The Single Spine Pay Policy of Ghana: Perceptions and Effect on Performance at Cape Coast Polytechnic

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ABSTRACT
The aim of this study was to assess how the Single Spine Pay Policy has addressed the issues of pay inequities in the public sector pay administration in Ghana; and the extent to which its implementation has elicited performance from employees. The survey research design was used. The population for the study was made up of all the employees of the Cape Coast Polytechnic. The total staff Capacity at Cape Coast Polytechnic constituted four-hundred (400). In all one hundred and twenty (120) respondents were selected for the study. Simple random sampling technique particularly, the lottery method was used to pick participants for the study.

Since the study revealed that employees appreciate the coming to being the new pay policy, it is recommended that government should not relent its effort in maintaining the policy. The study discovered that there remains some level of inequalities in the pay policy. It is suggested policy makers and implementers of the new pay policy must constantly review the new pay structure in a way to perform the very function it was instituted thus to ensure equitable distribution of remuneration among public service workers..

Key words: Single Spine Pay Policy, equity, and performance

INTRODUCTION
Work or employment is so crucial to the survival of individuals, businesses and nations and that high rate of unemployment are always a concern not only to the individuals who are unemployed but also to the societies in which the unemployment exists. However, work in itself cannot automatically translate into successful business, nations, or societies unless employees are satisfied and are in high morale. One source of satisfaction and high morale is remuneration (Malka & Chapman, 2003).

Even though some researchers (Pintrich, 2003 and Willingham, 2008) have discredited the relevance of pay or monetary incentives as a motivator for performance; pay has long been considered one of the most important organizational rewards (Heneman & Judge, 2000). Faren, McCaleb, Shaw, and Denny (1980) concluded that ‘no other incentive or motivational technique comes close to money with respect to its motivational value’. As back as 1911, Frederick Taylor (1911) proposed that workers put forth extra effort on the job to maximize their economic gains. Rynes, Gerhart, Minette (2004) also drove home the relevance of pay when they cautioned human resource management practitioners not to underestimate the motivational potential of a well-designed pay system. It should be noted, however, that pay alone is not enough to raise the motivation of employees. Factors such as perceived inequities and low salaries have the potential to derail harmonious industrial relations. Heneman and Judge (2000), for instance, stated that the amount of pay itself has a direct impact on pay satisfaction. Even though the causes of pay satisfaction or dissatisfaction are numerous, pay systems guided by policy has the tendency to minimize dissatisfaction and ensure fairness (Cavalcanic, 2009).

In light of the above, public sector reforms have received a lot of attention by successive governments in Ghana usually characterized by the establishment of committees or commissions such as the Mills-Odoi (1967), Issifu Ali (1973), Justice Azu Crabbe (1979-1983) and Gyampo (1992-1993) commissions or committees (Government White Paper, 2009). Despite these reforms, a Government
White Paper in 2009 recognized the failure of these pay reforms to address the fundamental issues of pay disparities.

An attempt to address the above culminated in the Single Spine Pay Policy. The policy which formed part of the Public Sector Reform Agenda (2006-2011) has its objectives as placing all public sector employees on a vertical Structure; ensuring equal pay for works of equal worth; linking pay to productivity and minimizing industrial tension in the public sector. The rational of the policy agrees with views of the Global Expert Team (2009) that appropriate public sector remuneration policies are critical to performance by eliminating inequalities and helping to keep competent staff.

The phrase single spine in essence refers to the opinion that all public sector workers irrespective of their field of speciality and the public organization they belong to must be connected to one universal salary structure. Single spine pay structure basically means having a single pay plan whereby employees in the same pay scale are paid uniformly. The up-to-the-minute public sector pay policy came as a unified salary structure that places all public sector employees on one perpendicular structure with incremental pay points from the lowest to the highest level (Fair Wages and Salaries Commission, 2013). However, while the Ghanaian single spine pay policy places all the jobs onto a common structure, the standard single spine pay has different structure for different occupational groups (Cavalcanti, 2009) thus depriving it flexibility (Global Expert Team, 2009). The goal of the pay policy is to attract, retain and motivate public service workers to boost their effectiveness in service delivery and perk up productivity. The salary structure guarantee that jobs within equivalent value range were paid within the same pay range, adding that, placement of the single spine salary structure would be done on the basis of grade structure constructed from the job evaluation exercise.

The underlying principle for the single spine salary structure is to get rid of disparities and distortions in public service pay management in order to achieve “equal pay for work of equal worth” as preserved in Article 24(1) of the 1992 constitution of Ghana (Government of Ghana, 1992), section 10(b) of the labour Act, 2003(Act 651) (Government of Ghana, 2003). It is recommended that having employees with the requisite qualification, skills and abilities to perform their job well is no more than part of the equation and will not repeatedly result in improved job performance. A just and transparent employee reward system and other inventive strategies that include supportive working environments or positive work climate, job enrichment, educational opportunities, etc. are seen as some of the ways to convert the overall context in which employees deliver their work, enhance their motivation and accordingly improve the general performance of the organization (Government of Ghana, 2009). The Single Spine Salary Structure (SSSS) guidelines inquire about and ensure that the public sector compensation structure is coherent, equitable, transparent and sustainable (Soniwoliba, 2014). For all intents and purposes, the policy entails placement of all public sector employees listed in Article 190 of the 1992 Constitution on one cohesive salary structure known as Single Spine Salary Structure (SSSS) (Government of Ghana, 2009). The SSSS reinstates the Ghana Universal Salary Structure (GUSS) and other types of pay arrangements within the diverse public sector institutions with the view to re-establish equity and transparency in public service pay management. Unlike the GUSS, which was a 22-level salary structure, the SSSS is a 25-level structure (Government of Ghana, 2007).

The Single Spine Pay Policy (SSPP) is seen as a meaningful intervention, which if appropriately and wholly put into service could play a central function in balancing remuneration in the public service and augment 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 (Ashiete, Asamoah & Frimpong, 2013). The veracity, however, is that there is a waning assurance of some public workers and unions in the ability of the change to realize its intended objective. At present about 98 percent of all public service employees have been placed on the salary structure (Fair Wages and Salaries Commission, 2013). The single spine salary structure has got both positive and negative implications on the Ghanaian economy. Some of the positive implications include: Improvement in the economic
welfare of the citizens. Besides, it has also led to an increase in the wages and salaries of public sector workers enhancing their purchasing power and accessibility to proper health care (Mohammed & Mohammed, 2014).

PROBLEM STATEMENT
The ultimate goal of the SSSP among other things is to ensure fairness, equity and transparency in salary administration. The end result of this is to improve performance and productivity among the public sector employees covered by the policy; and also to attract, retain and motivate public service workers to enhance effectiveness in service delivery and improved productivity as enshrined in Article 24(1) of the 1992 Constitution of Ghana and section 10 (b) of the Labor Act, 2003 (Act 651).

Despite the extensive consultation of stakeholders from design to finalization, the promulgation of the Fair Wages and Salaries Commission Act, 2007 (Act 737), and the belief that the policy has been built on consensus and ownership, the public sector wage administration has been plagued with exacerbated union agitations. The expected reduction in labour relations tensions has not been achieved and the aim of the policy to link pay to performance is yet to materialize. For instance, the president of the republic of Ghana on the 4th of September, 2012 addressed the nation and remarked, “ordinary Ghanaians are now paying over billion Cedis to public servants, but they continue to be mistreated in hospitals; they continue to get poor or no water supply services; when they try to access services in the ministries, they are met with a very hostile, unfriendly and unkind services outlook” (Daily Graphic, September 5, 2012, pg 2). Hardly a day goes by without hearing anything in the national media about the SSPP. Newspapers and the various television stations are usually awash with stories about strikes or the threat of it by one public sector labour union or another in protest against the pay policy. The relationship between pay and performance has always been the concern of employers. The reason is that when employers devote resources to compensate employees, they expect in return devotion from employees or that employees should contribute to the attainment of organizational goals through higher commitment and performance. With regard to the SSSP, the reaction from the employer (government) and employees indicates that this reciprocal relationship between pay and performance appears to be weak. Whereas employees are agitating against the unfair treatment and still calling for improved conditions of service under the SSSP, government (the employer) is demanding improved performance because workers’ conditions have improved under the SSSP. The employer and employees appear to be travelling in different directions. Moreover, there have many literature on the single spine pay policy since its inception, there have little information on the effects of the pay policy on the performance of workers in the public sector. It is in view of the gap in literature that this study sought to ascertain the effect of the pay policy on the performance of workers. The specific objectives of study are to: assess employees’ perceptions of the Single Spine Pay Policy, determine the level of employees’ satisfaction with the implementation of SSPP, determine the influence of the pay policy on employees’ performance and examine the extent to which equity has been achieved by the single spine pay policy.

LITERATURE REVIEW
Pay has long been established as a motivational tool that drives employees to perform. It constitutes the contractual and implied agreement between employers and employees in the sense that it directly influences behaviour (Parker and Wright, 2001). Lawler ranked it the third among motivators; Perrin (2003) ranked it second and Judiesch (1994) concluded that individual pay incentives increased productivity by up to 43.7 percent. As a major driver of performance, it is important that pay systems are administered and guided by policy. Bottos and Fusco (2002) concluded that pay policy is the cornerstone of an organization’s human capital investment. Pay constitutes one of the greatest investments an organization can make (Parker and Wright 2001). This notwithstanding, some authors have argued that pay is not sufficient to increase performance. For instance April and Ky (2013) concluded that “increasing salary alone is unlikely to noticeably improve performance of either organizational units or staff”. They further explained that salary reform alone will not be sufficient to
improve service delivery and performance. Fair pays are the only ways to ensure that employees have the right morale to perform. Employees who perceive pay as unfair are not likely to have the right morale that is required for performance. For instance, Marsden and Richardson (1992) argued that pay for performance failed because it was viewed as unfair. Al-Zawahreh and Al-Amadi (2012) also asserted that motivation to perform is influenced by the perception of equitability and inequitability.

Equity is a psychological state residing within an individual (Scholl, 2000). When applied to the workplace, Equity Theory focuses on an employee's work-compensation relationship or "exchange relationship" as well as employee's attempt to minimize any sense of unfairness that might result (Gogia, 2010). Equity theory attempts to explain relational satisfaction in terms of perceptions of fair or unfair distributions of resources within interpersonal relationships (Boundless, 2014). Regarded as one of many theories of justice, equity theory was first developed in 1963 by John Stacey Adams. Adams, a workplace and behavioral psychologist, asserted that employees seek to maintain equity between what they put into a job and what they receive from it against the perceived inputs and outcomes of others. Equity theory posits that people value fair treatment, which motivates them to maintain a similar standard of fairness with their co-workers and the organization. According to the theory, equity structure in the workplace is based on the ratio of inputs (employee contributions) to outcomes (salary and other rewards) (Boundless, 2014).

Support for Adams equity theory abounds: Greenberg (1990) established that increased theft occurred in plant as a result of perceived inequity; Bakker and Killmar (2000) concluded that the relationship between equity and burn out is positive; Gino and Pierce, (2009) analyzed the effects of emotional effects of inequity and concluded that individuals are more likely to engage in dishonest behaviour due to inequity of wealth; and Liu, Yang and Nauta (2013) found that perceived procedural injustice fuels supervisor conflict.

Greenberg (1990) viewed equity theory as a component of what constitute organization justice. He identified the others as the perceived unfairness of the policies and procedures use to make decisions; and the interpersonal justice people receive from decision makers. It can be inferred that organization justice can be achieved only when the three components of organization justice, distributive justice, procedural justice, and interpersonal justice are in sync with each other. Perceived unfairness in pay administration could result from several reasons. However, a cursory review of the literature revealed that much attention has been centered on the procedure, distribution and administration. This is what collectively has been described as organization justice. Discussion of the Single Spine Pay Policy, tend to have focused largely on administration and distributive justice, It is important to note, however, that no matter the level of organizational justice achieved by a pay system, if the employees affected by the policy lack understanding of the policy; the policy would lack credibility and lead to high perceived organizational injustice. This is in agreement with Greenberg (1994) and Story (2000), that given information or giving people a voice in decision making respectively influences positively policy initiatives.

METHODOLOGY
The survey research design was used. The population for the study was made up of all the employees of the Cape Coast Polytechnic. The total staff Capacity at Cape Coast Polytechnic constituted four-hundred (400). In all one hundred and twenty (120) respondents were selected for the study. Simple random sampling technique particularly, the lottery method was used to pick participants for the study. The study sample was determined using Glenn (1992) formula for determining sample size from a given population less than five hundred. Data collection was made possible through the use of questionnaire. The questions were made of both closed-ended and open-ended questions. Statistical package for social sciences (SPSS) was used to analyse the data. Results were presented using descriptive statistics.
RESULTS AND DISCUSSIONS

Employees’ perceptions on the single spine pay policy

Information elicited from study participants regarding opinions on the single spine pay policy, it was revealed that a sizeable number of respondents, majority representing 33 percent, perceived the objective of the pay policy as important. This indicates that workers are not against the new pay policy of government but rather are in full support of it. Views pertaining to streamlining public sector pay as an objective of the SSPP, majority of respondents constituting 53 percent agreed that it is an objective, while the remaining 47 percent disagreed. This findings is however, consistent with the finding of (Cavalcanti, 2009), who discovered from his study that one of the chief reasons for the new pay policy is to streamline the pay structure for workers.

Perceived Equity or Inequity of the Single Spine Pay Policy

Participants were made to either agree or disagree whether the pay policy ensures that there is equity or inequities in the pay policy. Responses obtained indicate that sixty percent (60%) of the participants’ disagreed. This implies that the single spine pay policy have not fairly distributed pay based on employees qualification, work dangers and all the other criteria involved in the distribution of salary among public sector workers. The remaining forty percent agreed to the statement that the single spine has helped distribute salaries across public sector workers equally. It can be concluded that greater proportion of the participants are of the opinion that, the single spine pay policy has not totally resolved the inequities as was encountered in the previous pay policy.

Satisfactions/Dissatisfactions with the Single Spine Pay Policy Implementation process

Question eliciting responses whether study participants were satisfied or dissatisfied with the policy implementation process of the new pay policy, eighty-seven percent indicated that they were not satisfied with the new pay policy. The reasons assigned to their gross dissatisfaction include the slow rate of implementation, lack of public education on the very objectives of the policy, the emerging disparities in the new pay policy, the inconsistencies and the galloping nature of inflation in recent times which have made the current pay not much the present economic situation in the country. The remaining participants indicated that they are satisfied with the current pay policy. It can be inferred from the discussions above that most employees are not satisfied with the implementation process of the new pay structure.

Performance and the Single Spine Pay Policy

The table below indicates the means and standard deviations of responses on the following scales: 1- strongly disagree; 2- disagree; 3- cannot tell, 4- agree and 5- strongly agree. On the reduction of performance, most of the responses fall between 1.83 and 4.43. This implies most of the respondents either cannot tell whether there has been a reduction in performance or disagreed more with the statement than agreed. On whether their performances have increased as a result of the implementation of the Single Spine Pay Policy, the table indicates most of the responses fall between 1.3 and 4.18. Respondents thus cannot tell or disagreed more with the statement than agreed. Analysis performed to ascertain whether there was a relationship between participants performance in relation to the single spine pay policy showed that there was no relationship between performance and the implementation of the single spine pay policy.

Table 1: Performance and the Single Spine Pay Policy

<table>
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<tr>
<th>Opinion</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>+/-</th>
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<tr>
<td>I reduced my performance as a result of my dissatisfaction with the</td>
<td>3.13</td>
<td>1.30000</td>
<td>4.43/1.83</td>
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<td>Single Spine Pay Policy</td>
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<tr>
<td>The single Spine Salary Policy has not influenced my level of</td>
<td>2.86</td>
<td>1.36345</td>
<td>4.22/1.50</td>
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<td>performance</td>
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My performance increased as a result of the implementation of the Single Spine Pay Policy

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<td>2.8400</td>
<td>1.33878</td>
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<td></td>
<td>4.18/1.3</td>
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CONCLUSIONS
From the findings, the following conclusions can be drawn. It was revealed from the study the employees welcome and appreciate the single spine pay policy and considers it laudable; however, there still exist some level of inequities in pay distribution among public sector workers. In addition, most employees were not happy with the implementation of the policy. Interestingly, the single spine pay policy has not yielded the needed change in performance as it was envisaged.

RECOMMENDATIONS
Since the study revealed that employees appreciate the coming to being the new pay policy, it is recommended that government should not relents its effort in maintaining the policy

The study discovered that there remains some level of inequalities in the pay policy. It is suggested policy makers and implementers of the new pay policy must constantly review the new pay structure in a way to perform the very function it was instituted thus to ensure equitable distribution of remuneration among public service workers.

Besides, the study revealed that the new pay policy has not resulted in improved performance as it was envisage by policy makers. It is recommended more financial resources should be invested in the implementation of policy in order to ensure that employees get better share of the system. This will boost employees’ morale and consequently, enhance productivity and improve performance workers.

SUGGESTIONS FOR FUTURE RESEARCH
The scope of the study was limited to staff of cape coast polytechnic. Future researchers could carry out further researchers on the topic to cover wide range of respondents within the public service.

REFERENCES

8. Daily Graphic, September 5, 2012, pg 2