

4. RESULTS

4.1 Introduction

The aim of this chapter is to deal with the three research questions, which is based on NVivo to show the findings that were from the semi-structured interviews. Moreover, coding which was built into NVivo, will be used to analyze the data that was collected from the food company.

This chapter will be divided into three sections. It will start with analyzing the data whether pay by piece rate is fair for employees. Then the data that the impacts of pay by piece rate on the relationship between work quality and the speed of producing will be discussed. Finally, it will examine the data whether employees think their commitment is enhanced by piece rate payment.

4.2 Whether employees think pay by piece rate is fair compared with time rate

The aim of this section is to address the first research question whether employees think the piece rate payment system is fair in the food company compares with time-based pay. Some the interview questions were designed to help to deal with the first research question. More specifically, interview question A1 (see Appendix 2) was designed to receive general ideas about how time rate is different from piece rate. Moreover, question A2, A3, B1 (see Appendix 3) and C1 (see Appendix 4) were to conclude how people feel pay by piece rate. In addition, the answers about whether pay by piece rate works for employees will be analyzed from question A4, A5, B2, B3 and B4. This section will begin with analyzing the distinctions between pay by piece rate and pay by time rate. Then it will discuss whether employees feel pay by piece rate is fair. Finally, if piecework works for employees will be examined.

4.2.1 The differences between time rate and piece rate

From the coding “time rate and piece rate” we can see that seventeen piece rate paid employees answered the question about the differences between time-based pay and pay by piece rate. The main findings of this coding indicated that all the seventeen employees pointed out that the significant distinction of piece rate and time rate is employees are paid by the work they do whereas time-based pay pays employees by the time that employees work. The findings also suggested that motivation is different between time rate and piece rate employees. In other words, piece rate payment could motivate employees to devote more efforts into their jobs whereas time rate payment does not. This is because under piece rate payment system

employees could earn more if they do more work. However, under time rate payment nobody wants to work more because no matter how many pieces of work the employee produces, he or she will get the same amount of money as his or her colleagues so nobody wants to work more. For example,

“Pay by piece rate depends on employees’ results. However, pay by time rate is based on inputs to pay for employees...” (Interview,12)

In addition, another finding from the coding is employees’ job security is different between pay by piece rate and pay by time rate. More specifically, employees thought that they will be dismissed if they do not have a higher productivity so they thought employees who are paid by time rate have a higher job security than those employees who are paid by piece rate. The following quotes are from interviewees 1:

“The job security of piece rate pay is lower than time rate pay”

4.2.2 Comparing the ratio of employee’s inputs to their outcomes with people

There were two distinct coding within coding “comparing the ratio of one’s inputs to their outcomes with people”. The first one is “comparing the ratio of employees’ inputs to their outcomes with themselves”. The second coding is “comparing the ratio of employees’ inputs to their outputs with their colleagues”

Within the first coding seventeen piece-rate paid employees responded to the question whether employees feel it is fair to compare the ratio of their inputs to their outcomes with previous time-based pay. The findings showed that fourteen out of seventeen employees who are paid by piece rate said that the ratio of employees’ current inputs to their outcomes is higher than previous time rate and their performance has been improved due to they are paid fairly. This is because employees’ inputs are paid off at the moment. On the other hand, in the past (time rate) every month employees earned the same. Even if employees produced more in one month they earned the same as the month when they produced less, which is unfair for them. The following quote is from interview 3:

“For those employees who put more effort into their jobs... they can get more than before when they were paid by time rate”

However, it is significant to point out that the findings also showed three out of seventeen employees said that the ratio of employees' current inputs to their outcomes is lower than that in previous time rate pay. This is because employees devoting more efforts into their work than before (time rate) even devoted extra hours to work but the outcomes that they got were not much higher than before (pay for hourly). For example, interviewee 10 said every day he is trying his best to work but the money that he is earning now is just a little bit more (30 percent) than what he earned before. The following quote is from another interviewee:

“The outcomes that I got do not match the efforts that I devoted into my job”
(Interviewee 5)

The second coding revealed that seventeen piece rate paid employees and one time rate paid employee answered the question whether employees feel it is fair compared to other people. The main findings from the second coding suggested that twelve out of seventeen piece rate paid employees feel it is fair compared with their colleagues. In other words, employees thought that the ratio of their inputs to their outcomes is equivalent to their colleagues'. This is because the wages that they earn are from the efforts that they make, which means employees will earn more if they produce more whereas employees will earn less if they produce less. For example,

“Even though I know some people earn more than me, they work harder than me... if I work the same as them I will get the same as them. However, I earn more than those who devote less than me. In this case, I think piece rate is fair for every employee... ” (Interviewee 7)

However, it is important to see that the findings also indicated that the other five out of seventeen piece rate paid employees reported that the ratio of their inputs to their outputs is lower than others who are paid by piece rate. This is because they said that even though they are trying their best to work, their outcomes are lower than other skilled employees due to their slower productivity. For instance, interviewee 5 said that he naturally produce slower (5 pieces of quality work per hour) than others (produce more than 5 pieces of work per hour) so even if he put all his effort into his work, the pace of producing is still slower than others who also devote all their efforts to the work. In other words, his inputs are the same as others whereas the outcomes are less than others. So he feels it is unfair in terms of comparing the ratio of their inputs to their outcomes with their colleagues'. Another example for interviewee 10:

“I do not think it is fair because I naturally produce slowly”

In addition, the results also suggested only one time rate paid employee thought her ratio is higher than her colleagues who are paid by piece rate. She pointed out that no matter how much effort she put into her work she could earn the same fixed wages every month. However, for piece rate paid employees they need to put more effort into their jobs in order to get more money. Meanwhile, even though some employees worked really hard, they cannot earn much more than her. Therefore, she thought the ratio of her inputs to her outcomes is higher than others. For example,

“Because 30 percent of piece-rate paid employees put more effort in than me they earn a little bit more than me (only 20 percent more than me)” (Interviewee 18)

4.2.3 Does pay for piece rate work for employees?

Two different coding were under the coding “does piece rate payment work for employees”. The first one is “whether you trust the financial information being transparent”. The second coding is “whether employees are happy with piece rate pay”.

The first coding revealed that all the seventeen employees who are paid by piece rate responded to the question whether employees trust the financial information being transparent in the food company. From the results, it can be seen that all of the seventeen employees answered that the financial information in the food company is shared a little but is not transparent and the information that is shared is the price per unit. Moreover, the findings also suggested that most employees thought it is not necessary for the owners to share financial information with them and there is no need for them to know the financial information. The following quote is from two of the interviewees:

“In terms of financial information, all I know is the price per unit...” (Interviewee 6)

“I do not think the financial information is transparent and I think I do not need to know that due to financial information is the secret for the owners...” (Interviewee 15)

The results of the second coding “Whether employees are happy with piece rate pay” were collected from all the twenty respondents. The findings showed that all seventeen employees who are paid by piece rate thought 70 percent to 80 percent of

employees were satisfied with pay by piece. This is because they pointed out that under pay by piece rate their outcomes match their inputs, which means they can earn more than before (when they are paid by time). So they are happy with piece rate payment. For example,

“Piece rate could help them earn more as long as they produce more quality work whereas time-based pay could not do this...” (Interviewee 6)

Moreover, the results showed that interviewee 18 (time rate paid employee) said that in the long term, the piece rate system is more suitable for her than time rate pay system and she said although she prefers to be paid by time rate at the moment, she is not worried about pay by piece rate because pay by piece rate will help her get more wages if she produces more products and now she is on the way to becoming proficient to produce. For example,

“I can produce more in order to meet my target, which is to earn more money...” (Interviewee18)

In addition, the findings also showed that the two owners pointed out even though 10 percent of employees do not prefer to be paid by piece rate, 90 percent of employees are happy with piece rate payment. They pointed out that 10 percent of employees do not like piece rate because their outcomes do not match their inputs and they claimed that they feel tired after piecework and there is no other reward to motivate them apart from pay. The following quote is from one of the two owners:

“... One employee said she tries her best to work after she is paid by piece rate but her wages are only 20 percent higher than before when she was paid by hours, which is unfair for her... they are always feeling exhausted after work... pay for piece cannot motivate her to work harder because she wants to get more holidays...” (Interviewee 20)

In conclusion, in the food company piece rate paid employees pointed out there are many differences between time rate and piece rate such as the levels of job security and employees are paid by different methods. Moreover, even though one-third of the employees did not think the ratio of their inputs to their outcomes is fair compared both with themselves' and with their colleagues', most employees (two-thirds) thought they were fair. In addition, despite around 20 percent of employees not thinking that pay by piece rate work for them but 70 percent to 80 percent of employees who work for the food firm thought that piece rate payment

worked for them because they were paid fairly, which motivates them to perform better and earn more.

4.3 The impacts of piece rate pay on the relationship between work quality and production speed

This section is going to deal with the second research question whether pay by piece rate impacts on the quality of work and the speed of producing. A few of the interview questions are designed to answer this question. Firstly, interview question A6 and C2 were designed to receive data about how piece rate affects employees' production speed. Secondly, data about how piece rate affects work quality will be collected from question A7 and C3. Thirdly, question A8 and C4 were to collect data about how employees balance production speed and work quality. This section will be based on the above three areas.

4.3.1 The effects of piece rate pay on employee's production speed

Two completely different kinds of answers were received from piece rate paid employees and owners in the coding "piece rate pay and speed". The main findings of this coding showed that both sixteen out of seventeen piece rate paid employees and the two owners said that employees' production speeds are faster than before when they are paid hourly. They pointed out that employees tended to produce faster when they are paid by piece rate because they need money to support their family and their wages are lower than other industry's wages, which makes them feel it is unfair so they produce faster. For example,

"I want to get back equity so I produce faster than before..." (Interviewee 5)

Moreover, they also said they produce faster in order to protect their jobs because in my company if employees cannot reach the average number of products (5 pieces of work each hour) for 20 days within one month they would lose their jobs so they try their best to produce. The following quote is from interviewee 15:

"For the sake of protecting my job... piece rate payment improves my production speed..."

In addition, both interviewee 7 and the two owners mentioned that employees produce faster because they want to achieve other-esteem. For example,

“I want to perform better than my colleagues... it could give me confidence...”
(Interviewee 7)

“Due to employees wanting to earn more money, raise their self-esteem and protect their jobs...” (Interviewee 19)

However, it is essential to note that the findings also revealed that one respondent who is paid by piece rate and the two owners thought that pay by piece rate affected employees’ production speed twice. More specifically, employees’ production speed increased before decreasing but the speed is still higher than before when employees were paid by time rate. This is because he said that piece rate increases his speed of producing at the beginning when he was paid from time rate pay to piece rate pay because he wants to earn more. However, compared with him other employees earned less so as time went by some of his colleagues stopped joking with him. Moreover, he mentioned that if he produces fast all the time he is worried the owners would increase the targets for per hour. For example, the following quote is from him: “My production speed has changed twice under pay by piece rate...” (Interviewee 13)

Similarly, the two owners also pointed out that some employees who produce really fast at the beginning when they were paid by piece rate and then they slow down their speed but it is quicker than before. However, it is different reason as interviewee 13 stated. The two owners said that employees slow down their speed of producing because they need to enhance the quality of work. For example, “Piece rate also reduces employees’ production...” (Interviewee 19)

4.3.2 The effects of piece rate pay on employee’s work quality

The findings from the coding “piece rate pay and quality” showed that both the two owners and sixteen out of seventeen respondents who are paid by piece rate said that the quality of employees’ work has decreased around 4 percent, from 99 percent of quality work (time rate pay) to around 95 percent of quality work (piece rate pay). This is because employees place too much focus on production speed, which leads to more below quality products. In other words, employees spend more time and energy in thinking how to produce fast, which results in employees not having extra time and energy to care about the quality of work. For example, the following quotes are from two of the interviewees:

“I cared about the speed too much.” (Interviewee 11)

“Employees tend to produce fast, which leads to employees ignoring the quality of work and they do not have enough time to focus on the quality of products...” (Interviewee 20)

However, the findings also reported that only one out of seventeen piece rate paid employees said that the quality of his products that he produces has improved compared with when he was paid by time rate because in order to get back to equity he slow down his production speed, which gives him more time to take care of the quality of his work. For example:

“I produce slower than I could produce, which also leads to higher quality.” (Interviewee 13)

4.3.3 How to balance production speed and work quality

According to the coding “balancing production speed and work quality”, seventeen employees who are paid by piece rate responded the question how do employees balance the quality of work and the speed of producing. The results showed that all those seventeen employees pointed out that in order to not waste time and energy on unsatisfactory work, employees should consider the quality of work as important and then produce as fast as they can. For example, the following quote is from one piece-rate paid employee:

“Maintaining work quality first... employees need to try their best to produce in order to meet the average amount of produces.” (Interviewee 2)

While, under the coding “balancing production speed and work quality” there was another coding “how many pieces of quality work could employees produce per hour while maintaining work quality” that was answered by seventeen employees who are paid by piece rate and two owners. There were three main findings from the coding. Firstly, the findings from the coding showed that ten out of seventeen employees who are paid by piece rate said they could produce 5 pieces of quality work per hour. For example,

“I can produce 5 pieces of work while maintaining the quality” (Interviewee 3)

Secondly, the findings also reported that seven out of seventeen employees said that they could produce 6 to 7 pieces of quality work per hour.

“I produce 7 piece of quality work every hour” (Interviewee 16)

Thirdly, both owners suggested that the average number of quality work that piece rate paid employees produce every hour is 5 pieces and the new comers are also required to produce at least 5 pieces of quality work after three months practice. However, if the new recruits could not get up to the speed they will not continue to work in this company in the future.

To sum up, in the food company both the owners and sixteen out of seventeen employees who are paid by piece rate thought that pay by piece rate improves employees’ production speed whereas it slightly reduces the quality of employees’ work. Moreover, employees suggested that work quality is more important than production speed when they are paid by piece rate so employees need to take more care of the quality of work when producing.

4.4 Whether piece rate pay could enhance employees’ commitment

The third research question, which was how the piece rate payment system affects employees’ commitment, will be addressed in this section. Again some interview questions will be designed to help deal with this. Specifically, question A9, C5 and C6 were to collect the data about what people think about pay for unsatisfactory work. Moreover, question A10 and C7 were to answer questions about the rate of employees’ absence and turnover. In addition, the information whether pay by piece rate enhances employees’ job satisfaction will be collected from questions A11, B4 and C8. This section will start by examining whether employees are committed to the food company when they are paid by piece rate. Then it will look at whether employees’ job satisfaction is affected by the piece rate payment system.

4.4.1 Does pay for piece rate affect employees’ commitment to the company?

Two coding reflected the question how pay by piece rate influences employees’ commitment. These are coding “pay for unsatisfactory work” and coding “the rate of employees’ absence and turnover”

In terms of the first coding, it showed that two out of seventeen employees who are paid by piece rate responded that paying for unsatisfactory work could enhance their commitment to the company because it is fair for everyone paying for his or her mistakes, which means no matter how slow (4 or 5 pieces of work per hour) or how

fast (7 or 8 pieces of work each hour) the employee produces, the results are the same. For example,

“Paying for unsatisfactory work reflects the fairness in this company...”
(Interviewee 7)

However, the findings also revealed that only one employee who is paid by piece rate said the rule of paying for below quality work reduces her commitment to the firm because the policy is unreasonable. In other words, she believed every employee wants to produce quality work and produces unsatisfactory work only by accident so there is no reason for employees to pay for below quality work. For example, the following quote is from her:

“Paying for unsatisfactory work reduces my commitment to the company...”
(Interviewee 8)

Moreover, it is significant to note that both the two owners and fourteen out of seventeen respondents who are paid by piece rate thought that there was no impact of paying for below quality work on employees’ commitment. This is because they mentioned that employees should be responsible for their products and for the company. The following two quotes are from two of them:

“It is the basic thing for employees to take the responsibility for their products...” (Interviewee 9)

“It is employees’ duty to take care of their products... (Interviewee 20)

As for the second coding, both piece rate paid employees and the owners provided their own ideas. According to the results of the coding, thirteen out of seventeen piece rate paid employees responded that they had not been absent for the last three months while there was one employee (interviewee 14) who said that the rate of their job absence was 3 percent in the last three months. However, all those fourteen employees mentioned that the rates of their absence have reduced compared with when they were paid by hourly. This is because they thought they could earn more if they produce more and they do not want to lose wages. While, interviewee 14 said he had an important personal matter so he did not go to work otherwise he would not absent himself from his work because under pay by piece rate he can earn more, which motivates him to go to work. For example,

“I do not like to be absent because... I do not want to lose the wages... Honestly, I did not want to go to work when I was paid by time rate ...” (Interviewee 14)

Moreover, it is significant to note that the findings also suggested that there were three higher employees absence rate, 6 percent, 8 percent and 10 percent respectively. More specifically, interviewee 15 said she her absence rate was 6 percent because she did not want to see three of her colleagues. In other words, all of them just smiled at to her and did not say anything and continued to produce when she asks her colleagues how to produce faster, which made her disappointed about the colleagues and the company so she absent. For instance,

“I do not like their working environment...” (Interviewee 15)

Moreover, interviewee 10 stated that his absent rate was 8 percent. He did not go to work because he said piecework makes him feel exhausted so he needs time to relax. Also he mentioned that he will probably go to another company if there is a job where he can earn the same as the food company or even less than the food company as long as it has a short holiday every year and it does not make me feel tired. For example,

“...I need time to relax... I can get new energy to continue to work in the next few days...” (Interviewee 10)

In addition, interviewee 17 said that her absence rate was 10 percent because she said she needs personal time and holidays with their families. Also she pointed out that the she will be more committed to the company if there are some days off during weekends. For example,

“The only thing that I hope is I could get more private time with my family and children...” (Interviewee 17)

In addition, from the findings it can be seen that the two owners responded that the rate of employees' turnover had increased 5 percent in the last two years, from 45 percent (two years ago) to 50 percent (the last two years). They explained that employees have a higher turnover rate due to employees failing to reach the quotas (5 pieces of quality work per hour in 20 days within one month) and some employees have been dismissed during the low season in order to save costs. Moreover, employees think their hard efforts do not pay off so they have left the company. In

addition, employees have changed to another company where they said they needed other rewards not only money.

4.4.2 Does pay for piece rate affect your satisfaction with your job?

The coding “piece rate pay and job satisfaction” showed the impacts of pay by piece rate on job satisfaction from three perspectives. From piece rate paid employees’ perspective, eleven out of seventeen employees responded that pay by piece rate does not affect employee’s job satisfaction. Moreover, there was two out of seventeen piece rate paid employees who said that piece rate compensation increases employee’s job satisfaction. However, four out of seventeen piece rate paid people answered that piece rate payment demotivates them. Secondly, from time rate paid employee’s perspective, interviewee 18 thought that piece rate pay would give her job satisfaction. In addition, from the owners’ perspective, the two owners responded that piece rate has positive effects on employee’s job satisfaction.

Employees do not think pay by piece rate affects their job satisfaction because piece rate pay system does not serve as a motivating force to make employees like their jobs more. For example,

“My job satisfaction is not affected by piece rate pay. I produce more products and I attend work, simply because I want to earn more money.” (Interviewee 12)

Moreover, people think pay by piece rate enhances employees’ job satisfaction because pay by piece could assist people to meet their self-esteem and help employees earn more money, which motivates employees. The following quotes are from three of interviewees:

“Not only does everybody know how fast I produce but also I earn more money through pay for piece rate, which assists me meet my self-esteem and makes me feel happy” (Interviewee 7)

“Everyone can see my hard work, which not only increases my confidence and but also could encourage me to devote more efforts into my job.” (Interviewee 18)

“Piece rate pay leads to employees who want to earn more money liking their jobs more due to piece rate pay system motivates them to produce more.” (Interviewee 19)

However, it is important to report that four of the respondents who are paid by piece rate thought that pay by piece rate has a negative effect on their job satisfaction because Interviewee 10 said that piecework makes him feel tired so he does not like his job as before (when he was paid by time rate) and interviewee 15 pointed out that she was dissatisfied with her working environment. Interviewee 5 and interviewee 7 said that they are underpaid by piece rate payment, which makes them dissatisfied.

In conclusion, although there were three respondents who are paid by piece rate paid in the food company that thought that paying for unsatisfactory work affects their commitment to the company, both the two owners and fourteen out of seventeen piece rate paid employees responded that there was no effect of paying for below quality work on employees' commitment. Moreover, the results also suggested that although the rate of employees' absence rate had declined in the last three months, the rate of employees' turnover had increased in the last two years. In addition, in terms of whether pay by piece rate affects employees' job satisfaction, a quarter of people who work for the food company thought that it decreased employees' job satisfaction, while similar numbers of employees pointed out employees' job satisfaction was enhanced by piece rate payment. However, half of the people reported that pay by piece rate does not affect employees' job satisfaction.

4.5 Conclusion

From the above findings it can be seen that all of the three research questions have been dealt with in this chapter. More specifically, in this study two-thirds of employees who work for the company perceived piece rate payment is fair contrasted with previous hourly paid. Additionally, the quality of employees' work has slightly declined under piece rate payment whereas pay by piece rate encouraged employees to produce faster. Moreover, only 15 percent of employees thought piece rate payment system increased their commitment to the company.