

THE POLITICS OF PAY REFORMS IN GHANA

Joseph R. A. Ayee¹

Institute of Economic Affairs, Ghana

Email: jraayee@gmail.com

Abstract

Public sector pay is a major fiscal policy challenge in most African countries. Accordingly, countries have implemented various approaches to develop a realistic and acceptable pay policy. Ghana is no exception to the trend. Succeeding governments undertook without much progress pay reforms and reviews aimed at improving public service salaries and managing the recurring canker of disparities, inequities and imbalances in the pay administration system. As a contribution to the continued search for cogent reasons to explain the poor implementation of the Single Spine Pay Policy (SSPP), this paper adopts a political economy approach that shows sensitivity to the fact that the implementation of the SSPP is inherently complex and political; it is not just a technical exercise or a public service problem and therefore needs to be linked to the political objectives of the government, the interests of the groups affected, including those of the political elite and unions and associations as well as the prevailing political environment. The paper also discusses some of the policy and institutional framework deficits that have hampered the smooth implementation of the SSPP, which will need urgent attention by the government and other stakeholders, notwithstanding some of the gains made.

Keywords: Ghana; Politics; Pay reforms; Single spine pay policy.

1. Introduction

There seems to be a consensus that pay (salaries, allowances, in-kind and retirement benefits) is a key public service issue because adequate pay is crucial to sustaining motivation, performance and integrity of public servants.¹ Public sector pay is also a major fiscal policy in most African countries. Accordingly, countries have implemented various approaches (such as national incomes policy, salary review commission,

¹ Joseph R. A. Ayee is an Independent Scholar and retired Professor of Political Science and Public Administration; First Emeka Anyaoku Visiting Professor of Commonwealth Studies, University of London. He is widely published and has to his credit, some 12 books and over 180 journal articles and book chapters.

collective bargaining agreement, cost of living allowance adjustments, job evaluation and salary adjustments and crisis driven pay adjustments) to develop a realistic and acceptable pay policy (Valentine, 2013; International Monetary Fund, 2016). Ghana is no exception to the trend. Succeeding governments undertook without much progress pay reforms and reviews aimed at improving public service salaries and managing the recurring canker of disparities, inequities and imbalances in the pay administration system. This is because pay reform, like any other Public Sector Reform (PSR) is, among other things, an intensely political process that will inevitably pose a threat to important local stakeholders.

As a contribution to the continued search for cogent reasons to explain the poor implementation of the Single Spine Pay Policy (SSPP), this paper adopts a political economy approach that shows sensitivity to the fact that the implementation of the SSPP is inherently complex and political; it is not just a technical exercise or a public service problem and therefore needs to be linked to the political objectives of the government, the interests of the groups affected, including those of the political elite and the prevailing political environment. The paper thus contributes and extends the literature on political economy, pay reforms and public policy implementation studies.

The paper proceeds with the methodology which is then followed by a brief literature review, a historical foray into pay reforms in Ghana, the implementation of the single spine pay policy (SSPP) and some of its challenges, the seven factors that have affected the implementation of the SSPP and a conclusion that highlights some of the lessons learnt.

2. Methodology

A combination of field work and desk study was used to collect data. The field work consisted of interviews held between March and June 2016 with twenty (20) key informants, who are officials with relevant national pay organizations, namely, the Ministry of Finance, Ministry of Employment and Labour Relations, Fair Wages and Salaries Commission (FWSC), National Labour Commission, Public Services Commission (PSC), Office of the Civil Service, Office of Controller and Accountant General and Ghana Integrated Financial Management Information System (GIFMIS); the labour associations (Trades Union Congress, University Teachers Association of Ghana (UTAG), Ghana Registered Nurses Association, Ghana Medical Association, Civil and Local Government Service Association of Ghana (CLOGSAG); and private sector (Ghana Employers Association). This was to obtain the views of the different groups and individuals with differing positions on the pay reforms, which would facilitate the political economy analysis.

The desk study includes government documents and publications such as reports of various commissions and consulting firms on pay reforms, (CRC) Report, 2011; White Paper on CRC Report, 2011; Government White Paper on Single Spine Pay Policy, 2009; Government White Paper on Guidelines for the Determination of Market Premium under the Single Spine Pay Policy, 2013; report of COEn Consulting Ltd. engaged in May 2006 to design SSPP; articles and other publications on the SSPP; Parliamentary Debates/Hansard; proceedings of national forum on the SSPP in 2013, 2014 and 2015. The desk study was meant to complement the fieldwork, flesh it out and bring out some of the nuances, intricacies, complexities and other contextual variables at play in the implementation of pay reforms in Ghana and other countries.

3. Pay reforms: a brief state-of-the-art

The literature shows that successful reform stories do not abound as they are largely disappointing (McCourt, 2013). In addition, experiences from some African countries on pay reforms have shown that in most instances, the techniques have failed where they have been assumed to be an end in themselves (Schacter, 2000; Kiragu and Mukandala, 2005, among others). Schacter (2000), for instance, criticized the technocratic approach often undertaken by development agencies in public sector reform (PSR) (and which has undoubtedly been the approach taken in respect of pay reform in Ghana). In his words:

The technocratic approach overlooked the fact that PSR, though it has important technical aspects, is a social and political phenomenon driven by human behavior and local circumstances. It is a long and difficult process that requires public servants to change, fundamentally, the way they regard their jobs, their mission and their interaction with citizens (Schacter 2000: 7).

The study of Kiragu et. al. (2004) examines the tactics, techniques, sequencing and politics of pay policy in eight African countries (Benin, Botswana, Burkina Faso, Ghana, Tanzania, Senegal, Uganda and Zambia) concludes that public service pay is a very complex and extremely political issue.

The relationship between pay and levels of corruption has also engaged the attention of some scholars even though the findings have been inconclusive. A burgeoning literature suggests that raising the salaries of government officials could reduce their propensity to solicit and accept bribes. At the aggregate country level, Van Rijckeghem and Weder (2001) show that countries with higher civil service wages have lower levels of corruption. Recent work on political corruption by Gagliarducci and Nannicini (2013) and Ferraz and Finan (2009) suggests that higher salaries for politicians reduce their levels of corruption. A growing number of laboratory and field experiments have also shown that raising wages or payments to subjects reduces corrupt behavior (Armantier and Boly, 2011 and Van Veldhuizen, 2013 among others). These findings have, however,

been disputed by Foltz and Opoku-Agyemang (2015). According to them, the doubling of salaries of police officers in 2010 in Ghana as part of the SSPP did not mitigate petty corruption on the roads if compared to police officers in other countries in the West African sub-region which did not enjoy pay increase within the same period.

There has also been a flurry of published and unpublished papers as well as government publications on pay reforms in Ghana. Some of the published studies include Baah (2007); Ankomah (2010); Seniwoliba (2014); Brako and Asah-Asante (2014). Some of the unpublished works include CoEn Consulting (2008a); CoEn Consulting (2008b); Cooper-Enchia (2008); Mahama (2013); GET Brief (2009); World Bank (2015).

Some of the government publications include Republic of Ghana (2009; 2011; 2012; 2013); Communique on First and Second National Forum on Single Spine Pay Policy (SSPP) by Government, Employers, Organized Labour, Civil Society and Other Stakeholders in 2013 and 2015 held at Ho and Takoradi respectively. Some of the studies emphasize the complexity, political and administrative difficulties encountered in implementing the SSPP in Ghana (Seniwoliba 2014; World Bank 2015; Worthington 2009). Others examine the history of pay reforms in Ghana and the policy and institutional framework of the SSPP (GET 2009a; b; c; d; Republic of 2009) and the conditions that will facilitate the effective implementation of the SSPP, their financial implications and the differences between the Ghanaian SSPP and similar SSPP implemented elsewhere (Cavalcanti 2009; Ankomah 2013; Brako and Asah-Asante 2014; Oppong et.al 2015).

This brief review of the literature reinforces the point that pay reform is not only political but also complex because of the involvement of several stakeholders with differing interests as well as other factors involved. This paper aims at contributing to the extant literature on pay reforms to ensure a better understanding of why and how pay reforms either succeed or fail.

4. Pay reforms in Ghana: a historical overview

Pay reforms and reviews have dominated the political and administrative history and reform in Ghana in the colonial and post-colonial periods. This is evidenced by the various committees and commissions appointed to look at the issue of pay and compensation in general. Between 1927 and 1999 - period of seventy-two years - successive governments resorted to the setting up of, at least, twelve salary review bodies as a means of resolving problems of pay disparities, distortions and inequities (Republic of Ghana, 2009). In spite of these pay reforms and reviews, distortions, inequities and low incomes continue to persist within the public services because succeeding governments were not able to promote equity and remove the distortions. Instead of implementing a comprehensive approach to address the problems, governments rather adopted short-lived expediency

measures. Consequently, the results of the commissions/committees had largely been *ad hoc* and short lived (Republic of Ghana, 2009). Moreover, the recommendations that the committees and commissions made on the existing pay system were never implemented by the governments. For instance, even though the National Democratic Congress (NDC) government accepted the recommendations of the Gyampoh Commission in 1992 to consolidate allowances into basic salary it failed to implement them (Kiragu *et al*, 2004). These challenges underscore the fact that political will is key in ensuring the successful implementation of reforms and buttress what Polidano (2001) and Caiden and Sundaram (2004) indicate account for why reforms in government fail.

It is instructive to note that pay reforms and reviews have become more pronounced in the post-Nkrumah period, that is, from 1966 onwards for three main reasons. First is the continued distortions, disparities and inequities leading to labour agitations and prolonged industrial action. Second is that the civil service whose salary structure and other conditions of service used to be competitive was decimated by the creation of executive agencies such as the Ghana Education Service (GES), Internal Revenue Service (IRS) and the Customs, Excise and Preventive Service (CEPS) with their own conditions of service, which had eroded the hitherto competitiveness of the salary structure of the civil service. Consequently, a component of the Economic Recovery Programme (ERP) and Structural Adjustment Programme (SAP) from 1984 was pay compression which entailed stretching relativities and bridging the gap because “at the time messengers were earning more than principal secretaries, who were the administrative heads of government ministries.”² Third is the proliferation of labour unions and associations, particularly after 1982 when Jerry Rawlings’ Provisional National Defence Council (PNDC) came to power amounting to over 30 (apart from the 17 unions which formed the Trades Union Congress (TUC)) to negotiate individual sector pay reforms.

The civil service in the post-independence era was held in high esteem for the positive roles it played in the national development/modernization process. Professionalism, productivity, integrity, loyalty and dedication were the hallmarks of the service. Its salaries and other conditions of service became the benchmark or standard for fixing the salaries and other conditions of service by other institutions like the universities and foreign missions.³ These qualities over a period began to decline much to the dismay of both government and practitioners. Politicization, inadequate allocation of resources, low productivity, overstaffing and low remuneration are some of the reasons for the downward trend. This decline led to the creation of executive agencies such as the Ghana Education Service (GES), Internal Revenue Service (IRS) and the Customs, Excise and Preventive Service (CEPS) - which used to be departments of the civil service in 1986, each created their own unique salary and grading structures as well as other conditions of service.⁴

The Office of the Head of Civil Service was responsible for inputs into wage setting, administering pay, grading and classification, performance appraisals, promotions, etc. for all public sector institutions until they were separated. This function was critical to the coherence of compensation management in the public sector. With separate services, such as the GES, Ghana Health Service (GHS), Ghana Revenue Authority (GRA), etc., this no longer existed. Many public sector employees did not understand the basis for the pay differentials from one institution or service to another and the existence of public sector unions made the situation more complex. Effective pay administration provides the standards and consistency which ensures that compensation is fairly and transparently implemented across the public sector. However, with the creation of the services outside the civil service there was no longer a pay administration framework with the mandated responsibility and authority to implement pay reforms (Cooper-Enchia,2008).

It was to forestall the lack of a pay administration framework and the inadequacies in the previous Commissions' proposals and remove distortions, disparities and inequities that the 22-Level Ghana Universal Salary Structure (GUSS) designed by the PriceWaterhouseCoopers was introduced in 1999. The introduction of GUSS necessitated a nationwide job evaluation exercise which was undertaken to develop new grading structures and an improved salary structure. It was expected that all public service workers would be placed on the GUSS and public service pay levels would be enhanced. However, according to the Government White Paper (Republic of Ghana, 2009: 1), the objective of universality underpinning the GUSS could not be realized, particularly since sections of the Public Services especially the Ghana Health Service were allowed to opt out without any sanctions being applied. Furthermore, the GUSS failed because the Central Management Board and the Appellate Body that were to manage its implementation were not backed by any legal instrument and were also not adequately resourced with the specific aim of resolving the deepening inequities in pay within and across the public sector (Republic of Ghana, 2009). The institutions which did not transfer to the GUSS had higher wages and thereby were incentivized not to adhere to it. Furthermore, they were not sanctioned because of legal backing and financial resources challenges.

Before the introduction of the Single Spine Salary Structure (SSSS) there were close to 90 bargaining centres within the public sector⁵. According to the current president, John Mahama, prior to introduction of the SSPP public employees covered under Article 190 of the 1992 constitution had been operating over 100 different salary structures⁶. These bargaining units operated without recourse to each other since the coordinating unit was weak and lacked legislative backing. The direct result of these uncoordinated negotiations was the wide pay inequities that characterized the public sector. And more importantly, government had very little control over the negotiations and hence the public sector reward system. To this end, the SSSS has brought some sanity in the administration of public sector pay. It has also enabled government to re-establish control over its pay policy including even now knowing the actual numbers of people it employs or more appropriately it pays.

5. The Single Spine Pay Policy (SSPP)

The Single Spine Pay Policy (SSPP) consists of a series of incremental pay points in which progression is based on service (Armstrong & Brown, 2001; Armstrong & Murlis, 2005; Armstrong, 2009). The SSPP is noted to be easy to manage but there is no or little scope for linking pay to performance; thus, it is considered appropriate in situations where it is understood that differential levels of performance cannot be measured fairly and consistently as well as the cost associated with staff drifting up the spine (Armstrong & Brown, 2001; Armstrong & Murlis, 2005; Armstrong, 2009).

The SSPP was designed by CoEn Consulting Ghana Ltd. in 2006 and was introduced as part of the public sector reforms under the New Patriotic Party (NPP) government of John Kufuor before it left office on January 7, 2009. It was an attempt to establish and administer compensation for public service workers with comparable qualifications and experiences taking into account the different tasks they perform given the failure of the GUSS (Ghana Business & Finance, 2011). The government acknowledged the fact that the State as a major-employer of labour was not paying realistic wages to its employees. The President in a statement noted that “Ghanaian workers pretend to be working while employers also pretend to be paying them.”⁷ In addition, the SSPP was designed to fulfill the principle of “equal pay for equal work” enshrined in Article 24(1) of the 1992 Constitution of Ghana as well as address and eventually remove the remaining distortions and inequities in the public service remuneration (Republic of Ghana, 2009).

The SSPP was implemented by the National Democratic Congress (NDC) government of John Atta Mills in 2010. The rationale was to resolve the following four important issues in public sector pay management:

- Pay disparities that have emerged within the public service;
- Rising cost of the public sector wage bill;
- Large number of public sector pay negotiations; and
- Linkage of pay to productivity (Republic of Ghana, 2009: 3).

The specific objectives of the SSPP are:

- Place all public sector employees on one vertical structure;
- Ensure that jobs within the same job value range are paid within the same pay range;
- Allow Government the ability to manage the wage bill more efficiently;
- Ensure compliance and ease of monitoring the pay structures of self-accounting institutions; and
- Minimize industrial relations tensions related to low pay and distortions across the public service (Republic of Ghana, 2009).

In short, the SSPP is to address the *ad hoc* measures adopted by the succeeding governments to deal with workers' agitation for increases in wages and salaries. Such *ad hoc* measures and the situation where different agencies determined their own pay suggested that the government was not in control of the administration of public sector, which is described as very poor.⁸

The SSPP covers all public service institutions listed in Article 190 of the 1992 Constitution of the Republic of Ghana and which subsist on the Consolidated Fund. Excluded, however, is the Ghana Armed Forces (GAF). This exclusion stems from the 1992 Constitution. According to Section 214 (2 & 3), the Armed Forces Council may, with the "prior approval of the President, by constitutional instrument, make regulations for the performance of its functions under this Constitution or any other law, and for the effective and efficient administration of the Ghana Armed Forces." Regulations made shall include those in respect of "the conditions of service including those relating to the enrolment, salaries, pensions, gratuities and other allowances of officers and men of each service and deductions from them".

In addition, Article 71 office holders under the 1992 Constitution are also excluded by the SSPP (see Box 1). Their salaries and allowances are a charge on the Consolidated Fund. In addition, the President is enjoined to appoint a Presidential Committee on Emoluments of not more than five persons appointed by the President, acting in accordance with the advice of the Council of State to determine the salaries and allowances of these officials. However, the salaries and allowances of the President, Vice President, the chairman and the other members of the Council of State, Ministers of State and Deputies shall be determined by Parliament on the recommendation of the Presidential Committee on Emoluments. It is estimated that the size of Article 71 office holders and those other categories of staff who will retire on their salaries is between 12-15 per cent of workers on the pension pay roll and they are in the privileged or elite class.⁹

Box 1: Public Officials under Article 71 of the 1992 Constitution Not Covered by the SSPP

The President, the Vice President, the Chairman and Members of the Council of State, the Speaker and Deputy Speakers of Parliament, Members of the Parliament, Ministers of State and their Deputies, the Chief Justice and other Justices of the Superior Court of Judicature, the Chairman and Deputy Chairmen of the Electoral Commission, Auditor General, Commissioner for Human Rights and Administrative Justice and his deputies, District Assemblies Common Fund Administrator, the Chairman, Vice-Chairman and the other members of the National Council for Tertiary Education, Public Services Commission, National Media Commission, Lands Commission and National Commission for Civic Education.

Sources: Republic of Ghana (1992; 2009). To deal with one of the problems which hampered the implementation of the predecessor GUSS of some public service institutions opting out of the Scheme, the White Paper stipulates that other public service institutions cannot opt out of the SSPP.

The implementation of the SSPP was designed to occur in five phases over five years (2010-2014). It strategically involves:

- Formulating of complementary policies and strategies to guide SSPP implementation;
- Designing the Single Spine Pay Policy (SSPP) and determining the Base Pay and Pay Point Relativity through negotiations;
- Migrating Public Service Workers onto the SS PP;
- Harmonizing and Rationalizing Category 2 and 3 Allowances;
- Conducting periodic labour market surveys for the determination of the critical skills in short supply in the public service by Government;
- Determining Market Premium and Inducements to attract and retain critical skills in the Public Service;
- Monetization of Category 4 Allowances;
- Linking pay to Work and Productivity (Republic of Ghana, 2009)

The first four tasks have been completed while the remaining are in various stages of progress.¹⁰ As at August 2016, 139 organizations constituting 99% of public sector institutions with an employee strength of 480,436 have migrated onto the SSPP.

Since the introduction of the SSPP, between 2010 and 2014 the base pay increased (nominally) by 71% (GHS 1108.08 in 2010 to GHS1898.55 in 2014), but in real terms the base pay increased by only 12% (using average CPI for 2010 to 2014 as basis for analysis). There were real gains between 2010 and 2012 (19%). The real gains are declining since 2012 (a decline of about 6% between 2012 and 2014) (see Tables 1a; 1b) (Baah, 2015). The decline seems sharper in 2015 because of inflation and depreciation of the Ghanaian Cedi.

Table 1a: Single Spine Salaries, 2010-2014

Year	Base Pay (GHS) GHS3.4/USD	Increase (%)	CPI Average	Real Wages Index
2010	1108.08 (USD 33)		336.5	3.29
2011	1329.7 (USD 39)	20	365.8	3.63
2012	1569.04 (USD 46)	18	399.3	3.92
2013	1725.95 (USD 51)	10	445.9	3.87
2014	1895.55 (USD 58)	10	515.0	3.68

Source: Baah (2015)

Table 1b Single Spine Salaries, 2015

Type of Pay	GHS Annual GHS3.4/USD	GHS Monthly GHS3.4/USD	USD Monthly at GHS3.4/USD
Minimum Pay	2269.83 (USD 68)	189	55.58
Maximum Pay	47,180 (USD 1388)	3,932	1156

Source: Baah (2015)

6. The distorting factors of the implementation of the SSPP

Seven main factors have contributed to distortions in the implementation of the SSPP. First is that pay in itself is a divisible benefit which lends itself to manipulation and patronage. Accordingly, in a highly patronage country like Ghana, pay has become a form of patronage, which the government was prepared to use either for its survival or satisfy unions and associations depending on how important they are or hard they had negotiated. In Ghana, pay reforms involved the government as the single employer across the public sector, the unions and employees' associations have a major influence in this area. This in itself is a political arrangement with the pursuit of interests by both the government and the labour unions and associations. It is also a "complexity of joint action" (Pressman and Wildavsky, 1984), under which actors pursue their diverse interests and play political games through maneuvering, bargaining, negotiations, demands and other forms of political action. These have turned out to be either a zero-sum game or win-win situations depending on the interests and demands of the actors as evidenced from what the unions got in their negotiations and the frequency of threats of strikes and strikes in the country. The implementation of the SSPP raised high expectations of workers ("workers will be smiling to the bank"), which were created by politicians and political activists without they allowing the Fair Wages and Salaries Commission (FWSC) to do its work effectively of putting in place the "software" and "hardware" issues, which are necessary for the effective implementation of the policy.¹¹

Second, Ghana is a relatively democratic country and therefore has more organized public sector workers who are active through agitation, strikes and lobbying. The democratic gains made since the return to constitutional rule in 1993 are very significant, both in formal institutional terms and in terms of the substantive improvements in democratic practice. The process of constitutional and legal renewal has proved far more liberal than one would have predicted. Ghana's political transition from authoritarian rule to democracy has resulted in the broader consolidation and institutionalization of political voice, and the greater incorporation of a broader set of stakeholders, ranging from political parties and different branches of government, to organized civil society and the media, in decision-making processes. One of the most significant changes in the

Ghanaian political system as a result of the opening up of political space has been a shift away from autocratic and technocratic policy design and enforcement, towards an ethos and practice of consultation and consensus.

The return to constitutional rule in 1993 has created space and voice for civil society. Ghana is therefore a democratic state with a strong trade union movement and fairly effective employment relations with the promulgation of the National Labour Act, Act 651 of 2003. The 28 organized labour unions/associations, which are part of the Public Services Joint Standing Negotiating Committee (PSJSNC), show that Ghana has a vibrant organized labour front, unlike, for instance, Ethiopia, where there are no public sector unions apart from an association of teachers, and political control is tight. The unions and associations in Ghana are active (much agitation, strikes and lobbying) because of the relative freedom and political liberalism of Ghana - an important factor that increases agitation for higher public sector wages.

The politics of equalization, comparison, competition and rivalry among the unions constitutes another distortion. This involves the bandwagon effect of one association or union being given benefits including salaries and allowances. This automatically triggers off agitations and strikes by other associations or unions to also enjoy the same or some other benefits granted to the beneficiary unions and associations. This has led to politics in pay negotiations characterized by little or no frankness with partisan ideas that had ultimately not eliminated agitations in the pay policy. For instance, the Ghana Medical Association (GMA) in their strike in August 2015 demanded to be flown abroad for medical treatment as done for politicians when the requisite health services or facilities are not available in Ghana instead of fighting for such services and facilities to be made available in Ghana through budget allocation and without considering affordability.¹² Another example of the bandwagon effect is that while the workers in the Ghana Police Service (which were the first to migrate to the SSPP) were very happy with the SSPP because their salaries increased drastically which was not so before, others were not very satisfied with the SSPP mainly because it lacked equity, transparency and fairness. For example, health workers had complained about lack of transparency in the SSPP and the Ghana Prisons Service had also come out strongly against the SSPP because they thought it lacked equity.¹³

The size and sensitive nature of the work performed by the associations also determine their effects on the political, economic and social context. For instance, a strike by associations in the education and health sectors usually hit hard and the government was most often than not forced to resolve the impasse within reasonable time. However, a strike by the Judicial Service Staff Association of Ghana (JUSSAG) even though crippling was not regarded as more devastating than that of those in the health and education sectors because of a combination of size and the sensitive nature of their mandates. Given the incentive of unions and associations for improved salaries

and conditions of service in Ghana, which has led to a plethora of strikes, it may be difficult for them to support any move to a reduced wage bill per se which will lead to a freeze in employment and wage negotiations and increase. For instance, the unions and associations had already pointed out that the excessive wage bill was not the outcome of the SSPP per se but its poor implementation by government. The unions and associations would rather be interested in supporting in principle the building of a reform coalition to eliminate ghost workers, as ghost workers do not pay union dues which is an automatic deduction from their salaries.¹⁴

Third is the small majority that the current National Democratic Congress (NDC) party has, and over time, that recent elections have been tight races between the NDC and the New Patriotic Party (NPP). For instance, in the 2008 and 2012 presidential elections, the NDC candidates had 50.23% and 49.77% while the NPP candidate received 49.77% and 47.74% respectively (Aye, 2016). Since the return to constitutional rule in 1993, power has alternated between the two main political parties, namely, the National Democratic Congress (NDC) and New Patriotic Party (NPP) in 2001 and 2008. Out of six elections, the NDC won four while the NPP won two. The elections of 2000 and 2008 were decided by run-off. The closeness of election results means a deliberate policy on the part of the ruling government to easily concede to agitations and demands of labour unions and associations for increased salaries for future votes and not to buy loyalty of particular ethnic groups or regions, which does not apply to the labour front. As a result, the enforcement of labour regulations as contained in the National Labour Act, Act 651 of 2003 such as following the procedure for grievance-redressing before resorting to industrial action, performance management for workers and non-payment of salaries for illegal strikes has been weak, to say the least.

Fourth, there are some constitutional and legal inconsistencies in the pay setting arrangements, which bother on conflict of interest and impropriety. For instance, the President appoints an *ad hoc* committee to determine the salaries of Article 71 officers including Members of Parliament (MPs) while in “reverse order” Parliament is empowered to determine the allowances of the President, Vice-President, Council of State, ministers and their deputies. This arrangement has the potential of undermining independence of thought and action as well as ability to be objective and impartial. Thus the inherent defects in the 1992 Constitution have created a class of workers that were detected by the political and socio-economic context within which they were formulated. In fact, the emoluments paid to Article 71 office holders are problematic as the Constitution has created a category of public officers who are more equal than others.¹⁵

Fifth, the policy framework for pay determination has contributed to distorting an objective and rational salary and wage determination in the public sector. The extent, scope or coverage of the SSPP is in itself a distorting factor that have divided public sector workers into two, those which are covered and those which are not covered. The

same applies to remuneration for Article 71 public officers, which also excludes the categories of workers on the SSPP. The determination of the salaries and allowances of Article 71 public office holders has been the subject of controversy. The lumping together of political appointees such as the President, Vice-President, ministers, their deputies and MPs who are on contract or fixed terms and career officials with security of tenure such as justices of the Superior Court of Judicature is a constitutional defect. In fact, the Justices of the Superior Court of Judicature (High Court, Appeal Court and Supreme Court) retire on the salaries as they are not supposed to work after retirement and also it is meant to insulate them from being corrupt. As one informant pointed out, the “Consultative Assembly which drafted the 1992 Constitution had a composition of lawyers, so the lawyers took care of themselves.”¹⁶ This prominent role played by the legal profession has been underscored by Nana Akufo-Addo:

The constitution that we have is in itself a document that is heavily influenced by the thinking of the lawyers that have gone before ...so that is the heritage that you have and it is the heritage that should allow you to stand on your feet and fight for that even greater Ghana that is ahead of us.¹⁷

Accordingly, the SSPP and the remuneration for Article 71 office holders have created cleavages (inclusion and exclusion and therefore discriminatory to the groups excluded)¹⁸ in public sector pay framework and management. In the words of the immediate past Secretary General of the TUC:

The large proportion of the public sector wage bill has been appropriated to the benefit of the few politicians classified under Article 71 of the Constitution. These privileged few are not part of the Single Spine. But we are all aware of the gargantuan salaries they awarded themselves including their ex-gratia. All this have fed into the wage bill. The single spine therefore cannot be the sole reason for the rising wage bill. We have, on countless occasions requested government to disaggregate the public sector pay envelop for informed analysis of who takes what as we defined a clearer way forward. We urge government to respond to that call in the interest of transparency and accountability.¹⁹

This comment about Section 71 office-holders (the political and administrative elite) whose remuneration is secret, and yet it is believed to be huge, has reinforced the belief that the elite are lining their own pockets at the expense of the state, while the TUC and the other associations have understandably campaigned for ever greater rewards for their own members which has resulted in the spate of agitations and labour unrests²⁰.

Sixth, there are 17 institutions/bodies either directly or indirectly involved in pay setting arrangements in Ghana (see Box 2). Five of them are key institutions, which have been acknowledged by Section 29 of the Fair Wages and Salaries Commission (FWSC) Act, 2007 (Act 737). It stipulates that even though all the other arrangements for determining Salaries and Conditions of Service in the Public Services shall cease to exist with the setting up of the FWSC ... “institutions such as the Office of the President, the Ministry

of Finance and Economic Planning (MOFEP),²¹ the Public Services Commission (PSC) and the Ministry of Employment and Social Welfare (MESW) that have been involved in reviewing salaries and allowances of Public Service institutions over the years should support and cooperate with the Fair Wages and Salaries Commission in the delivery of its mandate” (Republic of Ghana, 2007: 10).

The number of bodies implementing pay reforms seems high compared to those in the past and in some other sub-Saharan countries such as Kenya, Tanzania and South Africa. The relatively large number of institutions is itself a testament to the sensitive and political nature of pay reforms in Ghana. The bodies which may also be regarded as actors are diverse with differing interests and perspectives. It has been said that the chances of implementing a public policy or programme such as the SSPP with numerous actors with differing perspectives and interests are sharply reduced. This is what Pressman and Wildavsky (1984) referred to as the “complexity of joint action.” This institutional framework coupled with the labour unions and associations constitute a complex group of actors with different interests and perspectives.

Box 2: Pay Setting Institutions in Ghana

- (i) The Office of the President (OOP)
- (ii) The Ministry of Finance (MOF)
- (iii) The Ministry of Employment and Labour Relations (MELR)
- (iv) Public Services Commission (PSC)
- (v) Fair Wages and Salaries Commission (FWSC)
- (vi) Public Sector Reform Secretariat (PSRS)
- (vii) Office of the Head of the Civil Service (OHCS)
- (viii) Controller and Accountant General’s Department (CAGD)
- (ix) National Labour Commission (NLC)
- (x) Ghana Statistical Service (GSS)
- (xi) Management Development Productivity Institute (MDPI)
- (xii) Compensation Committee (CC)
- (xiii) Technical Committee (TC)
- (xiv) The Public Services Joint Standing Negotiating Committee (PSJSNC)
- (xv) The National Tripartite Committee (NTC)
- (xvi) Presidential Committee on Emolument for Article 71 Office Holders
- (xvii) Parliament

Finally, some institutions, which are supposed to be part of the SSPP have not migrated onto the SSPP. They are the FWSC, Audit Service, Parliamentary Service, Judicial Service, Ghana Revenue Authority (GRA) and Bureau of National Investigations (BNI). In the case of the FWSC, it was not in existence at the time of the job evaluation surveys and processes for the SSPP conducted in 2006 as it was established in 2007. Additionally, the FWSC as a referee does not want to be a player at the same time and be involved in the grading and placement of its staff on the SSPP. Consequently, the FWSC had written to the Presidency suggesting that the Public Services Commission, the Office of the Head of the Civil Service or the Management Development and Productivity Institute (MDPI) take on the duty of grading and placing the FWSC staff on the SSSS.²²

With regards to the Audit Service²³, Judicial Service and Parliamentary Service, the challenge faced is that the setting of their salaries and conditions of service is dictated by the 1992 Constitution. For instance, according to Section 187 (14) of the 1992 Constitution “the administrative expenses of the office of Auditor-General including all salaries, allowances, gratuities and pensions payable to or in respect of persons serving in the Audit Service shall be a charge on the Consolidated Fund.” In the case of the GRA, its Act, the Ghana Revenue Authority Act, Act 791 of 2009 stipulates that the GRA shall retain not more than 3 percent of the net annual revenue collected. Accordingly, migrating the GRA to the SSPP will be inconsistent with its creative Act and would also have disadvantaged its workers as a revenue generating organization.²⁴ The BNI, which was created by the Security and Intelligence Agencies Act, Act 526 of 1996 is to deal with organized and financial crime and provide intelligence to counter threats to Ghana’s national security. It presented an undisclosed comprehensive proposal to Parliament for codified conditions of service in January 2016. It has not been migrated onto the SSPP because of the nature of its operations and composition of civilian personnel whose role is to establish close surveillance.²⁵

These constitutional and legal stipulations contradict the provision in Section 32 of the FWSC Act 737, which repealed all prior arrangements relating to the setting of salaries and conditions of service by other institutions, and Section 29 which makes the FWSC solely responsible for all issues in relation to public sector pay administration. Accordingly, these institutions have no business for not migrating onto SSPP except that their legal instruments have not been aligned to the SSPP. The standardization and harmonization of the constitutional and legal provisions regarding the organizations with that of the FWSC Act are therefore imperative to expand the coverage of the SSPP.

There are also 37 state companies and corporations, which are under the State Enterprises Commission (SEC)²⁶, which have not been migrated to the SSSS largely because of their instruments of incorporation and ability to generate internal funds and thereby make profit. They are in the field of agriculture, energy, trade and industry, transport, media and arts, engineering services, water and housing. These institutions

cannot migrate because their salaries and allowances are way above the SSSS and therefore migrating them will disadvantage the workers which will be contrary to the Labour Act of 2003. Some of the Chief Executive Officers of these organizations are said to earn more than even the President of the Republic,²⁷ with some earning as much as GHS45,000 (USD11,000) per month with competitive fringe benefits.²⁸

Notwithstanding these distorting factors, the migration has led to an increase in income and enhanced standard of living of public service workers to some extent. Despite its now apparent high fiscal costs, the implementation of the SSPP has helped government to gradually get a hold on the actual size of the public service workforce and the corresponding wage bill. In addition, allowances have been standardized and harmonized across board as indicated in categories 2, 3 and 4 allowances. Above all, for the first time in the history of the country as many as 139 organizations constituting 99% of public sector institutions have migrated onto the SSPP. These are essential ingredients for a more effective national development planning in the medium and long term.²⁹

7. Conclusion

The findings of this paper have reinforced the view by Grindle (1980) that policies and programmes with divisible benefits such as pay reforms involve fundamental questions about conflict and “who gets what” in society; and that what is implemented is the product of a political calculus of interests. Accordingly, she cautions that “policies and programmes will be even more difficult to manage and predict and even more subject to alteration in the Third World than elsewhere (Grindle, 1980: 19). Apart from the political nature and features of the actors, the determination of pay is in itself a political act, which involves the allocation of resources based on their availability, priorities and sometimes size and influence of the unions and associations as well as their ability to negotiate. A pay policy such as the SSPP has divisible and tangible benefits and this in itself is a major cause of the demands and agitations for salaries by the unions and associations. The findings also show that there are policy and institutional framework deficits that have hampered the smooth implementation of the SSPP, which will need urgent attention by the government and other stakeholders, notwithstanding some of the gains made.

Notes

1. Linking pay reform to increased staff performance has, however, been contested by some scholars. Grindle (1997) has pointed out that Second generation reforms have generally focused on improving salaries and conditions of employment through civil service reform and reducing the size and responsibilities of the state sector. Experience with these macro-institutional initiatives has not “solved” the problem of poor performance. In a study by De Merode and Thomas

(1994), they also found that no conclusive evidence was found of better pay and leaner staffing alone leading to major productivity gains. This suggests that pay and employment reforms, although important determinants of performance, need to be supplemented with other measures. Macroeconomic policy reform cannot by itself foster the major changes in work attitudes, ethics, and organizational culture that are needed if significant performance improvements are to be realized.

2. Field notes, April 2016.

3. Field notes, April 2016.

4. Field notes, April 2016.

5. Press Conference on the Public Sector Wage Negotiations held by Mr. Kofi Asamoah, Secretary General of the Trades Union Congress on Friday, 27th July, 2013. Retrieved May 1, 2016 at <https://www.facebook.com/CoalitionOfConcernedTeachersGhana/posts/489607457791788>.

6. Keynote address by the President of the Republic of Ghana, HE John Dramani Mahama at the National Forum on the Single Spine Pay Policy [The Residency, Ho- Volta Region, August 06, 2013]. Retrieved May 1, 2016 at <http://www.presidency.gov.gh/node/178>.

7. State of the Nation Address delivered by H. E. President J. A. Kufuor at Parliament on 14th February, 2008.

8. Field notes and “TUC boss hails pay reforms”. Retrieved May 3, 2016 at <https://www.modernghana.com/news/136058/tuc-boss-hails-pay-reforms.html>

9. Field notes.

10. Field notes.

11. Field notes.

12. “Ghana hit by wave of public sector strikes”. Retrieved May 7, 2016 at <http://www.equaltimes.org/ghana-hit-by-wave-of-public-sector-strikes?lang=en#.Vi5teSuyrY0>.

13. Field notes.

14. *Ibid.*

15. Field notes.

16. Field notes.

17. “Lead Ghana into prosperity - Akufo-Addo charges lawyers”. Retrieved April 30, 2016 at [...www.ghanaweb.com/NewsArchive/Lead-Ghana-into-prosperity-Akuf..General News of Wednesday, 6 April 2016](http://www.ghanaweb.com/NewsArchive/Lead-Ghana-into-prosperity-Akuf..General%20News%20of%20Wednesday,%206%20April%202016).

18. Inclusion and exclusion are political science terms which can be discriminatory and evoke emotions.

19. Press Conference on the Public Sector Wage Negotiations Friday, 27th July, 2013. Retrieved May 9, 2016 at <https://www.facebook.com/CoalitionOfConcernedTeachersGhana/posts/489607457791788>.
20. Field notes.
21. The Economic Planning functions of the Ministry of Finance have been hived off and given to the National Development Planning Commission (NDPC).
22. Field notes and “Public sector workers migrated onto SSSS - Graphic Online”. Retrieved May 6, 2016 at <http://www.graphic.com.gh/news/general-news/18823-public-sector-workers-migrated-onto-ssss.html#sthash.ayEPYxp9.dpuf>
23. The Audit Service has been in court for the past three years because being part of the SSPP will undermine the independence of the Auditor General as provided for in the 1992 Constitution.
24. Field notes and Ghana Revenue Authority Act, Act 791, 2009.
25. “BNI presents proposal to Parliament”. Retrieved May 10, 2016 at <http://www.m.gbcbghana.com/1.8528704>.
26. The SEC itself has migrated onto the SSPP
27. The president’s salary is ₵12,000 per month, with amount ranging from ₵6,000 to ₵9,000 per month paid to Ministers of State others who doubled as Members of Parliament. See “New salaries for President, others are fair- Nana Ato Dadzie”. Retrieved May 9, 2016 at <http://www.ghanadistricts.com/news/?read=47604&spots>
28. Field notes.
29. “Keynote address by the president of the republic of Ghana, Mr. John Dramani Mahama, at the national forum on the single spine pay policy” [The Residency, Ho- Volta Region, August 06, 2013]. Retrieved May 4, 2016 at <http://www.presidency.gov.gh/node/178>.

References

- Armantier, O. and A. Boly (2011). A Controlled Field Experiment on Corruption. *European Economic Review*. 55: 1072-1082.
- Ankomah, M. (2013). Enhancing Public Sector Employee Reward: The Case of Single Spine Pay Policy, in J.S. Arbache “Wage Differentials in Brazil: Theory and Evidence”, *The Journal of Development Studies* 38: 109-30. Retrieved April 24, 2016 from <http://www.ahsag.org/pressreleases/Public19.pdf>.
- Armstrong, M. (2009). *Armstrong’s Handbook of Human Resource Management Practice* (11th ed.). London: Kogan Page Limited.

- Armstrong, M., & Brown, D. (2001). *New Dimensions in Pay Management*. London: Chartered Institute of Personnel and Development.
- Armstrong, M., & Murlis, H. (2005). *Reward Management: A Handbook of Remuneration Strategy and Practice* (5th ed.). London: Kogan Page Limited.
- Ayee, J. (2016). Manifestos in Election Agenda Setting in Ghana, in Kwame A. Ninsin (ed.) *Issues in Ghana's Electoral Politics*. Dakar: CODESRIA Books, Chapter 4.
- Baah, Y. (2007). The Single Spine Salary Structure: Is it the Solution to Public Sector Pay Crisis? *Ghana Trades Union Congress Policy Bulletin*, Vol. 3. No. 2 (June).
- Baah, Y. (2015). Deputy Secretary General of the TUC, powerpoint presentation on "Role and Expectations of the Unions in the implementation of the Single Spine Salary Structure" at a forum on the SSPP in Accra, August, 2015.
- Brako, I. and K. Asah-Asante (2014). Single Spine, Double Spine or Multiple Spine: Solving Labour Conflicts and making Public Sector Jobs more Rewarding in Ghana", *Modern Africa: Politics, History and Society*, Vol. 2, No. 2: 117-140.
- Caiden, G. E. and P. Sundaram (2004). The Specificity of Public Service Reform. *Public Administration and Development*, 24: 373-383.
- Cavalcanti, C. (2009). *Estimating the Fiscal Costs of Implementing Ghana's Single Spine Pay Reform*, Policy Research Working Paper 5150, Washington, DC: The World Bank.
- Coffey International Development (2013). Analysis and Review of Government of Ghana Wage Bill. Final Report. Commissioned by the Department for International Development (DFID).
- CoEn Consulting (2008a). Development of a Comprehensive Payroll Structure. Final Report, July.
- CoEn Consulting (2008b). Proposed Single Pay Spines and Structures for Five Phase Implementation. Final Report (July).
- Cooper-Enchia, V.J (2008). Pay Reform in Ghana, paper presented at the 30th African Association for Public Administration and Management (AAPAM) Annual RoundTable Conference on the theme "Enhancing the Performance of the Public Service in a Developmental State" held in Accra, Ghana on 6-1- October, 2008.

- De Merode, L. with C.S. Thomas (1994). Implementing civil service pay and employment reform in Africa: The experiences of Ghana, The Gambia, and Guinea, in O. Lindauer and B. Nunberg (eds.) *Rehabilitating Government: Pay and Employment Reform in Africa*. Washington, DC: The World Bank, 1994.
- Ferraz, C. and F. Finan (2009). Motivating Politicians: The Impacts of Monetary Incentives on Quality and Performance NBER Working Paper 14906.
- Foltz, J.D. and K.A. Opoku-Agyemang (2015). Do Higher Salaries Lower Petty Corruption? A Policy Experiment on West Africa’s Highways”, *International Growth Centre Working Paper*
- Gagliarducci S. and T. Nannicini. (2013). Do Better Paid Politicians Perform Better? Disentangling Incentives from Selection, ” *Journal of the European Economic Association*. 11(2): 369-398.
- Ghana Business & Finance (2011). The Single Spine Salary Structure and Doing Business in Ghana. *Ghana Business & Finance, No. 005*. Accra, Ghana.
- Global Expert Team on Public Sector Performance (2009). Pay policy reform: Building a foundation for public sector performance through improved public sector pay policy by using a ‘Single Pay Spine, *GET Brief*, (November) Washington DC: World Bank’s Global Expert Team on Public Sector Performance (GET PSP).
- Grindle, M.S. (1997). Divergent Cultures? When Public Organizations Perform Well in Developing Countries, *World Development*, 25(4): 481-495.
- Grindle, M.S. (1980). Policy Content and Context in Implementation, in M.S. Grindle (ed.) *Politics and Policy Implementation in the Third World*. Princeton: Princeton University Press.
- International Monetary Fund (2015). *Ghana: Request for a Three-Year Arrangement Under the Extended Credit Facility*. Washington DC: International Monetary Fund Country Report No 15/103 April.
- International Monetary Fund (2016). *Case Studies on Managing Government Compensation and Employment – Institutions, Policies and Reform Challenges*. Washington, DC: IMF.
- Kiragu, K., R. Mukandala and D. Morin (2004). Reforming Pay Policy: Techniques, Sequencing and Politics in B. Levy and S. Kpundeh (eds.) *Building State Capacity in Africa: New Approaches, Emerging Lessons*. Washington DC: World Bank Institute. Chapter 4.

- Kiragu, K. and R. Mukandala (2005). *Politics and Tactics in Public Sector Reforms: The Dynamics of Public Service Pay in Africa*. Dar es Salaam: Dar es Salaam University Press.
- Mahama, J.D. (2013). Keynote Address by the President of the Republic of Ghana, HE John Mahama at the First National Forum on the Single Spine Pay Policy at Ho, Volta Region on 6th August, 2013.
- McCourt, W. (2013). Models of Public Service Reform: A Problem-Solving Approach, *Policy Research Working Paper (WP) 6428* World Bank (April): 1-28.
- Opong, S. E. Dickson and M. Asumeng (2015). Implementation of the Single Spine Pay Policy in the Public Sector of Ghana: An Analysis and Recommendations from Organizational Development Perspective, *POSLOVNA IZVRSNOST ZAGREB, GOD. IX, BR. 2*: 83-100.
- Polidano, C. (2001). Why Civil Service Reforms Fail, *Public Management Review*, 3: 345-361.
- Pressman, J., and A. Wildavsky (1984). *Implementation*. 3rd ed. Berkeley: University of California Press.
- Ramdoo, I and S. Balal (2014). Extractive Resources for Development: Trade, Fiscal and Industrial Consideration, European Centre for Development Policy Management No. 156.
- Polidano, C. (2001). Why Civil Service Reforms Fail, *Public Management Review*, 3: 345-361.
- Republic of Ghana (1992). *Constitution of the Republic of Ghana, 1992*. Accra: Government Printer.
- Republic of Ghana (2007). *Fair Wages and Salaries Commission Act, Act 737*, 2007. Accra: Government Printer.
- Republic of Ghana (2009). *Government White Paper on the Single Spine Pay Policy*. Accra: Government Printer. November WP No. 1/2009. Accra: Government Printer.
- Republic of Ghana (2011). *Report of the Constitution Review Commission: From a Political to a Developmental Constitution*. Presented to HE The President of the Republic of Ghana Professor John Evans Atta Mills on 20th December, 2011.
- Republic of Ghana (2012). *Government White Paper on the Constitution Review Commission of Inquiry*. WP/1/2012 June.

- Republic of Ghana (2013). *Government White Paper on Guidelines for the Determination of Market Premium under the Single Spine Pay Policy* WP. No. 1/2013. Accra: Government Printer.
- Republic of Ghana (2015). The Budget Statement and Economic Policy of the Government of Ghana for the 2016 Financial Year presented to Parliament on Friday, 13th September 2015. Accra: Government Printer.
- Schacter, M. (2000). Public Sector Reform in Developing Countries Issues, Lessons and Future Directions. A paper prepared for the Policy Branch, Canadian International Development Agency, December.
- Seniwoliba, J.A. (2014). The Single Spine Pay Policy: Can Ignore Derail the Benefits it has on the Ghanaian Public Service Worker?, *European Scientific Journal*, Vol. 10, No. 8: 437-460.
- Shepherd, G. (2003). Civil Service Reform in Developing Countries: Why Is It Going Badly? 11th International Anti-Corruption Conference. Seoul.
- Valentine, T.R. (2013). Rewards for High Public Officers and the Quality of Governance in Sub-Saharan Africa. Policy Research for Development, Dar es Salaam, Tanzania. Special Paper 13/2.
- Van Rijckeghem, C. & B. Weder (2001). Bureaucratic Corruption and The Rate of Temptation: Do Wages in the Civil Service Affect Corruption, and by how Much *Journal of Development Economics* 65(2): 307-331.
- Van Veldhuizen, R. (2013). The Influence of Wages on Public Officials' Corruptibility: A Laboratory Investigation, *Journal of Economic Psychology* 39: 341–356.
- World Bank (2015). Public Pay – at a Turning Point: A Review of the Pay Reforms Introduced into the Ghana Public Service, 2010-2013. Washington DC: World Bank (unpublished).
- Worthington, R. (2009). The Roles of Central Agencies in Managing Pay Reform. Washington, DC: The World Bank - Africa Public Sector Reform and Capacity Building Unit (August).