

ENHANCING PUBLIC SECTOR EMPLOYEE REWARD: THE CASE OF SINGLE SPINE PAY POLICY

Martin Ankomah
HRD, GHS

With particular reference to government's determination to enhance public sector employee reward, this article looks at the new single spine pay policy (SSPP), which has been introduced for public sector employees. It examines the policy in terms of the rationale behind the pay reforms, what it sets out to achieve and the attendant challenges.

Introduction

It is suggested that having employees with the required qualification, skills and abilities to perform their job well is only part of the equation and will not automatically result in improved job performance. A fair and transparent employee reward system and other innovative strategies that include supportive working environments or positive work climate, job enrichment, educational opportunities, etc. are seen as some of the ways to transform the overall context in which employees deliver their work, enhance their motivation and consequently improve the overall performance of the organisation¹.

Employee reward² is defined as 'all of the monetary, non-monetary and psychological payments that an organisation provides to its employee in exchange for the work they perform'. The overall aim of employee reward, according to Armstrong³, is to support the attainment of the organisation's strategic and short-term objectives by helping to ensure that it has the skilled, competent, committed and well - motivated workforce.

Pay is one aspect of an employee reward. It can be a fixed salary or wage that constitutes the rate for a job. It may be varied according to the grade of the job or, for manual workers, the level of skill required. Pay is influenced by internal and external relativities. The internal relativities may be measured by some form of job evaluation. External relativities are assessed by tracking market rates. Alternatively, levels of pay may be agreed through collective bargaining with trade unions or by reaching individual agreements.

Pay is important to both employees and employers. From employees' view point, pay should satisfy basic material needs, provide an incentive to work, develop skills and satisfy basic status needs, along with the concepts of work equity. Although the intensity of pay as incentive may vary from one person to another, in our society, pay in addition to satisfying the basic wants, symbolises status, prestige and achievements⁴.

From employers' perspective, as noted by Baah⁵, pay should attract suitable employees and encourage them to stay and to develop their skills and abilities, but at the same time, it should be linked satisfactorily to the employer's financial position and to the employee's productivity and efficiency⁶. Government, just like the employers, is also concerned about pay because of the need to ensure value for money and also the impact it has on national budget and other vital economic variables such as inflation and employment levels.

The above explains why the new SSPP has become a topical political issue and subject of public debate.

The Single Spine Pay Policy: What is it about?

The SSPP is a new comprehensive pay policy designed for public service workers. The policy seeks to ensure that the public sector remuneration structure is rational, equitable, transparent and sustainable⁷.

Essentially, the policy involves placement of all public sector employees listed in Article 190 of the 1992 Constitution on one unified salary structure known as *Single Spine Salary Structure (SSSS)*. The public sector employees included in the SSSS are those in the Civil Service, the Judicial Service, the Audit Service, the Ghana Education Service, the Ghana Health Service, the Parliamentary Service, the National Fire Service, the Customs, Exercise and Preventive Service, the Internal Revenue Service, the Local Government Service, the Police Service, and the Prisons Service. Workers in public corporations other than those set up as commercial ventures, public services established by the constitution and all other public services as Parliament may by law prescribed also included in the SSSS.

Those excluded from the structure are the military and public officials covered by Article 71 of the 1992 Constitution of Ghana. Those public office holders include the President, the Vice President, the Chairman and Members of Council of State, Ministers of State and their Deputies, the Speaker and Deputy Speakers and Members of Parliament, the Chief Justice and other justices of the Superior Court of Judicature, the Chairman and Deputy Chairman of the Electoral Commission and others.

The SSSS replaces the Ghana Universal Salary Structure (GUSS) and other forms of pay structure within the various public sector institutions in order to restore equity and transparency in public service pay administration. Unlike the GUSS, which was a 22-level salary structure, the SSSS is a 25-level structure. The SSSS also has a common base pay and common relativity across all the levels compared to the GUSS, which had variable base pay and relativities across levels. The base pay is the minimum pay on the SSSS, while the pay-point relativity is the percentage differentials between successive pay points⁸.

Under the SSSS, jobs within the same job value range are expected to be paid within the same pay range in accordance with the principle of 'equal pay for work of equal value'. The value of the public sector jobs was assessed through job evaluation (JE) exercise. The process of the JE exercise involved evaluation of jobs descriptions / specifications for each job and the summing up of the evaluation points for each job to determine the 'job worth'. Four common factor groupings, including knowledge and skills, responsibility, effort and work conditions were used for the analysis and the evaluation. The result of the JE exercise provided the basis for placement of public service jobs onto the SSSS.

The new pay reforms also involved the establishment of a Fair Wages and Salaries Commission (FWSC) to serve as an institution responsible for the implementation of the pay policy. The Commission, which was established by an Act of the Parliament (Act, 737, 2007) is mandated to ensure that decisions related to public sector salaries, wages, grading, classification, job analysis, among others, are properly managed and coordinated. It also ensures the control and coordination of public sector wage and salary negotiation.

The Pay Reforms: Drivers and Context

Over the years, managing the public sector wage bill within a sustainable economic framework, while harmonising the remuneration structure, has been a major concern of the Government. The public sector wage bill has been a persistent source of budget over-run apart from the fact that it has also been characterised by large inequities across sectors and by overall compression across skill levels⁹.

The pay administration has also been faced with the challenge of cumbersome negotiations involving the Government and a large number of unions at different times, making the management of the wage bill extremely difficult. Furthermore, while public sector wage bill forms relatively high proportion of government overall expenditure, the average public sector salaries in Ghana, particularly in the civil service, have remained low and uncompetitive, making it difficult for the Government to attract and retain technical and managerial talents required for substantial efficiency and productivity gains in the public sector.

Even though various attempts have been made by successive governments from the 1960s to undertake pay reforms and review with the goal of improving public service salaries and managing the recurring canker of disparities and inequities in the pay administration system, the situation has not improve any much better. The issues of distortions, inequities and low incomes have continued to persist within the public service and this has led to a lot of problems at the labour front.

One of the pay reform attempts made prior to the introduction of the SSPP was the Price WaterHouse pay reforms in 1997, which resulted in the adoption of the GUSS. The GUSS was intended for implementation in all institutions in the public services to deal with salary inequities and distortions. It could however, not realise its intended objectives as sections of the public services were allowed to opt out without any sanctions being applied. Besides, the Central Management Board & the Appellate Body to manage its implementation were not backed by any legal instrument and were also not adequately resourced.

Following from the above, the driving forces behind the introduction of the new pay reforms can be summed up as:

- Rising cost of the public sector wage bill
- Pay disparities that have emerged within the public service
- Low and uncompetitive remuneration in the public service
- High level of salary compression in the public service, coupled with overlapping pay scales

- Large number of public sector pay negotiations
- Marked proliferation of allowances in the public service
- The need to link pay to productivity

Aims and Objectives of the SSPP

The SSPP emphasises equal pay for work of equal value and aims at motivating public service workers to improve service delivery and productivity. The ultimate goal of the policy is to ensure equity, fairness and transparency in the public service salary administration as well as enhance performance and productivity⁷. The specific objectives are to:

- Place all public sector employees on one pay structure
- Ensure all jobs within same job value range are paid within same pay range – equity
- Enable government to manage the wage bill more efficiently
- Ensure compliance and ease of monitoring pay structures of self-accounting institutions
- Minimise industrial-relation tensions related to low pay and distortions across the public service.
- Link pay to productivity

Stages in the Implementation of the SSPP

The SSPP has 11 key implementation stages and these include:

- Job analysis and evaluation
- Design of a grading structure based on the results of the job evaluation
- Placement of jobs on the grading structure
- Determination of the base pay and relativity through negotiations
- Design of the SSSS
- Placement of the individual jobholders on the SSSS
- Standardization of the allowances
- Negotiation of other conditions of service between Fair Wages and Salaries Commission (FWSC) and unions/associations in the nine service classification
- Determination of market premiums and inducements
- Development of public sector-wide performance system
- Monitoring and ensuring compliance

Sustaining the SSPP: Key Challenging Issues

In spite of the laudable objectives behind the introduction of the SSPP, the sustainability of the policy has been questioned in the light of the following key challenging issues confronting its implementation.

Placement of Jobs on the SSSS

The SSSS, which is an important aspect of the SSPP, came into effect in July 2010, with an agreed base pay of GH¢1,108.08 per annum and pay-point relativity of 1.7%. The implementation of the SSSS has, however, received mixed reactions from the generality of public workers. While some public workers have accepted the SSSS as a way of promoting

fairness and achieving equity in public sector pay administration, others have also raised legitimate concerns about distortions and inequities in the structure.

The Ghana Police Service, which was the first institution to have been put on the system, has hailed the SSSS, professing that it has brought about a substantial increment in the salaries of the police who were among the lowest paid employees in the public service. Other public workers have, however, expressed dissatisfaction with the SSSS with regard to fairness, equity and transparency. Health workers, for instance, have raised genuine issues about internal relativity distortions and lack of transparency in the placement of their jobs on the SSSS. Even though re-evaluation of some of the jobs has been done, the exercise has not helped the situation any better. Apart from health workers, other public workers including Ghana Prison Service staff as well as civil service and local government staff have also come out strongly against the SSSS, saying it is fraught with distortions and inequity.

The emerging issues point to the fact that the inherent problems with the placement of jobs on the SSSS have not been addressed satisfactorily and this has potential risk of derailing the intended objectives of the SSPP. While acknowledging that there is no perfect salary structure, it is extremely important for the FWSC to engage the aggrieved workers and address their legitimate concerns in order to secure their cooperation for the smooth implementation of the policy and to forestall industrial and labour problems in the country.

Collective Bargaining and Collective Agreements

The issue of collective bargaining and collective agreements under the SSPP also raises some critical concerns. Within the framework of the new policy, public service salaries are required to be collectively negotiated under the Public Services Joint Negotiation Committee (PSJSNC) instead of multiple negotiations, which tends to increase transaction cost. The PSJSNC comprises the FWSC on the one hand and organized labour/associations on the other hand.

With this development, a major concern that has been raised by some unions, particularly the Civil and Local Government Service Association of Ghana (CLOSAG), is that the implementation of the SSSS would not only gag the processes of collective bargaining agreements, but would also lead to legal ramifications. The argument has been that the Government of Ghana had ratified International Labour Organisation Conventions 87 and 98, which empower workers to have the right to organise and the right to collective bargaining. Again, the Labour Act, 2003 (Act 651)¹⁰ grants workers the right to collectively bargain and stipulates that a collective agreement on the terms and conditions of employment may be concluded between trade unions and employer's organisations. Under the provisions of Act 651, a certified union, which is issued with a Collective Bargaining Certificate (CBA), is entitled to establish, with the employer concerned, a Standing Joint Negotiating Committee to negotiate all matters connected with the employment or non-employment or with terms of employment or with the conditions of employment of its workers.

Under the above circumstances, the fear expressed by some public sector workers unions and associations is that the implementation of the SSPP would nullify those rights and render

workers powerless to fight for future improvements in their salaries and conditions of service. Again, there is concern that since individual agencies and organisations will no longer have flexibility and the discretion to appropriately reward their workers, it can compromise higher levels of performance if no allowance is made for public sector workers in some form of in-kind or incentive payment.

The growing apprehension about the effect of the SSPP on collective bargaining and collective agreement calls for further education on the new policy to maintain the right attitude of all those who matter in the implementation of the policy. In this respect, there is a critical need for the FWSC to intensify its education campaign through aggressive selling of the change agenda of the new policy for all workers to appreciate the purpose and the implementation process of the policy.

Market Premiums

Another major challenge with the implementation of the SSSS is the issue of payment of market premiums to some workers. Under the SSPP, market premiums are required to be determined and paid to attract and retain critical skills, which are in short supply. What this means is that not all jobs are eligible for the market premiums.

There is no doubt that some professionals like doctors, nurses, police, engineers etc need to be paid market premiums to keep them in the country and in the public sector. Certainly, in a key sector such as health, a lot need to be done about remuneration to attract and retain the critical health professionals at home. As noted by Abbey¹¹, their absence or insufficient presence could mean an intensification of socio-political instability, which could flow out of poor health service delivery in the country. While this is the case, there is a critical need for FWSC to clearly come out with appropriate guidelines and apply due diligence in determining the market premium in order not to compromise pay equity, which is one of the critical issues that this new policy seeks to address.

Human Resource Management Systems

Weak human resource management system in the public institutions is one of the key challenging issues that has come out strongly in the implementation of the SSPP. The framework for the new policy requires serious and competent assessment of output, institutional and individual capacity to develop employee's competences and skills, regular and systematic review of output, progress and career progression based on enhanced competences and training. The human resource departments and units of the various public institutions are expected to be at the forefront of this change agenda of the new pay policy reforms.

An important concern, however, is that the human resource departments and units lack the capacity in terms of human resource professionals to effectively manage this change system. This apart, the human resource information, monitoring and evaluation systems in the public

institutions are not quite effective. In some public institutions, staff data and record keeping are not automated and accurate data on how many workers are employed and where they are working are not available in a timely manner.

As a result of this, and also because of the way recruitment is done, staff are not always posted to the places of greatest need. Recruitment is often centrally managed and not strategic. Candidates often apply to a central pool rather than for specific positions and are then deployed often to areas where there are already undue concentration of such staff and this contributes to unproductive use of public workers. Many human resource management functions in the public sector are also opaque and vulnerable to corruption.

To ensure effective implementation and sustainability of the new pay policy reforms, there is urgent need for the human resource function in the public institutions to be strengthened, and this must begin with the recognition of the function as a specialised area of management that should be handled by human resource professionals. Besides, there should be greater automation of data and record keeping in the public institutions to greatly reduce processing times for many human resource management functions. Again, at a minimum, the public institutions should collect accurate information on how many workers are employed in the public sector, where they are working, and where the areas of highest staffing need are located.

Constantly monitoring the effect of the new policy reforms is also important so that the results produced by the additional wage bill resources can be demonstrated. This could help change the perception that devoting more resources to the public sector wage bill is not the best use of scarce budgetary resources. Furthermore, recruitment and selection procedures within the public sector should be transparent and meritocratic so as to ensure improved productivity in the public sector. Moreover, sufficient capacity is needed at the local level to carry out key human resource functions.

Commitment of Government and Institutional Heads

The issue of whether the Government can sustain funding the cost of implementing the new pay reforms also calls for serious attention. The implementation of the policy is anticipated to further increase the Government wage bill, which already absorbs a high proportion of the total tax revenue. Even though oil revenue is expected to be on board soon, like oil producing countries in developing countries, Ghana is faced with a number of challenges and competing needs including improving the road networks and other physical infrastructure and many others. It is imperative that the government put in place necessary funding interventions to sustain the implementation of the policy.

There is also the issue of commitment of agency and institutional heads in the implementation of the new pay policy. It is important that various heads of agencies and institutions in the public sector fully acquaint themselves of the implementation challenges of the new policy. They must also buy into the change agenda and be seen to drive the change process through

the strengthening of their human resource departments and units at various levels to ensure quality outcome of the new pay policy. Again, strong accountability measures for effective wage management should be put in place at the various agencies, departments and service levels. Furthermore, the human resource information base should be improved, and capacity within the ministries and departments should be strengthened to bring current human resource management practices more in line with the new pay policy reforms.

Conclusion

The SSPP is seen as a worthwhile intervention, which if properly and fully implemented could play a focal role in harmonizing remuneration in the public service and enhance the pay of public workers in a manner that is equitable and consistent with the country's desire to improve efficiency and productivity in the entire public sector.

The reality, however, is that there is a declining confidence of some public workers and unions in the ability of the reform to realise its intended objective. A lot of efforts are therefore required on many front including proper handling of concerns by the aggrieved workers, aggressive dissemination and education on the change agenda of the new policy strengthening human resource management functions in the public institutions, sustaining the full commitment of government and institutional heads to ensure the attainment of the objectives of the policy.

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