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MERIT PAY IN THE PUBLIC SERVICE:

A PRELIMINARY STUDY OF PUBLIC SERVICE EMPLOYEES ATTITUDES

TO PERFORMANCE RELATED PAY INCREASES

A RESEARCH REPORT PRESENTED IN PARTIAL FULFILMENT OF
THE REQUIREMENTS FOR THE DEGREE OF MASTER OF
BUSINESS STUDIES AT MASSEY UNIVERSITY

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ABSTRACT

This study was designed to investigate the criteria on which public service employees would prefer their annual pay increase to be based. Two major variables of preference for pay increase based on merit and preference for pay increase based on length of service were examined. Also, demographic variables of age, sex, educational qualification, length of service, job level, and union membership were investigated. Two departments; the Department of Scientific and Industrial Research (DSIR) and Public Trust were chosen for their accessibility. Data collection involved a self-administered questionnaire. 67 valid responses (39 males and 28 females) were used in the survey. The data was analysed using the SPSSX computer program.

The findings indicated that employees preferred their annual pay increases to be based on length of service than merit. However, some employees rated both criteria highly. With the exception of educational qualification where school certificate holders preferred merit pay to pay increases based on length of service, there was no relationship between demographic variables and expressed preference for merit pay or pay increases based on length of service.

It was concluded that public service employees surveyed still wanted traditional annual pay increases based on length of service to continue. However, the near equal distribution of frequencies between preference for merit pay and pay increases based on length of service suggest that employees may want both systems to operate. This would mean that the Public service may have use both merit pay and pay increases based on length of service to motivate the employees.

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