

Equal pay for equal work



## Introduction

- The Employment Equity Act requires employers to submit a wage differential report to the Department of Labour (DOL)
- This report has of late come under the spotlight with many organisations undergoing intense audits relating to their differentials
- Furthermore, the Remuneration Committee is mandated with ensuring fair and reasonable remuneration across the organisation. Are you able to provide the type of analysis to the Remuneration Committee that will show how your organisation stacks up when it comes to pay equity?

## Introduction

- The DOL is looking at information in 6 very broad occupational categories

Occupational Levels
Top Management/Executives
Senior Management
Professionally Qualified & experienced specialists/mid-management
Skilled Technical & Academically Qualified/ Junior Management/ Supervisors/Foremen/Superintendents
Semi-Skilled & discretionary decision-making
Unskilled & defined decision-making

## Introduction

- Typically, remuneration is not managed or analysed in these categories. Many organisations will have 12 to 20 levels and so there is incongruity with the 6 levels in the Act
- It is important that as a business you are able to analyse, and explain, pay differentials based on a more granular basis
- Analysing pay by individual job is the best way of determining if your organisation has defensible pay differentials
- The job is an appropriate unit of measure because:
  - Employees in the same job are doing the same work and this work is defined in a job description
  - A uniform job should have the same job grade across the organisation and therefore have the same market value

## Diagnostic approach

- Determine if the differences in remuneration within the business are aligned to the Remuneration Strategy which includes defensible criteria such as performance, total experience, company experience, qualifications, and time in job
- Analysis should be done based on jobs since jobs are a defined entity for which similar inputs and outputs can be expected
- Weighted scores awarded by employee for:
  - Company experience
  - Total experience
  - Time in current job
  - Average performance rating
  - Qualifications

## Diagnostic approach

- Analyse final score and then determine if there is a correlation between remuneration and these factors
- Once this is done request DOL to highlight any further areas of concern
- If further areas are pointed out the following should be looked at:
  - Structure of remuneration (basic salary plus benefits)
  - Benefit utilisation
  - Hours of work
  - Hot skills

## Responses to the DOL

- Inform DOL of your remuneration strategy
- Engage with the DOL in person
- Make adjustments where data points to inequity