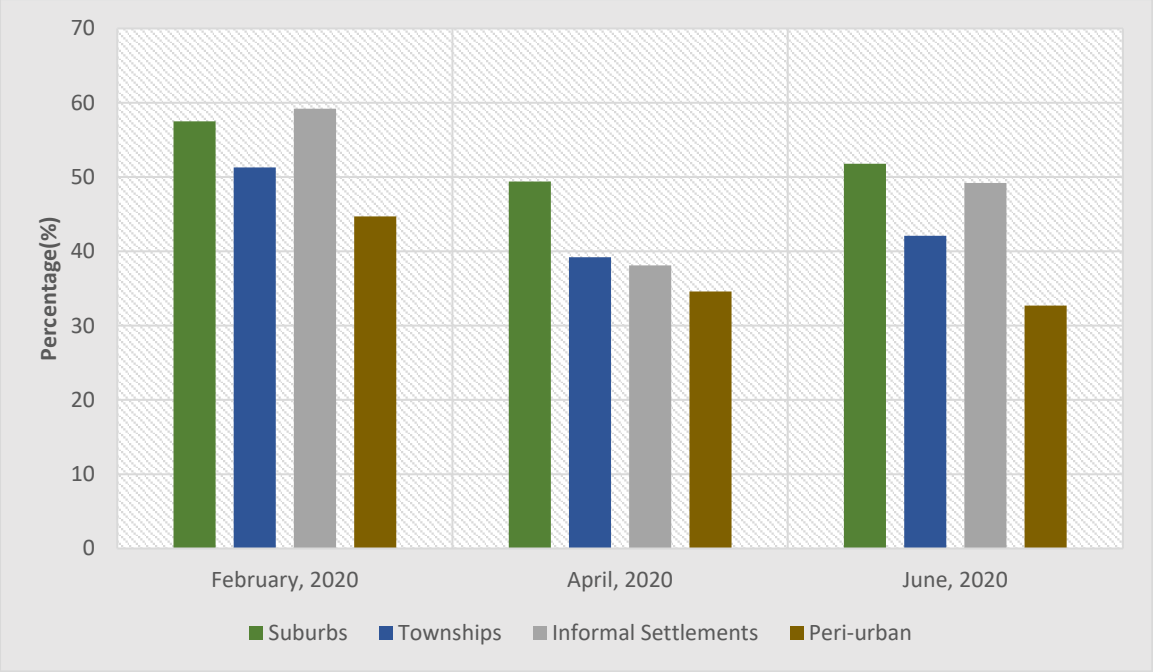

Figure 3.12: Percentage of survey participants with paid employment in February, April, and June 2020 (Turok & Visagie, 2021:2)

Turok and Visagie (2021) argue that the COVID-19 pandemic amplified pre-existing economic inequalities between rich and poor neighbourhoods in South African cities.

In contrast, Mabugu-Chitiga et al. (2021), employing a computable general equilibrium model, found that, while the COVID-19 pandemic increased poverty levels in South Africa, it concurrently reduced income inequality. This is also contrary to the findings by Casale and Posel (2021), who argue that economic inequalities according to gender, race, and educational level increased during the COVID-19 pandemic. Mabugu-Chitiga et al. (2021) note that, while poor households were buffered by increased government social grants, the income of wealthier households declined due to business shutdowns and restricted economic activity.

Across both global and South African contexts, a consistent pattern emerges of organisations facing severe revenue shocks, while employees experienced heightened insecurity and financial strain. The reviewed literature suggests that although organisational survival strategies varied across countries, employees' concerns regarding fairness, transparency, and job security remained remarkably similar. However, the literature does not fully explain how these shared concerns translate into specific preferences by employees for different remuneration cost-reduction measures, representing an empirical gap addressed by the present study.

The body of recent research emphasises the importance of a thorough understanding of the pandemic's economic effects on various demographic and socioeconomic groups. The discussion of the studies, while it revealed both consensus and debate amongst scholars, highlighted the varied and often exacerbated inequalities experienced by different groups. The next section details organisations' responses to the financial challenges posed by the pandemic restrictions.

3.3.3 Organisational responses to financial challenges

The pandemic presented organisations and governments with a dual crisis in the form of a public health emergency and a far-reaching economic crisis. Businesses were compelled to adopt drastic strategies to remain viable under unprecedented constraints. The study by Mishi et al. (2023) found that, while organisations undertook various adaptive measures, smaller businesses encountered particular difficulties in accessing government support, due to their informal nature and lack of organised

labour structures, a finding that is echoed by Popoola (2021). According to Mishi et al. (2023), businesses adopted various survival strategies, as illustrated in Figure 3.13.

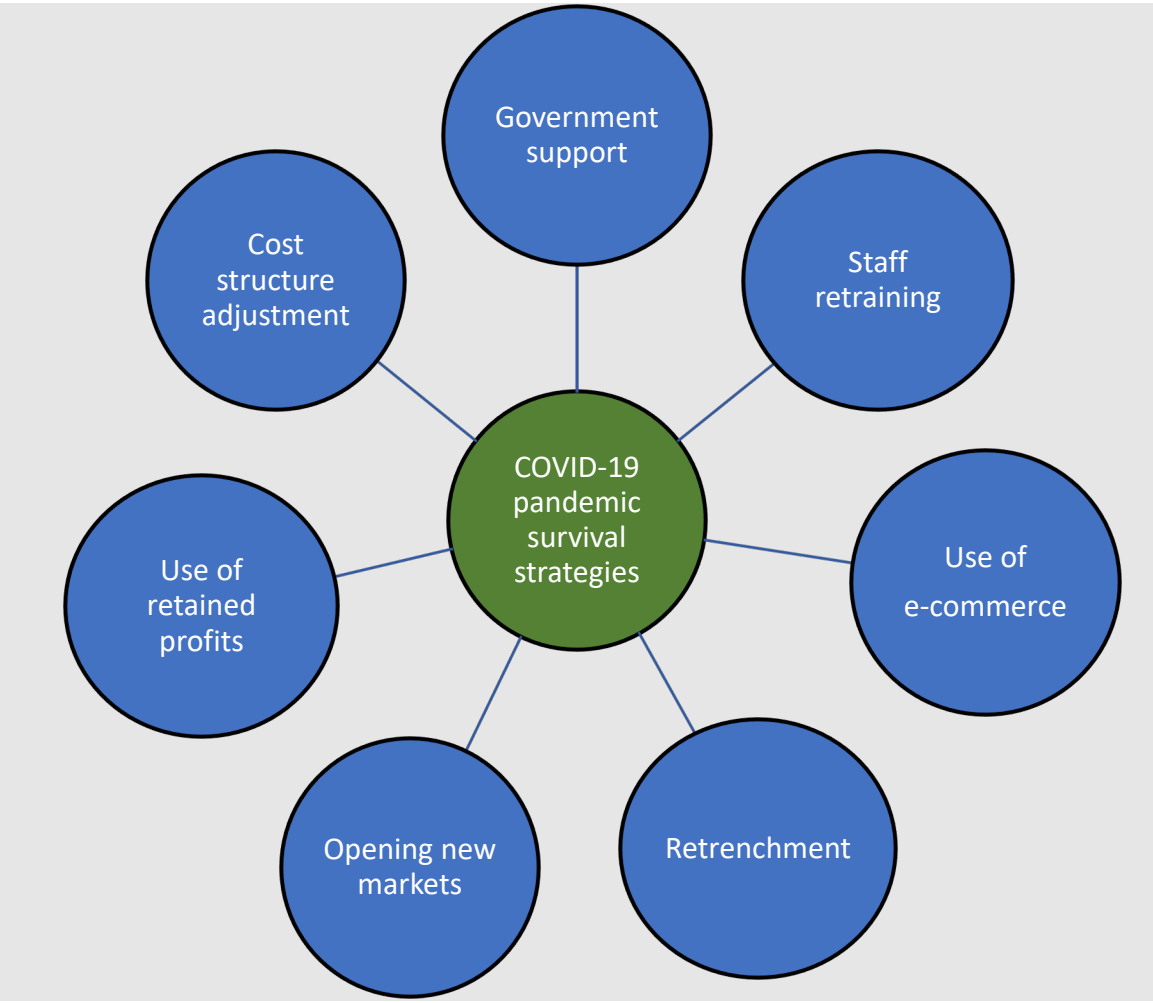

Figure 3.13: Strategies used by businesses to survive COVID-19 pandemic (Mishi et al., 2023:10)

Interestingly, Mishi et al. (2023) advise against using remuneration cost-reduction measures as a survival strategy during crisis periods, advocating instead for preservation of positive employment relationships to foster employee loyalty and productivity.

In their study on the impact of the COVID-19 pandemic on small and medium enterprises (SMEs) in South Africa, Fubah and Moos (2022) examined the coping mechanisms adopted by business owners. Figure 3.14 illustrates the challenges faced by 15 SME owners during this period.

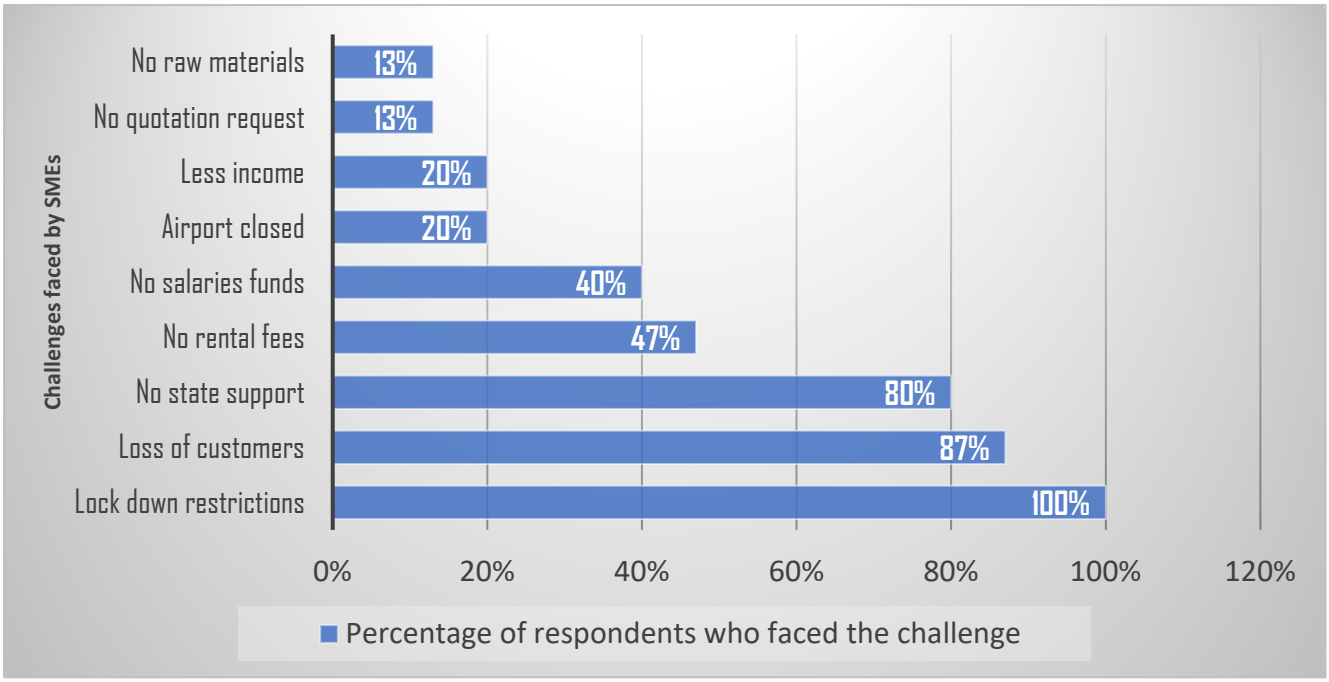

Figure 3.14: Challenges faced by SMEs during the COVID-19 pandemic in South Africa (Fubah & Moos, 2022:10)

A notable theme in the findings of Fubah and Moos (2022) is the limited government support extended to SMEs, a concern also raised by De Villers et al. (2020), who criticised the government's sluggish response to the needs of the business sector. The study by Fubah and Moos (2022) identified strategies SMEs used to survive the COVID-19 pandemic, shown in Figure 3.15.

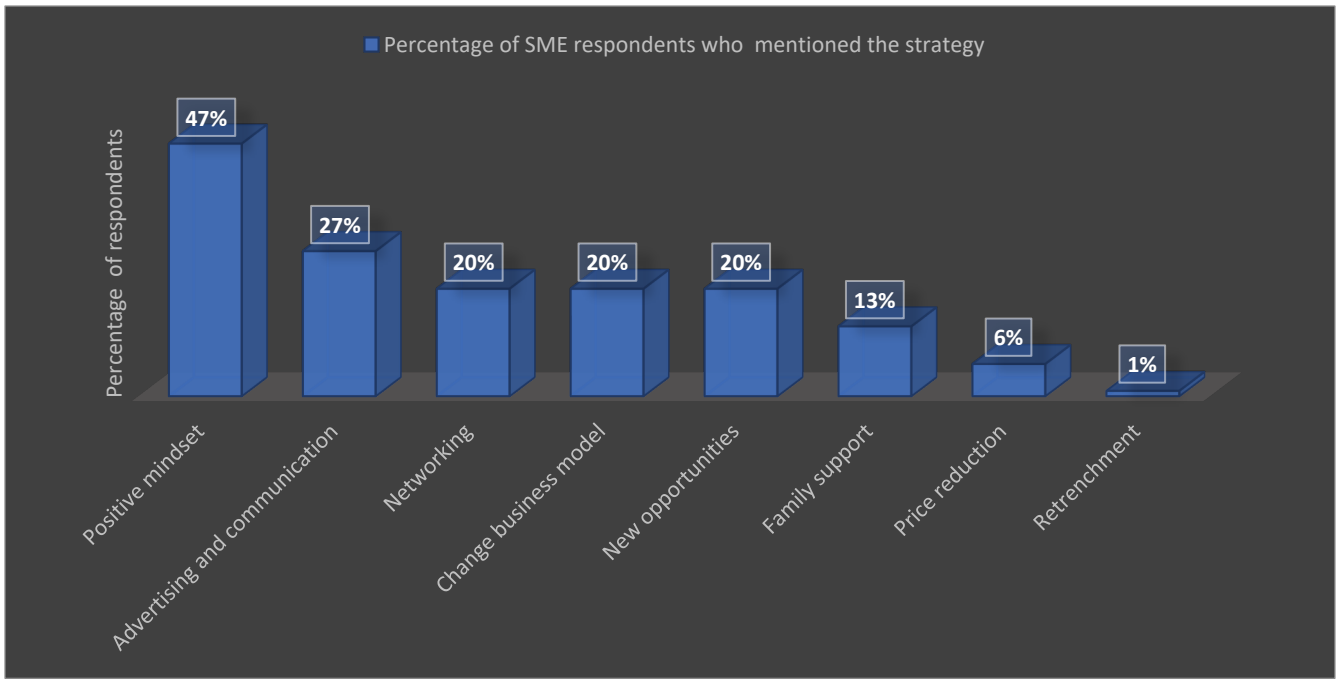

Figure 3.15 : Strategies to overcome COVID-19 pandemic challenges (Fubah & Moos, 2022:14)

While Fubah and Moos (2022) identify measures organisations could employ to survive a crisis such as the COVID-19 pandemic, including those that affect remuneration, their study focused only on SME owners. However, the findings of Fubah and Moos (2022) suggest that retrenchment was the least utilised strategy, suggesting a preference for alternative cost-containment mechanisms that preserved employment. The next section looks at support programmes launched by governments worldwide.

3.3.4 Government COVID-19 relief programmes

Beyond its devastating health implications, the COVID-19 pandemic induced unprecedented global economic distress, prompting governments to implement urgent social and economic relief programmes. Ossome (2021) argues that these measures were meant to resuscitate economic activity and shield vulnerable populations from further impoverishment.

Ossome's (2021) analysis of African states' responses to the COVID-19 crisis highlights the structural limitations of neoliberal governance in addressing the intertwined economic and social dimensions of the pandemic. Although governments

implemented a range of relief measures, including direct cash transfers, food distribution, and the movement of rural agricultural produce to urban centres, these interventions were insufficient to offset the collapse of household livelihoods precipitated by lockdowns and the contraction of informal employment (Ossome, 2021). Fiscal and monetary measures such as tax relief, unemployment insurance extensions, and loan guarantees similarly reflected constrained state capacity, with African stimulus packages extremely low compared to those of advanced economies (Ossome, 2021).

In the South African context, multiple scholars commented on the scope and limitations of these interventions. Similar to De Villiers et al. (2020), Ossome (2021) argues that the social grants given to poor households in South Africa during the COVID-19 pandemic were barely adequate to sustain them. Ossome (2021) adds that poor households in South Africa were worse off in having to survive on the grants than before the COVID-19 pandemic, because they were dependent on other sources of income, such as wages and subsistence agriculture.

Khambule (2020) argues that the South African government's financial assistance to small businesses, provided through targeted relief funds, wage-support measures, and dedicated financing facilities, constituted a key economic stabilisation intervention during the lockdown period, aimed at maintaining business continuity and limiting job losses. While employees who lost their income due to the pandemic had some social security through the UIF, Khambule (2020) observes that those in the informal economy became financially vulnerable. Bhorat, Oosthuizen, and Stanwix (2021) concur with Khambule (2020) on the vulnerability of workers in the informal economy, but identified more categories of workers that were vulnerable to the COVID-19 pandemic.

Bhorat et al. (2021) observe that only about 40% of workers were able to continue working under the stringent travel restrictions, with severe income losses concentrated amongst employees in sectors such as hospitality, construction, informal services, retail, domestic services, and manufacturing. These sectors, which are often excluded from unemployment insurance, or whose personnel are unable to work remotely, experienced immediate and substantial income shocks. Bhorat et al. (2021) further note that low-wage workers, defined as those earning below 60% of the median wage,

were particularly exposed, as were workers in selected agricultural, forestry, and fishing subsectors. Furthermore, the study highlights that many retrenched workers did not reside in grant-receiving households, leaving them without access to existing social protection mechanisms. Consequently, the labour-market effects of the lockdown extended beyond the poorest, with a significant proportion of vulnerable workers located within middle-income households, underscoring the need for social assistance measures that address income shocks rather than poverty alone (Bhorat et al., 2021).

Bhorat et al. (2021) argue that, while pre-COVID-19 grant beneficiaries continued to receive their payments, those who had lost their jobs due to the COVID-19 pandemic and did not receive any grant payments slid into poverty. The policy by the South African government to introduce a COVID-19 grant, as noted by Bhorat et al. (2021), the funding of businesses to preserve jobs, as noted by Khambule (2020), and other strategies employed by businesses, such as reducing remuneration costs, were essential in managing the economy through the pandemic.

Khambule (2020) acknowledges the contribution of the child support grant and the special COVID-19 relief grant to alleviate the plight of those in the informal sector. However, echoing the concerns of De Villers et al. (2020), Khambule (2020) argues that the amounts were insufficient to sustain the affected families, thereby highlighting the importance of broader measures to protect jobs, businesses, and livelihoods. However, Zhou et al. (2023) contend that the South African government's efforts to mitigate the negative impact of the national lockdown on businesses were effective in reviving small, medium, and micro enterprises (SMMEs), which were a particular focus of such efforts (Government of South Africa, 2023).

Key interventions included the Debt Relief Finance Scheme and payment holidays on government-funded loans, which were designed to ease liquidity constraints and enable firms to meet short-term financial obligations (Government of South Africa, 2023). Sector-specific initiatives, such as the Business Growth and Resilience Facility, Agricultural Disaster Support Scheme, and Tourism Relief Fund, provided targeted financial assistance to sectors disproportionately affected by lockdown measures and demand contractions (Government of South Africa, 2023). In addition, tax relief measures and loan guarantee schemes were introduced to enhance access to credit

and support employment retention, while the Spaza and Convenience Shop Support Scheme sought to stabilise informal retail businesses critical to local food supply chains (Government of South Africa, 2023). Collectively, these interventions reflect a comprehensive state-led response aimed at promoting business continuity and economic resilience during the pandemic (Government of South Africa, 2023).

Despite a wide array of relief mechanisms, tax relief was identified as the only consistently effective intervention in maintaining business continuity amongst South African SMMEs during the COVID-19 pandemic (Zhou et al., 2023). On the other hand, Mokoena and Ngwakwe (2022) report positive effects associated with COVID-19 social grants, as illustrated in Figure 3.16.

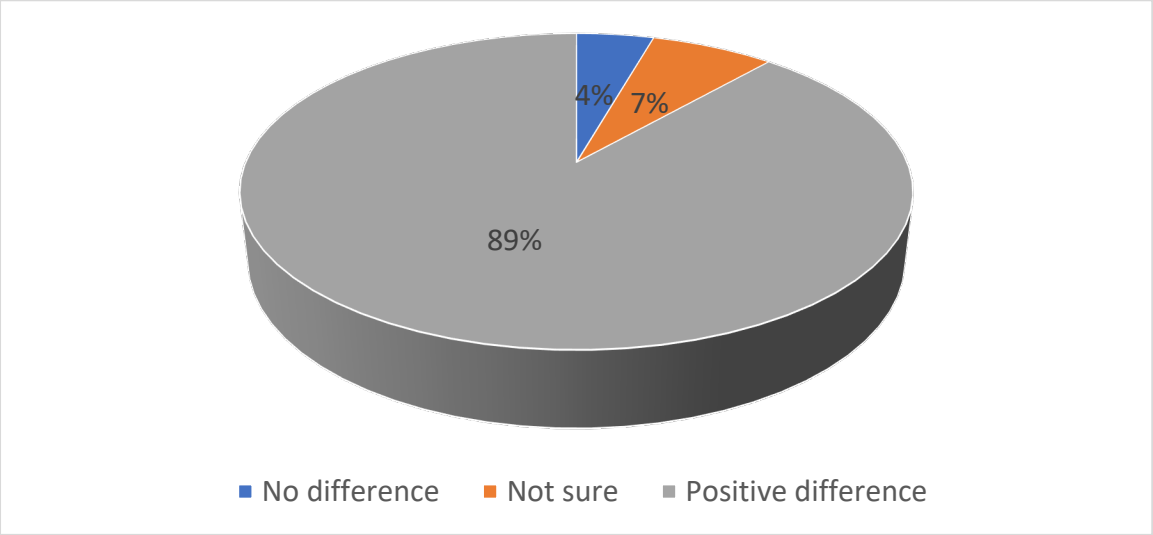

Figure 3.16: Impact of COVID-19 social grant according to recipients in South Africa (Mokoena & Ngwakwe, 2022:98)

Although these findings may appear contradictory, they are derived from different outcome measures and units of analysis. The divergence may, therefore, reflect differences in policy transmission mechanisms: social grants alleviate household vulnerability during the crisis and stimulate aggregate demand, whereas tax relief directly reduces the operational cost burden faced by small businesses. This distinction underscores the importance of evaluating relief mechanisms within their specific analytical and contextual frameworks.

It is worth noting, however, that the findings of Mokoena and Ngwakwe (2022) are based on a survey by the Department of Social Development of South Africa, the department responsible for administering social relief programmes, which may raise questions regarding objectivity.

Abdoul-Azize and El Gamil (2021) argue that there was a difference in focus in the implementation of COVID-19 relief programmes between high-income, upper-middle, and lower-middle-income countries. The focus of high-income countries was largely on the stabilisation of the macroeconomic conditions adversely affected by the pandemic. The focus of upper-middle and lower-middle-income countries was on protecting the living conditions of the poor and the vulnerable (Abdoul-Azize & El Gamil, 2021). In examining the differentiated experiences of high- and middle-income countries during the COVID-19 pandemic, Abdoul Azize and El Gamil (2020) observed that the crisis marked a decisive shift towards state-led social protection, contrasting sharply with earlier pandemics such as Ebola and HIV/AIDS, in which non-state actors played a dominant implementation role.

During the COVID-19 pandemic, governments in high-income countries such as Spain, Italy, Germany and the United Kingdom implemented social protection programmes to stabilise macroeconomic shocks, support companies, and preserve employment, whereas upper- and lower-middle-income countries such as Turkey, Peru, Brazil, India, and Pakistan focused more on supporting poor and vulnerable households through cash transfers, food assistance, and utility waivers (Abdoul Azize & El Gamil, 2021). Abdoul Azize and El Gamil (2021) further argue that the pandemic exposed the fragility of the highly regarded European Union health systems, revealing gaps in co-ordination and crisis preparedness, despite their reputation for advanced welfare and health infrastructures.

Across income groups, social protection programmes played a critical role in enhancing community resilience by enabling households to comply with stringent restrictions, such as lockdowns and curfews, through the mitigation of income losses and consumption shocks. Collectively, these findings underscore the centrality of government-driven social protection in crisis management, and highlight structural differences in how countries across income levels mobilised relief during the COVID-19 pandemic (Abdoul Azize & El Gamil, 2021).

Abdoul-Azize and El Gamil (2021) argue that stronger intervention by governments during the pandemic was necessary because the crisis was a global threat. Popoola and Yusuf (2021) note that the unusual decline in economic activity in South Africa during the pandemic necessitated that the government also financially support the food and agriculture sector to prevent a halt in production. Continued agricultural production was essential not only to prevent a food crisis, as noted by Popoola and Yusuf (2021), but also to arrest further employment loss in the sector. However, only a small percentage of small-scale farmers qualified for support, as shown in Figure 3.17.

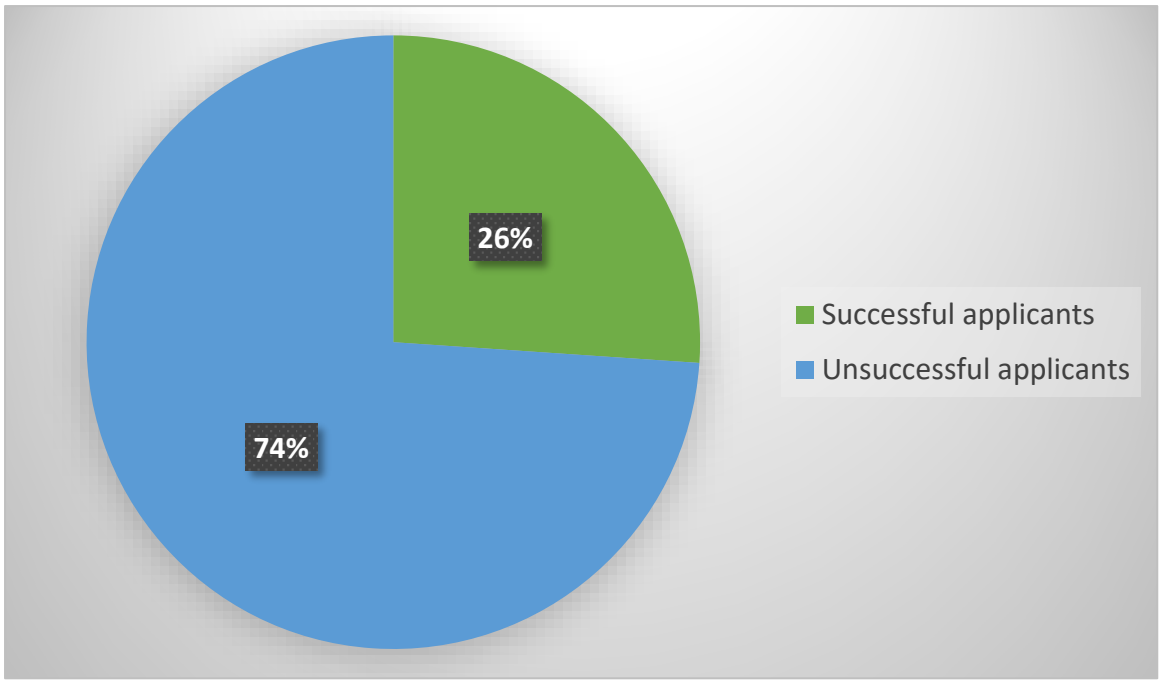

Figure 3.17: Small-scale farmers who applied for COVID-19 pandemic financial support in South Africa (Popoola & Yusuf, 2021:18)

The study by Popoola and Yusuf (2021) identified the reasons for unsuccessful applications, together with strategies that could allow more small-scale farmers to qualify for funding. The reasons for rejection and recommended reforms are summarised in Figure 3.18.



Figure 3.18: Reasons for rejection of funding of small-scale farmers and recommended remedies (Popoola & Yusuf, 2021:18)

Interestingly, one of the criteria used to select beneficiary smallholder farmers for funding was employment creation in the form of either permanent or seasonal jobs (Popoola & Yusuf, 2021). This implies that the South African government was concerned not only about production in the farming sector to ensure food security, but also about curtailing unemployment levels. Khambule (2021) notes that the government's R500 billion economic relief package explicitly targeted job protection, demand stimulation, and household support. Figure 3.19 provides a breakdown of the fund's allocation.

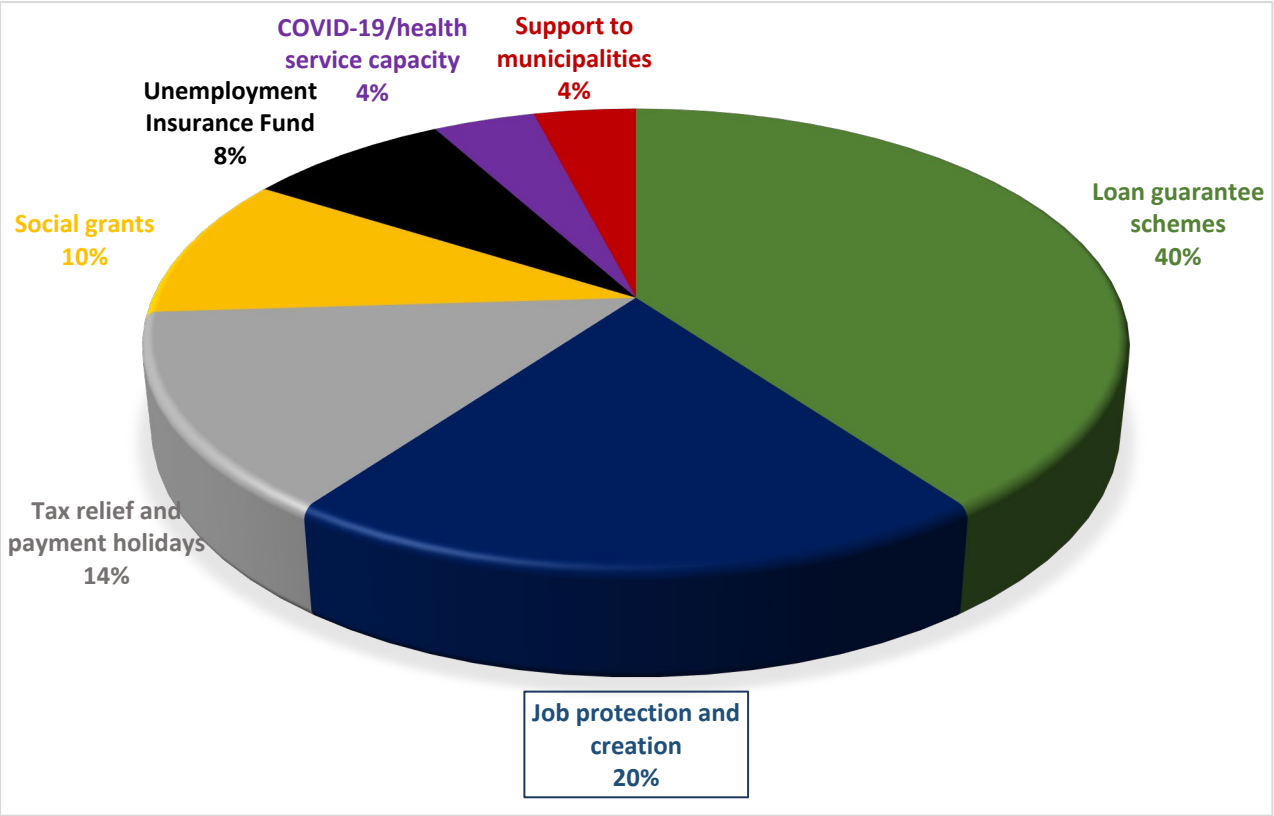

Figure 3.19: The South African COVID-19 R500 billion social and economic relief package (Khambule, 2021:387).

However, De Villiers et al. (2020) and Khambule (2021) observe that, although South Africa had a larger COVID-19 relief budget than many other African countries, cash transfers to the poor and those in the informal sector were insufficient to sustain the beneficiaries. Khambule (2021) notes that 60% of the R500 billion COVID-19 social and economic relief package was allocated to business credit guarantee schemes, job protection, and job creation.

Dorlach (2023) states that the decline in economic activity and the consequent reduction in tax revenue constrained the government's ability to fully address the socio-economic challenges created by the pandemic. Dorlach (2023), in a study of COVID-19 social policy responses amongst developing countries in the southern hemisphere, found that governments prioritised labour market interventions and social relief programmes. Figure 3.20 illustrates the scope of early policy responses by 36 developing countries.

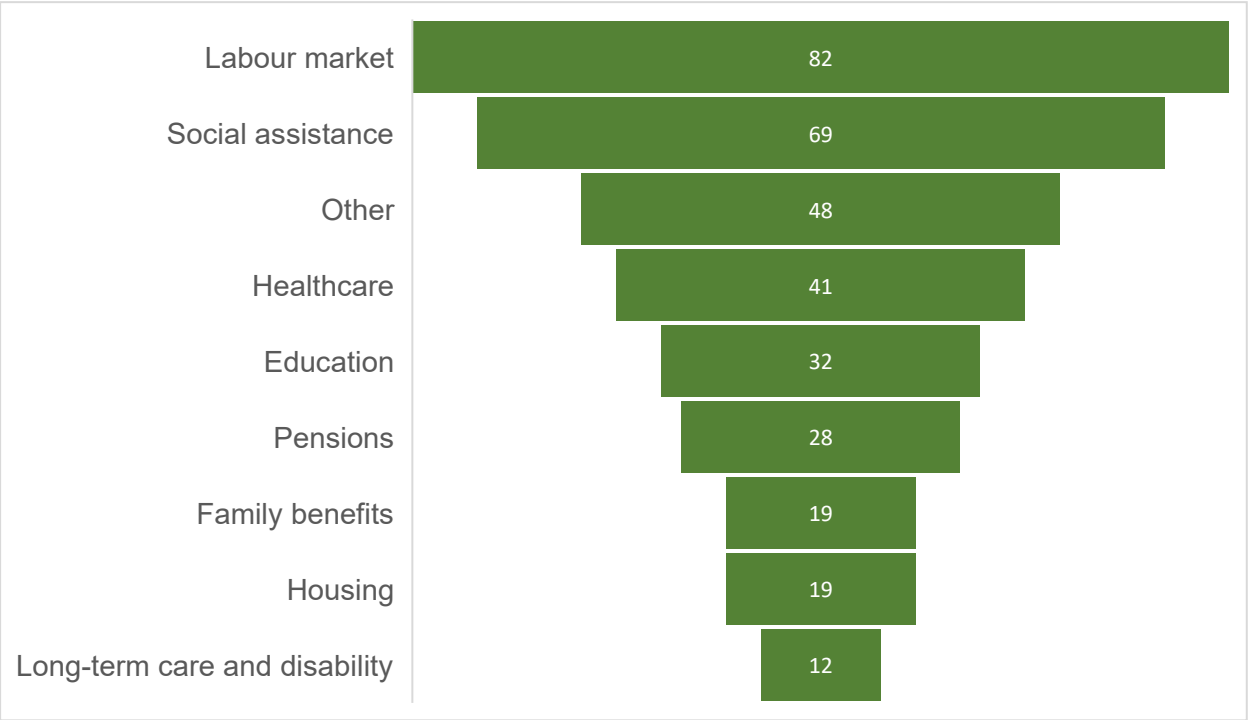

Figure 3.20: Early COVID-19 pandemic social policies developed by 36 developing countries (Dorlach, 2023:99)

Dorlach's (2023) study suggests that developing countries focused primarily on basic, short-term social relief programmes during the COVID-19 pandemic, whereas emerging economies extended their responses to include broader policy areas such as housing. Dorlach (2023) conceptualises developing economies as low- and lower-middle-income countries whose COVID-19 social policy responses were limited, primarily focused on cash and food relief, and reliant on external financing, whereas emerging economies are defined as upper-middle-income and recently high-income countries that implemented broader, multi-instrument social policy measures, financed largely through domestic resources.

Although many governments expanded unemployment relief programmes to offset the impact of job losses and pay reduction, Aspachs et al. (2022) posit that such interventions were less effective for young people and foreign-born workers in Spain. Their study explored the increase in inequality levels in Spain due to pandemic-induced employment disruptions. In South Africa, the pandemic seemed to exacerbate pre-existing high levels of inequality and unemployment, deepening both social and economic vulnerabilities. The varied governmental relief efforts highlight the critical

interplay between state interventions and organisational responses to economic crises during the COVID-19 pandemic. The next section details remuneration legislation in South Africa.

3.4 REMUNERATION LEGISLATION IN SOUTH AFRICA

Employment legislation significantly impacts remuneration practices, as organisational policies must comply with applicable statutory requirements. This section reviews key South African legislation and its implications for remuneration-related practices, including leave of absence and other conditions of employment.

3.4.1 Overview of remuneration legislation

The impact of legislation on remuneration practices is significant, as various legal frameworks shape and regulate how employers manage employee remuneration and benefits. South Africa is a member of the International Labour Organization (ILO), and is thus bound to uphold its global labour standards, including in its employment legislation. Ntimba, Lessing, and Swarts (2020) emphasise that South African labour legislation, underpinned by the South African Constitution (RSA, 1996) seeks to protect equality, freedom, human dignity, and the right to fair labour practices. Table 3.4 provides an overview of the main employment laws in South Africa that influence remuneration and related employment conditions.

Table 3.4: Employment legislation in South Africa

Employment legislation	**Description**
Labour Relations Act 66 of 1995 (LRA), amended 2002	Regulates the employment relationship to promote peace and stability in the labour market
Basic Conditions of Employment Act 75 of 1997 (BCEA), amended 2002	Establishes and enforces basic conditions of employment by providing minimum standards to prevent exploitation in the employment relationship

Employment legislation	Description
Employment Equity Act 55 of 1998 (EEA)	Provides for and promotes equal opportunities, non-discrimination, and affirmative action in the workplace
Unemployment Insurance Act 63 of 2001 (UIA)	Regulates and administers the UIF to financially assist employees during illness, maternity or adoption, and unemployment
Compensation for Occupational Injuries and Diseases Act 130 of 1993	Provides for compensation for work-related injuries, illnesses, and fatalities
Occupational Health and Safety Act 85 of 1993	Ensures the health and safety of employees in the workplace
Employment Services Act 4 of 2014	Seeks to promote productivity, decrease unemployment, and provide for the training of unskilled workers

Source: Ntimba et al. (2020:97-99)

During the COVID-19 pandemic, both labour- and health legislation, including the Acts listed above, became central to regulating the employment relationship. Although the Disaster Management Act 57 of 2003 provided the overarching framework for the national response, instruments such as the UIA and BCEA (RSA, 1997) were instrumental in managing sick leave, annual leave, and temporary income support mechanisms.

3.4.2 Impact of legislation on remuneration practices

Employment stakeholders, including employers, have an obligation to comply with all relevant legislation in carrying out processes and procedures in pursuit of organisational goals. Ntimba et al. (2020) highlight the role of trade unions under the LRA (RSA, 1995) in negotiating improved conditions and remuneration for employees, which can directly impact remuneration practices and employee benefits.

Mzangwa (2015) observed that the BCEA (RSA, 1997) is of particular importance, as it sets minimum standards for various forms of leave and overtime. This piece of legislation protects employees from exploitative practices and ensures that they receive fair remuneration for their time and effort. The EEA (RSA, 1998) also has significant implications for remuneration policy. As Ndlovu and Tshoose (2021) observe, the EEA (RSA, 1998) mandates equal pay for work of equal value, thereby addressing unjustifiable disparities in remuneration. This requirement fosters fairness and equity within pay systems and supports organisational commitments to non-discrimination and diversity.

The COVID-19 pandemic presented unique challenges for remuneration practices. Mokofe and Van Eck (2022) highlight that a Labour Court ruling held that unilateral reduction of wages during the pandemic was unlawful, as it contravened the BCEA's (RSA, 1997) provisions regarding employment conditions. This highlights the legal constraint on employers' capacity to amend remuneration practices without mutual agreement, even in exceptional circumstances. As observed by Ndlovu and Tshoose (2021), UIF played a critical role in assisting those who had lost their jobs and livelihoods and were left vulnerable as a result of the pandemic. The subsequent section discusses best practices and alignment of remuneration with organisational strategy.

3.5 BEST PRACTICES AND STRATEGIC ALIGNMENT IN REMUNERATION MANAGEMENT

This section explores the best practices in remuneration management, which are pivotal in ensuring that the human capital contributes effectively to the attainment of organisational goals. It further examines how remuneration practices should be strategically aligned with organisational objectives to enhance performance and sustainability.

3.5.1 Best practices in remuneration management

Although much of the current literature on remuneration centres on executive remuneration, there seems to be a general consensus regarding the strategic importance of remuneration in attracting and retaining human capital across all

organisational levels. Fulmer and Li (2022) observe that there is limited recent research examining factors affecting non-executive remuneration. They attribute the dearth of recent research to the greater accessibility of executive remuneration data, largely due to public disclosure requirements, which make such information more accessible to researchers for investigation than that of non-executive employees. This makes the current study on non-managerial employees' preferred remuneration cost reduction measures even more important, as it seeks to address a notable void in the literature.

Van Zyl and Mans-Kemp (2022) support the view that a fair remuneration strategy throughout the organisation is essential to effectively managing human capital. Barczak et al. (2021) argue that remuneration systems must be responsive to changes in both the internal and external environments, and must also align with the organisational strategy and goals. Hartikainen et al. (2021) highlight the importance of involving key organisational stakeholders in the development of remuneration systems. This view reflects a growing recognition that sustainable and equitable reward practices require inclusive decision-making and transparency (Obloj & Zenger, 2022). The importance of remuneration committees in ensuring fair executive remuneration is highlighted by Rahmatm, Ghazali, and Nordin (2019), who argue that such committees should not only evaluate executive performance, but also ensure that remuneration policies are consistent with organisational objectives and goals. Tura (2012) asserts that remuneration committees must exercise independence from executive interference and strictly adhere to established policies in determining executive remuneration. To further strengthen governance, Tura (2012) advocates for a clear delineation of roles amongst executives and board chairpersons.

Child (2020) highlights the importance of employee voice, suggesting that worker representatives should be included in remuneration committees. According to Child (2020), co-determination could reduce executive self-interest and help narrow the pay gap between executives and lower-level employees. Child (2020), however, emphasises that co-determination works best when supported by legislation that guarantees employees formal participation rights.

Van Zyl and Mans-Kemp (2022) affirm the importance of executives' performance evaluation and aligned remuneration. This is echoed by Ramgath and Bussin (2022),

who found that company performance, as opposed to other factors such as company size, is a key determinant of executive remuneration. Barrena-Martinez, Lopez-Fernandez, and Romero-Fernandez (2019) further contend that remuneration strategies should consider both performance and skill level in order to ensure fairness, satisfaction, and organisational commitment. Fulmer, Gerhart, and Ji (2023) corroborate this view, arguing that performance remains a critical determinant of pay, even in unionised environments. Both employees and managers perceive performance-based remuneration as more justified than pay based on job characteristics or tenure (Fulmer et al., 2023).

Rahmatm et al. (2019) argue that an effective executive remuneration strategy should mitigate potential conflicts of interests by balancing the needs of shareholders and executives. In this regard, Shariff and Abidin (2020) found that a competitive remuneration package can align the interests of management with those of shareholders. Thus, executive pay should reflect not only responsibility, but also performance outcomes (Shariff & Abidin, 2020). However, Van Zyl and Mans-Kemp (2022) caution that executive remuneration must be perceived as reasonable by all stakeholders, both internal and external, a view that is supported by Tura (2012). Livingstone (2023) adds that non-managerial employees often bear the brunt of job insecurity and deteriorating work conditions, exacerbated by crises such as the COVID-19 pandemic. This is in contrast to executives, who are often not as financially vulnerable as lower-level employees during crisis periods. Viviers et al. (2019) posit that public pressure from stakeholders, including trade unions, can be an effective tool to guard against excessive executive remuneration, which continues to exacerbate wage gaps between executives and general employees in South Africa.

Arayakarnkul et al. (2022) argue that organisations are not only responsible to their shareholders, but that they have a social responsibility to all their stakeholders. Good corporate governance practices, oriented towards stakeholder inclusivity (Freeman, 1984), ultimately enhance shareholder value by bolstering the organisation's public image and overall performance (Arayakarnkul et al., 2022). This view is also held by Viviers et al. (2019), who stress that remuneration committees must protect the organisation's reputation, as it is an essential asset in attracting and retaining customers, investors, and talented employees.

The foundational work of Baker, Jensen, and Murphy (1988), as cited by Arayakarnkul et al. (2022), remains relevant in this context. Baker et al. (1988) emphasise that organisational remuneration practices are often influenced by considerations beyond formal economic logic. They argue that managers frequently justify compensation decisions with reference to fairness, equity, morale, trust, social responsibility, and other culturally embedded internal norms that shape expectations within the organisation. Van Zyl and Mans-Kemp (2022), however, argue that remuneration should reflect an organisation's broader responsibilities towards its human capital and the wider stakeholder community, and not solely profit maximisation.

While Bak and Michalak (2018) support the idea of performance-related remuneration systems for executives, they also highlight the motivational benefits of long-term incentives such as share rights. Barczak et al. (2021) extend this argument by noting that employers who offer conditions of employment that enable employees to identify with the company boost employee motivation, satisfaction, and loyalty. In alignment, Barrena-Martinez et al. (2019) found that employees' feelings of belonging, loyalty, and motivation are boosted by employment conditions such as welfare programmes that assist employees to deal with work, personal, and family problems.

3.5.2 Aligning remuneration with organisational goals and strategies

To achieve organisational goals effectively, it is logical that remuneration and rewards should be directly linked to the organisation's strategic objectives. Stredwick (2000) argues that remuneration structures and systems should be aligned with goals that are specific to the organisation. This alignment ensures not only the reinforcement of desirable behaviours, but also the attraction and retention of skills that support the achievement of strategic objectives. Phung et al. (2023) support this view, positing that remuneration is a powerful tool for aligning the interests of management with those of shareholders.

Al-Shaer and Zaman (2019) note that companies are increasingly tying executive remuneration to specific key performance areas, such as corporate social responsibility initiatives, to ensure the fulfilment of targeted outcomes. Roth and O'Donnell (1996) further emphasise the strategic importance of top management's remuneration in delivering shareholder value. However, this focus on executive pay

may overlook the broader organisational need for a remuneration strategy that cascades throughout all levels of the organisation. A shared vision, supported by an inclusive remuneration framework, is crucial to the collective realisation of organisational objectives (Fulmer & Li, 2022).

Al-Shaer and Zaman (2019) advocate performance-based remuneration systems. Patiah and Wang (2020) echo this sentiment, noting that performance-linked rewards serve as an effective means of communicating performance requirements across the workforce. Jensen et al. (2019), like Al-Shaer and Zaman (2019), argue that the use of rewards tied to the attainment of organisational goals is an effective strategy to motivate employees towards achieving organisational goals. In line with this idea, Bennett (2021) suggests that companies should revise their remuneration and leave-of-absence policies such that employee earnings are connected to employee performance metrics. However, Zhao et al. (2019) argue that enhancing employee performance requires more than linking pay to performance, contending that it is equally important to equip employees with the necessary skills and knowledge to meet organisational expectations.

Vizano et al. (2020) assert that every organisation should develop a remuneration strategy aligned with its mission and vision. The strategic management of remuneration can significantly enhance employee performance and, in turn, support the achievement of organisational goals (Vizano et al., 2020). However, real performance improvement also depends on meeting employees' personal goals. Newman and Ford (2021) highlight the importance of crafting policies that align personal and organisational objectives. This view is shared by Noorazem, Sabri, and Nazir (2021), who stress that remuneration systems should clearly reflect benefits for both the organisation and its employees. Jensen, Andersen, and Jacobsen (2019) observe that, when organisational goals are at variance with those of employees, motivation to work is adversely affected. However, Jensen et al. (2019), like Al-Shaer and Zaman (2019), argue that the use of rewards tied to the attainment of organisational goals is an effective strategy to motivate employees towards achieving organisational goals. In line with this idea, Bennett (2021) suggests that companies revise their remuneration- and leave-of-absence policies such that employee earnings are connected to employee performance metrics.

Kukanja and Planinc (2012) draw on equity theory (Adams, 1963) to explain employee motivation, suggesting that individuals are more inclined to pursue organisational goals when they perceive the rewards they receive as commensurate with their contributions. Kukanja and Planinc (2012) also reference Vroom's (1964) expectancy theory, which posits that employees are driven by the belief that their efforts will result in fair and adequate rewards. Tying remuneration to organisational goals, therefore, becomes a key motivational strategy. Ali and Anwar (2021) support this view, suggesting that aligning employee personal goals with organisational objectives enhances performance and ultimately contributes to goal attainment. The next section discusses measures to reduce the cost of employee remuneration.

3.6 REMUNERATION COST-REDUCTION MEASURES

The COVID-19 pandemic compelled organisations globally to review their budgets and implement cost-reduction strategies as a means of sustaining business continuity in the face of widespread disruption. This section reviews cost-reduction measures adopted by organisations to survive the economic disruptions brought by the COVID-19 pandemic.

3.6.1 HRM during a crisis: From cost-cutting to strategic investment

Collings et al. (2021) assert that the perception of human resources as a cost rather than a strategic investment remains pervasive across organisational contexts. Hence, it is critical to conceptualise human resources like any other organisational asset. Collings et al. (2021) posit that the conception of human resources as a cost rather than an investment is evident when organisations consider employees as the first port of call to reduce costs during a financial crisis. The global scale of retrenchments and employment losses during the COVID-19 pandemic illustrates this view.

While cost-reduction measures during the pandemic involved workforce restructuring, Waller and Abbasian (2022) observe the simultaneous need for organisational agility. Specifically, they note that remaining employees were often retrained to become multiskilled, thus enabling them to assume broader job functions, thereby supporting continuity. In contrast, Dirani et al. (2020) critique the sustainability of such

approaches, questioning the logic of expecting enhanced resilience, motivation, and productivity from a reduced and possibly demoralised workforce.

Seth and Sinha (2020) argue that organisations are not responsible only to the shareholders, but also to other stakeholders, including employees. To survive a crisis like the COVID-19 pandemic, Seth and Sinha (2020) further argue that organisations should nurture their relationships with all their stakeholders—suppliers, customers, the community, and employees. According to Ogbonnaya et al. (2022), cost-reduction measures that adversely affect employees breach the psychological contract and upset the employment relationship. Similarly, Bailey and Breslin (2021) argue that cost-reduction measures negatively affect employee morale and productivity while appearing to give benefits in the short term, when, in fact, it has devastating consequences in the long term.

Chan and Abdul-Aziz (2017) adopt a more pragmatic stance, positing that remuneration cost-reduction measures are often unavoidable in financially distressed organisations. Such organisations are more likely to embrace defensive survival strategies such as pay reductions, whereas financially stable organisations are more likely to pursue offensive strategies such as diversification (Chan & Abdul-Aziz, 2017). The next section discusses the remuneration cost-reduction measures adopted in various parts of the world during the pandemic.

3.6.2 Remuneration cost reduction measures adopted during crisis periods

The COVID-19 pandemic prompted organisations worldwide to implement various cost-reduction measures to navigate the unprecedented economic challenges. A study by Thumik, Stakic, and Al Barwani (2018), conducted during the 2018 economic crisis in Oman, revealed differences in human resources cost reduction between large and small organisations, ranging from reductions in recreational activities to increased job scope. The COVID-19 pandemic, however, was more devastating than the 2018 economic crisis, with organisations implementing broader and more intensive cost-reduction initiatives. Notably, much of the literature discusses cost-reduction measures from a managerial perspective rather than from the perspectives of employees, who are, in most cases, severely affected by these measures (Adikaram, Naotunna, & Priyankara, 2021; Ogbonnaya et al., 2022).

Budd, Ison, and Adrienne (2020) studied the response by European airlines to the adverse effects of the COVID-19 pandemic and observed a reliance on various remuneration-focused strategies, including the utilisation of government wage-relief schemes and the reduction of working hours and pay. The wage-relief schemes referred to in Budd et al. (2020) were government furlough programmes. These state-funded schemes temporarily covered a portion of employees' wages when airlines were unable to operate normally during the lockdowns. A summary of these measures is provided in Table 3.5.

Table 3.5: Remuneration cost-reduction measures used by European airlines

Airline	**Remuneration cost-reduction measure**
Austrian Airways	Reduced working hours for at least two years
British Airways	Furlough State employee wages relief scheme
EasyJet	Furlough State employee wages relief scheme
Lufthansa	Reduced working hours
Wizz Air	14% pay reduction for pilots, cabin crew, and office staff 22% pay reduction for senior executives Pay reductions and freezes for senior management

Source: Budd et al. (2020:6)

Su et al. (2022) underscore the role of government interventions such as wage subsidies and tax-relief schemes in supporting organisational liquidity during the pandemic. These interventions, while notably prominent in the European Union, were also evident in other jurisdictions, including South Africa.

Outsourcing a company's HR function is another mechanism organisations can employ to reduce costs. Mansor et al. (2018) found that outsourcing positively

impacted cost efficiency in Malaysian public enterprises. However, in South Africa, concerns about downsizing the workforce, which has financial and legal implications, are significant, given the influence of trade unions and relatively strong legal institutions. Despite these concerns, De Villiers et al. (2020) found that South African organisations nevertheless resorted to wage reductions, shorter working hours, and staff retrenchments, measures that, in turn, negatively affected the country's tax revenue.

Ahmed and Akaak (2024) observed that the retail industry was vulnerable to the COVID-19 pandemic in that their clients changed their shopping habits by staying away from places that put them and their families at risk of contracting the virus. This resulted in employers resorting to implementing cost-reduction measures, including lay-offs and reducing employees' wages. Ahmed and Akaak (2024) note that the swift implementation of travel and movement restrictions by authorities affected organisations' ability to make the necessary strategic decisions, which affected employee remuneration. Farrants, Cybulski, and Alexanderson (2025) concur with Ahmed and Akaak (2024) that social distancing regulations resulted in unintended consequences in the retail industry, such as temporary and permanent lay-offs.

McMaster et al. (2021) reviewed telemedicine, defined as the use of telecommunication technology to deliver health care services. Their study highlighted the increased utility of telemedicine during the COVID-19 pandemic, as it improved accessibility to healthcare amidst travel restrictions and reduced the associated costs. However, McMaster et al. (2021) did not examine the potential of telemedicine to eliminate certain jobs, especially during a period when global economic contraction led to widespread job losses. Instead, they concluded that telemedicine contributed to time and cost savings and addressed accessibility challenges, and anticipate its continued value to the healthcare industry. Of particular relevance to the current study is that McMaster et al. (2021) did not consider employee perspectives on the technology's potential adverse effects on employee earnings, especially during a period of financial strain for both employers and employees.

A study by Uddin, Ahmed, and Shahadat (2023) revealed that Bangladeshi clothing retailers did not consider the welfare of employees important, as they were more concerned about their businesses in the wake of the COVID-19 pandemic. The

disregarding of employees' contribution and involvement in consultation during the COVID-19 pandemic is also highlighted by Lahiri and Sinha (2021), whose study, conducted in India, observed loss of employment in large numbers, while employees who retained their jobs were made to accept a reduction in pay.

In a study of the construction sectors of Malaysia and the Arab world, Alfadil et al. (2022) highlight the need for sustainable crisis management frameworks, proposing a suite of remuneration-focused cost-containment measures as a preparatory measure for future disruptions. While these sectors are distinct from retail, their emphasis on remuneration strategies in crisis contexts offers valuable parallels for comparative insight.

According to Alfadil et al. (2022), the COVID-19 pandemic prompted construction firms in Malaysia and the Arab world to implement remuneration cost-reduction measures to manage financial and operational disruption. In Malaysia, travel restrictions intensified, operations were disrupted, companies minimised their wage obligations by retaining only essential skilled workers and adopting the lowest feasible workforce levels, and made use of alternatives to cash payments (Alfadil et al., 2022). Similarly, in the Arab Gulf states, large migrant workforces became a significant financial burden during project suspensions, resulting in pay and workforce reductions (Alfadil et al., 2022). Overall, these responses illustrate how remuneration adjustments served as a central cost-containment strategy in the construction sector during the pandemic-induced shutdowns.

Chowdhury et al. (2022), in examining Bangladesh's food and beverage industry, reported widespread pay reduction and workforce downsizing during the pandemic. However, these measures were predominantly framed from managerial viewpoints, leaving the lived experiences of those most affected, non-managerial employees largely unexamined.

Adamowicz (2022) notes an important issue by highlighting that the anti-COVID-19 crisis policy in Poland was more appreciated by employers than employees. Even though the anti-COVID-19 policy, according to Adamowicz (2022), was effective in mitigating the adverse economic and social effects of the pandemic in Poland, the absence of appreciation from employees implies that there was not enough

consultation to understand the perspective of employees. Table 3.6 outlines the measures implemented in Poland.

Table 3.6: Remuneration cost-reduction measures applied in Poland

Cost reduction Measure	**Description**	**Purpose**	**Potential impact on employees**
Switching to remote work	Shifting employees from on-site to home-based work using technology	Maintain operations, reduce overhead costs, comply with sanitary restrictions	Greater flexibility but increased isolation, blurred work–life boundaries, reduced access to workplace resources
Reduced working hours	Temporarily shortening employees' working time	Lower labour costs while avoiding lay-offs	Lower earnings, increased uncertainty, preserved employment
Reduced wage rates	Temporary reduction in pay rates, sometimes supported by state subsidies	Stabilise employer finances and prevent redundancies	Reduced disposable income, morale decline, employment continuity maintained
Exemption from social- and health insurance	Government-approved suspension of employer (and sometimes employee) contributions	Improve liquidity by reducing non-wage labour costs	No direct pay reduction, concerns about long-term insurance continuity, indirect job protection
Tax credits	Temporary tax relief or favourable settlement rules	Strengthen financial stability and support	Indirect benefits through

Cost reduction Measure	Description	Purpose	Potential impact on employees
		continued operations	organisational survival
Utilising state wage subsidies	Government subsidies covering part of employees' wages during reduced hours or downtime	Support job retention and stabilise employer finances	Increased job security and partial income protection
Utilising employees' outstanding leave	Requiring employees to take accrued annual leave during periods of reduced activity	Manage labour surpluses without lay-offs	Loss of autonomy over leave timing, employment preserved

Source: Adamowicz (2022:8)

A comparison of remuneration cost-reduction measures across different geographical locations reveals both notable parallels and context-specific divergences. These differences may, in part, be attributable to the economic maturity of the countries under study. For example, Adamowicz (2022) identified top-down cost-reduction measures in Poland, including lay-offs and wage reductions, and Zou, Huo, and Li (2020), in a study of China, documented measures such as switching to online operations, remote work, deferring employee recruitment, and pay adjustments.

Kaur et al. (2022) examined remuneration-related cost-reduction measures adopted by organisations in India during the COVID-19 pandemic and found that, although pay reductions were the most commonly implemented strategy in response to revenue losses and operational disruptions, employee engagement and recognition had a stronger influence on employee loyalty than financial cost-reduction practices. The study found that temporary wage reductions varied significantly across sectors and employee categories, ranging from 10% to over 50%. The education sector was disproportionately affected, with many faculty members experiencing pay reductions

exceeding 40%, whereas employees in the information technology sector generally faced more moderate decreases of 10% to 20% (Kaur et al., 2022). In addition to direct pay reduction, the study highlights increases in working hours and workload without corresponding pay adjustments, effectively diminishing real remuneration. The study also documents unpaid furloughs, which further contributed to employee income insecurity. Finally, the suspension of promotions and salary increments emerged as a key long-term cost-containment strategy, constraining employees' future earning potential (Kaur et al., 2022).

Overall, Kaur et al. (2022) underscore the extent to which remuneration practices were restructured during the pandemic to mitigate financial pressures on organisations. Examining these measures provides insights relevant to the present study's objectives: RO1, by highlighting the types of cost-reduction strategies employees may perceive as acceptable or unacceptable, and RO4, by informing the development of an employee-centred framework that balances organisational imperatives with employee preferences to sustain morale, productivity, and industrial peace during periods of financial distress.

Turning to the pre-COVID period, Milic (2011) argued for strategic rather than reactive cost-reduction measures. During the 2008 economic recession, most organisations worldwide reportedly defaulted to short-term fixes such as lay-offs, remuneration freezes, and reductions in marketing and training budgets. Milic (2011) observed that these strategies can only give short-term relief, and that they have devastating effects in the long term. Instead of reactive strategies, Milic (2011) argued for a strategic approach to cost reduction, which should always be in place, irrespective of any crisis. Milic (2011) advocated a more sustainable, customer-focused cost-reduction model (see Figure 3.21), which, while implicitly more employee-conscious, does not engage directly with the psychological toll on staff.

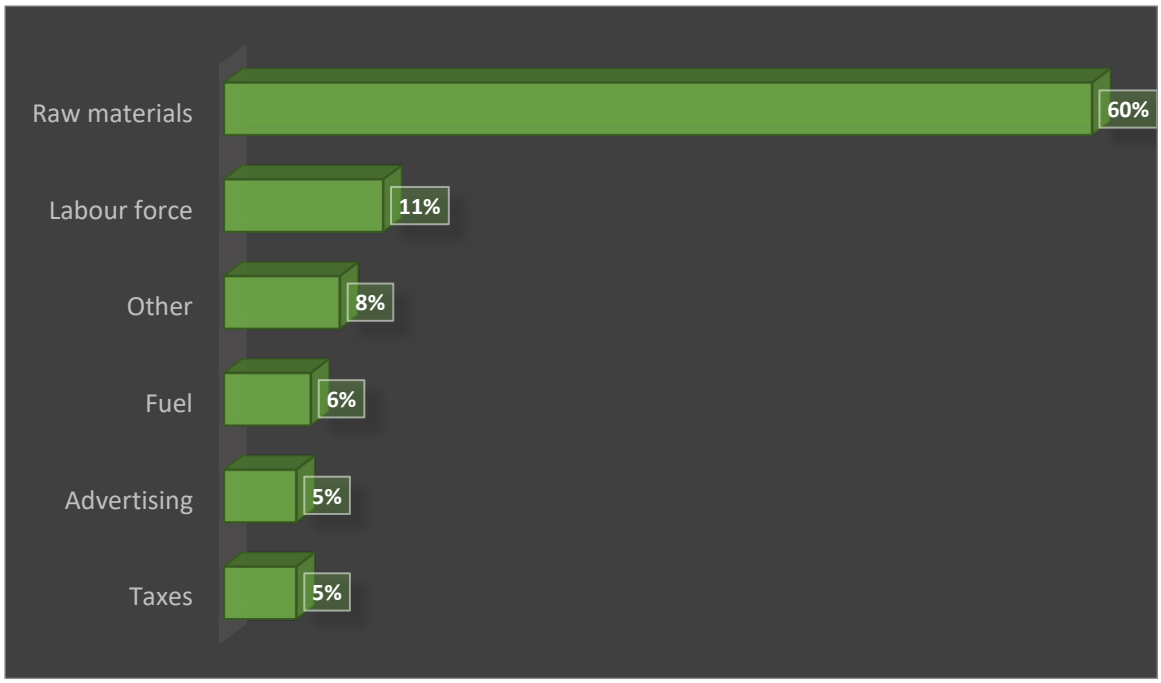

Figure 3.21: Strategic approach to reducing costs during a crisis (Milic, 2011:67)

Caballero-Morales (2021) concurs with Milic (2011) on the importance of a long-term view in responding to a crisis. Caballero-Morales (2021) argues that the COVID-19 pandemic crisis should have been dealt with through the innovation of products, processes, and management systems. In agreement with Milic (2011), Caballero-Morales (2021) views marketing as crucial in supporting innovation if companies are to survive a crisis. Interestingly, these two scholars do not seem to argue for remuneration cost-reduction measures in order to survive a crisis. However, it is reasonable to argue that innovation might require different skill sets, which a company might not have, which could lead to redundancy for some employees. Abubakar (2020) argues that the survival of organisations in crises lies in their ability to concentrate on their core competencies. While theoretically compelling, this strategy risks marginalising employees whose roles fall outside the organisation's redefined strategic scope, rendering them expendable in cost-reduction scenarios.

Egibunike and Adeniyi (2017), in their longitudinal study of Nigerian banks, found that banks' profitability declined after downsizing staff and reducing salaries during the recession of 2006 to 2016. These cost-reduction measures may have reduced expenses, but were not significant enough to positively affect profit levels. Egibunike and Adeniyi (2017) recommend a nuanced approach of salary reductions followed by

future restoration, rather than lay-offs. Yet, the absence of detail regarding procedural fairness in cost-reduction decisions raises questions about the role of communication, participation, and transparency. Omar, Ishak, and Jusoh (2020) highlight how Malaysian SMEs leveraged innovation and marketing to survive the pandemic. Only one of the six participating organisations adopted a consultative pay approach, highlighting the neglect of employee-centred perspectives.

Jackova (2018) suggests cost-containment strategies such as automation, process reorganisation, and training and employee development. However, these proposals, while constructive under normal business conditions, may be impractical in crisis scenarios like a pandemic in which capital and mobility are restricted. In contrast, Salem et al. (2022) provide an exploration of employee sentiment in the Egyptian tourism industry. Their study revealed widespread dissatisfaction with remuneration reduction in the form of unpaid leave, cancelled bonuses, and non-renewal of contracts. Table 3.7 summarises the remuneration cost-reduction measures and Salem et al.'s corresponding recommendations, many of which advocate more equitable and motivational alternatives.

Table 3.7: Remuneration reduction measures in the Egyptian hospitality industry

Remuneration-reduction measures used	**Recommendations by Salem et al. (2022)**
Time off without pay	Minimising benefits and reducing commission
Lay-offs	Reorganising work
Non-renewal of contracts	Revoking rewards and bonus payments
Pay reduction	Providing incentives
Non-payment of benefits	Creating promotional opportunities

Source: Salem et al. (2022:10)

In a USA-based study of orthopaedic practices, Vaccaro et al. (2020) acknowledge the challenge of reaching a consensus on HRM strategies amidst the financial distress

brought about by the COVID-19 pandemic. Despite this recognition, their analysis lacks a clear indication of whether employees were meaningfully involved in discussions about their remuneration. Vaccaro et al. (2020) note that the organisations implemented softer cost-saving measures before escalating to more severe measures such as staff reductions. Vaccaro et al. (2020) document extensive remuneration cost-reduction measures implemented across three orthopaedic practices following a significant decrease in the volume of elective surgical procedures during the COVID-19 pandemic. According to Vaccaro et al. (2020), these measures were applied across all staff categories and scaled by seniority, with executive leadership and shareholders absorbing the most substantial reductions. Senior employees experienced complete salary suspensions, reduced bonuses, and temporary return to entry-level pay, while surgical employees, managers, physicians, advanced practice providers, and administrative staff faced progressive pay and hour reductions, ranging from 25% to 50%.

In addition to direct pay reductions, Vaccaro et al. (2020) report the suspension of shareholder draws, the strategic use of furloughs to maintain benefits and access to unemployment support, and the provision of emergency paid time off to cushion transitions into unpaid leave. These actions, the authors argue, enabled organisations to reduce remuneration costs while preserving employment during the crisis.

Beyond observed practices, Vaccaro et al. (2020) advance a set of strategic recommendations aimed at balancing the organisation's financial viability with employee retention. Central to these recommendations is the prioritisation of employee retention over termination through phased compensation reduction implemented through a three-stage framework of escalating pay reductions and furloughs. Vaccaro et al. (2020) further recommend the cautious use of government relief funds to stabilise future cash flows, the deferral of non-essential remuneration-related expenditures, and the use of furloughs rather than lay-offs to maximise employee eligibility for government support. Finally, the authors further recommend maintaining equity in remuneration adjustments and ensuring that remuneration reductions remain temporary and reversible to support post-crisis recovery.

While the phased implementation of cost-reduction measures appears pragmatic, the absence of a consultative approach raises concerns. The assertion by Vaccaro et al.

(2020) that their findings are broadly representative of musculoskeletal multispecialty practices does not adequately address the limited evidence of participatory decision-making. This omission highlights the relevance of the current study, which sought to close precisely this gap. However, the scholarly discourse by Vaccaro et al. (2020) on cost-reduction measures used in their study organisation, together with their recommended remuneration cost-reduction strategies, revealed critical patterns that informed the pursuit of both R01 and R02 of the current study.

Mwita (2020), in a study of Tanzania, emphasises the importance of consultation in organisational decision-making during the pandemic, but does not elaborate on the extent of such involvement. Mwita (2020) notes that severe revenue disruptions in Tanzanian organisations led to the suspension of indirect compensation, such as bonuses and allowances, followed by leave-without-pay arrangements and salary reductions as financial pressures intensified. In some cases, employers were unable to pay salaries for extended periods, highlighting the heightened vulnerability of private-sector organisations in Tanzania. According to Mwita (2020), similar remuneration responses were observed during earlier crises, including the 2003 SARS outbreak, where pay cuts and unpaid leave were used to sustain operations. Overall, Mwita's (2020) study suggests that crisis-driven remuneration cost-reduction measures prioritise organisational survival, often undermining employee income security, thereby underscoring the need for more resilient and crisis-responsive compensation frameworks. The review of these measures offered a conceptual basis to investigate all the present study's research objectives, including exploring the role of consultation processes in shaping employees' acceptance of, and engagement with, remuneration cost-reduction measures in crisis contexts. Mwita's (2020) call to involve employees, especially in human resource decision-making processes, is consistent with the methodological orientation of this study, which provided a platform for non-managerial employees to express their views on remuneration cost-reduction measures during the COVID-19 pandemic.

In Sri Lanka, Adikaram, Naotunna, and Priyankara (2021) examined the strategic use of HRM modules during the pandemic. Although their study relied exclusively on senior human resource professionals as respondents, the resulting framework is comprehensive and convincing. The authors propose three interlinked HRM bundles,

namely health and safety, cost-saving, and employee motivation and engagement, which function in concert to enable adaptive workforce management. Table 3.8 outlines the HR practices included in the cost-saving bundle.

Table 3.8: HRM cost-saving bundle during COVID-19

HRM practice	**HRM activity**
Payroll saving	Temporary reduction in pay
	Suspending or reducing overtime work
	No pay leave
	Deferring or freezing salary increments and bonuses
Recruitment	Suspending recruitments
	Recruitment for key positions only
Job structuring	Retrenchments and lay-offs
	Job redesign
Training	Undertaking only key training requirements
	Shifting from on-site to online training
	Taking advantage of free online training
	In-house training
	Changing from on-site to online interviews and onboarding

Source: Adikaram et al. (2021:1275)

While the integration of these practices reflects a well-structured managerial response, the absence of non-managerial employee perspectives once again reveals a blind spot in the current body of knowledge. The managerial orientation of Adikaram et al.'s

(2021) study contrasts with that of the current study, where the focus rests on capturing the lived experiences and knowledge of non-managerial employees.

The reviewed literature shows that remuneration cost-reduction measures differ widely across sectors and countries. While some studies highlight the effectiveness of reduced working hours or temporary layoffs, others emphasise the negative consequences of unilateral pay reductions on employees. This divergence highlights the need for context-specific, employee-centred approaches, precisely what this study seeks to develop.

3.7 EMPLOYEE PERSPECTIVES ON COST REDUCTION

The economic disruption caused by the COVID-19 pandemic compelled organisations across various sectors to adopt cost-containment strategies as a means of survival. This section explores employees' perceptions of these measures, including the factors that influenced their preferences regarding remuneration adjustments. Additionally, it examines the key factors shaping employee attitudes towards cost-reduction measures during crises.

3.7.1 Employee perceptions of and reactions to cost reduction measures

Understanding employees' perceptions of and reactions to cost-reduction measures is essential to assessing the overall impact of these strategies. Diefenbach, Schnellbacher, and Heidenreich (2021) note that employees often exhibit resistance to the implementation of cost-reduction initiatives due to fear of losing their livelihood. This fear can prompt employees to protect their interests in a biased manner. They perceive organisational changes as inherently unfair and, consequently, resist them. However, the unique context of the COVID-19 pandemic appears to have mitigated such resistance, with many employees recognising austerity measures as necessary for organisational survival (Diefenbach et al., 2021).

Nevertheless, even when accepted, cost-reduction initiatives can lead to unintended negative outcomes. Bonet, Elvira, and Visintin (2022) argue that the implementation costs of such measures may, in some organisations, outweigh the anticipated savings. For example, Bonet et al. (2022) found that the use of temporary staff to reduce labour

costs led to increased turnover amongst permanent employees, resulting in the erosion of institutional knowledge and a decline in productivity. Similarly, Matthews (2021) identified the adverse effects of cost-reduction strategies on employee well-being and organisational outcomes. Research on remuneration cost-reduction practices indicates that such measures are frequently associated with adverse employee outcomes (Matthews, 2021). Drawing on a structured review of downsizing, furloughs, and pay-cut strategies, Matthews (2021) posits that cost-reduction initiatives generate heightened work stress, job dissatisfaction, and increased perceptions of job insecurity. These psychological responses often manifest in deteriorating work attitudes, particularly reduced organisational commitment, as employees perceive diminished organisational support and weakened employment relationships (Matthews, 2021). Furthermore, Matthews (2021) notes the increase of behavioural consequences, including increased turnover intentions, absenteeism, and withdrawal behaviours, which threaten organisational stability. In addition, Matthews (2021) reports evidence of declining job performance and creativity, reflecting the negative effects of stress and insecurity on employees' cognitive and motivational capacities. This suggests that, while remuneration cost-reduction measures may provide short-term financial relief during crises such as the COVID-19 pandemic, they can impose significant financial and psychological costs on employees, thereby undermining longer-term organisational effectiveness.

Matthews (2021) suggests that one of the consequences of such cost-reduction measures is employee retaliation resulting from perceived violations of the psychological contract. Ogbonnaya et al. (2022) note that breaches of the psychological contract negatively affect the employment relationship. Similarly, Matthews (2021) and Boyd, Tuckey, and Winefield (2014) found that cost-reduction measures adversely affect all employees, including those whose employment status or conditions remain unchanged. Increased job insecurity and the additional workload borne by the remaining employees, often referred to as 'lay-off survivors', leads to physical and psychological strain (Matthews, 2021). Matthews (2021) identifies several factors that could mitigate negative employee responses to cost-reduction measures.

According to Matthews (2021), a growing body of research indicates that employee reactions to labour cost-reduction practices are shaped by a constellation of organisational and psychological factors. Perceptions of organisational justice, encompassing procedural, distributive, and interactional fairness, are central to employees' acceptance of remuneration cost-reduction measures (Matthews, 2021). According to Matthews (2021), transparent and timely managerial communication mitigates uncertainty by clarifying the rationale, anticipated duration, and expected outcomes of cost-reduction initiatives. Matthews (2021) suggests that employee participation, voluntary furlough schemes, and consultative decision-making processes enhance perceptions of autonomy and shared responsibility, which improve employee receptiveness. Positive employee responses are also more likely when organisations exhibit shared sacrifice, particularly where senior leaders undertake proportional reductions in compensation, signalling solidarity and ethical stewardship (Matthews, 2021). In addition, Matthews (2021) notes that employees respond more favourably when cost-reduction measures are temporary and necessary, supported by credible evidence of financial strain, organisational support, and a history of fair treatment by the employer. The effectiveness of cost-reduction strategies depends not only on substantive economic considerations, but also on the procedural, social, and relational dynamics through which these measures are implemented (Matthews, 2021).

Matthews (2021) posits that employees' buy-in is central to whether organisational cost-reduction measures are considered fair. Helogren and Sverke (2001), however, argue that fairness alone does not eliminate employee stress, and suggest that involving employees in decision-making, particularly through their representatives, could help mitigate negative attitudes and reduce stress. This highlights the importance of employee participation, which Matthews (2021) emphasises by advocating that employees be informed about the rationale behind cost-reduction measures. Katzenbach and Bromfield (2009) support this view, asserting that employees are more likely to accept cost-reduction initiatives when they perceive the consultation process as fair, respectful, and justified. However, a study by Yoon (2022) adds nuance by suggesting that some cost-reduction strategies are more acceptable than others to employees. Yoon (2022) found that organisations known for

implementing pay reduction are perceived more favourably than those associated with downsizing.

From the above, it is clear that employees' reactions to cost-reduction measures are shaped by more than just the actions themselves; they also depend on how these measures are communicated, perceived, and implemented. While fairness and transparency play a key role, it is clear that not all strategies are received in the same way; e.g., some employees may view reducing of their pay more favourably than job loss. The next section looks more closely at the factors that influence employee preferences during times of organisational change.

3.7.2 Influential factors in employee preferences

The COVID-19 pandemic created severe economic challenges that undermined many organisations' ability to maintain competitive remuneration packages, complicating the relationship between remuneration and employee satisfaction. Employee remuneration choices are shaped by a variety of factors, including demographics, individual needs, and the broader economic environment. Despite these variables, remuneration remains a key driver of employee commitment to organisational goals (Nor et al., 2020). In this regard, Mumbauer et al. (2021) found that, during the pandemic, South African healthcare workers responded positively to salary increases, while salary reductions led to decreased morale. Elsafty and Albadry (2022) identify several core retention factors from the perspective of employees, namely experience, salary, benefits, working environment, and supervisor support. Elsafty and Albadry (2022) found that supervisor support, salary, and benefits are the most influential factors in retaining staff.

During the pandemic, employees faced heightened financial and health-related challenges, prompting greater reliance on organisational support. Organisations that demonstrated sufficient support during this period were more likely to gain employee buy-in for cost-reduction strategies, even those that would negatively impact remuneration. Elsafty and Albadry (2022) found that, during the pandemic, work–life balance was less important than job security in less developed contexts, due to the prevailing economic uncertainty. Elsafty and Albadry (2022) also emphasise the importance of supervisor support during the pandemic.

In their study conducted during the COVID-19 pandemic, Ki, Heng, and Lau (2022) found that remuneration correlates more strongly with job satisfaction than with retention. Nonetheless, pandemic-induced socio-economic pressures affirmed the need for contextually responsive remuneration strategies (Ki et al., 2022). Hitka et al. (2022) support this position, observing a shift in employee motivational priorities during the COVID-19 pandemic, with job security and base salary gaining prominence over social relationships and supervisor support. This finding appears to contrast with Elsafty and Albadry's (2022) view that supervisor support was a key motivator under high-stress conditions of the pandemic. These findings underscore the fluidity of employee priorities in response to external shocks.

Personality factors also play a role in remuneration preferences. Woodard et al. (2016) found that employees with individualist personalities favour remuneration linked to individual performance. This suggests that collectivist practices during the pandemic, such as work-sharing and reducing pay to avoid lay-offs, may not have resonated with individualists. Bussin and Swart-Opperman (2021) support this notion, arguing that employees with collectivist values are more inclined to accept shared sacrifice during organisational distress.

Demographic factors such as age and gender further influence employee preferences. Galanaki (2020) avers that the reduction of benefits during the pandemic, such as those that improved work–life balance, had a greater adverse effect on women than on men. Similarly, Ahamad, Saini, and Jawahar (2022) found that, during the pandemic, older employees prioritised family-related benefits and work–life balance more than younger employees with no family responsibilities. Employees with families showed less support for a remuneration cost-reduction measure that would remove dependants from employer-sponsored health insurance.

Pek-Greer, Wallace, and Al-Ansaari (2016) and Adinew (2020) also found that age influences remuneration preferences, with older employees preferring long-term benefits such as pensions, and younger employees favouring more flexible options, such as educational leave. Sanchez, Flegl, and Depoo (2021) and Pek-Greer et al. (2020) corroborate the view of Galanaki (2020) that gender affects the choice of remuneration components. Sanchez et al. (2021) further note that younger employees tend to prioritise educational benefits, while older employees prefer cultural benefits.

However, during the pandemic, both age groups shared a preference for health insurance, indicating a universal concern for healthcare security (Sanchez et al., 2021). These findings underscore the importance of developing remuneration cost reduction strategies that respond to diverse employee needs.

Labour market structures and legislative frameworks shape both employee preferences and organisational capacity to alter remuneration. In highly unionised contexts, such as South Africa, remuneration changes typically require negotiation to align with legal requirements and manage potential disputes. Lambeth, Lei, and Cheung (2022) found that, in the airline industry, efforts to restructure remuneration during the COVID-19 crisis were complicated by the need to negotiate with powerful unions, despite a shared interest in organisational survival.

McDonnell (2021) echoes this sentiment, highlighting the essential role of trade unions in protecting employment conditions during the pandemic. According to McDonnell (2021), the pandemic reinforced the value of union membership as a key means for employees to safeguard their workplace rights. Trade unions not only helped reduce employee insecurity, but also increased employees' bargaining power. Peetz et al. (2022) note that, in Canada, redundancies were less common in unionised organisations during the pandemic, indicating that unions can act as critical mediators in shaping employee responses to remuneration changes.

Contrary to Nor et al. (2020), who emphasise remuneration as the primary motivator, Pek-Greer et al. (2016) argue that remuneration, while important, is not the primary determinant of employee retention. In their study of childcare teachers, HRM practices emerged as the strongest predictor of intention to stay, whereas remuneration showed a negative relationship with retention outcomes. The authors highlight that employees often prioritise non-financial aspects of the employment relationship, including fair and transparent HRM systems, supportive organisational climate, and intrinsic rewards derived from meaningful work. These findings underscore the broader literature suggesting that holistic and equitable HRM strategies are more effective in sustaining employee commitment than financial incentives alone (Matei, Abrudan, & Abrudan, 2024).

Finally, Lizbetinova et al. (2021) found that employees' position within the organisational hierarchy affects their remuneration preferences. As shown in Table 3.9, lower-level employees tend to prioritise base salary and job security, while managerial staff are more motivated by intrinsic factors such as a positive work environment, team cohesion, and effective communication with supervisors. These distinctions have significant implications for how cost-reduction strategies should be designed and implemented during times of crisis.

Table 3.9: Ranking of motivation factors per hierarchical position

Ranking of motivational factor	**Hierarchical position**		
	Lower level	**Mid-level administrative personnel**	**Manager**
1	Basic salary	Good team	Good work team
2	Job security	Basic salary	Workplace atmosphere
3	Good team	Workplace atmosphere	Supervisory style
4	Fair evaluation	Fair evaluation	Workplace communication
5	Supervisory style	Supervisory style	Basic salary

Source: Lizbetinova et al. (2021:2395)

Thus, during the COVID-19 pandemic, managers were likely to be comfortable with reduced financial remuneration, while those in the lower levels of an organisation were not (Lizbetnova et al., 2021). A possible explanation for these preferences is that lower-level employees already receive low wages, which might not be enough to meet their needs, while managerial employees are able to survive on the reduced remuneration. Smit, Stanz, and Bussin (2015) also found that employee job level influences remuneration preferences. Furthermore, Smit et al. (2015) note that their study revealed evidence of differences in employees' remuneration preferences

according to age, race, and gender, marital status, number of children, qualifications, years of service, culture, and background. By ‘culture and background’, Smit et al. (2015) refer to the combined influence of cultural identity, historical context, socioeconomic conditions, and lived experiences that shape how different racial groups in South Africa perceive and prioritise reward components. This indicates the need for a holistic approach to remuneration strategies, as recommended by Victor and Hoole (2021).

Although the literature on employee preferences regarding remuneration cost-reduction measures is limited, a study by Yoon (2022) compared the attractiveness of lay-offs versus pay reduction amongst potential hires. Yoon (2022) identifies several determinants influencing such evaluations, including individual characteristics (e.g., age, education, gender), performance status, cultural context, economic regulatory frameworks, and prevailing macroeconomic conditions. Of particular interest is the finding that high performers are more likely to reject a pay reduction, given their marketability and perceived entitlement to higher rewards based on merit. This dynamic introduces a potential retention risk for organisations that adopt across-the-board remuneration reductions without differentiating based on performance or potential (Yoon, 2022). Nevertheless, the economic conditions prevalent during the COVID-19 pandemic led to most employees having little choice but to accept even drastic cost-reduction measures. However, highly regulated labour markets, such as South Africa’s, provided conditions that protected employees’ livelihoods by mitigating widespread job losses, coupled with financial assistance to those who had lost their livelihood.

3.8 CHAPTER SUMMARY

This chapter provided a review of the literature on remuneration cost-reduction strategies during periods of organisational crisis, with a specific focus on the COVID-19 pandemic. The review revealed a wide range of measures employed by organisations to manage remuneration-related expenses, including furloughs, pay reductions, and reduced working hours. While these short-term interventions were commonly adopted in response to immediate financial pressures, the literature broadly cautions against a sole reliance on such approaches. Instead, there is scholarly

consensus on the importance of considering the long-term implications of remuneration decisions and their alignment with sustainable organisational objectives.

The chapter also examined the role of government interventions during the pandemic, noting that the scale and visibility of these measures, particularly in terms of public health responses, economic stabilisation, and support for vulnerable groups, were more pronounced than in previous global crises. These interventions not only shaped organisational capacity for remuneration adjustments but also influenced employee expectations and responses.

In addition, the chapter explored best practices in remuneration management, including remuneration reduction, with a specific emphasis on aligning remuneration strategies with organisational goals and values. Such alignment is fundamental to fostering employee engagement, enhancing organisational performance, and ensuring strategic coherence in times of uncertainty and recovery.

Finally, the chapter identified and analysed key factors influencing employees' remuneration preferences, including demographic variables, personality traits, cultural orientations, and the broader socio-economic context. Understanding these factors is essential to designing equitable and contextually responsive remuneration systems.

The next chapter discusses employee morale and productivity in the context of the COVID-19 pandemic and similar exogenous factors. The chapter concludes with a conceptual framework for analysing employee preferences for different remuneration cost reduction measures.

CHAPTER 4: EMPLOYEE MORALE AND PRODUCTIVITY DURING THE COVID-19 PANDEMIC

4.1 INTRODUCTION

The COVID-19 pandemic's negative financial and health implications worldwide led to a widespread decline in employee morale. This chapter discusses employee morale and its significance to productivity during a period of crisis. This is followed by a discussion of the impact of remuneration cost reduction, which was inevitable in most organisations during the pandemic, on employee morale and productivity. The chapter also reviews literature on employee morale and productivity as it relates to the distress caused by the fear of contracting the coronavirus, as well as the adverse economic consequences of the pandemic. Finally, the chapter presents a framework for analysing employee preferences.

4.2 UNDERSTANDING EMPLOYEE MORALE AND ITS IMPORTANCE

Sabitova, Hickling, and Priebe (2020) define employee morale as the level of satisfaction or sense of well-being individuals derive from their job and the broader organisational and environmental context in which they work. In their study on the effects of cost-reduction measures on employee performance, Mashau and Makhunga (2018) found that such measures tend to have a detrimental impact on employee morale. However, Solinger et al. (2021) argue that, although cost-reduction strategies may exert a long-term negative effect on employee motivation, their impact can be mitigated when implemented alongside employee-oriented human capital investments. This perspective reinforces the view that human capital remains the organisation's most valuable asset.

In their study on the management of educational institutions during the COVID-19 pandemic in South Africa, Mutongoza, Olawale, and Mzilikazi (2021) observed that some school principals assumed responsibility for employee wellness. These leaders recognised that productivity was closely tied to employee well-being, particularly in the context of the widespread stress and uncertainty caused by the pandemic. Bussin and Swart-Opperman (2021) similarly emphasise the importance of balancing employer- and employee demands, suggesting that the employment relationship is grounded in

mutual interest, and requires shared understanding for both parties to achieve their objectives. Although the pandemic imposed severe challenges on both sides of the employment relationship, it remained essential that employers support employee well-being to ensure sustained productivity.

Echoing the findings of Mutongoza et al. (2021), Van Wyk et al. (2021) identified internet connectivity issues as one of the challenges associated with remote work, which negatively affected both employee morale and productivity. Van Wyk et al. (2021) also note that working from home disrupts employee morale, due to the increased difficulty of balancing personal and professional responsibilities. While Howe et al. (2021) note that the abrupt transition to remote work was initially stressful, they argue that employees began to appreciate the flexibility of remote work once they had become adjusted to it, and that their performance and productivity were not compromised. Notably, the above studies do not identify remuneration changes as a major factor affecting employee morale. This could be attributed to the fact that the research participants were professionals who were less financially vulnerable during the pandemic, unlike the lower-level employees examined in the current study.

Consistent with the view of Mutongoza et al. (2021), Chanana (2021) argues that the primary role of organisations is to promote employee well-being and engagement to secure commitment, satisfaction, and productivity. Chanana's (2021) findings align with those of Feng and Savani (2020), who reported a decline in job satisfaction and productivity amongst women during the COVID-19 pandemic. Feng and Savani (2020) attribute this to the stress associated with balancing remote work and increased domestic responsibilities, particularly childcare. Similarly, Putranti, Suparmi, and Susilo (2020) acknowledge that women working from home were effectively undertaking two roles, professional and domestic, more so than their male counterparts. Putranti et al. (2020) nonetheless contend that flexible work arrangements, such as remote work, can enhance morale and productivity.

Cheng and Kao (2022) identified a different but equally significant factor: the psychological impact of the risk of contracting COVID-19. Their study demonstrated that this health-related stressor had a direct negative effect on productivity. They further agree with Chanana (2021) in arguing that the organisation holds responsibility for alleviating workplace stress, which is a prerequisite for maintaining employee

morale and performance. Interestingly, Cheng and Kao (2022) also found that perceived job stress influenced employees' satisfaction with their compensation. This suggests that any remuneration cost-reduction measures implemented during the pandemic likely compounded employee vulnerability and stress, thereby further undermining morale and productivity. Kaushik and Guleria (2020) support this view, noting that, although the pandemic presented severe challenges to employee morale, it was ultimately employee satisfaction within the employment relationship that determined productivity outcomes.

Another important factor contributing to reduced morale during the pandemic was increased workload, especially within the health sector. In their study on the mental health and morale of radiographers, Yasin, Barlow, and Milner (2021) found that inexperienced employees were particularly affected by low morale as a result of increased work pressure. Figure 4.1 presents respondents' ratings of their work morale during the COVID-19 pandemic, as reported by Yasin et al. (2021).

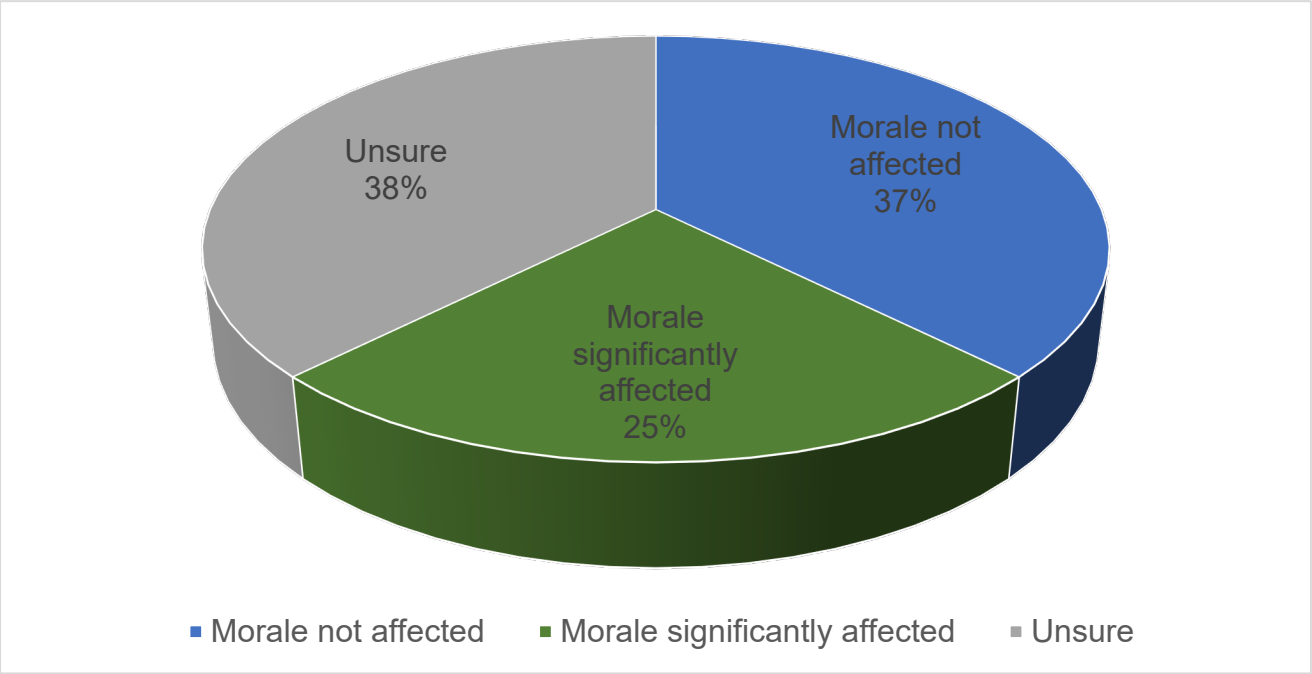

Figure 4.1: Effect of COVID-19 pandemic on employee morale (Yasin et al., 2021:1068)

However, Yasin et al. (2021) admit that the small size of their sample constrains the generalisability of their results. While Yasin et al. (2021) identified certain factors

affecting morale, such as insufficient training and the risk of contracting the virus, their study did not adequately examine the implications of morale for employee productivity. More importantly, the key determinant of remuneration, which is widely recognised in the literature as central to employee motivation and morale, was only superficially addressed.

In addition to the fear of contracting COVID-19, which contributed to low morale amongst healthcare employees, Moyo et al. (2022) identified inadequate remuneration as a further factor undermining employee motivation during the pandemic. Poor remuneration, particularly in the context of extended working hours, coupled with heightened exposure risk and fear of infection, adversely affected healthcare employees' ability and willingness to sustain high performance levels (Moyo et al., 2020; Yasin et al., 2021). Figure 4.2 presents a theoretical framework developed by Moyo et al. (2022) that illustrates how fear of contracting the virus during the COVID-19 pandemic contributed to staff turnover intentions, diminished employee engagement, burnout, and overall low morale within the healthcare sector.

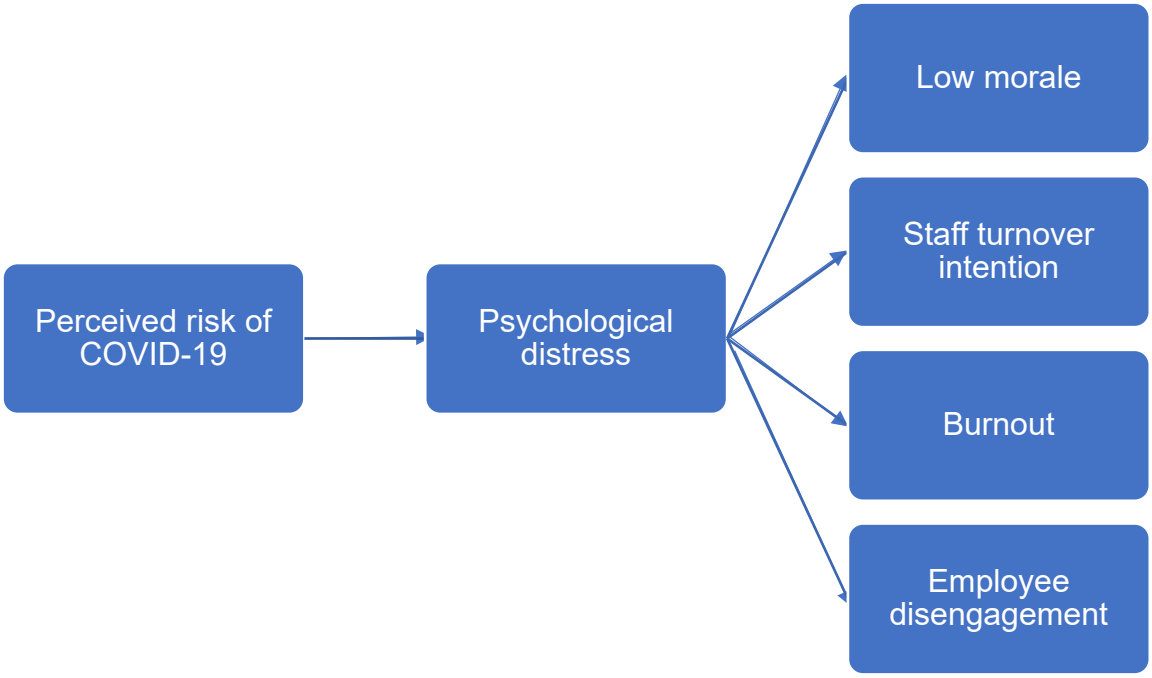

Figure 4.2: Theoretical framework on fear of contracting coronavirus resulting in low morale (Moyo et al., 2022:2)

A study by Daniels et al. (2022) on organisational support during the COVID-19 pandemic highlights that employees' needs varied according to their work circumstances, necessitating tailored interventions by employers. The needs of employees who worked reduced hours differed significantly from those of essential service workers, who were required to work extended hours, which emphasises the importance of designing context-specific support mechanisms that directly address the unique concerns of distinct employee groups (Daniels et al., 2022). These findings suggest that appropriately targeted support initiatives can enhance employee morale, which, in turn, enhances productivity. Figure 4.3 illustrates the frequency with which various support needs were identified by respondents in the study conducted by Daniels et al. (2022).

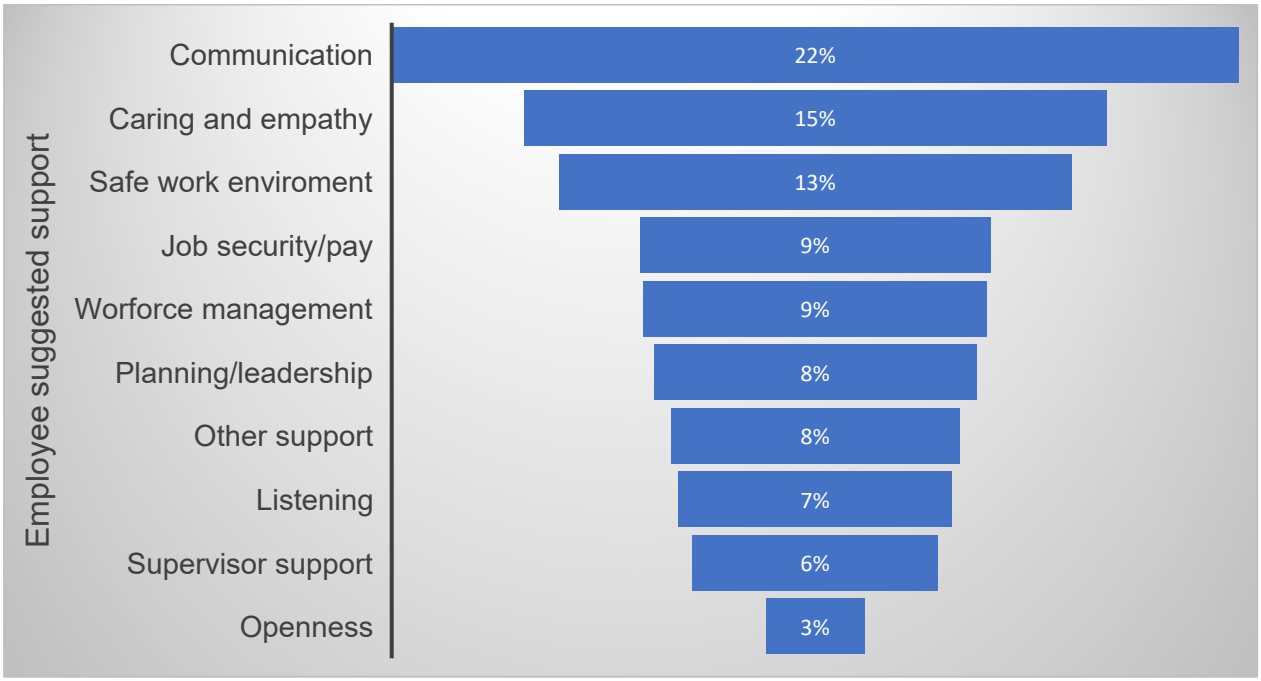

Figure 4.3: Frequency of suggested support (Daniels et al., 2022:205)

As illustrated in Figure 4.3, Daniels et al. (2022) revealed that, during the challenging period of the COVID-19 pandemic, the most frequently recommended strategy for alleviating employee anxiety and enhancing morale was consistent information-sharing and regular internal communication. Respondents indicated that transparent and ongoing communication helped reduce uncertainty and fostered a sense of inclusion. Additionally, the study highlighted the significance of empathy and

organisational care, which ranked second in frequency amongst the suggested strategies. The prominence of empathy in respondents' recommendations underscores the value employees placed on feeling supported and understood during this period of heightened stress and disruption (Daniels et al., 2022).

4.3 EMPLOYEE PRODUCTIVITY AND ITS SIGNIFICANCE DURING A CRISIS

Björkman (1992) described productivity as the ratio between production output and the input factors of production, offering a straightforward framework to assess the efficiency of resource use. While this quantitative perspective provides clarity on output relative to input, it does not capture the qualitative dimensions of productivity such as employee engagement and innovation, which are increasingly recognised as vital components of organisational success in today's dynamic environments (Detzen & Verbeeten, 2025).

Kube et al. (2013) found that a pay reduction negatively affected employee morale and productivity, highlighting the importance of fair remuneration in maintaining workforce motivation. This finding aligns with concerns about how compensation adjustments can influence employee attitudes and performance, which was particularly relevant for exploring the effects of remuneration cost-reduction strategies in the current study's context.

Similarly, Bussin and Swart-Opperman (2021) demonstrate that retrenchments can significantly undermine the morale of employees who remain with the organisation, leading to decreased productivity. Their study broadens the discussion by illuminating the wider organisational repercussions of workforce downsizing. However, additional research differentiating the effects of various retrenchment approaches, such as voluntary versus involuntary separations, could provide more nuanced insights into how employee morale and productivity are shaped during such transitions.

4.4 EMPLOYEE MORALE AND PRODUCTIVITY IN CONTEXT OF COST-REDUCTION MEASURES

Bailey and Breslin (2021) highlight the critical importance of preserving employee morale during the COVID-19 pandemic, warning that measures aimed at short-term

financial relief, such as retrenchments, can have enduring detrimental effects on workforce engagement and organisational cohesion. Rather than focusing primarily on cost reduction, fostering employee morale, motivation, and engagement should be regarded as central to sustaining productivity and organisational health. Nutsubidze and Schmidt (2021) underscore this perspective, demonstrating that proactive efforts to support employee well-being during crises significantly improve satisfaction, retention, and overall performance. The COVID-19 crisis thus underscored the necessity of mutual co-operation between employers and employees as a foundation for organisational resilience and long-term sustainability (Nutsubidze & Schmidt, 2021).

Overall, the literature suggests that the impact of remuneration cost-reduction measures on morale and productivity is not uniform but depends on the perceived fairness, transparency, and necessity of the measures. The literature reviewed indicates that employees are more willing to accept temporary sacrifices when management demonstrates shared sacrifice and open communication. However, when measures are perceived as unfair or imposed without consultation, morale and productivity decline sharply. This study builds on these insights by examining how employees themselves interpret and prioritise different remuneration cost-reduction options in the context of the COVID-19 pandemic crisis. The next section presents a conceptual framework for determining employees' remuneration preferences during a crisis resulting from exogenous factors.

4.5 CONCEPTUAL FRAMEWORK FOR ANALYSING EMPLOYEE PREFERENCES

This section identifies the factors to consider in assessing employees' remuneration preferences, based on the reviewed literature. The factors range from demographics to the prevailing internal and external business environment, presented in a conceptual framework that illustrates how the factors influence each other.

Salawi et al. (2023) explain that a conceptual framework captures the researcher's perception of a study's core dynamics. The conceptual framework underpinning this study is grounded in the understanding that the COVID-19 pandemic significantly altered both internal and external business environments. These changes impacted

the social, economic, and psychological circumstances of employees, factors that are central to how individuals make decisions about remuneration preferences during times of crisis. Faced with economic uncertainty, many organisations sought ways to reduce labour costs to ensure survival. In this context, various internal and external factors shaped employee preferences for specific remuneration cost-reduction measures. Figure 4.4 presents a conceptual framework developed by the researcher, illustrating the key constructs investigated in this study: remuneration cost-reduction measures, consultation processes, employee perceptions and preferences, and resulting employee outcomes (morale, productivity, and industrial relations). This framework guided the organisation of the literature review chapters and provides a lens through which the findings were interpreted.

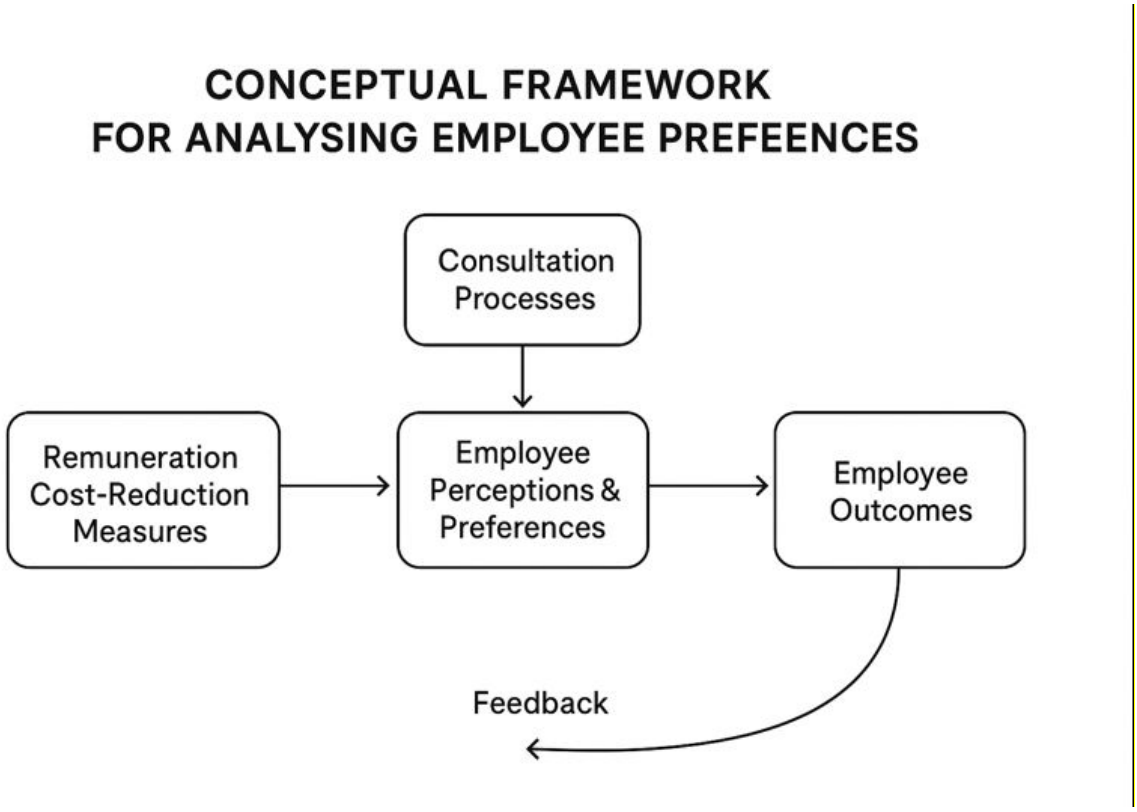

Figure 4.4: Conceptual framework for analysing employee remuneration preferences

This conceptual framework offers a structured representation of the dynamic interplay between employee-specific and environmental factors in shaping preferred remuneration cost-reduction measures amongst lower-level employees. It further

illustrates how these interacting determinants influence key organisational outcomes, namely employee morale and productivity, thereby providing an integrated lens through which these relationships can be examined.

While Figure 4.4 presents the conceptual framework that served as the analytical lens guiding this study, outlining the proposed relationships amongst the key factors, Figure 4.5 elaborates on this framework by detailing the factors likely to be involved in the interaction. This elaboration enriches the conceptual understanding of how employee-specific and environmental determinants shape preferences for remuneration cost-reduction measures during a financial crisis such as the COVID-19 pandemic.

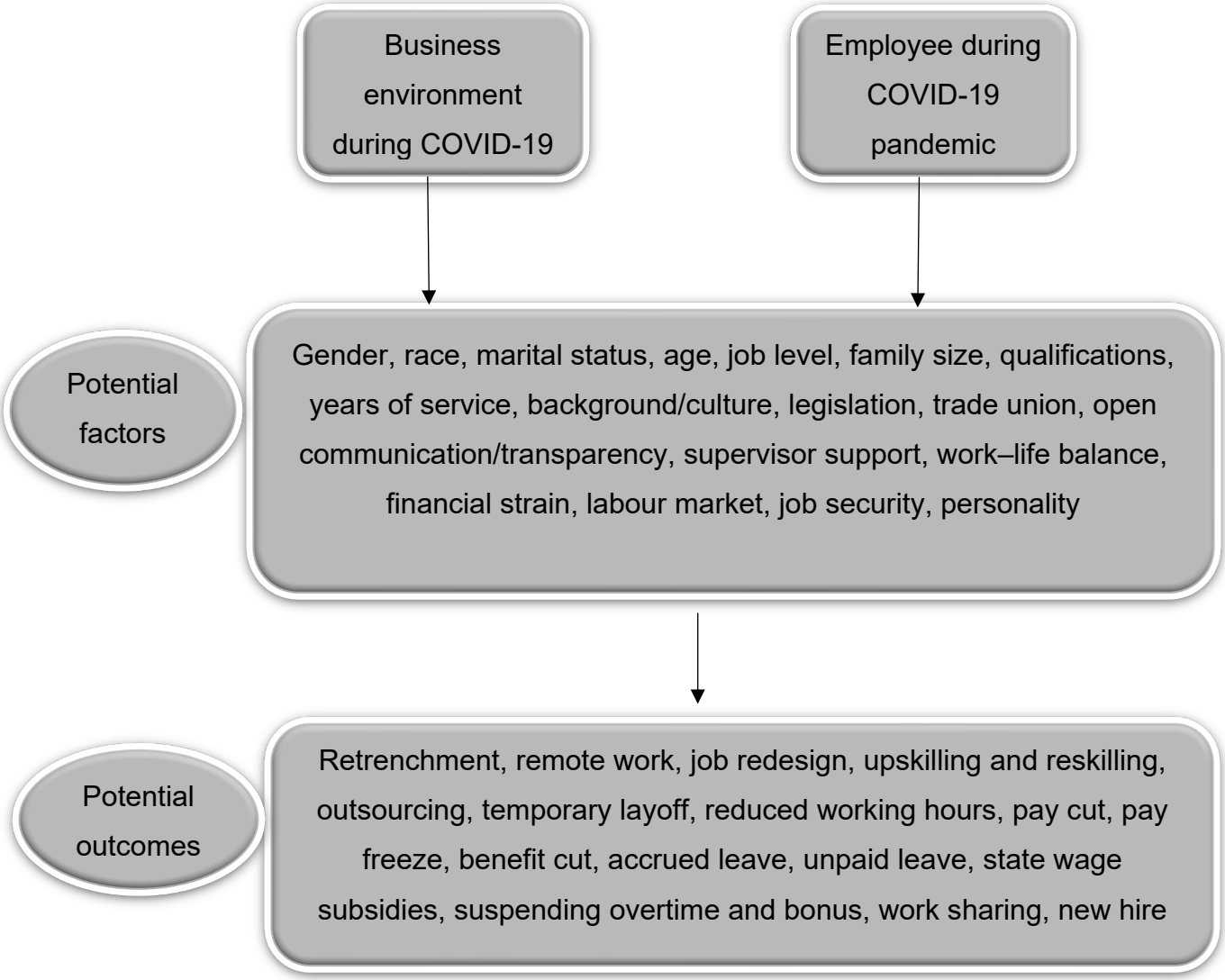

Figure 4. 5: Potential remuneration cost-reduction measures and factors influencing remuneration preferences during the COVID-19 pandemic

Sources: Adikaram et al. (2021:1280), Adinew (2020:12), Budd et al. (2020:6), Bussin and Brigman (2019:1-9), Bussin and Swart-Opperman (2020:380-394, 2021:2), Galanaki (2020:423-439), Lambeth et al. (2022:35)

Although all the factors shown in Figure 4.5 have the potential to shape employees' responses to remuneration cost-reduction measures, the central aim of this study was to identify which measures were preferred by non-managerial employees during the COVID-19 pandemic, which could inform such practices in potential future exogenous crises. The conceptual framework illustrated in Figure 4.4, supported by the factors presented in Figure 4.5, is built on the assumption that both organisational pressures and individual employee circumstances, heightened during the pandemic, directly influenced how employees responded to proposed changes in remuneration.

It is, therefore, reasonable to expect that employees would have favoured measures that protected their livelihoods and well-being, while resisting those that heightened their vulnerability. Furthermore, preferences expressed in times of crises are likely to differ from those in more stable periods (Ogbonnaya et al., 2022). Nevertheless, as Jabareen (2009) cautions, the objective of a conceptual framework is not to predict, but to provide a lens through which relationships amongst concepts can be explored and better understood. The conceptual framework was operationalised through semi-structured interviews with non-managerial staff to explore their firsthand experiences and preferences regarding different remuneration-based cost-reduction measures during the COVID-19 pandemic.

4.6 CHAPTER SUMMARY

This chapter reviewed literature related to employee morale, productivity, and cost-reduction measures, particularly in the context of the COVID-19 pandemic. The review highlighted that, while organisations implemented various remuneration cost-reduction strategies, such as furloughs and reduced pay and working hours, to remain financially viable, these measures often carried long-term risks in terms of employee morale and productivity. The literature further supports the view that, although short-term relief is sometimes necessary, organisations must consider the lasting implications of their decisions on employee engagement and performance. Additionally, this chapter

explored the range of factors influencing employee preferences around remuneration, including demographic, organisational, and psychological factors, emphasising the complexity of designing fair and effective cost-reduction strategies.

The final part of the chapter introduced the study's conceptual framework, which visually maps the relationship between business environment factors, employee characteristics, and strategies to reduce remuneration. The next chapter details the research methodology followed in conducting the study.

CHAPTER 5: RESEARCH METHODOLOGY

5.1 INTRODUCTION

This chapter provides a detailed discussion of the study methodology, starting with the research questions and objectives that guided the inquiry. The subsequent section discusses the research philosophy underpinning the study, followed by the research approach, the research design, and the methods employed to select a sample from the study population and gather and analyse the data. Subsequent sections discuss the strategies employed to ensure academic rigour and the ethics that were upheld throughout the study.

5.2 RESEARCH OBJECTIVES

The research questions and objectives guided the execution of the study and ensured that the aim of the research was addressed (Farrugia et al., 2010). As noted by Banda et al. (2017), research questions serve as a framework for investigating a topic of interest and guide the entire research process.

The overall aim of this study was to explore the remuneration cost-reduction measures preferred by non-managerial employees in response to the financial pressures of the COVID-19 pandemic and potential future exogenous crises. This focus recognises that employee preferences vary across organisational levels and individual circumstances. As Smit et al. (2015) note, remuneration preferences are not uniform, and must be understood contextually. Ali and Anwar (2021) further emphasise that well-managed, employee-endorsed remuneration strategies are crucial to maintaining morale and productivity, particularly in times of uncertainty. With these considerations in mind, the following research objectives were formulated.

RO1: *To explore non-managerial employees' perceptions, preferences, and reasoning regarding different remuneration cost-reduction measures implemented during periods of organisational financial distress arising from the COVID-19 pandemic and other potential future exogenous shocks*

Victor and Hoole (2021) and Pek Greer et al. (2016) highlight that employee preferences differ according to individual circumstances, with Victor and Hoole (2021)

advocating for a holistic approach that accommodates employees' diverse needs. Aligned with these views, the current study aimed to identify the most preferred remuneration cost-reduction measures amongst non-managerial employees, aimed at guiding management in prioritising strategies that minimise employee dissatisfaction and sustain morale and productivity during financially challenging periods. There is a noticeable gap in the literature regarding non-managerial employees' preferred remuneration cost-reduction measures in the context of the pandemic and similar crises. In addition to identifying preferred measures, the present study also explored participants' underlying reasons for favouring specific approaches.

RO2: *To explore how prior consultation and the origin of financial crises, whether exogenous or endogenous, influence employees' acceptance of pay reductions and the justifications they provide for such acceptance during the COVID-19 pandemic and other potential future exogenous shocks*

Matthews (2021) notes that employees are more likely to perceive decisions that affect them as fair when they are actively involved in the decision-making process. Similarly, Katzenbach and Bromfield (2009) emphasise that consultation enhances perceptions of fairness. Thus, the aim was to develop a structured approach that promotes financial sustainability while, at the same time, preserving employee morale, thereby mitigating the adverse effects of remuneration cost-reduction measures on both organisational performance and employee well-being during a crisis. This study also sought to determine whether employees are more co-operative in pay-reduction consultations prompted by exogenous shocks, such as the COVID-19 pandemic, than in those initiated by endogenous factors within the organisation. Participants in Lee's (2021) study expressed dissatisfaction with the lack of consultation regarding changes to their terms of employment, including remuneration. This implies that employee consultation is fundamental to developing a framework of employee-centred remuneration cost-reduction measures that effectively balances the needs of both the organisation and its employees. Such a framework must, therefore, be founded on meaningful involvement of employees in the decision-making processes, as employee involvement in the decision-making process seems to mitigate the adverse effects of remuneration cost-reduction measures on employee motivation and morale.

RO3: *To explore employees' perceptions of the impact of remuneration cost-reduction measures on morale and productivity during the COVID-19 pandemic and other potential future exogenous shocks*

A study by Rajapakshe et al. (2023) found that drastic cost-reduction measures increase employees' stress levels. Furthermore, Rajapakshe et al. (2023) found that, although organisational actions to reduce costs during the COVID-19 pandemic strongly shaped employees' psychological outcomes, these actions did not translate into improved performance. The authors therefore concluded that drastic cost-reduction measures are ineffective for sustaining organisations during crises, and should be reconsidered in favour of approaches that support employee well-being. Addressing RO3 required an in-depth examination of employees' subjective experiences, interpretations, and meaning-making processes in periods of crisis. By enabling participants to articulate how and why remuneration cost-reduction measures influence their morale and productivity, this objective captured the complexity and contextual specificity of employee responses. Consequently, the study provides a rich and nuanced understanding of the organisational and psychological effects of such measures under crisis conditions.

SRO1: *To explore how employees rank various remuneration cost-reduction measures, together with the underlying rationale for their preferences in the context of the COVID-19 pandemic*

This secondary objective aimed to elucidate the hierarchy of employee preferences regarding various remuneration cost-reduction measures. Jelacic (2011) argues that, during a crisis, employees are motivated primarily by basic survival and physiological needs. In the context of the COVID-19 pandemic, this suggests that employees would likely prioritise their wages over benefits such as workplace social clubs, highlighting the precarious conditions created by the crisis. Several perspectives have been proposed to rank remuneration cost-reduction measures by preference. For instance, Jelacic (2011) posits that employees prioritise physiological needs over social needs during crises, and thus tend to support measures that safeguard their most fundamental needs.

SRO2: *To explore employees' preference for either reduced pay or retrenchment as a cost reduction strategy in context of the COVID-19 pandemic*

During crises, both employers and employees are often confronted with the difficult choice between implementing pay reduction or retrenchment. While Bussin and Swart-Opperman (2021) suggest that employees may perceive retrenchments as negative, Yoon (2022) argues that high-performing employees may exhibit a preference for retrenchment, as they are in a better position to secure alternative employment. Several explanations have been put forward regarding why employees may favour one measure over the other. Bussin and Swart-Opperman (2021) propose that employees may reject retrenchment out of solidarity with colleagues, while others may avoid it to preserve job security and avoid the financial uncertainty associated with job loss.

SRO3: *To understand whether employees are more inclined to accept a pay reduction when prior consultation has occurred, and to understand the reasons underpinning such acceptance*

Ogbonnaya et al. (2022) suggest that employee participation constitutes one of the critical determinants of employee co-operation regarding cost-reduction measures. Thus, this secondary objective was aimed at determining if prior consultation with employees influences their willingness to accept remuneration cost-reduction measures, as well as the reasons behind their decision.

The impact of remuneration cost-reduction measures on employee morale is a critical consideration for management. Studies by Mashau and Makhunga (2018), Solinger et al. (2021), and Bussin and Swart-Opperman (2021) concur that remuneration cost-reduction measures negatively affect employee morale and productivity. Employers who are aware of the impact of remuneration cost-reduction measures on both employees and the organisation during crisis periods are likely to be better positioned to prepare mitigatory strategies to maintain morale and productivity (Chanana & Sangeeta, 2021).

SRO4: *To explore employees' preferences for either reduced pay or temporary lay-offs as remuneration cost-reduction measures in the context of the COVID-19 pandemic*

This secondary objective focused on exploring employees' preferences between reduced pay and temporary lay-offs as alternative cost-reduction strategies during the COVID-19 pandemic. The aim was to understand how employees weigh income security against job security when faced with these options, and the factors that influence their acceptance of one strategy over the other. By eliciting employees' perspectives on these trade-offs, the study provides insight into which approach is perceived as less detrimental under crisis conditions, thereby informing the selection of cost-reduction measures that are more likely to be accepted by employees during the pandemic. The next section discusses the research paradigm underpinning the study.

5.3 RESEARCH PARADIGM

Rehman and Alharthi (2016) explain that a paradigm is a set of assumptions and beliefs, or a framework of ideas that reflects the researcher's world view. A research paradigm comprises an ontology and an epistemology. Ontology concerns the nature of being, i.e., reality, while epistemology is concerned with the way in which knowledge can be gained, and both influence the researcher's choice of research methodology (Kamal, 2019; Kivunja & Kuyini, 2017). The present study is based in interpretivist–subjectivist paradigm, discussed below.

5.3.1 Ontological assumptions

In the interpretivist ontology, reality is seen as socially constructed, subjective, and context-dependent (Kivunja & Kuyini, 2017). Kamal (2019) notes that the interpretivist ontology holds that reality is subjective and continually changing. Thus, the present researcher was of the view that multiple realities exist regarding the topic under study, shaped by the distinct experiences of each research participant. Interpretivism allows for exploration of participants' subjective realities, meanings, and socially constructed experiences (Kivunja & Kuyini, 2017), which were central to this research. These realities are not considered static or universally applicable, but contingent upon individual perceptions and the broader context of the COVID-19 pandemic. Thanh and Thanh (2015) note that interpretivism underscores the importance of context, which, in the present study, comprised the economic uncertainty, job insecurity, and heightened health risks associated with the COVID-19 pandemic. Being rooted in this

epistemology, the present study explored participants' subjective worldviews, capturing nuanced and context-specific insights.

5.3.2 Epistemological assumptions

Aligned with interpretivism, the present study is based in a subjectivist epistemology, which holds that reality is subjective and shaped by individuals' perceptions and interpretations of the world. Kivunja and Kuyini (2017) identify four sources of knowledge: intuitive, authoritative, logical, and empirical. The present study relied on empirical knowledge, gathered directly from non-managerial employees, thus recognising that meaning is co-constructed through dialogue and interpretation, rather than objectively measured. While interpretivism is often criticised for subjectivity and limited generalisability (Rehman & Alharthi, 2016), the aim of the present study was not to generalise findings to a broader population. Instead, it sought to provide a rich, contextualised understanding of employees' perspectives on remuneration-reduction strategies in crisis contexts. The next section describes the research approach and design followed in the study.

5.4 RESEARCH DESIGN AND APPROACH

The present study followed a qualitative research approach. Qualitative research is described as an investigative approach that seeks to understand the subjective experiences, interpretations, and perspectives of individuals within a defined context, through data in the form of words, text, and images, amongst others (Haradhan, 2018; Leeming, 2018). Denny and Weckesser (2019) note that, while the findings of a qualitative study may not be generalisable, they provide an in-depth understanding of the subjective experiences and interpretations of individuals and the meanings they ascribe to a phenomenon. While not generalisable, these findings may, however, be applicable in another context (Denny & Weckesser, 2019).

A qualitative approach was considered appropriate for the current study, as the aim was to gather in-depth and detailed information on the subjective experiences and preferences of non-managerial employees on remuneration cost-reduction measures used during the COVID-19 pandemic, which would not have been possible to the same

extent using a quantitative approach in the form of, e.g., a survey (Anderson, 2010). In the present study, the data were collected through semi-structured interviews.

Cristancho et al. (2018) explain that qualitative research investigates human and social phenomena in their natural environment, to aid understanding and interpretation of the meanings conveyed by research participants. As such, the researcher is part of the research, from collecting the data to analysis and interpretation (Haradhan, 2018). As noted by Cypress (2015), qualitative research methods enable researchers to probe the subjective meanings participants attribute to their experiences, an approach that is particularly important when the research focus involves perceptions and interpretations rather than measurable outcomes. Consistent with this perspective, the present qualitative study sought to elicit and interpret employees' subjective understandings of their experiences, thereby capturing the meanings they assign to remuneration cost-reduction measures during periods of crisis.

5.5 RESEARCH DESIGN

A research design or strategy serves as a blueprint or plan for conducting a research investigation, and informs the methods to be employed in conducting the study (Abu-Alhaija, 2019). This study adopted a single-case qualitative research design, focusing on one organisation within the South African retail sector. A case study is aimed at a detailed exploration of a multi-faceted and complex phenomenon in a delineated real-life context (Crowe et al., 2011). This phenomenon could take the form of a location, policy, organisation, individual, or a certain class of events (George & Bennet, 2005; Green & Thorogood, 2009). A case study is particularly appropriate for exploring the 'what', 'how', and 'why' of a phenomenon, requiring that the researcher situate the research by providing a detailed description of the study setting and participants (Sheikh, Smeeth & Ashcroft, 2002; Stake, 1995).

Stake (1995), in a seminal work on conducting case studies, defines three types of case studies. The intrinsic case study is focused on a unique phenomenon, while the collective case study incorporates multiple cases to present a broader picture of a phenomenon. In conducting an instrumental case study, as was done in the present study, a particular case is used to create a broader understanding of a phenomenon, and the findings may be applicable to other contexts (Stake, 1995). The present study

focused on the case of the perspective of employees in a particular organisation who had experienced reductions in remuneration during the COVID pandemic, aimed at creating a greater understanding of the phenomenon, which may inform approaches and practices in other settings.

5.6 METHODS

This section describes the study population and the procedures used for participant selection. It further explains the methods employed for data collection and data analysis.

5.6.1 Population and sampling

A study population as the entire group of individuals or objects relevant to the research question (Willie, 2024). In the current study, the study population comprised non-managerial employees working at retail companies across South Africa during the COVID-19 pandemic. This case study involved 30 non-managerial employees from a single hardware retail franchise located in the Overberg district of the Western Cape province, South Africa. Established in 2003, the company staff complement varies between 82 and 100 staff members.

As it is seldom possible to include an entire population in a research study, researchers select a sample from the study population (Willie, 2024). In the present study, participants were selected using purposive sampling, also referred to as ‘judgement sampling’, as the researcher uses own judgement to select participant who are able to contribute rich and relevant information on the phenomenon under study (Blumberg et al., 2014; Gill, 2020; Wright et al., 2016).

To qualify for participation in the present study, it was vital that the participants had experienced remuneration cost-reduction measures due to the COVID-19 pandemic. This was to ensure that participants were able to provide in-depth information of their lived experience and their preferred remuneration cost-reduction measures, as well as the underlying motivations for their preferences. The study’s inclusion and exclusion criteria are listed in Table 5.1.

Table 5. 1: Inclusion and exclusion criteria

Criterion	Inclusion	Exclusion
Employment level	Non-managerial	Managerial and executive
COVID-19 experience	Employees who were employed by the case study organisation at any point during the COVID-19 pandemic, and who had experienced a reduction in remuneration	Employees who were not employed by the case study organisation during the COVID-19 pandemic, or who had not experienced a reduction in remuneration
Employment status	Full-time	Part-time or contract

In accessing prospective participants, the researcher first sought permission from the management of the case study organisation to conduct the study. Upon receiving permission, an invitation to participate, along with a consent form, was distributed through the organisation and posted on the organisation's noticeboard. All communications with management and prospective research participants were conducted online, in compliance with the COVID-19 regulations in place at the time.

In line with the interpretivist–subjectivist paradigm and qualitative approach, which generally employs smaller samples (Boddy, 2016), the initial aim in terms of sample size was 40 participants. However, data saturation—the point at which no information emerges from additional interviews (Mwita, 2022)—had clearly been reached by 30 interviews. Nevertheless, the present researcher remained cognisant of the argument by Rahimi and Khatooni (2024) that the need for further data collection may become apparent during data analysis. Rahimi and Khatooni (2024) note that, in qualitative research, samples of 12 to 15 participants may be sufficient to reach saturation, which further supports the sufficiency of the current study's sample size. In addition, Omona (2013) argues that excessively large samples may impede a comprehensive in-depth investigation and analysis.

5.6.2 Data collection

Mwita (2022) explains that data collection methods are strategies, instruments, and procedures employed by researchers to gather data for their investigations. In the current study, semi-structured interviews, using mainly open-ended questions, were used to collect primary data, i.e., new data, rather than secondary data, which are data previously collected for another purpose by another party (Ajayi, 2017). The next section provides details on the conducting of the interviews, the pretesting of the interview guide, and the process of data collection.

5.6.2.1 Semi-structured interviews

The interviews were conducted using an interview guide (see Appendix A). This method enables the researcher to not only maintain the structure of the interview and ensure that all participants answer all the questions, but allows the researcher the flexibility to alter the order in which the questions are posed and to ask follow-up and probing questions to gain greater understanding and insights (Priyadarshini, 2020).

The use of open-ended questions also allows participants to provide comprehensive information and air their views freely (Adeoye-Olatunde & Olenik, 2021; Saunders, Lewis & Thornhill, 2015). Ruslin et al. (2022) note that, unlike closed-ended questions, open-ended questions provide a better opportunity to uncover unanticipated perspectives and information that tend to go beyond the researcher's preconceived ideas and expectations. The conversational nature of the interviews facilitated the development of rapport with the research participants, which enhanced their willingness to share their experiences and perspectives on remuneration cost-reduction measures. Ruslin et al. (2022) argue that, in interviews, there is an exchange of views between the interviewer and the interviewee, hence the contribution of the researcher in data-generation and interpretation. However, the present researcher made an effort not to ask leading questions or influence participants to give particular responses, to ensure that the data remained reflective of the participants' views.

The interviews were conducted via Microsoft Teams, which enabled the researcher to capture both verbal and non-verbal communication cues while adhering to COVID-19 protocols. The interviews were video-recorded, and the researcher also made notes

during the interviews. The interview files were transcribed verbatim, in preparation for analysis. As noted by Stuckey (2014), the recording of interviews allowed the researcher to focus on actively listening and engaging with participants, thus eliminating the distraction of the need to take extensive notes during the conversation.

Closed-ended questions were used to collect participants' demographic information and their ranking of cost-reduction measures, which data were essential to analysing and categorising the data. With regard to the collection of demographic data, the present researcher adhered to the recommendation of Adeoye-Olatunde and Olenik (2021) that, for ethical reasons, researchers should collect only data that are necessary to answer the research questions. Furthermore, the researcher remained mindful to remain neutral and not introduce bias in responses through the phrasing of follow-up questions, as recommended by Adeoye-Olatunde and Olenik (2021).

While the primary focus of semi-structured interviews is to gain in-depth insights from participants, nominal and ordinal scales of measurement could be employed to categorise responses and rank participants' preferences (Clarke & Braun, 2017). Using these scales in qualitative research allows the researcher to augment the findings with quantitative illustrations of patterns in the data (Clarke & Braun, 2017). Apart from categorising employees and linking these categories to recommended remuneration cost-reduction measures, participants' also ranked these measures in order of preference.

5.6.2.2 Pretesting of interview guide

Pretesting is a type of pilot study in which the researcher conducts a scaled-down version or simulation of the data collection process (Hurst et al., 2015). In the current study, the interview guide was tested in a pilot study to identify and rectify potential challenges related to the clarity and phrasing of the questions and the way in which the interviews would be conducted.

The 18 pilot study participants were similar to the main study participants in that they were all non-managerial employees who had experienced the implementation of remuneration cost-reduction measures at a manufacturing company situated in the Overberg district of the Western Cape province of South Africa. Participants were

volunteers but were required to meet the same inclusion criteria as the main study, as recommended by Hurst et al. (2015). Approval from both company leadership and participants was sought, and the interviews were conducted during participants' lunch hour, via Microsoft Teams. The researcher conducted the pilot study under conditions similar to those of the planned semi-structured interviews. Participants' feedback was used to refine the interview questions and ensure clarity, as well as to optimise the process of data collection, as recommended by Hurst et al. (2015) and Van Teijlingen and Hundley (2001).

5.6.2.3 Data collection process

The interviews were conducted in the last quarter of 2022 and the first quarter of 2023. To avoid disruption of participants' workflow, the interviews were conducted during their lunch breaks, at their workplace. This setting mitigated the risk of external interference, ensuring the integrity of participant responses.

At the start of each interview, the researcher reiterated the purpose of the study, and again confirmed that participants would remain anonymous, and that they had the right to withdraw from the study at any point, without negative consequences. The researcher also confirmed that the participant had given permission for the video-recording of the interview.

In the opening conversation, the researcher made every effort to establish rapport and create an atmosphere conducive to the research participants being comfortable to openly and honestly share their perspectives and the reasons for their views. The researcher also demonstrated genuine respect, empathy, neutrality, and an interest in their perspectives on the phenomenon under study. Rabionet (2011) argues that the researcher's opening statements are critical in establishing rapport with the interviewee and to elicit honest and genuine responses.

5.6.3 Data analysis

The researcher manually transcribed the interviews, making notes of verbal cues such as emphases and pauses. While manual transcription is time-consuming, it allows greater immersion in the data (Bokhove & Downey, 2018). The data were analysed

thematically using Clarke and Braun's (2017) six-step process. The thematic analysis followed an inductive approach, thus moving from detail to high-order concepts (Blumberg et al., 2014). In addition, the researcher performed quantitative calculations to identify patterns across categories of participants, e.g., rankings and preference ratios. The calculations, however, and other quantitative elements in this thesis are descriptive and used to support qualitative interpretations rather than statistical inference. The ranking data and preference ratios are used to provide descriptive support for the qualitative findings. These elements are not intended for statistical inference but serve to illustrate patterns within participants' responses and to support the interpretation of the thematic analysis.

The semi-structured interview questions were designed to explore key aspects of remuneration cost reduction and employee experiences during the COVID-19 crisis, in line with the study objectives. These questions informed the initial coding framework during data analysis. While the thematic analysis followed an inductive approach, recurring patterns in participant responses across the interview questions guided the development of codes, which were subsequently grouped into broader themes. The themes presented in Chapter 6, therefore, reflect a synthesis of participant responses across the core areas explored in the interviews, ensuring alignment between the data collection instrument and the analytical outcomes. The six steps of Clarke and Braun's (2017) method of thematic analysis, which is also supported by Caulfield (2019), are detailed below.

Step 1: Familiarisation with the data

The first step in thematic analysis is becoming familiar with the data, i.e., becoming 'immersed' in the data (Clarke & Braun, 2017). In the present study, this was achieved by the researcher manually transcribing the interviews, followed by reading and re-reading the transcripts. As advised by Braun and Clarke (2006), the researcher also made preliminary notes about information contained in the data.

Step 2: Coding

Braun and Clarke (2021) describe coding as a systematic process of identifying and highlighting information in the data that addresses the research aims. This was done, first, using ATLAS.ti, a software package for qualitative data analysis. The researcher

subsequently re-read the transcripts and the interview notes, in order to refine the codes. The researcher then exported the codes to Microsoft Word for further analysis, due to the limitations of the ATLAS.ti software in interpreting and categorising the codes, as noted by (Christou, 2022). The researcher categorised the codes according to their relatedness in answering the research questions.

Step 3: Categorising the codes

The next step was to group the codes according to relatedness into categories or sub-themes, in order to start developing overarching themes (Braun & Clarke, 2006). Through this process, meaningful connections between concepts were established, enabling the consolidation of emerging themes.

Step 4: Refining the themes

Refining themes entails ensuring that they reflect the information contained in the data (Dawadi, 2020; Kiger & Varpio, 2020) and that they answer the research questions (Maguire & Delahunt, 2017). Ryan and Bernard (2003) and Nowell et al. (2017) argue that it is important to clearly describe how themes were derived from the data. In the current study, the criteria shown in Table 5.2 were applied in developing and refining the themes.

Table 5. 2: Criteria applied in developing the themes

Criterion	**Description**
Patterns in data	Repeated ideas in the data
Highly significant ideas	Critical or interesting findings from the data
Important insights	Significant findings that answer the research questions
Breadth	Ideas that cover a wide range of collected data
Depth	Ideas that give in-depth answers to the research questions

Sources: Braun and Clarke (2006:82), Braun and Clarke (2021:39), Ryan and Bernard (2003:87-89)

The criteria listed in Table 5.2 guided the researcher in conducting a consistent, focused, rigorous, and reflexive inductive thematic analysis and minimising analytic bias. These criteria supported a systematic and transparent analytic process in which themes were derived from the data rather than predetermined theoretical assumptions, thereby enhancing the trustworthiness of the analysis. Nowell et al. (2017) emphasise that clearly articulated criteria for theme identification, together with a well-documented audit trail, are essential for strengthening the credibility and dependability of qualitative research.

In refining the developed themes, the researcher, merged, split, and added more themes to ensure internal homogeneity and external heterogeneity of the themes, as recommended by Javadi and Zarea (2016). A theme should demonstrate internal homogeneity through its data extracts' meaningful alignment with the theme, while external heterogeneity requires that a theme be different from other themes, capturing its own unique aspects of the data (Javadi & Zarea, 2016). Refining the themes also requires ensuring that the themes are based on relevant, coherent, and adequate codes and categories (Braun & Clarke, 2006; Kiger & Varpio, 2020).

Step 5: Labelling the themes

Labelling themes entails formulating a concise and descriptive 'name' for each theme, one that is a precise articulation of each theme's conceptual meaning and its explanatory power (Caulfield, 2023). This step ensures that the themes are clearly distinguishable, analytically coherent, and meaningfully aligned with the data.

Step 6: Writing up the findings

The final step in Braun and Clark's (2006) thematic analysis process is to write up the findings that emerged from the data according to the themes, together with supporting evidence in the form of verbatim extracts from the interview transcripts. This stage integrates analytic interpretation with empirical evidence derived from the data to demonstrate the credibility and depth of the themes.

5.7 TIME HORIZON

A study could follow either a cross-sectional or longitudinal time horizon. In following a cross-sectional horizon, data are collected at a single point in time, whereas, in longitudinal research, data are gathered intermittently over an extended period, in order to enable comparisons and identify changes over time (Blumberg et al., 2014). The present study was cross-sectional, which is both cost-effective and time-efficient (Blumberg et al., 2014).

5.8 TRUSTWORTHINESS

The rigour of a qualitative study is enhanced by meeting the four criteria of trustworthiness, namely credibility, transferability, dependability, and confirmability (Alonzo & Teng, 2023; Cope, 2014; Kivunja & Kuyini, 2017), rather than the quantitative criteria of validity and reliability (Curtin & Fossey, 2007). The present researcher employed the strategies to ensure trustworthiness proposed by Phillips et al. (2014) and Kivunja and Kuyini (2017).

5.8.1 Credibility

Credibility, which parallels internal validity in quantitative research, refers to the confidence that can be placed in the truth of the data and interpretations (Kalu & Bwalya, 2017). The present study's credibility was enhanced through prolonged engagement with the participants in order to encourage them to freely share and elaborate on their experiences and perspectives, as recommended by Dado, Spence, and Elliot (2023). In several instances, interviews extended beyond the planned 60 minutes, enabling the researcher to develop rapport and explore responses in greater depth. As noted, the interviews were recorded to ensure accuracy of the data.

5.8.2 Transferability

While qualitative findings are not generalisable, they may be applicable to other settings or contexts (Kivunja & Kuyini, 2017). This requires that the researcher provide sufficient details regarding a study's setting and methodology to enable readers to judge whether the findings are transferable (Kivunja & Kuyini, 2017). The present

study provides rich descriptions of the study setting, participant demographics, and the socio-economic context of the COVID-19 pandemic. These descriptions enable readers and future researchers to assess the applicability of the findings to similar organisational or crisis contexts.

5.8.3 Dependability

Dependability, which refers to the consistency of a study's findings, is achieved by following a rigorous research process and ensuring that the findings of the study are consistent with the raw data. Dependability is also enhanced by peer debriefing with regard to the research process and how the findings were derived from the data (Cope, 2014). To ensure dependability in the present study, the researcher provides a detailed description of the widely recognised and appropriate methodology followed in conducting the study. The discussions include reasons for methodological decisions and an auditable trail of the processes followed, including pre-testing of the interview protocol, participant recruitment, and data analysis. Such transparency may enable other researchers to replicate the study in similar contexts (Cope, 2014).

5.8.4 Confirmability

Confirmability refers to the extent to which the findings of a study are free from researcher bias (Cope, 2014; Kivunja & Kuyini, 2017). As Finlay (2002) noted, reflexivity involves critical self-reflection to manage personal biases. Ranney et al. (2015) advised researchers to be cognisant of their own background, biases, values, and beliefs, and to take measures to minimise their influence on the research process. To ensure such objectivity, the researcher engaged in reflexivity throughout the study to prevent personal biases and preconceived notions influencing the design of the study and the interpretation of the data. Field notes, memos, and verbatim transcripts support the findings, showing that the present researcher's interpretations are firmly rooted in the participants' perspectives.

The researcher adopted the role of an external, non-participant interviewer, which reduce the likelihood of influencing participants' responses. However, as with all qualitative inquiry, the researcher's interpretivist stance and prior knowledge of remuneration practices may have shaped the framing of interview questions, the

interpretation of participant narratives, and the emphasis placed on particular themes. To mitigate potential bias, the study employed several strategies, including maintaining a reflexive stance, using an interview guide to ensure consistency, audio-recording and transcribing interviews verbatim, and subjecting the coding process to iterative comparison and verification. These measures strengthened the confirmability of the findings while acknowledging that the complete elimination of researcher subjectivity is neither possible nor desirable within an interpretivist paradigm.

5.8.5 Authenticity

Authenticity, as discussed by Lehman et al. (2019) and grounded in the work of Lincoln and Guba (1989), refers to the extent to which a study accurately represents the diverse perspectives and experiences of participants. To enhance the present study's authenticity, the researcher encouraged participants to freely articulate their views in a respectful and non-judgmental environment, thereby facilitating open dialogue. The researcher also ensured that participants divergent views were reflected in the reporting.

Wood, Daley-Moore, and Powell (2019) argue that the interviewer carries some degree of power over the participants. The present researcher acknowledged this view, and not only developed rapport and mutual respect with each interviewee from the interview outset, but also informed each interviewee of their right to withdraw their participation at any point during the interview.

While the data were systematically analysed, both manually and using ATLAS.ti, the researcher was at the centre of the development and interpretation of the themes, underscoring the importance of reflexivity to minimise the influence of the researcher's subjectivity. Reflexivity supported the researcher coding, categorising, and interpreting the collected data according to participants' perspectives, and not the researcher's preconceived ideas. Reflexivity was practised throughout the research process, as the researcher was cognisant of the fact that a researcher's pre-conceived assumptions, personality, previous experience, and interactions with participants may introduce bias, not only during data collection, but also in analysis and interpretation of the data, which entails continuous self-interrogation regarding interpretation and research decisions.

Potential bias in follow-up questions that are leading poses a risk during interviews. However, through self-reflection, the researcher kept the probing questions as neutral as possible, to ensure that participants expressed their undiluted perspective on the issues under discussion. Santhosh, Rojas, and Lyons (2021) argue that researchers should not state their views or ask suggestive questions, as this solicits biased responses from participants. The next section discusses the ethical issues that were considered pertinent to the present study.

5.9 ETHICAL CONSIDERATIONS

This study received formal ethical clearance (Approval number: 2022_CRERC_035FA; see Appendix D), and was conducted in accordance with the University of South Africa's (UNISA) research ethics policy. To ensure justice, all participants were treated fairly, with no discrimination or undue burden. The researcher upheld cultural respect by ensuring the rights, beliefs, and dignity of all participants were respected. To ensure transparency, the research objectives and use of data were clearly communicated to participants. The research process also adhered to all COVID-19 protocols in effect at the time, including social distancing, using remote technology in the form of Microsoft Teams to conduct the interviews. Informed consent was obtained from all participants prior to commencement of the interviews, and participants had to sign an informed consent form (see Appendix C).

The researcher established an atmosphere of mutual respect and trust during interviews to ensure participants felt safe to express their views. Respect was particularly critical in managing potential power imbalances between the researcher and participants (DeJonckheere & Vaughn, 2019). To mitigate perceived coercion, participants were explicitly assured that their decision whether to participate would have no effect on their employment or professional standing.

Participants were informed of the aim of the study and what their participation would entail (see Appendix B), as well as of their rights. Participation was voluntary, with the option to withdraw at any stage, and participants were not remunerated for their participation (Nii Laryeafio & Ogbewe, 2023). Participants were assured that their data would be deleted if they chose to cease participation in the study.

To ensure anonymity, participants were assigned a pseudonym in the form of a participant number, e.g., Participant 1, in the reporting. The researcher also ensured that no personal identifiers were used in the reporting. The data are stored in a password protected file to which only the researcher has access.

Consistent with Blumberg et al. (2014), who define research ethics as a framework for moral responsibility in dealing with all stakeholders, the present researcher remained committed to safeguarding participants' rights, dignity, and well-being throughout the research process. The ethical principles were integrated from the inception of the study, preceding even participant recruitment (DeJonckheere & Vaughn, 2019).

5.10 CHAPTER SUMMARY

This chapter provided a detailed discussion of the study methodology, starting with the interpretivist–subjectivist paradigm in which the study was anchored. This was followed by discussions of the qualitative research approach and the case study research design. Subsequent sections discussed the study population and the purposive method used to select the sample, the conducting of semi-structured interview to collect data, and thematic analysis, coupled with quantitative analysis, to analyse the data. Thereafter, the chapter provided details on the strategies employed to ensure rigour and the ethical principles that were upheld throughout the study. The next chapter presents the findings of the study.

CHAPTER 6: FINDINGS

6.1 INTRODUCTION

This chapter presents the findings of the thematic analysis of the data collected through 30 individual semi-structured interviews with South African non-managerial employees regarding their preferred remuneration cost-reduction measures during the COVID-19 pandemic. Braun and Clarke's (2006) six-step process was used to identify themes in the data, while quantitative analyses were performed to determine trends in the data across categories of participants. The reporting of the findings commences with the participant demographics, which is followed by the qualitative findings and quantitative results.

6.2 PARTICIPANT DEMOGRAPHICS

The sample comprised 13 self-identified women and 17 men, with ages ranging from 21 to 57 years. Participants represented three racial groups, namely black African (22), white (five), and Coloured (three). Participants were asked to indicate their highest level of education. For reporting purposes, 'matric' is referred to as Grade 12 (also known as the National Senior Certificate), while a post-matric qualification is referred to as a 'tertiary qualification' (e.g., certificate, diploma, or degree). A total of 12 participants had not completed Grade 12, 12 had completed Grade 12, and six held a tertiary qualification. The demographic information of the study's participants is summarised in Table 6.1.

Table 6.1: Participant profile

Participant	Age	Gender	Race	Educational level	Marital status	Job/Position
1	38	Male	Black African	Grade 12	Married	Sales assistant
2	23	Male	Black African	Tertiary qualification	Single	Sales assistant
3	23	Male	Black African	Grade 12	Single	General assistant
4	22	Male	Black African	Grade 12	Single	Sales assistant
5	22	Female	White	Grade 12	Single	Shop assistant

Participant	Age	Gender	Race	Educational level	Marital status	Job/Position
6	36	Female	Black African	Grade 12	Single	Merchandiser
7	24	Female	Black African	Grade 12	Single	Cashier
8	37	Male	Black African	Grade 8	Married	Sales assistant
9	48	Male	Black African	Grade 6	Married	General assistant
10	21	Female	Black African	Grade 12	Single	Cashier
11	26	Male	Coloured	Grade 10	Single	Sales assistant
12	28	Female	Black African	Grade 11	Single	Cashier
13	45	Male	White	Grade 12	Married	Supervisor
14	47	Male	White	Grade 12	Married	Inventory supervisor
15	28	Male	Coloured	Grade 9	Single	Forklift operator/driver
16	23	Female	Black African	Grade 10	Single	Stock clerk
17	32	Male	Black African	Tertiary qualification	Married	Sales assistant
18	40	Female	Black African	Grade 12	Single	Cashier
19	24	Female	Black African	Grade 10	Single	Stock clerk
20	41	Male	Coloured	Tertiary qualification	Married	Sales assistant
21	21	Male	Black African	Tertiary qualification	Single	General assistant
22	26	Male	White	Grade 12	Single	Sales assistant
23	41	Female	White	Grade 10	Engaged	Sales assistant
24	41	Female	Black African	Grade 12	Married	Receptionist
25	31	Female	Black African	Grade 9	Single	Sales assistant
26	27	Female	Black African	Tertiary qualification	Single	Cashier
27	26	Female	Black African	Tertiary qualification	Single	Cashier
28	29	Male	Black African	Grade 11	Single	General assistant
29	57	Male	Black African	Grade 10	Married	Sales assistant
30	29	Male	Black African	Grade 7	Single	Driver

The study participants reflected diversity across race, marital status, education, gender, age, and job/position. This allowed the researcher to capture a wide range of experiences and perspectives. Table 6.2 provides a summary of the numbers of participant according to demographics.

Table 6.2: Summary of participant demographics

Category	Subcategory	Number
Race	Black African	22
	White	5
	Coloured	3
Marital status	Married	9
	Engaged	1
	Single	20
Gender	Female	13
	Male	17
Educational level*	Below Grade 12	12
	Grade 12	12
	Tertiary qualification	6

Figure 6.1 provides a visual representation of participants' demographic data, categorised by gender, race, educational level, and marital status.

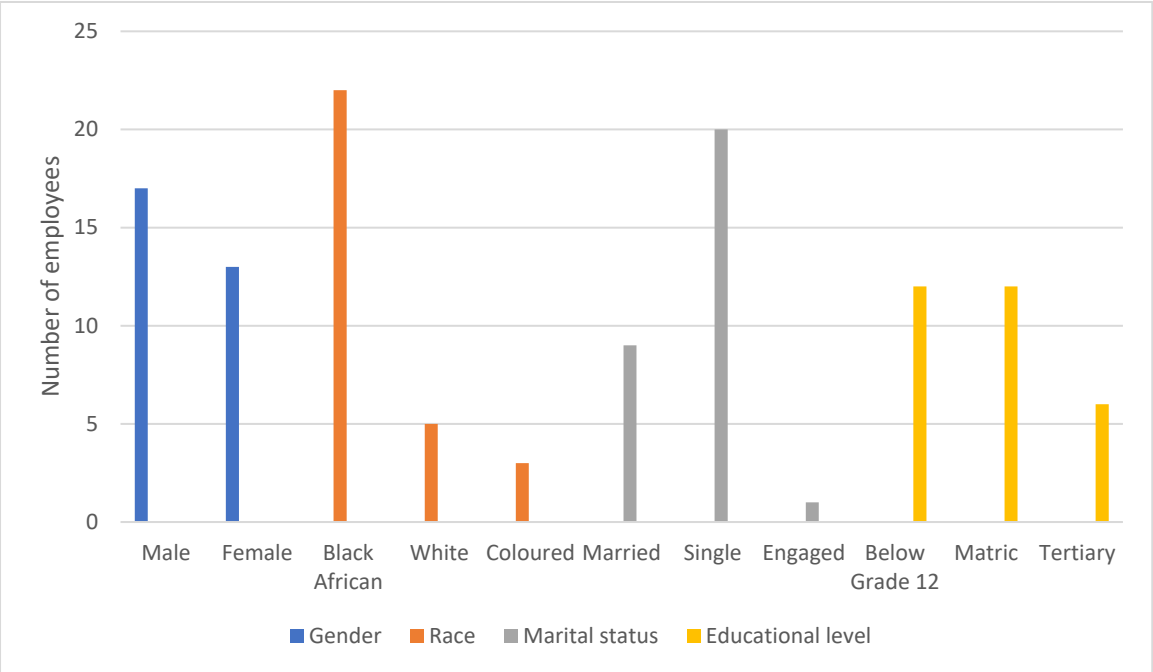

Figure 6.1: Illustration of study participants' demographic data

As illustrated in Figure 6.1, the Black African racial group constituted the majority of the participants. The sample comprised more single than married participants. Figure 6.2 illustrates the age distribution of the study participants.

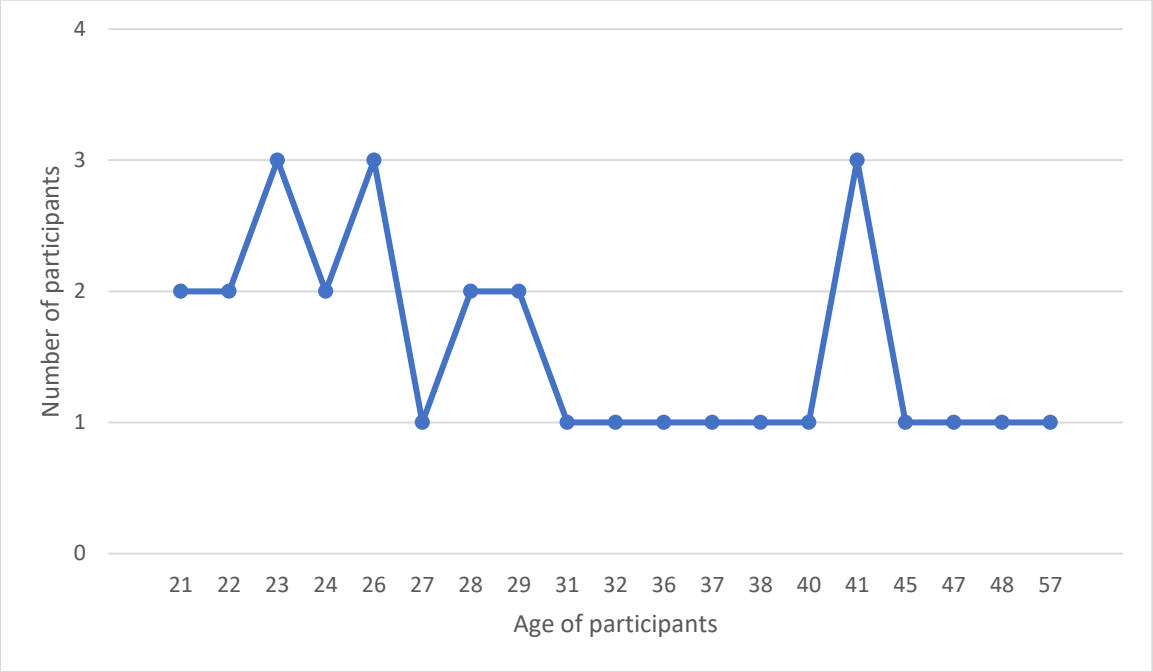

Figure 6.2: Age distribution of study participants

As shown in Figure 6.2, more than 60% of participants were below the age of 35 years. The youngest participant was 21 years, while the oldest was 57 years of age.

Figure 6.3 illustrates the distribution of study participants across various job categories, including driver, supervisor, sales assistant, general assistant, stock clerk, cashier, and shop assistant.

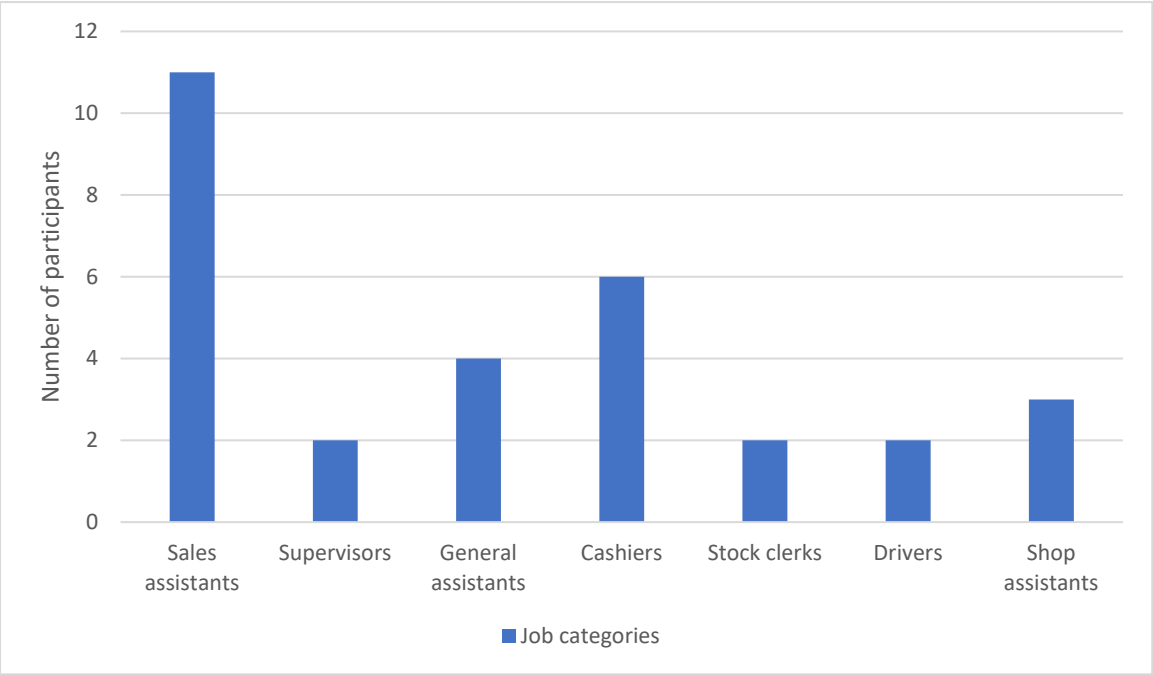

Figure 6.3: Distribution of employees by job category

Sales assistants were the largest group, with 11 participants, while supervisors, stock clerks, and drivers were the smallest groups, with two participants each. While sales assistants constituted the largest group, the other six job categories accounted for over 60% of participants. The next section presents the study findings according to the emergent themes and their categories.

6.3 THEMES AND CATEGORIES

The researcher adopted an integrated approach, combining manual coding with ATLAS.ti to generate initial codes, which were subsequently synthesised manually into

categories in order to identify the final set of four themes. Four themes emerged from the data: *Employment security, Employee consultation and contextual co-operation*, *Morale and productivity declines with remuneration reduction*, and *Employee financial and overall well-being*, as shown in Figure 6.4.

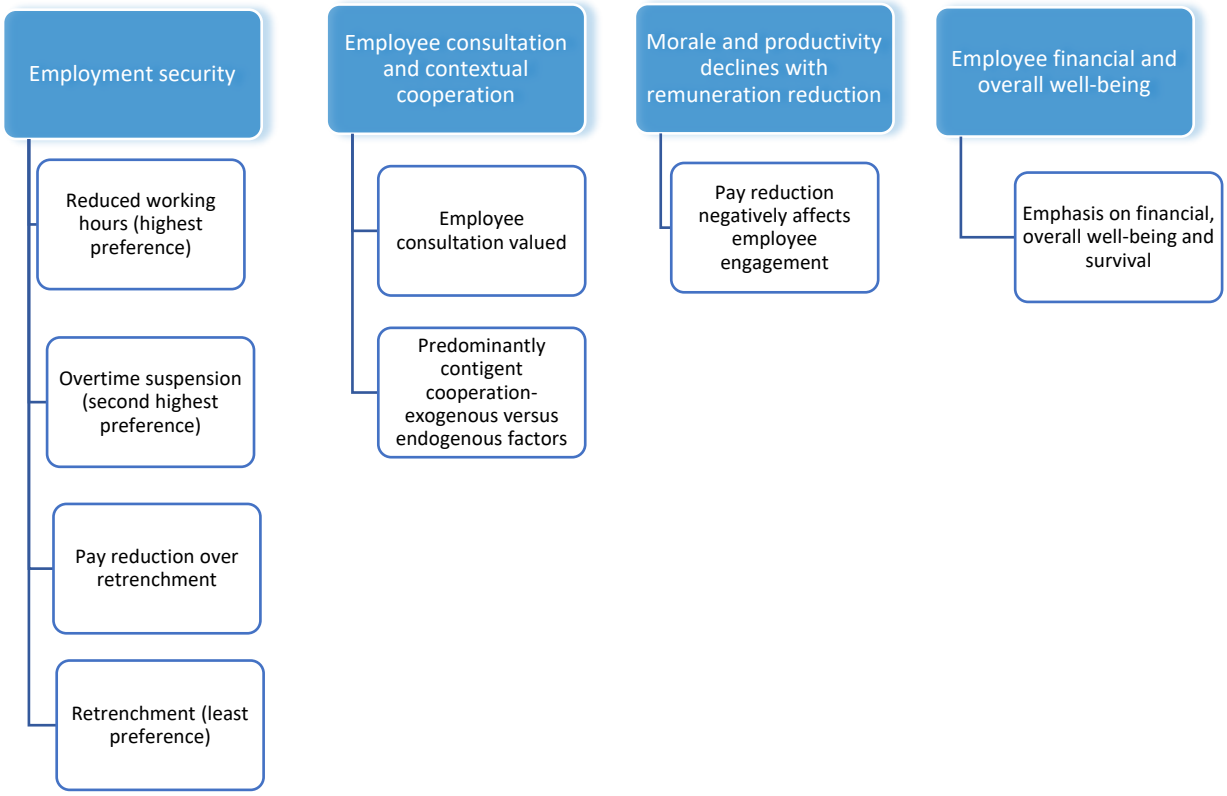

Figure 6.4: Themes and categories

The identified themes are presented and discussed according to their respective categories to ensure conceptual clarity and coherence. Each theme is substantiated with verbatim extracts from the participants' interview transcripts, to provide empirical support and enhance the credibility of the findings.

6.3.1 Theme: Employee consultation and contextual co-operation

Participants emphasised the importance of consultation during decision-making processes about remuneration cost-reduction measures. They expressed that consultation allows them to offer input and understand management's perspective while, at the same time, feeling valued, which contributed to enhanced acceptance of the necessary measures.

"…I need to understand what management has to say" (Participant 29).

"Consultation means you know what is going on, so communication from management is important" (Participant 23).

"If they don't consult me, I will be unhappy and start asking questions" (Participant 7).

"Consultation will make me understand what I am getting myself into" (Participant 26).

"…talking to me first is important, instead of just making a decision without consulting me" (Participant 18).

Apart from the origin of the crisis, the presence or absence of consultation influences employees' perceptions and, thus, their co-operation with the process. Participants valued the opportunity to provide their input, and perceived that management considered their perspectives, which likely facilitated their co-operation with proposed remuneration cost-reduction measures.

This theme comprises two categories, namely *Positive co-operation* and *Indifferent or negative co-operation*, with participants noting that they would be less inclined to co-operate if management were deemed responsible for the organisation's financial woes.

6.3.1.1 Positive

As noted, participants indicated that they would be more willing to co-operate if they had been consulted in the process. However, their co-operation would also affected by whether the pay reduction resulted from external factors, such as the COVID-19 pandemic.

"I will positively co-operate because I have to understand what management says" (Participant 28).

"I will positively co-operate because I understand the problems caused by the COVID-19 pandemic" (Participant 27).

"I will positively co-operate because COVID-19 is not management's fault" (Participant 24).

"I will co-operate positively because it's not management's fault" (Participant 10).

Interestingly, some participants indicated that they would co-operate with positivity even if the need for remuneration reductions were attributable to poor management.

"I will co-operate in the meeting with a positive mind because I am a positive person. In addition, everyone makes mistakes, because they are human" (Participant 23).

"I will positively co-operate with management because I am a positive person, and human error is normal" (Participant 20).

"I would not be happy, but I will go with a positive mind… Managers are human, they also fail sometimes…" (Participant 4).

Most participants expressed willingness to co-operate with management if the crisis were attributable to exogenous factors rather than to management failures (endogenous factors).

6.3.1.2 Ambivalent, indifferent, or negative

The stance of participants who were not positive ranged from ambivalent to indifferent and a negative mindset.

"I will co-operate, but in both a positive and negative mood, because I would want to know how much I will be losing due to the proposed pay cut" (Participant 16).

"I will be indifferent until I hear their side of the story" (Participant 18).

"I will indifferently co-operate because I will be losing money through pay cut" (Participant 19).

"I won't co-operate positively because its management's fault and they should take the blame for it" (Participant 13).

These findings indicate a range of attitudes, with some responses indicating that employees would tend to be more co-operative if the crisis emanated from an external source. However, irrespective of the source, most participants expressed the desire to be informed and involved in the process. The emphasis participants placed on consultation provides an important foundation for understanding their subsequent preferences regarding employment security and other cost-reduction measures. This suggests that consultation is not simply a procedural issue but plays a central role in how participants evaluate fairness and organisational support during periods of uncertainty. This pattern is consistent with social exchange and procedural justice perspectives, which highlight that employees are more likely to respond co-operatively when decision-making processes are perceived as fair and inclusive.

6.3.2 Theme: Employment security

Building on the importance of consultation, participants overwhelmingly preferred to maintain their employment, even with reduced pay or hours, over the risk of retrenchment. This preference was driven by a concern for job security in uncertain economic conditions.

> *"It's better because at least I have a job"* (Participant 12).
>
> *"If retrenched, it will take time for me to get job"* (Participant 27).
>
> *"With retrenchment, it's difficult to find a job"* (Participant 6).
>
> *"…when you say retrenchment… what does it mean to me and my family? Everything is taken away from me"* (Participant 1).
>
> *"Retrenchment is permanent, and you will have to start anew from nothing, looking for a new job"* (Participant 30).
>
> *"Retrenchment takes a job permanently"* (Participant 24).
>
> *"Unemployment is too high in South Africa, so retrenchment should be the last resort"* (Participant 20).

From the above, it is clear that participants fear losing their employment for a number of reasons, including not being able to meet the financial needs of their family. What is clear from these excerpts is that there is a pervasive fear of long-term unemployment due to the country's insufficient employment opportunities, leaving participants without an income for an extended period before they are able to secure alternative employment. The sections below report participants' top three alternatives to retrenchment, in order of preference.

6.3.2.1 Reduced work hours: The most preferred measure

Participants consistently preferred reduced working hours over other remuneration cost-reduction measures. Retaining a job, even with fewer hours, was viewed as more favourable than facing the uncertainty of unemployment.

> *"Instead of closing the business, it's better to reduce hours. I get some income when my hours are reduced"* (Participant 7).

> *"I still have to keep my job, and working less, but at least I still get some money"* (Participant 17).

> *"As long as I am working, I am happy"* (Participant 20).

> *"Work some shifts, cut hours, not remuneration, because we have debts, children, family to look after"* (Participant 1).

Interestingly, some participants' responses indicated consideration of fellow employees.

> *"I would recommend cutting hours so that every employee can have something to survive"* (Participant 24).

> *"This gives the company some relief on remuneration expenses. In addition, more employees can be paid on reduced working hours"* (Participant 21).

> *"Every employee has a chance to work and not stay at home"* (Participant 30).

> *"I would recommend work sharing such that some employees work this week and others the following week"* (Participant 18).

The excerpts indicate that their preference is for reduced working hours, not a reduction in the remuneration per hour. Some tied this to consideration of the greater good of the collective in the form of sharing the available remuneration sources.

6.3.2.2 Overtime suspension: The second most preferred measure

Participants' second choice was the suspension of paid overtime work.

> *"I can work my normal time and get paid if the company does not have funds for overtime because of the COVID-19 crisis"* (Participant 10).

> *"…doesn't affect much employee monthly income. It's the best way for a company to save money"* (Participant 22).

> *"As long as I have my basic salary, I am fine, because I can provide for my children"* (Participant 29).

> *"It's better to be paid my normal time without working overtime"* (Participant 16).

> *"I don't have to work overtime. I can manage with normal hours"* (Participant 13).

Again, participants noted the importance of maintaining their employment status and being able to meet the basic needs of their family.

6.3.2.3 Pay reduction preferred over retrenchment

Most participants expressed a preference for a pay reduction, as this strategy was ranked third out of the nine cost-reduction measures. Participants argued that a pay reduction would enable them to retain their jobs and maintain some income, both of which were considered crucial to their financial stability.

> *"I would choose a pay cut because, at least, I have a job instead of being retrenched"* (Participant 17).

> *"I would choose pay cut because you can still get some income, unlike being retrenched"* (Participant 14).

"I would choose pay cut and not retrenchment because I have five dependants. I can't be without work" (Participant 20).

"I would choose a pay cut because I can survive with a pay cut than being retrenched" (Participant 26).

"I will accept a pay cut because it's better than nothing. With retrenchment, it's difficult to find a job" (Participant 6).

"I would choose pay cut because less pay is better than nothing, since you can buy food and pay bills" (Participant 29).

"I won't be happy, but getting something is better than nothing" (Participant 7).

"I would choose pay cut because being retrenched is permanent. The retrenchment package will get finished, but with pay cut you get something to survive and adjust to the lower wage level you are now getting" (Participant 24).

"With a pay cut, I can at least buy food" (Participant 30).

"I will take a pay cut because I have bills to pay, like rent and food" (Participant 12).

"I will take a pay cut because I can't stay home for three months without income" (Participant 10).

"I would choose pay cut because, after the crisis, I might get my normal pay rate back, but, with retrenchment, I lose my job" (Participant 21).

Participants favoured a pay cut over retrenchment mainly for longer-term survival—paying the rent and buying food, with some expressing the concern that job loss would have a deleterious impact on their dependants, which they considered a grave concern. They were of the view that a temporary pay reduction is preferable to a finite retrenchment package and seeking employment in a limited market. The strong preference for employment security reinforces the earlier finding on consultation, suggesting that employees' willingness to co-operate is closely tied to their sense of employment security. This indicates that during crisis conditions, participants treat employment security as a priority, with a clear preference for measures that protect

income continuity. Such responses reflect the salience of lower-order needs as described in Maslow's hierarchy, as well as the emphasis placed by conservation of resources theory on protecting critical financial and employment-related resources under conditions of uncertainty.

6.3.3 Theme: Morale and productivity decline with reduced remuneration

Alongside concerns about security, participants overwhelmingly expressed that pay reductions result in decreased morale and productivity. The general sentiment was that reducing wages would demotivate employees, especially when wages are already low.

> *"Morale will decline because employees and their families are affected financially. Productivity will decline because they will be stressed…"* (Participant 17).

> *"The decline in morale and productivity is because our wages are already low, so reducing remuneration further will affect the majority of employees' morale and productivity"* (Participant 30).

> *"If everyone gets a reduction in pay, you can't work hard for nothing"* (Participant 3).

> *"Productivity will decrease because I will just be negligent and develop an 'I don't care' attitude"* (Participant 7).

> *"Morale will very much decline because no one wants their wages cut, because our wages are already low. Productivity for the majority will decline because no one wants to work harder and get paid less"* (Participant 22).

It is clear from the data that a reduction in remuneration will inevitably lead to lowered morale and productivity, despite some of the participants, e.g., Participant 30, expressing care for other employees in exposure to reduced income, which indicates a measure of togetherness in a crisis. The data also indicate that declines in morale and productivity associated with reductions in remuneration occur regardless of whether such measures arise from the COVID-19 pandemic or endogenous factors. The reported decline in morale and productivity further contextualises why participants

in the case study prioritised both consultation and employment security, indicating that psychological and economic concerns were deeply interconnected. This suggests that reductions in remuneration are interpreted not only in financial terms, but also as signals of imbalance in the employment relationship, with negative implications for both morale and productivity. In this respect, the finding resonates with equity theory and psychological contract perspectives, which emphasise that perceived unfairness and unmet expectations can weaken employee motivation and engagement.

6.3.4 Theme: Emphasis on employee financial and overall well-being

The data indicate that participants consistently emphasised the importance of financial security, particularly during periods of financial uncertainty such as the COVID-19 pandemic. Beyond organisational consideration participants further placed strong emphasis on their overall well-being and survival in the wake of the crisis, reflecting a basic human instinct during periods of uncertainty and difficulty. The following excerpts illustrate participants' perceptions of the importance of financial security and well-being during the crisis.

> *"Getting something is better than nothing"* (Participant 24).
>
> *"I will take a pay cut because I can't stay three months with no income"* (Participant 30).
>
> *"Work some shifts, cut hours, not remuneration, because we have debts, children, family to look after"* (Participant 1).
>
> *"With a pay cut, I can at least buy food"* (Participant 30).
>
> *"As long as I have my basic salary, I am fine, because I can provide for my children"* (Participant 29).

The data suggest that participants value a stable income, as it enables them to maintain the capacity to meet their basic needs. Income stability was frequently associated with financial security, predictability in household budgeting, and the ability to endure the crisis, even at a reduced level of remuneration. The emphasis on financial and overall, well-being integrates with the preceding themes, illustrating that employees' preferences were shaped by a holistic concern for survival, stability, and

fair treatment during the crisis. This indicates that participants assess remuneration cost-reduction measures in relation to their broader financial and psychological well-being, rather than as isolated organisational decisions. This pattern aligns with the conservation of resources theory, which emphasises that perceived loss of financial stability constitutes a significant stressor, particularly during periods of sustained uncertainty.

As advised by Braun and Clarke (2006), the researcher utilised graphs to better visualise the data so as to systematically categorise codes into themes. Figure 6.5 illustrates the themes and categories, as well as their interconnections.

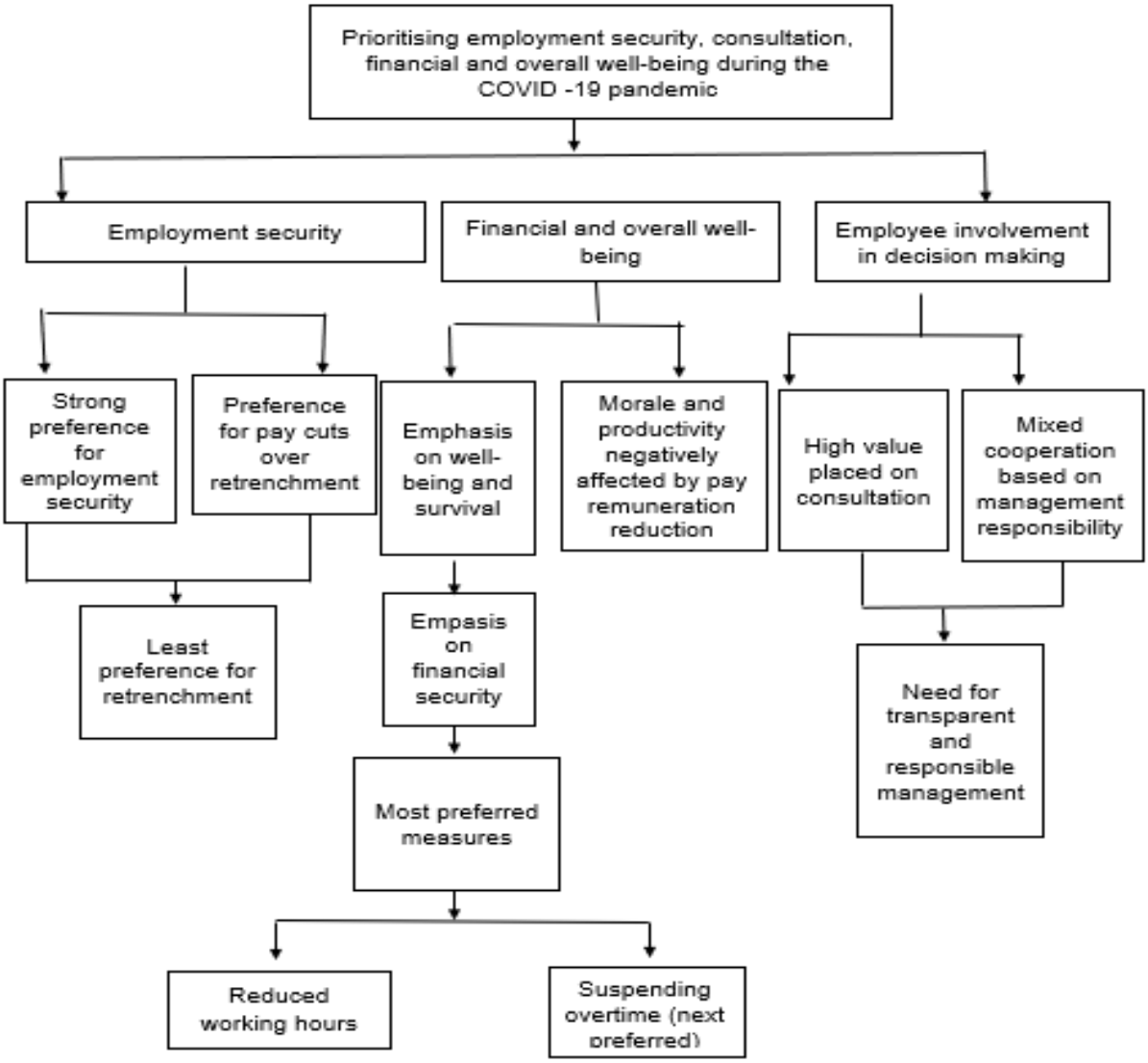

Figure 6. 5: Interconnection of themes

The core idea illustrated in Figure 6.5 is that most participants prioritised employment security and financial well-being during the COVID-19 pandemic. These themes are closely linked to other themes that indicate a preference for the preservation and protection of employment, the maintenance of employee well-being, and employee involvement in decision-making on issues that affect their lives.

6.4 RANKING OF REMUNERATION COST-REDUCTION MEASURES

One of the secondary objectives of the study was to explore how employees ranked remuneration cost-reduction measures in order of preference in response to financial challenges arising from the COVID-19 pandemic and similar future crises. The ranking of remuneration cost-reduction measures aligns closely with the thematic findings, particularly employees' prioritisation of employment security and financial stability. These quantitative elements are descriptive and support qualitative interpretation, not statistical inference. As indicated in Table 6.3, participants most frequently ranked reducing working hours as their top preference, followed by suspension of overtime work. In contrast, retrenchment was generally ranked as the least preferred measure by most participants, although one participant indicated it as the primary choice.

Table 6.3: Participants' ranking of remuneration reduction measures

Participant	**Ranking of remuneration cost-reduction measures**								
	Reduced working hours	Taking accrued leave	Suspending overtime work	Reducing operational expense	Implementing no-pay leave	Temporary freeze on salary	Temporary lay-off	Retrenchment	Pay reduction
1	1	2	3	4	5	6	7	8	9
2	3	7	2	1	5	4	6	9	8
3	3	1	8	5	7	6	9	4	2
4	4	7	1	6	3	5	8	9	2
5	2	1	3	4	8	5	7	9	6
6	2	3	7	4	8	5	6	9	1
7	1	5	3	2	7	4	8	9	6
8	9	5	8	7	3	4	2	6	1
9	7	4	6	5	8	3	2	9	1
10	3	7	1	5	9	6	8	4	2
11	1	4	7	5	8	6	2	9	3
12	1	6	2	7	8	4	5	9	3

Participant	Ranking of remuneration cost-reduction measures								
	Reduced working hours	Taking accrued leave	Suspending overtime work	Reducing operational expense	Implementing no-pay leave	Temporary freeze on salary	Temporary lay-off	Retrenchment	Pay reduction
13	2	3	1	4	8	6	7	9	5
14	2	6	4	3	7	1	8	9	5
15	9	7	3	8	5	6	4	1	2
16	2	7	1	3	6	8	5	9	4
17	1	5	3	4	7	6	8	9	2
18	1	2	3	6	8	5	7	9	4
19	2	3	1	4	8	5	7	9	6
20	1	7	3	5	6	4	8	9	2
21	1	6	3	4	8	5	7	9	2
22	5	6	1	7	2	3	8	9	4
23	2	7	3	6	8	4	5	9	1
24	4	5	2	1	7	3	8	9	6
25	4	6	2	1	7	5	8	9	3
26	2	7	1	3	8	5	6	9	4
27	2	3	4	6	7	5	8	9	1
28	2	4	1	6	3	7	9	8	5
29	7	5	1	2	9	3	6	8	4
30	1	4	3	8	5	6	7	9	2
Total	**87**	**145**	**91**	**136**	**198**	**145**	**196**	**246**	**106**
Average ranking ratio	**2.9**	**4.8**	**3.0**	**4.5**	**6.6**	**4.8**	**6.5**	**8.2**	**3.5**

Taken together, these results indicate that participants assess remuneration cost-reduction measures in relation to their broader financial and psychological well-being, rather than as isolated organisational decisions. This pattern aligns with the conservation of resources theory, which emphasises that perceived loss of financial stability constitutes a significant stressor, particularly during periods of sustained uncertainty.

While both reducing working hours and suspending overtime work were ranked as the top preference by nine participants, reducing working hours was consistently ranked higher overall. These results suggest that employees strongly prefer measures that preserve employment and income, while more severe measures like retrenchment or

temporary lay-offs are less acceptable. The preference ratio was calculated using the following formula:

$$\textit{Preference ratio} = \frac{\textit{Maximum ranking value}}{\textit{Average ranking}}$$

The preference ratio converts the average ranking of remuneration cost-reduction measures into a ratio between a minimum rank of 1 and a maximum of 9. The formula for calculating the preference ratio divides the maximum possible ranking value of 9 by the average ranking values derived from participants' ranking of each remuneration cost-reduction measure. Although the average ranking values indicate the order in which participants prefer remuneration cost-reduction measures, the preference ratios illustrate the comparisons more clearly by expressing higher preference ratios as representing stronger preferences, while low preference ratios represent weaker preferences. The calculated preference ratios not only provide a simple and practical way to analyse ranked data, but also logically compare the relative strength of preferences.

The use of preference ratios in this study may differ from other studies, as this method is dependent on the field of study and the methodology used. The objective in the present study was to quantify and compare preferences on values indicated through a ratio, defined as the proportion of the selected option relative to the options available (Hill et al., 2019). Participants' preference ratios are reported in Table 6.4.

Table 6.4: Preference ratios of remuneration cost-reduction measures

Remuneration cost-reduction measure	Preference ratio
Reduced working hours/flexible work schedule	3.1
Taking accrued leave	1.9
Suspending overtime work	3.0
Reducing operational expenses	2.0
Implementing no-pay leave	1.4
Temporary freeze on salary and or merit increases	1.9
Temporary lay-off	1.4
Retrenchment	1.1
Pay reduction	2.5

Reducing working hours scored the highest ratio at 3.1, and suspending overtime work had a slightly lower preference ratio of 3.0. Retrenchment scored the lowest, at 1.1. Figure 6.6 presents a bar graph of the preference ratios.

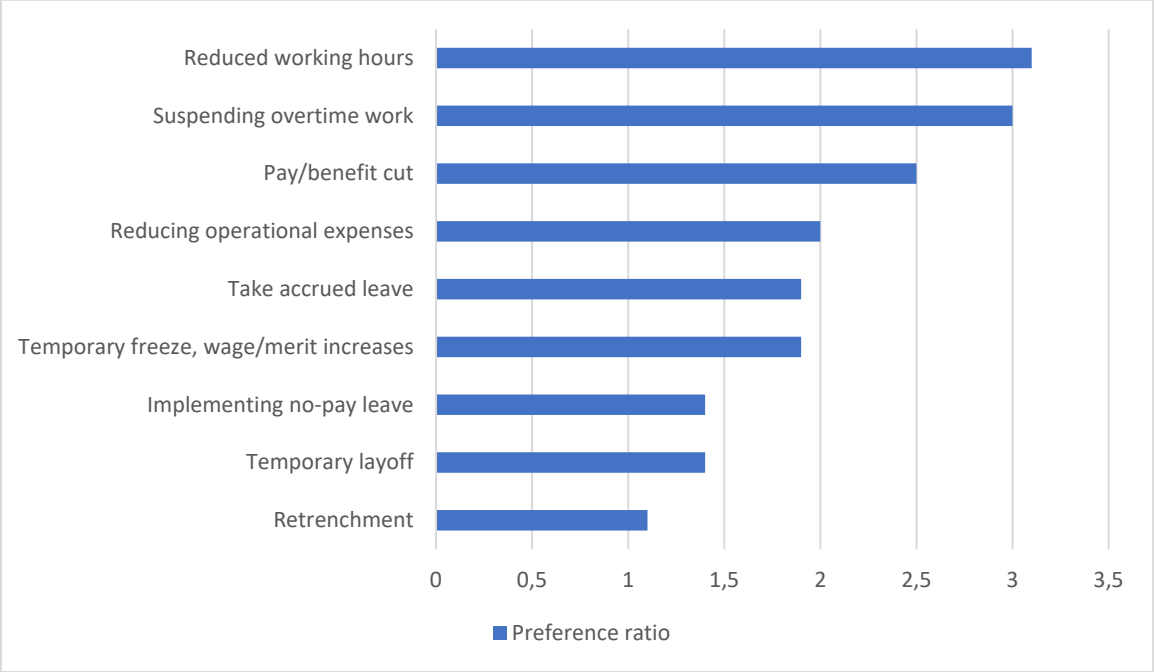

Figure 6.6: Preference of remuneration cost-reduction measures

As shown in Figure 6.6, reduced working hours emerged as the most preferred measure, followed by suspension of overtime, reflecting participants' desire to maintain predictability of a measure of their basic income, rather than accepting a retrenchment package and attempting to secure alternative employment. Suspending overtime, participants' second choice, with a preference ratio of 3.0, was ranked by nine participants as their top choice, the same number who ranked reduced working hours first, although the reasons cited differed slightly. The ranking and preference ratio results reinforce the thematic finding that participants preferred remuneration cost-reduction measures that support employment security. Furthermore, the rankings also support the thematic finding that participants consistently emphasised the importance of employee financial stability, survival, and well-being during the crisis, demonstrating a consistent logic in how employees evaluated different remuneration cost-reduction options.The strong preference for employment and job security expressed by participants, as reflected in the themes, is also connected to their significant emphasis on the importance of survival during a crisis such as the COVID-19 pandemic. Even though remuneration reductions adversely affect morale and

productivity, retaining employment through measures such as reducing pay and working hours was seen as more favourable than retrenchment. Overall, the ranking results confirm that employees consistently prioritise measures that minimise financial loss and preserve employment continuity, reinforcing the broader finding that decisions are evaluated not only in economic terms, but also in relation to perceived security, fairness, and well-being. The subsequent sections present comparisons of the findings across characteristics of the sample, together with supporting excerpts from the interview transcripts.

6.5 COMPARISONS ACCORDING TO GENDER

This section provides comparisons according to gender, race, age, and marital status across the emergent themes. For the sake of avoiding duplication, only select quotations are provided to support the findings.

6.5.1 Employee consultation and contextual cooperation

Both women and men reported placing a high value on consultation with management regarding measures to reduce remuneration costs. However, their underlying reasons differed slightly, as illustrated by the excerpts presented in Table 6.5.

Table 6.5: Importance of consultation according to gender

Gender	Participant	Supporting Excerpt
Woman	23	*"Consultation means you know what is going on, so communication from management is important"*
Man	21	*"Consultation means that the company views me as important to the business"*

While both genders emphasised the importance of consultation, the underlying reasons were the ability to gather information on developments and feeling valued by the company. Participant 23, a woman, indicated a need for information, while Participant 21, a man, noted the need to feel valued by the company. Participants emphasised the importance of consultation during the decision-making process by highlighting that it enhances communication and the willingness to accept the outcomes of the consultation.

Both genders generally expressed willingness to co-operate in consultations on strategies to reduce costs, as shown in Table 6.6.

Table 6.6: Willingness to co-operate according to gender

Gender	Participant	Supporting Excerpt
Man	1	*"Positively. Remember, we will be trying to stay afloat and then get over the pandemic… We are going to have to come with a strategy … given whatever management think would work".*
	30	*"I will positively co-operate… With the COVID-19 pandemic, such measures have to be implemented to save the company from closing the business."*
	4	*"I would not be happy, but I will go with a positive mind to understand the situation and find the solution."*
	11	*"I will co-operate positively because it's not management's fault."*
Woman	5	*"I will be upset, but participate in a positive manner because, if you go in a negative way, it will end up badly."*
	19	*"I will indifferently co-operate because I will be losing money through a pay cut. However, I will compromise, since the company is important to me in providing employment and income."*

The willingness to co-operate with management is particularly evident when the crisis is perceived as beyond management's control. The COVID-19 pandemic serves as a prominent example of such an uncontrollable external event.

6.5.2 Employment security

Overall, the findings suggest that men and women demonstrated more similarities than differences in their responses regarding cost-reduction measures during the COVID-19 pandemic. Both expressed a strong preference for maintaining employment over retrenchment, highlighting financial security and survival as critical factors during the crisis, evident from the quotes in Table 6.7.

Table 6.7: Preference for continued employment according to gender

Gender	Participant	Supporting Excerpt
Man	20	*"Unemployment is too high in South Africa, so retrenchment should be the last resort. I would choose pay cut and not retrenchment because I have five dependants, so I can't be without work."*

Gender	Participant	Supporting Excerpt
Woman	22	*"I will take a pay cut because I cannot afford rent and food seated at home with no pay for three months."*

Both men and women stressed the importance of financial security during uncertain times, indicating the universal need to be able to meet their own and their families' basic needs, such as shelter and food.

6.5.2.1 Reduced working hours: The most preferred measure

Table 6.8 shows a comparison of men and women's views on reduced working hours as the most preferred remuneration cost-reduction measure. The views are presented disaggregated by gender.

Table 6.8: Reduced working hours, the most preferred measure

Gender	Participant	Supporting Excerpt
Woman	18	*"With COVID-19, it's better to work less hours and get some income than nothing at all."*
Man	17	*"Instead of closing business, it's better to reduce hours. I get some income when my hours are reduced … also reducing hours spent at work reduces spreading of COVID-19. I still have to keep my job and working, less but, at least, I still get some money".*

As shown in the quotes above, both men and women expressed a preference for reduced working hours over other remuneration cost-reduction measures. This suggests that both genders recognise reduced working hours not only as a fair cost-saving measure, but also as one that potentially supports their overall well-being during the crisis.

6.5.2.2 Overtime suspension: The second most preferred measure

Both genders indicated suspending overtime as their second preference to retrenchment, as shown in Table 6.9.

Table 6.9: Preference for overtime suspension

Gender	Participant	Supporting Excerpt
Woman	16	*"It's better to be paid my normal hours without working overtime."*
Man	13	*"You don't have to work overtime. I can manage with normal hours."*

6.5.2.3 Pay reduction preferred over retrenchment

Both men and women indicated a preference for a pay reduction rather than retrenchment. This preference reflects a desire to maintain income continuity, even at a reduced pay rate, as shown in Table 6.10.

Table 6.10: Pay reduction preferred over retrenchment

Gender	Participant	Supporting Excerpt
Woman	24	*"I will accept a pay cut because I will be getting something to survive than nothing."*
	23	*"I would choose pay cut because I am a mother… Something is better than nothing, because I can learn to live with the new pay rate than being retrenched."*
	6	*"I will choose a pay cut because it's better than staying at home with no money at all."*
	27	*"I will choose pay cut because I will have work. It's difficult to get a job if retrenched."*
Man	20	*"I would choose pay cut and not retrenchment because I have five dependants, so I can't be without work."*
	3	*"I would choose a pay cut because at least I get something."*

A number of participants, both men and women, indicated that their fear of retrenchment was rooted in family responsibilities. Consequently, they expressed a preference for a pay cut rather than facing the uncertainty associated with job loss.

6.5.3 Morale and productivity decline with reduced remuneration

Both men and women indicated that reduced remuneration would lead to a decline in morale and productivity. This suggests that a reduction in pay levels may have broader implications for employee engagement and overall organisational performance.

Table 6.11: Effect on morale and productivity according to gender

Gender	Participant	Supporting Excerpt
Woman	19	*"Morale will decline because we are used to earning more. Productivity will decline initially, but we will get used to it and start working together to better the company."*
	7	*"I won't be happy, but getting something is better than nothing. Productivity will decrease because I will just be negligent and develop an 'I don't care' attitude."*
	24	*"Morale will decline… In the first week, productivity will decline. As time goes on, employees will get used to it and adjust accordingly to support their family."*
Man	3	*"Yes, if everyone gets a reduction in pay. You can't work hard for nothing."*
	4	*"I will be sad and give less effort, and so will other employees."*
	9	*"Employees won't be happy, and productivity will decline. Pay cut cannot be the same as an increment."*

A slight nuance to the findings is that some women expressed the view that employees will adjust over time, whereas Participant 3, a man, noted that pay cuts have to be applied uniformly to preserve as much staff morale as possible.

6.5.4 Employee financial and overall well-being

Both men and women emphasised the necessity of maintaining income to ensure their families' survival. This emphasis reflects the universal importance of financial security during periods of uncertainty, particularly in meeting basic needs such as rent and food.

Table 6.12: Emphasis on financial security and overall well-being according to gender

Gender	Participant	Supporting Excerpt
Man	22	*"I will take a pay cut because I cannot afford rent and food seated at home with no pay for three months."*
	30	*"With a pay cut, I can at least buy food."*
Woman	6	*"I will choose a pay cut because it's better than staying at home with no money at all."*
	24	*"I will accept a pay cut because I will be getting something to survive than nothing."*

Participants of both genders expressed the precarious nature of the COVID-19 pandemic, which underscored the need for financial security to meet basic survival needs.

Despite these minor nuances, the overall trend aligns with Maslow's (1943) hierarchy of needs; both male and female participants prioritised physiological and safety needs, such as income stability, above other concerns suggesting that the COVID-19 crisis placed their basic survival and security needs at risk, temporarily suppressing higher-order concerns such as belonging, esteem or growth.

This finding contrasts with studies by Galanaki (2020) and Barkhuizen and Mabaso (2024), which suggest that female employees place more value on benefits, work–life balance, and flexible arrangements than their male counterparts, even during crisis periods. However, the current study reflects the critical importance of basic survival needs over more discretionary benefits during times of crisis, as also highlighted by Wolor et al. (2020).The next section reviews the findings according to race.

6.6 COMPARISONS ACCORDING TO RACE

The findings revealed a strong convergence in responses across all racial groups, with no significant differences across the themes. Participants generally demonstrated a shared understanding and experience regarding remuneration cost-reduction measures during the COVID-19 pandemic.

6.6.1 Employee consultation and contextual cooperation

There was consensus amongst participants of all races on the importance of employee consultation during decision-making process, as illustrated in Table 6.13. Participants expressed that being involved in making decisions that affect their employment made them feel valued.

Table 6.13: Value of consultation according to race

Race	Participant	Supporting Excerpt
Black African	7	*"If they don't consult me, I will be unhappy and start asking questions."*

Race	Participant	Supporting Excerpt
	21	*"Consultation means that the company views me as important to the business."*
Coloured	11	*"…consultation to give my view point is important".*
	20	*"Consultation and communication are key."*
White	22	*"Yes, I will consider as long as there is an agreement that, when things get back to normal, my wages levels will be restored."*
	23	*"Yes, I will consider reduction in my remuneration if management consults me first… Consultation means you know what is going on, so communication from management is important."*

The responses from most participants across all three racial groups suggest that employee consultation is also strongly linked to employees' willingness to co-operate with management. The majority of participants indicated their willingness to co-operate in consultations and strategies to reduce remuneration, as shown in Table 6.14.

Table 6.14: Willingness to co-operate according to race

Race	Participant	Supporting Excerpt
Black	1	*"I will positively co-operate. Consultation is very important. Everyone makes a mistake."*
	30	*"If they approach me in a good manner and explain the reasons behind the proposal, I will positively co-operate…"*
White	5	*"I will be sad, but there is nothing I can do about it, so I will co-operate positively."*
	22	*"I am inclined to help out, but I will indifferently co-operate because that should not be my problem that management makes poor decisions. My family and I cannot suffer for management's poor decisions."*
Coloured	15	*"If it's management fault, I won't be happy. I won't co-operate positively in the consultation process, because it's managers making the company go down."*
	20	*"I will positively co-operate with management because I am a positive person, and human error is normal."*

While participants overwhelmingly indicated their willingness to co-operate, participants across racial groups noted that such co-operation is dependent on the extent to which management is at fault for the company's precarious financial situation, whether they are consulted, and how they were dealt with in the process. Participants

across racial groups also indicated that they would co-operate even if management were to blame for the crisis, indicating that errors are part of the human condition.

6.6.2 Employee financial and overall well-being

Participants of all races consistently stressed the importance of financial security, indicating that any remuneration cost-reduction measures taken should prioritise keeping employees financially stable. The responses by most participants indicate that they understood that financial security was closely interconnected to employment security, given the threat of the COVID-19 pandemic to their jobs. Furthermore, the excerpts clearly indicate that, due to the COVID-19 pandemic, participants were willing to sacrifice part of their remuneration for some financial security.

Table 6.15: Emphasis on financial and overall well-being

Race	Participant	Supporting Excerpt
White	13	*"I would choose pay cut because everybody needs money to survive rather than retrenchment."*
	23	*"I would rather have a pay cut and still be able to survive with the reduced pay rate instead of getting nothing."*
Coloured	15	*"I was happy because every fortnight I received some income. The company is supposed to give us some food packs."*
	20	*"I will take a pay cut because I have a family to look after*."
Black African	9	*"Retrenchment is the worst cost-reduction measure because my family look up to me. How will they survive?"*
	24	*"I would recommend cutting hours so that every employee can have something to survive."*

Most responses reflected a common understanding across all racial groups that maintaining income is crucial for survival and overall well-being during the COVID-19 pandemic. This shared perspective underscores the central role of financial security in mitigating the adverse social and economic effects of crisis conditions on employees.

6.6.3 Employment security

The shared perspective on continued employment across all racial groups is evidenced by the excerpts in Table 6.16. This convergence of views indicates a broadly held concern for employment security irrespective of racial background.

Table 6.16: Preference for continued employment according to race

Race	Participant	Supporting Excerpt
White	14	*"I would choose pay cut because you can still get some income, unlike being retrenched."*
	22	*"I have been retrenched before and sat at home for six months without a job, so I don't like retrenchment."*
	23	*"…management should try other measures before retrenching staff".*
Coloured	11	*"I would choose a pay cut because I want to work and get some income, unlike being retrenched."*
	20	*"Unemployment is too high in South Africa, so retrenchment should be the last resort."*
	11	*"I don't want to sit at home without income. Retrenchment is the worst."*
Black African	6	*"I would choose a pay cut because it's better than nothing. With retrenchment, it's difficult to find a job."*
	25	*"No one wants to lose their job."*
	9	*"Retrenchment is the worst cost-reduction measure because my family look up to me. How will they survive?"*
	12	*"It's better because at least I have a job. Retrenchment is worse for me because I need income to survive."*

Even at a reduced income, participants across all three racial groups consistently emphasised that retaining employment is preferable to retrenchment. This highlights the importance they place on continued employment for economic stability.

6.6.3.1 Reduced work hours: The most preferred measure

There was a widespread preference across racial groups for reduced working hours as an alternative to other remuneration cost-reduction measures. Participants' views on reduced working hours are presented in Table 6.17.

Table 6.17: Preference for reduced working hours according to race

Race	Participant	Supporting Excerpt
Black African	7	*"Instead of closing the business, it's better to reduce hours. I get some income when my hours are reduced."*
	30	*"Every employee has a chance to work and not forced to stay at home."*
	24	*"I would recommend cutting hours so that every employee can have something to survive."*

Race	Participant	Supporting Excerpt
	18	*"With COVID-19, it's better to work less hours and get some income than nothing at all."*
Coloured	11	*"Working less hours will help because the company is struggling."*
	20	*"As long as I am working, I am happy."*
White	22	*"…rotating staff could have helped".*
	23	*"…I would have preferred cutting working hours".*

The preference for reduced working hours over other measures indicates a shared understanding of maintaining income and employment across racial groups. As some participants noted, this preference may stem from the recognition that, with reduced hours, they receive full pay for the actual hours worked, whereas other measures, such as a pay reduction, for example, results in lower earnings despite maintaining similar working hours.

6.6.3.2 Overtime suspension: The second most preferred measure

Table 6.18 shows participants' views regarding overtime suspension. The data are presented across different racial groups.

Table 6.18: Preference for overtime suspension according to race

Race	Participant	Supporting Excerpt
Black African	4	*"It's better to be paid my normal hours without working overtime."*
	10	*"I can work my normal time and get paid if the company does not have funds for overtime because of COVID-19 crisis."*
	16	*"It's better to be paid my normal hours without working overtime."*
	19	*"At least I still have the basic salary without overtime."*
Coloured	15	Ranked suspending overtime work third
	20	Ranked suspending overtime work third
White	13	*"You don't have to work overtime. I can manage with my normal hours."*
	22	*"It's outside standard working hours and doesn't affect much employee's monthly income."*

Participants across all racial groups expressed a preference for the suspension of overtime over other remuneration cost-reduction measures. This preference suggests a perception across all racial groups that the suspension of overtime represents a less

drastic cost-containment strategy, as it preserves base pay and standard working hours while limiting additional remuneration expenditure on the part of the employer.

6.6.3.3 Pay reduction over retrenchment

Table 6.19 presents participants' views regarding pay reductions. These views are organised according to race for clarity and comparison.

Table 6.19: Preference for pay reduction according to race

Race	Participant	Supporting Excerpt
White	13	*"I would choose pay cut because everybody needs money to survive, rather than retrenchment."*
	23	*"I would rather have a pay cut and still be able to survive with the reduced pay rate instead of getting nothing."*
	14	*"I would choose pay cut because you can still get some income, unlike being retrenched."*
	22	*"I will take a pay cut because I cannot afford rent and food seated at home with no pay for three months."*
	23	*"I would choose pay cut because I am a mother of school-going-age children who need my support. Something is better than nothing, because I can learn to live with the new pay rate than being retrenched."*
Black African	28	*"I will accept a pay cut because getting something is better than nothing".*
	15	*"I was happy because, every fortnight, I received some income. The company is supposed to give us some food packs."*
	17	*"I will take a pay cut because, if I stay at home during the COVID-19 pandemic, I won't have income from anywhere, even from lenders."*
	24	*"I would choose a pay cut because being retrenched is permanent."*
	26	*"I would choose a pay cut because I can survive with a pay cut instead of being retrenched."*
Coloured	20	*"I will take a pay cut because I have a family to look after. I would choose a pay cut and not retrenchment because I have five dependents, so I can't be without work."*
	15	*"I would choose pay cut because I have a family to look after. Looking for another job is not easy."*

Most participants indicated that they would prefer a reduction in their remuneration rather than retrenchment. Participants of all races consistently stressed the

importance of financial security, indicating that any remuneration cost-reduction measures taken should prioritise keeping employees financially stable.

6.6.4 Morale and productivity decline with reduced remuneration

Table 6.20 presents participants' views on morale following remuneration cost reductions. It also illustrates perceptions of productivity outcomes, disaggregated by race.

Table 6. 20: Effect on morale and productivity according to race

Race	Participant	Supporting Excerpt
White	5	*"It will affect morale negatively because employees will struggle to cope. The effort will be negatively affected. Employees will be unhappy."*
	13	*"Employee morale will decline. Productivity will also decline, because you are earning less than before."*
Black	6	*"Employees will be sad. Productivity will go down because employees are not used to the lower remuneration."*
	9	*"Employees won't be happy, and productivity will decline."*
Coloured	11	*"Employee morale will be low because they are not getting their full wages. Productivity will decline because their remuneration is reduced."*
	20	*"Morale and productivity will decline because of getting less for similar amount of work."*

It is clear that race does not play a role in participants' views of the negative effect of remuneration cost-reduction measures on morale and productivity. This convergence of perspectives, evidenced by the uniformity of participants' responses, suggests a shared experience amongst employees, in which the adverse implications of remuneration cost-reduction measures are perceived as universal rather than shaped by racial differences.

Overall, the data suggest that race does not significantly influence participants' preferences regarding consultation, co-operation, and continued employment, with the latter including participants' preferences for reduced working hours and the suspension of overtime. Regardless of race, participants indicated a shared goal of survival and employment continuity. This contrasts with findings by Smit et al. (2015), who identified racial differences in preferences for remuneration components. The divergence may be attributable to the differing contexts. While Smith et al.'s (2015)

finding reflect non-crisis periods, the present study highlights crisis-driven priorities, where physiological and safety needs, per Maslow's (1943) hierarchy, took precedence across all racial groups. The next section presents comparisons across the themes according to age.

6.7 COMPARISONS ACCORDING TO AGE

Participants included individuals in both early and mid-adulthood, ranging from 21 to 57 years. There were more similarities in the perspective of participants across age groups than there were differences. This variation enabled the analysis to consider perspectives associated with different stages of career development, employment stability, and personal responsibilities.

6.7.1 Employee consultation and contextual co-operation

Most participants across age groups expressed willingness to participate in remuneration cost-reduction consultations if they felt that management involved them in the decision-making process. Participants' views regarding the importance of consultation according to age are shown in Table 6.21.

Table 6. 21: The value of consultation according to age

Age	Participant	Supporting Excerpt
22	4	*"If not consulted, I will be unhappy. I will understand the reasons behind the decision, and also give my opinion, if consulted."*
24	7	*"If they don't consult me, I will be unhappy and start asking questions."*
26	11	*"…consultation to give my views is important".*
36	6	*"Not consulting will make me unhappy because I would have made plans."*
38	1	*"I won't be happy if not consulted."*
40	18	*"…talking to me first is important, instead of just making a decision without consulting me".*
41	23	*"Consultation means you know what is going on, so communication from management is important."*
57	29	*"Consultation is important because at work we are like family where we should share ideas."*

From the above, it is clear that participants of all ages noted the importance of consultation. Across all age groups, there was more willingness to participate in COVID-19 pandemic remuneration cost-reduction consultations than for such measures as a result of a financial crisis due to factors within management's control. This is illustrated in Table 6.22.

Table 6.22: Willingness to co-operate according to age

Age	Participant	Supporting Excerpt
23	2	*"I will give them a chance to explain what is happening. It doesn't help to be negative."*
24	19	*"…I will compromise since the company is important to me in providing employment and income. Anyone can make a mistake."*
26	11	*"I co-operate positively because we must stand together as a family…"*
28	15	*"I won't be happy. I won't co-operate positively in the consultation process because it's managers making the company go down. I will co-operate positively because its COVID-19 pandemic. We need to look after each other, co-workers, friends and family."*
41	24	*"I will go with a positive mind to rectify the problem for the company to go back to normality and forward. Everybody makes mistakes."*
41	10	*"I will positively co-operate with management because I am a positive person, and human error is normal."*
45	13	*"I won't co-operate positively because its management's fault, and they should take the blame for it. COVID-19 is not management's fault, so I will positively co-operate.*
31	25	*"I will positively cooperate because everyone understands problems caused by COVID-19 pandemic."*
36	6	*"I will go to discuss with management happily because COVID-19 pandemic is not caused deliberately by management."*

Participants of all ages indicated a willingness to co-operate, but some did distinguish between the level of co-operation they would give depending on whether the crisis was rooted in an external event or management's ineptitude, which distinction is not related to age.

6.7.2 Employee financial and overall well-being

Participants, irrespective of age, emphasised survival and overall well-being as critical concerns during the pandemic. These perspectives are detailed in Table 6.23.

Table 6.23: Emphasis on financial and overall well-being

Age	Participant	Supporting Excerpt
22	5	*"Though it's harder because of prices going up, I will accept a pay cut because I need to pay my bills."*
37	8	*"….staying at home without money is difficult."*
28	12	*"…I have bills to pay, like rent and food. I can't survive while staying at home with no income."*
47	14	*"…I will accept a pay cut to survive since the COVID-19 pandemic is all over the world."*

Financial security was consistently cited by participants across all age groups as a key consideration. Participants considered it essential because it underpinned their overall well-being and survival during the crisis.

6.7.3 Employment security

Most participants, regardless of age, expressed a strong preference for uninterrupted employment. These preferences are presented in Table 6.24.

Table 6.24: Preference for continued employment according to age

Age	Participant	Supporting Excerpt
21	10	*"…I need money. I can't stay at home without income."*
22	5	*"People who get retrenched struggle for a long time financially."*
27	26	*"I do not want to be without a job."*
28	12	*"…I have bills to pay, like rent and food. I can't survive while staying at home with no income."*
31	25	*"No one wants to lose their job."*
36	6	*"Retrenchment is not good, because jobs are scarce in South Africa."*
41	20	*"…not retrenchment, because I have five dependants, so I can't be without work. As long as I am working, I am happy."*
41	24	*"Retrenchment takes a job permanently."*

Participants of all ages consistently emphasised the importance of financial security and the need to provide for their families. Both younger and older participants expressed that having some income is better than having no job at all. The two

participants who leaned towards retrenchment were aged 23 and 48 years, with the younger citing the desire to explore better opportunities and the older citing health reasons.

6.7.3.1 Reduced working hours: The most preferred measure

The preference for reduced working hours was evident amongst participants, regardless of age. This preference is illustrated in Table 6.25.

Table 6.25: Preference for reduced working hours according to age

Age	Participant	Supporting Excerpt
24	7	*"Instead of closing business, it's better to reduce working hours. I get some income when my hours are reduced."*
32	17	*"I still have to keep my job and working less, and at least still get some money."*
38	1	*"…I still get my full pay rate per hour … so, nothing is being cut off except working hours."*
40	18	*"With COVID-19, it's better to work less hours and get some income than nothing at all."*

Both younger and older participants expressed a strong preference for reduced working hours as a remuneration cost-reduction measure during crisis periods such as the COVID-19 pandemic. Most participants, regardless of age, ranked this measure highly, indicating a shared perspective on working fewer hours while maintaining some level of income.

6.7.3.2 Overtime suspension: The second most preferred measure

Suspension of overtime work ranked second among the most preferred remuneration cost-reduction measures. This preference was consistent regardless of participant age, as shown in Table 6.26.

Table 6.26: Preference for overtime suspension according to age

Age	Participant	Supporting Excerpt
21	10	*"I can work my normal time and get paid if the company does not have funds for overtime because of COVID-19 crisis."*

Age	Participant	Supporting Excerpt
29	28	*"If overtime work is suspended, at least I have a job and income to survive."*
45	13	*"You don't have to work overtime. I can manage with normal hours."*
57	29	*"As long as I have my basic salary, I'm fine, because I can provide for my children."*

From participants' views, it is clear that age does not play a role in the preference for the suspension of overtime pay. Their responses highlight the importance of maintaining at least some income without relying on overtime work to meet basic needs.

6.7.3.3 Pay reduction preferred over retrenchment

Participants preferred a pay reduction rather than retrenchment, regardless of age. This preference is illustrated in Table 6.27.

Table 6.27: Preference for pay reduction according to age

Age	Participant	Supporting Excerpt
22	5	*"Though it's harder because of prices going up, I will accept a pay cut, because I need to pay my bills."*
23	3	*"I would choose a pay cut because at least I get something."*
23	16	*"I would choose a pay cut because it's better to have something than to have nothing when you get retrenched."*
24	7	*"I won't be happy, but getting something is better than nothing."*
24	19	*"I would choose pay cut because I can sustain myself better than being retrenched."*
28	15	*"I would choose a pay cut because I have a family to look after. Looking for another job is not easy."*
36	6	*"I would choose a pay cut because it's better than staying at home with no money."*
37	8	*"…staying at home without money is difficult. With a pay cut, its better, because I get something."*
40	18	*"I would choose a pay cut over retrenchment because at least I am earning something."*
41	20	*"I would choose pay cut, not retrenchment, because I have five dependants, so I can't be without work."*
47	14	*"…I will accept a pay cut to survive, since the COVID-19 pandemic is all over the world".*
57	29	*"I would choose pay cut because less pay is better than nothing, since you can buy food and pay other bills."*

From the above, it is clear that participants across age groups preferred maintaining some income rather than facing unemployment. The excerpts also indicate that a pay reduction, as opposed to retrenchment, enables them to support their families and manage their expenses.

6.7.4 Morale and productivity decline with reduced remuneration

Regardless of age, participants indicated that morale and productivity decline in response to remuneration cost-reduction measures. This pattern is evident across age groups, as shown in Table 6.28.

Table 6.28: Effect on morale and productivity according to age

Age	Participant	Supporting Excerpt
22	4	*"I will be sad and give less effort, and so will other employees."*
21	21	*"Morale will decline because employees will be worried about their survival. Productivity will decline because employees work to get remuneration, which is being reduced."*
26	22	*"Morale will very much decline because no one wants their wages cut, because our wages are already low. Productivity will decline … no one wants to work harder and get paid less".*
36	6	*"Employees will be sad. Productivity will go down because employees are not used to the lower remuneration."*
57	29	*"Morale and productivity will decline because employees will be used to a certain amount of income before their remuneration is reduced."*

Participants across all age groups indicated that reductions in remuneration lead to declines in morale and productivity, regardless of the source or origin of the crisis. This view was informed by participants' recognition that income loss would undermine their ability to meet their needs at the same level as prior to the remuneration reduction.

In summary, across all ages, most participants acknowledged the importance of being consulted during the decision-making process. They expressed that consultation makes them feel valued and involved in crafting strategies to overcome challenges facing the company. Regardless of age, participants emphasised that communication from management during crisis periods such as the COVID-19 pandemic regarding the reasons for remuneration cost reduction measures is crucial, as it allows them to understand the situation better. The value most participants, irrespective of age,

placed on consultation was demonstrated through their expression that they will co-operate in remuneration cost-reduction consultations and efforts. Both younger and older participants expressed a preference for pay reduction and the suspension of overtime pay over retrenchment. Participants across ages argued that having some income is better than being unemployed. Most participants, regardless of age, indicated that a pay reduction, as opposed to retrenchment, allows them to support their families and manage their expenses. Most participants across age groups expressed that remuneration reduction results in the decline of employee morale and productivity.

Overall, findings from the current study do not support the influence of age on employee's preference for remuneration cost-reduction measures, as both younger and older participants shared similar perspectives. Notably, in the instance where two participants diverged from the rest by preferring retrenchment over pay reduction as a remuneration cost-reduction measure, the younger participant cited exploring other opportunities after retrenchment, while the older participant cited ill health. The current study's findings are in contrast to those of Ahamad et al. (2022), who suggest that older employees prioritise family-related benefits more than younger employees, and the finding by Adinew (2020) that older employees prioritise remuneration components such as pensions, while younger employees prioritise components such as educational opportunities. The inconsistency in findings can be explained by the contextual influence of the COVID-19 pandemic, which led both younger and older employees prioritising immediate survival needs. The findings of the current study are, however, consistent with those of Shoib et al. (2022), who acknowledge the pandemic's role in shifting employees' priorities towards basic needs. The next section provides comparisons of the findings according to marital status.

6.8 COMPARISONS ACCORDING TO MARITAL STATUS

This section compares the findings according to marital status across the themes. The comparison identifies similarities and differences in responses amongst participants based on marital status.

6.8.1 Employee consultation and contextual co-operation

Both married and single participants valued being consulted in the decision-making process. Most participants, regardless of marital status, indicated that consultation not only helps them understand the situation in the company, but it also makes them feel valued and included in the company's decision-making process.

Participants' views of the value of consultation according to marital status are shown in Table 6.29.

Table 6.29: The value of consultation according to marital status

Status	Participant	Supporting Excerpt
Single	7	*"I will go to discuss with management happily, because COVID-19 is not management's fault."*
	28	*"Consultation is important so that I know the situation and also contribute my views."*
Married	20	*"Consultation and communication are key."*
	1	*"I would go with the consultations because it's better that we would have a better understanding…"*

As shown above, married and single participants felt equally strong about the importance of consultation in efforts to reduce remuneration costs. This suggests that the value placed on consultation by participants as part of remuneration cost-reduction measures is consistent regardless of marital status.

Both married and single participants showed willingness to co-operate in pay reduction consultations, more so when the cause is an external event such as the COVID-19 pandemic rather than management factors. Participants' inclination to co-operate according to marital status is illustrated in Table 6.30.

Table 6.30: Willingness to co-operate according to marital status

Status	Participant	Supporting Excerpt
Married	24	*"I will positively co-operate because COVID-19 pandemic is not management fault."*
	9	*"I will co-operate, but unhappily, for the sake of my children, instead of staying at home, because it is management's fault."*
Single	7	*"I will go to discuss with management happily because COVID-19 is not management's fault".*

Status	Participant	Supporting Excerpt
	19	*"I will indifferently cooperate… However, … anyone can make a mistake".*

Most participants, regardless of marital status, expressed motivation to co-operate, due to family responsibilities and the need to maintain their income. They also recognised the mutual benefits of collaborating with management to address the challenges.

6.8.2 Employee financial and overall well-being

Both married and single participants prioritised financial security, their overall well-being, and survival by expressing a preference for receiving some income as opposed to receiving nothing at all. This shared perspective amongst most participants underscores the universal need for income stability regardless of marital status.

Table 6.31: Emphasis on financial, overall well-being, and survival

Status	Participant	Supporting Excerpt
Single	26	*"I will accept a pay cut because I need to be working to earn income even though its less than before, so as to survive."*
	30	*"I would choose a pay cut because it's better than nothing, and you can't survive without a job."*
Married	13	*"I would choose pay cut because everybody needs money to survive…"*
	17	*"I will take a pay cut because, if I stay at home during the COVID-19 pandemic, I won't have income from anywhere, even from lenders."*

Regardless of marital status, all participants emphasised the importance of maintaining some income for their overall well-being and survival during the COVID-19 pandemic. The excerpts above demonstrate participants' awareness of the precarious conditions imposed by the COVID-19 pandemic, which is reflected in their preference for an income that is enough to endure the crisis.

6.8.3 Employment security

Regardless of marital status, most participants strongly emphasised the importance of employment security during the crisis. Table 6.32 presents participants' views on continued employment, disaggregated by marital status.

Table 6.32: Preference for continued employment according to marital status

Status	Participant	Supporting Excerpt
Single	19	*"I would choose pay cut because I can sustain myself better than being retrenched."*
	15	*"…I have a family to look after. Looking for another job is not easy."*
	30	*"…you can't survive without a job".*
	5	*"People who get retrenched struggle for a long time financially."*
Married	1	*"No retrenchment … when I am being retrenched … what does it mean to me and my family?"*
	9	*"…my family look up to me, how will they survive?"*

Furthermore, for both single and married participants, continued employment was essential to meeting their financial needs. Participants emphasised that maintaining employment was key to sustaining themselves and their families throughout the crisis.

6.8.3.1 Reduced working hours: The highest preferred measure

Participants' preference for reduced working hours according to marital status is shown in Table 6.33.

Table 6.33: Preference for reduced working hours according to marital status

Status	Participant	Supporting Excerpt
Married	1	*"I still get my full pay rate per hour even though I might be working three days per week, with the same workload per day, so nothing is being cut off except working hours."*
	17	*"I still have to keep my job and working less, but at least I still get some money."*
Single	7	*"Instead of closing business, it's better to reduce hours. I get some income when my hours are reduced. Also reducing hours spent at work reduces spreading of COVID-19."*
	18	*"With COVID-19, it's better to work less hours and get some income than nothing at all."*

Both married and single participants preferred reduced working hours as opposed to retrenchment during the COVID-19 pandemic. While most participants cited maintaining an income as the reason for preferring reduced working hours, more married than single participants emphasised the importance of maintaining employment due to family responsibilities.

6.8.3.2 Overtime suspension: The second most preferred measure

Participants' preferences for overtime suspension according to marital status is shown in Table 6.34.

Table 6.34: Preference for overtime suspension according to marital status

Status	Participant	Supporting Excerpt
Single	22	*"It's outside standard working hours, and doesn't affect much employee's monthly income. It's the best way for a company to save money."*
	16	*"It's better to be paid my normal hours without working overtime."*
Married	13	*"You don't have to work overtime. I can manage with normal hours."*
	29	*"As long as I have may basic salary I'm fine, because I can provide for my children."*

Both single and married participants expressed a preference for the suspension of overtime work, citing that working normal hours are sufficient to sustain them within the context of the COVID-19 pandemic.

6.8.3.3 Pay reduction preferred over retrenchment

Table 6.35 illustrates participants' preference for a pay reduction according to marital status.

Table 6.35: Preference for pay reduction according to marital status

Status	Participant	Supporting Excerpt
Single	15	*"I would choose pay cut because I have a family to look after."*
	30	*"I would choose a pay cut because it's better than nothing…"*
	26	*"I will accept a pay cut because I need to be working to earn income, even though its less than before, so as to survive."*

Status	Participant	Supporting Excerpt
	10	*"I would choose pay cut because I get at least something rather than being retrenched."*
Married	1	*"No retrenchment, only pay cut … when I am being retrenched … what does it mean to me and my family?"*
	13	*"I would choose pay cut because everybody needs money to survive…"*
	17	*"I will take a pay cut because, if I stay at home during the COVID-19 pandemic, I won't have income from anywhere, even from lenders."*
	14	*"I would choose pay cut because you can still get some income, unlike being retrenched."*

Both married and single participants expressed a strong preference for a reduction in pay over retrenchment, emphasising the need for job security. Most participants noted that a pay reduction is better than being unemployed. While both married and single participants cited either personal or family responsibilities, or both, as the reason for preferring a pay reduction over retrenchment, married participants highlighted family responsibilities more often and explicitly than single participants, who, in most cases, focused more on personal financial stability than on the added pressure of dependants. There were, however, a few single participants who cited family responsibilities as the reason for preferring a pay reduction over retrenchment, indicating the possibility of their being single parents or being responsible financially for the extended family.

6.8.4 Morale and productivity decline with reduced remuneration

Participants' views regarding the effect of remuneration cost-reduction measures according to marital status are shown in Table 6.36.

Table 6.36: Effect on morale and performance according to marital status

Status	Participant	Supporting Excerpt
Married	29	*"Morale and productivity will decline because employees will be used to a certain amount of income before their remuneration is reduced."*
	17	*"Morale will decline because employees and their families are affected financially."*
Single	21	*"Morale will decline because employees will be worried about their survival. Productivity will decline because employees work to get remuneration, which is being reduced."*

Status	Participant	Supporting Excerpt
	27	*"Morale will decline because the money will be too little to survive. Productivity will decline because we are not getting paid enough to survive."*

Most participants, regardless of marital status, acknowledged that remuneration reductions negatively affect morale and productivity. The reasons given by participants for the decline in morale and productivity include financial strain, perceptions of unfairness, and decreased motivation. Some married participants expressed concerns about the effect of remuneration reduction on their ability to support their families. Both married and single participants prioritised financial security by expressing a preference for receiving at least some income, rather than nothing at all. This shared perspective amongst most participants underscores the universal need for income stability, regardless of marital status.

Overall, the finding of the present study that marital status had no influence on remuneration cost-reduction measures preferred by participants during the COVID-19 pandemic is in contrast to a related study by Litman et al. (2020), who found that married employees are more willing than unmarried employees to accept lower remuneration, due to family financial commitments. Smit et al. (2015) also found that both marital status and the number of children an employee has are important factors when choosing remuneration components. However, the reference to family financial commitments in the current study is consistent with these studies, although in this case, it was made by both married and single participants. The difference between the current study's findings and the existing literature on the influence of marital status on remuneration preferences suggests that the precarious conditions created by the COVID-19 pandemic exerted a strong influence that led to a convergence of ideas towards the primacy of survival needs. This divergence may be attributed to the immediate economic uncertainty and fear of job loss brought on by the pandemic, which may have overridden typical age-based remuneration preferences noted in non-crisis contexts.

The patterns presented in this section complement the main themes by showing how different demographic groups expressed similar underlying concerns, although with varying emphases. Overall, the demographic variations do not contradict the core themes but rather deepen the understanding of how employment security,

consultation, morale and productivity, financial and overall well-being were experienced across different groups.

6.9 DIVERGENT PERSPECTIVES AMONGST PARTICIPANTS

There were a few notable deviations from views generally expressed by the majority of participants on their preferred remuneration cost-reduction measures during the COVID-19 pandemic. Although the dominant patterns across participants were consistent, a small number of divergent perspectives provide nuance and highlight the complexity of employees' experiences during the crisis.The departure from the opinions shared by the majority presented an opportunity to gain a deeper and more holistic understanding of non-managerial employees' perspectives on remuneration cost-reduction measures by analysing alternative perspectives, even though they were shared by few participants.

While the majority of participants preferred remuneration cost-reduction measures that preserved employment and income, a few expressed divergent views, particularly in favour of retrenchment.

For example, Participant 2 stated:

> *"I would choose retrenchment because I can go for something bigger. Pay cut will be a disaster because I have to feed my father, mother, and myself.*"

Participant 9 explained:

> *"I would choose retrenchment because I am no longer 100% fit to work."*

These views contrast with the general preference for maintaining employment, even at a reduced pay rate, which was expressed by most participants. However, such responses align with the findings by Sajjadiani, Kammeyer-Mueller, and Benson (2023), who note that high-performing employees may choose retrenchment over pay reduction, believing they can find better opportunities elsewhere. A plausible explanation for preferring retrenchment, particularly during a crisis when employment opportunities are fewer, could be that the employee may already have been dissatisfied due to certain push factors in their current role.

This sentiment is further illustrated by Participant 15, who ranked retrenchment as the most preferred remuneration cost-reduction measure. When asked to explain the choice, the participant responded:

"I don't want to work here; hence, retrenchment is my number one choice."

This response strongly suggests dissatisfaction with the current job situation, leading the individual to view retrenchment not as a loss, but as a preferred exit. This perspective contrast sharply with the majority view, where retrenchment was overwhelmingly ranked as the least preferred option. This divergence highlights individual differences in how participants perceive job security, job satisfaction, and opportunity.

In addition to alternative views on retrenchment, a small number of participants expressed unwillingness to co-operate with management in remuneration cost-reduction meetings during the COVID-19 pandemic. This reluctance was particularly evident where pay-reduction processes were perceived to arise from management-driven financial difficulties. In contrast, most participants indicated a willingness to co-operate with management on remuneration cost-reduction measures arising from the COVID-19 pandemic. However, some noted that they would be less co-operative when the financial challenges were perceived to stem from poor management decisions. Table 6.37 summarises the divergent perspectives.

Table 6.37: Summary of divergent perspectives

Theme	Divergent views	Supporting Excerpt
Employee consultation and contextual co-operation	Mixed co-operation on pay-reduction consultation meetings based on whether the crises is attributed to exogenous factors or management factors	*"I won't co-operate positively in the consultation process because it's managers making the company go down"* (Participant, 15, male, Coloured, single, aged 28).
	A few participants expressed a negative sentiment regarding the process, particularly if they attributed the crisis to management factors.	*"I will co-operate negatively in the consultation process because it's not me who made the wrong decisions. It's management's fault"* (Participant 14, male, white, married, aged 47).
	Some participants expressed that they will positively co-operate when the crisis is attributed to management factors. At the same time, other participants, who were	*"Everyone can make a mistake, so I will co-operate positively, and mistakes can be fixed"* (Participant 21, male, black African, single, aged 21).

Theme	Divergent views	Supporting Excerpt
	in the minority, noted that they would not co-operate when a crisis was attributable to management factors.	*"I won't co-operate positively because it's management's fault and they should take the blame for it"* (Participant 13, male, white, married, aged 45).
		"I won't co-operate positively. I won't be happy. They must fix their errors so that the company can function well" (Participant 10, female, black African, single, aged 21).
Employment security	Few participants expressed that they preferred to be retrenched, contrary to the majority, who preferred to preserve their jobs.	*"I don't want to work here; hence, retrenchment is my number one choice"* (Participant 15, male, single, Coloured, aged 28).
		"I would choose retrenchment because I can go for something bigger" (Participant 2, male, single, black African, aged 23).
		"I would choose retrenchment because I am no longer 100% physically fit to work" (Participant 9, male, black African, married, aged 48).
Reduced working hours: The most preferred measure	A small percentage of participants gave reducing working hours a low ranking, in contrast to the majority who preferred this remuneration cost-reduction measure.	*"I ranked reducing working hours least because I want to work more hours and get full pay"* (Participant 8, male, black African, married, aged 37).
		"There are problems at my workplace, that's why I choose reducing working hours as my worst measure" (Participant 15, male, Coloured, single, aged 28).
Pay reduction preferred over retrenchment	Participants also expressed divergent views of a pay cut as a measure to lower remuneration costs.	*"…you are cutting my pay and not workload, that's why it's my least preferred measure"* (Participant 1, male, black African, married, aged 38).
		"I would choose retrenchment because I can go for something bigger. Pay cut will be a disaster because I have to feed my father, mother, and myself" (Participant 2, male, black African, single, aged 23).
Morale and performance decline with reduced remuneration	Few participants were of the view that morale and productivity will not be affected by remuneration cost-reduction measures.	*"Morale will not change with remuneration reduction because employees understand the challenges brought by COVID-19. The effort will not change. The effort might increase because they want to work and get the company back to*

Theme	Divergent views	Supporting Excerpt
		normal" (Participant 25, female, black African, single, aged 31). *"My morale and productivity won't be affected if there is consultation, given the circumstances..."* (Participant 1, male, black African, married, aged 38).
Emphasis on financial and overall well-being	A few participants were not explicit in emphasising the implications of remuneration cost reduction measures on their livelihoods, focusing instead on other implications of the measures.	*"There was nothing wrong with cutting salaries because business was very low. Further, using less staff as they did was also good because of low business activity"* (Participant 6, female, single, black African, aged 36). *"Morale will not change with remuneration reduction because employees understand challenges brought by COVID-19 pandemic"* (Participant 25, female, single, black African, aged 31).

These views were less commonly expressed, but nevertheless offer important insights. The lack of willingness to co-operate under circumstances when the crisis is attributable to poor management may reflect a perceived breach of trust or lack of fairness. Based on the findings, it could be argued that employees may be less inclined to co-operation when they perceive that their efforts are not valued or when they feel that management has failed in its responsibilities. Although these sentiments were not shared by the majority, they are understandable, and highlight the importance of perceived fairness and accountability in fostering employee co-operation during organisational crises. These divergent views, while limited, enrich the overall findings by illustrating that employees' preferences were not uniform, even though the core themes remained strongly supported.

6.10 SUMMARY OF FINDINGS IN RELATION TO RESEARCH OBJECTIVES

Overall, participants' responses show more similarities than differences across the identified themes and demographics. The integrated findings presented above collectively address the study's research objectives by demonstrating how employees evaluated remuneration cost-reduction measures through the lenses of employment security, consultation, morale and productivity, financial and overall well-being.Table

6.38 lists the research objectives together with the corresponding key findings of the study.

Table 6.38: Summary of findings in relation to the research objectives

Research objective	**Findings**
RO1: To explore non-managerial employees' perceptions, preferences, and reasoning regarding different remuneration cost-reduction measures implemented during periods of organisational financial distress arising from the COVID-19 pandemic and other potential future exogenous shocks	Based on participants' perspectives, non-managerial employees in this case study prefer reduced working hours, followed by overtime suspension, and then a reduction in pay.
RO2: To explore how prior consultation and the origin of financial crises, whether exogenous or endogenous, influence employees' acceptance of pay reductions and the justifications they provide for such acceptance during the COVID-19 pandemic and other potential future exogenous shocks	The study found that non-managerial employees value prior consultation and would co-operate in pay reduction consultation meetings regardless of whether the crisis arose from exogenous or endogenous events. However, they showed greater willingness to co-operate if the crisis arose from an exogenous event rather than endogenous factors.
RO3: To explore employees' perceptions of the impact of remuneration cost-reduction measures on morale and productivity during the COVID-19 pandemic and other potential future exogenous shocks	The study found that, overall, reducing employee remuneration, regardless of the perceived source of the crisis, negatively affects morale and productivity.
SRO1: To explore how employees rank various remuneration cost-reduction measures, together with the underlying rationale for their preferences in the context of the COVID-19 pandemic	The study revealed that non-managerial employees consistently ranked reducing working hours the highest, followed by the suspension of overtime. The overwhelming majority noted that retrenchment is their least preferred remuneration cost-reduction measure. Participants noted that these

Research objective	Findings
	options offer some financial stability, while retrenchment would make it very difficult to meet their and their dependants' basic survival needs.
SRO2: To explore employees' preference for either reduced pay or retrenchment as a cost-reduction strategy in the context of the COVID-19 pandemic	The study found that non-managerial employees in this case study prefer a pay reduction, and consider retrenchment a last resort.
SRO3: To understand whether employees are more inclined to accept a pay reduction when prior consultation has occurred, and to understand the reasons underpinning such acceptance	The study found that non-managerial employees place a high value on prior consultation, noting that it would enhance their acceptance of a pay reduction. The justification for acceptance given by participants include an opportunity to give their input and management having the courtesy to recognise the value of their employees.
SRO4: To explore employees' preferences for either reduced pay or temporary lay-offs as remuneration cost-reduction measures in the context of the COVID-19 pandemic.	Findings of the study revealed that non-managerial employees in this case study prefer reducing their pay to temporary lay-off because the latter is a threat to their financial security.

The overall aim of the study was to explore the remuneration cost-reduction measures non-managerial employees prefer in response to financial challenges arising from exogenous crises. This was achieved by meeting seven research objectives, and culminated in the development of an employee-centred theoretical framework for remuneration cost reduction presented in Figure 7.1. Collectively, these findings provide a coherent empirical foundation for the discussion in Chapter 7, where the implications of these patterns are examined in relation to existing literature and theory.

6.11 CHAPTER SUMMARY

This chapter presented the findings of the study, which explored remuneration cost-reduction measures preferred by non-managerial employees during the COVID-19 pandemic. The analysis revealed four themes, namely *Employee consultation and contextual co-operation* (positive or ambivalent, indifferent, or negative), *Employment security* (Reduced working hours: The most preferred measure; Overtime suspension: The second most preferred measure; Pay reduction preferred over retrenchment), *Morale and productivity decline with reduced remuneration*, and *Employee financial and overall well-being*.

Participants overwhelmingly indicated the need for financial security by maintaining their employment, and indicated a preference for a reduction in their working hours, foregoing overtime pay, or a pay reduction. These views were based in the need for their own and their families' survival and an awareness of the country's high unemployment rate, which limits alternative employment opportunities. Participants' views were mixed with regard to co-operation, based on whether the crisis is attributable to exogenous or endogenous factors. However, most participants indicated that remuneration reduction would negatively affect morale and productivity.

While these findings are situated in the context of the COVID-19 pandemic, they offer valuable insights for managing workforce-related challenges during future crises. The prioritisation of job security, fairness, and income stability may reflect a broader set of employee expectations that could inform organisational responses to other disruptions, such as economic downturns, political instability, or future health emergencies. The following chapter discusses the findings, together with recommendations.

CHAPTER 7: DISCUSSION AND RECOMMENDATIONS

7.1 INTRODUCTION

This chapter discusses the main findings regarding the remuneration cost-reduction measures preferred by non-managerial employees during the COVID-19 pandemic, together with extant literature. This chapter also presents a framework for reducing the cost of remuneration during a crisis. This is followed by recommendations for practice based on the findings and a summary of the study's contributions and the theoretical and practical implications of the findings. Subsequent sections review the study's limitations, together with recommendations for future research.

The COVID-19 pandemic presented unprecedented challenges to organisations around the world, including in South Africa. Financial strain was one of the main difficulties brought by the pandemic, which compelled organisations to reduce costs. A reduction in remuneration costs was one of the strategic measures organisations implemented to ensure that they remained viable and able to survive the COVID-19-induced financial crisis. This study explored the remuneration cost-reduction measures preferred by non-managerial employees during the COVID-19 pandemic, which culminated in the development of an employee-centred theoretical framework for remuneration cost reduction.

The framework provides important insights, derived from this case study, into the perspectives of non-managerial employees regarding their remuneration during a period of financial crisis. The framework may be useful to organisational leadership in formulating efficient and effective remuneration cost-reduction strategies in similar contexts. A consideration of non-managerial perspective enables management to craft strategies that not only build organisational resilience but also maintain employee morale and productivity.

7.2 SUMMARY OF FINDINGS

While the findings in Chapter 6 highlighted clear patterns in participant responses and preferences, the discussion that follows moves beyond description to examine the underlying mechanisms and theoretical implications of these patterns. The findings of

the study suggest that non-managerial employees in this case study prefer remuneration cost-reduction measures that support employment security, financial stability, employee well-being, and survival during a financial crisis. This highlights that management should consider remuneration cost-reduction measures that place employee preferences at risk, such as retrenchment, as a last resort if they are to maintain employee morale and productivity. In addition, the study reveals that the decision-making process to arrive at the remuneration cost-reduction measures should involve employees in a meaningful manner. Furthermore, participants indicated that consultation allows them to provide their input. However, their level of co-operation with management would be lower when they attribute the crisis to management failure than when they perceive it as resulting from exogenous factors beyond management's control.

Regardless of which remuneration cost-reduction measure management employs and the measure's acceptance by employees, this study indicated that employees' morale and productivity decline when their remuneration is reduced. This finding suggests that, while employees understand the need to sacrifice part of their remuneration during the financial crisis resulting from the COVID-19 pandemic or similar exogenous factors, such reductions negatively affect their morale and productivity, highlighting the importance of management implementing appropriate mitigatory measures.The findings also suggest that organisational resilience during a crisis such as the COVID-19 pandemic is influenced by the ability of the organisation to understand employee remuneration cost-reduction preferences, and to balance these preferences with the survival needs of the organisation. Such a balance would preserve employee morale and productivity while ensuring the organisation's survival of the crisis.

Through semi-structured interviews and subsequent thematic analysis of the collected data, the study generated rich qualitative insights into the lived experiences of non-managerial employees with regard to their preferred remuneration cost-reduction measures during the COVID-19 pandemic. The following themes emerged from a systematic and iterative analysis of the empirical data and are firmly grounded in participants' lived experiences.

- Strong preference for employment security over retrenchment;

- Mixed co-operation during pay-reduction consultations, based on whether the crisis is attributed to management or external factors;
- Remuneration reduction negatively affects morale and productivity;
- Emphasis on financial security and overall well-being;
- Highest preference for reduced working hours, followed by overtime suspension;
- High value placed on employee consultation;
- Preference for pay reduction over retrenchment; and
- Highest preference for reduced working hours and lowest preference for retrenchment.

As noted, these themes revolve around employment security, financial stability, employee well-being, and survival. The themes also directly address the research question by illustrating the remuneration cost-reduction measures preferred by non-managerial employees during the COVID-19 pandemic and, by extension, in future crises arising from exogenous factors.

To further illustrate the remuneration cost-reduction measures preferred by non-managerial employees during the COVID-19 pandemic, participants in the current study ranked a list of remuneration cost-reduction measures in order of their preference. The ranking supports the findings illustrated by the themes developed from the collected data, confirming employment security, financial stability, and employee well-being and survival as central to the perspective of non-managerial employees on their preferred remuneration cost-reduction measures.

The most preferred measure was reducing working hours or implementing a flexible work schedule, followed by suspending overtime work, indicating the willingness of non-managerial employees, in this case study, to sacrifice part of the income to preserve their employment status. This is followed by pay or benefit reduction, which reflects a commitment by participants to receive less income for a similar amount of work than before the crisis, to ensure that they do not lose their jobs and at least receive some income.

Two measures were ranked fifth, namely taking accrued leave and a temporary freeze of salary or merit increases, which reflects a preference for measures that have a less severe financial impact. Ranked sixth were implementing no-pay leave and temporary lay-off, indicating that the interviewed non-managerial employees were averse to measures that threaten their financial stability. The lowest ranked remuneration cost-reduction measure was retrenchment, which indicates strong aversion by non-managerial employees in this case study to remuneration cost-reduction measures that threaten their employment security, financial stability, well-being, and survival during a crisis. The ranking of remuneration cost-reduction measures emphasise that non-managerial employees in this study expressed an aversion to job loss and uncompensated time off while, on the other hand, showing a preference for preservation of employment and financial stability.

This study contributes to the existing HRM literature by providing an employee-centred remuneration cost-reduction theoretical framework. The framework illuminates the perspectives and needs of non-managerial employees within the context of this study, while also recognising the organisational constraints experienced during a period of economic crisis to maintain employee morale and productivity.The resilience and well-being of the organisation and the employee through a crisis is of benefit to both parties, hence the need for this study to bring to the fore the remuneration cost-reduction measures preferred by non-managerial employees. This study offers practical insights and guidance to management and policy makers in crafting remuneration cost-reduction measures that are beneficial to organisational stakeholders, including employees.

The COVID-19 pandemic presented an opportunity for employers and employees to appreciate the importance for working together for their mutual benefit. Findings from this study suggest that employers who seize the opportunity to balance the survival needs of the organisation and employees' well-being position themselves well to navigate the COVID-19 induced financial crisis and other similar crises arising from exogenous factors, with minimum disruption to employee morale and productivity. The employee-centred theoretical framework for remuneration cost-reduction developed from the findings of this study not only provides an employee perspective on remuneration cost-reduction measures, but may also enhance the employee–

employer relationship. A positive employment relationship is essential in developing mutually beneficial efficient and effective HRM strategies, particularly during times of organisational crisis, such as during the COVID-19 pandemic.

The findings of this study suggest, first, the importance of consultation and, second, that non-managerial employees have a strong preference for sustained employment and, thus, financial security. Their preferred strategies to reduce costs are, in order of preference: reducing work hours, suspending overtime, and a pay cut. The findings also suggest that a reduction in pay has deleterious effects on employee morale and productivity. These findings, together with extant literature, are discussed below.

7.2.1 Consultation and contextual co-operation

Building on the findings presented in Chapter 6, the discussion considers how consultation shapes perceptions of fairness and reciprocity within the employment relationship. It further discusses how participants' cooperation with management is influenced by the origin or context of the crisis.

7.2.1.1 High value placed on consultation

The manner in which management communicates and invites employee input on remuneration cost-reduction measures is of utmost importance, as it influences their reaction and attitude towards cost-saving efforts. The current study's finding that employees place a high value on transparent consultation is consistent with a study by Chanana and Sangeeta (2021), who further argue that employee engagement is an effective practice for enhancing productivity. Matthews (2021) highlights that meaningful consultation fosters perceptions of fairness, which enhance acceptance of final decisions. Kwon and Farndale (2020) note that employee consultation could enhance organisational performance, and the current study's finding that participants place a high value on consultation provides empirical support for this claim. Participants' emphasis on the importance of being consulted suggests that, when organisations engage in consultation practices, they not only stand to improve performance outcomes, but also respond to a preference expressed by employees for involvement in decision-making processes. Kwon and Farndale (2020) extend their argument by emphasising that management must not only protect employees from

potential negative repercussions after contributing their views, but also demonstrate a genuine commitment to addressing the concerns raised.

While most participants in the current study emphasised the importance of employee consultation, its effectiveness, according to Kwon and Ferndale (2020), depends on whether the organisational culture and leadership are receptive and committed to the practice. Potnuru, Sharma, and Sahoo (2023) argue that involving employees in decision-making processes not only informs them of the rationale behind certain decisions, but also fosters commitment and motivation towards their implementation. Participants in the current study explicitly expressed their willingness to co-operate with management on remuneration cost-reduction measures, provided they are first consulted and allowed to express their views before decisions are made. The finding of the present study that non-managerial employees place a high value on employee consultation is also consistent with social exchange theory (Blau, 1964; Homans, 1958), as participants in the current study expressed willingness to co-operate positively when they perceive that their views are valued and that there is a fair social exchange between the two parties.

Furthermore, the findings of the current study are consistent with psychological contract theory (Argyris, 1960), as participants expect to be involved in the decision-making processes affecting their employment conditions, which, in turn, would influenced their morale and productivity. Overall, this finding suggests that involvement in decision-making fosters a greater sense of ownership of the final decision and may contribute to reduced resistance to the implementation of measures aimed at addressing organisational challenges.

7.2.1.2 Contextual co-operation based on crisis origin

The study found that co-operation amongst non-managerial employees with management during pay-reduction consultations was mixed and largely dependent on the perceived origin of the crisis. Specifically, the findings suggest that employees regarded remuneration cost-reduction measures implemented in response to exogenous factors, such as COVID-19 pandemic, as legitimate strategies for aiding an organisation to manage its way out of a crisis. Most participants in the study expressed empathy towards management and the organisation, as they perceived a

reduction in their pay rate as a shared contribution towards sustaining the company during the pandemic. This finding is consistent with the view of Nekmat and Kong (2019), who argue that crises attributed to exogenous factors tend to generate sympathy for management and, consequently, greater stakeholder co-operation. This suggests that future crises, when attributed to exogenous factors, are likely to attract employee support, an essential ingredient for organisational resilience.

On the other hand, the current study found that pay-reduction consultation meetings necessitated by internal management failures, such as financial mismanagement elicited less co-operation from participants, compared to COVID-19 pandemic consultation meetings. This finding aligns with Nekmat and Kong's (2019) observation that crises attributed to endogenous factors tend to generate discontent. The evidence from the current study suggests that organisations should anticipate some level of employee resistance when responding to crises resulting from internal factors within management's control.

There were, however, some participants who argued that anyone can make a mistake, hence they would co-operate with management, even if a pay reduction is necessitated by management failures. In contrast, other participants maintained that they should not bear the cost of management shortcomings. This theme addresses the research question by indicating that non-managerial employees are more likely to support remuneration cost-reduction measures, specifically a pay reduction in this case, when they are driven by natural or external factors beyond management's control, rather than when they are necessitated by internal factors within management's control. These findings can be linked to a number of theoretical frameworks, detailed in Table 7.1.

Most participants in the current study expressed willingness to co-operate in pay-reduction consultation meetings necessitated by the COVID-19 pandemic. However, fewer participants expressed willingness to co-operate when a financial crisis is as result of factors within management control. In this regard, Lian et al. (2022) argue that, while the COVID-19 pandemic brought several challenges to organisational stakeholders, the crisis also brought a sense of belonging to employees, which enhanced their work performance.

These views were less commonly expressed but offer important insights. The lack of willingness to co-operate under circumstances when the crisis is attributable to poor management may reflect a perceived breach of trust or lack of fairness. This aligns with social exchange theory (Blau, 1964; Homans, 1958) and organisational justice theory (Greenberg, 1990), which suggest that employees are less inclined to reciprocate co-operation when they perceive that their efforts are not valued, or when they feel that management has failed in its responsibilities. The lack of willingness to co-operate when the crisis is perceived as resulting from poor management reflects participants' judgement that the organisation has violated norms of fairness and reciprocity. Social exchange theory (Blau, 1964; Homans, 1958) explains this reaction by arguing that employees reciprocate organisational support with loyalty and co-operation. When the crisis is attributed to managerial incompetence, employees perceive that the organisation has failed to uphold its obligations, leading them to withdraw co-operative behaviours. Organizational justice theory (Greenberg, 1990) further explains that employees interpret poor managerial decision-making as a violation of procedural and distributive fairness, resulting in reduced trust and discretionary effort. Thus, the unwillingness of a few participants to cooperate in the current study reflects a response to perceived unfairness and a breakdown in the social exchange relationship. Although these sentiments were not shared by the majority, they are understandable and highlight the importance of perceived fairness and accountability in fostering employee co-operation during organisational crises.

Table 7.1: Theories linked to the theme Consultation and contextual co-operation

Theory	**Findings linked to the theme**
Organisational justice theory (Greenberg, 1990)	Most participants' responses suggest that they perceived pay reduction necessitated by COVID-19 pandemic as fair and just, hence their willingness to co-operate in consultation meetings. However, fewer participants suggested that pay reduction due to internal management factors were fair and just, hence their unwillingness to co-operate in consultation meetings.

Theory	Findings linked to the theme
Equity theory (Adams, 1963)	Remuneration cost reduction due to the COVID-19 pandemic was perceived by most participants as equitable. However, perceptions of inequity were expressed by more participants when remuneration is reduced because of factors within management's control, and they expressed less willingness to participate in consultation meetings.
Social exchange theory (Blau, 1964)	Responses by most participants in the study suggest that there is a fair reciprocal exchange of resources with the employer when remuneration cost reduction is due to the COVID-19 pandemic. Fewer participants, however, considered remuneration reduction due to internal factors within management's control as fair.
Attribution theory (Heider, 1958)	Most participants attributed the remuneration cost-reduction measures to COVID-19 pandemic, a factor beyond management's control, which is why they were willing to participate in consultation meetings. Fewer participants, however, were willing to co-operate in consultation meetings, attributed to factors within management's control.

Sources: Bakhshi, Kuma, and Rani (2009:145-154), Watters (2021:4-8), Wylezalek (2021:1-10), Coombs (2007:135-139)

Bakhshi, Kuma, and Rani (2009) argue that employees who perceive organisational justice are more likely to be satisfied and committed to their work. Similarly, Watters, (2021) observes that what matters most is the perception of equity or inequity by employees, regardless of whether the employer shares the same perspective. This view is supported by Wylezalek (2021), who notes that social life is dependent on social exchange. In the present study, most participants' perspectives suggest a need for mutual sacrifice between employers and employees, thereby fostering social exchange. Conversely, when remuneration cost reduction is attributed to

mismanagement, there is less co-operation from employees in consultation meetings, reflecting a breakdown in social exchange, thereby reinforcing the relevance of the social exchange theory (Blau, 1964; Homans, 1958).

Furthermore, findings from the current study align with an observation by Coombs (2007) that it is reasonable for organisational stakeholders, including employees, to seek to assign responsibility for the cause of a crisis. In the present study, the differing attributions made by non-managerial employees, to the COVID-19 pandemic, on one hand, and internal management factors, on the other, produced contrasting reactions. The pandemic was seen as a natural disaster beyond management control, whereas an internal crisis was attributed to management failure.

The findings of this study suggest that employees interpret consultation during remuneration cost-reduction processes as a critical indicator of fairness, respect, and organisational transparency. Evidence from this study indicates that consultation promotes employee understanding of contextual drivers of the crisis, particularly when the crisis is exogenous, such as the COVID-19 pandemic, thereby increasing their willingness to co-operate with management regarding remuneration cost-reduction measures. Employees respond positively because consultation reduces uncertainty, protects the psychological contract, and signals that management acknowledges their contributions and values their input.

This behaviour is strongly explained by social exchange theory (Blau, 1964; Homans, 1958), which posits that employees reciprocate fair and respectful treatment with supportive behaviours; in this case, consultation functions as a relational investment that employees repay through co-operation. Organisational justice theory (Greenberg, 1990) further explains the findings by suggesting that consultation enhances perceptions of procedural and interactional justice, making employees more accepting of difficult decisions when they perceive the process as fair and communication as honest. Psychological contract theory (Argyris, 1960) clarifies why a lack of consultation triggers resistance, as employees expect transparency and involvement; consultation fulfils these expectations, whereas exclusion constitutes a perceived breach of the psychological contract. From a Crisis management theory perspective (Mitroff, 2005), employee acceptance increases when employees understand that the

crisis is external and unavoidable, thereby legitimising management's actions and reducing blame attribution.

These findings and theories suggest that consultation stabilises employee emotions during periods of uncertainty, promotes collective problem-solving, and strengthens organisational resilience. Collectively, these theories explain why employees in this study expressed willingness to accept remuneration adjustments when they were consulted and when the crisis context was clearly communicated.

7.2.2 Employment security

The present study found that participants consistently emphasised the importance of employment security as critical to their well-being during periods of financial uncertainty, such as the COVID-19 pandemic. As indicated in the findings chapter, participants' strong preference for employment security reflects underlying concerns about financial stability and continuity. The present discussion extends this observation by considering how these concerns shape perceptions of organisational responsibility and fairness. The finding suggests that non-managerial employees value a stable income that enables them to maintain their ability to meet their basic needs. Employers can support employees in this regard by being transparent, consistent, and predictable regarding remuneration matters while avoiding remuneration cost-reduction measures that jeopardize employees' income stability, such as retrenchments or temporary lay-offs. This emphasis reflects core principles of conservation of resources theory (Hobfoll, 1989), particularly the prioritisation of resource preservation under conditions of uncertainty. Non-managerial employees in this case study expressed a preference for reduced working hours over retrenchment, as this would allow them to retain and protect their jobs in order to meet their basic needs. This observation is further supported by Fajri and Agbo (2024), who similarly highlight the importance of income continuity as a key mechanism through which employees navigate financial crises.

Most participants in this study prioritised employment security because, as the conservation of resources theory argues, individuals act to prevent the most severe resource losses (Hobfoll, 1989). Job loss represented a catastrophic depletion of core resources, including income, stability, and the ability to support dependents. In

contrast, reduced pay was perceived as a more manageable loss. Conservation of resources theory predicts that, when facing potential loss spirals, individuals choose the option that protects their most fundamental resources (Hobfoll, 1989). Participants in the study accepted remuneration reductions because they were actively conserving resources by safeguarding continued employment.

7.2.2.1 Highest preference for reduced working hours, followed by overtime suspension

The present study found that the most preferred remuneration cost-reduction measure is reduced working hours, followed by overtime suspension. This finding aligns with Maslow's (1943) hierarchy of needs, as reducing working hours and suspending overtime work allows employees to retain some work hours and satisfy, at least, their physiological and safety needs. This finding aligns with Maslow's hierarchy of needs because reducing working hours and suspending overtime directly protects the lower-level needs that employees fear losing during a crisis (Maslow, 1943). According to Maslow's hierarchy of needs, physiological needs, such as food, shelter, and basic survival, and safety needs, such as financial security and stability, must be satisfied before higher-order motivation can occur (Maslow, 1943). Participants' preference for fewer working hours rather than risk retrenchment is meant to preserve a minimum but reliable income stream to meet basic needs. Employees tolerate reduced earnings because alternatives such as job loss would completely undermine their ability to satisfy the most basic levels of Maslow's hierarchy (Maslow, 1943).

Findings of the current study are consistent with Afify (2022) on the importance of lower-level needs during crisis periods, as demonstrated by participants' willingness to accept reduced working hours and be able to meet their basic needs. However, the current study did not find evidence suggesting that participants prioritised retaining some work hours specifically to afford safety-related goods or services to prevent illness over basic physiological needs, despite general concerns about contracting the coronavirus during the time. Furthermore, the study's findings are consistent with Adams' (1963) equity theory, as reducing working hours or suspending overtime work was perceived by participants as fairer and more equitable than other remuneration cost-reduction measures, such as pay reduction or lay-offs.

Vaccaro et al. (2020) suggest that, during the COVID-19 pandemic, reducing employees' working hours was a less severe remuneration cost-reduction measure, as it allowed employees to retain employment while lowering remuneration costs. The preference for reduced working hours, followed by overtime suspension, is supported by recent literature that also shows employees' preference for flexible working arrangements. This finding from the current study is consistent with the study of Kamerade et al. (2024), who found that reducing working hours, unlike remuneration cost-reduction measures that deprived employees of their financial security, protected employees' psychological well-being during the COVID-19 pandemic. However, Battisti, Alfiero, and Leonidou (2022) argue that the loss of overtime work during the pandemic was a significant setback for employees, because it translated to a loss of income. This argument contradicts the findings of the current study, where participants viewed reduced working hours and the suspension of overtime as a means to maintain some income.

The finding from the current study that non-managerial employees rank reduced working hours as the most preferred remuneration cost-reduction measure, while retrenchment is the least preferred, is consistent with findings by Davis and Krolikowiski (2025), who argue that most employees who lose their jobs through lay-offs would accept a reduction in their wages or working hours if given the option. Their study further revealed that employers rarely offer employees such options, citing reasons such as a possible decline in employee morale and employment contract issues, amongst others.

The present study found that reduced working hours is the most preferred remuneration cost-reduction measure, while retrenchment is the least preferred measure. The two measures represent the complete opposites of non-managerial employees' perspective on their preferred remuneration cost reduction measures within the context of this study Retrenchment according to most participants in the study represents uncertainty and the worst-case scenario they wished to avoid at all costs, while reduced working hours provides certainty in terms of employment and financial security.

This finding is consistent with the conservation of resources theory (Hobfoll, 1989); participants in the study emphasised preserving employment and some income rather

than being retrenched. The finding also corroborates the observation by Vaccaro et al. (2020) that reducing working hours constitutes a less drastic remuneration cost-reduction measure while still contributing towards cost reduction during crisis periods.

7.2.2.2 Pay reduction preferred over retrenchment

This study found that non-managerial employees, in the context of this case study, overwhelmingly expressed a preference for pay reduction over retrenchment, which further cements employees' desire for employment security during a crisis such as the COVID-19 pandemic. This finding suggests that participants were willing to sacrifice their pay levels to preserve their employment; hence, management should consider similar remuneration cost-reduction measures before resorting to lay-offs. This finding is consistent with conservation of resources theory (Hobfoll, 1989), in that participants in the study preferred to preserve the employment they had, rather than lose their income through retrenchment.

The preference for a pay reduction over retrenchment also reinforces an observation by Ojo et al. (2021) that the need to conserve employment during a crisis builds employee resilience, which, in turn, contributes to organisational resilience. This finding is also consistent with the finding of Davis and Krolikowiski (2025) that employees who are laid off during crisis periods would rather choose a reduction in pay, given a choice.

The present study found that non-managerial employees in this case study strongly preferred to retain their jobs, even when their organisation is experiencing financial distress. The majority of participants indicated that retrenchment should only be adopted as a last resort as a cost-reduction measure. This finding corroborates existing literature highlighting the importance of job security to employees. For example, Wang et al. (2024) suggest that improved job security reduces occupational stress. This, in turn, implies the enhancement of job satisfaction and productivity. Findings from the current study therefore strongly suggest that, during periods of economic downturn, such as the COVID-19 pandemic, organisations should prioritise employment security over retrenchments in order to maintain employee morale, motivation, and productivity. The COVID-19 pandemic brought uncertainty, not only for business continuity and survival, but also for employees' job stability. Participants

in the present study indicated a clear preference for preserving their jobs, even at reduced remuneration, rather than facing the financial uncertainty associated with retrenchment.

The preference of non-managerial employees in the present study for employment security over retrenchment affirms the relevance of Maslow's (1943) hierarchy of needs. Specifically, this relates to employees' prioritisation of what Maslow (1943) described as lower-level needs, such as physiological and security, rather than higher-level needs, due to the precarious conditions created by the COVID-19 pandemic. Participants in the present study prioritised employment security, even at a reduced pay rate, in order to safeguard their ability to meet basic needs. This finding aligns with the view of Shoib et al. (2022), who argue that changes in employment conditions during the COVID-19 pandemic resulted in the prioritisation of basic needs, as the prevailing economic conditions made it increasingly difficult to satisfy these lower-level needs. Furthermore, this finding aligns with conservation of resources theory (Hobfoll, 1989), which posits that individuals seek to protect existing resources; participants' expressed preference for employment security over retrenchment reflects this resource-preservation orientation during the pandemic.

The finding that participants preferred pay reduction over retrenchment is also consistent with the observation of Johnstone (2024) that management should understand that retrenchment adversely affects not only the retrenched employees but also the organisation itself. The recommendation by Johnstone (2024) that management adopt strategies other than retrenchment aligns with the findings of the current study, which indicate that non-managerial employees in this case study prefer a pay reduction to retrenchment. Furthermore, the finding by Husin et al. (2023) that the ramifications of retrenchment have prolonged effects on employees is consistent with participants' expressions in the current study regarding the scarcity of alternative work opportunities during the COVID-19 pandemic. However, contrary to the findings of the current study, Wood, Michaelides, and Ogbonnaya (2020) observe that some employees volunteer to be retrenched. Similarly, Sajjadiani et al. (2023) suggest that high-performing employees may choose retrenchment, which could, in turn, influence other high performers to follow suit. The current study does not support these findings, as only an insignificant number of participants expressed a preference for

retrenchment, while the dominant perspective amongst most participants remained a preference for pay reduction over retrenchment.

The strong preference for employment security over retrenchment supports the observations by Khan et al. (2021) that, during the COVID-19 pandemic, employees feared losing their employment. The emphasis on job security is further highlighted by Khan et al. (2021), who report that employees feared losing their jobs more than they feared contracting the coronavirus. However, Friedland and Balkin (2023) suggest that, after the COVID-19 pandemic, employees may prefer to continue with flexible work arrangements, including gig work and short-term contract positions, rather than traditional long-term contract employment. This contradicts the current study's finding of a strong preference for employment security over short-term, freelancing, on-demand, and other, similar work arrangements.

Collectively, the findings suggest that employment security emerged as the primary concern for employees during the crisis. Non-managerial employees in this case study overwhelmingly prioritised preserving their jobs, even when this required accepting reduced pay, fewer working hours, or suspending overtime. This response reflects a survival-driven orientation in which employment security was valued more highly than full remuneration. Study participants reacted in this way because job loss within the South African labour market, characterised by high unemployment and increasingly limited alternative employment opportunities during the COVID-19 pandemic, posed a far greater threat to their livelihoods than temporary income reductions.

Maslow's (1943) hierarchy of needs provides a clear theoretical explanation for these findings, as employment security safeguards both physiological and safety needs; consequently, employees in the current study sought to protect the foundational levels of the need's hierarchy. Herzberg's (1968) two-factor theory further clarifies this behaviour by positioning job security as a hygiene factor. When this factor is threatened, dissatisfaction intensifies, prompting employees to accept less desirable working conditions in order to avoid the more severe outcome of retrenchment. Expectancy theory (Vroom, 1964) also explains this pattern, as employees in the current study believed that cooperating with remuneration cost-reduction measures increased the likelihood of retaining their jobs, thereby making compliance a rational choice. Equity theory is reflected in employees' preference for shared sacrifice,

whereby reduced pay was applied uniformly rather than through selective retrenchment, which employees perceived as inequitable (Adams, 1965). Finally, Psychological Contract theory helps explain why employees in the current study were willing to accept remuneration reductions when they believed that the employer was acting in good faith to preserve jobs; maintaining employment signalled that the organisation was upholding its implicit obligations during the crisis (Rousseau, 1989). Collectively, these theories demonstrate that employees' responses in the current study reflected a rational, fairness-oriented, and survival-focused effort to preserve employment security within a highly uncertain environment resulting from the COVID-19 pandemic.

7.2.3 Morale and productivity decline with reduced remuneration

The current study found that remuneration reduction has a negative impact on morale and productivity, even when it is attributed to the COVID-19 pandemic. This finding suggests that any remuneration reduction resulting from future exogenous factors will adversely affect employee morale and productivity. The reasons cited by participants for the decline in morale and productivity include financial obligations, already low wages, and the perception of being underpaid and undervalued while performing the same work as before the pandemic. While most participants indicated a willingness to accept remuneration cost-reduction measures necessitated by the COVID-19 pandemic, they also expressed that such measures would negatively affect their morale and productivity. This underscores the need for management to explore other cost-reduction measures. In addition, when such reductions are attributed to factors within management's control, the resulting decline in morale and productivity is likely to be even more severe.

Equity theory, developed by Adams (1963), aligns with this finding that remuneration cost-reduction measures negatively affect morale and productivity because of the perceived inequity. Equity theory (Adams, 1963) explains this finding because employees evaluate fairness by comparing their inputs, such as effort, skills, and commitment, with the outcomes they receive for the service rendered. When remuneration cost-reduction measures reduce employees' outcomes without a corresponding reduction in their inputs, employees perceive an imbalance in the input–outcome ratio. This perceived inequity among participants in the current study

triggered emotional and behavioural responses associated with unfair treatment, resulting in reduced morale and attempts to restore balance by withdrawing effort, thereby lowering productivity. Thus, these negative effects occur because employees experience a sense of inequitable exchange and respond by adjusting their behaviour to re-establish equity (Adams, 1963).

Furthermore, this finding is consistent with an observation by Al-Zawahreh and Al-Madi (2012) that employees' perception of equity or inequity, arising from the comparisons between their work effort and earnings, influences their morale, motivation, and productivity. The findings of this study, suggesting that remuneration reduction contributes to a decline in morale and productivity among participants corroborates the findings reported by Mumbauer (2021).

While Yoon (2022) notes that retrenchment can be a remuneration cost reduction of choice for high-performing employees, it is also known to provoke anxiety and reduce morale (Bussin & Swart-Opperman, 2012). Kube et al. (2013) and Rosslyn-Smith, De Abreu, and Pretorious (2020) also suggest that pay reduction adversely affects employee morale and productivity. Although Rosslyn-Smith et al. (2020) studied participants who were not non-managerial employees, they argue that employee morale and productivity decline with a reduction in their remuneration because employees have a strong aversion to pay reduction. The current study supports Rosslyn-Smith et al. (2020) on the importance of communication with employees during crisis periods. However, the current study found that, while most participants were accepting of remuneration cost-reduction measures to manage the COVID-19 financial crisis, they maintained that morale and productivity will be adversely affected.

This theme suggests that reductions in remuneration during the COVID-19 crisis contributed to a decline in employee morale and productivity, reflecting the psychological and behavioural strain experienced when financial security is threatened. Participants responded negatively because reduced pay undermined their ability to meet basic needs, heightened financial stress, and disrupted perceptions of fairness and organisational support. These responses are well explained by several theories discussed in the literature review. Maslow's hierarchy of needs (Maslow, 1943) suggests that remuneration reductions threaten employees' physiological and safety needs, thereby preventing them from focusing on higher-order motivational

needs. Herzberg's two-factor theory (Herzberg, 1968) positions remuneration as a hygiene factor whose deterioration produces dissatisfaction and demoralisation. Equity theory (Adams, 1965) explains that employees perceive an imbalance between their inputs and their diminished outcomes, leading to reduced effort. Similarly, expectancy theory (Vroom, 1964) shows that the relationship between effort and reward was weakened, thereby lowering employees' motivation to perform. Social exchange theory (Blau, 1964; Homans, 1958) and psychological contract theory (Argyris, 1960) further illuminate how reduced remuneration signalled weakened organisational support and a breach of implicit expectations, prompting reciprocal reductions in commitment and performance. Finally, stress and coping theory (Lazarus & Folkman, 1984) explains how financial strain impairs employees' cognitive and emotional resources, thereby diminishing their capacity to sustain productivity. Collectively, these theories are consistent with the idea that the observed decline in morale and productivity is a predictable outcome of disrupted needs, violated fairness expectations, weakened reciprocity, and heightened financial stress.

7.2.4 Employee financial and overall well-being

The current study found that participants perceived both financial security and overall well-being as critical during the COVID-19 pandemic. These factors were considered essential for coping with uncertainty and maintaining personal and family stability throughout the crisis.

The emphasis by participants in the present study on their financial and overall well-being and survival is consistent with a recent study by Mai, Song, and Donnelly (2023), who argue that the COVID-19 pandemic exposed employees to insecure employment conditions and compromised their well-being and survival. Mai et al. (2023) characterise employee well-being as including physical, mental, and socio-economic status. Similarly, Haque (2021) notes that the decline of employees' quality of life during the COVID-19 pandemic requires that organisations take steps to safeguard the well-being of both the organisation and its employees. The current study's finding that non-managerial employees emphasised their financial and overall well-being and survival during the COVID-19 pandemic is also aligned with the view of Al-Jubari, Mosbah, and Salem (2022), who argue that employee well-being is of critical

importance, not only to employees, but also to the organisation and society at large during a crisis such as the COVID-19 pandemic.

Findings of the current study are consistent with observations by Sender et al. (2021) that organisations face the challenge of making responsible decisions about employee well-being, while at the same time, navigating the pressure of improving productivity and reducing costs. Furthermore, Sender et al. (2021) observe that the literature on the relationship between employee happiness and productivity is not conclusive, although this might have been due to how the two constructs were defined. Nevertheless, the current study found that employee financial and overall well-being and survival during a crisis such as the COVID-19 pandemic is of utmost significance to non-managerial employees.

Participants' responses highlighted that, during the pandemic and the resulting financial and economic crisis, ensuring their overall well-being and survival was a primary concern. The emphasis on well-being and survival reflects a basic human instinct during periods of uncertainty and difficulty. This perspective is supported by Jelacic (2011), who observed that both employers and employees are primarily concerned with surviving a crisis by earning enough to meet their basic needs and survive. Mai et al. (2023) note that the COVID-19 pandemic posed a significant threat to employees' mental, physical, and financial well-being. The prominence of this theme among participants illustrates the magnitude of the threat that the COVID-19 pandemic posed to livelihoods and aligns with Maslow's hierarchy of needs (Maslow, 1943). Specifically, the theme reflects the extent to which the COVID-19 pandemic threatened employees in the current study's ability to meet their most basic needs. According to Maslow's (1943) hierarchy of needs, when physiological and safety needs such as food and shelter are at risk, they become the dominant drivers of behaviour and concern. The strong emphasis participants placed on financial survival and well-being therefore occurs because the crisis activated these foundational needs, which Maslow argues must be secured before individuals can focus on higher-order goals.

7.2.4.1 Employee financial security

Participants in the study consistently emphasised the importance of financial security as critical to their well-being during periods of financial uncertainty, such as the

COVID-19 pandemic. The finding suggests that non-managerial employees in the context of this case study value a stable income that enables them to maintain the ability to meet their basic needs. Employers should, therefore, support employees in this regard by being transparent, consistent, and predictable on remuneration matters, while avoiding remuneration cost-reduction measures that jeopardise employees' income stability, such as retrenchments or temporary lay-offs. The emphasis on financial security aligns with conservation of resources theory (Hobfoll, 1989) and with the observations by Fajri and Agbo (2024). Non-managerial employees in this case study expressed a preference for remuneration cost-reduction measures such as reduced working hours over retrenchment, as these allow them to retain and protect their income.

The current study's finding that participants emphasised financial security is consistent with Wilson et al.'s (2020) study, which found that income security concerns amongst employees during the COVID-19 pandemic were a major contributor to employee psychological distress. This finding suggests that employers should also place great emphasis on alleviating employees' financial concerns in order to maintain high morale and productivity.

While the current study found that financial security was of vital importance to the majority of participants, a study by Paais and Pattiruhu (2020) found that financial rewards alone are insufficient to achieve the required level of performance, as other factors such as leadership quality and career progression, are also essential for sustaining employee morale and productivity. Although career progression and retrenchment, as opposed to financial security, were not important factors to participants in the current study, one younger and one older participant expressed a preference for these factors.

Unlike the current study, which found that the majority of participants emphasised the importance of financial security regardless of age, Rice et al. (2022) found substantial differences in the preferences of older and younger employees, where the former valued employment and financial security more than younger employees. The difference in the findings could be explained by the limited employment opportunities in South Africa in general and specifically during the COVID-19 pandemic. Younger

employees might be more inclined than older employees to explore for new opportunities.

7.2.4.2 Employee overall well-being

The study found that non-managerial employees within the context of this case study place a strong emphasis on their overall well-being and survival in the wake of the precarious conditions created by the COVID-19 pandemic. Participants' responses highlighted that, during the pandemic and the resulting financial and economic crisis, ensuring their overall and family well-being and survival was a primary concern. The emphasis on well-being and survival reflects a basic human instinct during periods of uncertainty and difficulty. This perspective is supported by Jelacic (2011), who observed that both employers and employees are primarily concerned with surviving a crisis, as long as they can earn enough to meet their basic needs. The finding that participants in the present study placed a strong emphasis on well-being and survival during the COVID-19 pandemic is further corroborated by Mai et al. (2023), who note that the COVID-19 pandemic posed a significant threat to employees' mental, physical, and financial well-being. The prominence of this theme in this case study underscores the magnitude of the threat posed by the COVID-19 pandemic to employees' livelihoods and the fulfilment of their basic needs, aligning with Maslow's hierarchy of needs (Maslow, 1943).

Participants' emphasis on financial and overall well-being reflects the centrality of remuneration to their basic survival, security, and psychological stability. The findings suggest that employees within the context of this study interpret remuneration reductions as a direct threat to their ability to meet essential needs, which explains their heightened anxiety, emotional strain, and concerns regarding their overall well-being. These responses arise because most participants occupy lower-income brackets, making them particularly vulnerable to even marginal reductions in pay, particularly within the broader economic uncertainty created by the COVID-19 crisis.

The pattern of responses is well explained by several theories discussed in the literature review. Maslow's Hierarchy of Needs (Maslow, 1943) suggests that remuneration underpins employees' physiological and safety needs. When income is threatened, employees regress to a survival-focused state characterised by fear and

insecurity, thereby explaining their emphasis on financial well-being. Stress and Coping Theory (Lazarus & Folkman, 1984) further explains that income loss functions as a chronic stressor that overwhelms coping resources, resulting in emotional exhaustion, reduced concentration, and diminished well-being. Equity Theory (Adams, 1965) and Psychological Contract Theory (Argyris, 1960) also illuminate why employees experience frustration and distress when they perceive unfairness in how cost-reduction burdens are distributed or when they believe that the employer has failed to uphold implicit obligations to protect employee welfare during crises.

Collectively, these theories explain why participants in this study respond so strongly to remuneration reductions, as financial strain undermines their basic needs, erodes their coping capacity, and disrupts their sense of fairness and trust, resulting in an overall decline in employee well-being.

7.3 UNEXPECTED INSIGHTS

The findings of this study regarding remuneration cost-reduction measures preferred by non-managerial employees during the COVID-19 pandemic largely align with the existing literature. However, some unexpected insights emerged from the data, as discussed below.

A strong emphasis on employee overall well-being was to be expected, especially given the economic and health pressures the COVID-19 pandemic presented. However, the level at which survival was emphasised was more highly pronounced than expected. The emphasis on survival suggested equating financial security to life or death. This, in a way, is reasonable, in that the COVID-19 pandemic robbed many of their livelihood and left them living in precarious conditions. Mai et al. (2023) concur with this observation by arguing that the COVID-19 pandemic exposed employees to employment conditions with no predictability, security, or safety. Participants in the current study probably perceived a threat to their source of livelihood (their jobs), hence the strong emphasis on their overall well-being and survival.

While the finding that remuneration reduction negatively affects morale and productivity was to be expected, most participants in the current study explicitly stated that morale and productivity significantly decline when remuneration is reduced. Most participants noted that, even when accepting the reduction in their remuneration

because of the COVID-19 pandemic, their morale and productivity would still decline. The expectation was that, since participants were understanding of the COVID-19 pandemic-induced financial distress, this understanding would translate to maintaining their morale and productivity.

Participants preferred pay reduction to retrenchment in order to preserve their employment. However, most participants expressed a notable willingness to accept remuneration reductions, which challenges certain assumptions and existing literature that suggests employees are generally resistant to any form of remuneration reduction. Fehr and Charness (2025) concur with the idea that employees are generally resistant to remuneration reduction by arguing that they perceive such actions as unjust. Employers anticipate such resistance, and, hence, avoid reducing pay as a remuneration cost-reduction measure (Fehr & Charness, 2025).

While existing literature indicates the importance of employee consultation in organisational decision-making processes (Lee, 2021), the degree to which participants in the current study expressed the importance of consultation was greater than anticipated. Most participants indicated that consultation is key in co-operating with management to reduce costs. The finding that participants in the study placed a high value on employee consultation suggests that employers are probably undervaluing the importance of employee consultation to the benefit of both the employee and the organisation.

Although fewer participants were willing to co-operate with management when a crisis could be attributed to mismanagement, a considerable number expressed willingness to co-operate. The expectation was that an overwhelming majority of the participants would indicate unwillingness to co-operate because management would have caused the crisis. However, a considerable number justified their co-operation by indicating that everyone makes mistakes. This insight from the current study contradicts findings from existing literature; for example, Nekmat and Kong (2019) argue that employees' co-operation with management declines when they attribute a crisis to management failure.

7.4 EMPLOYEE-CENTRED CONCEPTUAL FRAMEWORK FOR REMUNERATION COST REDUCTION

This section presents an employee-centred conceptual framework for remuneration cost reduction based on the study's findings. The framework integrates the themes derived from the collected data and is centred on employment security, employee consultation, and employee financial and overall well-being, morale, and productivity. Although informed by relevant theoretical perspectives, including conservation of resources, social exchange, and equity theories, the framework is primarily conceptual, developed inductively from the study's empirical findings. It illustrates the relationships between employee-centred guiding principles, the selection of remuneration cost-reduction measures, and the processes through which these decisions influence employee responses during periods of organisational financial distress. In doing so, the framework reconciles employee preferences for remuneration cost-reduction measures with organisational needs for cost-saving, financial sustainability, and productivity.

The framework is structured to reflect the relationships between employee-centred guiding principles (drivers), the selection of preferred remuneration cost-reduction measures (decision outcomes), the role of consultation dynamics (moderating factors), and the resulting impact considerations and outcomes.

The framework presents the measures in order of non-managerial employees' preferences, from the most preferred to the least preferred measures, within the context of this study. The study's objective was not only to identify employee-centred remuneration cost-reduction measures, but also, as illustrated in the framework, to contribute towards sustained employee morale and productivity throughout a crisis.

The framework for remuneration cost reduction has the potential to be applied during future exogenous events beyond the COVID-19 pandemic. Similar potential financial disruptions in the future, arising from climate- and environmental crises, geopolitical and economic shocks, and pandemics, amongst other exogenous factors, could be mitigated through the adoption of this framework to maintain employee motivation and performance during the course of the crisis. The framework, therefore, not only

contributes towards safeguarding employee livelihoods by preserving employment but also aids the survival of businesses by maintaining productivity.

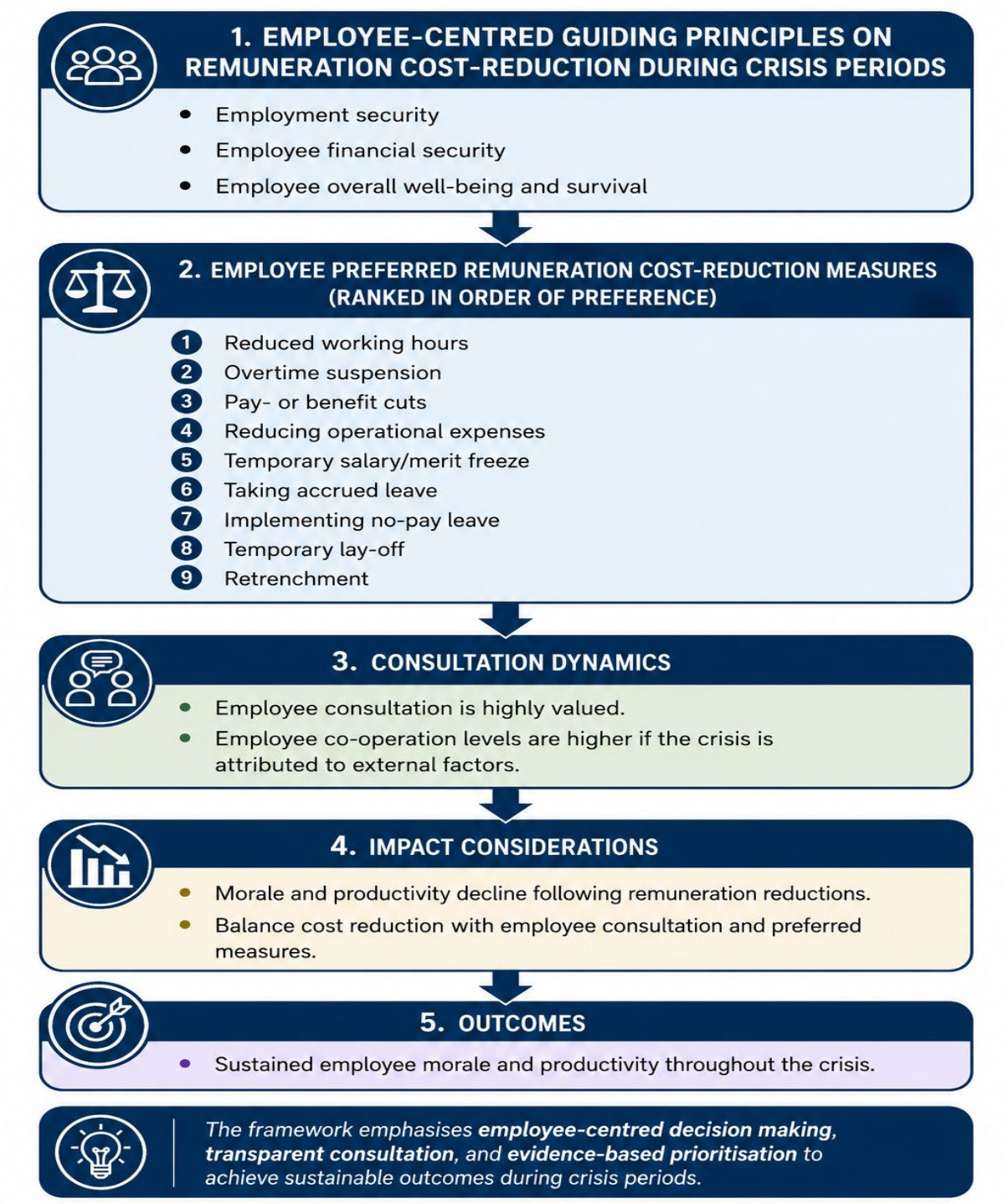

Figure 7.1: Employee-centred conceptual framework for remuneration cost reduction during crisis periods

The framework was developed from the findings of this study and offers a guide to managing remuneration cost reduction during crises periods such as the COVID-19 pandemic and other potential future exogenous events. The framework illustrates the guiding principles of an employee-centred remuneration cost-reduction strategy, how non-managerial employees in this case study rank remuneration cost-reduction measures in order of preference, the importance of consultation in the decision-making process, and the impact of adopting an employee-centred framework for remuneration cost reduction on employee morale and productivity during crisis periods. The objective of the framework is to support sustained employee morale and productivity during similar crises.

The key components of the framework are intended to contribute towards ensuring that remuneration cost-reduction measures implemented within the organisation do not compromise employee morale and productivity. The framework promotes remuneration cost-reduction measures that support employment security despite the company's financial distress. Furthermore, the framework encourages the organisation to consider alternative employment-preserving cost-reduction measures before implementing strategies such as retrenchment to address financial distress.

The framework recognises that, while the organisation faces financial challenges, the overall well-being and survival of employees are also under threat, as they are dependent on the organisation for their income. This symbiotic relationship makes it imperative that organisations balance the need for remuneration cost reduction with measures preferred by employees. Employers can promote this balance through employee consultation and by meaningfully involving employees in the decision-making process.

Within this context, consultation dynamics serve as a moderating factor, shaping how employees interpret and respond to remuneration decisions, particularly in relation to perceived fairness and organisational support.

The outcome of an employee-centred framework for remuneration cost reduction has the potential to benefit both the employer and the employee by sustaining employee morale and productivity throughout a crisis. The framework also recognises that employees' attribution of the crisis significantly influences their willingness to co-

operate with management in addressing prevailing challenges, particularly given the high value they place on consultation. Employers should capitalise on employees' higher levels of co-operation when a crisis is attributable to exogenous factors beyond management's control. Conversely, when employees attribute a crisis to factors within management's control, the employer should anticipate lower levels of co-operation, and therefore prepare to engage employees more effectively in navigating the situation.

The framework also indicates how non-managerial employees in this case study rank different remuneration cost-reduction measures in order of preference, which may be useful to decision makers in deciding on the least disruptive strategies to reduce costs while maintaining employee morale and productivity. The least preferred remuneration cost-reduction measures should be employed when other options have been exhausted, as these contribute to the disruption of work operations, loss of employment, and a decline in morale and productivity.

These ranked measures represent decision outcomes that are shaped by employee-centred guiding principles, particularly employment security, financial stability, and overall well-being, which act as primary drivers within the framework.

The framework provides an opportunity for organisations to respond to employees' overall well-being and survival, as well as their employment and financial security needs, during challenging times, which, in turn, builds long-term organisational resilience, employee morale, and productivity. The framework therefore suggests that organisational sustainability during crisis conditions is strengthened when remuneration decisions are aligned with employee-centred priorities and implemented through inclusive and transparent processes. The framework presented was developed directly from the empirical findings of the study, the data for which were collected through semi-structured interviews with non-managerial employees. Specifically, the framework emerged from the themes of consultation and contextual co-operation, employment security, morale and productivity decline associated with reduced remuneration, and employee financial and overall well-being. These empirically derived themes form the conceptual foundation of the framework and collectively inform its core guiding principles of employment security, employee financial security, employee well-being, and survival.

Synthesised from participants lived experiences during the COVID-19 crisis, the framework explains the relationships through which non-managerial employees interpret, and respond to remuneration cost-reduction measures during exogenous crises contexts.

In particular, the framework shows how employee-centred guiding principles (drivers) shape the ranking and selection of preferred remuneration cost-reduction measures (decision outcomes), while consultation dynamics influence employees' willingness to co-operate and accept such measures. At the same time, impact considerations reflect how remuneration decisions affect employee morale and productivity. These elements interact to produce outcomes in which sustained morale and productivity are more likely when employee preferences and consultation processes are aligned.

The framework further demonstrates that remuneration cost-reduction measures are more likely to be accepted when they incorporate employee consultation and aligns with employees' preferred measures. In this way, the framework provides the analytical structure linking the study's findings to its objectives by explaining how and why employees prefer particular remuneration cost-reduction measures (RO1; SRO1–SRO4), how consultation and crisis origin affect employee acceptance and co-operation (RO2), and how remuneration reductions influence morale and productivity (RO3).

Consequently, the framework advances the study's central argument that remuneration cost-reduction measures are most effective when they are employee-centred to maintain employee morale and productivity during an exogenous crisis.

The framework thus provides a conceptual perspective that organisations can employ to navigate crises arising from exogenous factors while protecting the interests of both employees and the organisation. The next section offers recommendations for practice and policy.

7.5 RECOMMENDATIONS

This study revealed critical insights for organisations, policymakers, and the research community. The subsequent sections provide several recommendations for organisations and policymakers.

7.5.1 Recommendations for organisations

When considering remuneration cost-reduction measures, organisations should prioritise measures that support employment security. This study's findings suggest that non-managerial employees in this case study prefer reducing working hours, followed by suspending overtime work, to any other remuneration cost-reduction measure. When facing a financial crisis such as that brought about by the COVID-19 pandemic, organisations should, for example, temporarily introduce a 30-hour week instead of a normal 45-hour week. This would reduce the wage bill while, at the same time, preventing job loss. This recommendation also aligns with the findings that non-managerial employees in this case study emphasise financial security, well-being, and survival during periods of economic downturn.

This study revealed that, during the COVID-19 pandemic, non-managerial employees were deeply concerned about their financial security, overall well-being, and survival. To maintain employee morale and productivity, it is suggested that organisations also consider employee welfare by not only employing remuneration cost-reduction measures that leave employees with some income, but also implement other mitigatory measures, such as taking advantage of government wages subsidy programmes, offering food parcels, and providing mental health and wellness support, amongst other measures.

Based on the finding that non-managerial employees in this case study value employee consultation, which influences their co-operation and acceptance of organisational decisions, it is recommended that organisations engage employees in genuine and meaningful consultation before implementing decisions that affect their remuneration. Furthermore, management should establish formal employer–employee consultative platforms such as works councils to facilitate the discussion of issues of mutual interest, including employee remuneration. Such platforms are invaluable not only in facilitating dialogue during crises such as the COVID-19-pandemic and other exogenous shocks, but also in non-crisis periods, as they promote effective organisational communication, employee participation, morale, and productivity. In addition, and consistent with the high value placed on consultation by participants, it is recommended that management, in consultation with employees, develop a policy on reduced working hours or flexible work schedules during crisis

periods, specifying the duration and the employees affected whenever the policy is implemented.

When ranking remuneration cost-reduction measures in order of preference, non-managerial employees in the study ranked retrenchment as their least desirable choice. It is, therefore, recommended that organisations consider permanently laying off employees only as a last resort. As expressed by participants, retrenchment is detrimental to their financial security, overall well-being, and survival, especially during difficult times such as the COVID-19 pandemic period. In addition, Mujtaba and Senathip (2020) observed that retrenchment not only leads to a loss of skills but adversely affects the morale and productivity of remaining employees.

Participants in this study ranked suspending overtime work as their second choice of remuneration cost-reduction measure, largely because their base wages are not negatively affected by this measure. It is recommended that organisations spending a substantial amount of remuneration expenditure on overtime work suspend such work before resorting to more severe measures such as temporary or permanent lay-offs. The implementation of suspension of overtime work should be done in a way that does not threaten the smooth flow of operations and productivity, while at the same time, maintaining employee morale and overall well-being.

The proposed employee-centred theoretical framework for remuneration cost reduction during future exogenous crises has the potential to foster employee co-operation and employee morale, which are crucial to organisational resilience. By involving employees in the decision-making process and prioritising their overall well-being and survival, implementation of the framework could mitigate resistance, sustain productivity, and enhance the organisation's ability to pull through a crisis.

7.5.2 Recommendations to policy makers

Apart from organisations taking their own initiatives to realise the benefits of employee-centred decisions in meeting organisational objectives, a legislative and policy framework that promotes employee-centred remuneration cost-reduction measures during crisis periods is invaluable in providing guidance and consistency. Such policies should promote employment security, financial stability, employee overall well-being

and survival, and, hence, employee morale and productivity when an organisation faces a financial crisis.

The emphasis by participants in the current study on financial security, overall well-being, and survival during the COVID-19 pandemic strengthens the recommendation to improve accessibility to strong social safety nets such as the UIF and other emergency relief schemes. A relief programme that needs to be further strengthened to support both employers and employees is the Temporary Employer/Employee Relief Scheme which was invaluable in South Africa and was aimed at the preservation of jobs and maintaining organisational productivity during the COVID-19 pandemic.

It is recommended that not only organisations but also governments adopt and incorporate the employee-centred theoretical framework for remuneration cost reduction into the labour legislative framework. This would encourage organisations consider all alternative remuneration cost-reduction measures in the framework before retrenching employees. The advantage of incorporating the framework into legislation is that it has the potential to serve the employer by maintaining employee morale and productivity, the employee by preventing job loss, and the government by reducing unemployment levels and maintaining consumption even during economic downturns.

7.6 CONCLUSIONS

The findings of the study suggest that non-managerial employees in this case study preferred remuneration cost-reduction measures that support employment security, financial stability, employee well-being, and survival during the COVID-19-induced financial crisis. This suggests that management should only consider remuneration cost-reduction measures that threaten employees' livelihood security, such as retrenchment, as measures of last resort in order to preserve employee morale and productivity. In addition, the study reveals that the decision-making process to arrive at the remuneration cost-reduction measures should meaningfully involve employees. Participants indicated that consultation allows them to provide their input; however, their level of co-operation with management is lower when they attribute the crisis to management failure rather than exogenous factors beyond management's control. Regardless of which remuneration cost-reduction measure management employs and

the measure's acceptance by employees, this study's findings suggest that employee morale and productivity declines when remuneration is reduced. This suggests that, while employees in this case study understood the need to sacrifice part of their remuneration because of the crisis, a reduction of their remuneration will, nevertheless, negatively affect their morale and productivity, which underscores the importance of management crafting mitigatory measures. The next section reviews the contributions of the study.

7.7 CONTRIBUTIONS OF THE STUDY

This study advances theoretical understanding, informs practical applications, and highlights methodological considerations in the context of remuneration cost-reduction measures during periods of crisis. Additionally, it contributes to the literature, guides future research, and provides actionable insights for organisational decision-making in response to exogenous crises.

The study contributes by demonstrating that non-managerial employees prioritise employment security above all other considerations, expressing a strong preference for measures that preserved their jobs, even when these involved reduced working hours or pay cuts. Employees also prioritised financial stability and income continuity, emphasising the need to protect basic household survival. Furthermore, the findings show that meaningful consultation is highly valued in the implementation of remuneration cost-reduction decisions and contributes to greater willingness among employees to co-operate with management, particularly when the crisis was attributed to exogenous factors. Importantly, he study indicates that acceptance of remuneration cost-reduction decisions is influenced not only by the measures implemented, but also by how the decisions are made, particularly through consultation and perceptions of fairness, as well as by the perceived origin of the crisis.The findings of this study contribute significant insights to the existing literature on organisational behaviour, particularly when an organisation faces a financial crisis due to exogenous factors. The study specifically enhances the understanding of remuneration cost-reduction measures preferred by non-managerial employees within the context of this study. The strong preference for employment security over retrenchment underlines job security as a critical priority for participants in this case study during crisis periods. Thus,

management should explore other alternatives to retrenchment if they are to maintain employee morale and productivity.

The strong emphasis on overall well-being and survival findings from the current study cements the shift from a simplistic view of an employment relationship based on financial considerations to a more holistic view, both during normal economic conditions and during economic downturns. This finding is particularly relevant during financial crises, as it underscores the importance of maintaining both employee- and organisational resilience. In this regard, Sethi and Sinha (2020) argue that employee well-being should not only be understood in terms of financial well-being, but also in terms of professional, physical, mental, and spiritual well-being. Although the dimensions of well-being identified by Sethi and Sinha (2020) were not examined individually in the current study, participants overwhelmingly indicated that surviving the crisis, together with their general well-being and that of their families, was of paramount importance.

The findings also brought to the fore the importance of employee consultation in times of crisis. Another interesting element from the current study which expands the existing literature is also the expression by a significant number of participants of a willingness to co-operate with management even when they attribute a crisis to management, with the justification that anyone can make a mistake.

The theme with the highest preference for reduced working hours, followed by suspending overtime work, makes a contribution to the literature by revealing that these two remuneration cost-reduction measures should be prioritised by management when they are seeking to reduce labour costs while maintaining employee morale and productivity during a financial crisis.

Participants' preference for reduced working hours and avoidance of retrenchment in this case study provides a sharp contrast of non-managerial employees' preferences on remuneration cost-reduction measures, which contributes to the literature in this domain. This finding reinforces the idea that management should explore alternative remuneration cost-reduction measures that maintain employee morale and productivity.

The findings of this study have theoretical implications for HRM, particularly remuneration reduction when an organisation faces a financial crisis. The findings enhance understanding of the remuneration-reduction measures preferred by non-managerial employees during economic downturns, such as the COVID-19 pandemic and other crises arising from exogenous factors.

This study provides support to several existing theories, such as Maslow's (1943) hierarchy of needs, which posits that basic needs are a primary motivation of behaviour. Table 7.2 illustrates how this study validates existing theories.

Table 7.2: Findings in relation to existing theories

Finding	**Validated theory**	**Alignment**
Strong preference for employment security over retrenchment	Maslow's (1943) hierarchy of needs	Participants prioritised employment security to meet their basic safety and survival needs. The primary motivation was meeting basic needs during the COVID-19 pandemic.
Strong emphasis on employee well-being and survival	Affective events theory (Weiss & Cropanzano, 1996)	Due to a fear of losing their livelihood, participants expressed strong emotions on the importance of their well-being and survival.
Mixed co-operation during pay-reduction consultation based on the source of the crisis	Attribution theory (Heider, 1958)	Participants indicated that they would be more willing to co-operate with management when the source of crisis is beyond management's control than when it is due to mismanagement. This validates the theory in that the attribution of the crisis shaped participants' responses.

Finding	Validated theory	Alignment
Remuneration reduction negatively affects morale and productivity	Herzberg's (1968) two-factor theory	Participants in the current study stated that their morale and productivity will decline with a reduction in their remuneration. This confirms Herzberg's (1968) two-factor theory in that, even though remuneration is a hygiene factor, its reduction results in employee dissatisfaction and a decline in morale and productivity.
Emphasis on financial security	Maslow's (1943) hierarchy of needs	The COVID-19 pandemic-induced financial crisis, threatened participants' physiological and safety needs. Financial security directly speaks to Maslow's basic physiological and safety needs, as it provides the means to meet these needs. Participants' emphasis on lower-level needs during a crisis validates Maslow's (1943) hierarchy of needs.
Highest preference for reduced working hours, followed by overtime suspension	Conservation of resources theory (Hobfoll, 1989)	In line with this theory, most participants in the current study preferred remuneration cost-reduction measures that at least offered them some income.
High value placed on employee consultation	Participative management theory (Likert, 1961)	Participants indicated willingness to co-operate and accept outcome decisions when they participate in the decision-making process.

Finding	Validated theory	Alignment
Preference for pay reduction over retrenchment	Conservation of resources theory (Hobfoll, 1989)	The finding that participants preferred to have at least some income through a pay reduction, rather than losing everything through being retrenched, validates the conservation of resources theory.
Highest preference for reduced working hours and lowest preference for retrenchment	Conservation of resources theory (Hobfoll, 1989)	Participants preferred to conserve their employment over complete resource loss through retrenchment.

Sources: Peramatizs and Galanakis (2022:871-978), Mukergee, Montani, and Vandenberghe (2021:1144-1161), Ababneh (2021:1387-1408), Hunter, Clark, and Carlson (2019:1284-1308), Paros (2021:606-616)

The study findings enrich management literature on remuneration cost-reduction measures preferred by non-managerial employees during crises periods. The most significant contribution of this study to the body of knowledge is the development of an employee-centred theoretical framework for remuneration cost reduction designed in the context of the COVID-19 pandemic, to enhance its applicability to future crises. The framework balances employee well-being and morale with productivity and other organisational needs during a financial crisis, thereby filling a gap in management theory. The findings of this study offer practical solutions to organisations for managing remuneration cost reduction during crisis periods, and inform management of an employee perspective, which is invaluable in maintaining employee morale and productivity.

This study contributes to understanding that the perceived origin of a crisis plays a critical role in shaping employee responses to remuneration cost-reduction measures. In particular, it highlights that externally driven crises, such as the COVID-19 pandemic, may foster greater solidarity and co-operation between employers and employees, whereas pay reductions perceived to arise from endogenous

organisational factors are more likely to generate resistance. By systematically examining employee perspectives under these contrasting conditions, the study provides managers with empirically grounded insights into how remuneration adjustments are interpreted and experienced by employees. The next section outlines the study's limitations, together with recommendations for future research.

7.8 LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

Ross and Bibler Zaidi (2019) describe study limitations as inherent shortcomings within a study's research design that can potentially affect the results and conclusions of the research findings. The potential weaknesses in the present study include subjectivity and limited transferability, amongst others. The study's strengths, on the other hand, had a positive effect on the research outcome, allowing the researcher to draw credible conclusions from the collected data.

This study has several strengths, one of which is that it contributes to theory development on remuneration cost-reduction measures from an employee perspective. Ochieng (2009) argues that qualitative studies generate new theories based on the realities emerging from collected data. De Villiers, Dumay, and Maroun (2019) concur with this view, and emphasise that even non-conforming data are incorporated in the process of theory-generation. Through semi-structured interviews, this study sought to discover this reality from research participants to contribute towards an employee-centred theoretical framework for remuneration cost reduction.

According to Theofanidis and Fountouk (2018) delimitations are the boundaries or limitations set by the researcher to make the research manageable and focused on the research aim. The present research set delimitations, including the geographical scope, sample selection, and methodological choices.

Geographically, this study was confined to a single retail company in South Africa. The focus was on gaining a comprehensive and in-depth understanding of non-managerial employees' preferred remuneration cost-reduction measures in the context of the COVID-19 pandemic. Although this delimitation limits the transferability of the findings to other retail companies and other industries, the knowledge contributed by this study, including the employee-centred framework, may be useful to companies in similar

situations. As Li et al. (2021) note, organisations with a strong corporate culture can influence internal practices. Thus, the corporate culture of the research company may have shaped non-managerial employees' preferences for remuneration cost-reduction measures, which might not be representative of other retail organisations. Furthermore, the South African socio-economic context, characterised by historical militant trade unionism, income inequalities, and high unemployment, may have influenced participants' perspectives (Bhorat et al., 2021). Future research could include other sectors and organisations in various regions. Participants were limited to non-managerial employees, to gain a more focused understanding of their experiences and perspective on remuneration cost-reduction measures. Future studies could gain the perspectives of managerial and executive staff, which may yield more nuanced findings.

The present study followed a qualitative approach, whereby semi-structured interviews were used to collect the data. While this approach yields in-depth information on a phenomenon, there is a risk of social desirability bias on the part of participants, and the researcher's preconceived notions may influence the interpretation of the data. While every effort was made to remain objective in analysing the data, any such influences cannot be excluded. Alternatively, future research may consider adopting a mixed-methods approach, combining qualitative insights with quantitative analysis to enhance the breadth and validation of findings across different organisational contexts.

The context of the study was the COVID-19 pandemic. Hood, Littlejohn, and Milligan (2015) suggest that individuals' context has an influence on their behaviour; hence, the findings of the current research are contingent upon the unique circumstances of the COVID-19 pandemic, and may not be transferable to future crises of this nature that may encompass other considerations.

This study used a small non-random sample of 30 non-managerial employees at a retail company in South Africa, which may not accurately represent the broader population. Future studies could use larger samples to enhance the transferability of the findings and include other organisational contexts.

While this study investigated remuneration cost-reduction measures preferred by non-managerial employees, further research is needed to build upon its findings. The current study uncovered insights that fell beyond the scope of the study but are worth investigating to add new knowledge to the existing literature. The present study was also cross-sectional in nature, and future research could track the long-term consequences of various remuneration cost-reduction measures on employee retention, morale, and productivity. A longitudinal research design would be particularly valuable in examining how employee perceptions and responses to remuneration cost-reduction measures evolve over time during different phases of a crisis and organisational recovery. This study could also be replicated across different industries, such as healthcare, manufacturing, and distinguish between the private- and public sectors, to determine if there are industry-specific differences in the preference for remuneration cost-reduction measures.

The current study developed an employee-centred theoretical framework for remuneration cost reduction during a financial crisis, specifically the COVID-19 pandemic. Future research can expand on this study by undertaking a cost–benefit analysis on an organisation in implementing the framework, and the findings could be compared to those of an organisation that did not implement the framework, which could lead to refinement of the framework.

Future studies can also explore the remuneration cost reduction measures preferred by management when the organisation is in financial distress. The perspective of executives who make final organisational decisions could then be compared to that of non-managerial employees. Such a study could reveal how the perspective of non-managerial employees aligns with or conflicts with that of executives, with a view to creating a framework for remuneration cost reduction from both perspectives.

7.9 CONCLUSION

This chapter provided an in-depth discussion of the study's findings, aligned with extant literature and theories applicable to this domain. The chapter also proposed a framework for remuneration cost-reduction centred on the perspective of non-managerial employees. The framework indicates that non-managerial employees in this case study prioritised employment security, financial stability and employees'

overall well-being during times of crisis. This was followed by recommendations for practice and policy and the final conclusions drawn from the findings. The chapter also discussed the study's contributions and limitations, along with recommendations for future research. Recommendations were made for organisations, policy makers, and future researchers to adopt employee-centred strategies to reduce remuneration costs, strengthen social safety nets, and explore cross-sector and quantitative validation of the framework. It is hoped that the framework will not only enhance organisational resilience during future crises arising from exogenous factors, but also contribute to safeguarding employee livelihoods and preventing the loss of institutional knowledge and skills.

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APPENDIX A: INTERVIEW GUIDE

Semi-structured Interview Schedule

This interview is meant to contribute to a body of knowledge on remuneration cost reduction from employees' perspective. The new knowledge will potentially aid organisations to manage a financial crisis such as that brought about by the COVID-19 pandemic efficiently and effectively.

Please note that interviewees will remain anonymous. You are not required to provide your name, address, phone number, or any information that could be used to trace your identity.

Section A: Biographical Data

Age	
Gender	
Race	
Educational Level	
Marital Status	
Job position	

Section B: Investigative Questions

1. Did your company employ any measures to reduce costs in managing the COVID-19 pandemic? If so, what cost-reduction measures were used?

2. In your view, what measure do you think the company should have used to reduce costs in managing the COVID-19 pandemic, and why?

3. If your company faces a financial crisis like that caused by the COVID-19 pandemic, what would you choose: retrenchment or a pay reduction, and why?

4. If your company faces a financial crisis like that caused by the COVID-19 pandemic and you are consulted and involved in crafting response strategies, would you consider accepting any remuneration cost-reduction measure to save the company, and why?

5. Would you accept or reject a pay reduction as part of the company's response to survive a financial crisis such as that caused by the COVID-19 pandemic, and why?

6. If your company faces a financial crisis, such as the COVID-19 pandemic, would you choose a 3-month unpaid temporary layoff or a pay reduction, and why?

7. Would you positively or negatively or indifferently co-operate in a pay-reduction consultation meeting necessitated by factors within management's control, and why?

8. Would you positively or negatively or indifferently co-operate in a pay reduction consultation meeting necessitated by a crisis such as the COVID-19 pandemic, and why?

9. How do you rank the following cost-reduction measures in order of preference, starting with the most preferred as Number 1?

Remuneration Cost Reduction Measure	**Rank (Starting with the most preferred)**
Reduced working hours/Implementing a flexible work schedule	
Pay/benefit reduction	
Retrenchment	
Temporary lay-off	
Suspending overtime work	
Implementing no-pay leave	
Temporary freeze on salary and/or merit increases	
Taking accrued leave	
Reducing operational expenses	

10. Why is your least preferred remuneration cost-reduction measure worse than other measures?

11. Why is your best cost-reduction measure better than the other measures?

12. All things considered, will a remuneration cost-reduction measure in your organisation affect your morale and productivity? If so, how will it be affected?

13. Please provide any comments or thoughts on your organisation's handling of the COVID-19 pandemic with regard to remuneration. What could your company have done better? What were some of the successes and challenges?

APPENDIX B: PARTICIPANT INFORMATION SHEET

INFORMATION SHEET

Dear prospective participant,

You are invited to participate in a semi-structured interview conducted by Edwin Magweregwede under the supervision of Dr M. Bezuidenhout, a senior lecturer in the Department of Human Resources Management, towards a PhD at the University of South Africa.

You were selected to participate in this study because you are a non-managerial employee. By participating in this project, you agree that the information you provide may be used for research purposes, including dissemination through peer-reviewed publications and conference proceedings.

It is anticipated that the information we gain from this interview will help us to develop an employee-centred theoretical framework for remuneration cost reduction grounded in non-managerial employees' views.

You are under no obligation to participate, and you can withdraw from the study prior to completing the interview. If you choose to participate, the interview will take up no more than 60 minutes of your time. You will not be rewarded for your participation; however, it is envisioned that the findings of this study will influence policy formulation on remuneration cost reduction at both organisational and government level during periods of a financial crisis such as that brought about by the COVID-19 pandemic. We do not foresee that you will experience any negative consequences by participating in the interview. The researcher undertakes to keep all personal information provided confidential and not use any personal identifiers in the reporting. The interview will be recorded and videotaped. The records will be kept for five years for audit purposes, whereafter it will be permanently destroyed.

The research was reviewed and approved by the College of Economic and Management Sciences Ethics Review Committee. The primary researcher, Edwin Magweregwede, can be contacted during office hours at 27731884939. The study

leader, Dr M. Bezuidenhout, can be contacted during office hours at 0124294535. Should you have any questions regarding the ethical aspects of the study, you can contact the chairperson of the College of Economic and Management Sciences Ethics Research Committee at 0124294502. Alternatively, you can report any serious unethical behaviour using the University's Toll-Free Hotline 0800 86 96 93.

Yours sincerely

Edwin Magweregwede

APPENDIX C: PARTICIPANT INFORMED CONSENT FORM

CONSENT TO PARTICIPATE IN THIS STUDY

I, _____ (participant name), confirm that the person asking my consent to taking part in this research has told me about the nature, procedure, potential benefits, and anticipated inconvenience of participation.

I have read and understood the study as explained in the information sheet.

I have had sufficient opportunity to ask questions, and I am willing to participate in the study.

I understand that my participation is voluntary and that I am free to withdraw at any time, without penalty.

I accept that my personal details will be kept confidential and stored securely by the researcher.

I am aware that the findings of this study will be processed into a research report, journal publications, and/or conference proceedings, but that my participation will be kept confidential unless otherwise specified.

I agree to the recording of the interview.

I have received a signed copy of the informed consent agreement.

Participant name and
surname…….(please print)

Participant
signature……..Date……..

Researcher's name and
surname:……

Researcher's

signature……..Date:……

APPENDIX D: ETHICS CLEARANCE LETTER

UNISA college of economic and management sciences

COLLEGE OF ECONOMIC AND MANAGEMENT SCIENCE RESEARCH ETHICS REVIEW COMMITTEE

27 July 2022

NHREC Registration # : (if applicable)
ERC Reference #: 2022_CRERC_035(FA)
Name: Mr Edwin Magweregwede
Student #: 43301010

Dear Mr Edwin Magweregwede

Decision: Ethics Approval from 2022 to 2027

Researcher(s): Mr Edwin Magweregwede; 43301010@mylife.unisa.ac.za ; 0731884939
College of Economic and Management Sciences
Department of Department of Human Resources Management
University of South Africa

"Remuneration Cost Reduction Measures During the COVID-19 Pandemic: An Employee Perspective at A South African Retail Company"

Qualification: PhD

Thank you for the application for research ethics clearance by the Unisa College of Economic and management Sciences Research Ethics Review Committee for the above-mentioned research. Ethics approval is granted for 5 years, from **27 July 2022 until 26 July 2027.**

*The **low risk application** was **reviewed** by the College of Economic and management Sciences Research Ethics Review Committee on **14 June 2022** in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment.*

The proposed research may now commence with the provisions that:

1. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
2. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the College of Economic and management Sciences Research Ethics Review Committee.

3. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
4. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
5. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
6. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
7. No field work activities may continue after the expiry date **(26 July 2027)** Submission of a completed research ethics progress report will constitute an application for renewal of Ethics Research Committee approval.
8. Permission is to be obtained from the university from which the participants are to be drawn (the Unisa Senate Research, Innovation and Higher Degrees Committee) to ensure that the relevant authorities are aware of the scope of the research, and all conditions and procedures regarding access to staff/students for research purposes that may be required by the institution must be met.
9. If further counselling is required in some cases, the participants will be referred to appropriate support services.

Note:

*The reference number **2022_CRERC_035 (FA)** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.*

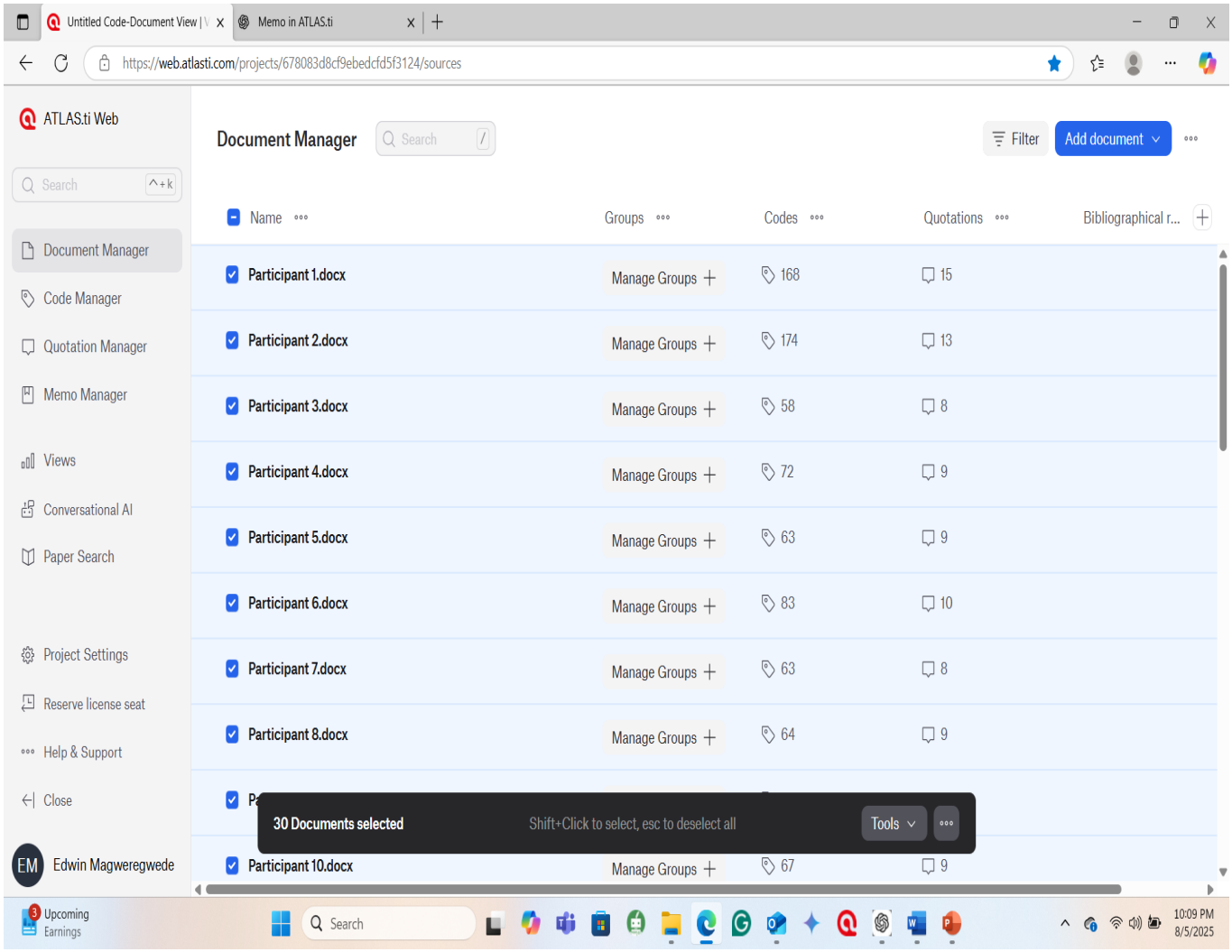
Yours sincerely,

Dr Vaola Sambo
Chairperson, CRERC
E-mail: Esambovt@unisa.ac.za
Tel: 012 429 4355

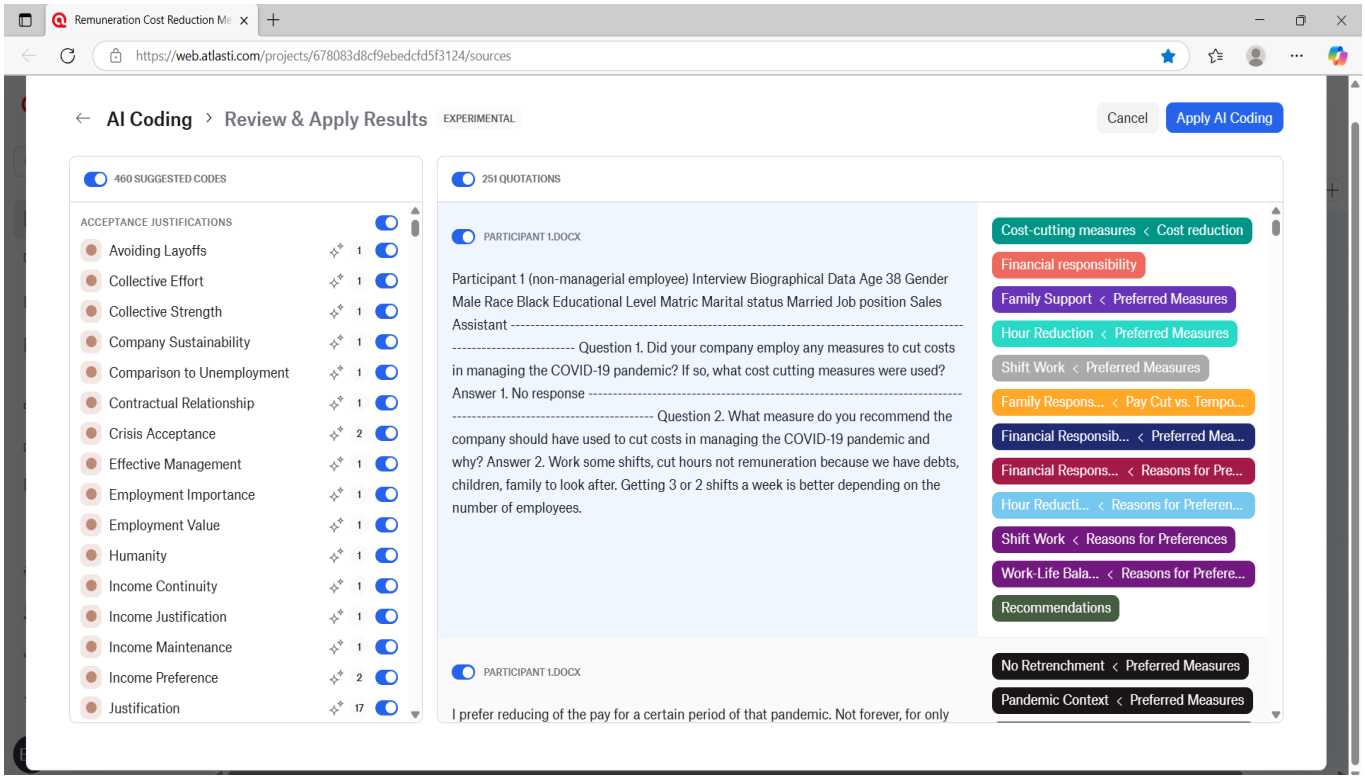
Prof MC MULAUDZI (Jul 29, 2022 13:07 GMT+2)

Prof MC Mulaudzi
Acting, Deputy Executive Dean: CEMS
E-mail: tshilmc@unisa.ac.za
Tel: 012 429 3724

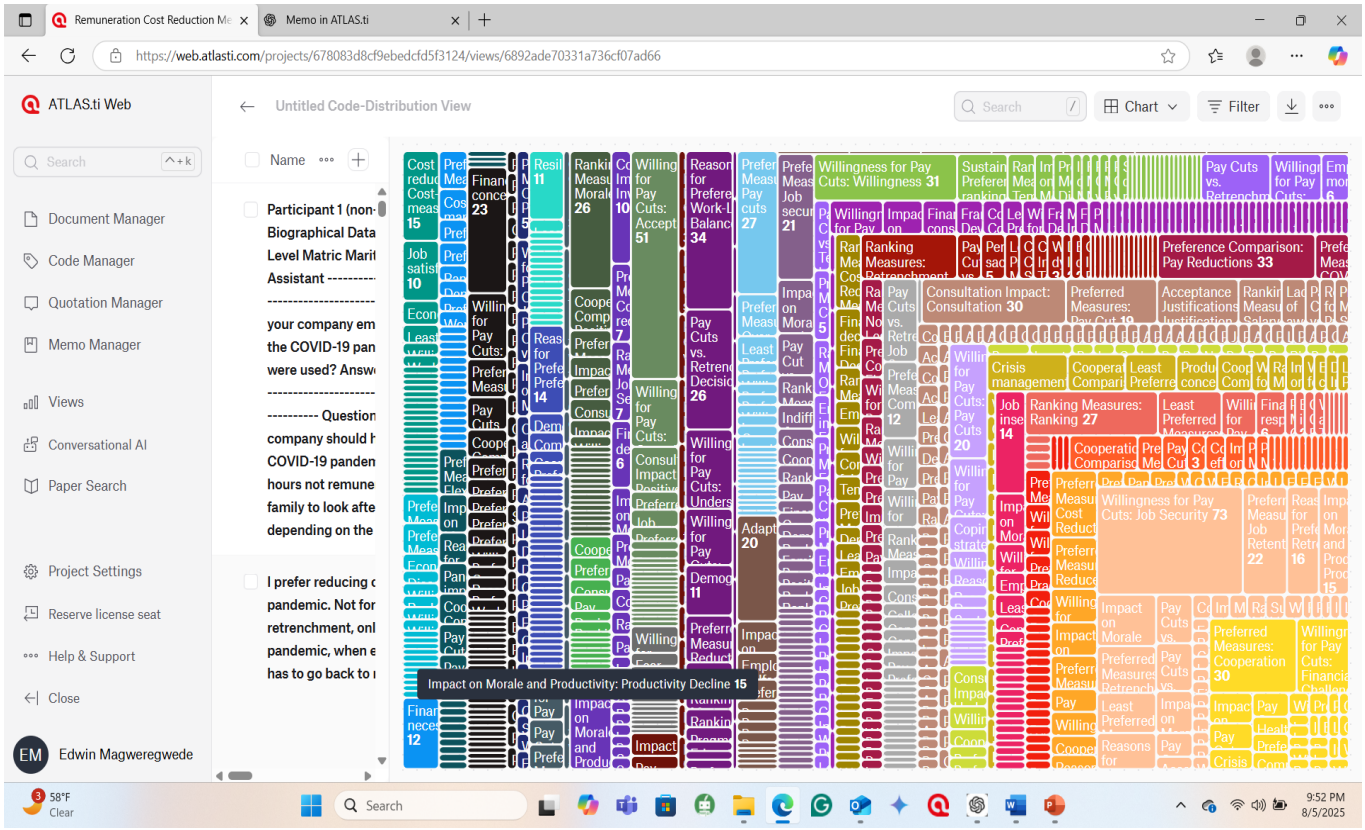
APPENDIX E: IMPORT OF INTERVIEW TRANSCRIPTS INTO ATLAS.TI



APPENDIX F: LIST OF ATLAS.TI SUGGESTED CODES



APPENDIX G: TREEMAP OF CODES GENERATED BY ATLAS.TI



APPENDIX H: MANUAL CODING OF INTERVIEW TRANSCRIPTS

Question 4

If your company faces a financial crisis like for example, the COVID-19 pandemic and you are consulted and involved in crafting response strategies, would you consider accepting any remuneration cost reduction measure to save the company and why?

Answer 4

I would consider reduction in pay because it's better than losing a job. Not consulting will make me unhappy because I would have made plans.

Question 5.

Would you accept or reject a pay cut as part of the company's response to survive a financial crisis, such as the COVID-19 pandemic, and why?

Answer 5.

Yes, I will accept a pay cut. It's better than losing a job.

Question 6.

If your company faces a financial crisis like for example, the COVID-19 pandemic, would you choose a 3-month unpaid temporary layoff, or a pay cut and why?

Answer 6.

I will choose a pay cut over a 3-month unpaid temporary layoff because it's better than staying at home with no money at all.

Question 7.

Would you positively or negatively or indifferently cooperate in a pay cut consultation meeting necessitated by factors within management control and why?

Answer 7.

I will participate sadly in the meeting because they should fix the problem themselves without cutting my salary.

Question 8.

Would you positively or negatively or indifferently cooperate in a pay cut consultation meeting necessitated by the COVID-19 pandemic and why?

Answer 8.

I will go to discuss with management happily because COVID-19 pandemic is not caused deliberately by management.

Question 9.

How do you rank the following remuneration cost reduction measures in order of your preference, starting with your most preferred measure as number 1?

Answer 9.

Reduced working hours/Implementing a Flexible work schedule – ranked number 2

Take accrued leave - ranked number 3

Suspending overtime work – ranked number 7

Reducing operational expenses - ranked number 4

Implementing no-pay leave - ranked number 8

Temporary freeze on salary and/or merit increases - ranked number 5

Temporary layoff - ranked number 6

Retrenchment - ranked number 9

Pay/benefit cut - ranked number 1

Question 10.

Why is your best preferred remuneration cost reduction measure (Pay/benefit cut) better than other measures?

Answer 10.

Pay cut is better than not having a job at all. At least you get some money.

Question 11.

Why is your least cost reduction measure (retrenchment) worse than the other cost reduction measures?

Answer 11.

Retrenchment is not good because jobs are scarce in South Africa.

Question 12

All things considered, will a remuneration cost reduction measure in your organisation affect your morale and productivity? If so, how will it be affected?

Answer 12.

Employees will be sad. Productivity will go down because employees are not used to the lower remuneration.

Question 13.

Please provide any comments or thoughts on your organisation's handling of the COVID-19 pandemic with regards to remuneration. What could your company have done better? What were some successes and challenges?

Answer 13.

The company did well. They could have retrenched employees. Very few employees were retrenched.
