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Stay up to date with the latest developments in Equal Pay for Work of Equal Value

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Lessons from our Equal Pay Journey

During the past year whilst assisting many clients from various industries, geographical areas and entirely different business sizes and structures, to get to grips with the practical implications of the Equal Pay for Work of Equal Value, several commonalities have emerged.

Most businesses are under pressure

The ever-increasing pressure on costs, particularly in light of the near recessive economic situation and yo-yoing currency exchange rates, is creating uncertainty for many businesses. Remaining competitive requires the juggling act of balancing productivity and profitability.

Companies could be forgiven for feeling apprehensive at the thought of escalating costs without any guaranteed corresponding increase in output, especially as employees and their representatives seem, in most instances, to have simply latched onto the notion of equal treatment as a means of “increasing wages and conditions of service to the highest denominator”.

At GBS we’ve had great success in working with our clients and their trade unions, in better understanding the realities of the organisation’s current unique position and requirements before determining their next course of action. By analysing equal pay within this unique context, our clients are better equipped to determine how to build proportionate remuneration structures that not only comply with legislation, but also meet their specific organisational structure and realities.

Perception is not always reality

In several instances, our initial analysis has thrown out anomalies where the perceived inequality is based on gender, race, or both. Given that the reporting process via EEA4/9 is limited to demographic and remuneration information, there is a very real risk that Department of Labour would hone in on these perceived instances of unfair discrimination. What has been most interesting however, is that in many instances, the perceived discrimination is in fact misleading, with the underlying reasons for differentiation having little or nothing to do with the race or gender but rather to do with the scope of the role, the individual’s qualification or experience.

Through our in-depth post-analysis consultation process, GBS works with our clients to better understand the unique circumstances of the business, taking it from the highest point (overall organisational remuneration proportionality) through occupational level parity and finally to job-specific comparisons of individuals who perform the same, or similar, work.

Performance Management is not as strong as it could be

Differential in pay based on performance is a justifiable reason in line with legislation and the corresponding code of best practice. And, whilst this has come up as being a reason for differentiation, the challenge often sits with the process of proving that the individual’s increased performance/output was in fact the reason and, arguably more importantly, that the performance management process is structured, fair and consistently applied.

EAST LONDON	T- 043 721 1030	F- 043 721 1027	elmarketing@globalbusiness.co.za
JOHANNESBURG	T- 011 483 3722	F- 011 483 1650	jhbmarketing@globalbusiness.co.za
CAPE TOWN	T- 043 721 1030	F- 043 721 1027	ctmarketing@globalbusiness.co.za
PORT ELIZABETH	T- 041 364 0472	F- 041 363 0043	pemarketing@globalbusiness.co.za
DURBAN	T- 041 364 0472	F- 041 363 0043	dbnmarketing@globalbusiness.co.za



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In addition to working through the analysis and identifying areas for further investigation, GBS prides itself on partnering with our clients to ensure that they have the systems, such as effective performance management, in place beyond the initial analysis to more effectively manage their employees and their associated remuneration systems.

Naming conventions are important

It may be tempting to simplify the job profile naming process, especially for the purposes of administering the payroll and annual reporting but there is a risk related to overly simplistic or generic job titles when it comes to the comparisons associated with equal pay. In several instances, clients' implied equity problems are in fact not as serious once one understands the nuances of their businesses and the fact that an operator, for example, may be a title that in fact applies to a broad range of *different* jobs where there are significant differences in the machinery, skills or experience required to perform the job.

GBS is able to assist clients in determining whether naming conventions are contributing to their equal pay analysis challenges and to, where appropriate, even offer job profiling services beyond the initial analysis.

Assessment is critical

Equal Pay is great in theory but can be difficult to put into practice. At GBS we believe that before you embark on any corrective action you should conduct a Risk Analysis, assessing whether in fact your organisation has any areas of concern, and if so, where and what.

GBS is excited to be able to offer clients the opportunity to examine and assess their current pay/remuneration structures. The ***Equal Pay Diagnosis and Assessment Tool*** was developed to assist employers to know and understand how to eliminate disproportionate income differentials. In other words, employers need to know where pay levels may be wrong, why they are wrong and what must be done to fix them.

The tool was designed to create a **fair, equitable and affordable internal equity structure**, based on the **unique operational circumstances** of each organisation (cost, value, know-how oversight). This is not a downloadable tool nor a software programme you need to purchase, but rather a consulting tool we use at our end to conduct the analysis. All of the findings and the proposed solutions will be unique to your business rather than a one-size-fits-all system.

We offer a Quick Risk Assessment, based on your organisation's ACTUAL payroll data for just R10 000 ex VAT and welcome the opportunity to engage with you on how to not only comply with the legislation but how to drive greater balance between Pay and Productivity. Contact your GBS consultant today to find out more about our unique solutions.

Kind Regards

NATALIE SINGER
GLOBAL BUSINESS SOLUTIONS
equalpayjhb@globalbusiness.co.za

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EAST LONDON	T- 043 721 1030	F- 043 721 1027	elmarketing@globalbusiness.co.za
JOHANNESBURG	T- 011 483 3722	F- 011 483 1650	jhbmarketing@globalbusiness.co.za
CAPE TOWN	T- 043 721 1030	F- 043 721 1027	ctmarketing@globalbusiness.co.za
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