

# IMPLEMENTATION OF SINGLE SPINE PAY POLICY IN PUBLIC SECTOR OF GHANA: ANALYSIS AND RECOMMENDATIONS FROM ORGANIZATIONAL DEVELOPMENT PERSPECTIVE

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## Summary

*With generally lower salaries in the public sector, the Government of Ghana initiated pay policy reforms in 2006 and established the Fair Wages and Salaries Commission by law in 2007. This pay policy is an organisational development (OD) intervention that aimed at ensuring internal and external pay equity. This process culminated in the design of the single spine pay policy whose implementation commenced in January 2010. The implementation has not been without its challenges; this resulted in a calling of a national forum on the sustainability of the new pay policy. It is against this backdrop that this paper sought to review the implementation of the single spine pay policy (SSPP) in the public sector within an OD and intervention perspective. Specifically, this paper pointed out that SSPP reforms constitute a re-creation, a reactive but a discontinuous change. As a result, its implementation was explored in the light of Lewinian three-stage model of organizational change; it further assessed the implementation against its main objectives while identifying some of its challenges. In addition, recommendations were also presented for further improvement of the pay policy. It was concluded that the implementation has been partially successful and when given the needed support it would achieve its objectives and be sustainable in the long-run.*

**Key words:** *Single spine Pay Policy, Ghana, organisational development, Africa, public administration, civil service, applied psychology.*

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## 1. INTRODUCTION

Employment is necessarily an exchange relationship in which employees supply their effort, time, skills, and expertise towards the attainment of corporate goals whereas employers compensate them with pay and benefits. Indeed, employee satisfaction with pay is essential for their overall job satisfaction, though it is not usually a strong determinant of job satisfaction (Spector, 2006). Managerial implication of Herzberg's two-factor theory suggests that good pay only prevents job dissatisfaction (Herzberg, 1968). In middle-income countries like Ghana, pay is still significant for many workers on the continent. Debrah (2000, p.194) reported that high inflation has led to rising costs of living and the diminishing purchasing power of earnings. As a result, motivation essentially takes the form of financial and extrinsic compensation (salary, bonuses and fringe benefits) in Ghana.

As a result of the noticeable decline in the real wages in emerging economies, Ghanaian professionals have responded by leaving the country to take up employment abroad in the past (Debrah, 2000). Thus, any attempt by governments in emerging economies to address the salary-related concerns of public sector workers is in the right direction. It was partly against this background that the single spine pay policy was introduced as part of the public sector reforms under the erstwhile Kuffour Administration. Indeed, it is reported that the former President John Agyekum Kuffour expressed his frustration that "the public sector worker pretends to be working while government pretends to pay them" (Adjabeng, 2011).

Spine pay policy is usually found in the public sector and consists of a series of incremental pay points in which progression is based on service (Armstrong & Brown, 2001; Armstrong & Murlis, 2005; Armstrong, 2009). Single spine pay policy is noted to be easy to manage but there is no or little scope for linking pay to performance; thus, it is considered appropriate in situations where it is understood that differential levels of performance cannot be measured fairly and consistently as well as the cost associated with staff drifting up the spine (Armstrong & Brown, 2001; Armstrong & Murlis, 2005; Armstrong, 2009). Ghana's single spine pay policy (SSPP) was introduced as an attempt to establish and administer compensation for public service workers with comparable qualifications and experiences taking into account the different tasks they perform (Ghana Business & Finance, 2011).

The SSPP covers all public sector employees listed in Article 190 of the 1992 Constitution of the Republic of Ghana, namely: public sector employees 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, Ghana Revenue Authority, the Local Government Service, the Police Service, and the Prisons Service, workers in non-profit public corporations, statutory public services excluding public services such as the Parliament (Ankomah, 2013). Public office holders excluded from the SSPP are as follows: military and public officials covered by Article 71 of the 1992 Constitution such as the President, the Vice President, the Chairman and Members of the Council of State, the Speaker and Deputy Speakers and Members of the Parliament,

Ministers of State and their Deputies, the Chief Justice and other justices of the Superior Court of Judicature, the Chairman and Deputy Chairman of the Electoral Commission and a host of others.

It is worth noting that the SSPP replaced Ghana Universal Salary Structure (GUSS) and pay policies within the various public sector institutions (Cavalcanti, 2010). Thus, SSPP sought to harmonize the pay policies which were in existence. GUSS was a 22-grade salary structure with variable basic pay and relativities across levels while there was a 3% incremental increase across the board horizontally (Adjabeng, 2011; Ankomah, 2013). The GUSS was saddled with challenges leading to its replacement in 2009. Initially, the GUSS was intended to manage the pre-existing salary inequities and distortions. GUSS failed as it allowed sections of the public services to opt out at will whereas the Central Management Board and its Appellate Body established to manage GUSS' implementation had no legal backing and were not well-resourced (Ankomah, 2013).

Consistent with the calls by Oppong (2011) that industrial/organisational psychologists participate in the discourse on the SSPP, the rest of the paper presents an exploration of a planned change theory in the context of the introduction, implementation and aftermaths of the SSPP. Specifically, the design and implementation of the SSPP is cast within Lewin's three-stage change model while evaluating its implementation so far as well as the challenges associated with the implementation of the pay policy in Ghana. It is worth noting that external consultants (CoEn Consult) were engaged to facilitate the process (Nana Akabisa II, 2011).

## **2. SINGLE SPINE PAY POLICY REFORM: DISCONTINUOUS OR INCREMENTAL CHANGE**

Change can be said to be a movement or transition from one state to a desired state. Organisational change can be classified as both discontinuous (episodic) or incremental (continuous) change (Nadler & Tushman, 1995; Weick & Quinn, 1999; Hayes, 2002). Incremental changes are characterized by a "focus on 'doing things better' through a process of continuous tinkering, adaptation and modification" (Hayes, 2002, p.6). Indeed, Nadler and Tushman (1995, p.22) intimate that each incremental change initiative "attempts to build on the work that has already been accomplished and improves the functioning of the enterprise in relatively small increments". Thus, incremental changes represent continuation of a pattern already established and represent changes within the current frame of the organisation (Nadler & Tushman, 1995). Similarly, Weick and Quinn (1999, p. 366) describe it as a change that is only "a redirection of what is already under way" and that such change follows a cycle of freeze-rebalance-unfreeze.

On the other hand, discontinuous or episodic changes occur during periods of disequilibrium (Nadler & Tushman, 1995; Weick & Quinn, 1999; Hayes, 2002). Such changes are characterized by a break with the past and involve 'doing things differently rather than doing things better. It might even mean doing different things' (Hayes, 2002, p.7). Nadler and Tushman (1995, p.23) suggest that people, groups and entire or-

organisations ‘not only have to learn new ways of thinking, working, acting, but they also have to “unlearn” the habits, orientations, assumptions, and routines that have been baked into the enterprise over time’. According to Weick and Quinn (1999), episodic changes follow the Lewinian unfreeze-transition-refreeze sequence.

Furthermore, Nadler and Tushman (1995) suggested that depending on whether or not the change was anticipatory or reactive, organisational change can be sub-categorized into four types: (1) tuning, (2) adaptation, (3) reorientation, and (4) re-recreation (see Table 1).

**Table 1:** Typology of Organisational Change

Typology of planned change	Magnitude		Time pressure	
	Incremental	Discontinuous	Reactive	Anticipatory
<b>Tuning:</b> <i>finding better way of achieving the strategic vision</i>	Yes	--	--	Yes
<b>Adaptation:</b> <i>incremental and reactive response to pressing external demands</i>	Yes	--	Yes	--
<b>Re-orientation:</b> <i>fundamentally redefining the enterprise such as its identity, vision, strategy, and values.</i>	--	Yes	--	Yes
<b>Re-creation:</b> <i>transforming the enterprise through the fast and simultaneous change of all its basic elements.</i>	-	Yes	Yes	--

Source: Oppong (2013, p. 3) adopted from Nadler and Tushman (1995)

When viewed against the typology, the SSPP can be said to be a re-creation (a reactive but discontinuous change). This is due to the fact that re-creations involve ‘destruction of elements in the existing system... The existing frame is deliberately broken and discarded, and a new frame is created’ (Nadler & Tushman, 1995, p. 30). Thus, Nadler and Tushman (1995) referred to re-creations as organisational frame breaking. In the case of the SSPP, it involved destroying the existing GUSS and creating a new pay structure.

SSPP represented a change from GUSS to the new single spine salary structure (SSS) while changes that involve a break with the past as well as doing things differently are described as discontinuous ones. To the extent that the implementation of SSPP in Ghana’s public sector represents a break with the past and doing things differently, the reform can be said to be an episodic or discontinuous change. It is, however, important to note that both types of changes are not exclusive of each other. According to Nadler and Tushman (1995) both changes represent periods of equilibrium and disequilibrium. Thus, organisations eternally undergo a cycle of episodic and incremental changes. In this respect, a sequence of unfreeze (disconfirmation)-transition-refreeze-freeze-rebalance-unfreeze (improvisation). In other words, the current phase of the implementation of the SSPP in Ghana can be viewed as the freeze-rebalance-unfreeze cycle. The national forum on the sustainability of the SSPP conveyed in August 2013 is a reflection of in-

cremental changes. Given that discontinuous changes follow the Lewinian sequence, the design and implementation of SSPP was explored in the light of the Lewinian unfreeze-move-refreeze model.

### 3. LEWIN'S THREE – STAGE CHANGE MODEL AND IMPLEMENTATION OF SINGLE SPINE PAY POLICY

#### 3.1. Levin's three – stage change model

Organisational development (OD) theories may be categorized into two: change theories (change process theories) and theories of changing (implementation theories) (Austin & Bartunek, 2006). The focus of this paper is to explore the implementation of the SSPP in Ghana, drawing on a theory of change, specifically Lewin's three-stage model. By far Lewin's three-stage change model may be considered the forerunner of most change theories or theories of changing (Cummings & Worley, 2009). Thus, Lewin's model is a theory of changing. The three-stage model is often cited as the key contribution by Lewin to OD (Burnes, 2006).

Lewin's model conceives of a planned change as alteration of the forces or factors that keep a system's behaviour in a state of a quasi-stationary equilibrium (Hayes, 2002; Burnes, 2006; Cummings & Worley, 2009). According to this model successful change projects involve three stages: (a) unfreezing, (b) moving, and (c) refreezing. This model is useful as it provides a structure for understanding the design and implementation of any change initiative.

#### *a) Unfreezing Stage: Creating Readiness for Change*

The stage of *unfreezing* involves the current state of quasi-stationary equilibrium by either weakening the restraining forces or strengthening the driving forces of the change or a combination. In the context of the single spine pay policy (SSPP) in Ghana, several factors were identified as necessitating the change. These driving forces can be classified into employer-originated and employee-originated. The employer-originated forces or factors are defined here as factors or reasons recognized by the employer as necessitating the change. For instance, SSPP was introduced by the Government of Ghana for the following reasons (Cavalcanti, 2010; Ghana Business & Finance, 2011; Ankomah, 2013, Office of the President, 2013):

- Rising cost of the public sector wage bill
- Pay disparities that emerged within the public service
- Low and uncompetitive remuneration in the public service
- Large number of public sector pay negotiations
- Marked proliferation of allowances in the public service
- The need to link pay to productivity

The major driving force originating from employees and expressed through uncountable strikes is a violation of their sense of equity. For instance, there were 29 strikes in 2000, 15 were recorded in 2006 and 13 in 2007 (Oppong, 2011). Indeed, these and many other strikes took place prior to the date of its (SSPP) effective implementation on January 1, 2010 (Adjabeng, 2011). The climax of the unfreezing stage was reached and concisely expressed by former President John Agyekum Kuffour that “the public sector worker pretends to be working while government pretends to pay them” (Adjabeng, 2011). At this point, both the employer (Government of Ghana [GOG]) and employees (public service and civil service workers) had come to the point that a change in the existing pay policy was required.

### *b) Moving Stage: Planning and Implementing*

Having gathered the momentum for change, the next stage in Lewin’s model is *moving*. This stage involves designing and implementing the necessary intervention with the intention of restoring the pre-existing quasi-stationary equilibrium (Hayes, 2002; Burnes, 2006; Cummings & Worley, 2009). In the context of Ghana, the design and implementation of SSPP was planned to occur in five phases over five years (2010 – 2014) and essentially involve the following major activities (Ankomah, 2013; Office of the President, 2013).

- Formulating of complementary policies and strategies to guide SSPP implementation
- Designing the Single Spine Salary Structure (SSSS) and determining the Base Pay and Pay Point
- Relativity through negotiations
- Migrating Public Service Workers onto the SSSS
- Conducting periodic Labour market surveys for the determination of the critical skills in short supply in the public service by Government
- Determining Market Premium and Inducements to attract and retain critical skills in the Public Service
- Harmonizing and Rationalizing Category 2 and 3 Allowance
- Monetization of Category 4 Allowances.
- Linking pay to Work and Productivity through the development of a performance management system

### *c) Refreezing State: Ensuring the Sustainability*

The last stage of Lewin’s model is refreezing. This is the stage at which attempts are made to institutionalize the change in order to restore stability and to prevent regression to previous state of affairs (Hayes, 2002; Burnes, 2006; Cummings & Worley,

2009). In this regard, the enactment of the Fair Wages & Salaries Commission, 2007 (Act 737) has ensured that the introduction of SSPP has come to stay while the mandate of the Commission to periodically carry out the job evaluation ensures that there is early warning or detection of distortions. That distortions can easily be detected is key, as their existence will lead to certain sections of the public sector opting out of the SSPP. Indeed, GUSS' failure is partly blamed on the fact that different sections of the public sector were allowed to opt out of the GUSS. After three years of implementation, Fair Wages and Salaries Commission has fairly succeeded in preventing regression to the previous state of salary distortions that the GUSS was saddled with. The salary distortions have been partly managed through the establishment of the Public Services Joint Standing Negotiating Committee which has prevented many separate public service pay negotiations (Office of the President, 2013).

### **3.2. Job analysis and evaluation: determination of equitable pay structure for the SSPP**

Essentially, public sector workers were deployed as data collectors for the job analysis and evaluation process. Other reports also suggest that 165 Ministries, Departments and Agencies (MDAs) were involved. Specifically, "35 institutions and Organized Labour provided 35 human resource managers for the exercise along with 53 institutions providing 83 staff members as research officers" (Adjabeng, 2011). Nearly 2,550 job contents for different jobs from 5,000 job holders was obtained using 1,806 benchmark jobs (Adjabeng, 2011; Nana Akabisa II, 2011). In all, it was reported that the sample jobs analysed were jobs performed by 220,000 public sector employees across the board (Adjabeng, 2011). Indeed, the above suggests the job analysis process required an enormous amount of work.

According to Nana Akabisa II (2011), CoEn Consult (the external consultants for the design of the pay structure) categorized nearly 92 public sector institutions into nine (9) service classifications based on knowledge and skill and the operational peculiarities of the institutions. These service classifications include the following:

1. Public Policy, Planning, Services, Administration and Related Service including Local Government Service (PPPSAR)
2. Health service
3. Education (Non-Tertiary)
4. Education (Tertiary, Scientific and Research)
5. Revenue and Accounting Services
6. Security Services
7. Legal and Judicial Services
8. Sub-vented organisations
9. Regulators

According to the Fair Wages & Salaries Commission (2013), it employed four compensable factors for the job evaluation exercise that was undertaken in 2006 with benchmark jobs. These factors were (1) knowledge and skill, (2) responsibility, (3) working conditions, and (4) effort. Fair Wages & Salaries Commission (2013) reported that each of the compensable factors was assigned sub-factors (See Table 2 for details). After the establishment of the salary structure, the concerned public sector workers were migrated onto the structure. Indeed, official statistics suggest that over 99% of the target public service workers have been migrated onto the SSSS covering 119 institutions and 479,486 public service workers (Office of the President, 2013).

**Table 2:** Compensable Factors and Sub-factors Employed for the Job Evaluation Exercise Carried Out in 2006 by Government of Ghana

Compensable Factor	Sub-factors
Knowledge and Skills	<ul style="list-style-type: none"> <li>• Knowledge (required for satisfactory performance of job duties)</li> <li>• Learning Experience (practical work experience required to perform the job duties satisfactorily)</li> <li>• Judgment (exercising judgment in decision-making)</li> </ul>
Responsibility	<ul style="list-style-type: none"> <li>• Consequence of Error (consequences of error in decision-making);</li> <li>• Financial responsibility (responsibility for financial resources);</li> <li>• Responsibility for Assets (responsibility for assets and people - patients, students, inmates, goods, tools, equipment, etc.)</li> <li>• Supervisory responsibility (supervision of others) and;</li> <li>• Responsibility for relationships (responsibility for effective handling of personal contacts with staff, clients, visitors, general public, government officials, private sector, etc.)</li> </ul>
Working Condition	<ul style="list-style-type: none"> <li>• Working environment (exposure to undesirable conditions); and</li> <li>• Hazards (frequent exposure to hazards or the safety requirement under which the work is performed).</li> </ul>
Effort	<ul style="list-style-type: none"> <li>• Dexterity (the level of physical agility required by a job);</li> <li>• Physical effort (physical fatigue that results from performing the duties of the job and;</li> <li>• Mental effort (mental, visual and auditory fatigue that results from performing the duties of the job).</li> </ul>

However, its implementation is not complete as SSPP ultimately requires the Fair Wages and Salaries Commission to develop a public sector-wide performance management system. Performance management is the process of deciding on the needs to be achieved and how they are to be achieved while linking pay increments to performance improvement (Armstrong & Brown, 2001; Armstrong & Murlis, 2005; Armstrong, 2000). The performance management system is expected to institutionalize the culture of linking pay to performance. Unfortunately, this objective may elude the SSPP as spine structures are noted to be used in situations where it is known that differential levels of performance cannot be measured fairly and consistently (Armstrong & Brown, 2001; Armstrong & Murlis, 2005; Armstrong, 2009). Spine structures are also associated with upward drifting up the spine thereby increasing the cost of managing such a wage budget (Armstrong & Brown, 2001; Armstrong & Murlis, 2005; Armstrong, 2009). This, therefore, requires that the Commission develops very innovative mechanisms for



performance assessment that will justify fairness and comparability. This is to say that excellent rating in Ghana Education Service must have the same meaning as excellent rating in Ghana Police Service.

Similarly, issues of the Government of Ghana (GOG) about the unsustainability of wage bill have also surfaced. Indeed, the often cited challenge facing the implementation of SSPP is the resultant rising public sector wage bill. For instance, it is reported that in 2012, when the wage bill reached its peak (inclusive of arrears), more than 70% of tax revenue collected in that year was used for payment of salaries to public service workers (Office of the President, 2013). This concern led to calls that the SSPP should be annulled; however, at a national forum on the sustainability of the SSPP, all the social partners agreed that SSPP must stay (Ghana News Agency, 2013a). With such overwhelming support for the SSPP by all social partners, it is not far-fetched to suggest that the refreezing stage of this public sector reform (OD in the public sector) is still in progress. To further support the sustainability of the SSPP, the national forum issued a communiqué; the following points were agreed in respect of the sustainability of the SSPP (Ministry of Finance and Economic Planning [MOFEP], 2013):

- Wage negotiations should be concluded before budget is read in Parliament;
- Sub-vented agencies which can be on their own should be identified and weaned off Government subvention without delay;
- The SSPP should be implemented in phases so that aspects scheduled for subsequent years would not be implemented under pressure in view of the financial implications;
- Negotiation for salary adjustments are done within the Medium Term Expenditure Framework;
- All institutions are to be migrated onto the Single Spine Pay Policy by end of October 2013;
- Institutions such as Fair Wages and Salaries Commission, National Labour Commission involved in resolution of labour disputes should be adequately resourced.

#### **4. EVALUATION OF IMPLEMENTATION OF SSPP**

Essentially, assessing the effectiveness of an OD intervention involves determining if it met its intended purpose (Cummings & Worley, 2009). Thus, this section of the paper carries out analysis in this respect. As indicated earlier, a number of reasons have been identified as the reasons for the introduction of SSPP reform. However, the SSPP in Ghana sought to mainly address the following issues (Cavalcanti, 2010;Office of the President, 2013):

- Reducing the number of public sector pay negotiations
- Reducing the pay disparities within the public sector

- Containing the rising cost of the public sector wage bill
- Linking pay to performance

Given that linking pay to performance is a key component of the SSPP reforms (Osei-Mensah, 2011), it will be considered as one of the chief objectives as the basis for evaluation of its effectiveness. As a result, the analysis will concentrate on the extent to which the implementation of the SSPP reforms so far has accomplished the above principal objectives. In addition, a number of challenges facing the implementation will be discussed.

#### *a) Containing the Rising Cost of the Public Sector Wage Bill*

To what extent has the SSPP been able to fulfil its mandate? Regarding the rising cost of the public sector wage bill, the SSPP has not met this objective. Anecdotal evidence suggests that the wage bill of the GOG has spiralled out of control to the extent that there were calls from some sections of Ghanaians that the SSPP should be scrapped (“IMANI”, 2013; The Independent, 2013). This culminated in the national forum on the sustainability of the SSPP (Ata, 2013; Ghana News Agency, 2013a; Office of the President, 2013). Indeed, it has been reported that the wage bill for the GOG increased “from about GH¢2 billion to more than GH¢7 billion by the end of 2012” (The Independent, 2013). At the forum, the President of the Republic of Ghana intimated that the demand for “annual increases in base pay and pay point relativity that has impacted on the increasing public service wage bill” (Office of the President, 2013) is a major problem. Ministry of Finance and Economic Planning [MOFEP] (2011, p.42) has suggested that:

Historically, Ghana has afforded building a large public sector labour force by paying public sector wages well below regional norms. However, data since 2000 suggests that the situation has been evolving, with public sector remunerations catching up with other sectors’ and factors’ remunerations.

Similarly, the existence of ‘ghost names’ on the public sector payroll has the same effect of increasing the wage bill (Amoako- Tuffour, 2002). Given that ‘ghost names’ exist in Ghana’s public sector, it is not far-fetched to conclude that these ghost names are also increasing the wage bill. In fact, the Center for Policy Analysis (CEPA) is reported to have stated that, in 2012, “about GH¢1.2 billion of public sector wages went into ghost payment”, a figure that is equivalent to 1.3% of GDP (Yeboah, 2013). Again, MOFEP (2011) also suggested the allowances being paid to subvented agencies have also contributed significantly to the rising public sector wage bill. Besides, Education and Health sectors have grown in size thereby increasing public sector employment in Ghana (MOFEP, 2011). Though not directly suggested, it is expected that growth in public sector employment would automatically drive upward the wage bill. In fact, it was for this reason that it has been resolved that subvented agencies capable of being on their own should be weaned off GOG subvention without delay.

### *b) Reducing the Number of Public Sector Pay Negotiations*

Though the job evaluation ensured that there are no pay disparities across the public sector organisations, there are still perceived or real disparities. For instance, the Agona West District Council of Labour of the Trades Union Congress (TUC) appealed to the GOG to address all the pay disparities associated with SSPP (Ghana News Agency, 2013b). These disparities appear to be administrative and others systemic (inherent disparities in the pay policy). In the appeal of the Agona West District Council of Labour of TUC to the GOG, they requested that the Ministry of Finance and Economic Planning and the Controller and Accountant General's Department take the necessary immediate steps to rectify all payment lapses that affected workers in 2012 (Ghana News Agency, 2013b). In terms of the inherent systemic disparities, the spokesperson of Government and Hospital Pharmacists Association (GHOPSA), indicated that the reason for the 2-month strike embarked on by GHOPSA was due to the fact that it appeared nothing was being done about the "baseless and unfair market premium that the Fair Wages and Salaries Commission has unilaterally and arbitrarily 'imposed' on pharmacists, since October 2011" (The Chronicle, 2013).

To nib in the bud the possibility of several public sector pay negotiations, the Fair Wages and Salaries Commission, the legal body implementing the SSPP, established the Public Services Joint Standing Negotiating Committee (PSJSNC). Review of the literature on the implementation of the SSPP suggests that little or no empirical data exist in respect of the number of public sector pay negotiations. However, anecdotal evidence, as intimated by the President by the Republic of Ghana, suggests that the establishment of PSJSNC has led to a fair reduction in the number of public service pay negotiations (Office of the President, 2013). Despite this, the GOG acknowledges that there is increasing labour unrest for reasons such as the increasing demand for payment of market premium and other allowances (Office of the President, 2013). Stemming from the above reiterations, it is quite fair to conclude that the reform has not completely dealt with this issue.

### *c) Linking Pay to Performance*

In terms of public sector-wide performance management, the implementing commission of the SSPP has failed so far in linking pay to performance. This is why, for instance, at the national forum for the sustainability of SSPP, it was agreed that one of the challenges facing the implementation of the SSPP is the implementation of SSPP without linking pay to productivity (Office of the President, 2013). Unfortunately, the communiqué issued at the end of the national forum for the sustainability of SSPP failed to mention anything about the implementation of public sector-wide performance management system (Ministry of Finance and Economic Planning, 2013). Given that spine pay policies are noted to be used when performance cannot be fairly and consistently measured (Armstrong & Brown, 2001; Armstrong & Murlis, 2005; Armstrong, 2009), one can expect that implementation of such performance management will not be without its own challenges. Two of such challenges are ensuring that the performance measurement is valid and reliable across the public sector and minimizing rater errors or biases.

## 5. CHALLENGES ASSOCIATED WITH THE IMPLEMENTATION OF SSPP

What are the challenges faced by the GOG and the Fair Wages and Salaries Commission in implementing the SSPP? At the national forum on the sustainability of the SSPP, a number of challenges were identified. Indeed, the President of the Republic of Ghana highlighted the following challenges that have beset the implementation of the SSPP since its inception in January 2010 (Office of the President, 2013):

- Public perception of the SSPP as a general wage/salary increase for public service workers and not as a tool to remove disparities and inequities in the public service wages and salaries. This misconception is largely due to pressure from some sections of the labour movement and inadequate public sensitization and education on SSPP;
- Dissatisfaction of some public service workers with their job evaluation and placement on the Single Spine Salary Structure (SSSS);
- Award of broad-based and indiscriminate “Interim Market Premium” to some institutions without recourse to Labour Market Survey that would reveal critical skills in short supply in the public service;
- Demand for annual increases in Base Pay and Pay Point relativity that has impacted on the increasing public service wage bill;
- Increasing labour agitations resulting from:(1) demand for payment of conversion difference and (2) demand for payment of Market Premium and other Allowances;
- Implementation of SSPP without linking Pay to work and productivity;
- Impact of SSPP on overall Government Wage Bill due to lack of initial comprehensive estimates and fiscal pressures from the factors enumerated above.

Recommendations for Improved Sustainability of the SSPP:

Based on the challenges and the evaluation of the implementation of the SSPP reforms, a number of recommendations are made for the improvement of the sustainability of the SSPP.

### *Management of Public Sector Workforce*

The growth in public sector employment must be managed. This recommendation is based on the fact that the increase in the size of the public sector workforce has been cited as one of the reasons for which the public sector wage bill is increasing. Thus, the Office of the Head of Civil Service of Ghana and other constituent public services need to carry out a human resource audit to ensure that the workforce size matches the workload available. Similarly, the so-called ‘ghost names’ on the public sector payroll should equally be removed as they are noted to bloat public sector wage bills wherever they exist. This will ensure that the wage bill becomes somewhat manageable.

### *Evidence-based Market Premium Determination*

Market premium should be estimated based on the public sector human resource needs. This will allow demand and supply to determine the market premium. Thus, this paper endorses the decision that Fair Wages and Salaries Commission (FWSC) should conduct labour supply and demand survey. This will ensure that FWSC's approach to managing labour agitations in the future will become evidence-based. It is worth noting that such survey should be publicized before it is carried out and results publicized to ensure transparency. Similarly, unions demanding negotiations for market premiums should be mandated to provide evidence from their own labour market survey to back their claims.

### *Ensuring Independence of Subvented State Agencies Capable of Supporting Themselves*

Related to the above is the dependence of subvented government agencies which otherwise are capable of being on their own. This paper endorses the resolution at the national forum on SSPP's sustainability that such agencies should be weaned off the SSPP with immediate effect. This will free up resources for sustaining the wage bill. Thus, only ministries, departments and agencies (MDAs) which are incapable of generating income but provide essential services should be placed on the salary structure. However, in weaning the MDAs off the pay policy, efforts should be made to avoid situations where such actions are misinterpreted as opting out of some MDAs. This issue seriously affected the GUSS. In order words, an amendment of the mandate of FWSC by a parliamentary sanction would be useful.

### *Improved Revenue Mobilization*

Again, GOG is encouraged to expand the economy and improve its revenue mobilization. This is because the workforce size of non-income-generating MDAs are expected to grow, particularly in Education, Health, and Security. Thus, as these public sector organisations cannot be expected to generate their own income, GOG is required to raise the needed revenue to adequately compensate their respective workers.

### *Managing Perceived Pay Disparities*

In respect of the pay disparities, it is important to note that a properly done job evaluation ensures both internal and external equity in terms of base pay. However, what appears to be the problem is the differential market premium awarded in the absence of knowledge about the actual market value or demand for the category of workers concerned. Therefore, it is believed that evidence-based market premium determination based on a properly and professionally conducted Labour Market Survey will help in further minimizing the disparities.

### *Public Education about the Purpose of the SSPP Reforms*

Public education would also help in minimizing the misperceptions surrounding the purpose of the SSPP reforms. In this direction, the Fair Wages and Salaries Commission (FWSC) has been hosted on the Ghana Television for this purpose. However, certain issues still remain unknown. For instance, the weight assigned to each of the five compensable factors and their sub-factors are not known. The FWSC should seize every opportunity to explain the process to workers and the general public. In this respect, industrial/organisational psychologists whose training equips them with both theoretical and practical knowledge about job evaluation and compensation management should be involved.

### *Performance Management System to Link Pay to Performance*

In linking pay to performance, the FWSC should develop a merit pay system with the support of the social partners concerned, performance rating protocols based on job common dimensions across the board, educate workers, pilot tests, learn lessons and roll out across board. As FWSC plans towards designing a performance-based pay system for the public sector, in whatever it does, it should keep in mind ensuring that there is consistency and fairness in performance measurement across the constituent public sector organisations concerned. Similarly, industrial/organizational psychologists can play an important role by making available their knowledge about designing performance management systems.

### *Organisational Culture Change Management*

Given that the SSPP is a re-creation (reactive but discontinuous change) and discontinuous changes require people, groups and entire organisation to learn new ways of thinking, working, acting while 'unlearning' the habits, orientations, assumptions, and routines of the past, there is a need for the GOG to simultaneously carry out organizational culture change. This will ensure that SSPP does not fall into the same trap as its predecessor, GUSS. In this direction, worker education is important. However, the actions taken by both the executive arm of the government and FWSC establish and validate the new culture.

## **6. CONCLUSION**

In this paper, the implementation of the single spine pay policy in the public sector was explored through an organisational development perspective using Lewin's three-stage model of change. It further assessed the effectiveness of the implementation of the pay policy against its main objectives while identifying some of its challenges. In addition, recommendations were also presented for further improvement of the pay policy. Given the empirical and anecdotal evidence, it can be concluded that the imple-

mentation of the SSPP reforms has not been very successful. However, when it receives the necessary support from all the stakeholders it will achieve its objectives and be sustainable in the long-run.

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## IMPLEMENTACIJA JEDINSTVENE POLITIKE PLAĆA U JAVNOM SEKTORU GANE: ANALIZA I PREPORUKE IZ PERSPEKTIVE ORGANIZACIJSKOG RAZVOJA

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### **Sažetak**

Imajući u vidu općenito niske plaće u javnom sektoru, Vlada Gane je 2006. godine pokrenula reformu politike plaća te zakonom uspostavila Povjerenstvo za fer nadnice i plaće. Nova politika plaća intervencija je u sferi organizacijskog razvoja (eng. organisational development (OD)) čiji je cilj osiguranje unutarnje i vanjske ravnopravnosti plaća. Proces je kulminirao razvojem jedinstvene politike plaća (eng. single spine pay policy) čija je provedba započela u siječnju 2010. Njezina provedba bila je popraćena izazovima koji su doveli do sazivanja nacionalnog foruma o održivosti nove politike plaća. Uzimajući u obzir navedeno, ovaj rad pokušao je ocijeniti provedbu jedinstvene politike plaća (SSPP) u javnom sektoru iz organizacijsko-razvojne i intervencijske perspektive. Točnije, u ovom radu se tvrdi da reforma u vidu jedinstvene politike plaća označuje ponovno stvaranje, reaktivnu ali nekontinuiranu promjenu. Stoga se njezina provedba istražuje u svjetlu Levinijanskog modela organizacijske promjene u tri faze. Nadalje, provedba se ocjenjuje s obzirom na njezine glavne ciljeve te se ukazuje na neke od izazova. Osim toga, daju se preporuke za daljnje poboljšanje politike plaća. U radu se zaključuje kako je provedba bila djelomično uspješna te kako će uz potrebnu potporu postići ciljeve i biti dugoročno održiva.

**Ključne riječi:** jedinstvena politika plaća, Gana, organizacijski razvoj, Afrika, javna uprava, javna služba, primijenjena psihologija.

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