



Cape Peninsula
University of Technology

**AN EVALUATION OF THE SALARY STRUCTURE OF AN UNIVERSITY OF
TECHNOLOGY'S HUMAN RESOURCE DEPARTMENT.**

by

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DECLARATION

I, **Judy Nombulelo Moletsane** (203091965), declare that the contents of this dissertation/thesis represent my own unaided work, and that the dissertation/thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Signed

Date

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- My ancestors Motaung, yarhudu yadirha, yala ntenteka, kara mirhupo yabotho. Ooqhinebe oogqugqugqu oo Duka namahlathi mkhomazi. Not forgetting Ama Maya, oozondwa, magwa, usophitsho, oongqolomsila, oyem yem.
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- All respondents to the questionnaire

ABSTRACT

Since the merger, changes occurred within CPUT and within its salary structure as a whole. Measures had to be taken in order to harmonise the two salary structures to produce a single in order to eliminate disparities and as to ensures equity among the different categories of employees and their respective levels of appointment.

When the researcher discovered that there were disparities within our merged systems, the researcher decided to do a researcher concerning disparities with the new merged salary structure. When most of the employees also discovered that some of their counterparts in other campuses were on a higher salary grade than them, they felt disgruntled. This was understandable as the two campuses had different salary structures inherent from the previous technikons.

The researcher was done as employees' salaries might affect productivity and their tenure with the organisation. When there are disparities it must not be taken for granted as it is the desire need to be fairly treated by the organisation, making development in the salary programme as it is very important for the human resource department.

GLOSSARY

Human Resource Administration: involves all management decisions and practices that directly affect or influence the people who work for the organisation (Luis, 1985:1).

Administration: The act or process of administering, especially the management of a government or large institution. (Anon,1983:2997)

Discrepancy: Variation or irregular which means not the same, in terms of not getting the same amount of pay within the same organisation and same post title and in the same job performance (Concise Oxford English Dictionary, 2006:144)

Salary: usually an annual figure paid monthly, generally with no additions, for productivity or overtime, provided the employee has reached a certain level in the organisation, it is the contractual agreed rate for a job, the amount and individual can expect to receive on a regular basis regardless of performance (Cushway, 1994:133).

Method: this is a way of doing something, especially a systematic way through an orderly arrangement of specific techniques. Each method has a process.

TABLE OF CONTENT

DECLARATION	i
ACKNOWLEDGEMENT	ii
ABSTRACT	iii
GLOSSARY	iv
 CHAPTER ONE: GENERAL INTRODUCTION	
1.1 Background	1
1.2 The research problem	5
1.3 Objectives of the research	6
1.4 Research Questions	6
1.5 Delineation Of the research	7
1.6 Significance of the research	7
1.7 Research methodology	7
1.7.1 Research Design	8
1.7.2 Research methods	9
1.7.2.1. Data Collection	9
1. 7.2.1.1 Sampling framework	9
1.7.2.1.2. Data collection	9
1.7.2.1.2.1. Survey questionnaire	9
1.7.2.1.3. Data Analysis	10
1.8 Literature Review	10
1.9 Effects of Disparities within employees' salaries	12

1.9.1 Behaviour	12
1.9.2 Ethical Consideration	13
1.10 Clarification of Concepts	14
1.11 Organisation of the chapters	15
1.12 Summary	16

CHAPTER TWO:

A THEORETICAL ANALYSIS OF Human Resource Management

2.1 Introduction	17
2.2 Salary Structure	12
2. 3The comparison of organisational pay Structure	19
2.4 Importance of salary management	20
2.5 Salary equity Management	21
2.5.1 Internal equity	22
2.5.2 External equity	22
2.5.3 Employee/Individual equity	22
2.6 The principle of salary administration	22
2.7 Pay structure management	23
2.8 Effect of disparities in salaries	27
2.8.1 Behaviour	27
2.8.2 Attitude	28
2.9 Compensation management	29
2.9.1 Compensation and satisfaction	30

2.9.2 Standards of value of compensation	32
2.9.3 Compensation policy theory	32
2.10 Summary	36

CHAPTER THREE

GLOBAL PERSPECTIVE ON LEGISLATIVE FRAMEWORK PERTAINING TO SALARY STRUCTURE

3.1 Introduction	37
3.2 The Basic Conditions of Employment Equity Act (75 of 1997)	38
3.3 Public Service Act 1963 (South Africa)	39
3.4 Equal Pay Act United States (United States)	40
3.5 Equal pay Act 163 amending the Fair Labour Standards Act (FLSA) adding Section 206 (D) TO FLSA	42
3.6 Canadian Human Rights, implementing Pay equity in Federal Jurisdiction 1992. Ontario	43
3.7 Equal Pay Act (Northern Ireland) 1970.C.32, (N.I) 1970	46
3.8 Summary	47

CHAPTER FOUR

PRE AND POST MERGER SALARY STRUCTURE AND RELEVANT HUMAN RESOURCE POLICIES AT THE CAPE PENINSULA UNIVERSITY OF TECHNOLOGY

4.1 Introduction	48
4.2 Pre-merger salary structure of the Cape Technikon and Peninsula Technikon	48
4.3 Salary Structure of the Cape Peninsula University of Technology	50
4.3.1 Remuneration Policy	50
4.3.1.1 Purpose of Remuneration Policy	50
4.3.1.2 Objectives of the policy	50
4.3.1.3 Grading and Jobs Profile	50
4.3.1.4 Remuneration Principle	51
4.3.1.5 Remuneration ranges	52
4.3.1.6 Structuring of salaries	52
4.3.1.7 General	53
4.4 CPUT Job evaluation Policy	54
4.4.1 Purpose	54
4.4.2 Objective	54
4.4.3 The Job Evaluation Committee	55
4.4.4 Job Titles	56
4.4.5 Procedure for Job evaluation	57

4.5 Employment Equity Policy	58
4.5.1 Intent	58
4.5.2 Objective (s)	58
4.5.3 Policy provisions	59
4.6 Employment Relation Policy	60
4.6.1 Intention	60
4.6.2 Scope	60
4.6.3 Objective	60
4.6.4 Policy Provisions	61
4.7 Importance of communication	61
4.8 Summary	62

CHAPTER FIVE

RESEARCH DESIGN AND METHODOLOGY

5.1 Introduction	64
5.2 Research problem	64
5.3 Research design	64
5.4 Objectives of the Study	65
5.5 Research Questions	65
5.6 Research design and methodology	66
5.6.1 Research design: Case Study	67
5.6.2 Research methods	67

5.6.2.1 Target population	67
5.6.2.2 Sampling	67
5.6.2.3 Data collection instrument	67
5.6.3.4 Informal Interviews	68
5.6.3.5 Questionnaire	68
5.7 Delineation of study	69
5.8 Data analysis interpretation	69
5.9 Summary	70

CHAPTER SIX

DATA ANALYSIS

6.1 Introduction	71
6.2 Description Questionnaire	71
6.2.1 Original questionnaire	72
6.3 Item-by-item response analysis	73
6.4 Summary	82

CHAPTER SEVEN

DISCUSSIONS OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

7.1 Introduction	84
7.2 Main Findings	84
7.2.1 Years of Employment	84

7.2.2 Job titles	84
7.2.3 Duties performed	84
7.2.4 Salary grades	85
7.2.5 Pre-or post merger employment	85
7.2.6 Campus of employment	86
7.2.7 Respondents affected by salary disparity	86
7.2.8 Perception that salary existed among different job title holders	86
7.2.9 Line managers aware of salary disparities	86
7.2.10 Handling salary disparities	87
7.2.11 Effect of salary disparities on work performance	87
7.2.12 Salary disparities and decisions to resign	87
7.2.13 Awareness of harmonisation	87
7.2.14 Harmonisation of salaries	88
7.2.15 Perception of the continued existence of salary disparities	88
7.2.16 Respondents understanding of the CPUT salary policy	88
7.2.17 Aspects of salary policy familiar to respondents	88
7.3 Conclusion	89
7.3.1 Length of employment, titles and duties	89
7.3.2 Salary disparities, pre-post merger employment and campus	89
7.3.4 All categories of respondents employed before the merger were affected	90
7.3.5 Line managers awareness, title holders' strategies and the effect of disparities on work performance	90

7.3.6 Likely effects, awareness of disparities and harmonisation of salaries	90
7.3.7 Perception of existence of salary disparities, understanding of salary and familiarity with salary policy.	90
7.4 Recommendation	91
7.4.1 Frequent comprehensive review of salary structure	91
7.4.2 Openness and transparency in salary grading	91
7.4.3 Open and honest communication	92
7.4.4 Education and regular raising of employees 'awareness of policies	92
7.5 Limitations of the Research.	92
7.6 Suggestion for further Research	93
Bibliography	94

CHAPTER ONE

GENERAL INTRODUCTION

1.1 BACKGROUND

The research background is rooted in the merger of the Cape and Peninsula Technikons, two institutions that had different remuneration systems, which formed the present-day Cape Peninsula University of Technology (CPUT). Given the importance of the post-1994 transformation of South Africa's institutions of higher education from mergers to the issue of remuneration at CPUT, a brief historical background of transformation in the higher education landscape is required. In 1994, when South Africa joined the ranks of democratic nations after decades of Apartheid, there were 36 public higher education institutions, which comprised 21 traditional universities (11 White, 7 of which were Afrikaans-medium and 4 English-medium; and 10 black) and 15 technikons (8 White and 7 Black) (Jansen, 2004). According to Jansen (2004), these institutions were characterised by differences in resources, staffing levels, research productivity, and student pass and progression rates, among others, which made the need for transformation inevitable. Transformation was also expected to improve salary levels and working conditions (Koen, 2002:405). Immediately after attainment of majority rule, increased student numbers (or massification) was envisaged to open up university education to the majority of previously disadvantaged (Black) students.

In 1999, the then Minister of Education sought advice from the Council of Higher Education (CHE) on reconfiguration of the higher education system, with size and shape as the key focus. In December 1999, the CHE's memorandum, *Towards a Framework and Strategy for Reconfiguring the Higher Education System in South Africa*, proposed a task team to handle the transformation of higher education. In April 2000 the task team presented the Minister with a discussion document, which proposed a differentiated system of higher education based on institutional types, distinguished by various levels, types and durations of qualifications which are offered (CHE, 2000:8). In July 2000 the team tabled a report that made "a number of recommendations on the size of the system in relation to the number of institutions, closures, combinations and funding [and] provides examples of possible combinations that could create a more rational and coherent higher education landscape" (CHE, 2000: 51). A key recommendation that was made was to reduce the number of institutions by combining them. The word 'mergers' officially

emerged for the first time in this CHE report. Acting on the report, a *National Plan for Higher Education* was released by the Minister in March 2001. In December 2001 the report of the national working group, *The Restructuring of the Higher Education System in South Africa*, recommended the use of mergers as a mechanism to reduce the number of higher education institutions from 36 to 21. The Minister's blueprint for institutional mergers was submitted and approved by Cabinet in April 2002. Among the 10 proposed 'arranged marriages' was one involving the Cape Technikon and the Peninsula Technikons, which occurred in 2005.

The Peninsula Technikon

In 1962 the Peninsula Technical College was established to cater for the steady growth in the number of coloured apprentices in a variety of trades. Classes were conducted in Cape Town until the relocation to a site in Bellville in 1967, which today is the administrative campus of the Cape Peninsula University of Technology.

In the 1970's the institution had its status changed to a College of Advanced Technical Education and was rebranded as the Peninsula Colleges for Advanced Technical Education. However, this name and status change was short-lived and in 1979 the college was legally established as the Peninsula Technikon.

Primarily offering education to coloured people during the apartheid era, the institution opened its doors to all races in 1987. The 1990's also ushered in more changes for the institution, which was empowered to offer degree programmes. The year 1997 saw the restructuring of the institution's academic programmes into the faculties of Engineering, Business and Science.

In confronting our past, it was recognised that racial divisions here were a necessary precondition for capitalist industrial relations. Every element in South Africa – from the early colonisation by the Dutch, through the decimation of the indigenous Khoi and San, through the introduction of migrant labour to dig the mines, through the 1913 and 1936 Land Acts, the introduction of job reservation and the Coloured Labour Preference Policy - in fact every element of South Africa's apartheid past was premised on the need

to subjugate Black South Africans, in order to exploit and so maximise both profits and control.

The Cape Technikon The Cape Technikon has its roots in the Cape Technical College, which was established in Longmarket Street in 1920. The establishment of the college followed more than ten years of petitioning by the community for the consolidation of technical courses that had been offered in various venues in Cape Town.

In the late 1960's this institution had its status changed to a College for Advanced Technical Education and was renamed the Cape College for Advanced Technical Education. However, a decade later, the Technikons Act was promulgated and in 1976 the institution become known as the Cape Technikon and was allowed to offer degree programmes.

During the apartheid era, all educational institutions were forced to serve a specific race group. The institution offered courses for white students; however, in 1987 the makeup of the student population changed after the institution applied for and was granted permission to have the Government's regulation lifted on the quota for black students.

The 1990's would usher in a new era for the Cape Technikon. This institution launched its new organisational structure, which featured six faculties, a new corporate identity as well as a new vision and mission statement. In 2001 the Boland and Mowbray Education Colleges were incorporated into the Cape Technikon, forming the Faculty of Education at sites in Wellington and Mowbray.

The year 1998 was an important year in the history of the transformation of the Cape Technikon. During this year the Institutional Forum (IF) was established. The Higher Education Act of 1997 refers to the institutional forum in Section 31 as a forum that acts in an advisory capacity to the council of a higher education institution. The Act further describes the forum as a statutory advisory committee of a public higher education institution

This forum was instrumental in bringing about numerous changes at the Technikon in terms of policies and the adoption of the new vision and mission statement of the institution (*Cape Technikon Bulletin 2001*).

The current vision and mission were as a result of discussions and consultations via the IF subcommittees and stakeholders. The appointment of the first Black rector in 1997 and the first Black female chancellor was another milestone in the previously all White institution.

In May 2000, the Main Planning Committee (MPC) of the Cape Technikon, consisting of the Rectorate, Deans, Assistant Deans, Directors, Transformation Manager, and representatives from the IF, the unions and the Student Representative Council (SRC) was established.

The MPC set up teams to embark on a comprehensive analysis of the strengths, weaknesses, opportunities and threats of the institution in all operational areas. This was based on the goals identified in the education White Paper 3, a programme for the Transformation of Higher Education of 1997. Workshops and consultation sessions were held with employees to provide an understanding of and information about the implications of the Higher Education Act for higher education and the Technikon. The sessions included information on the skills needs of the labour market, information about various provincial plans and economic scenarios. The teams were requested to identify how the institution could build on strengths and special expertise to be well positioned in the higher education sector and to achieve the vision of a centre of excellence for the Cape Technikon. (*Cape Technikon Bulletin 2001*).

The MPC analysed the reports and identified strategic goals and broad strategies to enable the institution to achieve the goals for higher education. To drive this process in the institution, project teams and managers were appointed. This strategy was communicated to staff via the Cape Technikon newsletter, (Bulletin), road shows, meetings, assemblies and electronic mail

1.2 THE RESEARCH PROBLEM

In every organisation it is the responsibility of management to determine employees' salaries. "Salaries have a dual nature: on the one hand, compensation is a major reason for people to join, stay and work for an organisation; on the other hand, it is a major cost of operating an organisation, something to be carefully managed" (Louis, 1985:323). An organisation's human resource department typically deals with salaries and related issues.

Grobler, Warnich, Carrel, Elbert, and Hatfield (2006:350) state that "with a variety of costly employees, salary incentive programmes and structured pay scale tasks are even more difficult and challenging for a human resource specialist". One of the challenges that CPUT faced after the merger of the Cape and Peninsula Technikons was employees' allegation that salary disparities existed among different categories of employees, including those employed in the Human Resources Department, which operated different salary scales at the Cape Town and Bellville campuses.

When CPUT Cape Town Human Resources Administration employees heard that some of their counterparts at the Bellville campus were apparently on higher salary grades than them, they felt disgruntled. This was expected though, as the two campuses had different salary structures, which they had inherited from the previous technikons.

Since the merger, changes have occurred within CPUT salary structure as a whole. Measures have been taken to harmonise the two salary structures to produce a single one that eliminates any disparities and ensures equity among the different categories of employees and their respective levels of appointment.

Given this brief background, the research problem may be stated as follows: remuneration is an essential source of extrinsic motivation which, together with intrinsic motivation, play a significant role in employees' satisfaction. Dissatisfaction with salaries has the potential to cause disaffection and hence

trigger a number of negative responses. This research sought to investigate the existence of salary disparities among Human Resources Administration employees at CPUT's Bellville and Cape Town campuses, and their handling of the situation, especially in terms of deciding to resign or stay.

Through data that was collected using a questionnaire that was administered to employees in the Human Resource Department at the Cape Town and Bellville campuses, it was hoped to identify perceptions around the issue of salaries or real disparities within the salary structure of the merged institution. This was essential because the literature indicates that dissatisfaction arises when employees at the same level realise they are paid lower than their counterparts (Karsten, 2006:85). Employee dissatisfaction with remuneration and its impact on productivity is a common phenomenon which is aptly described by Grobler *et al.* (2006:350): "Employees' salaries affect productivity and their tenure with the organisation. Employees' needs for income and their desire need to be fairly treated by the organisation, making development in the salary programme as it is very important for the human resource department". Existing policies on salaries of the newly-merged higher education institution had to be reconsidered to ensure compliance with government policies during the salary harmonisation process.

1.3 OBJECTIVES OF THE RESEARCH The research had four main objectives, which are outlined below:

Study the policy/policies pertaining to salaries at CPUT from 2005 to 2007.

Study and analyse the salary structures of the Cape Technikon, Peninsula Technikon and CPUT.

Establish the significant differences among the salary structures of the Cape and Peninsula Technikons and how these differences affected employees in CPUT'S Human Resources Administration. Ascertain the policies or principles which are used in the salary harmonisation process.

1.4 RESEARCH QUESTIONS

The research sought to address the following fundamental questions that are mentioned below

- i. What were the main features of the CPUT salary policy/policies from 2005 to 2007?
- ii. What were the main features of the salary structures of the Cape Technikon, Peninsula Technikon and CPUT?
- iii. What significant differences in the salary structure existed between the Cape and Peninsula Technikons, and how did these differences affect employees in the CPUT's Human Resources Administration?
- iv. What policies or principles were used in the salary harmonisation process?

1.5 DELINEATION OF THE RESEARCH

The research focused specifically on CPUT's Human Resources Administration employees at the Cape Town and Bellville campuses who, at the time of the research, were on salary grades 11, 12 and 13. Employees whose salaries fell outside of these grades were excluded from the target population. Similarly, the research did not extend to any other category of administrative staff, nor did it focus on academic staff.

1.6 SIGNIFICANCE OF THE RESEARCH

In a newly-merged institution salary structure should reflect fairness and equity for all employees. The research sought to establish whether there were any existing policies pertaining to equitable salaries at CPUT and to serve as a frame of reference to developing a new salary policy, if none existed. Comparison of the salary structures of the Cape and Peninsula Technikons with that of CPUT was deemed essential to provide guidelines on how the salary structure could be managed in the future.

1.7 RESEARCH METHODOLOGY

According to Brynard (1997:38):

research methodology clearly indicates the method of data collection either within quantitative or qualitative methodology, as well as techniques for data collection for example, questionnaires. Research methodology, or collecting data, necessitates a reflection on the planning, structuring and

execution of the research in order to comply with the demands of truth, objectivity and validity. Hence, research methodology focuses on the processes of research and the decision, which the research project has to take in order to execute the research project.

Kothari (1990:1) describes research methodology as “a scientific and systematic search for pertinent information on a specific topic” and “an art of scientific investigation”. It is a search for knowledge which is aimed at finding solutions to problems. For Melville (1996:1), research methodology is a process of expanding the boundaries of our ignorance. Research is about answering unanswered questions or creating that which does not currently exist (Melville, 1996:1). Research has to do with learning or to discover the unknown and to apply the results effectively.

1.7.1 Research design

This study used a qualitative approach because the data that was required involved respondents, hence opinions and feelings regarding the salary disparities which were investigated by administering a questionnaire. The qualitative paradigm was followed, since an evaluation was conducted on the quality of service that the identified department provides to CPUT employees. The study also focused on the behaviour of employees within CPUT, hence the qualitative method was most suited to conducting the research. Kothari (1990:4) indicates that “qualitative research is important in behavioural science where the aim is to discover the underlying motives of human behaviour”.

Qualitative research is based on a naturalistic approach that seeks to understand a phenomenon in context and, in general, the researcher does not attempt to manipulate the phenomenon of interest. In other words, research is carried out in a life-situation and not in an experimental situation. This research focused on groups of employees to obtain data through a questionnaire which was administered to employees with the Human Resource Administration Department.

1.7.2 Research methods

1.7.2.1 Data collection

1.7.2.1.1 Sampling framework

Brynard (1997:38) states that a sample should be representative of the large group and should include all elements of the population. The purposive sampling technique was used for this research. According to internet search website:google defines purposive sampling as, as that which represents group or different non probability sampling techniques and is also judgemental, selective or subjective sampling as purposive sampling relies on judgement of the researcher when it comes to selecting units, hence this research used it. The research preferred this sampling technique as it was the best one to investigate a unit such as the HR Management Department.

The sample for this research consisted of 26 employees from the Cape Town and Bellville campuses of CPUT whose salary grades were 11, 12 and 13. Did all participants belong to this category? If so, explain why the only employees in these grades were targeted. Only mentioned below grades were targeted as this is where most disparities existed. These participants held relevant data not only by virtue of being employees of the Human Resource Administration Department but, more importantly, they were directly affected and, therefore, interested in the issue of salary disparity.

1.7.2.1.2 Data collection

1.7.2.1.2.1 Survey questionnaire

A semi-structured questionnaire was employed to collect data from the respondents. The questionnaire was designed to obtain relevant data regarding salaries, responsibilities and the duties of human resource administrators. Copies of the questionnaire were distributed to human resources administrators on both campuses. Table 1.1 shows the number of Human Resource Administration employees' in each of the three salary grades and the total number of employees.

Table 1.1: Number of Human Resource Administration employees

Grades	Number of employees
11	6
12	6
13	14

1.7.2.1.3 Data analysis

Data yielded by the questionnaire was subjected to interpretive analysis. This involved inductively analysing respondents' perceptions, attitudes, understanding, knowledge, values, feelings and experiences with a view to identifying dominant and significant themes inherent in the data (Nieuwenhuis, 2007:99). Frequency analysis was used by displaying the responses from the questionnaire.

1.8 LITERATURE REVIEW

Compensation fairness within an organisation consists of pursuing concordance between work results and the compensation that is paid for it. Systems are created within organisations that guarantee acceptable connections between employees' work performance and compensation. Such systems motivate work processes, encourage employees to improve themselves and diminish the dissatisfaction with work (Stone, 1998: 449).

Fair compensation is an abstract and practically non-achievable phenomenon, but nonetheless should be steadily aimed at. Employees who suspect unfairness with regard to compensation are not motivated and their morale is low. In order to avoid the above mentioned problems, salaries are kept confidential which in turn leads to distrust and decreases the motivation effect of relatively objective wage systems among employees (Stone, 1998: 447).

Developing a fair system of compensation presumes more transparency and co-operation from employees. Only then is it possible to develop wage systems accepted by employees and achieve optimal and fair agreements in the process of compensation (Stone, 1998: 447).

Compensation fairness within an organisation consists of pursuing concordance between work results and the compensation that is paid for it. Systems are created within organisations that guarantee acceptable connections between employees' work performance and compensation. Such systems motivate work processes, encourage employees to improve themselves and diminish the dissatisfaction with work (Stone, 1998: 449).

Fisher (1995:588) states that the employees are well informed about the work processes; as a result the fairness of compensation within organisations is even more important than comparing the compensation that is received for performance in other organisations. The difference in competitive power and opportunities can also explain the discrepancies

In order to achieve equity and participant satisfaction, the employees should be informed about pay policies and levels. Merit systems often have motivating effects only when employees know how effort is turned into reward.

The open compensation system, conversely reveals individuals' compensation on demand, and this approach is always exploited in the case of the public sector. Only the open compensation systems based on work performance management can "bear" a detailed investigation by employees and enable the managers to reason their decisions about compensation (Fisher, 1995:588).

At the same time, entirely open compensation systems should also be avoided, because these require detailed explanation of differences in compensation that often require a lot of time. Therefore a partial secrecy system might be considered as the most suitable (Fisher 1995: 588).

In case of the partial secrecy system, the main principles' performance appraisal and compensation should be public; however, for example, the quantity of paid bonuses via the so-called leader fund could be kept confidential. The future prospects of open compensation systems are generally better, because they enable management to develop an effective

work environment and motivate employees to improve both work results and themselves. The section below discusses and analyses, various principles of the open performance and compensation system discussed and analysed (Baron, 1999:277).

Only the use of fair and measurable criteria enables to determine fair compensation, strengthens the connection between the results and payment and thus increase employees' motivation (Baron, 1999: 278).

The method's efficiency of application depends on the choice of criteria for performance appraisal and their connection with work which is usually first of all the amount and quality of the concrete work in different segments of activities and various financially measurable indicators (Baron, 1999: 278)

It is also possible to rely on the above mentioned indicators also during the appraisal and compensation of the academic staff of higher educational institutions which is dealt with in the next paragraph of the article.

The legislation of compensation should be improved and better adapted to the viewpoints prevailing in Europe. Estonian Compensation Law should be updated, job compensation must be made more public and the open compensation system should be granted in the public sector. This in turn diminishes corruption, social dissatisfaction and misapplication of power, which accompanies secrecy in compensation (Nomagugu, 2006:21)

Furthermore, it is necessary to avoid the increase of minimum wages in different positions in the public sector, as it prevents the differentiation of salaries and paying by results in state institutions. Payments according to the results should be directly related to the system of performance appraisal and should be objectively explicable.

1.9 Effects of disparities within employees' salaries

1.9.1 Behaviour

The behaviour amongst employees when they discover that there are discrepancies within their salaries can be affected in a way that there will not

be any commitment and people can easily lose respect for each other because of the unfairness in the salaries. The discrepancies can also lead to absenteeism among the workforce (Greenberg and Baron, 1983:4). According to the latter author, behaviour is the field that seeks knowledge of all aspects of behaviour in organisational settings through the systematic study of individuals, groups, and organisational processes. Managing individual behaviour and group behaviour in organisations is a difficult and complex task. A large part of this is because of the many different roles that managers have to play (Feldman & Arnold 1983:3)

When managers want their employees to behave in a certain way, they motivate them prompt them to do so incomplete sentence. Motivation is not about manipulation; it is about understanding the needs or urges which prompt people to do things and providing ways of helping them to satisfy those needs through the organisation, while harnessing their contribution to satisfy its need (Hackett, 1985:171).

Dunn and Rachel (1971:02) state that reward decision processes, as well as the decision makers themselves, are influenced by the behaviour of the individual workers and their groups. According to Armstrong (1992:116), compensation is a major expense. It can influence employees' work attitude and behaviour, and may affect an individual's decision to apply for a job, to work productively, to join a union or to undertake more training for a new job. This potential to influence employees' work attitude and behaviour is an important rationale to ensure that compensation is managed fairly and equitably.

1.9.2 ETHICAL CONSIDERATIONS

"Ethics are rules of behaviour based on ideas about what is morally good and bad" (Merriam Webster. M-w.com) When salary disparity investigations are conducted ethical behaviour is likely to be affected as it affects employees' conduct directly. Participants were informed of the purpose of the research and their voluntary consent was sought. They were also informed of their right

to withdraw at any stage of the research. An undertaking of the confidentiality of all information supplied, as well as their anonymity, was given.

1.10 CLARIFICATION OF CONCEPTS

1.10.1 Human resource administration: involves all management decisions and practices that directly affect or influence the people who work for the organisation (Louis, 1985:1)

1.10.2 Administration

The act or process of administering, especially the management of a government or large institution (Anon, 1983:2997).

1.10.3 Discrepancy

Variation or irregular which means not the same, in terms of not getting the same amount of pay within the same organisation and same post title and in the same job performance (Concise Oxford English Dictionary, 2006:144)

1.10.4 Salary

Usually an annual figure which is paid monthly, generally with no additions, for productivity or overtime, provided that the employee has reached a certain level in the organisation. It is the contractually agreed rate for a job, the amount that an individual can expect to receive on a regular basis regardless of performance (Cushway, 1994:133).

1.10.5 Method

This is a way of doing something, especially a systematic way through an orderly arrangement of specific techniques. Each method has a process .

1.10.6 Harmonisation

“Harmonisation is the adjustment of differences and inconsistencies among different measurements, methods, procedures, schedules, specification or systems to make them uniform or mutually compatible”. (Cushway, 1994:133).

1.11 ORGANISATION OF CHAPTERS

This study is organised into seven chapters, each of which is briefly described below.

Chapter One: Introduction

This chapter introduces the research and focuses on the background of the research problem. It outlines the research problem and research questions, delineates the research and shows its significance. The chapter also discusses the research methodology, briefly reviews the literature, deals with ethical issues, clarifies key concepts, provides an outline of the dissertation and ends with a summary.

Chapter Two: Theoretical overview of human resource management

This chapter provides a theoretical overview of concepts, which relate to salary, pay, compensation, remuneration structures, management and policies.

Chapter Three: Global perspective on legislative frameworks pertaining to salary structures

The chapter focuses on legislation which pertaining to salary structures in South Africa and provides a global overview thereof.

Chapter Four: Pre-and Post Merger Salary Structure and Relevant Human Resource Policies of the Cape Peninsula University of Technology

This chapter examines salary structures at CPUT: past and present

Chapter Five: Research design and methodology

This chapter focuses on the research design and research methods used in conducting the research.

Chapter Six: Research findings

Chapter 6 discusses the findings of the research and presents an analysis of the collected data.

Chapter Seven: findings, conclusions and recommendations

This final chapter focuses on the findings, and conclusions of the research, which was conducted and proposes recommendations based on the research findings.

Summary

This chapter provided the background to the research problem, which is grounded in the merger of the Cape Technikon and Peninsula Technikon, that had different remuneration systems, which form the present-day CPUT. This lead to the statement of the research problem: the need to harmonise the salary system. The chapter outlines the four research objectives and delineates the research. The significance of the research, literature review as well as the methods to be employed was also stated. Finally, concepts were defined and an outline of the organisation of the thesis was provided.

CHAPTER TWO

THEORETICAL OVERVIEW OF HUMAN RESOURCE MANAGEMENT

2.1 INTRODUCTION

This chapter provides a theoretical overview of salary structures and equity in pay to illuminate the research problem and to focus the discussion. It also explains how employees are affected by irregularities in pay within an organisation. The chapter discusses the importance of salary management, equity management and policies which relates to salaries such as compensation. It is recognised that one factor that is instrumental in many employees joining an organisation relates to a competitive and satisfactory salary.

When South Africa enacted its Labour Relations Act (66 of 1995), it considered certain aspects of law from other countries, including the 'duty to bargain' (United States), 'alternative dispute resolution' (United Kingdom), and 'freedom of association' (Canada).

Globally, in all organisations, salaries are determined by the human resource department. Grobler *et al.* (2006:350) state that "with a variety of costly employees' salary incentive programmes and structured pay scale tasks are even more difficult and challenging for a human resource specialist".

2.2 SALARY STRUCTURES

A salary structure consists of a company's salary grade or range and its salary level for single jobs or groups of jobs. The ultimate aim of job evaluation exercise is to design a salary structure into which jobs can be correctly graded on the basis of an assessment of their relative value to the company (Armstrong, 1985:211).

An effective, well-developed structure for an organisation is definitely one of the reasons to attract and retain more people within the organisation. In the researchers opinion in order to recruit and retain more qualified and

experienced employees, it is important to manage salary structures effectively and efficiently (Armstrong, 1985:211). Organisational structures should be designed by means of job evaluation in order to ensure equity among employees' salaries. A salary structure consists of a related series of salary rates, levels and ranges which are applicable to individual jobs or groups of jobs (MacBeath, 1976:132). MacBeath, 1976:132 further state that "salary management is a significant duty for both the organisation and the employee. The importance of salaries and wages often constitutes the greatest single cost of doing business".

According to Flippo (1984:281), "salaries are the most important reason for employee to join the organisation, this is also important because it is the sole means of economic survival and it is also most influential factor determining status in society. It is important for an organisation to have a designed structure in order to employ and retain effective and efficient employees. The author also states that salaries are important and designed to attract capable employees, motivate them, and retain their services over an extended period of time. Furthermore, salaries can provide a source of motivation for employees to give more commitment in their work. Through experience, employers have learned that to interact and hold competent employees in a free labour market, they must pay adequate salaries within their establishments. Salary administration has come to be accepted as a designation for that field of endeavour which is concerned with the establishment and implementation of sound policies and methods of employees (Flippo, 1985:281).

Managing organisational salaries is the most sensitive part of management as it has to ensure it attracts, motivates and retains employees. Another important aspect of salary management is the motivational aspect of pay, which is the use of pay to induce people to perform at certain levels and to retain their commitment to the organisation and desired performance. According to Armstrong (1992:637), salary structure should help in the management of relativities and enable the organisation to recognise and reward people appropriately, according to their job size, performance, contribution, skill and

competence. The pay structure should also help the organisation to control the implementation of pay policies and budgets. According to Armstrong (1992:637), “in order for the organisation to be able to set salaries it is imperative to do a job evaluation to survey the job weight for the employees, according to the specific job versus set salaries to employees”. Further, organisations tend to rely on wage and salary survey data that is collected from other organisations in order to establish a competitively priced wage structure.

2.3 COMPARISON OF ORGANISATIONAL PAY STRUCTURES

According to Snelgar (2007:198), “the development of an equitable and uniform pay structure is somewhat clouded by the existence of the wage gap”, both between males and females and, more importantly, between Black and White employees.

Wage earners seem to attach great importance to what they regard as an “equitable” wage structure, judged largely by comparative job content, qualification, skills, condition and so forth. They are strongly inclined to compare their present with their former job and their own wages with those of others in terms of comparative reward prestige. They often resent wage differentials which advantage others and if not for any relevant reason. Wage earners also look for a ‘steady’ wage (Livy, 1988:247).

This finding allows organisations to structure their pay systems according to market rates so that the wage curve will represent what is perceived to be fair and will thus, avoid problems on the industrial relation fronts and simultaneously allow adequate study of the wage-gap over time (Cogill & Pearson, 1978:28).

To compare on this basis, it was necessary to “standardise” the pay structures of organisations that supplied salary data for purpose of this study. Standardisation of pay structures was affected by establishing exact pay range comparisons, irrespective of midpoint values, according to techniques

outlined in the wage and salary survey guide, which was developed by (Snelgar 1980:198).

The differing progression rates over the respective wage curves support the contention that it becomes necessary to distort the curve in order to provide a “non-racial unified curve”; until such time that the wage-gap between Black and White wage rates has been significantly reduced. It is further important to note that the three basic progression rates reveal levels of the wage curve, which are applicable to various job hierarchy divisions. The progression rates for job grades 1 to 6 basically represent the unskilled and semi-skilled levels of the job hierarchy. Rates for grades 6 to 18 represent the skilled and lower to mid-management levels, while rates for grades 18 to 24 represent mid-management to senior management levels. Furthermore, this grouping of grades has remained fairly constant over the seven survey years under consideration (Snelgar, 1980:198). The significance of the pay structure comparison logic has been supported by this consistency, but is further underlined when taking into consideration the effects of the labour unrest in the mid-70s (Snelgar, 1980:199).

The development and maintenance of an equitable and uniform pay structure is complicated by the existence of the “wage-gap”. The choice of a job evaluation plan, which does not perpetuate discrimination that is already found in the market place, and which itself is not discriminatory, has become a topic of debate. Results of this study suggest that it is possible to use a technique to conduct salary surveys, which do not rely on subjective techniques such as job evaluation. A comparison of total organisational pay structures, rather than actual salaries, thus provides the basis of a uniform non-racial market wage curve, according to which internal pay systems may be competitively structured (Snelgar, 1980:201).

2.4 THE IMPORTANCE OF SALARY MANAGEMENT

Salary management, as a means of providing income for employees and as a cost of doing business for the employer, constitutes one of the most important

subjects for employees to perform effectively. Another important reason for salary management is that it shapes the pay system and the pay system should stress the labour market competitiveness and high base wages. When salaries within the organisation are managed it is important to consider equity regarding employees' salaries (Hoelleneck & Wright, 1994:541).

Employees regard pay as the primary reason for working, and for some people it might be the only reason, while for most of us it means by which we provide for our own and our family's needs. Compensation is also important for the organisation as it represents a large proportion of expenditures (Hoelleneck & Wright, 1994:541). According to the authors, pay structure decisions "describes different approaches for establishing pays rates for jobs". Employees often evaluate the acceptability of their pay by comparing it with other employees earnings both inside and outside the company (Hoelleneck & Wright, 1994:541)

2.5 SALARY EQUITY MANAGEMENT

According to Caruth and Hadlogten (2001:5), equity consists of three separate issues: name the the three issues Internal, external and Individual equity. There is a matter of internal equity of the organisation's pay structure itself. Internal equity means that jobs that require a greater number of skills and responsibility is compensated at higher rates than jobs which require skills, efforts and responsibility. Equity-fairness in rewarding jobs based on the degree of difficulty entailed in performing those jobs, is based on a hierarchical arrangement of job compensation rates that recognise, as fairly as possible, the differences that are inherent in jobs and pays them accordingly. Equity management is the key reason to any claim of fairness in salaries.

2.5.1 Internal equity

Equity in salary structures serves as a motivation within the organisation. If an employee is paid well, the job will be done well as the pay serves as a motivation and incentive. Internal equity should be ensured through job evaluation to measure the number of duties and responsibilities, and to ensure that no employee is paid less than the other, when they are supposed to be in the same salary grades or levels (Caruth and Hadlogten, 2001:5).

2.5.2 External equity

External equity is measured by comparison with outside organisations, by where companies compare how much administrators and accountants are paid, for example, to check for any disparities. External equity has a two-fold concern: to ensure that the pay rate is sufficient to attract and retain employees and to control the cost of human resource so that the organisation's price of products or services can remain competitive (Caruth and Handlogten, 2001:5).

2.5.3 Employees/individual equity

This is the comparison among individuals who do the same job for the same organisation. Employees' equity is an important concept in the design and administration of a pay system since it may have a direct effect on the employees' attitude and work behaviour. It can also affect the employees' performances (Caruth and Handlogten, 2001:5).

2.6 The principle of salary administration

There should be a definite plan in which differences in pay are based upon as well as in variations in job requirements such as skills, effort, and responsibility and job conditions. The general levels of wages and salaries should be reasonably in line with that which prevails in the labour market. In some instances, equality with pay level in the industry is used, instead of the labour market criterion, which is most commonly used. Equal pay for equal work, means that if two jobs have equal job difficulty requirements then the pay should be the same regardless of who fills them. Managers should also

ensure this for the sake of compliance with the Employment Equity Act (Armstrong, 1992:636).

2.7 Pay structure management

A pay structure consists of an organisation's pay range for jobs that are grouped into individual jobs. The purpose of a salary structure is to provide a fair and consistent way to motivate and reward employees. The aim is to further the objective of the organisation by having a logically designed framework within which internally equitable and externally competitive reward policies can be implemented (Armstrong, 1992:636).

According to Rynes and Gerhart (2000:62), in the equity model, pay satisfaction depends on comparisons of person outcome-input ratio to the outcome-input comparison of other organisations. The greater the similarity of the ratios, the greater the person's pay satisfaction. The discrepancy model is the law that dictates when someone or an employee qualifies for a certain salary, which suggests that pay satisfaction depends on the degree of discrepancy between individuals' perceptions of the amounts of pay that they should receive and what they actually do receive. Rynes and Gerhart (2000:63) states that the two other modifications to models of pay satisfaction should be noted, and the two amounts that the person should receive and do receive with numerous antecedents to each of the components proposed.

The equity model suggests that feelings of inequity create a dissonance in the employee that triggers actions to reduce dissatisfaction. The action may be cognitive or behavioural. Without formalisation and concomitant analysis of jobs, and internally equitable ordering of jobs from the least difficult and responsible to the most difficult and responsible, it is impossible to achieve (Rynes & Gerhart, 2000:63).

Handlogten (2000:6) states that under an informal approach to compensation, some jobs will always be compensated less than they should be when compared to other jobs in the organisation. A formal compensation programme recognises the differences in jobs and structures a pay system

that accurately reflects these differences; it establishes internal equity. Handlogten (2000:6) also explains external equity, which is fairness of the organisation in the labour market. External equity is said to exist when pay rates of the organisation are equal to or closely approximate to market rates. The equity model also suggests that pay dissatisfaction creates a dissonance that the employee seeks to reduce.

If pay is to motivate, or indeed has any positive influence at all, what should be felt to be fair in relation both to the work done and to other people doing the same similar work. Though experienced employers have learned to attract and hold competent employees in a free labour market they must pay adequate wages and pay each worker properly in relation to other workers within their establishment (Sherman, 1980:427).

On the basis of the exchange model, equity theory holds that employees seek an exchange in which the rewards are perceived to be equitable. If they perceive the exchange to be inequitable, they are likely to try to reduce the inequities by seeking a pay increase, reducing contribution, or appealing the inequity through the grievance process (Sherman, 1980:427).

It will only be fair to the organisation's employees who are overpaid to increase productivity and to add more value to what they are doing in performing their duties. "If they perceive their reward to be greater than their contribution that is if they believe they are being overpaid, they may seek to reduce the inequity by increasing their productivity" (Sherman, 1980:427). Sherman (1980:427) states that "a closer relationship between productivity and pay is more likely to be perceived by employees if there is a formal programme governing compensation payments. Such programmes should provide the guidelines upon which individual pay decision are based. The decisions are likely to be more equitable and consistent otherwise that would be the case".

Equity of pay is seen as reflecting the degree of discrepancy between the amount of pay that a person actually receives and the amount of pay that they

feel they should receive. The latter is governed by several factors, which are outlined below:

- (a) Social comparisons – when employees see that others earn more pay and/or when they feel that others, who are comparably paid, are performing less demanding work or bringing fewer qualifications to their jobs.
- (b) Sense of financial need – determined by an employee's past earnings, family and financial obligations and changes that occur in the cost of living.
- (c) Ability of employer to pay – the financial condition of the employer.
- (d) Value of non-monetary rewards – the perception of the value of these other rewards, including fringe benefits and the degree of psychological satisfaction that is experienced (Sherman, 1980:427)

Thus, for example, a given pay level will be seen as less equitable by a person who experiences financial pressures and who works in a financially well off company that offers few fringe benefits. Also important in determining overall satisfaction, is any individual's perception of the way in which the organisation administers its compensation plan (Sherman, 1980:428). Over and above perceptions of pay equity or inequity, pay dissatisfaction is probably induced when individuals feel that wrong criteria are used to determine their pay. A clear example is the use of merit criteria among employees who do not feel that performance should be a major consideration to determine their pay (Sherman, 1980:428).

Lawler and Porter (1965:100) have argued that pay systems that are shrouded in secrecy prevent recipients from accurately assessing the existence of any contingencies between pay and performance. Lawler and Porter (1965:100) argue that secrecy leads to fallacious pay comparisons with others that may result in a greater dissatisfaction with pay than would be the case if social comparisons were made which are based on knowledge of actual pay rates. Other researchers such as Nomagugu (2004:23), however, have shown that partially open pay systems, that is, communication of salary ranges, do not necessarily lead to more accurate pay comparisons.

The evidence is about evenly divided on whether open pay policies have a positive or no impact on pay satisfaction. Considering the small number of studies that have been conducted and the conflicting results thus far, conclusions about the effect of pay secrecy would be premature. Nevertheless, contingency-based reward systems have the greatest potential to increase employee motivation to perform when the pay/performance link is firmly established (Nomagugu, 2006:23).

Organisations like to use or make use of performance that will provide critical management control of information that is not available on the accounting system. "The pay structure moderates the relation between the use of non-financial measures and reliance on human capital. Specifically, the likelihood of the use of non-financial measures in bonus compensation for firms that rely on human capital is greater when firms use hierarchical pay structure than when they use egalitarian pay structure" (Hlongwane, 2006:23)

Bratton and Gold (2003:393) believe that pay equity is important to all workers and has implications for satisfaction with the levels of pay. The concept of pay equity is in conflict with the view that employees' pay should be determined by the supply and demand of labour. When several positions receive a similar assessment, they can be combined to create a pay grade. It is understood that pay grades may sometimes consist of single positions.

Pay is not the only factor that affects workers' resistance to taking on tasks outside of their normal duties. Employees quickly sense when lower paid jobs are not as valued by management. An occasional chance for a manager to 'milk the cows' may underscore the importance of the job and also serve as a good reminder of what the employee does (Bratton and Gold, 2003:393).

Pay structures are needed to provide a logically-designed framework within which equitable, fair and consistent reward policies can be implemented. Policies are the protection for employees to ensure equity within the organisation. Hence it is imperative for organisations to comply with human

resource policies on any matter concerning salaries (Bratton and Gold, 2003:394)

2.8 Effects of disparities within employees' salaries

2.8.1 Behaviour

The behaviour amongst employees when they discover that there are discrepancies within their salaries can be affected in a way that there will not be any commitment, and people can easily lose respect for each other because of the unfairness in salaries. The discrepancies can also lead to absenteeism within the workforce (Greenberg and Baron, 1983:4). According to Greenberg and Baron (1983:4), behaviour is the field that seeks knowledge of all aspects of behaviour in organisational settings through the systematic study of individuals, groups, and organisational processes. Managing individual behaviour and group behaviour in organisations is a difficult and complex task. A large part of this is because of the many different roles that managers have to play (Feldman & Arnold, 1983:3).

When managers want their employees to behave in a certain way they motivate them to do so, and process a job evaluation for those who perform equal work. Motivation is not about manipulation; it is about understanding the needs or urges, which prompt people to do things and provide ways to help them to satisfy those needs through the organisation, while harnessing their contribution to satisfy its needs (Hackett, 1985:171).

Dunn and Rachel (1971:02) state that reward decision processes as well as the decision makers themselves are influenced by the behaviour of individual workers and their groups. According to Armstrong (1992:116), compensation is a major expense. It can influence employees' work attitudes and behaviours and may affect an individual's decision to apply for a job, to work productively, to join a union, or to undertake more training for a new job. This potential to influence employees' work attitudes and behaviours is an important rationale to ensure that compensation is managed fairly and equitably.

2.8.2 Attitude

Attitude can be affected in such a way that employees despise the jobs that they are doing because of unequal pay and discrepancies within their salaries which is the same as creating late comers to work, and absenteeism at work (Armstrong, 1992:116). Hacket (1985:22) states that the area of attitude change is a difficult one. Although a straight telling may be designed with a view to changing attitudes, it is unlikely to do so. Group communication, role play training or coaching are more likely to succeed. These methods all tend to confront people with the consequences of their present attitudes, and thereby induce change.

Two of the most important theories are those of expectancy and reinforcement. Vroom (1964) advanced his “expectancy” theory, which was elaborated by Lawler (1973:341). In so far as a potential reward, such as pay, is concerned, the critical component of expectancy theory has to do with a person’s belief about the linkage or contingency between a behaviour (such as performance or attendance) and a reward (Hacket, 1985:22)

The stronger the belief that the desired reward will follow the behaviour, the stronger the motivation to exhibit that behaviour. The individual is cast in a situation where there is a choice of a variety of actions, which can be taken and the individual is credited with the deductive process to enable them to choose that, which is potentially of the most value (valence or utility) to them. Both experimental and field studies have found that perceptions regarding the link between performance and pay were strongest when the actual linkages were strongest (Hacket, 1985:22).

The conditioning of behaviour develops habits and is termed learning, confronted with a familiar stimulus, the individual engages in behaviour, which has been reinforced previously in that situation. Application of the reinforcement model of motivation can be seen in the training of children and animals. It can also be observed in the fact that many of our own habits developed because we found certain behaviours rewarding in some manners.

There have been a number of studies that have investigated behavioural consequences of pay in a reinforcement context (Hackett, 1985:22).

2.9 Compensation management

The three principal goals that compensation may seek are: first to accomplish and serve the labour market function of allocating people among firms, according to perceived attractiveness of jobs, as expressed by the rate pay and associated pay supplements; secondly, to keep employees content, to minimise quitting and; thirdly, to reduce employee complaints and grievances, owing an to inadequate, inequitable wage rate. Compensation is to induce and reward better performance states (Beach, 1980:557).

Martocchio (2006:3) states that compensation represents both intrinsic and extrinsic rewards that employees receive for performing their jobs and describes the organisation's compensation system, either internally or externally, as seen through the eyes of employees. Because perception is the only reality that matters to many employees, perceived equity is an extremely important concept in compensation. When compensation programmes are perceived as being fair, there are likely to be fewer complaints and problems related to pay.

When a programme is perceived as unfair, there are likely to be numerous complaints and problems related to pay. Equity is an extremely important concept in compensation. When a compensation programme is perceived as being fair, there are likely to be fewer complaints and problems related to pay (Martocchio, 2006:3).

A formal compensation programme which relies as it does on job analysis, systems, and logic, is more readily perceived by employees as fair or equitable. Formalisation of compensation programmes increases the likelihood of perceived equity on the part of employees (Handlogten, 2000:6).

Compensation is an important tool that helps an organisation to achieve its objective of profitability, productivity, growth, and survival. In today's highly

competitive labour markets, a formalised compensation system is not a luxury for organisations. Rather it is a necessity argues Handlogten (2000:8)

Even more important, organisations try to accomplish many goals with compensation attracting, retaining people, and motivating them to perform more effectively. Compensation is also important in the operations of the economy. It is the largest type of income as salaries account for about 60% of the gross national product in South Africa (Handlogten, 2000:8). Compensation is necessarily more important than other work outcomes in influencing decisions to join and remain within organizations. It is argued that pay clearly has some importance in the employment exchange (Sara, 2000:32).

Andrews (1988:163) states that “the point of departure in the determination of compensation structures is to make provision for equal pay for equal job”. It is important to note that compensation is a multidimensional, incorporating such aspects as pay structure, pay level, system for recognising individual differences in performances and employee benefits” (Milkovich, 1992:55)

Rynes and Gerhart (2000:36) state that given the importance in its own right, as well as its potential uses as a signal or symbol of organisational culture and values, it seems likely that applicants and incumbents will consider compensation when assessing their fit with an organisation. To the extent that individuals differ in preference, values and personalities, their reaction to compensation practices should also differ

2.9.1 Compensation and satisfaction

There is much controversy that surrounds the part that compensation plays in producing worker satisfaction. A more detailed discussion of this problem is given within this chapter, and one of the inescapable conclusions is that compensation levels and policies are more likely to produce dissatisfaction than satisfaction.

Compensation is a typical objective to facilitate organisational performance, control labour costs, influence employees' attitude and behaviours, and comply with laws and regulations (Dyer, 1976:22). One attempt to unravel the complexities involved in the issue has been presented by Dyer (1976:22). In this salaries model, pay satisfaction is viewed as being determined by perceived adequacy of pay system administration and perceived equity of amount of pay received.

Viewing of a pay system cannot be done without communication concerning the general relationship between differential performance levels and differential wage increments (Bottomley, 1983:90). The objective of a compensation system is to create a system of rewards, which is equitable to the employer and employee alike, so that the employee is attracted to the work and motivated to do a good job for the employer. Bottomley (1983:90) suggests that in compensation policy there are seven criteria for effectiveness or relevant aims of the employer, and these are outlined below.

- a) The attraction and retention of staff of calibre and number necessary to achieve present and future objectives.
- b) The reward of staff according to their contribution and encouragement.
- c) The motivation of suitable staff to accept greater responsibility and improve performance.
- d) The determination of fair differentials between jobs of varying responsibility and complexity.
- e) The provision of a means for ensuring that the company gets value for money spent on remuneration.
- f) The provision of framework for career structure in the company,.
- g) The maintenance of the employees standards of living and stability of earnings (Bottomley, 1983:90).

2.9.2 Standards of value of compensation

Sherman (1980:429) asserts that “minimum governmental, union and managerial levels should be met. Standards of value in compensation are briefly outlined in the paragraph that follows.

Equitable: each person should be paid fairly, in line with his or her effort, abilities, training, and so on. On the basis of exchange model, equity theory holds that employees seek an exchange in which the reward is perceived to be equitable. If they perceive the exchange to be inequitable, employees are likely to try to reduce the inequities by seeking a pay increase by reducing their contribution.

- Pay benefits and other rewards should provide a reasonable total reward package.
- Cost effectiveness: pay should be not excessive; it should consider what the enterprise can afford to pay. The cost of time required to prepare, maintain and evaluate formal specification for each job and to develop and maintain formal pay program can be considerable. Offsetting these costs however, is the saving to be realized from having such a program
- Motivation: It is particularly important for personnel in the field who cannot be supervised closely and who, as a result, must exercise a higher degree of self-discipline. Motivation gives effective and productive work.

2.9.3 Compensation policies theory

Sherman (1980:429) asserts that in order to achieve the objectives stated, policies must be established to guide management in making decisions. Compensation should cover the following:

- The rate of pay within the organisation and whether it should be above, below or at the prevailing community rate.
- The extent to which individual bargaining should permit deviation from the established rates and pay structure.

- The pay level at which new employees may be recruited and pay differentials which should be maintained between new and more senior employees.
- The intervals at which pay raises should be granted and the extent to which merit and/ or seniority can influence the raises.

An important area of compensation policy concerns the confidentiality of pay information. According to Sherman (1980:430), a survey conducted by the Bureau of National Affairs found that the majority of organisations responded that they kept such information confidential. Only 34% gave employees information concerning the wages schedule or rates for job categories other than their own. Organisations that favour an open system of information on pay contend that it creates greater employee confidence in the fairness of the compensation practices. Conversely, a policy of secrecy can foster misperception of pay and, in turn, dissatisfaction concerning it (Sherman, 1980:430).

Objective wage systems enable companies to make progress in their activities, while a deficient wage system causes unreasonable labour expenditure and disproportion of employment. A fair wage system creates conditions for effective formation and employment of staff, which guarantees successful functioning of organisations and the ability to develop as a whole (Sherman, 1980:430).

In contemporary companies much attention is paid to objectivity and fairness of remuneration in the development of wage policy. Payment for results in general, presumes equal compensation to employees who perform similar jobs at an equal level. In reality, however, it is difficult to find “identical jobs”, therefore it is a case of comparing the incomparable (Sherman, 1980:430).

Fair compensation is an abstract and practically non-achievable phenomenon. Nonetheless, it should be steadily aimed at. Employees who suspect unfairness of compensation are not motivated and their morale is low. To

avoid these problems, salaries are kept in secret which, in turn, leads to distrust and decreases the motivation effect of relatively objective wage systems among employees (Stone, 1998:447). According Stone (1998:447), developing a fair system of compensation presumes more transparency and the co-operation of employees. Only then is it possible to develop wage systems that are acceptable to employees, and to achieve optimal and fair agreements in the process of compensation (Stone, 1998:447).

Compensation fairness within an organisation consists of pursuing concordance between work results and the compensation that is paid for it. Systems are created within the organisation that guarantee acceptable connections between employees' work performance and compensation. Such systems motivate work processes, encourage employees to improve themselves and diminish the dissatisfaction with work (Stone, 1998:447).

Fisher (1995:588) states that the employees are well informed about the work processes. As a result, the fairness of compensation within organisation is even more important than comparing the compensation, which received for performance in other organisations. The difference in competitive power and opportunities can also explain the discrepancies (Stone, 1998:447). According to Stone (1998:447), in order to achieve equity and satisfaction, the employees should be informed about pay policies and levels. Merit systems often have motivating effects only when employees know how effort is turned into reward.

The open compensation system reveals individuals' compensation on demand, and this is always exploited in the case of the public sector. Only open compensation systems based on work performance management can "bear" a detailed investigation by employees and enable managers to reason their decisions about compensation (Fisher, 2000:588). However, entirely open compensation systems should also be avoided because they require a detailed explanation of differences in compensation that often require a lot of time. Consequently, a partial secrecy system might be considered the most suitable (Fisher, 2000:588). In case of the partial secrecy system, the main

principles of performance appraisal and compensation should be public. However, the amount of paid bonuses via the so-called leader fund could be kept secret.

Future prospects of open compensation systems are generally better because they enable management to develop an effective work environment and motivate employees to improve both work results and themselves. In the next section below, various principles of the open performance and compensation system are discussed and analysed (Fisher, 2000:588). Only the use of fair and measurable criteria enable human resource managers to determine fair compensation, strengthen the connection between the results and payment and, thus, increase the motivation of the employees (Baron, 1999:27). The method's efficiency of application depends on the choice of criteria for performance appraisal and their connection with work which is usually the amount and quality of the concrete work in different segments of activities and various financially measurable indicators (Feldman & Arnold 1983:45).

Furthermore, it is necessary to avoid the increase of minimum wages in different positions in the public sector, as it prevents the differentiation of salaries and paying by results in state institutions. Payments according to results have to be directly related to the system of performance appraisal and objectively explicable (Feldman & Arnold 1983:47).

In contemporary companies, much attention is paid to objectivity and fairness of remuneration in the development of wage policy. Payment for results, in general, presumes equal compensation to employees who perform similar jobs at equal level. In reality, it is difficult to find "identical jobs", therefore it is a case of comparing the incomparable (Feldman & Arnold, 1983:49).

2.12 Summary

Salary management is the most important task when managing an organisation as managers should ensure that there is a well designed salary structure that contains equity and fairness and to ensure that it motivates and retains employees. It is the manager's duty to ensure that well qualified and experienced employees' salary structures are uniform and equitable. Pay is an important tool to motivate employees to perform their duties and to have a positive attitude towards their work.

A good, well developed structure for an organisation is definitely one of the reasons that will make human resource managers ensure that it attracts and retains more people within an organisation through recruitment. To retain more qualified and experienced employees, it is important to manage salary structures effectively and efficiently. Compensation is also important to minimise quitting and to reduce employee complaints and grievances owing to inadequate, inequitable wage rates.

Managers should consider the variable that might have non-guaranteed performance related payment, made in respect of individual, team or organisation's performance. This should be the main part that should be managed as it is the objective of compensation to facilitate organisational performance and influence employees' attitudes and behaviours, while complying with laws and regulations to ensure the smooth running of work within an organisation. Salaries, pay and compensation should have adequate information, equity at all times, and a balanced cost for the market cost, and should be effective and productive for employees. Policies pertaining to salaries should establish and give guidance to managing and making decisions. Policies should presume transparency and cooperation of employees.

CHAPTER THREE

GLOBAL PERSPECTIVE ON LEGISLATIVE FRAMEWORK PERTAINING TO SALARY STRUCTURES

3.1 Introduction

Human resource managers should consider legislation, which pertain to salaries in order to ensure compliance with all legislation on employees that govern pay with a view to maintaining or retaining employees. This chapter focuses on relevant South African legislation, namely the Employment Equity Act (No 55 of 1998) and the Public Service Act (103 of 1994). It also discusses foreign legislation such as the Equal Pay Act Amendment Regulation (1983), The Equal Pay Act 163 Amendment, the Fair Labour Standard and the Equal Pay Act (Chapter 41) of the United States. Other legislation discussed includes the Canadian Human Rights Commission's, Implementing the Pay Equity in Federal Jurisdiction (1992), Pay Equity Act (1984) and the Equal Pay Act (118 of 1972) of New Zealand. The chapter is meant to lead to how such legislation should be implemented and how guiding frameworks to develop existing pay policies should be formulated.

Carrel (1995:294) states that "the fourth major objective of the compensation system is to comply with federal legislation. The United States government has affected compensation by legislating pay levels and non-discriminatory pay practices". According to Noe (1994:546), "equity's main implication for managing employees' compensation is that, to an important extent, employees evaluate their pay by comparing it with what others get paid and their work attitudes and behaviours are influenced by such comparisons". Furthermore, it is necessary to avoid increasing minimum wages in different positions in the public sector as it prevents the differentiation of salaries and paying by results in state institutions. Payment, according to results should be directly related to the system of performance appraisal and should be objectively explicable (Hlongwane, 2004:25). The author argues that the issue of fairness is critical to compensation administration and almost every phase

of labour management. Generally, workers and managers agree, in principle, that wages should take into account that jobs require preparation, responsibility, even unpleasantness, performance differences and seniority.

Little agreement exists about the relative importance of each of these factors in determining pay. Challenges in applying differential payment stem from subjectivity in the evaluation of both jobs and workers. Equity considerations influence satisfaction of the workforce. Within a broader view, the stability of a nation may be affected when the contributions of any segment of society are greatly exaggerated or undervalued (Hlongwane, 2006:26). Further, Hlongwane (2004:26) asserts that paying different wages for different jobs tends to make people more sensitive to job boundaries. Workers may resist taking on tasks outside of their normal routine. When employees perform more highly classified tasks, which are not often, employers pay extra.

Prior to 1994 the main reason for wage discrepancy was the fact that women's work was undervalued and underpaid in relation to that of men. Before 1997, in South Africa minimum employment standards were regulated by the Basic Conditions of Employment Equity Act (75 of 1997), which stems from legislation that was introduced in the period 1920 to 1940. It reflected a rigid and outdated approach to the regulation of working hours and other conditions of employment. The declaration on equality of opportunity and treatment for women workers states that all forms of discrimination on the grounds of sex, which deny or restrict equality of opportunity and treatment, are unacceptable and must be eliminated (Nomagugu, 2006:26).

3.2 The Basic Conditions of Employment Equity Act (75 of 1997)

Each and every organisation must comply with the Basic Conditions of Employment Act (75 of 1997) when employing and implementing human resource policies for employees' protection against discrimination and unfair treatment. The Act provides for employment equity and for matters incidental thereto. Apartheid and other discriminatory laws and practices show that there are disparities in employment, occupation and income within the national

labour market. The Act was promulgated to promote the constitutional right of equality and to exercise true democracy.

The Basic Conditions of Employment Act (1997) defines remuneration as any payment in money or in kind, or both in money and in kind, made or owing to a person in return for that person working for any other person, including the state. Section 6 emphasises that its purpose is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination.

3.3 Public Service Act (Act 103 of 1994) (South Africa)

According to Chapter VIII, Section 38 entitled 'Miscellaneous' of the Public Service Act (1994) states that if an employee is wrongly granted remuneration - if an incorrect salary or scale of salary is placed on appointment, transfer or promotion, or if incorrect advancement of salary within the limits of the scale of salary applicable to his or her grading, was awarded or granted to an officer or employee, or was awarded or granted at the correct notch or scale but at a time when or in circumstances under, which it should not have been awarded or granted to him or her, the head of department in which that officer or employee is employed, shall correct the salary or scale with effect from the day on which incorrect salary/scale salary advancement commence.

When salary scales are corrected they should be done so in line with the provisions of Section 14 (3) (a) and notwithstanding the fact that the officer or employee concerned was unaware that an error had been made in the case where the correction amounts to a reduction of his or her scale of salary or remuneration.

If an officer or employee contemplated in subsection (1) has in respect of his or her salary, including any portion of any allowance or other remuneration or any other benefit calculated on his or her basic salary or scale salary or awarded to him or her by reason of his or her basic salary:

(a) been underpaid, an amount equal to the amount of the underpayment shall be paid to him or her benefit which he or she did not receive, shall be awarded to him or her as from a current date,

(b) been overpaid or received any such other benefit not due to him or her, an amount equal to the amount of overpayment shall be recovered from him or her by way of the deduction from his or her salary of such installments as the head of department, with the approval of the treasury, may determine if he or she is the service of the state, or, if he or she not so in service, by way of legal proceedings or partly in the former manner and partly in latter manner, and

That their benefits shall be discontinued or withdrawn as from the current date, but the officer or employee concerned shall have the right to be compensated by the state for any patrimonial loss which he or she has suffered or will suffer as a result of that discontinuation or withdrawal.

With the approval of the Treasury the amount of overpayment to be recovered in terms of subsection (2) (b) may be remitted in whole or in part.

3.4 Equal Pay Act 1963 (United States)

This above mentioned Act is imperative to the study as it emphasises equality in wages that helps to retain and motivate employees. The United States Congress enacted the Equal Pay Act in 1963, giving legislative force to the ideas promoted by the National War Labour Board. The Equal Pay Act prohibits sex discrimination only with respect to wages that are paid for equal work, across different jobs (Glueck, 1978:881).

According to Bellance (1987:20), Chapter 41 of the Equal Pay Act, as interpreted by the courts, requires that a woman should be employed on the same or substantially similar work level as a man, and that she must be working at the same geographical location. The Act provides that an employer may explain pay discrepancy by pointing to a seniority system, a merit system, a system that measures earnings by quantity or quality of production not piece-work, or any factor of sex. There is no market rate defence in the Equal Pay Act (Chapter 41) if the plaintiff can show that a job which is performed by a woman or a man is the same or substantially similar. The fact

that women can be hired for lower wages than men is not a valid defence under the 'factor other than sex defence'. The preamble to the Equal Pay Act states that its main aim is to prevent discrimination regarding terms and conditions of employment between men and women.

Bowers (2006:16) argues that the Equal Pay Act "is mainly intended to eliminate the clearly lower pay given to women for centuries". The Act does not define 'pay', but the European Court of Justice has given it a wide interpretation, making full use of the fact that under Article 119 (now 141), 'pay' includes not only the ordinary basic or minimum wage or salary, but also "any other consideration, whether in cash or kind, which the worker receives, directly or indirectly, in respect of his employer".

Chapter 41 of the Equal Pay Act requires equal pay between men and women, if they are in the same employment. This defines the difference between the things that she does and the things that employees do which are not of practical importance, which entitles her to equal pay (Hlongwane, 2006:23).

Willborn (1999:66) states that the Equal Pay Act would not impose a duty on the employer to pay equal wages to persons who perform different jobs. Equal pay is only required for persons who are engaged in similar work. The British Equal Pay Act of 1970 mirrors the United States Equal Pay Act of 1963. The two Acts are of similar limited utility in rectifying the wage gap between men and women.

The Equal Pay Act prohibits any less favourable treatment between men and women in terms of pay and conditions of employment. It is similar to the American Fair Labour Act since the Fair Labour Standards Act (1938) is a law that protects workers by setting standards for minimum wage, overtime pay, record keeping and youth labour.

3.5 Equal Pay Act 163 amending the Fair Labour Standards Act (FLSA) adding Section 206 (d) to FLSA.

The Equal Pay Act 163 amended the Fair Labour Standards **(1938)**, and covers the same aspect for employers as the Fair Labour Standard Act 1938. The statute makes it illegal for an employer to discriminate in pay on the basis of sex where jobs require equal skill, effort and responsibility and are performed under similar working conditions. Pay differentials between sexes are permitted when such differences are based on a seniority system, merit system, production-related pay plans (wage incentives) or factors other than sex, (Caruth and Hadlogten, 2001:23).

Unequal pay for work of equal value can, therefore, be attacked on the grounds of differentiation. In *Harksen v Lane NO*, the Constitutional Court (South Africa. Cape of Good Hope) held that the applicant must show that conduct on grounds other than those listed in Section 9(3) is “based on attributes or characteristics which have the potential to impair the fundamental dignity of persons as human beings or to affect them seriously in a comparably serious manner” (Nomagugu, 2006:31).

The Equal Pay Act (No 118 of 1972) was amended to cover employees in executive, administrative, professional and outside sales positions as well as employees in most state and local governments, hospitals and schools. Over the years, the Equal Pay Act has become less significant because of violation of Title VII of the Civil Rights Act of 1964 (Handlogten, 2001:23)

The main intention of the Equal Pay Act of 1970 was to improve the terms and conditions of women at work, making them on par with those of men. The basic problem proved to be actual job comparisons and decisions relating to the same or similar employment (Bottomley, 1983:66).

Job evaluation studies could only be carried out in the United Kingdom with the agreement of the relevant parties, including the employer. In a dispute between Britain and Northern Ireland, the European Court of Justice ruled that the United Kingdom's Equal Pay Act of 1970 did not comply with Article 119 (now 141) and the 1957 Directive. The court held that "British legislation does not permit the introduction of a job classification for the adjudication system without the employer's consent" (Bottomley, 1983:66).

Workers in the United Kingdom are unable to have their work rated as being of equal value with comparable work if their employer refuses to introduce a classification system. The Court also held that the directive requires member states to establish the means whereby equal value can be attributed to particular work notwithstanding the employer's wishes and, if necessary, in the context of adversary proceedings (Hlongwane, 2006:27).

3.6 Canadian Human Rights, implementing pay equity in Federal Jurisdiction 1992

The Canadian notion of 'equal pay for work of equal value' is similar to that in the United Kingdom, where 'equal pay for work of equal value' provides that a woman may claim to be doing work of equal value to a man, and hence ensure that her job is evaluated even where the employer has not voluntarily carried out a job evaluation exercise. The 'equal pay for work of equal value' legislation was introduced in three Canadian jurisdictions. This legislation is complaint-based, that is, the employee initiates action against the employer. Equal value also provides justification for unequal pay such as seniority and a merit system.

The methods of comparing jobs involve skill, effort, responsibility and work conditions. Under this legislation, different jobs can be compared because each factor does not need to be equivalent. Citing McDermott, Hlongwane (2006:29) indicates that the cases handled by the Canadian Human Rights Commission have resulted in a significant increase in pay for those involved, but failed to reduce the wage gap for federal regulated employees because employees were often reluctant to forward an equal pay complaint.

In the South African context, currently unequal pay for work of equal value is regulated by the Employment Equity Act (55 of 1998) and the Labour Relations Act (66 of 1995), both of which aim to promote equality in the workplace. These Acts do not expressly prohibit unequal pay for work of equal value, but merely prohibit discriminatory practices such as unequal pay and separate pension funds for different race groups (Hlongwane, 2004:27).

When South Africa enacted its Labour Relations Act **(66 of 1995)**, it considered certain aspects of law such as the duty bargain (United States), alternative dispute resolution (United Kingdom) and freedom of association (Canada). If it becomes necessary to employ women in work ordinarily performed by men, they must be allowed equal pay for equal work. In the period 1945 to 1963, 22 American states enacted equal pay legislation (Hlongwane, 2006:37).

The Employment Equity Act 55 of 1998, South Africa's first attempt to control unfair discrimination in the workplace, was expressed in item 2(l)(a) of the 'residual unfair labour practice' in Schedule 7 of the Labour Relations Act (66 of 1995), which has now been replaced and repealed by Section 6 of the Employment Equity Act. Item 2(l)(a) of Schedule 7 prohibits any unfair act or omission between an employer and employee based on arbitrary grounds, which includes, but is not limited, to race, ethnic or social origin, sex, sexual orientation, gender, family responsibility, political affiliation and belief.

Several gender-sensitive laws, including the Employment Equity Act 55 of 1998, which promotes equal gender and racial access to the workplace, have been promulgated. In an effort to ensure that these laws are realised in practice, the Gender Equity Unit began to monitor the transformation process at the University of the Western Cape (UWC) more closely in a bid to encourage the university's efforts to engender policies and structures on campus (Hlongwane, 2004:41).

In *Leonard Dingler is Employee Representative Council v Leonard Dingler and other*, which was the first discrimination case heard by the new Labour Court, the bounds of permissible and impermissible discrimination were considered. The employer had three separate retirement benefit funds. All members of the benefit fund were White, while members of the pension fund were Black weekly-paid employees (Hlongwane, 2004:39). Members of the provident fund were black monthly-paid employees. The court held that the refusal by an employer to allow Black employees to join the benefits fund, membership of which was confined to Whites, constituted an unfair labour practice even though Black employees had a separate fund (Hlongwane, 2004:39)

In 1983 the United Kingdom government amended the Equal Pay Act of 1970 with equal pay (Amendment) regulations, which set up a complex procedure for the adjudication of equal value claims, part of which is found in the Industrial Tribunal (Rules of Procedure) Regulations (1985). The Equal Pay Act provides little guidance concerning the meaning of equal value. Equal value should, therefore, be determined in terms of the demands made on the applicant and comparator with headings such as effort, decisions and skills.

According to Chruden (1980:435), the relative value of jobs is assessed on the following criteria. Work value is determined in terms of demands that are made on the employee, and not in terms of economic value to the employer. The job characteristics, and not the personal characteristics of the incumbent, should be compared and analytical job evaluation techniques, such as the point method, are preferable to non-analytical job evaluation techniques. Analytical evaluations are schemes where jobs are broken down into components (known as factors), and scores for each component of the job are awarded with a final total, giving an overall rank order.

When the organisation's claim of equal value is made, the industrial tribunal may not determine it unless it has received a report from an independent expert whose task it is, in general terms, to evaluate the jobs, which are being compared. The tribunal can decide to reject the claim at the outset on the

basis that there are no reasonable grounds which determine that the work is of equal value, as claimed. This implies that an employer can prevent the appointment of an independent expert by successfully arguing that there is no prima facie case or the claim might fail as the Australian concept of work of equal value differs from that in the United States and the United Kingdom. This is because in Australia the value of work does not mean value to the employer. Rather, the value of work refers to worth in terms of award wage or salary fixation. The notion of equal value was introduced into wage-fixing principles following the National Wage and Equal Pay cases' decision (Hlongwane, 2004:27).

3.7 Equal Pay Act (Northern Ireland) 1970.C.32. (N.I) 1970

The main intention of this Act was to improve the terms and conditions of women at work by creating parity with men. The basic problem proved to be actual job comparisons and the decisions relating to the same or similar work. Similarity could be established by job evaluation schemes, but without them the difficulty remained that jobs which appeared similar could be shown to have differences of practical importance.

Further legislation was aimed at increasing the scope for equal opportunity and tightening up some of the more lax areas of the original drafting. From the end of December 1975, the Sex **Discrimination Act (6 of 1984)** amended the Equal Pay Act. The wage gap is still present because women work in different and lower-paying jobs than men, and are unaffected by statutes that require equal pay for similar or equal jobs. The Equal Pay Act limits the comparable worth guarantee in certain instances (Hlongwane, 2006:27). Willborn (1999:18) states that first, comparable worth would only be recognised under the statute if the claims are based on a job evaluation study. Secondly, only certain types of job evaluation studies can be used to prove that jobs are equivalent.

3.8 Summary

This discussion on legislative framework has provided an understanding of how policies which pertaining to salaries should be managed and how each policy must comply with relevant legislation, according to what is required. South Africa's legislation pertaining to compensation should be improved and better adapted. Compensation Law should also needs to be updated. Job compensation must be made more transparent and an open compensation should be system established in the public sector to diminish corruption, social dissatisfaction and misapplication of power, which accompanies secrecy in compensation.

There is also a need to avoid increasing minimum wages in different positions in organisations, as it prevents differentiation of salaries and paying by results in state institutions. Payments, according to results should be directly related to the system of performance appraisal and should be objectively explicable. The legislative framework is the key guideline to implementing equal pay. It should also support the job evaluation process as this is where the centre of equity stands.

Salary structures, discrepancies within salaries and policies that were established as part of changes after the merger are discussed in Chapter 4 in order to describe the two former technikons past salary structures. The chapter also focuses on how CPUT manages its salary structure and what change process it has established to ensure that its salary structures are adequate and equitable.

CHAPTER FOUR

PRE- AND POST-MERGER SALARY STRUCTURE AND RELEVANT HUMAN RESOURCE POLICIES AT THE CAPE PENINSULA UNIVERSITY OF TECHNOLOGY

4.1 Introduction

Chapter 3 discussed the legislative framework governing compensation systems from an international perspective to provide an understanding of how policies pertaining to salaries should be managed, and how each policy must comply with relevant legislation, according to what is required. This chapter discusses the salary structures of the former Cape Technikon and Peninsula Technikon because, invariably, they constituted the *de facto* salary structures of the newly-formed CPUT in 2005 before any harmonisation took place. Thereafter, it focuses on the salary structure of the CPUT and explores four existing human resource policies which related to the salary structure.

4.2 Pre-merger salary structures of the Cape Technikon and Peninsula Technikons

In the former Cape Technikon a system called Peromnes was applied. Peromnes refers to a job evaluation system, which scores a job according to number of factors such as problem solving, pressure of work, job impact, consequences of judgement, educational qualifications and experience required. ' The peromnes that was used, provides guidelines for job evaluation. The system determines all staff grades according to employees' experiences and qualifications. The Peninsula Technikon system for pay also used Peromnes. This system is user-friendly, according to the Salaries Department of the CPUT, and is the same system used for the merged institution. The peromnes system are grades that show the rank order of jobs within an organisation and allow jobs to be compared by grades with other jobs, both inside and outside of the organisation.

As it is important for employers to be able to determine objectively the value and monetary compensation of employees' position, the Cape Technikon and Peninsula Technikon used peromnes, as it allows through job evaluation for employers, to be able to determine the worth of jobs versus other jobs within the organisation. Peromnes is a system that could allow the two technikons to be clear on the specific skills to be evaluated for the employer, and could also be able to evaluate the objectives to meet the goals set for all employees. CPUT continued to use the peromnes as it was regarded as the best and fairest system to use to ensure satisfaction amongs CPUT employees. This system was identified as the best because it allowed job evaluation where employers can address common issues such as promptness, terdiness, appearance, oversuse of sick time, quality of of service and absenteeism. As CPUT continued to use peromnes in job evulation such perfomannce evaluation it was there where it discovered that most employees' who hold the same job title, and perform the same duties are on different salary scales.

An examination of the salary structures of the Cape Technikon and Peninsula Technikons is important to indicate where the apparent salary disparities originate, and could assist to provide guidelines on how the salary structure at CPUT should be managed in future. Furhermore, this examination might also provide insight and understanding of policies which pertaining to salaries.

The salary structures of the Cape Technikon and Peninsula Technikons had to be harmonised into one system to ensure equity within CPUT. Although the two campuses of the merged institution (Belville and Cape Town) used the Peromnes system, salary grading seemed different. A committee was established to decide, which system would be fair to the majority of employees with complaints. The Peromnes system was used in the new institution, though disparities arose because the former Peninsula Technikon paid its employees more than the former Cape Technikon in some grades. Consequently, harmonisation of salaries had to be realised. The next section discusses various issues relating to salaries at CPUT.

4.3 Salary structure of the Cape Peninsula University of Technology

In the newly-merged institution, the revised salary structure should reflect fairness and equity for all employees. It is also important to examine the existing policy pertaining to salaries specifically. A discussion of the CPUT remuneration (salary) policy and other related policies follow.

4.3.1 Remuneration policy

4.3.1.1 Purpose of the remuneration policy

This policy intends to assist CPUT in terms of recruitment, retention and motivation of consistently high-performing employees. Performance management is seen as an integral part of reward management and both remuneration and performance management are seen as critical business issues, not merely human resource issues. Decisions regarding both remuneration and performance have a direct impact on the achievement of the short- and long-term strategic objectives of the institution, financial sustainability, operational expenditure, institutional culture, and employees' behaviour (Remuneration Policy, 2007:2)

4.3.1.2 Objectives of the policy

The main objectives of the remuneration policy are to ensure a system that rewards the individual for achievement of strategic CPUT objectives and motivates high-level performance. Rewarding exceptional performance by individuals allows CPUT to compete effectively in the labour market. It enables the institution to recruit and retain high-calibre employees, and achieve fairness and equity (Remuneration Policy, 2007:02).

4.3.1.3 Grading and job profiles

According to CPUT's remuneration policy, job levels are determined through a job evaluation system for all positions after considering job profiles (job descriptions) and how the jobs fit into the organisation, the key outputs required and the level of authority. The job evaluation process also assists in determining the job specification for various positions, thereby indicating minimum requirements for positions in terms of qualifications, experience and competencies. (Remuneration Policy, 2007:2). Minimum job requirements are

stipulated for each position in the job profile, which includes job details, output standards, success indicators and enablers such as values, skills and attitudes.

4.3.1.4 Remuneration principles

Equal pay for equal value comparison between jobs in the same category should be made on the basis of comparison of similar jobs or jobs of equal value. The job evaluation process is an important process in this regard and assists in confirming the job profiles and correct levels of jobs in relation to each other. Job level determination should be done in accordance with the agreed job evaluation process (Remuneration Policy, 2007:4).

In respect of remuneration, of CPUT differentiates, a distinction must be drawn between differentiation and discrimination in remuneration. The difference between remuneration of employees who are in the same category should always be equitable (Remuneration Policy, 2007:4). The CPUT remuneration policy was not implemented in isolation. In order to recruit and retain employees, a certain level of market relatedness relevant to the higher education sector should be maintained. The remuneration policy states that the approved remuneration structure of CPUT will be based on a market survey, which is conducted annually by reputable compensation specialists (Remuneration Policy, 2007:6). It is stated that this policy works from the assumption that CPUT's rewards will always be in line with the lead-lag principle that conducts or gives guidelines to how remuneration should be calculated for its employees.

The lead-lag principle affects economics, and describes the situation where one leading variables is correlated with the values of another, for example, economists have found that there is a lead-lag effect between the large capitalization and small capitalization.stock portfolio prices.

Differentiation is the difference in wage rates owing to the location of the company, hours of work, working conditions, type of product or other factors. It can also be the difference in the wages between workers with different skills

who work in different industries or regions. Discrimination is the prejudicial treatment of different categories of people, while discrimination in pay is shown in the payment of wages towards minority groups. The most tends to occur in lower paying positions involves the minority who are not empowered to file a discrimination complaint.

4.3.1.5 Remuneration ranges

The remuneration policy stipulates that ranges shall be developed by using the median of the total cost of employment figures that are taken from external salary surveys. The remuneration ranges are used as a guideline to determine remuneration for part-time employees or temporary employees who are on a contract of less than one year. According to the CPUT remuneration policy, a single remuneration range shall apply. Based on the market premiums which exist for certain categories of employees, separate remuneration ranges may be developed for these areas.

4.3.1.6. Structuring of salaries

Remuneration for employees is based on a total remuneration package, from which the cash portion and benefits are paid. This allows the employees flexibility to determine their take-home pay within certain broad parameters and current tax legislation. The total cost of employment is based on remuneration, plus all other costs such as value of leave, temporary allowance and retirement fund contribution, and is determined in relation to an employees' job and the job evaluation grade within the university (Remuneration Policy, 2007:7).

Remuneration includes basic remuneration, a bonus or 13th cheque, medical aid and health insurance contribution, retirement contribution, travel allowance, company car, computer allowance, entertainment allowance, housing and other arrangements which provide for tax-effective structuring within the constraints of relevant tax legislation (CPUT Remuneration Policy, 2007:7).

Salaries for the full month are paid on the twenty-fifth of each month. Should this date fall on Saturday or Sunday, salaries are paid on the Friday before by electronic transfer into employees' personal bank accounts. When periods of less than one month are involved, the calculation is 1/260 of annual total remuneration for each day that is worked. Deductions are made from remuneration for employees' tax, Unemployment Insurance Fund, loans and other items as applicable from time to time. It is the employees' responsibility to provide the salaries office with their income tax numbers and any personal tax directives which are received from South African Revenue Services (CPUT Remuneration Policy, 2007:4).

4.3.2 General

Where CPUT gives a shorter period of notice than the prescribed period (30 days), the institution must pay the employee for the full notice period, except in the case of summary dismissal. The CPUT may deduct any money which is owed by an employee in respect of statutory prescription, garnishee orders and private deduction, as agreed upon (Remuneration Policy, 2007:08). The policy states that:

“Deduction made in respect of a debt may only be made by written consent of the employee or where the deduction is permitted in terms of a law, collective agreement, a court order or arbitration award. Such deduction may be made to reimburse the University for loss or damage in the following circumstances: the loss or damage occurred in the course of employment and was due to the fault of the employee, a fair procedure is followed and the employee is given the opportunity to show why the deduction should not be made, the total amount of the debt does not exceed the actual amount of loss or damage and the total monthly deduction from the employee's remuneration does not exceed one quarter of the monthly remuneration”(Remuneration Policy, 2007:8).

When employees are paid wrongly, it is the university's responsibility to correct what was done wrongly. In the case of overpayment by the university

owing to an error, a reasonable time is allowed for repayment by an employee, but not in excess of a period of 12 months from the date of erroneous payment (CPUT Remuneration Policy, 2007:8). The next section discusses the job evaluation process as it directly affects salaries.

4.4 Job evaluation policy

4.4.1 Purpose

The job evaluation policy is intended to assist CPUT in determining job grades and job levels, which form an integral part of the remuneration system. The job evaluation process also assists to determine job specifications for the various positions, thereby indicating the minimum requirements for positions in terms of qualifications, experience and competencies.

4.4.2 Objective

The objective of the job evaluation policy is to objectively establish the relative worth of a position within an organisation, based on the complexity, and not the volume, of the job. The relative job worth, as determined by the job evaluation process, forms the basis for benchmarking and the establishment of an equitable internal remuneration structure. The job evaluation policy ensures that job evaluation is done in an equitable manner and in accordance with legislation and institutional requirements.

All jobs grades are determined by the application of a formal job evaluation process. Jobs are evaluated by using an accredited job evaluation system, as approved by the Executive Management. Only properly trained job evaluation facilitators, internally or otherwise, facilitate the job evaluation session. Job evaluation for newly-created positions only take place six months after the position has been filled. Job evaluation for existing positions only takes place when the content of a job has changed significantly, and these significant changes have been clearly articulated and motivated to the Office of the Executive Director, Human Resources and the Executive Management.

No position may be given an official grade unless that job has been formally evaluated and the result approved by Executive Management. Job evaluation should objectively establish the relative worth and level position within the institution based on the complexity of the job. Job grades are used to benchmark remuneration levels and to apply recruitment and reward system in an equitable and fair manner within the institution. The job evaluation system should serve as the primary reference to determine external equity with regard to remuneration levels and conditions of service.

The job evaluation system, which is used by CPUT must adhere to the following criteria:

- Job grades, as measured by the system, must be consistent with institutional objectives and desired culture,
- Job grades, as measured by the system, must be comparable to the relevant market levels,
- Differentiation measures between grades should be clear,
- The system must be objective and consistent in its application.

The Executive Director of Human Resources is the champion of job evaluation within the university. The incumbent of this position must ensure that the appropriate infrastructure and processes are in place to maintain an accurate job evaluation system. The reporting levels provide a guideline for the institution's hierarchical management structure. The reporting levels endorse an institutional structure which supports, facilitates and enhances the institutional strategic objectives and contribute to a participative management style (CPUT, 2005:1).

4.4.3 The Job Evaluation Committee

The CPUT Job Evaluation Committee is tasked with recommending job grades. It is made up of the following:

- Executive Director: Human Resource (executive and strategic position).
- A human resource practitioner,
- Employees' representative from a union,

- An external consultant,
- An Employment Equity Committee representative, and
- Human resources line manager/supervisors.

The committee may co-opt additional expertise, as and when required.

4.4.4 Job titles

Within CPUT, job titles must be descriptive of the position. The job title must not artificially inflate the grade of the job. Executive Management must approve proposed new job titles before implementation. Job titles must be standardised to enable better job matching with the market, and to clarify the career hierarchy. CPUT Job Evaluation Committee may recommend a change of a job title upon completion of grading a job.

Table: 4.1: Reporting level structures at Cape Peninsula University of Technology

Level	Peromnes	Skill category	Broad characteristics
6	11-18	Skilled/Basic	Job is defined, involving limited decisions, could involve occurrences/situations which cannot be foreseen and the incumbent must have some experience in the job before it can be done successfully. Entails deciding on how best to carry out the operations within the process which has been selected, that is regarding sequence, timing etc. Requires applied technical skills such as. Officers and Buyers.
5	8-10	High-level skilled/ Specialist	Through understanding of the theory and system behind the processes used in the job can be done successfully. Should have an understanding of all aspects of a specific discipline, is only required to act within his own skill area where supervision is concerned, for example Librarians, Public Relations Officers, Student Counselors, Junior Lecturer, Technicians.
4	7-8	Middle management/ high-level specialist	Interpret the overall programme and develop plans to make the programme work within that functional area. Involves translating plan into action, making the best use of human resources, money and facilities. Coordinate workers from discipline outside the incumbents own skills area to ensure optimum performance. Decision are based on knowledge of theory and system (for example Specialist, co-ordinators, Engineers, Senior Lecturer, Lecturer, etc).

3	5-6	Senior Management/ Tactical	Responsible for the tactical implementation of strategic decisions within a function. Advisers on and manages resources. Concerned with long-term planning in major institutional functions, for example. HoD, Professor, Associate Professor, Managers, etc
2	4-5	Strategic	Involves decision on long-term programmes, plans or budgets for a major function/group of functions where coordination across major function is a critical activity. It is expected from the incumbent to set objectives for the functional area and allocate resources to meet these objectives, (for example. Deans, Directors).
1	1-3	Executive/ Strategic	Involve making long-term policy decisions within wide limits of discretion. setting, directing and executing organisational objectives and policy. (for example Vice Chancellor, Deputy Vice Chancellor, Executive Directors, Registrar).

4.4.5 Procedure for job evaluation

The job description must be updated and signed off by the immediate supervisor in consultation with the incumbent. Upon concluding the job description, the human resource department, through its representative, should validate the updated job description. Incumbents who wish to have their jobs evaluated should complete a relevant form motivating for and explaining to their supervisors why their jobs should be reviewed. In both instances, if the motivation is supported, it will be forwarded to human resources for consideration via the immediate supervisor. If the motivation is rejected, feedback will be given to the line manager (CPUT,2005:12).

The motivation requesting the grading should indicate:

- how the job has changed;
- why the job has changed;
- who gave authority to change the job; and
- who carried the additional load or responsibility before it was assigned to the incumbent.

If the motivation is accepted, the human resources department will schedule the grading session. The results of the grading should be made known after approval by executive management.

The case for any changes should be presented to the hHuman Resources Department for consideration. The department is required to communicate the implementation decision of any changes to the job grading session to management and also communicate the implementation decision of any changes of the job grading to the supervisor. Further, the Human Resources Department, through the relevant information should capture that onto the system as well as approved changes to the job grading sessions which only take place twice a year

4.5 Employment Equity Policy

4.5.1 Intent

CPUT's vision is to be at the heart of technology education and innovation in Africa. The institution recognises that employment equity is essential to the achievement of this vision. Diversity in the university's staff complement adds immense value to the educational experience of both a diverse student population and to the institution as a whole. To this end, CPUT is committed to the principles of redress and equity in employment.

CPUT believes that its staff members are an immensely valuable asset and that it should be continually seeking ways to attract the best staff as well as develop, retain, reward and support all staff so that they individually and collectively attain national and international recognition for excellence in educational endeavour.

4.5.2 Objective(s)

The policy also provides guidelines for the recruitment and selection of new employees in compliance with the requirements of labour and equity legislation in order to establish a diverse workforce that meets the demographic profile established for CPUT.

4.5.3 Policy provisions

The university's mission is to promote equal opportunity and full development of human potential. The university, therefore, recognises that specific measures are required to achieve equity in the employment of designated groups, namely: Africans, Coloureds, Indians, women and persons with disabilities, and to appoint and promote persons from these sub-groups, in accordance with the university's employment equity plan. However these measures should not be a barrier nor be used to exclude certain groups.

The university undertakes, where possible, to help prepare black people, women and persons with disabilities to become equal competitors for every post on its establishment. The criteria for appointment are academic and professional excellence, and the recommended candidate should be suitably qualified for the appointment in question. All policies, related procedures and practices must be aligned with employment equity legislation, as well as this policy.

Using the university's recruitment policy and procedures as a framework, reasonable efforts are made to appoint suitable internal and external candidates from the designated groups to vacant positions. To make the university's recruitment strategy an effective tool for employment equity, the strategy strives to be proactive and long-term, rather than reactive and short-term. For purposes of succession planning, an attempt must be made to identify the potential of internal and external candidates from the designated groups, with a view to providing appropriate education and skills development opportunities.

In a transformed society, the staff profile of the university should broadly reflect appropriate South African demographics, whilst taking into account regional demographics. The university's employment equity plan must reflect appropriate numerical targets. These numerical targets will be derived from an in-depth analysis of both the constraints and opportunities for redress that will impact on the achievement of the university's employment equity objectives.

The Vice-Chancellor is responsible for ensuring that an employment equity plan has been developed for the institution and that all other imperatives of the Employment Equity Act are met. The responsibility for implementing this policy and achieving the goals of the employment equity plan must be clearly iterated in the plan and be part of the Key Performance Areas of senior managers.

The employment equity plan and its progress (in terms of such plan) must be communicated to all employees and stakeholders. A consultative forum constituted in terms of the Act must be established and must fulfil all prescribed functions, including the holding of regular meetings. The University Council is required to approve the employment equity plan and receive regular reports on its implementation.

4.6 Employment Relations Policy

4.6.1 Intention

This policy intends to recognise the importance of sound employment relations in the workplace. The purpose is to promote an environment that is conducive to human resource development and efficient performance, and to be a centre of excellence in education. According to the Employment Relations Policy, the university is committed to the provision and promotion of conditions in line with current labour legislation, in which its employees may realise their maximum potential in the workplace.

4.6.2 Scope

The Employment Relations Policy applies to all employees at the institution and forms part of the Conditions of Service for all staff. The policy and all policies subsidiary to it should be the only ones which govern employment relations in the institution.

4.6.3 Objective

The main objective of this policy is to ensure that all staff are treated with dignity, fairness and respect at all times; promote an open channel for meaningful communication throughout the institution; establish fair and

consistent practices and procedures; ensure disciplined behaviour among stakeholders; manage conflict in an effective and efficient manner, and promote the values of mutual trust, honesty and freedom with responsibility in the workplace. When all employees are treated in a fair and equal manner, it is rare for any conflict between the employees and employers to occur.

4.6.4 Policy provisions

The institution recognises the right to freedom of association, which entitles all staff members to join a trade union of their choice. It is the right of an employee to join a trade union or employee body of their choice. The institution reserves the right to recognise such bodies that are sufficiently representative of staff for the purpose of collective bargaining. In matters of employment relations, employees are at all times entitled to representation by a union office-bearer or fellow employee of their choice.

Recognition of representative employee bodies should be subject to negotiation of a collective and procedural agreement, which should constitute formal recognition of the representative body/bodies. Collective and procedural agreement should include, but not be limited to, matters such as definition of bargaining units (interest group), consultative meetings, negotiation, procedures in cases of discipline, grievances, dispute between the institution's management and staff, access to facilities and information, and meeting times.

The institution should neither compel an employee to join a representative employee body nor hinder employees from joining such bodies. No staff member should be discriminated against or prejudiced owing to membership or non-membership in a representative employee body. Staff members shall not be victimised for exercising their right in terms of a collective agreement and legislation.

4.7 Importance of communication

The institution undertakes to maintain open channels of communication and personal contact with staff. In addition to the communication generated

through the process of collective bargaining, the institution promotes formal and informal discussion at all levels and matters of concern and interest to employees. Communication is always at the centre of success within an organisation. The responsibility and accountability for correctly and fairly implementing employment relations procedures is vested in line management, with the aim of resolving matters at the lowest possible level and as speedily as possible.

As the research was conducted in salary related policies, the researcher will discuss on the performance procedural matter. The performance of administration employees, as them to be measured against objectives and mutually agreed standards in terms of the established performance management system. Failure to perform satisfactorily will be dealt with in terms of a procedure. In the absence of an agreed performance management system, the performance shall measure against the inherent requirements the job.

The Remuneration Policy should be made available to all existing employees at CPUT and be fully explained during the induction of new employees. The policy has supporting procedures and guidelines such as the Employment Relations Procedures, Grievance Procedure, Disciplinary Procedure, Dispute Resolution and Appeal Procedure.

4.8 SUMMARY

It has been identified that the system that was used as a pay system was the peromnes which determined all staff grades according to employees experience. The peromnes was also identified as a user friendly system of pay for employees' salaries. The policies underpinning the salary structure has also been key discussion in this chapter where we saw how job grading is directed by the policies and how equal pay for equal value comparisons between jobs in the same category should be made on the basis of comparisons of similar jobs of equal value.

Management should have a role that is distinctive from but encompasses the function of the levels below. The institution's structure must determine the maximum number of reporting levels, which includes the Vice Chancellor.

The administrative reporting levels must be aligned to job evaluation system as the peromnes is also based on the job performance. The existing policies with CPUT have showed and emphasised the importance of equity management within salaries, as all must work for equal pay. The South African Government gazettes discuss legislation that each organisation should consider in terms of compliance with the legislation. The next chapter outlines the research methodology where the research design of how data was collected, is described.

CHAPTER FIVE

RESEARCH DESIGN AND METHODOLOGY

5.1 Introduction

Chapter 4 focused on the pre- and post-merger salary structure of CPUT and related human resources policies. In the discussion the pre-merger salary structures of Cape Technikon and Peninsula Technikon, which have a direct bearing on CPUT's salary structure, was highlighted and a number of policies relating to salaries, including the policies on remuneration, job evaluation, employment equity and employment relations were discussed in detail. This chapter focuses on the research design and relevant methods which were employed to conduct the research.

5.2 Research problem

This research sought to investigate the apparent existence of salary disparities amongst human resource administration employees at the Bellville and Cape Town campuses of CPUT after the merger, which had the potential to influence work ethics and productivity, and to cause the resignations of some of the affected employees.

5.3 Research design

According to Welman (1999:46), a research design is the plan that obtains research participants and collects data from them. Research design describes what should be done with the participants with a view to reaching a conclusion about the research problem. O'Sullivan and Russel (1995:21) state that a research design is a plan that guides decisions regarding when and how often to collect data. The term 'research design' also has a general meaning which refers to the presentation of the plan for the study's methodology. The research design should indicate the purpose of the study and demonstrate that the plan is consistent with the study's purpose. Kruger and Welman (1999:46) explain that the research design should specify the following:

- the number of groups that should be used; this should be done in order to decide which statistical techniques to use,

- whether these groups should be drawn randomly from the population involved or whether they should be drawn randomly, and also be assigned randomly to groups; and
- What exactly should be done with them in the case of experimental research.

Babbie and Mouton (2001:55) further suggest and recommend that once a research problem has been identified the next step is to select an appropriate research design and specify it according to the following the kind of study that will be undertaken and the type of study that will answer the questions formulated.

5.4 Objectives of the study

The objectives of the research were to:

- I. Study the policy/policies pertaining to salaries at CPUT from
- II. 2005 to 2007, Study and analyse the salary structures of the CapeTechnikon, Peninsula Technikon and CPUT, .
- III. Establish the significant differences among the salary structures of Cape Technikon and Peninsula Technikon and how these differencesAffected employees in the Human Resources Administration of CPUT,and
- IV. Ascertain the policies or principles used in the salary harmonisationprocess.

5.5 Research questions

The focus of the research was to address the following questions:

- i. What were the main features of CPUT salary policy/policies from 2005 to 2007?
- ii. What were the main features of the salary structures of the Cape Technikon, Peninsula Technikon and CPUT?

- iii. What significant differences in the salary structure existed between the Cape and Peninsula Technikons and how did these differences affect employees in the Human Resources Administration of CPUT?
- iv. What policies or principles were used in the salary harmonisation process?

Babbie and Mouton (2001:57) define a research design as a plan or blueprint of how one intends to conduct the research. A broad classification of the main design types is presented in the sections that follow.

5.6 Research design and methodology

Leedy (1989:378), asserts that research covers a spectrum of meaning. Leedy (1989:378) offers a few guidelines on what research is not and discusses the characteristics of research. Gathering information is not research, but could be called referencing skills. Research is not mere transportation of facts from one source to another, but could be termed fact discovery.

According to Brynard (1997:38), “research methodology clearly indicates the method of data collection either within quantitative or qualitative methodology, as well as techniques for data collection for example, questionnaires”. Research methodology, or collecting data, necessitates a reflection on the planning, structuring and execution of the research in order to comply with the demands of truth, objectivity and validity. Hence, research methodology focuses on the processes of research and the decision, which the research project has to take in order to execute the research project. Babbie and Mouton (1995:23) state that research methodology deals with methods, techniques and procedures that are employed in the process of implementing the research design or research plan, as well as the underlying principles and assumption that underlie their use. This research used a case study design, which is described in the next section.

5.6.1 Research design

5.6.1 Case study

Yin (1984:23) defines a case study as a “research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used”. The author further states that “case study research excels at bringing us to an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research” and that such studies “emphasise detailed contextual analysis of a limited number of events or conditions and their relationships” (Yin, 1984:23).

5.6.2 Research methods

5.6.2.1 Target population

Babbie and Mouton (2001:174) define population as the aggregation of elements from which the sample is actually selected. The research targeted all 26 human resources administrators at the Cape Town and Bellville campuses of CPUT, all of whom held the same job titles and performed the same duties.

5.6.2.2. Sampling

Due to the small size of the target population, no sampling technique was involved. All 26 human resources administrators on both campuses were included of this number, 24 agreed to and participated in the research as this is one of department where disparities existed and made Human Resources employees feel disgruntled..

5.6.2.3 Data collection instruments

An initial informal interview was conducted with the Director of Human Resources Administration, followed by a questionnaire which was administered to employees in the Human Resources Administration. These instruments are described in the sections below.

5.6.2.3.1 Informal interview with Director of Human Resources Administration

Interviews facilitated collection of descriptive data to understand participants' construction of knowledge and reality (Nieuwenhuis, 2007:87). Initially, an informal interview was conducted with the Director of Human Resources Administration to obtain information on the number of employees in the human resources administration, to establish the existence of a policy on salaries, and to identify policies that are relevant to salaries and to understand the salary harmonisation process. Specifically, the Director of the Human Resources Administration shed light on the following issues:

- Existence of a remuneration policy for CPUT,
- Apparent disparities in the salary structure at the Bellville and Cape Town campuses of CPUT,
- Whether the apparent disparities were significant to cause disaffection among human resources administration employees on either campus, and
- Other policies and/or principles underpinning the salary harmonisation process.

5.6.3.5 Questionnaire

A semi-structured questionnaire was designed to obtain data regarding salaries, duties and responsibilities of human resources administrators, excluding those who deal directly with salaries. The questionnaire was sought to elicit data that would assist to address the research questions. It consisted of 18 items. Included in the questionnaire were items that covered biographical and demographic data and items seeking key data. Copies of the questionnaire were distributed to the 26 employees in the human resources administration unit on both the Bellville and Cape Town campuses during office hours, with permission from the human resources manager. Only two of the human resources administrators failed to complete and submit the questionnaire, as shown in Table 6.1 below

Questionnaire below hard copies were handed over to the respondents for 3 days in order to complete them and hand it over again to the researcher. The informal verbal interview with the director of HR Department was conducted through prepared informal questions relevant to obtain relevant information from the respondent.

Table 6.1: Questionnaire distribution and completion

Human resource administrators' salary grade	Number of human resource employees	Questionnaires distributed	Questionnaires returned
Grade 11	6	6	6
Grade 12	6	6	6
Grade 13	12	12	8

It took the respondents 40 minutes to complete the questionnaire and returned within a day. The targeted category of employees responded positively to completing the questionnaire.

5.7 Delimitation of the study

The study focused on only 26 employees of the human resources administration section of CPUT at the Cape Town and Bellville campuses. It was limited in scope because it focused exclusively on human resources administrators who were on salary grades 11 to 13 and who were said to have experienced discrepancies among their salaries. These staff members were seen to be in a good position to provide the required data, since they apparently faced the challenge of inequity.

5.8 Data analysis and interpretation

Data that was collected through the interviews, questionnaires, and focus group discussions were subjected to interpretive analysis. This involved inductively analysing perceptions, attitudes, understanding, knowledge, values, feelings and experiences with a view to identifying significant themes which were inherent in the data (Nieuwenhuis, 2007:99).

According to Babbie and Mouton (2001:108), “ultimately all field work culminates in the analysis and interpretation of some set of data. Experimental recordings, historical and literary texts, qualitative transcripts or discursive data. Analysis involves breaking up data into manageable themes, patterns trends and relationships”. The aim of analysis is to understand the various constitutive elements of one data through an inspection of the relationships between concepts, constructs or variables, and to see whether there are any patterns or trends that can be identified or isolated, or to establish themes in the data. Analysis is always relevant when you are screening, or when you want to determine the similarities of concepts and to see if there are any trends that can be found in the collected data.

With regard to the style and need for analysis, Kvale (1996:177) states that the purpose of analysis is “to uncover the meaning of the question, to make explicit its presupposition and thereby the implicit conception of qualitative research it implies”. As far as the interpretation is concerned, Kvale (1996:129) further points out that interpretation focuses on the tension between what is said and what is not said in the question. According to Leedy (1994:94), “in order to interpret data you must have data in hand, spell out precisely what you want to do with the data to affect the solution of the research problem or sub-problem”.

5.9 SUMMARY

This chapter has described the research design and methodology, focusing on the case study method and how data was collected from a specific category of human resources administration employees. The research problem, objectives and research questions were outlined and the questionnaire was described. Although the study targeted 26 employees from the Human Resource Department, eventually interviews were conducted and questionnaires were administered to a focus group which consisted of 24 human resource administrators who held the same job titles and performed the same duties as means to collect data in order to ascertain whether their attitudes affected their work performance. Chapter 6 provides an analysis of the data that was collected by way of interpretive and inductive technique

CHAPTER SIX

DATA ANALYSIS

6.1 Introduction

Chapter 5 focused on research methodology, and outlined the research design, research problem, objectives and research questions, target population and other methodological issues. As indicated earlier, a questionnaire was administered to 24 human resources administration employees on salary grades 11 to 13, and all 24 responded. Data that was obtained from an initial interview which was conducted with the Director of Human Resources Administration was purely for the purpose of helping to identify key issues in order to focus the research. Hence, it is the subject of analysis here. This chapter analyses data that was collected from the 24 participants who completed the questionnaire.

6.2 Description of the questionnaire

The aim of the questionnaire was to collect data from human resource administrators to facilitate an understanding of their attitudes to work in the light of apparent salary discrepancies that existed among those in grades 11, 12 and 13.

The questionnaire was designed to elicit data that would assist in addressing the research questions. It consisted of 18 items. The following items were included in the questionnaire:

1. Gender,
2. Years of employment,
3. Job title,
4. Duties,
5. Salary grade,
6. Place of Employment,
7. Name of Employer employer,

8. If you were employed before the merger, are you on the same grade or level as your counterpart on the other campus who holds the same job title and who performs similar duties?
9. How significant do you think disparities are between your salary and other colleagues who have the same duties and job title?
10. To what extent is the person you report to aware of the disparities?
11. If you were to know that disparities actually exist between your salary and that of your counterparts, how would you handle the situation?
In what way(s) would the disparities significantly affect the way that you perform your duties?
12. Explain whether salary disparities would be a significant factor in your decision to leave the institution,
13. How do you think the apparent salary disparities will be resolved?
14. To what extent have the salary disparities been resolved in your case satisfaction?
15. To what extent are there are still salary disparities on the two campuses?
16. How well do you understand the CPUT human resources policy/ guidelines pertaining to salaries? And
17. What aspects of the human resource policies are you aware of?

ORIGINAL QUESTIONNAIRE

The questionnaire was designed to elicit data that would assist in addressing the research questions. It consisted of 18 items. Included in the questionnaire were the items on the following:

1. Gender,
2. Years of employment,
3. Job title,
4. Duties,
5. Salary grade,
6. Were you employed before or after the merger?
7. Were you employed by the Cape Technikon or Peninsula Technikon?

8. If you were employed before the merger, are you on the same grade or level as your counterpart on the other campus who holds the same job title and who performs similar duties?
9. Do you think that there are disparities between your salary and other colleagues who have the same duties and job title?
10. If yes, is the person you report to aware of the disparities?
11. If you were to realise that disparities exist between your salary and that of your counterparts, how would you handle the situation?
12. If you replied “yes” to question 8, did these disparities significantly affect the way that you performed your duties?
13. Would a disparity such as this be a significant factor in your decision to leave the institution? Explain.
14. Did you know that after the merger salaries had to be harmonised?
15. Has your salary been harmonised?
16. Do you think that there are still disparities amongst staff salaries on the two campuses? and
17. Do you understand the CPUT HR policy/guidelines pertaining to salaries?
18. What aspects of the policy are you aware of?

6.3 ITEM-BY-ITEM RESPONSE ANALYSIS

This section provides an item-by-item analysis of the questionnaire.

Item 1 asked about respondent’s gender.

Table 6.1: Gender of respondents

Percentage of females	Percentage of males
80%	20%

As shown in Table 6.1, 80% of respondents are females and 20% are males. This means that Human Resources Department, from which the respondents were recruited, had more female employees than males.

Item 2 was aimed at ascertaining how long respondents had been employed at the time that the research was conducted. Being employed for a period of between 1 and 5 years meant that the respondents were employed after the merger, which occurred in 2005, whereas employment for more than five years implies that a respondent had been working for either the Cape Technikon or Peninsula Technikon before the merger.

Table 6.2: Years of employment

Number of years of service	Number of respondents
1-5	8
6-10	8
11-15	4
16/longer	4

As the Table 6.2 above shows, most of the employees (16) had been employed for between 6 and 16 years or longer at the time of the research. This means that they were employed before the merger, which is an indication that many of them could have been affected by apparent salary disparities that were thought to exist in the new institution following the merger.

Item 3 was intended to ascertain respondents' officially designated job titles

Table 6. 3: Respondents' job titles

Human resource officers	Junior recruitment and selection practitioner	Recruitment and selection practitioner	Training coordinator
60%	10%	10%	20%

As Table 6.3 above shows, a majority of respondents (60%) held the title of 'human resource officer'; 10% each were designated as 'junior recruitment and selection practitioners' and 'recruitment and selection practitioners', respectively, while 20% were 'training coordinators'.

Item 4: The reason for asking respondents to describe their duties was to determine the exact nature of the work that was performed by each category

of respondents as a basis for deciding whether the salary disparities among similar title-holders were fair.

Table 6.4: Official titles and duties performed

Human Resource Officers	Recruitment and selection practitioners	Junior recruitment practitioners	Training coordinators
New appointments administration Employee benefit administration Leave administration Dissemination of information HR consultation Filing	Recruitment and selection strategy Administration Advertising Client satisfaction Record keeping Recruitment reports	Recruitment and selection Administration Advertising Record keeping Recruitment reports	Coordination of training at CPUT Promote the development of staff Liaison with external training services providers Ensure proper management training data base

As indicated in Table 6.4, above employees who held the job titles 'human resource officer', 'junior recruitment and selection practitioner' and 'training coordinator' performed the same duties on both campuses. Ninety-nine percent (99.9%) of human resource officers' duties were similar on each campus, as well as the recruitment and selection practitioners. Similarly, duties that were performed by junior recruitment practitioners and training coordinators were identical on both the Cape Town and Bellville campuses.

Item 5 asked respondents to provide their salary grades in order to ascertain whether they had been correctly placed. The results are depicted in Table 6.5 below.

Table 6.5: Respondents' salary grades

Salary grades	11	12	13	14	Other	Not stated
Human resource officers	10%	Nil	20%	NIL	70%	NIL
Recruitment and selection practitioner	40%	Nil	Nil	Nil	50%	10%
Junior recruitment and selection practitioner	10%	20%	10%	NIL	60%	NIL
Training	10%	Nil	NIL	NIL	90%	NIL

coordinators						
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According to the percentages in Table 6.5, 10% of the human resource officers were on grade 11, 20% on grade 13, and 70% on 'other' grades. Among recruitment and selection practitioners, 40% were on grade 11, 50% on 'other' grades; and 10% did not respond. On the part of junior recruitment and selection practitioners, 10% were on grade 11, 20% on grade 12, 10% on grade 13, and 60% on 'other' grades. Thus, most of the respondents were on 'other' grades.

Item 6: Were you employed before or after the merger?

This item was included because it was essential to establish whether respondents had been employed before the merger in 2005 or afterwards.

Table 6.6: When respondents were employed

Job titles	Before	After
Human resource officers	60%	40%
Recruitment and selection practitioners	80%	20%
Junior recruitment and selection practitioners	75%	25%
Training coordinators	70%	30%

Table 6.6 above shows that the majority of respondents in each category were employed before the merger between the Cape Technikon and Peninsula Technikon took place in 2005 to produce CPUT, while 40% were employed after the merger.

Item 7: Were you employed by the Cape Technikon or the Peninsula Technikon?

For respondents who had been employed before the merger, it was important to establish which of the two previous technikons had employed them.

Table 6.7: Where respondents were employed

Employed by	Cape Technikon	Peninsula Technikon
Human resource officers	75%	25%
Recruitment and selection practitioner	60%	40%

Junior recruitment and selection practitioner	55%	45%
Training coordinator	50%	50%

The majority of human resource officers (75%), recruitment and selection practitioners (60%) and junior recruitment and selection practitioners (55%) had been employed by the Cape Technikon, as Table 6.7 depicts. This explains why most of the complaints emanated from this particular campus.

Item 8: If you were employed before the merger, are you on the same grade or level as your counterpart on the other campus who holds the same job title and performs similar duties? This item was central to the research because the cardinal principle of equal work for equal pay was expected to apply.

Table 6.8: Percentage of respondents employed before merger whose salaries were apparently different from those of their counterparts

Job title	Yes	No	Do not Know
Human resource officers		4	Nil
Recruitment and election practitioner		7	Nil
Junior recruitment and selection practitioner		2	Nil
Training coordinator		3	Nil

As shown in Table 6.8, all categories of those who were employed before the merger reported salary disparities between them and their counterparts. The number of respondents who reported disparities was highest among recruitment and selection practitioners, followed by human resource officers, and training coordinators.

Item 9: Do you think that there are disparities between your salary and other Colleagues who have the same duties and job title?

Table 6.9: Percentage of respondents who thought salary disparities existed

Job title	Yes	No	Do not Know
Human resource officers	80%	20%	Nil
Recruitment and selection	70%	20%	10%

practitioners			
Junior recruitment and practitioners	65%	35%	Nil
Training coordinators	80%	10%	10%

Table 6.9 above indicates that all categories of respondents thought that salary disparities existed, the highest being among human resource officers and training coordinators. However, some employees (recruitment and selection practitioners and training coordinators) did not know whether disparities existed.

Item 10: If yes, is the person that you report to aware of the salary disparity?

Table 6.10: Percentage of respondents whose superiors were aware of salary disparities

Category of employees	Yes	No	Do not Know
Human resource officers	90%	10%	Nil
Recruitment and selection practitioners	80%	20%	Nil
Junior recruitment and selection practitioners	70%	30%	Nil
Training coordinators	75%	25%	Nil

Among all the categories that were affected by salary disparities, the majority indicated that their superiors were aware of the salary disparity issue. The human resource group was most affirmative (90%), followed by recruitment and selection practitioners (80%), training coordinators (75%), and junior recruitment and selection practitioners (70%).

Item 11: If you were to realise that disparities exist between your salary and that of your counterpart, how would you handle the situation?

Responses varied as to what respondents would do about salary disparities. One Human Resource officer offered the following reactions: “Address the issue with my supervisor”, “Advise the union on the matter” and “Follow up on my issue requesting a response”. Another indicated that the matter would be taken up with “my HOD and after with the union”. Two recruitment and

selection practitioners would have dealt with this issue in the following ways: “Discuss with the HR director and will take it from there” and “I will take up the matter with the line manager concerned and get clarity why such disparities existed”. There were no responses from junior recruitment and selection practitioners and training coordinators.

Although apparent disparities existed in salaries existed after the merger because the former Cape Technikon and Peninsula Technikon had been operating two different salary systems, affected employees had different strategies for dealing with it. Most thought that resolution of this issue needed the involvement of their superiors and did not raise the issue of resignation as a first reaction.

Item 12: If you replied “yes” to question 8, did these disparities significantly affect the way that you performed your duties?

Table 6.11: Percentage of respondents who felt that salary disparities affected their performance

Job title	Yes	No	No response
Human resource officers		100%	Nil
Recruitment and selection practitioners		100%	Nil
Junior recruitment and selection practitioners		100%	Nil
Training coordinators		100%	Nil

As Table 6.11 above indicates, there was unanimous agreement among human resource officers, recruitment and selection practitioners, junior recruitment and selection practitioners and recruitment and selection practitioners and training coordinators that their work performance was not affected by the salary disparities issue.

Item 13: If disparity exists, would it be a significant factor in your decision to leave the institution? Provide reasons for your answer.

On the whole, responses to this item were poor, possibly because respondents did not wish to express actions that they might have been contemplating. Among human resources officers, there was no response at all. Two recruitment and selection practitioners provided the following responses: The first stated: “It will depend on how much the gap is. It would be one of the reasons why I would leave, but I would not leave without [first] resolving the matter with relevant parties. It is important for staff that are doing the same job to be remunerated on the same level. If this doesn’t happen it creates tension amongst staff for it can make one feel inferior job hence people would leave”. The second was forthright, and stated the following: “Yes, disparities bring about low morale and motivation”. There were no responses from junior recruitment practitioners and training coordinators.

Item 14: Did you know that after the merger, salaries had to be harmonised?

Table 6.12: Percentage of respondents who knew salaries needed to be harmonised

Job title	Yes	No
Human resource officers	25%	75%
Recruitment and selection practitioners	35%	65%
Junior recruitment and selection practitioners	50%	50%
Training coordinators	40%	60%

As Table 6.12 indicates, an overwhelming majority (75%) of human resource officers, 65% of recruitment and selection practitioners, 60% of training coordinators and 50% of junior recruitment and selection practitioners were not aware that salaries would be harmonised after the merger.

Item 15: Has your salary been harmonised?

Table 6.13: Percentage of respondents whose salaries had been harmonised

Job title	Yes	No	Donot know	No response
Human resource officers	60%	30%		10%
Recruitment and	80%	10%		10%

selection practitioners				
Junior recruitment and selection practitioners	50%	40%	10%	Nil
Training coordinators	70%	20%	10%	Nil

A majority of respondents in all categories stated that their salaries had been harmonised (60% among the human resource officers, 80% among the recruitment and selection practitioners, 50% among the junior recruitment and selection practitioners and 70% among the training coordinators), but this had not happened for a smaller percentage of each category, as shown in Table 6.13 above.

Item 16: Do you think that there are still disparities amongst staff salaries on the two campuses?

Table 6.14: Staff responses as to whether salary disparities existed

Job title	Yes	No	Donot know	No response
Human resource officers	40%	20%	30%	10%
Recruitment and selection practitioners	20%	60%	10%	10%
Junior recruitment and selection practitioners	30%	50%	10%	10%
Training coordinators	30%	60%	10%	Nil

As shown in Table 6.14, above a majority of respondents (60%) among the recruitment and selection practitioners and training coordinators and 50% of the junior recruitment and selection practitioners thought that salary disparities no longer existed. However, significant percentages of employees in all categories acknowledged the continued existence of salary disparities. Smaller percentages did not know whether it still existed. Ten percent (10%) of the human resource officers, recruitment and selection practitioners and junior recruitment and selection practitioners did not respond.

Item 17: Do you understand the CPUT HR policy/guidelines pertaining to

salaries?

Table 6.15: Respondents' understanding of CPUT human resource policy on salaries

Job title	Yes	No	Do not know	No response
Human resource Officers	30%	60%		10%
Recruitment and selection practitioner	10%	70%		20%
Junior recruitment and selection practitioner	40%	20%		30%
Training coordinator	10%	50%		40%

Table 6.15 above shows that a high percentage of human resource officers (60%) and recruitment and selection practitioners (70%) said that they did not understand the institution's policy on salaries. Fifty percent (50%) of the training coordinators did not also have a good understanding of the policy. However, 40% of the junior recruitment and selection practitioners claimed to have an understanding of the policy.

Item 18: What aspects of the human resource policy are you aware of?

One human resource officer claimed to have a good understanding of salary scales, increases, grading and peromnes levels of the policy. Among recruitment and selection practitioners, the level of understanding of the policy was more subdued. Responses from the former included: "Not really" and "salary scales", while junior recruitment and selection practitioners did not show any understanding of the policy. One response from training coordinators' category indicated "all remuneration issues that are stated on the policy" were well understood". It can therefor be said that , it that there exist policy only amongst staff within the human resource offiecrs category.

6.4 SUMMARY

A questionnaire was structured to collect data from human resource management administrative staff to facilitate an understanding and to gange attitudes of employees regarding the existence of apparent salary discrepancies among those in grades 11, 12 and 13. The survey was also conducted to see if salary disparities would significantly affect the way that

employee perform their work duties, and to see how these disparities can be resolved. This chapter mainly outlined responses that were captured from the collected data, in order to elicit data that would assist to address the study's research question of the study. A detailed analysis of data that was collected from administering the questionnaire to 26 human resources administration employees on salary grades 11 to 13 was undertaken in this chapter.

CHAPTER SEVEN

DISCUSSION OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

In Chapter 6 analysed collected data by using an 18-item questionnaire, which was administered to 24 respondents who are employed in the human resources administration at CPUT. In terms of gender, 19 of the respondents (80%) who participated in the research are females, while five (20%) are males. A discussion of the findings emanating from the analysis is undertaken in the following sections, with key findings highlighted followed by conclusions and recommendations, which complete the research study.

7.2 MAIN FINDINGS

7.2.1: Years of employment

A majority of respondents (18 or 75%) were employed for between six and sixteen years or longer. Specifically, six (25%) of them were employed for between one and five years while four each (about 33%) were employed between 11 and 15 years, and 16 years or longer, respectively. Significantly, only six of the respondents (25%) were employed after the merger by the merged institution and were unlikely to have been affected by the apparent salary disparities issue.

7.2.2: Job titles

The respondents held different job titles: 'human resources officer' (60%), 'recruitment and selection practitioner' (10%), 'junior recruitment and selection practitioner' (10%), and 'training coordinator' (20%).

7.2.3 Duties performed

A key finding that emerged from the study was that 99.9% of the human resource officers' duties were identical. This was equally true of recruitment

and selection practitioners. Similarly, duties performed by junior recruitment and selection practitioners and training coordinators were identical. This means that irrespective of whether they worked on the Cape Town or Bellville campus, respondents in each category performed identical duties. For example, all human resource officers performed identical duties and had identical responsibilities, such as new appointments administration, handling employees' benefits, leave administration, dissemination of information, human resources consultation and filing. Similarly, the duties that were performed by junior recruitment practitioners and training coordinators were identical. There was an expectation that the principle of equal work for equal pay would be applied, barring any differences in experience and qualifications.

7.2.4 Salary grades

The analysis, found that the human resource officers category, which constituted 60% of the respondents, was also the most affected by the apparent salary disparities: 70% of them were on 'other' grades. Ninety percent (90%) of the training coordinators (20% of the respondents) were also on 'other' grades. Further, most recruitment and selection practitioners and junior recruitment selection practitioners were on 'other' grades too. Consequently, it was not surprising that the salary disparities issue generated much controversy amongst this group of employees.

7.2.5: Pre- or post-merger employment?

Sixteen of the respondents (67%) had been employed before the merger by the two former Cape Technikon and Peninsula Technikons, while eight (8) had been employed after the merger in 2005. This means that the majority of respondents were affected by salary disparities since they were employed by the former Cape Technikon and Peninsula Technikon, which employed different salary scales.

7.2.6: Campus of employment

A majority of human resource officers (75%), recruitment and selection practitioners (60%), junior recruitment and selection practitioners (55%) and 50% of the training coordinators were employed at CPUT'S Cape Town campus. The other 25% of the human resources officers, 40% of the recruitment and selection practitioners, 45% of the junior recruitment practitioners, and 50% of the training coordinators were employed at the Bellville campus. The Bellville campus (formerly the Peninsula Technikon) was widely perceived to be paying better salaries. This explains why a majority of complaints about salaries originated from respondents who are employed at the Cape Town campus.

7.2.7 Respondents affected by salary disparity

All categories of respondents who were employed before the merger reported salary disparities amongst them and their counterparts. The number of complaints was highest among recruitment and selection practitioners (7 or 44%), followed by human resource officers (4 or 25%), training coordinators (3 or about 19%), and junior recruitment and selection practitioners (2 or 12.5%).

7.2.8 Perception that salary disparity existed among different job title holders

It was found that a strong perception of salary disparities existed among the different categories of respondents and their counterparts. This perception was strongest among human resources officers and training coordinators (80%), followed by recruitment and selection practitioners (70%), and junior recruitment and selection practitioners (65%).

7.2.9 Line managers' awareness of salary disparities

All categories of respondents overwhelmingly indicated that their line managers were aware of the apparent salary disparities issue. Ninety percent (90%) of the human resource officers, 80% of the recruitment and selection

practitioners, 70% of the junior recruitment and selection practitioners and 75% of training coordinators indicated that they were aware of the said issue.

7.2.10 Handling salary disparities

Regarding the handling of salary disparities, two main strategies were reported by respondents. Most respondents indicated that they would first approach their line managers or supervisors. Thereafter, the matter would be reported to their trade unions. It is heartening to note that respondents had constructive ways of dealing with the apparent salary disparities issue.

7.2.11 Effect of salary disparities on work performance

All human resource officers, recruitment and selection practitioners, junior recruitment practitioners and training coordinators who had been affected by apparent salary disparities indicated that their work performance had not been affected in any way by the salary issue.

7.2.12 Salary disparities and decision to resign

There were a few responses to this important item. Only one recruitment and selection practitioner provided a comprehensive response, by stating that “it will depend on how much the gap is”, “it would be one of the reasons why I would leave, but I would not leave without resolving the matter with relevant parties”, and “it is important for staff that are doing the same job to be remunerated on the same level [and] if this doesn’t happen it creates tension within [amongst] staff for it can make one feel inferior job hence people would leave”. Another recruitment and selection practitioner stated that “disparities bring about low morale and motivation”. A comprehensive response to this item would have provided insight into respondents’ feelings about the apparent salary disparities. The poor response rate might have been a palpable sign of anger, unhappiness or and dissatisfaction with the situation.

7.2.13 Awareness of harmonisation

A majority of human resource officers (75%), recruitment and selection practitioners (65%) and training coordinators (60%) said that they had not been aware that salaries would be harmonised after the merger. Among junior recruitment and selection practitioners, the percentage was equally split

between those who indicated that they had known and those who claimed that they had not known about harmonisation.

7.2.14 Harmonisation of salaries

Salaries for the majority of respondents had been harmonised. Sixty percent (60%) of human resource officers; 80% of recruitment and selection practitioners; 50% of junior recruitment and selection practitioners; and 70% of training coordinators reported that their salaries had been harmonised. However, 40% of the junior recruitment and selection practitioners and 30% of the human resources officers indicated that their salaries had not yet been harmonised.

7.2.15 Perceptions of the continued existence of salary disparities

Among recruitment and selection practitioners, training coordinators and junior recruitment and selection practitioners, there was a widespread perception that salary disparities still existed.

7.2.16 Respondents' understanding of the CPUT salary policy

The study found that most recruitment and selection practitioners (70%) and human resources officers (60%) did not understand the institution's salary policy, while 50% of the training coordinators and only 20% of junior recruitment and selection practitioners claimed to understand the policy.

7.2.17 Aspects of salary policy familiar to respondents

Most respondents' did not respond to this item. Only one human resource officer claimed to have a good understanding of salary scales, increases, grading and peromnes levels. The overwhelming failure to respond to this item could be an expression of anger, unhappiness or disenchantment

7.3 CONCLUSIONS

Based on the findings of the research highlighted in the preceding section, certain conclusions were drawn and these are outlined below.

7.3.1 Length of employment, titles and duties

Most respondents (75%) had been employed for between six and sixteen years or longer by the former Cape Technikon and Peninsula Technikon and were more likely to experience apparent salary disparities than those who were employed after the merger. Respondents were placed into four different categories of title holders (human resources officers, recruitment and selection practitioners, junior recruitment and selection practitioners, and training coordinators). However, within each category respondents performed identical duties, irrespective of whether they were based at CPUT's Cape Town or Bellville campus.

7.3.2 Salary disparities, pre- or post-merger employment and campus

Apparently, salary disparities existed among human resource officers, recruitment and selection practitioners, junior recruitment and selection practitioners and training coordinators. Most of the apparent disparities were on 'other' grades, and not grades applicable to job levels 11, 12 and 13. Undoubtedly, there was an expectation that the principle of equal work for equal pay would be applicable. Sixty-seven percent (67%) of the respondents were employed before the merger and were, thus, most likely to be affected by the said disparities. Moreover, a majority of the human resource officers (75%), recruitment and selection practitioners (60%) and junior recruitment and selection practitioners (55%) had been employed by the Cape Technikon, which generally paid respondents less to perform duties that were identical to those of their counterparts at the former Peninsula Technikon.

7.3.4 All categories of respondents employed before the merger were affected

Salary disparities affected all categories of respondents. The most affected were recruitment and selection practitioners, followed by human resources officers, training coordinators and junior recruitment and selection practitioners. Consequently, a strong perception existed among the respondents that there were disparities between them and their colleagues who were on the same job grades.

7.3.5 Line managers' awareness, title-holders' strategies and the effect of disparities on work performance

Line managers were aware of the apparent salary disparities among respondents and the latter counted on their line managers' influence to resolve the disparities. This explains why approaching line managers were one of two main strategies respondents considered to dealing with the issue. The other strategy was to approach their respective trade unions. Significantly, there was unanimity among respondents that the apparent salary disparities did not have any effect on their work performance.

7.3.6 Likely effects, awareness of disparities and harmonisation of salaries

No conclusive indication as to whether the apparent salary disparities could have led to resignations emerged from the study, as most respondents did not respond to this item. Further, a majority of respondents were unaware of the harmonisation of salaries, which, in fact, had happened for most of them.

7.3.7 Perceptions of existence of salary disparities, understanding of salaries and familiarity with salary policy

A widespread perception of salary disparities existed among a majority of the respondents, most of whom had a poor understanding of the salient features of the institution's salary policy.

7.4 RECOMMENDATIONS

In human resources management, dissatisfaction with salary constitutes one of the most important reasons for employees' low productivity, poor performance, absenteeism, high turnover, and a desire to leave the organisation.

Where salary inequity exists among employees who are at the same level with identical duties and responsibilities, it is likely to lead to dissatisfaction and may have consequences such as those mentioned in the preceding paragraph. It is evident from the study that salary disparities existed at CPUT after the merger and generated dissatisfaction among the respondents. This makes it imperative for steps to be taken to rectify the situation. Consequently, the research study proposes recommendation in this regard, and these are presented below..

7.4.1 Frequent comprehensive review of salary structure

Equity theory contends that pay satisfaction exists when an employee's job inputs, such as education, experience, effort, seniority and training, and outputs such as pay, promotion and intrinsic rewards, match. Satisfaction with pay is important because, as the research has shown, inequity leads to dissatisfaction and complaints. More often than not, it goes beyond dissatisfaction and complaints to absenteeism, low productivity and high turnover, which are costly. This implies that it is important for the institution to ensure internal equity and fairness between pay categories. In this light, it is recommended that the institution should undertake frequent comprehensive reviews of its salary policy and adjust employees' salary grades accordingly taking into cognisance job titles and accompanying duties and responsibilities. More importantly, the principle of equal pay for work of equal value should be practised.

7.4.2 Openness and transparency in salary grading

A transparent process in salary grading leaves all concerned with a perception that everything is above reproach. While individual salary packages are confidential and should not be disclosed, there is nothing confidential about a

salary grading system. It is important for those operating the institution's salary system to explain how the salary grading system operates to employees during induction and workshops. Salary administration should be about equitable salary relationships, which in an age of participation with progressively greater disclosure of salaries, means getting these relationships internally and externally right for all to see. Thus, salary equity should not only be done, but also seen to be done.

7.4.3 Open and honest communication

Further, open and honest communication is an effective tool to deal with all forms of crisis, including salaries. It is recommended that the institution should adopt a proactive and upfront stance to engage and communicate with employees on issues that have the potential to cause dissatisfaction and its attendant negative consequences.

7.4.4 Education and regular raising of employees' awareness on policies

The high level of a lack of knowledge amongst respondents regarding the institution's salary policy (item 17) and human resources policy (item 18) is disappointing. Although it is deemed to be an employee's responsibility to familiarise him/herself with all the institution's policies, it should be a standard of good practice for the institution to organise faculty- and unit-based workshops, where key personnel from the human resources department can outline salient issues around the institution's policies, and clarify employees' concerns.

7.5 LIMITATIONS OF THE RESEARCH

Initially, it was anticipated that the research would collect rich data that would be triangulatory by using three instruments, namely a questionnaire, interviews and a focus group. For a number of reasons, including unavailability of respondents and financial constraints, interviews, and focus group discussions could not be conducted. Thus, the questionnaire was the main instrument of data collection. It yielded 24 responses from a maximum of 26 possible respondents. Additionally, some respondents did not respond to certain items in the questionnaire. In hindsight, the number of respondents for

the questionnaire could have been increased by including and extending the administration of the questionnaire beyond human resources administration employees to employees from other administrative units within CPUT. This would have resulted in more comprehensive data and, perhaps, compensated for the loss of interviews and focus groups.

7.6 SUGGESTIONS FOR FURTHER RESEARCH

The area of salary inequity is fertile grounds for further research. This research has laid bare the contentious nature of salary grading and its potential to cause disaffection and possible resignation of employees. In future, further research, which uses a large sample of employees drawn from the ranks of both academic and administrative staff, would yield invaluable results.

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APPENDICES

Appendix A: Questionnaire

Cape Peninsula University of Technology Human Resources Administration Staff Questionnaire Cape Town and Bellville campuses

The purpose of this questionnaire is to collect relevant data for my for my master's degree research. Your response is important and valuable for the research, entitled: "An evaluation of the salary structure of the university of technology's human resource department"

Please tick the box where applicable

18. Gender :

	Female
--	--------

	Male
--	------

19. Years of employment at CPUT:

	1-5
--	-----

	6-10
--	------

	11-15
--	-------

	16 or longer
--	--------------

20. Job title:

21. Duties

i.

.....

..

ii.

.....

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iii.

.....

iv.

.....

v.

.....

vi.

.....

vii. Other:

.....

22. Salary grade (you do not need to be specific about the amount)

Grade 11

Grade 12

Grade 13

Grade 14

Other:

23. Were you employed before or after the merger?

Before

After

24. Were you employed by the Cape or Peninsula Technikon?

Cape Technikon

Peninsula Technikon

8	If you were employed before the merger, are you on the same grade or level as your counterpart on the other campus holding the same job title and performing similar duties?	Yes:	No:	Don't know
9	Do you think there are disparities between your salary and other colleagues with the same duties and job title?	Yes: ☐	No: ☐	Don't know

10	If yes, is the person you report to aware of the disparity?	Yes: ☐	No:	Don't know
----	---	-------------------------------	-----	------------

11. If you were to realise that disparities exist between your salary and that of your counterpart, how would you handle the situation?

12. If you replied “yes” to Question 9, did these disparities significantly affect the way you performed your duties?

Yes

No

13. If yes, in what specific ways?

i.

.....

ii.

.....

iii.

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iv.

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v.

.....

vi.

.....

13. If a disparity exists, would it be a significant factor in your decision to leave the institution? Give reasons

i.

.....

...

ii.

.....

.

iii.

.....

iv.

.....

v.

.....

...

vi.

.....

vii. Other:

.....

14	Did you know that after the merger, salaries had to be harmonised?	Yes:	No:	Do not know ☐
15	Has your salary been harmonised?	Yes:	No:	Don't know ☐
16	Do you think there are still disparities within staff salaries on the two campuses?	Yes:	No:	Don't know ☐
17	Do you understand the CPUT HR policy/ guidelines pertaining to salaries?	Yes:	No:	Don't know ☐

19. If yes to Question 17, what aspects?

I take this opportunity to thank you for your time and prompt response, I highly appreciate your effort in completing this questionnaire.