

## **5. DISCUSSION**

### **5.1 Introduction**

The aim of this chapter is to compare the findings from results in the previous chapter with the existing literature from the literature review chapter. This chapter will be divided into three parts to discuss the three research questions. Firstly, it will discuss the comparison of pay by piece rate and pay by time rate and whether piece rate payment system is fair. Secondly, it will address how the piece rate payment system affects work quality and production speed. Thirdly, whether employees' commitment can be enhanced by piece rate payment will be debated.

### **5.2 Compared to time-based pay whether employees perceive pay by piece rate is fair**

This section is going to discuss the first research question in terms of previous literature.

#### **5.2.1 The differences between time rate and piece rate**

Based on the findings comparing the difference between time rate and piece rate, all participants responded that time rate pay is based on the time that employees spend in their jobs but pay by piece rate depends on the results of employees work, which confirmed Rubin and Perloff's research that time rate pays employees by how long employees work whereas piece rate pays employees by how many pieces of quality work they produce (Rubin & Perloff, 1993).

Moreover, the current study also suggests that pay by piece rate could encourage employees to put more efforts into their work than time rate paid employees. This result supported Hu's study that piece rate paid employees are willing to devote extra efforts into their work compared to time-based paid employees (Hu, 2011). In addition, a further finding of this research suggested that employees have a relatively stable job under pay by time rate compared to piece rate. This finding supported the research in the literature review that compared with piece rate paid employees time-based paid employees have a higher job security (Hu, 2011).

#### **5.2.2 Comparing the ratio of employee's inputs to their outcomes with people**

As was stated in the literature review piece rate paid employees are willing to compare the ratio of their inputs to their outcomes with themselves or their colleagues

who are in the same position as them in order to know whether they are paid fairly (Liu, 2012). The current research suggested that two-thirds of the employees who are paid by piece rate believed that pay by piece rate is fair when they compare the ratio of their inputs to their outcomes with both their previous hourly paid wages and their colleagues. This is because their wages that they earn are equivalent to the price of the work they produce so they thought pay by piece rate is fair. This result supported Liu's research (Liu, 2012). In addition, in this research employees also mentioned that their performance has been improved because they are paid equivalent. This result agreed with Liu's and Adams' research that employees would be demotivated if they feel unfair (Liu, 2013; Adams, 1965).

However, one-third of the interviewees who are paid by piece rate in the food company highlighted that they perceive pay by piece rate is unfair, which is the same result as Wei's study mentioned in the literature review that it is unfair for those employees who work naturally slowly because although all employees devote the same inputs into their jobs, those employees who naturally produce slowly cannot gain the same outcomes as other colleagues who can produce faster than them (Wei, 2012).

### 5.2.3 Does pay for piece rate work for employees?

In the food company all piece rate paid employees pointed out that the financial information in the food firm is not transparent, which confirmed Li's research that all the manufacturing companies that pay employees by piece rate do not share their financial information with employees as employers think it is unnecessary for employees to know other financial information apart from their wages (Li, 2006). Moreover, the results of whether employees are satisfied with piece rate payment system showed that 70 percent to 80 percent of employees who are paid by piece rate are happy with piece rate system because they can earn more and they are paid equitably under piece rate payment, which supported both Liu's and Wei's studies that people who think they are paid fairly by piece rate are happy with piece rate (Liu, 2012; Wei, 2012).

However, the results showed that 20 percent to 30 percent of the employees are dissatisfied with piece rate because they thought they are paid unfairly and there is lack of holidays. This supported Liu's and Wei's researches that people who do not perceive they are paid equally by piece rate are dissatisfied with piece rate payment (Liu, 2012; Wei, 2012). In addition, the findings also supported Herzberg's two-factor

theory that employees will not be motivated if there are no motivators such as holidays (Herzberg et al., 1959)

In conclusion, it can be seen that all the findings about fairness and piece rate payment system in the food company supported previous literature, such as piece rate payment is fair confirmed with Liu's study (Liu, 2012) and the finding that employees will be motivated to have a better performance if they are paid fairly agreed with Liu's research (Liu, 2013).

### **5.3 The impacts of piece rate pay on the relationship between work quality and production speed**

The aim of this part is to deal with the second research question.

#### **5.3.1 The effects of piece rate pay on employee's production speed**

The current research highlighted that pay by piece rate affects employees' production speed. More specifically, the results from interviews illustrated that almost all employees' production speed has been increased after they are paid by piece rate. However, one piece-rate paid employees' production speed has decreased after increasing but it is still higher than before when he was paid by time rate. There were different reasons why pay by piece rate increases employees' production speed in the food company. Firstly, they want to reach the equity situation so piece rate payment motivates them to produce faster, which correlated with Andrews who advocated that underpaid employees tend to produce faster because they want to achieve equity (Andrews, 1967). Secondly, employees would like to reach their expected wages and meet self-esteem so they have a higher productivity, which is emphasized by Lawler's study (Lawler, 1967).

However, it is significant to note that a statement from an interviewee that pay by piece rate reduces his speed of producing due to he wants to decrease the feeling of inequity, which confirmed Wood and Lawler's study and Ng and Shi's study that overpaid employees tend to get back equity by reducing their productivity (Wood & Lawler, 1970; Ng & Shi, 1995).

#### **5.3.2 The effects of piece rate pay on employee's work quality**

The results from the interviews showed that the two owners and almost all of the employees who are from the food company think that pay by piece rate has a negative

effect on work quality, which supported Adams and Jacobsen's research that the quality of work that piece rate paid employees produce is lower because they are too much focus on the speed (Adams & Jacobsen, 1964). However, the evidence from one employee was he thought the quality of his work is higher because he wants to get back equity and his slower working speed. This is similar to the result of Ng and Shi's studies that work quality will be improved if employees produce slowly for the sake of getting back equity (Ng & Shi, 1995).

### 5.3.3 How to balance production speed and work quality

The findings from employees who are paid by piece rate suggested that employees should take work quality more into account when they are working. This result is the same as Li's study, which is even though both production speed and work quality determine whether employees can earn wages, work quality is more crucial than production speed (Li, 2006).

In conclusion, in this research, all the findings about the effects of pay by piece rate on work quality and production speed from employees and owners supported previous research. From the findings we can see that the two owners and almost all of the employees perceived the piece rate payment system accelerates employees' production speed whereas the quality of work is lower under it. Moreover, they suggest that employees need to pay more attention to work quality when producing.

## **5.4 Whether piece rate pay could enhance employees' commitment**

This section will help to deal with the third research question.

### 5.4.1 Does pay for piece rate affect employees' commitment to the company?

The main findings of this research showed that fourteen out of seventeen piece rate paid employees and all the owners perceived that paying for below quality work does not affect employees' commitment to the company. This correlates with Cong who advocated that employees paying for their mistakes are reasonable because employees have a duty to take care of the products that they produce so it does not affect employees' commitment (Cong, 2006).

However, it is important to note that the current study also pointed out that paying for unsatisfactory work reduces employees' commitment due to employees producing unsatisfactory work by accident so it is unreasonable for them to pay for

the below quality work. This finding supported Wei's study that paying for unsatisfactory work could reduce employees' commitment to their firms (Wei, 2012).

In addition, only one piece-rate paid employee in this research responded that paying for below quality work makes her become more committed to the food company. This confirmed Xuan's research that the policy of employees paying for below quality work reflects the fairness of the company (Xuan, 1964).

The results from the interviews also showed that in the food company most piece rate paid employees have a lower rate of absence because they want to earn more. This result agreed with Zhang's and Liu and Mill's studies that piece rate paid employees would like to go to work due to they will earn more if they produce more (Zhang, 2008; Liu & Mills, 2007). However, the research from Hu (2011) and Peng (2012) as well as the responses from participants seem to support two-factor theory by Herzberg, which argues that employees do not go to work if there is lack of hygiene factors such as poor working environment and lack of motivators such as days off (Herzberg et al., 1959).

#### 5.4.2 Does pay for piece rate affect your satisfaction with your job?

In line with Zhang's study half of the people who work for the food company stated that pay by piece rate does not affect their job satisfaction because pay by piece rate cannot make people enjoy their jobs more so pay by piece rate does not have any effects on employees' job satisfaction (Zhang, 2008). In addition, the findings also suggested two employees and two owners stated that pay by piece rate could increase job satisfaction of those employees who want to achieve their self-esteem, which supported Tong and Zhang's study (Tong & Zhang, 2010). However, some employees said that their job satisfaction was reduced by piece rate payment system, which confirmed Heywood and Wei's work that piece rate paid employees are not happy with their jobs because piecework requires employees to put more effort into their jobs (Heywood & Wei, 2006). Moreover, Chen (2004) identified that employees' job satisfaction will be decreased due to an unhappy working environment.

From the above discussion, therefore, it can be see that all the findings about piece rate payment and commitment support the research in literature review. More specifically, fourteen out of seventeen employees thought paying for below quality has not affected their commitment to the food company, which confirmed Cong's study (Cong, 2006). Moreover, this research showed that some people thought the rate of turnover has increased due to lacking motivators, which supported Herzberg's

two-factor theory (Herzberg et al., 1959). In addition, 50 percent of employees perceive piece rate payment did not affect their job satisfaction, which confirmed Zhang's study (Zhang, 2008).

## **5.5 Conclusion**

In conclusion, all of the three research questions were addressed and all the findings that were collected from the interview supported previous research in the literature review. More specifically, this research showed that two-thirds employees thought pay by piece rate is fair, which supported Liu's research (Liu, 2012). Moreover, pay by piece rate improves employees' production speed, which confirmed Andrews' study (Andrews, 1968). In addition, this study suggested that most employees thought that pay by piece rate could not enhance their commitment to the company, which confirmed Cong's study (Cong, 2006).