

Frequently Asked Questions on Employee Remuneration

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Today we focus on frequently asked questions in relation to how employees are remunerated. These questions are often asked by employees and employers and in some cases by job seekers.

1. Who determines how much I should earn between the human resources department and my manager?

The manager should have input into how much their subordinates should earn. The role of human resources is to ensure that the manager makes recommendations that conform to the policy guidelines. It is good practice to involve your managers in deciding what their subordinates should earn. In practice though we know most managers are disempowered.

2. Is it legal for the employer to reduce my salary?

Due to the harsh economic environment some employers have resorted to salary cuts where these are unsustainable for the business. It's illegal for the employer to unilaterally reduce an employee salary without consulting and agreeing with the employee. The best way to institute salary cuts is to negotiate with the concerned employees individually (managerial employees) and through the works council if they are non-managerial employees. For non-managerial employees it important to involve the NEC from the beginning. For employees it does not help your cause to just resist salary cuts without a valid reason when you know that the business is not doing well. Other organisations that have instituted salary cuts have managed to avoid retrenchment thereby saving jobs. If your employers consult you in good faith its important return the favour so that together you avoid the collapse of your business.

3. Is it correct for employees in the same grade to earn different salaries?

Yes it's normal for people in the same grade to earn different salaries. How much each individual earns within a particular grade is normally a function of the individual's experience, level of education and performance. These three factors are given different weights by different organisations. In an organisation where experience carries more weight you will notice that more experienced employees earn more. In an organisation that values individual contribution you may find that high performers earn more regardless of education or experience. Check what drives earnings within your organisation.

4. Am I entitled to demand to be paid a market going rate for my position?

Yes and no is the answer here. While the market may pay a certain going rate for your position, your employer will need to decide whether they can afford and sustain the market going rate. If not, they are likely not to agree. Please remember that the market going rate does not take into consideration individual performance. There is no employer who will pay you a market going rate for your role if you are a non-performer. The market going rate (which is usually a premium) is reserved for those

employees who are performing above average.

5. How much should I demand as acting allowance?

Acting allowances vary from organisation to organisation. In some organisations acting allowance is calculated as percentage of your current basic salary, in others it's a percentage of what the person you are acting in their position earns. In others we notice that it's a percentage of the grade minimum of the position you are acting in. What I have outlined would most likely apply to managerial employees. For unionized employees (non- managerial) the acting allowance calculations are normally covered in the Collective Bargaining Agreement (CBA) for your sector.

6. Can I afford to pay my workers below NEC minimum wage?

You are required to pay all your non- managerial employees at least above the minimum set up by the NEC. In cases where you cannot afford the NEC mandated minimum for whatever reason, you must engage the NEC for your sector and apply for an exemption. An exemption is not easy to get, but you can try. If you are caught paying your employees below minimum wages for the sector you will be forced to compensate your employees for the period you were not paying them the required minimum.

7. Can a subordinate earn more than their manager?

Yes it is possible in certain circumstances. Skilled personnel in demand sometimes demand more than what your internal salary hierarchy can accommodate. This is not unique to the corporate world, it seems to be the trend in the field of sports. Managers earn far much less in than some of their players in sports. In the corporate world we have also seen some CEO earning less than some of the skilled staff who are in demand all over the world.

8. How much should I demand if I am offered a job?

The starting point is what value are you bringing to the organisation? What does the market pay for similar level of skills as yours (experience, education etc.). If the employer asks you for your expectations, be reasonable. Start slightly below market and agree on an upward movement based on your performance. Have this in your contract to avoid problems in the future.

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