THE REAL SALARY

What Pay in Zimbabwe Is Actually Worth in 2026

A white paper on salary trends, inflation and the cost of living, built on official data from ZimStat, the Reserve Bank of Zimbabwe, the Ministry of Finance, the International Monetary Fund and the World Bank, and on IPC's 2026 salary survey series covering 67 organisations and more than 15,000 employees

Industrial Psychology Consultants (Pvt) Ltd

Maximising Returns on Human Capital

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About this paper

This white paper examines what salaries in Zimbabwe are worth in 2026 after accounting for inflation, exchange rate dynamics, and the cost of living. It is written for boards, chief executives and remuneration committees. Civil service pay is excluded from the analysis because it is determined by fiscal policy rather than by the market; it is addressed in a separate commentary in Section 12. The analysis draws on two bodies of evidence. The first is official statistics from the Zimbabwe National Statistics Agency, the Reserve Bank of Zimbabwe, the Ministry of Finance, the International Monetary Fund, the World Bank and the African Development Bank. The second is Industrial Psychology Consultants' 2026 salary survey series, conducted in the first quarter of 2026 across 67 organisations and more than 15,000 employee records in banking, insurance, asset management, mining, manufacturing, quasi government entities, telecommunications, tourism and the non governmental sector, together with IPC's retrospective review of 2025 pay practices. United States dollar equivalents are calculated at the official interbank rate of approximately 26.3 to 26.9 ZiG per dollar prevailing over the survey period, unless stated otherwise.

Industrial Psychology Consultants (Pvt) Ltd has advised organisations across Zimbabwe and the region on remuneration, talent and organisational performance for more than three decades. Enquiries regarding this paper may be directed to the Managing Consultant, Memory Nguwi.

Executive summary

4.7% Annual ZiG inflation, June 2026, down from 95.8% in July 2025	**17.2%** Rise in the employee household cost basket, January 2025 to April 2026	**7.5%** Average salary increase awarded across sectors over the same period	**27 to 1** Executive to entry level earnings ratio across 67 organisations
US$93-186 Most common monthly income band of an employed Zimbabwean	**US$252** Monthly poverty threshold for a family of five	**US$972** Median entry level package in the surveyed formal market	**13 in 100** Working age adults in formal employment

- **Macroeconomic stability has been restored, at a cost that falls on payroll.** Annual ZiG inflation declined from a peak of 95.8 percent in July 2025 to 4.7 percent in June 2026, and United States dollar inflation stands at 3.1 percent. The stabilisation was achieved through interest rates above 30 percent and tight control of money, which also constrained the credit and working capital that fund wage growth. Wage recovery will therefore lag the improvement in headline indicators.
- **Headline inflation understates employee cost pressures.** The employee household cost basket tracked through IPC's survey series rose 17.2 percent between January 2025 and April 2026, approximately four times headline inflation, driven by utility tariffs, fuel and dollar priced essentials. An employee whose United States dollar salary has not been adjusted since January 2024 has lost approximately 25 percent of real purchasing power.
- **Salary increases lagged the cost of living in every sector.** Across IPC's 2026 surveys the average increase was approximately 7.5 percent, ranging from 12.5 percent in mining to 4.0 percent in the donor affected NGO sector. Real remuneration therefore declined by 5 to 13 percentage points across the formal market for a second consecutive year.
- **The surveyed formal market is a small, high paying segment of the economy.** Median entry level earnings across 67 organisations are US$972 per month, nearly four times the family poverty threshold of US$252, while the most common income of an employed Zimbabwean is US$93 to US$186.
- **Sector is the strongest single determinant of pay.** A Level 5 professional earns a median basic salary of US$5,288 in mining and US$2,745 in insurance. At entry level the ranking reverses, with manufacturing paying total earnings of US$1,422 against US$578 in mining. These differentials drive documented talent movement between sectors.
- **The currency composition of pay has become a retention factor.** More than 80 percent of transactions are conducted in United States dollars. Executives receive 90 to 100 percent of pay in dollars and entry level employees 50 to 70 percent. IPC's 2025 review found that organisations paying less than 70 percent of salary in dollars experienced measurably higher attrition.
- **Guaranteed pay has been rebuilt; performance pay has not.** Transport support, pension, medical aid, a 13th cheque and housing allowance are now offered by 81 to 97 percent of organisations, and allowances carry approximately 40 percent of most packages. Only 45 percent of organisations operate a short term incentive scheme, and long term incentives remain rare.

- **Section 12 sets out six recommendations.** These are: test the pay floor against the family poverty threshold; index reviews to a defined household cost basket; formalise the currency split; adopt a quarterly dollar cost of living allowance; fund productivity linked pay; and establish an annual board pay dashboard. Each recommendation carries identified risks and mitigations, supported by scenario analysis.

PART ONE: THE ECONOMIC CONTEXT FOR PAY DECISIONS

1. Macroeconomic stability has returned; wage recovery will lag

In the twelve months to June 2026, Zimbabwe recorded the sharpest disinflation in its modern history. Annual ZiG inflation, which peaked at 95.8 percent in July 2025, fell to 4.7 percent in June 2026, having reached 4.1 percent in January 2026, the lowest level in approximately three decades. United States dollar inflation stood at 3.1 percent. The stabilisation reflects deliberate policy. The Reserve Bank ceased monetary financing of government, accumulated reserves of more than US$1.5 billion in support of the ZiG, maintained a policy rate of 35 percent for over a year, and entered an International Monetary Fund Staff Monitored Program that passed its first review in July 2026.

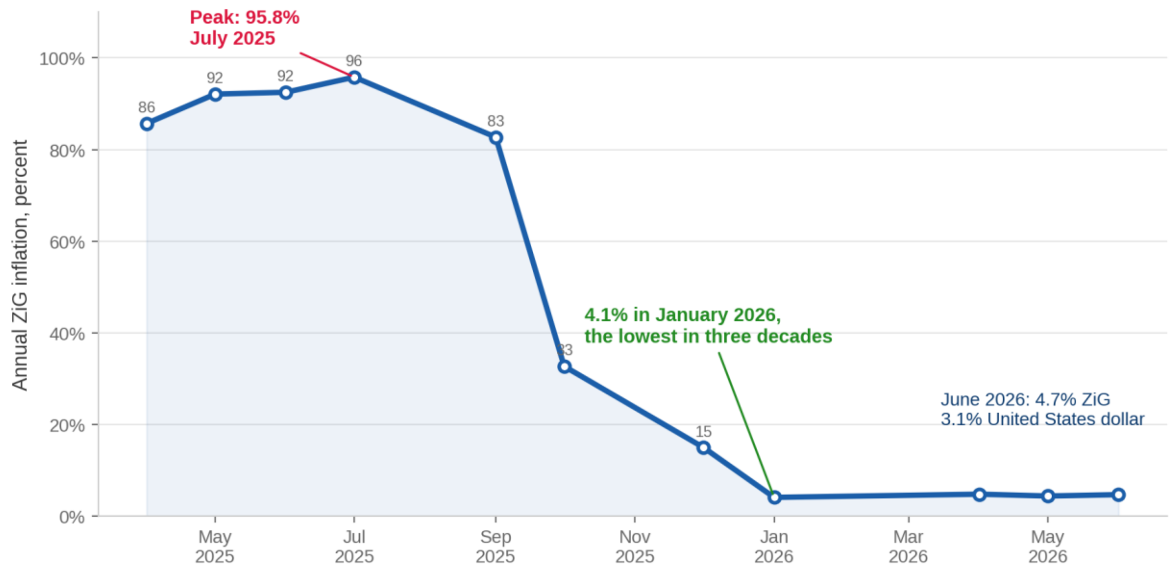

Figure 1. Annual ZiG inflation, April 2025 to June 2026. Sources: ZimStat monthly consumer price releases; Reserve Bank of Zimbabwe.

The cost of the stabilisation is directly relevant to remuneration planning. Rapid disinflation is achieved by restricting the supply of local currency: credit becomes scarce and expensive, fiscal spending is contained, and price growth slows as demand is held back. The same measures constrain the working capital that firms use to expand, invest and grow their wage bills. Price stability therefore precedes salary recovery, and real wage growth should be expected to lag headline indicators by years rather than months. The reduction of the policy rate from 35 to 30 percent in June 2026 represents an initial easing of this constraint, not its removal.

A further implication warrants board attention. During the high inflation period, pay errors were short lived because inflation eroded them within months. At current inflation rates, an incorrectly set differential, settlement or benchmark will persist and compound over several years. Pay decisions taken in this environment therefore carry longer lasting consequences than at any point in the past decade.

2. Headline inflation understates employee cost pressures

During 2026, executive committees have had to reconcile two apparently conflicting facts: official inflation below 5 percent, and sustained employee concern over living costs. The explanation lies in measurement. A consumer price index averages the consumption of all households, rural and urban, across all income levels. The expenditure profile of a salaried employee is concentrated in the items that have risen fastest, and it has diverged materially from the national average.

IPC's 2026 survey series tracked the cost of the household basket purchased by a typical formal sector employee. That basket rose 17.2 percent between January 2025 and April 2026, approximately four times headline inflation over the same period. The largest single contributor was the electricity tariff adjustment of 11.5 percent in January 2025, which fed through to the cost of most goods and services. Diesel reached US$2.11 per litre in early 2026 after four successive price adjustments, raising transport costs. School fees, rentals and medical services, which are priced in United States dollars, rose faster than the consumer price index. On a cumulative basis, an employee whose United States dollar salary has not been reviewed since January 2024 has lost approximately 25 percent of real purchasing power during a period of headline disinflation.

> **Key finding:** the employee household cost basket rose 17.2 percent between January 2025 and April 2026, approximately four times headline inflation over the same period.

The implication for pay governance is that salary reviews should not be indexed to headline inflation, which understated employee cost pressures in 2026 by a factor of approximately four. The appropriate anchor is a defined household cost basket for the organisation's own workforce, tracked quarterly. Boards that granted increases of 7 to 8 percent against a 4.7 percent consumer price index in fact reduced real remuneration by 9 to 10 percentage points when measured against the costs employees actually face.

3. Earnings of the employed population

Aggregate employment statistics require careful interpretation. ZimStat's Quarterly Labour Force Survey reports the distribution of labour income among employed persons, and the results are material to any assessment of the pay market. The largest group of employed people, 23.8 percent, earned between ZiG 2,501 and ZiG 5,000 per month, equivalent to US$93 to US$186 at the survey exchange rate. The official poverty line at the time was approximately US$50 per person per month, or US$252 for a family of five. The highest paying industry, financial services, averaged approximately US$1,035 per month, while agriculture, the largest employer, recorded the lowest earnings.

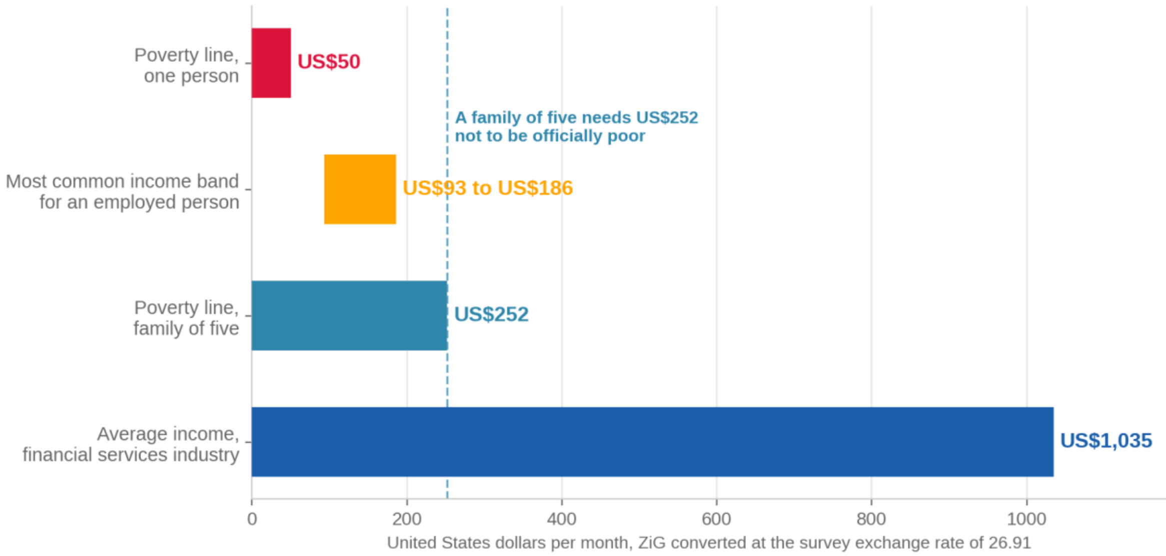

Figure 2. Monthly earnings benchmarks in United States dollars at the survey exchange rate of 26.91 ZiG per dollar. Source: ZimStat Quarterly Labour Force Survey, second quarter 2025; ZimStat poverty datum lines.

Two conclusions follow. First, national averages are unreliable pay benchmarks where income distribution is highly unequal; the distribution itself shows that the typical employed Zimbabwean earns below the family poverty threshold. Second, in IPC's consulting experience, employees whose wages cannot support a household typically maintain additional income sources, commonly small scale agriculture, informal trading or support from relatives abroad, with consequences for availability, secondary employment and retention. Boards setting pay below the family threshold should weigh the apparent saving against these costs.

4. The limits of local pay benchmarks

Historical evidence defines the limits of benchmarking against the local market. The most reliable data comes from the dollarization period of 2009 to 2014, the most stable wage environment in recent history: a single hard currency, declining inflation, and growing output. Official statistics show average private sector earnings rising from US$120 per month in 2009 to US$340 in 2014. Measured against the poverty datum line for a family, however, the average private wage covered 26.5 percent of basic needs in 2009 and 67.2 percent at its 2014 peak. At no point did the average wage meet the standard this paper terms the family test: that a full time wage should be sufficient to keep a family above the poverty line.

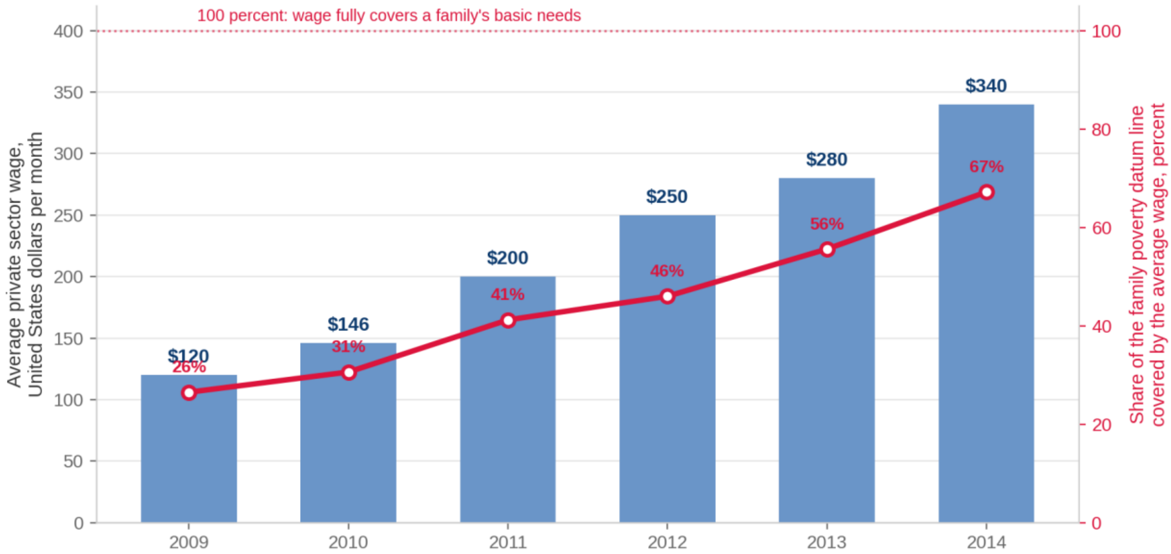

Figure 3. Average private sector wage and the share of the family poverty datum line it covered, 2009 to 2014. Source: ZimStat data compiled in the USAID and LEDRIZ wage structure study, 2016.

Two lessons follow. First, a remuneration committee that resolves to pay the market median is anchoring to a market in which the average wage has never covered a family's basic needs. Market data remains essential for pricing jobs relative to one another; it is not a sufficient test of whether the absolute level is sound. Second, the cause is structural. Analysis from the same period found that Zimbabwe's unit labour costs exceeded African and Asian comparators even while its wages were lower, a combination that is only possible where output per worker is low. The evidence therefore indicates that sustained wage growth requires productivity growth: higher revenue per employee, achieved through capital, skills, technology and work organisation, with the resulting gains shared through pay linked to measured output.

PART TWO: THE FORMAL PAY MARKET, EVIDENCE FROM 67 ORGANISATIONS

5. Pay levels in the formal market

IPC's 2026 national salary survey benchmarked 67 organisations across eight sectors in the first quarter of 2026. Median total monthly earnings range from US$26,148 at Level 1 to US$972 at Level 15, a ratio of 27 to 1, with allowances and benefits carrying 38 to 41 percent of the package at most grades. Figure 4 examines what these earnings are worth to their recipients: for each level, it shows the share of after tax earnings remaining once the minimum household cost threshold for that employment tier has been met. The thresholds are IPC benchmarks anchored to ZimStat's total consumption poverty line methodology for a family of five, ranging from US$306 per month for operational households to US$6,025 for executive households.

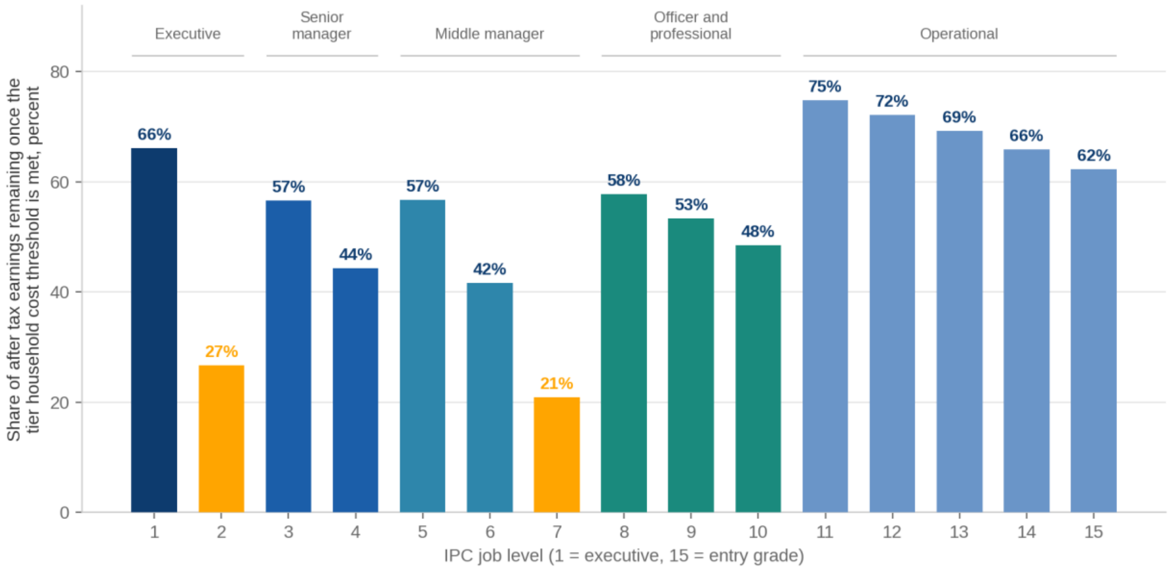

Figure 4. Share of after tax total monthly earnings remaining once the minimum household cost threshold for each employment tier is met, by IPC job level, first quarter 2026. Calculated from the after tax earnings and tier thresholds in the IPC National Salary Survey Report 2026. Thresholds are minimum sufficiency benchmarks for a family of five and exclude discretionary expenditure.

Each level's median total monthly earnings are first reduced to after tax earnings using the employment tax computation published in the survey's adequacy tables. The household cost threshold for the level's tier is then subtracted, and the remainder is expressed as a percentage of after tax earnings. At Level 7, for example, after tax earnings of US$2,237 less the middle management threshold of US$1,768 leave US$469, which is 21 percent of after tax earnings and the narrowest margin in the market. Level 2 retains 27 percent against the executive threshold of US$6,025, while operational employees at Levels 11 to 15 retain 62 to 75 percent, largely because their tier threshold is a basic survival basket of US$306. The pattern is that margins compress where the cost of the standard of living expected at a tier steps up faster than pay, at the entry points into middle management and into the executive band. Remuneration committees should apply the same test to their own pay lines, with particular attention to promotion boundaries.

6. Salary increases lagged the cost of living in every sector

Across IPC's 2026 survey series, the weighted average salary increase between the first quarter of 2025 and the first quarter of 2026 was approximately 7.5 percent. Mining awarded 12.5 percent, quasi government entities 9.6 percent, insurance 8.5 percent, financial services 7.8 percent, manufacturing 6 to 8 percent, and banking 5 percent. The NGO sector, materially affected by the January 2025 suspension of United States development funding, averaged 4 percent, with many organisations freezing pay entirely. Every sector's increase fell below the 17.2 percent rise in the employee household cost basket over the same period. Real remuneration therefore declined by between 5 and 13 percentage points across the formal market.

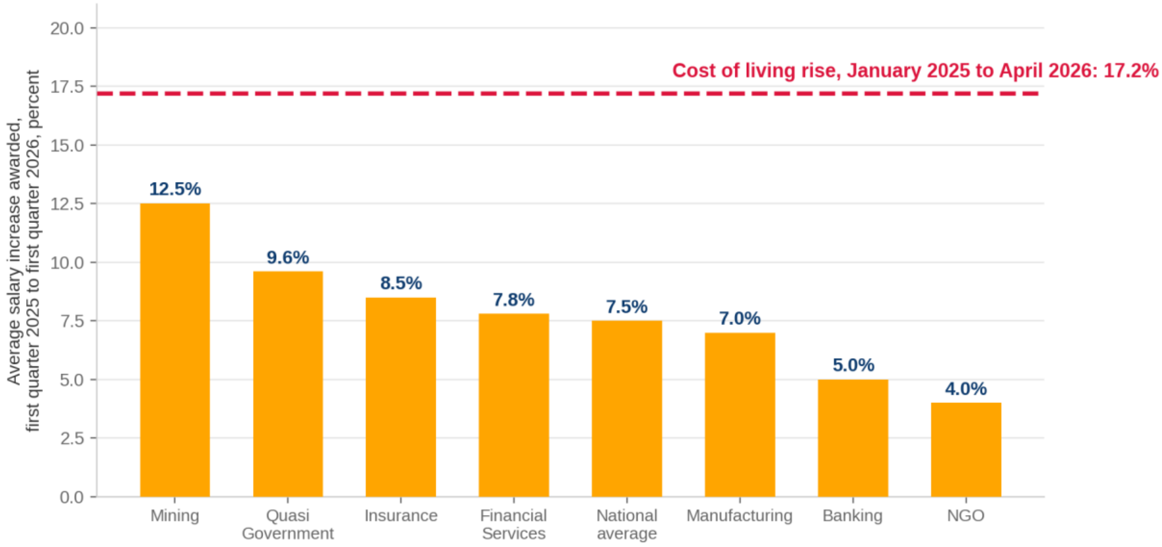

Figure 5. Average salary increases awarded by sector against the household cost of living movement, first quarter 2025 to first quarter 2026. Source: IPC 2026 salary survey series.

Two findings within these averages warrant board attention. The first concerns the distribution of increases. In the 2025 round, most organisations weighted increases toward lower grades; banking, for example, awarded executives 5 percent and entry level staff 9 to 10 percent. In the 2026 round this pattern reversed in most sectors, with executive tiers receiving approximately 9 percent and operational grades approximately 6.5 percent, although operational employees are the most exposed to the costs that rose fastest. Boards should satisfy themselves that the distribution of the next award reflects deliberate policy rather than default. The second finding concerns affordability. Banking, the most profitable sector surveyed, with average profit after tax of approximately US$44 million per institution in 2025, awarded the lowest increase outside the NGO sector, while its own collective bargaining minimum rose 7.5 percent. Where increases remain materially below cost of living movements for successive years in profitable organisations, retention risk rises, particularly among employees with regional alternatives.

7. Pay differences across sectors

Sector of employment is the strongest single determinant of pay in the surveyed market. A Level 5 professional earns a median basic salary of US$5,288 in mining and US$2,745 in insurance, with manufacturing at US$5,097, the NGO sector at approximately US$4,204, banking at US$3,784 and quasi government entities at US$3,606. At entry level the ranking reverses: manufacturing records total earnings of US$1,422 while mining records US$578, with benefits in mining reducing sharply at lower grades.

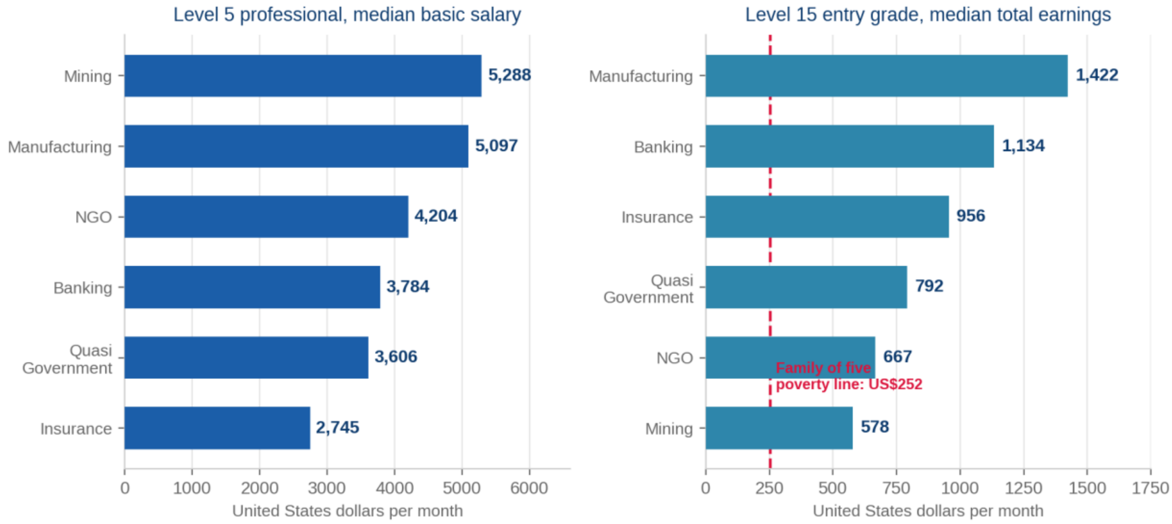

Figure 6. Median pay for the same job levels across sectors, first quarter 2026. Source: IPC sector salary survey reports 2026.

These differentials have practical consequences. IPC's sector reports document talent movement along them: insurers losing professionals to banks, and banks losing artisans and technical staff to mining and manufacturing. Package construction also differs by sector. Mining remuneration is weighted toward basic salary, which represents 70 percent of total earnings at lower grades; insurance is weighted toward allowances, with basic salary at 43 to 58 percent of the package; manufacturing approximately doubles its entry level basic salary through allowances. Quasi government pay is shaped by regulation: the Public Entities Corporate Governance Act caps employment costs at 30 percent of revenue and subjects executive remuneration to central oversight, compressing executive pay below the market while mid level grades remain competitive, and leaving the lowest grade basic salary of US$266 below the poverty threshold, offset only by allowances. The NGO sector illustrates funding concentration risk: with an estimated 83 percent of the national HIV response previously funded by the United States, the 2025 suspension left static remuneration as the sector norm. The conclusion for talent strategy is that organisations compete for skills across sector boundaries, and that pay structure, not only pay level, determines exposure to poaching.

8. What boards pay themselves: non executive director fees

Boards make the pay decisions examined in this paper, and their own fees warrant the same scrutiny. IPC's Non Executive Directors Fees Report 2026 for Zimbabwe, the sixth in the series, profiles 192 directors across 29 organisations in eight sectors, with all fees in United States dollars and medians reported throughout. Non executive director pay has three elements: a quarterly retainer, a fee for each board sitting, and fees for committee service.

IPC's companion regional review, compiled from the primary filings of 36 Johannesburg Stock Exchange listed companies and 18 Botswana Stock Exchange listed companies, places these figures in context. The median board chair earns US$185,803 a year on the Johannesburg exchange and US$35,528 in Botswana, against Zimbabwe's US$26,890. Ordinary members tell a different story: US$32,916 in Johannesburg, US$21,457 in Botswana and US$21,749 in Zimbabwe. The two markets around Zimbabwe therefore pay ordinary members within a narrow range, and the Zimbabwean member is already at Botswana parity. The divergence is concentrated in the chair: the chair to member ratio is roughly 5.6 to one in Johannesburg, 1.7 to one in Botswana and 1.2 to one in Zimbabwe. Structural practices follow the same gradient: audit committee chairs on the Johannesburg exchange attract premiums of US$25,000 to US$45,000 a year, about 70 percent of its companies pay a separate lead independent director fee, and both practices are largely absent in Botswana and Zimbabwe.

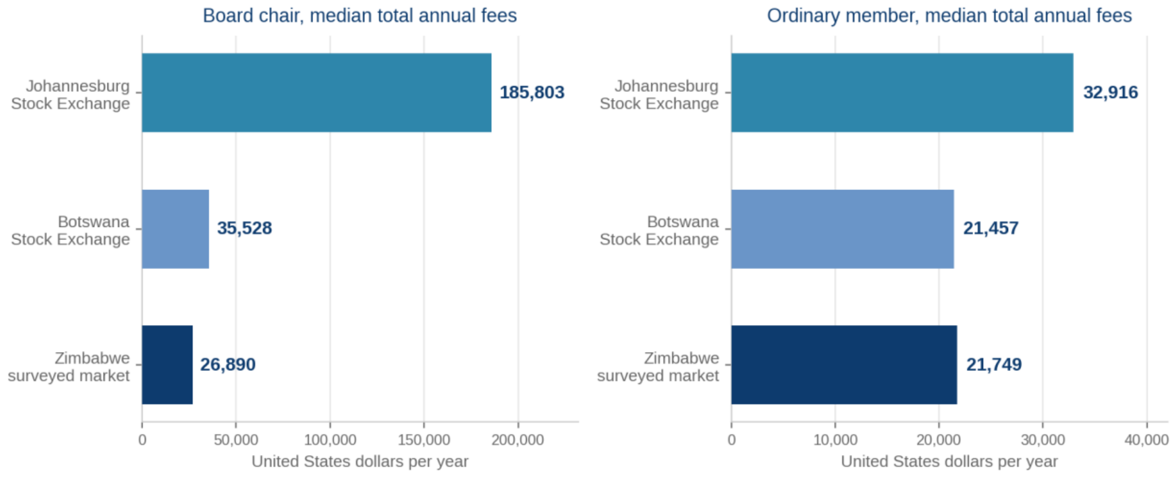

Figure 7. Median total annual non executive director fees, board chair and ordinary member, 2026. Sources: IPC Non Executive Directors Fees Report 2026 Zimbabwe (29 organisations, 192 directors); IPC Non Executive Directors Fees Report 2026 Regional (36 Johannesburg Stock Exchange and 18 Botswana Stock Exchange listed companies, converted at May 2026 exchange rates).

> **Key finding:** Zimbabwe pays board membership at regional levels and board leadership at a deep discount. An ordinary Zimbabwean director's US$21,749 matches Botswana, but the chair premium is 1.2 times an ordinary member against 5.6 times on the Johannesburg Stock Exchange.

Related to the earnings data in Section 5, a Zimbabwean chair's median annual fees are equivalent, on a monthly basis, to the package of a Level 7 to Level 8 manager, while a Johannesburg chair's part time fee exceeds the full time monthly package of a Zimbabwean Level 2 functional director. The Zimbabwe report's governance findings explain why the discount matters:

retainers rather than sitting fees are where seniority is priced, with the chair premium at 32 percent on retainers against 13 percent on sitting fees; independent directors make up about 49 percent of boards; women hold 24 percent of seats, below the 30 percent critical mass the report targets; and median chair tenure is six years. The reports recommend anchoring fees on the sector median, pricing the chair, lead independent director and audit committee chair roles separately and on substance, differentiating committee fees by technical demand, and lifting female representation past 30 percent within two appointment cycles. The connection to this paper is direct: a market that underprices board leadership relative to the region should not be surprised when the quality of pay governance lags the decisions it must oversee.

9. The currency composition of pay

Zimbabwe operates a dual currency system in which more than 80 percent of transactions are conducted in United States dollars. The Reserve Bank has replaced its 2030 single currency target with a conditions based framework. The ZiG has been broadly stable since the 43 percent devaluation of September 2024, trading between 25 and 27 to the dollar on the interbank market. In mid 2026, however, one United States dollar cost approximately 27 ZiG at the interbank rate, approximately 32 in electronic parallel market transactions. The purchasing power of a salary, therefore, depends on the market in which it is spent.

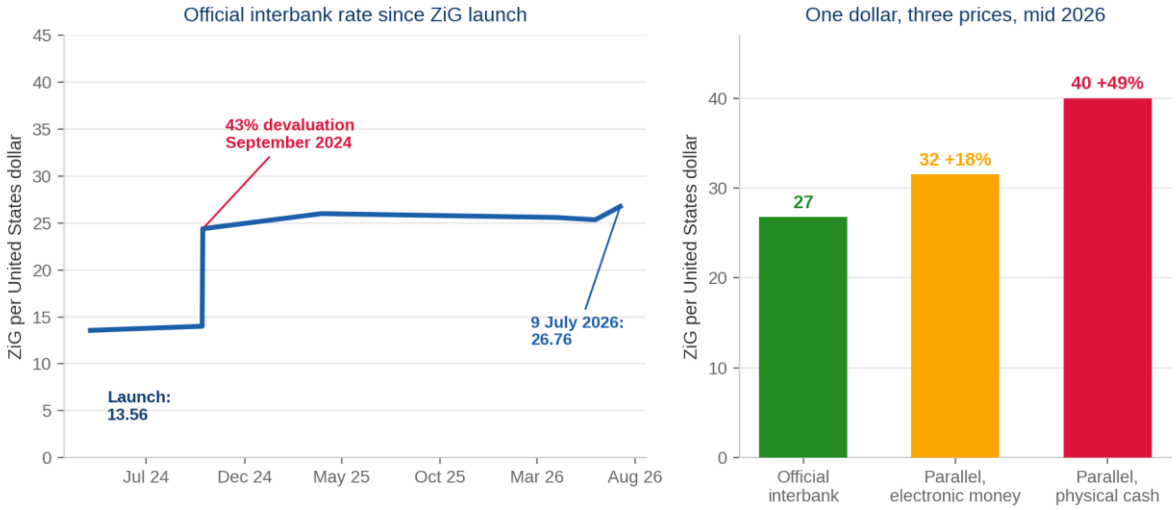

Figure 8. The ZiG per United States dollar exchange rate. Left: official interbank rate since the April 2024 launch. Right: official and parallel market rates in mid 2026. Sources: Reserve Bank of Zimbabwe; Confederation of Zimbabwe Industries monitoring.

Market practice has adjusted to this reality. Across IPC's surveys, executives receive 90 to 100 percent of remuneration in United States dollars, middle management 70 to 85 percent, and entry level employees 50 to 70 percent. IPC's 2025 retrospective found that the share of salary paid in United States dollars was the strongest single differentiator between organisations that retained staff and those that did not, with organisations below 70 percent losing employees to those at 90 to 100 percent. Conversion methodology is also material: whether the ZiG portion is converted at the interbank rate, a market rate or a blended rate altered take home value by 5 to 15 percent during 2025.

The currency composition of pay is appropriately treated as an allocation of exchange rate risk between employer and employee. The dollar share protects the employee against devaluation and parallel market premiums; the ZiG share transfers that risk to the employee. IPC recommends that organisations set the currency mix by policy rather than by monthly discretion: align the mix with the currency profile of employee expenditure, index the ZiG portion to the interbank rate, publish the rule, and provide for review should the parallel premium exceed 20 percent for a sustained period.

10. Benefits and variable pay

The guaranteed component of remuneration has been substantially rebuilt. Across the 2026 national survey, transport or fuel support is provided by 97 percent of organisations, pension by 93 percent, medical aid by 91 percent, a 13th cheque by 90 percent and housing allowance by 81 percent. These five benefits now constitute the effective baseline in the formal market, and their absence places an employer below the prevailing standard. Cellphone allowances, school fees support and motor vehicle benefits follow at approximately two thirds prevalence. Allowances and benefits together represent between 21 and 57 percent of total earnings depending on grade and sector, which is why benchmarking on basic salary alone produces unreliable results.

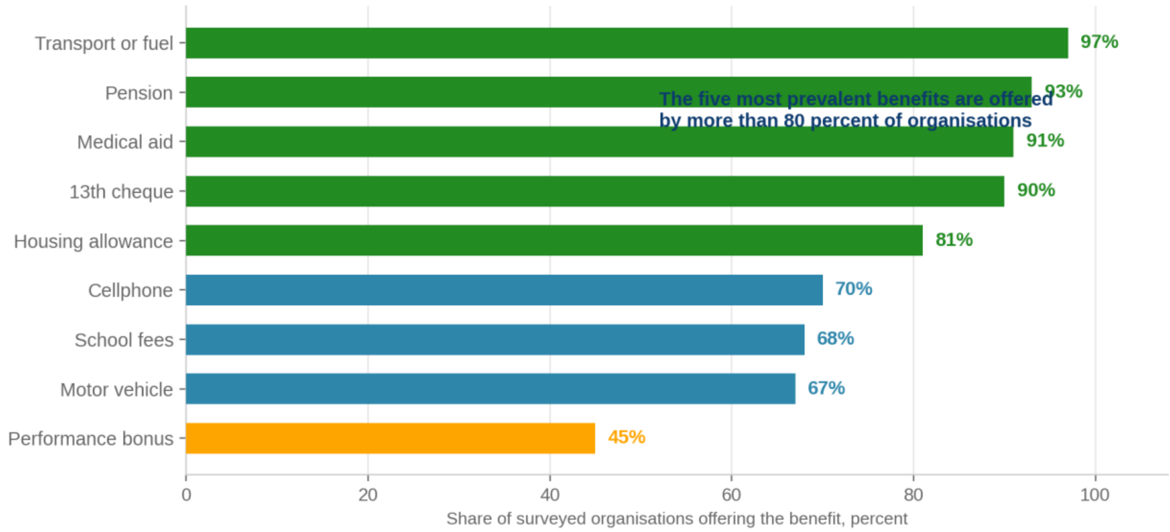

Figure 9. Share of surveyed organisations offering each benefit, first quarter 2026. Source: IPC National Salary Survey Report 2026.

The variable component has not been rebuilt to the same standard. Only 45 percent of surveyed organisations operate a short term incentive scheme, falling to 13 percent among quasi government entities, and long term incentives are rare. The systems that link pay to output, identified in Section 4 as the route to sustained real wage growth, therefore remain undeveloped in most organisations. IPC's 2025 review found that well structured benefits add 20 to 40 percent to the perceived value of a package at lower cost than equivalent salary. The same principle applies to variable pay: a properly designed gainsharing or output linked scheme is funded from the productivity it generates, which a uniform increase is not.

PART THREE: IMPLICATIONS FOR REMUNERATION STRATEGY

11. Labour market context: informal work and remittances

Remuneration strategy in Zimbabwe operates in a labour market in which formal employment is the exception. Of 8.54 million working age adults, 4.02 million participate in the labour force, 3.19 million are employed in any form, and 1.14 million hold formal jobs. The informal sector accounts for 58.5 percent of the employed. Strict unemployment stands at 20.7 percent, the expanded rate at 37.1 percent, and approximately half of young people aged 15 to 35 are neither in employment nor in education or training. There is no national statutory minimum wage; the effective wage floor is set by what individuals can earn outside formal employment.

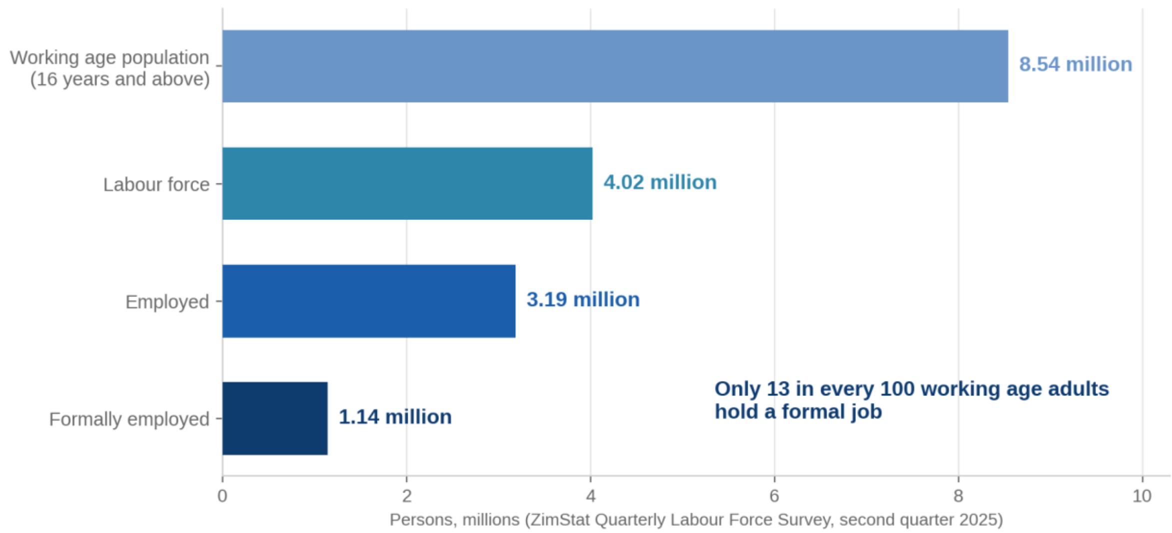

Figure 10. From working age population to formal employment, second quarter 2025. Source: ZimStat Quarterly Labour Force Survey report, July 2025.

The alternatives to formal employment are significant. The informal economy, estimated at approximately three quarters of national output, establishes a reservation wage: the minimum offer at which formal employment is preferable to informal trading, which carries no commuting cost, no payroll deductions and flexible hours. Diaspora remittances reached US$2.45 billion in 2025, an increase of 15.1 percent year on year, equivalent on IPC's estimate to roughly half of the total formal sector wage bill. Household decisions on employment offers are therefore made with reference to informal earnings and remittance income as well as competing salaries. In parallel, the emigration of an estimated three million skilled Zimbabweans has produced acute shortages in engineering, information technology, finance and healthcare alongside high general unemployment. Labour is abundant; qualified and experienced labour is scarce. Uniform across the board increases are accordingly inefficient, overpaying where labour is abundant and underpaying where it is scarce. Pay strategy should be segmented by skill category and market exposure.

12. Recommendations

Commentary: the state as employer

This paper excludes civil service pay from its analysis because government wages are determined by fiscal policy rather than by the market. The April 2026 public pay structure nonetheless warrants comment. The state, the country's largest employer, now pays even its lowest grades a fixed United States dollar cash component of US$320, with the balance in ZiG. Two conclusions follow. First, the employer with the strongest interest in promoting the local currency does not yet treat it as a reliable wage currency. Second, the dollar denominated wage floor is likely to become the reference point for wage bargaining across the economy. Private employers should anticipate union demands, arbitration awards and labour court reasoning moving in the same direction, and should formalise their own currency split before it is determined for them.

Six recommendations follow from the evidence in this paper. Each is stated with its principal risks and the corresponding mitigations.

1. **Test the pay floor against the family poverty threshold.** Compare the lowest full time wage with the family of five poverty threshold of approximately US$252 and phase in compliance where gaps exist. The principal risks are affordability in low margin sectors, compression of grades immediately above the floor, and substitution toward casual labour. These are mitigated through phased implementation, simultaneous adjustment of adjacent grades, and productivity commitments negotiated alongside the increase.
2. **Index pay reviews to a defined household cost basket rather than headline inflation.** Track a representative employee cost basket quarterly and size reviews against it; in 2026 headline inflation understated employee cost pressures by a factor of approximately four. The principal risks are disputes over basket composition and cost volatility. These are mitigated by publishing the basket methodology to staff and worker representatives and agreeing it in advance as the single reference measure.
3. **Formalise the currency composition of pay.** Define the United States dollar share of each pay band, treat 70 percent as the retention floor, index the ZiG portion to the interbank rate, and publish the policy position. The principal risks are regulatory movement toward de dollarization, a widening parallel premium, and dollar liquidity constraints. These are mitigated through a standing review trigger at a 20 percent premium and payment through banking channels rather than cash where feasible.
4. **Adopt a quarterly United States dollar cost of living allowance, separate from base pay.** Nearly half of surveyed organisations already operate quarterly dollar cost of living adjustments outside base salary, protecting purchasing power without permanently increasing the fixed wage bill. The principal risks are allowance stacking and the entrenchment of expectations. These are mitigated by defining the allowance as discretionary, conditional, reviewable, and separate from the annual base review.
5. **Fund productivity linked pay.** Reallocate budget from uniform increases toward funded, measured incentive schemes: gainsharing, output linked bonuses, and investment in the tools and skills that raise revenue per employee, benchmarking scarce skills regionally and general

roles locally. The principal risks are measurement disputes, gaming of metrics, and internal equity concerns. These are mitigated through transparent, jointly agreed performance measures.

6. **Establish an annual board pay dashboard.** Report annually on the lowest wage relative to the poverty threshold, the currency composition of the wage bill, the household cost basket relative to headline inflation, increases awarded relative to the basket, employment costs relative to revenue, and turnover of critical skills. The principal risks are metric manipulation and reporting without consequence. These are mitigated by linking the dashboard to the review calendar and assigning the remuneration committee explicit authority to act on it.

The cost of inaction does not appear in the payroll ledger. It accrues through the gradual loss of the employees who are hardest to replace, through ad hoc awards conceded under pressure that cost more than a planned review, and through the share of every underpaid employee's attention devoted to other income sources. IPC's 2025 retrospective framed the issue accurately: the question for a board is not whether remuneration requires attention, but what inaction will cost over the next twelve months. The scenarios below test the recommendations against alternative economic conditions.

Scenario	Trigger conditions to monitor	Recommended pay response
Base case	ZiG inflation holds between 4 and 10 percent; the interbank rate moves between 26 and 30; the parallel premium remains below 25 percent; household costs rise 10 to 17 percent a year.	Conduct one structured annual review sized against the household cost basket rather than headline inflation, supported by a quarterly United States dollar cost of living allowance, with a mid year review only if trigger conditions are met.
Upside case	The International Monetary Fund program remains on track, single digit inflation holds for a second year, the premium narrows below 10 percent, and household cost growth converges toward headline inflation.	Commit to multi year pay progression funded by measured productivity gains, begin closing the 2024 to 2026 real wage gap on a planned basis, restore benefits withdrawn during the crisis years, and raise the ZiG share of pay gradually.
Downside case	Monthly ZiG inflation exceeds 2 percent for three consecutive months, the premium exceeds 40 percent, or drought, fiscal slippage and utility shocks recur.	Revert to quarterly indexation, protect the United States dollar floor of every package, raise the dollar share of pay toward 90 percent for critical skills, and agree the adjustment formula with worker representatives in advance.

13. Twelve lessons from the evidence

The findings of this paper reduce to twelve propositions, each anchored in the data presented in the preceding sections.

1. **Headline inflation is not employee inflation.** In 2026 the employee household cost basket rose approximately four times faster than the consumer price index (Section 2).
2. **Stability reaches prices before it reaches pay.** The policies that ended inflation also constrained the funds that grow wages, so real pay will recover years behind the headline indicators (Section 1).
3. **Low inflation raises the stakes of pay decisions.** Salary decision errors now persist and compound instead of being eroded within months (Section 1).
4. **The typical employed Zimbabwean earns below the family poverty line.** The surveyed formal market, with an entry level median of US$972, is the exception rather than the norm (Sections 3 and 5).
5. **Local pay benchmarks rank jobs; they do not test adequacy.** Even the strongest wage decade on record never covered a family's basic needs at the average wage (Section 4).
6. **Sustained wage growth requires productivity growth.** Low wages and high unit labour costs coexist only where output per worker is low (Section 4).
7. **Pay adequacy is tightest at promotion boundaries.** The narrowest margins over household costs sit at Levels 7 and 2, not at the bottom of the grade structure (Section 5).
8. **Sector moves pay more than performance does.** The same grade pays nearly double across sectors, and pay structure determines exposure to poaching (Section 7).
9. **In 2026 every sector awarded less than the cost of living movement.** The formal market delivered a second consecutive year of real pay reduction (Section 6).
10. **The dollar share of a payslip is a retention variable.** Organisations paying below 70 percent in dollars lost staff to those at 90 to 100 percent (Section 9).
11. **Guaranteed benefits have been rebuilt; incentive pay has not.** Fewer than half of organisations link any component of pay to output (Section 10).
12. **Zimbabwe pays board membership at regional levels and board leadership at a discount.** The chair premium is 1.2 times an ordinary member against 5.6 times on the Johannesburg Stock Exchange, and director fees deserve the same benchmarking discipline as employee pay (Section 8).

Sources and methodology note

ZiG amounts are converted at the official interbank rate of approximately 26.3 to 26.9 ZiG per dollar over the survey period unless stated otherwise; family of five figures multiply ZimStat's per person poverty datum lines by five. The household cost of living movement of 17.2 percent is IPC's tracked employee cost basket, January 2025 to April 2026. Survey medians are drawn from IPC's 2026 salary survey series, conducted in the first quarter of 2026 across 67 organisations and more than 15,000 employee records, with a minimum reporting sample of five incumbents per data point. The formal wage bill comparison is an IPC estimate derived from ZimStat employment counts and survey earnings. The 2009 to 2014 wage series is ZimStat data compiled in the USAID and LEDRIZ study.

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IPC, National Salary Survey Report 2026 (67 organisations, eight sectors, first quarter 2026).
IPC, Banking Sector Salary Survey Report 2026 (7 organisations, 2,995 records).
IPC, Insurance Sector Salary Survey Report 2026 (19 organisations, 2,064 records).
IPC, Financial Services Sector Salary Survey Report 2026 (32 organisations, 4,084 records).
IPC, Mining Sector Salary Survey Report 2026 (6 organisations, over 2,900 records).
IPC, Manufacturing Salary Survey, first quarter 2026 (10 organisations, 2,642 records).
IPC, Quasi Government Sector Salary Survey Report 2026 (8 entities, over 2,500 records).
IPC, NGO Sector Salary Survey Report 2026 (24 organisations, 2,933 records).
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