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PUBLIC SECTOR WAGE REFORMS IN THE LIGHT OF EQUITY PRINCIPLES

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Abstract

Since 1967 seven committees and commissions have been set up to review disparities, distortions and anomalies inherent in the pay policy and wages in the public sector in Ghana. The introduction of the Single Spine Pay Policy in the year 2010 was meant to address these anomalies but has been bedevilled with several unrests at the labour front. This has manifested itself in various ways such as strike actions, protests, petitions, legal actions, and appeals to the Labour Commission and other stakeholders. Several attempts at resolving these agitations since independence have not yielded the expected outcome which would have led to a more stable labour front. The literature on the various pay reforms in Ghana has not addressed the equity issues inherent in them. The aim of this article therefore, is to review the pay policies, in the light of equity

Introduction

Public sector reforms have taken place globally. Rapid changes in global socio-economic, political and technological environments have been stated as the rationale for the public sector to be reformed or transformed into a more active and responsive agency to assist governments in their quest for sustained economic growth and development. It is aimed at the systematic and sustainable performance improvement in the public sector (Turner, 2013) and to make the sector more efficient in coordination of the state activities for development (Atow-Zahir, 2012). It is based on the philosophical assumption that the human resource of a country is the most valuable of all national resources. Secondly, it recognises the changing role of governments from state control to market driven economy where the government acts as the facilitator driving development (Barbados, n.d.). Taking cognisance of the key role played by the human resource of a country, wage reforms are embarked upon as a subset of public sector reforms aimed at rewarding employees in an equitable manner to ensure performance improvement. Goldhaber (2010) and Owens and Owens (1989) recognise the fact that employees with the requisite qualifications,

principles and propose solutions to minimise the labour unrest associated with public sector wage reforms. The article uses Adams Equity theory of motivation to explain the frequency of labour unrest in Ghana and proposes the application of the tenets of equity theory as a solution. We use documentary analysis to examine the various reforms and propose a theoretical approach to resolve the canker within and among the labour groups. We conclude this article by arguing that the frequent labour unrest within the public service in Ghana is mainly as a result of perceived inequity in the implementations of the public sector wage reforms.

Keywords: Equity, reforms, single spine, pay policy, labour unrest

knowledge, skills and abilities are rewarded in a fair, equitable and transparent manner in exchange for their services to attain the developmental goal of the state.

Public sector pay reforms are aimed at restoring equity, fairness and transparency in public service pay administration in line with equity as a central theme in compensation theory and practice (Audier, Bacache, Courtioux, & Gautié, 2012). Pay equity dimensions could be perceived in three ways: equity, positive inequity and negative inequity (Adams, 1963). Pay inequity has legal, economic and personal implications. It is argued legally and economically that workers are supposed to be paid equally for similar work. Personally, employees also perceive the value employers place on them through their pay. Perceptions of equity can also influence a company's ability to attract, retain, and motivate its employees. Romanoff, Boehm, & Benson, (1986) have also noted that pay equity poses conceptual and practical challenges on how to reconcile the ability to pay (financial resources), desire to pay (image), and the need to pay (labour market). This equity principle is enshrined in section 68 of Ghana's Labour Act, 2003 (Act 651) which states that "every worker shall receive equal pay

for equal work without distinction of any kind".

Since the attainment of independence to date, Ghana has witnessed seven pay reforms (Aliu & Fuseini, 2014). These reforms were embarked upon with the view to restore equity and transparency in the public service pay administration in line with the principles of equity. The first reform was the Mills-Odoi Commission (1967). This was followed by Issifu-Ali Committee (1973); Azu Crabbe Commission (1979); National Committee for Wage and Salary Rationalisation (1983); Gyampoh Salary Review Committee (1992). The last but one was the Price Waterhouse and Associates Ghana Universal Salary Structure (GUSS) in 1997. All these reforms notwithstanding, another pay reform was initiated in 2006 and implemented in 2010 as part of the public sector reforms called the Single Spine Pay Policy (SSPP) (Government White Paper, 2009).

However, just like the previous reforms, the current reform was met with mixed reactions by various sections of the public sector labour groups. Each pay reform was greeted with dissatisfaction by some workers due to perceived or real inequity issues inherent in the implementation of the reform (Seniwoliba, 2014). The issues of distortions, inequities and low incomes have persisted within the public service (Government White Paper, 2009). Ghana's labour front has been bedevilled with a lot of labour agitations (Yamoah, 2014). Various committees and commissions have not been able to restore order at the labour front. All the pay reforms, including the latest Single Spine Pay Policy (SSPP), have been greeted with unrest by a section of the public sector workers. This is evidenced in the agitations of some sections of the public sector workers such as: University Teachers Association of Ghana (UTAG), Polytechnic Teachers Association of Ghana (POTAG), Civil and Local Government Staff Association of Ghana (CLOGSAG), Ghana Medical Association of Ghana (GMA) and allies, Ghana National Association of Teachers (GNAT), National Association of Graduate Teachers, Ghana (NAGRAT) on the implementation of the SSPP.

Various contributors have written articles on current and past pay reforms by looking at it from different perspectives (Seniwoliba, 2014; Aliu & Fuseini, 2014; Brako & Asah-Asante, 2014; Aryee, 2001; Boateng, 2014; Yamoah, 2014; Dauda, 2014; Martinson, 2012). Seniwoliba (2014) examined the relationship between ignorance and the Single Spine Pay Policy; Aliu and Fuseini (2014) on the appraisal of the SSPP. Martinson (2012) has also examined the labour strikes by GMA while Boateng (2014) looked at the impact of the Single Spine Salary Structure (SSSS) on attrition and performance of nurses. However, the key issue of equity bordering employees in all the past reforms has not been adequately addressed in the literature. This article is meant to fill this gap by reviewing past pay reforms to identify equity issues in them and proposing equity principles as a possible solution to minimise labour unrest associated with public sector pay reforms in Ghana.

The next section begins with the theoretical and empirical review of equity theory, followed by review of the various reforms to provide evidence of inherent inequity. We then provide a summary of the equity principles gleaned from the various reforms, propose some solutions and draw conclusions from it. Finally we make recommendations to forestall inequities in the pay structure.

Theoretical and conceptual issues

The most important objective of any pay system is fairness and equity (Lai, 2011). Equity is defined by Romanoff, Boehm, and Benson, (1986: 18) as "anything of value earned through providing or investing something of value. Fairness is achieved when the return on equity is equivalent to the investment made." In terms of wages, equity is achieved when pay equals the value of work performed. In contrast, inequity occurs when the value of the work performed does not match the value of the compensation received.

Equity theory originated from Leon Festinger's cognitive dissonance theory which Adams applied to the workplace (Kreitner & Kinicki, 2001). Adams (1963) points out that there are two primary components involved in the employee-employer exchange, inputs and outcomes. An employee's input, for which he or she expects a just return, includes education, experience, skills, and effort. On the outcome side of the exchange, the organisation provides such things as pay, fringe benefits, and recognition. These outcome-input ratios are compared with significant others as a basis of job satisfaction. Algebraic formulation of equity relationship by Hofmans (2012: 373) is written as:

$$\frac{O_A}{I_A} = \frac{O_B}{I_B}$$

Where O_A and O_B are outcomes and I_A and I_B are the inputs of person A and B respectfully. Adams (1963) noted a feeling of equity is the result of comparing the inputs and outcomes for the self and for the referent (significant) other, and comparing

both intra-individual ratios between individuals.

There are three types of equity relationships: equity, negative inequity, and positive inequity. Equity exists for an individual when his or her ratio of perceived outcomes to inputs is equal to the ratio of outcomes to inputs for a relevant other. However, when the ratios differ, inequity is experienced; if the relevant other enjoys greater outcomes for similar inputs (qualification), negative inequity will be perceived. On the other hand, a person will experience positive inequity when his or her outcome to input ratio is greater than that of relevant other(s). Adams (1963) argued that an employee continuously monitors his or her inputs and outputs on the job, and perceives an equitable situation when the ratio of the inputs and outputs are equal, to those of other employees (Significant others). If this ratio is not equal, the employee may feel angry (as a result of not being paid enough) or guilty (as a result of being paid too much). Either feeling could result in dissatisfaction or discomfort.

Houseman, Hartfield, and Miles (1987) divide equity theory into four main propositions. They argued that individuals develop their perception of fairness by calculating a ratio of their inputs and outcomes and then comparing this to the ratio of others. If these ratios are perceived to be unequal, then inequity exists. It further proposes that as the difference in inequity increases, the tension and distress felt by an individual will increase. The greater the tension felt due to perceived inequity, the harder workers will fight to decrease their tension and increase perceived levels of equity.

However, Hoffman (2012) indicates that the extent to which an individual or a group may tolerate and react to the perceived negative inequity may be based on how equity sensitive they are. Huseman, Hatfield, and Miles (1987) have argued that equity sensitivity may be measured on a continuum ranging from entitleds to benevolent. Entitled are people who prefer their input output ratios to be higher than comparison (significant) others. The midpoint in the continuum is the equity sensitive individuals who in turn prefer that their outcome/input ratios are equal to the ratios of their referent others and normally follow the norm of reciprocity in equity theory. Equity sensitive people will experience distress when faced with either type of inequity (under-reward or over-reward). At the other extreme are the benevolent who are more willing to contribute to the organization, and they can be considered altruists. While these may not account for all individual differences, it provides

a useful understanding of differences in equity evaluations. Equity comparison could be made internally or externally (Romanoff et al., 1986). Internal equity comparison can be made between people who perform similar jobs or dissimilar jobs, work within the same department or work in different departments within an organisation. On the other hand, external equity relationship could be established between people who work in the same industry or different industries, belong to the same union, the same profession, the same geographic location or different geographic locations, and organizations of similar size or differing sizes.

Specifically, pay equity can be grouped into four major categories: external equity, internal equity, individual equity, and personal equity. External equity exists when an employer pays a wage rate commensurate with the wages prevailing in external labour markets or pay differential across organisations (Torre, Pelagatti, & Solari, 2015). Assessing external equity requires measuring these labour market pay relativities. On the other hand, internal equity exists when an employer pays wages commensurate with the relative internal value of each job. This is established according to the employer's perception of the importance of the work performed. Addressing external equity attracts talents while internal equity retain them (Lai, 2011). Individual equity exists when an employer compensates individuals who are in similar jobs on the basis of variations in individual performance; also called pay for performance. Personal equity, unlike external, internal, or individual equity, involves no direct comparison of one individual's compensation with another's. Personal equity exists when an employer pays a wage rate that satisfies an employee's own perception of his or her worth. The standards applied by each person relate to that particular individual's previous experiences and his or her knowledge of the market value of similar jobs. For the sake of this review we have focussed on internal equity and external equity because our analysis is at the macro level.

CONCEPTUAL REVIEW

Reward system

The aim of a reward management system of an organisation and for that matter the public sector is to achieve fairness, equity, consistency and transparency in operating the reward system (Lufunyo, 2013). Pay systems provide the foundation for financial reward. Rewarding people fairly, equitably and consistently implies the value you place on the employees, hence the fundamental right of workers (Chicha, 2006). This depends on the grading system and the pay structure in place. "A grade structure consists of a sequence or hierarchy of grades, bands or levels into which groups of jobs that are broadly comparable in size are placed" (Armstrong, 2006: 689). Pay structure, on the other hand, defines the different levels of pay for jobs or groups of jobs by reference to their relative internal value as determined by job evaluation and to external relativities as established by market rate surveys and, sometimes, to negotiated rates for jobs. One of the key principles of this structure is to facilitate the management of relativities and the achievement of equity, fairness, consistency and transparency in managing grading system and pay. It provides scope for pay progression in accordance with performance, competence, contribution or service.

Armstrong and Taylor (2014) have identified five pay structures: narrow-graded, broadgraded, broad-banded, job family, career family and pay spine. Narrow-graded structure consists of a sequence of job grades into which jobs of broadly equivalent value are placed. Grades may range from 10 to 18 as defined by job evaluation. Unlike narrow-graded structure, broad graded structure has fewer than ten grades. It has reference point control which provides for progression according to competence by increments to the reference point. The grades and pay ranges are defined and managed in the same way as narrow-graded structures except that the increased width of the grades means that organizations sometimes introduce mechanisms to control progression in the grade so that staff do not inevitably reach its upper pay limit.

Broad-banding is the reduction of many narrow pay bands down to fewer but wider bands, typically four or five with each encompassing a number of grades. This provides some element of flexibility into the system. Broad-banding is introduced in organisations to increase performance related pay to allow for individual movements within the bands. Broad-banding is most appropriate where an organisation is seeking to integrate reward systems with other human resource processes and where the organisation is developing new, often devolved, pay strategies.

The third structure, job family, adopts payment based on job function. For example functional areas like marketing, finance, administration, and production have different pay structures. With this structure, job families are identified and the successive levels in each family are defined by reference to the key activities carried out and the knowledge and skills or competences required to perform them effectively.

Career family salary structures resemble job family structures in that there are a number of different 'families'. The difference is that in career family, jobs in the corresponding levels across each of the career families are within the same size range and, if an analytical job evaluation scheme is used, this is defined by the same range of scores. Career family structures focus on career mapping and career development as part of an integrated approach to human resource management.

Armstrong (2006: 696) has further noted that pay spines are normally adopted by public sector institutions and charities that have adopted a public sector approach to reward employees. Pay spines consist of a series of incremental 'pay points' extending from the lowest to the highest paid jobs covered by the structure. Single spine is based on the principle that all public sector workers, no matter their area of specialization and the public organization they belong to, must be placed or linked to one common salary structure, typically like all nerves and organs of the body connected with the human spine.

Labour unrest

Labour unrest connotes the dissatisfaction of some aspects of an individual's work and its resultant reaction in the form of demonstrations, lockout and strikes. It is argued that workers provide their inputs and expect just and equitable returns from their investment and, if these are not forthcoming, it may lead to industrial conflict or unrest which may affect performance and productivity (Nyakwara & George, 2014). Labour unrests have occurred in both developed and developing countries. In some extreme situations these have resulted in loss of lives due to dissatisfaction with pay and other conditions of service. Labour unrest can be in the form of strikes, involving the withdrawal of labour services to protect workers' interest and demonstrations to voice their concerns in public. It can take the form of work-to-rule, sit downs and short strikes lasting for a few days (Nimoh, 2015).

Methods

Documentary analysis was adopted to explore past and present efforts and differences in workers' response to the inherent inequity issues in the Ghana pay administration system. Documentary methods refers to the "analysis of documents that contain information about the phenomenon we wish to study and the techniques used to categorise, investigate, interpret and identify the limitations of physical sources, most commonly written documents whether in the private or public domain" (Mogalakwe, 2006: 222). The public domain documents includeActs of Parliament, policy statements, census reports, statistical bulletins, reports of commissions of inquiry, ministerial or departmental annual reports, and consultancy reports. The article relied mainly on public documents such as commission and committees reports and government white papers for analysis. On the other hand, private documents are sources from civil society organisations such as private sector businesses, trade unions and nongovernmental organisations, as well as private individuals. The private documents used for analysis were journal articles and student thesis related to the study. We generally examined the objectives, findings and recommendations of the various commissions and committee reports to uncover equity issues. Then we also looked at the whitepapers to see the sections of recommendations that were accepted and adopted by the government.

These documents were handled by adopting Scott's (1990) quality control criteria of authenticity, credibility, representativeness and meaning (cited in Mogalakwe, 2006). Authenticity refers to whether the evidence is genuine and from impeccable sources. Credible documents provide evidence that is typical of its kind. Credibility refers to whether the evidence is typical of its kind and free from error and distortion. Representativeness refers to whether the documents consulted are representative of the totality of the relevant documents, and meaning is concerned with whether the evidence is clear and comprehensible.

Analysis of pay reforms in Ghana

Historically, after independence, seven commissions/committees have been commissioned to review pay administration system in the civil service (Cooper-Enchia, 2008). This section analyses the various pay reforms in Ghana since independence to expose the inherent equity issues.

The Mills-Odoi Salary Review Commission

The Mills-Odoi Salary Review Commission was set up in January 1967 by the National Liberation Council (NLC) government. The commission was tasked to consider and make recommendations on certain matters concerning the structure and remuneration of the public service and examine the salary proposals for the removal of any disparity, taking into account the job classification and qualification required for the establishment of parity in the emolument of public officials (Republic of Ghana, 1967, 1993; Brako & Asah-Asante, 2014). Three key tasks were given to the Commission. The first was to examine remuneration and conditions of service of all grades in the public services and to recommend the necessary changes to forestall equity. The second task was to establish permanent machinery for ensuring that the remuneration in the different sectors of the economy is kept in proper balance and to make recommendations therein. A third and final task was to recommend the interrelations to be established between sections of the public sector and trade unions by paying particular attention to the principles governing relative levels of remuneration (Republic of Ghana, 1967). A number of issues were identified by the committee. The commission's examinations revealed that the wages and salaries of public boards and corporations were generally higher than those in the civil service. The commission further found that the earning trend was skewed in favour of the private sector, indicating a dwindling in the public officials' share of the national cake (Republic of Ghana, 1967). The Mills-Odoi Commission identified inequity in salaries between the public corporations and the civil service on one hand and the entire public sector and the private sector workers on the other. This reveals an example of external inequity (Romanoff et al., 1986) between these institutions with the civil service experiencing external negative inequity.

The following recommendations were made based on the findings of the Mills-Odoi Commission. The first was to establish a governing body called the Public Service Salary and Wages Commission (PSSWC) to be in charge of salaries and wages and to advise government in these matters. It also recommended that all non-taxable allowances had to be consolidated to stem the proliferation of many allowances. Establishment of an industrial court to act as the supreme and final arbiter on matters in disputes was also recommended. Further, the streamlining of recruitment, appointment, advancement and discipline as a means of introducing parity in remuneration and conditions of service was proposed (Republic of Ghana, 1967).

The then NLC government adopted some of the recommendation by establishing a body call the Office of Government Machinery (OGM). However, instead of addressing the inherent external inequities (Romanoff et al., 1986) identified by the commission, public sector salaries were increased across board without taking into consideration the gap identified in earnings between the public corporations and the civil service. So the basic problems of distortion and disparity in salaries still persisted, the outcome of which was workers strikes and demonstrations. This resulted in the establishment of the Civil Servants Association of Ghana (CSAG) to fight this external inequity between the civil service and public corporations (Brako & Asah-Asante, 2014). The association could not resolve the inequity concerns.

The Issifu Ali Committee

The persistence of distortions and disparities led to further agitations of workers which resulted in constituting the second committee called the Issifu Ali Committee by the Supreme Military Council (SMC) in 1973. The key trust of the committee was to investigate the remuneration and conditions of service of all grades of personnel in the public service and also to investigate the means of bridging the gap between the lower and higher income groups. It was also to take into account the impact of the cost of living on levels of income in the country and make appropriate recommendations to the government (Republic of Ghana, 1974).

Our findings revealed that workers were leaving the civil service to work for public boards and corporations to perform similar functions for better remuneration. This reiterates one of the means workers resort to register their concerns when there is a perceived inequity which leads to attrition. In solving this problem, the Committee recommended to the government to raise the salaries of principal secretaries to be at par with managing directors of public corporations and public boards to restore equity. In addition, the Committee recommended that posts requiring similar qualification and workloads as those in the public services were to be remunerated about the same in line with equity principles. The committee further recommended that costs of living allowances were to be introduced to take care of rising inflation. The Committee also recommended the abolition of the existing grading system because of the imbalances inherent in the salaries (Republic of Ghana, 1974). The government was tasked to allow the Prices and Incomes Board (PIB) to oversee the implementation of the recommendation. The provision of subsidized meals, transport services and comprehensive housing scheme for workers was also recommended. In addition, it was recommended

for the introduction of compressed salaries so that the gap between the low and high income earners would be bridged (Brako & Asah-Asante, 2014).

The NRC government implemented most of the recommendations made by the Committee set up by the SMC government. First, the daily minimum wage was raised to \emptyset 2.00 (\$1.74) as against the \emptyset 1.80 (\$1.57) recommended by the Committee. Secondly, the government approved the Committee's recommendation to remove the income disparity between civil servants and their counterparts in public corporations. This move was to stem the tide of experienced staff from the civil service exiting to work in corporations and the private sector. Other recommendations such as the introduction of subsidized meals, transport and housing allowances were implemented. The new enhanced salary for the public sector, as a way of bridging the gap between the highest paid and the lowest paid workers, was accepted and implemented by the government (Aggrey-Darkoh, 2001; Brako & Asah-Asante, 2014).

The salary compression that bridged the gap became a disincentive to high income earners. Coupled with this, inflation skyrocketed, eroding the gains made by the increment of the minimum wage. The government also resorted to antilabour practices such as arbitrary salary reduction, retrenchment of workers, putting workers on long periods of leave without pay and loss of employment benefits (Aggrey-Darkoh, 2001). This led to the withdrawal of services by the public utility service providers in 1978. The Civil Servants Association of Ghana (CSAG) also joined the protests which nearly paralysed the public service.

The government's interventions brought in its wake equity issues. For instance, the attempt to bridge the gap in salaries between the principal secretaries and that of the managing directors of the public corporations provided a solution for the negative inequity which was not addressed by the previous commission. Secondly, the salary compressions to bridge the gap between the low and high income earners within the public service became a disincentive to the high income earners who perceived this as a disregard for their educational qualification compared to the lower rank staff. The high income earners saw themselves as entitled to (and thus deserving of) higher salaries than their lower ranks (Hoffman, 2012). This type of equity may also be regarded as internal inequity between the low and high income earners (Romanoff & Boehm, 1986). The outcomes were strike actions

embarked upon by the CSAG and the public utilities service providers in the country.

The Azu-Crabbe Commission

To forestall the problems associated with the implementation of the Issifu Ali Committee, another commission was constituted. The Azu-Crabbe Commission of 1979 was commissioned by the then Supreme Military Council II (SMC II) to look into the situation. The Commission was tasked to investigate issues regarding the remuneration and conditions of service of all grades of personnel in the public service including the civil service. The Commission was to take into consideration job classification of the International Labour Organization (ILO) as the basis for the determination of jobs and their respective remuneration relativities (Republic of Ghana, 1993).

The Commission recommended among other issues the use of cost of living as a basis for fixing wages so as to reduce corruption, increase productivity, and attract and retain the best brains in the public service. It also recommended the adoption of a government- approved salary and wage range structure by all government establishments when negotiating for revision in salaries which were not in existence prior to this. The Commission further recommended the consolidation of allowances into the basic salary levels as a pay supplement. The Azu-Crabbe Commission recommended a new salary and wage structure and general salary increase levels of between 15 and 20 percent of gross income (Aggrey-Darkoh, 2001; Brako & Asah-Asante, 2014).

While these recommendations were laudable, the political climate at the time did not allow the government to implement the recommendations because there was a takeover of the SMC II by the Armed Forces Revolutionary Council in 1978. Then the People's National Party (PNP) that came to power in 1979 was also toppled in 1981 by the Provisional National Defence Council (PNDC). The PNDC era saw the country entering into serious crises leading the government to seek financial support from the International Monetary Fund (IMF) and the World Bank (WB) to resuscitate the economy. This led to the implementation of the Economic Recovery Programme (ERP) and later Structural Adjustment Programme (SAP) (Donkor, 1997; Brako & Asah-Asante, 2014).

The Azu-Crabbe Committee was formed to solve the ensuing problems of inequity and distortions in the previous pay regime of the sector and proposed a new remuneration regime by taking into consideration the ILO job classification. However, the turbulent political atmosphere did not allow for the implementation because within the period of four years the nation saw three different governments, therefore, the key problem of perceived inequity was not addressed.

The National Committee for Wage and Salary Rationalization (NCWSR) (1983-1993)

The bailout from the Bretton Wood's club and its associated SAP/ERP conditionality compelled the government to embark upon another wage reforms (Killick, 2010). This led to the formation of the National Committee for Wage and Salary Rationalization (NCWSR) in 1983 to oversee the effort of government's bid to improve the standard of living of public sector workers. The body was to compile all relevant data on job classification, both local and foreign and to evaluate the content of jobs and their respective ratings. It was also tasked to submit all other relevant criteria to be used in determining the rationalization system of remuneration and entitlements, develop guidelines for a rationalized salary and allowances regime that expresses the principle of "each according to his ability and for each according to his work". Here we see a move by the government to restore both internal and external equities within the public service. The Committee recommended the classification of top posts in the public service; consolidation of salaries, a retreat from a policy of wage compression; and also to the effect that productivity increases ought to be the basis for salary increases. The implementation of the above recommendations created mixed emotions among workers thus sparking off pockets of labour unrest. It was amidst this hostile industrial milieu that the government set up yet another salary review body, the Gyampoh Commission (Republic of Ghana, 1993).

The NCWSR was also commissioned during the adjustment period but was met with problems due to the reversal of the wage compression introduced earlier; which widened the gap between the high and low income earners. The resultant perceived inequity led to further agitations by some sections of the public sector workers who felt unfairly treated.

The Gyampoh Salary Review Commission (1993-1997)

The spate of industrial unrests that characterized the country's labour front between 1983 and 1992, following distortions and inequalities in salary levels, compelled the PNDC government to set up the Gyampoh Commission in February 1992. The chronic problem of distortions and disparities that had persisted in the pay system in the public sector had intensified the sufferings of the Ghanaian worker because of the consolidation of salaries based on the recommendation of the National Committee for Wage and Salary Rationalization (NCWSR). The Gyampoh Commission was therefore set up to find a lasting solution to the persistent forms of inequities that surfaced in the process of the implementation of the various commission/committee reports. It was to investigate the remuneration and conditions of service of all grades of personnel in the public service including the civil service. It was also to examine the differentials and relativities within the public service following the implementation of the consolidation concept and make recommendations for horizontal and vertical adjustments of salaries and wages. The Commission was further tasked to determine the association to be established between the unionized and non-unionized sectors of the public service (Republic of Ghana, 1993).

The Gyampoh Commission found that the consolidation of salaries to include only lunch, leave, transport and housing/rent was relatively limited for civil servants. The consolidated allowances differed in number and in rates between the Civil Service and the universities and other analogous institutions resulting in two different salary regimes (Republic of Ghana, 1994; Adupaku, 2006) revealing the inherent inequities in the public sector. The Commission again found that the Civil Service Negotiating Machinery (CSNM), which consisted of representatives of different categories of civil servants negotiated separately for additional improvement in salary and other conditions of service exclusively for their members (Adupaku, 2006; Brako & Asah-Asante, 2014). These revelations also suggest the existence of entitleds (Huseman et al., 1987) within the public service.

The Commission made quite a number of recommendations. It was recommended that salaries and other conditions of service of top managerial staff of public sector institutions should not be dependent upon negotiations, but should be separately negotiated in order to avoid a conflict of interest. The various reimbursable and compensation allowances such as overnight, fuel, vehicle maintenance allowance, per diem, among others should be reviewed. The commission also recommended for a comprehensive job evaluation exercise to help in doing away with, or at least minimising, wage conflicts and confrontations, as well as the upward adjustment of salaries by 20 percent for the civil service and other subvented organizations. It was further proposed that all organizations within the public and civil service with CBAs will have 2-year duration and negotiations should commence and end before the commencement of the budget year in which the new agreement will be implemented.

The government, in a White Paper issued on 13th January 1994, accepted almost all the recommendations made by the commission and consequently granted the payment of the 20 percent salary increases and responsibility allowances. The recommendation on the need to review the various reimbursable and compensating allowances, including overnight, vehicle, fuel, risk and height, warm clothing, per diem and funeral allowances was also accepted by the government. The Commission's recommendations were not very different from those of the earlier bodies, and in spite of granting salary increases to public sector workers, it failed to live up to the expectation of the Ghanaian labour front. Rather than addressing the age old concerns of workers, the implementation of the Gyampoh Commission's Report worsened the income disparities between the low and high-level salaried workers, thereby deepening the plight of low-level income earners (Brako & Asah-Asante, 2014). The recommendation to have separate negotiations was in itself a suggestion of categorising one group as entitleds (Huseman et al., 1987) and for that reason justifies a better salary than the low income earners. Labour conflicts ensued and it became imperative as usual for another salary review body to be established instead of correcting the anomaly.

Messrs Price Waterhouse and Associates and the Ghana Universal Salary Structure (GUSS) (1997-2009)

As per the recommendation by the previous commission, a comprehensive pay policy was initiated in 1997 to address the disparities between the civil service workers and the public service in general. The government of Ghana contracted Messrs Price Waterhouse and Associates to review the salary structure of the public sector and to recommend a new salary structure which culminated in what became known as the Ghana Universal Salary Structure (GUSS). A nationwide job evaluation exercise was undertaken and a new grading and salary structure developed. The objective was to create equity, with a salary and grading structure to encompass the public sector (Cooper-Enchia, 2008). This was, however, to be done in phases to accommodate the cost involved. The GUSS was intended for implementation in all institutions in the public service to deal with salary inequities and distortions.

It could however not realize its intended objectives as sections of the public service were allowed to opt out without any sanctions being applied. Besides, the Central Management Board and the Appellate Body to manage its implementation were not backed by any legal instrument and were also not adequately resourced (Dauda, 2014). Between 1999 and 2006 the institutions that converted were considerably and consistently disadvantaged as a result of re-established pay and grade disparities with the various services and other public sector institutions. This led to the achievement of marginal success because the public institutions which were not roped in became better off than those that were, leading to further labour agitations (Seniwoliba, 2014). By allowing some institutions to opt out implies that there exist some entitleds within the sector. Therefore, the problem of inequity was not resolved although the recommendations were laudable. Those institutions which remained became worse off through the experience of negative inequity leading to further agitations.

Single Spine Pay Policy

In 2005, the government appointed a consultant - Co-En Consulting -to advise on a sustainable pay policy. Pay disparities and inequities inherent in the past salary reforms led to the introduction of the Single Spine Pay Policy (SSPP) in 2006 whose implementation started in 2010. The reform had three objectives. The first objective was to develop a pay regime that would be equitable, fair and transparent. The design of a pay policy framework that is sustainable and includes all public sector employees in the structure was yet another objective. The third objective was to develop a pay structure that could be implemented over the medium term to attract the requisite skills and competencies to the public sector and be managed within the national budget (Government White Paper, 2009).

The Consultant conducted an initial review which revealed the lack of pay administration framework with mandated responsibility and authority to implement pay reforms, as one of the weaknesses in achieving equity pay reforms. It also grouped Public Service institutions based on the similarities of jobs in terms of requirements for education, skills and training to perform their work and other institutional roles (Seniwoliba, 2014). In addition, the Consultant conducted job analysis and evaluation exercises in all Public Service institutions under Article 190 of the 1992 Constitution of Ghana (including the Public Services, namely the Civil Service, Judicial Service, Audit Service; Education Service; Prisons Service; Parliamentary Service; Health Service, Statistical Service; National Fire Service; Customs, Exercise and Preventive Service; Internal Revenue Service; Police Service; Immigration Service; Legal Service and Local Government Service) (Republic of Ghana, 1992). At the end of its assignment the consultant proposed a Single Spine Pay Policy (SSPP) to resolve the distortions in the government pay administrative system (Brako & Asah-Asante, 2014; Government White Paper, 2009).

The key motivation for the introduction of the Single Spine Pay Policy, according to the Government White Paper, was to restore equity and transparency in public service pay administration (Government White Paper, 2009) which were lacking in the past reforms. The SSPP sought to address four main issues: pay disparities that have emerged within the public services, rising cost of the public sector wage bill, large number of public sector pay negotiations, and linkage of pay to productivity. The Job Evaluation determined the value of all Public Service jobs, established internal relativities across and within service classifications with the object of enabling government to reward its employees in accordance with the principle of "equal pay for equal value", consistent with Article 24(1) of the 1992 Constitution of Ghana and Section 10(b) of the Labour Act, Act 651. The consultant grouped the Public Service institutions into nine service classifications, based on similarities of job requirements for education, skills, and training. These are: Public Policy, Planning, Service, Administration and Related Services; Health Services; Education (None-Tertiary); Education (Tertiary), Science & Research; Revenue and Accounting Services; Security Services; Legal and Judicial Services; Sub-vented (Commercial & Non-Commercial); and Regulators. These institutions were to have one general negotiation to determine the base rate for all categories of workers and nine separate negotiations for the various institutions. The major flaw inherent in the policy was that it might defeat the principle of equity as identified in the Whitepaper due to the multiple negotiations by the different services.

The government in the White Paper

accepted, in principle, the recommendation that the SSPP serves as the basis for Public Service Pay with January 2010 as the effective date for its implementation. Before then, the government had promulgated the Fair Wages and Salaries Commission, Act 737 in 2007. The commission was to serve a dual purpose of providing an institutional home for Public Service Pay implementation and a legal backing to deliver on its mandate. Also in the White Paper, the government consented to the 25-Level Grade Structure designed for Public Service jobs. Recognition was also given by the government to the four (4) categories of allowances that were proposed.

At the initial stage before the implementation, workers in general hailed the new structure as a panacea to solve all labour agitations in Ghana. However, immediately after the implementation of the SSPP, the inherent flaws in the system surfaced as sections of labour unions expressed their dissatisfaction with the regime through strikes and threats of strikes. In spite of the laudable objective (as stated earlier) of ensuring equity, fairness and transparency in Public Service Salary Administration and the substantial increases in emolument granted to employees of some public service institutions, some labour unions continued to complain of distortions, inequity and disparities in the new compensation system. The key agitations had been both the internal and external relativities within and among the nine service classifications. For example, the Ghana Medical Association (GMA) in April 2013 embarked upon a protracted strike in which they withdrew emergency services over non-payment of the conversion difference and other equity concerns. In that same month, other labour unions in the country's health sector, including the Government Hospital Pharmacists Association of Ghana (GHOPSAG) and the Ghana Registered Nurses Association (GRNA), also voiced their concerns to the Fair Wages and Salaries Commission (FWSC) over some issues in the implementation of some aspects of the salary regime that affected them. Labour unions in the education sector - the National Association of Graduate teachers (NAGRAT), Ghana National Association of Teachers (GNAT), Concerned Teachers' Association of Ghana (CTAG), Teachers and Educational Workers' Union (TEWU), University Teachers' Association of Ghana (UTAG), among others, all expressed concerns with some aspects of the pay regime. Other labour unions also expressed their concerns about issues of inequity inherent in the system. Brako and Asah-Asante

(2014) have even expressed reservations about the sustainability of the SSPP regime due to the inherent inequities.

With all these previous experiences in mind it was thought that the current SSPP would forestall all inequity issues in the public service, but the introduction was also met with resistance by some workers because of the perceived inherent inequities in the recommendation which the government whitepaper also identified. The principle of single spine was not strictly implemented since the nine service classifications have one general negotiation for base pay but nine different separate negotiations for each service classification; the fruit of which has been met with dissatisfaction with the system bordering on all the four dimensions of inequity.

Relatively, the SSPP was a more enhanced reform compared to the previous six reviews in Ghana, because a body (Fair Wages and Salaries Commission) was established to oversee the implementation of the reforms backed by legislation. In addition, all jobs within the public sector were evaluated and classified into nine service classifications. This notwithstanding, the Ghana's SSPP falls short compared to the international best practices.

The literature reports that Canada, Sweden, Norway, New Zealand and Australia (Queensland Industrial Relations Office, 2007) have one of the best equity pay legislations and policies which bind both employers and employees to act in a certain prescribed way (Cornish & Quito, 2013; Kruth, 2014). These countries have pay equity legislation as its principal object which specifies the development of pay equity plans by various organisations in the public and private sectors (Ontario Pay Equity Office, 2015). It has also established pay equity committees within the various job classifications in addition to industrial pay equity committees established to look into inter and intra industry pay relativities. Members of the equity committees were required to be trained. Enshrined in the laws of these countries were time frames set out within which various actions were taken. To ensure compliance by the various sectors and industries, the laws required that annual reports are presented to government on the progress in bridging inequity within the various sectors. Furthermore, the law specified the particular ministry under which the administration of the act was to be placed. These legislations required that a commissioner be appointed to oversee the pay equity act and to resolve disputes. CEVEP (2013) points to a case in New Zealand where it is a requirement for public services, health and education sectors to review and address pay equity issues. Its object is to achieve openness and transparency by ensuring the involvement of unions and employees in pay equity issues aimed at organisational commitment.

Summary

From the review of the seven pay reforms in Ghana, it can be inferred that most of the labour agitations and strike actions have bordered on the issues of inequity inherent in the committees/ commissions' recommendations and subsequent implementations. Various attempts made by successive governments from the 1960s to date in 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 seem not to have been wholly successful (Dauda, 2014; Seniwoliba, 2014). Table 1 shows a summary of equity concerns that have persisted in the various reforms and its outcomes. From the review, some key problems could be identified with public service salary. Limited political will, by some of the previous governments to fully implement the wage policies, could account for the persistence of inequity leading to labour unrest. Lack of transparency and communication problems could also be a factor contributing to the perceived inequity by sections of the public sector workers. Categorising workers into nine service classifications with each having separate pay negotiations could result in perceived or actual inter and intra inequity wage relativities. Inequity grievances arose out of the SSPP content, implementation and/or administrative unresponsiveness. Finally, the issue of entitleds, where some professions believe that they deserve special treatment could also threaten the sustainability of the policy.

Commission	Basis of comparison /Reason	Type of equity	Implications /Outcomes	Remarks Gaps not bridged	
Mills-Odoi	 Civil service(CS) and public corporation (PC) Pay differences between CS and PC 	Negative inequity experienced by civil servants	 Seeking of jobs in public corporations Reduction in output Strikes 		
Issifu-Ali	 Public corporations and civil service Within the civil service Internal relativities Salary compression 	 Negative inequity civil servants Senior executives 	StrikesReduction in outputChange of jobs	Disparities not addressed	
Azu-Crabbe	Not implemented	Not implemented		Political insta- bility Disparity not addressed	
NCWSR	 Senior Executives and junior staff Reversal of salary compression 	 Positive inequity for senior staff Negative inequity for junior staff Widened income gap 	StrikesChange of jobs	 Per- sistence of dis- parities 	
Gyampoh	 Managerial staff and other staff Separate working conditions for managerial staff 	 Positive inequity for managerial staff Negative inequity for other staff Widened income gap 	• strikes	Disparities not addressed	
GUSS	 Institutions within GUSS and those that Pulled out Staff on GUSS disadvantaged 	Positive for those who pulled outNegative for remnants	Agitations/strike actions	Disparity not addressed	
SSPP	 Within and across the nine service classifications Nine separate service nego- tiations 	Both positive and negative inequities	 Strikes Raising of concerns 	Disparity not fully addressed	

Table 1: Summary	of equi	v issues	s inherent in	the pav	reforms in	Ghana

Conclusions

One of the key principles in the administration of wages and salaries is equity. Equity theory suggests that when people perceive that they have been unfairly treated they become stressed out and thus resort to various approaches to reduce this stress. One of the means of manifesting their stress is labour unrest. All public sector wage policies adopted in Ghana have inherent inequity issues. Employees have different perceptions of what is fair and equitable. Theoretically, the four aspects identified in equity theory to be the basis of comparison between employees were: external, internal, individual and personal equities. Of these four, internal and external equity were found to be prevalent in the public sector. Treating employees inequitably has led to litigation and costly outcomes. Workers have been comparing their pay with others within and across the various sectors within the public service. The perceived or real negative inequities have persisted in all the pay reforms in Ghana since independence and have been the key source of agitations at the labour front in the public sector. Some of the recommendations by the various commissions had inequity imbedded in it. In other cases, the government failed to implement some of the recommendations and this led to inequities. Ghana's pay policy does not match up to international best practices such as the promulgation of a Pay Equity Act, equity committees, and reporting.

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Recommendations

It is proposed that the government of Ghana formulates a Pay Equity Act, as pertains to other countries, to empower the Fair Wages and Salaries Commission to isolate equity issues in wages and salaries administration. In line with this, equity committees should be set up within and across the nine service classifications to oversee pay relativities. Harmonisation of all the nine service classifications on the SSPP will go a long way to reduce the perceived inequities. There should be only one negotiation for all categories of workers to ensure transparency.

Employees' remuneration package should establish horizontal (external) equity: they should feel that their pay is comparable with the remuneration structure of similarly placed positions outside their service classification. The pay structure should also show a linear progression pattern where vertical (internal) equity is maintained. Opportunities to appeal decisions that affect workers' pay should be allowed.

Feelings of negative inequity may be just a perception which could be addressed through communication, transparency and consultation. Relevant documents on pay equity should be published and made available to the public. Independent commissioned research should be carried out to investigate inter-intra industry pay equity comparisons. Solving these inherent inequities in the pay administration would ensure peace at the labour front, leading to increased productivity for development in Ghana.

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