THE MANAGEMENT OF EMPLOYEE BENEFITS FOR A DIVERSE WORKFORCE IN A SOUTH AFRICAN TERTIARY INSTITUTION

by

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SUMMARY

The important role played by tertiary institutions in South Africa with regard to the general development of the country, cannot be disputed.

To ensure that tertiary institutions provide education of high quality, competent employees are needed. These employees however have to be paid competitive salary packages. Employee benefits, which form 40 percent of an employer’s payroll costs, constitute an important cost component and need to be scrutinised more closely with the aim of managing it as efficiently and effectively as possible. To achieve this goal the primary purpose of this research is thus to determine to what extent the present employee benefits provided by tertiary institutions in South Africa, address the diverse needs of employees.

From the empirical study it is clear that employees’ awareness of benefits offered and their divergent preferences, necessitates a more flexible approach to the management of benefits. A flexible benefit system would thus be an option.
SECTION A

GENERAL INTRODUCTION
In South Africa there is general consensus among experts that, apart from political considerations, the economic development and productivity growth of the country are being jeopardised by the grave shortage of skilled and managerial high-level human resources, on the one hand, and an increasing oversupply of unskilled and semiskilled human resources, on the other (Bosch, Du Plessis, Louw & Venter 1998:126).

The vital role that tertiary institutions can play in solving this problem should not be underestimated. In fact, during the last few years, universities and technikons (there are 21 universities & 15 technikons in SA - foreign universities operating in SA are excluded from this figure) have shifted their attention to also providing informal education through the creation of various institutes, bureaux and centres. In their attempt to solve the above problems, these institutions rely on the intellectual capacity of their employees. It is this dependency that makes the management of employees one of the principal challenges at these institutions.

One of the main factors in this regard, is the compensation paid to employees. Compensation can be defined as follows:

According to Cascio (1998:388), an organisational reward system includes both financial and nonfinancial rewards. Financial rewards include direct payments plus indirect payments. Nonfinancial rewards include everything in a work environment that enhances a worker's sense of self-respect and esteem by others. Carrell, Elbert, Hatfield, Grobler, Marx and Van der Schyff (1998:370) also support this view, and refer to compensation as a system consisting of extrinsic rewards such as salary and benefits as well as intrinsic rewards such as achieving personal goals, autonomy and
more challenging job opportunities. Thus, compensation broadly includes all forms of payment (financial as well as nonfinancial) in exchange for employee contributions.

A schematic representation of the components of a compensation system appears in figure 1.1. These components will be briefly discussed.

The two main groups of components can be divided into intrinsic and extrinsic rewards. **Intrinsic rewards** refer to those which individuals experience within themselves and include achieving personal goals, having autonomy, receiving recognition and enjoying challenging job opportunities. **Extrinsic rewards** include direct compensation, indirect compensation and nonfinancial rewards (Robbins 1993:581).

**FIGURE 1.1: THE COMPENSATION SYSTEM**

- **INTRINSIC REWARDS**
  - Personal growth
  - Responsibility
  - Interesting work
  - Job freedom
  - Recognition

- **DIRECT COMPENSATION**
  - Basic salary
  - Overtime
  - Commission
  - Bonuses
  - Gainsharing
  - Profit sharing
  - Stock options

- **INDIRECT COMPENSATION**
  - Unemployment
  - Compensation for occupational injuries and diseases
  - Payment for time not worked
  - Retirement
  - Life insurance
  - Medical expense
  - Other benefits

- **NON-FINANCIAL REWARDS**
  - Impressive title
  - Own secretary
  - Parking

**Source:** Adapted from Robbins (1993:581)

**Direct compensation** refers to the direct payment of employees for services rendered and includes basic salary, overtime payment, commission, bonuses and other incentive
payments. **Indirect compensation**, as the word implies, refers to indirect payments in the form of benefits and includes retirement, medical insurance, group life insurance, housing subsidy and various allowances. **Nonfinancial rewards** do not refer to any form of payment but reward employees in nonfinancial ways for their contributions (Cascio 1998:389). These type of rewards include an impressive title, own secretary and special parking area.

### 1.2 PROBLEM FORMULATION

The important role played by tertiary institutions in South Africa with regard to the general development of the country cannot be disputed. Unfortunately the compensation paid by these institutions is closely linked to the state subsidy received each year. Because the percentage of the subsidy has decreased during the past few years and will probably continue to do so, tertiary institutions will need to show greater ingenuity in the management of their compensation system (Muller, Unisa: Department of Finance). Within this system, employee benefits constitute as much as 40 percent of the payroll costs (Carrell et al 1998:390), and it would be wise to scrutinise this factor more closely in view of its impact on the total compensation package. A question that thus needs to be addressed by the management of tertiary institutions, is whether employee benefits are managed as efficiently and effectively as possible.

We have moved from an era in which large portions of the workforce were assumed to be similar, to an era in which the workforce is composed of many different individuals - hence the value of a flexible compensation approach to the needs of a diverse workforce.

Elmuti (1993: 19) and Jamieson and O'Mara (1991: 15) identify the following changes that the workforce in general is experiencing:

1) more female employees and dual-income families
2) an increase in ethnic diversity
3) more employment of people with disabilities
These changes, particularly in the South African context, have the following implications for the provisioning of employee benefits:

- **More female workers and dual-income families**
  - Members of dual-career families will only relocate with significant incentives and support.
  - Benefit needs will vary among women who are single parents, who are part of dual-income families, childless or have children.
  - Leave policies will have to be revised.
  - Childcare benefits will grow in importance.

- **Increase in ethnic diversity**
  - Rewards will have to value different cultural groups and be flexible about holidays, time off and leave.
  - Managers will be rewarded for successfully blending a diverse workforce.

- **More employment of people with disabilities**
  - Work-at-home and other flexible options will be considered.
  - Comprehensive employee assistance services will be required.

Consequently, the major challenge to organisations will be to manage employee benefits in an organisation where the employees may be divided along sexual, racial, ethnic, religious, age, income levels and marital status lines. Unfortunately, this is not simply about providing a variety of employee benefits - employee benefits need to be continuously updated.

According to Griffes (1990:102), a fundamental feature of benefit theory is that employees' perceptions of the value of benefits result from personal economic circumstances and personal social values. Since these personal circumstances and values change over time, employee perceptions also change. This concept of ever-changing employee perceptions about employee benefits is fundamental to benefit
1.6

planning and management. A benefit plan installed under a certain economic and social environment may become outdated and inappropriate as the socioeconomic environment changes, as has been the case in South Africa.

The wide array of needs and preferences of a diverse workforce and the need to update employee benefits continuously, have made the investigation of the management of employee benefits at tertiary institutions a necessity if they are to continue to survive and play a vital role in the country. A more purposeful approach towards the management of employee benefits therefore needs to be formulated.

1.3 PURPOSE OF THE RESEARCH

Poor economic conditions have placed tertiary institutions in a precarious financial position. The decrease in state subsidies is one of the reasons why tertiary institutions are experiencing budget deficits. Although the actual amount of subsidy increases in some years, the real income per student is in fact declining at a constant rate. Apart from the subsidy formula being changed from time to time, the state is also able to pay only 50 to 60 percent of the required subsidy (Finance Department, Unisa, 1999). One way in which tertiary institutions can improve their financial position is by managing the institution as a business and not depending on the state to take responsibility for financial performance. Part of this strategy has been the establishment of informal training programmes for companies and individuals, as well as obtaining private enterprise sponsorships for chairs, conferences, equipment and buildings. Basic business principles involve a return on investments, and as such, tertiary institutions should ensure that the investment made in the provisioning of employee benefits yields some form of return (benefit) or added value to the institution.

Because labour costs are the single largest component in a tertiary institution's budget, it stands to reason that sound financial management and control should focus on compensation issues. In particular, employee benefits, which form up to 40 percent of the total compensation package as mentioned earlier, need to be managed carefully.
The primary purpose of this research is thus to determine to what extent the present employee benefits provided by tertiary institutions in South Africa, addresses the needs of employees, and whether a more flexible approach will be to the advantage of both the institution as well as its employees.

1.4 THE SCOPE OF THE STUDY

Constraints such as costs and time have made it impossible to conduct this research at all tertiary institutions in South Africa. Hence it was decided to involve only the largest institution in South Africa, namely the University of South Africa (Unisa). As illustrated in table 1.1, Unisa provides tuition to more than 32 percent of South Africa’s university students (Statistics: Department of Education, 1999). Apart from being the largest university, it has an extremely diverse workforce as will be discussed in the next chapter, and also plays a significant role in the South African community because of the numerous informal training programmes it offers. In this regard, one of the largest centres at Unisa is the Centre for Business Management in the Department of Business Management with approximately 4 436 registered students. A list of programmes offered by the Centre for Business Management appears in table 1.2.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPE TOWN</td>
<td>13 545</td>
<td>14 672</td>
<td>15 422</td>
<td>15 758</td>
</tr>
<tr>
<td>STELLENBOSCH</td>
<td>13 830</td>
<td>14 608</td>
<td>15 712</td>
<td>15 822</td>
</tr>
<tr>
<td>WITWATERSRAND</td>
<td>18 233</td>
<td>17 428</td>
<td>17 013</td>
<td>16 916</td>
</tr>
<tr>
<td>PRETORIA</td>
<td>23 323</td>
<td>35 434</td>
<td>49 000</td>
<td>50 910</td>
</tr>
<tr>
<td>NATAL</td>
<td>12 803</td>
<td>14 093</td>
<td>15 837</td>
<td>16 288</td>
</tr>
<tr>
<td>PU for CHE</td>
<td>8 658</td>
<td>10 408</td>
<td>11 062</td>
<td>14 342</td>
</tr>
<tr>
<td>PORT ELIZABETH</td>
<td>4 768</td>
<td>5 600</td>
<td>7 568</td>
<td>11 273</td>
</tr>
</tbody>
</table>

TABLE 1.1: NUMBER OF REGISTERED STUDENTS AT SOME OF THE LARGEST SOUTH AFRICAN UNIVERSITIES
TABLE 1.1 (contd)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RAND AFRIKAANS</td>
<td>9 055</td>
<td>20 068</td>
<td>22 008</td>
<td>22 011</td>
</tr>
<tr>
<td>NORTH</td>
<td>9 774</td>
<td>19 012</td>
<td>14 872</td>
<td>10 607</td>
</tr>
<tr>
<td>WESTERN CAPE</td>
<td>12 732</td>
<td>14 650</td>
<td>13 469</td>
<td>10 832</td>
</tr>
<tr>
<td>VISTA</td>
<td>24 823</td>
<td>35 611</td>
<td>28 652</td>
<td>28 858</td>
</tr>
<tr>
<td>UNISA</td>
<td>104 302</td>
<td>128 198</td>
<td>124 212</td>
<td>113 501</td>
</tr>
<tr>
<td>TOTAL</td>
<td>298 916</td>
<td>390 757</td>
<td>398 060</td>
<td>383 649</td>
</tr>
</tbody>
</table>

Source: Adapted from student statistics, Department of Education (1998)

As can be seen from the above table, Unisa is by far the largest tertiary institution with 113 501 registered students in 1998, followed by the University of Pretoria with 50 910 students. There were no significant changes in the number of registered students during 1997 and 1998 at these institutions, except at Unisa, where student numbers declined by 10 711 in 1998.

TABLE 1.2: INFORMAL TRAINING PROGRAMMES OFFERED BY THE DEPARTMENT OF BUSINESS MANAGEMENT AT UNISA DURING 1999

<table>
<thead>
<tr>
<th>PROGRAMMES OFFERED BY THE CENTRE FOR BUSINESS MANAGEMENT</th>
<th>NUMBER OF STUDENTS REGISTERED FOR 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS COMMUNICATION</td>
<td></td>
</tr>
<tr>
<td>Programme in Business Communication</td>
<td>164</td>
</tr>
<tr>
<td>Programme in Advanced Business Communication</td>
<td>Still to be implemented</td>
</tr>
<tr>
<td>FINANCIAL MANAGEMENT</td>
<td></td>
</tr>
<tr>
<td>Programme in Financial Management</td>
<td>249</td>
</tr>
<tr>
<td>Programme in Investment Analysis and Portfolio Management</td>
<td>Still to be implemented</td>
</tr>
<tr>
<td>Advanced Programme in Risk Management</td>
<td>131</td>
</tr>
<tr>
<td>Associate Membership Programme in Treasury Management</td>
<td>49</td>
</tr>
<tr>
<td>PROGRAMMES OFFERED BY THE CENTRE FOR BUSINESS MANAGEMENT</td>
<td>NUMBER OF STUDENTS REGISTERED FOR 1999</td>
</tr>
<tr>
<td>--------------------------------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td><strong>HUMAN RESOURCE MANAGEMENT</strong></td>
<td></td>
</tr>
<tr>
<td>Course in the Introduction to Human Resource Management</td>
<td>Still to be implemented</td>
</tr>
<tr>
<td>Course in Labour Relations Management</td>
<td>304</td>
</tr>
<tr>
<td>Programme in Human Resource Management</td>
<td>942</td>
</tr>
<tr>
<td>Advanced Programme in Human Resource Management</td>
<td>80</td>
</tr>
<tr>
<td><strong>GENERAL MANAGEMENT AND ENTREPRENEURSHIP</strong></td>
<td></td>
</tr>
<tr>
<td>African Management Programme</td>
<td>220</td>
</tr>
<tr>
<td>* SAIM Programme in Business Management</td>
<td>194</td>
</tr>
<tr>
<td>* CIS Management Programmes</td>
<td>428</td>
</tr>
<tr>
<td>Programme in Entrepreneurship and Small Business</td>
<td>74</td>
</tr>
<tr>
<td>Management</td>
<td></td>
</tr>
<tr>
<td>* ICSA Programme in Strategic Management and Corporate Governance</td>
<td>145</td>
</tr>
<tr>
<td>Programme in Total Quality Management</td>
<td>275</td>
</tr>
<tr>
<td><strong>MARKETING PROGRAMMES</strong></td>
<td></td>
</tr>
<tr>
<td>Short Course in Customer Service Management</td>
<td>85</td>
</tr>
<tr>
<td>Programme in Industrial Marketing</td>
<td>334</td>
</tr>
<tr>
<td>Short Course in Marketing</td>
<td>18</td>
</tr>
<tr>
<td>Course in the Introduction to Marketing Management</td>
<td>Still to be implemented</td>
</tr>
<tr>
<td>Programme in Marketing Management</td>
<td>167</td>
</tr>
<tr>
<td>Programme in Advanced Marketing Management</td>
<td>79</td>
</tr>
<tr>
<td><strong>PURCHASING MANAGEMENT</strong></td>
<td></td>
</tr>
<tr>
<td>Programme in Purchasing Management</td>
<td>203</td>
</tr>
<tr>
<td>Advanced Programme in Purchasing Management</td>
<td>93</td>
</tr>
<tr>
<td><strong>RETAIL MANAGEMENT</strong></td>
<td></td>
</tr>
<tr>
<td>Course in Introduction to Retailing</td>
<td>46</td>
</tr>
<tr>
<td>Programme in Retail Management</td>
<td>156</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>436</td>
</tr>
</tbody>
</table>

* SAIM SOUTH AFRICAN INSTITUTE FOR MANAGEMENT
* CIS CHARtered INSTITUTE FOR SECRETARIES
* ICSA THE INSTITUTE OF CHARTERED SECRETARIES & ADMINISTRATORS

**Source:** Adapted from a brochure of the Centre for Business Management (2000)
The significant community role that the Centre for Business Management at Unisa plays is clear when the number of students enrolled at the Centre is compared with the number of students enrolled at most of the other universities (see table 1.1). The Centre alone is responsible for the tuition of approximately 30 to 50 percent of the number of students registered at any one of the smaller South African universities.

1.5 RESEARCH METHODOLOGY

The research will focus on a literature study for the purpose of not only discussing the nature and extent of employee benefits, but also to indicate the latest developments and trends in these benefits. The benefits offered by Unisa will also be investigated and the personnel will be approached to complete a questionnaire to determine, among other things, the extent of their awareness of the employee benefits offered by Unisa as well as their desire to have the status quo changed. The literature study will form the basis for the questionnaire to be used.

1.6 PLAN OF THE RESEARCH

This research report consists of six sections.

Section A consists of chapter 1 which addresses issues such as the formulation of the problem, purpose of the research, scope of the study, research methodology and the plan of the research.

Section B provides a historical overview of Unisa and the employee benefits it provides. Chapter 2 provides a profile of Unisa and its workforce. Factors such as Unisa's origin, student numbers and diversity factors which influence the composition of the workforce will be covered. Chapter 3 discusses the employee benefits offered by Unisa.
Section C discusses employee benefits in general and takes a closer look at the latest developments and trends in the field of employee benefits. Chapter 4 provides a theoretical perspective on employee benefits and discusses local as well as international employee benefit trends and programmes.

Section D involves the empirical research. Chapter 5 discusses the research methodology and includes issues such as the design and administration of the questionnaire, population and sampling, and the collection of the data. The representativity of the response rate and the statistical methodology used, is also discussed. Chapter 6 deals with the discussion of the data.

Section E consists of chapter 7 which includes the summary and recommendations of the study.

Section F consists of the appendixes referred to in the text and the bibliography.
SECTION B

THE UNIVERSITY OF SOUTH AFRICA
2.1 INTRODUCTION

The University of South Africa, also known as Unisa, is one of 11 mega distance teaching universities in the world (see table 2.1). It was established in 1873 as the University of the Cape of Good Hope and became the University of South Africa in 1916. Under its auspices several colleges in South Africa became autonomous universities. Initially, its main role was to act as an examining body. In 1946, Unisa moved away from its original role and started offering a limited number of degree courses by means of distance education, a move which heralded the beginning of Unisa as we know it today (Unisa 1999; Website: http://unisa.ac.za/dept/ccm/general/index.html). Distance education provides an unique opportunity to all those who wish to further their studies, but for various reasons are unable to attend residential institutions.

The University of South Africa is located in Pretoria, and its impressive campus buildings on Muckleneuk Ridge are a major landmark of the capital city. It has provincial offices and learning centres with tutors in Pretoria, Johannesburg, Durban, Pietersburg and Cape Town.

Unisa offers internationally recognised certificate, diploma and degree courses up to doctoral level in six faculties: Arts, Economic and Management Sciences, Law, Science, Education and Theology and Religious Studies. Unisa is constantly improving its study material and teaching methods to meet the needs of its students. By utilising the latest technology, Unisa was able to launch the first phase of its Students-On-Line service on the Internet during 1999.
TABLE 2.1: THE ELEVEN MEGA-UNIVERSITIES IN THE WORLD

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>NAME OF INSTITUTION</th>
<th>ESTABLISHED</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>China TV University System</td>
<td>1979</td>
</tr>
<tr>
<td>France</td>
<td>Centre National d'Enseignement à Distance</td>
<td>1939</td>
</tr>
<tr>
<td>India</td>
<td>Indira Gandhi National Open University</td>
<td>1985</td>
</tr>
<tr>
<td>Indonesia</td>
<td>University of Terbuka</td>
<td>1984</td>
</tr>
<tr>
<td>Iran</td>
<td>Payame Noor University</td>
<td>1987</td>
</tr>
<tr>
<td>Korea</td>
<td>Korean National Open University</td>
<td>1982</td>
</tr>
<tr>
<td>South Africa</td>
<td>University of South Africa</td>
<td>1873</td>
</tr>
<tr>
<td>Spain</td>
<td>Universidad Nacional de Educacion a Distancia</td>
<td>1972</td>
</tr>
<tr>
<td>Thailand</td>
<td>Sukhothai Thammathirat Open University</td>
<td>1978</td>
</tr>
<tr>
<td>Turkey</td>
<td>Anadolu University</td>
<td>1982</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>The Open University</td>
<td>1969</td>
</tr>
</tbody>
</table>

Source: Meister (1998:222)

Because of Unisa's distinctive teaching methods and size, its administrative and professional departments employ more staff than those of any other university in South Africa.

During 1998, Unisa's student body numbered approximately 113 000 as mentioned in chapter 1. This represents just over one-third of South Africa's university students. In order to manage this large and extremely diverse student body, the staff component of Unisa consists of approximately 1 311 (38.5%) academic staff and 2 088 (61.4%) administrative personnel - hence a total staff establishment of 3 399.

In the next section, the diversity factors which play a role in the composition of Unisa's workforce, will be discussed. These diversity factors include personnel category, ethnicity, gender, employment status, job category, marital status, age and number of dependants.
2.2 UNISA'S WORKFORCE

As mentioned earlier, various diversity factors play a role in determining the composition of a workforce. The diversity factors which have an influence on the composition of Unisa's workforce will be discussed in detail in this chapter. The discussion of personnel numbers will focus on the period 1957 to 1997. With the other diversity factors, the focus will only be on the period 1992 to 1997 because of the limited availability of information.

2.2.1 Personnel category

As a tertiary institution, Unisa is primarily responsible for the tuition of students. Academic personnel are required to provide this service. This service however, cannot be successfully provided without the support of administrative, technical and managerial personnel (to be classified as administrative personnel in this study). Thus, only two categories of employees will be referred to in this study, namely academic and administrative personnel. Table 2.2 provides an overview of the number of academic and administrative personnel at Unisa for the period 1957 to 1997.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ACADEMIC PERSONNEL</th>
<th>% OF TOTAL PERSONNEL</th>
<th>ADMINISTRATIVE PERSONNEL</th>
<th>% OF TOTAL PERSONNEL</th>
<th>TOTAL PERSONNEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>52</td>
<td>37%</td>
<td>89</td>
<td>63%</td>
<td>141</td>
</tr>
<tr>
<td>1960</td>
<td>80</td>
<td>39%</td>
<td>124</td>
<td>61%</td>
<td>204</td>
</tr>
<tr>
<td>1963</td>
<td>192</td>
<td>44%</td>
<td>244</td>
<td>56%</td>
<td>436</td>
</tr>
<tr>
<td>1966</td>
<td>327</td>
<td>49%</td>
<td>347</td>
<td>51%</td>
<td>674</td>
</tr>
<tr>
<td>1969</td>
<td>377</td>
<td>46%</td>
<td>436</td>
<td>54%</td>
<td>813</td>
</tr>
</tbody>
</table>

TABLE 2.2: THE NUMBER OF ACADEMIC AND ADMINISTRATIVE PERSONNEL AT UNISA FOR THE PERIOD 1957 to 1997
TABLE 2.2 (contd)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ACADEMIC PERSONNEL *</th>
<th>% OF TOTAL PERSONNEL</th>
<th>ADMINISTRATIVE PERSONNEL *</th>
<th>% OF TOTAL PERSONNEL</th>
<th>TOTAL PERSONNEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>482</td>
<td>47%</td>
<td>537</td>
<td>53%</td>
<td>1 019</td>
</tr>
<tr>
<td>1975</td>
<td>637</td>
<td>35%</td>
<td>1 198</td>
<td>65%</td>
<td>1 635</td>
</tr>
<tr>
<td>1978</td>
<td>776</td>
<td>36%</td>
<td>1 402</td>
<td>64%</td>
<td>2 178</td>
</tr>
<tr>
<td>1981</td>
<td>985</td>
<td>37%</td>
<td>1 695</td>
<td>63%</td>
<td>2 680</td>
</tr>
<tr>
<td>1984</td>
<td>1 134</td>
<td>41%</td>
<td>1 658</td>
<td>59%</td>
<td>2 792</td>
</tr>
<tr>
<td>1987</td>
<td>1 098</td>
<td>42%</td>
<td>1 501</td>
<td>58%</td>
<td>2 599</td>
</tr>
<tr>
<td>1990</td>
<td>1 435</td>
<td>44%</td>
<td>1 876</td>
<td>56%</td>
<td>3 311</td>
</tr>
<tr>
<td>1993</td>
<td>1 380</td>
<td>41%</td>
<td>2 013</td>
<td>59%</td>
<td>3 393</td>
</tr>
<tr>
<td>1995</td>
<td>1 410</td>
<td>41%</td>
<td>2 027</td>
<td>59%</td>
<td>3 437</td>
</tr>
<tr>
<td>1996</td>
<td>1 393</td>
<td>40%</td>
<td>2 066</td>
<td>60%</td>
<td>3 459</td>
</tr>
<tr>
<td>1997</td>
<td>1 311</td>
<td>39%</td>
<td>2 088</td>
<td>61%</td>
<td>3 399</td>
</tr>
</tbody>
</table>

* Academic personnel consist of all teaching and research personnel, whereas the administrative personnel, consist of management, specialist and support personnel, administrative personnel, technical personnel, crafts/trades personnel and service personnel.

Source: Adapted from the Statistical profile of personnel for the equity and excellence programme, Unisa: Bureau for Management Information (1997)

In figure 2.1 the growth in the number of students, academic as well as administrative personnel, for the period 1957 to 1997, is depicted schematically.

As indicated in table 2.2 and figure 2.1, the administrative component has always been larger than the academic component. This is mainly attributable to Unisa's unique teaching method, namely distance education. To facilitate its services to approximately 113 000 students all over the world, Unisa has to provide an outstanding administrative and support service.
During the period 1957 to 1997, three distinctive periods in the growth of academic and administrative staff as well as student numbers can be distinguished and will be briefly discussed on the basis of table 2.2 and figure 2.1.

2.2.1.1 The period: 1957 to 1972

This period is characterised by a steady increase in the number of administrative and academic personnel as well as the number of students. Although not significant, the number of academic and administrative personnel increased at a faster rate than the number of students.
2.7

2.2.1.2 The period: 1973 to 1984

As was the case in the previous period, the number of academic and administrative employees continued to increase. It is interesting to note that during this period, the number of academic personnel increased at a constant rate of more or less 24 percent per three-year period, while the number of administrative personnel increased at a much faster rate of 123 percent from 1973 to 1975. This dramatic increase was primarily the result of the increase in student numbers (84%). The growth in student numbers placed an administrative burden on Unisa and therefore more administrative employees needed to be employed. Because administrative personnel increased by 123 percent as against an increase of only 24 percent of academic personnel, a disproportionate distribution of academic and administrative employees, in relation to the total workforce of Unisa, developed. This gave rise to the unequal relationship as it is today, namely academic personnel accounting for only 39 percent of Unisa's workforce and administrative personnel accounting for 61 percent.

2.2.1.3 The period: 1985 to 1997

During the period 1985 to 1987, the number of personnel decreased and this affected the posts of 157 administrative personnel and 36 academic personnel. This reduction did not, however, continue indefinitely, and from 1988 to 1995 personnel appointments again took place. Owing to financial considerations, Unisa was once again forced to take a closer look at the size of its workforce in 1995. Although it was not necessary to implement drastic actions such as the retrenchment of employees, measures were taken to keep the appointment of new personnel to a minimum during 1995 and 1996. Since 1997, much closer control has been exercised over the appointment of personnel, and voluntary early retirement packages have been offered to employees in an attempt to control labour costs.

It is interesting to note that during the period, 1985 to 1995, student numbers increased at a much faster rate (69%) than the growth in academic and administrative employees, which increased by only 22 percent. During 1996, the number of
employees and students remained relatively constant, but after 1997, there was a flattening of student numbers. As discussed in chapter 1, the number of students at Unisa dropped by 10 711 in 1998 (see table 1.1). This drop in numbers had serious financial implications for Unisa since the existence of any tertiary institution is closely linked to student numbers. Because of the decrease in student numbers, voluntary early retirement packages were offered to employees. During 1998, approximately 35 employees made use of the early retirement offer and in 1999, the number increased to 255 (Van Zyl, Unisa: Salary Department). These figures include both academic and administrative staff.

2.2.2 Ethnicity

Unisa's staff comprise four ethnic groups namely Blacks, Whites, Coloureds and Asians.

Table 2.3 and figure 2.2 schematically represent the ethnicity of Unisa's workforce for the period 1992 to 1997.

Because the political environment has changed drastically since 1994 in South Africa, Unisa has also had to change its personnel composition to reflect the population composition of the country. In this regard, Unisa issued a policy document which outlined its philosophy on employment equity (see appendix A).

An employment equity manager has been appointed as well as an Employment Equity Forum established that will be responsible for the implementation of this policy. The Forum will develop employment equity (EE) plans in the various operational units at Unisa and submit the first institutional report to the Department of Labour by June 2000. In terms of the Employment Equity Act 55 of 1998, every employer, and therefore Unisa as well, must submit annual reports to the Department of Labour on progress made in implementing the EE plan. EE plans must contain numerical goals, which refer to targets set regarding the representation of designated groups in each category and level of employment (Employment Equity Policy for Unisa; Website:http://www.unisa.ac.za/internal/deptinfo/uhr/employ.html).
### Table 2.3: Ethnicity of UNISA's Workforce for the Period 1992 to 1997

<table>
<thead>
<tr>
<th>Year</th>
<th>White</th>
<th>Colour</th>
<th>Asian</th>
<th>Black</th>
<th>White</th>
<th>Colour</th>
<th>Asian</th>
<th>Black</th>
<th>Total for 1997</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>1342</td>
<td>2</td>
<td>11</td>
<td>72</td>
<td>1445</td>
<td>9</td>
<td>9</td>
<td>500</td>
<td>572</td>
</tr>
<tr>
<td>1993</td>
<td>1293</td>
<td>2</td>
<td>12</td>
<td>73</td>
<td>1463</td>
<td>10</td>
<td>9</td>
<td>530</td>
<td>603</td>
</tr>
<tr>
<td>1994</td>
<td>1283</td>
<td>4</td>
<td>12</td>
<td>97</td>
<td>1405</td>
<td>13</td>
<td>10</td>
<td>536</td>
<td>633</td>
</tr>
<tr>
<td>1995</td>
<td>1268</td>
<td>8</td>
<td>14</td>
<td>120</td>
<td>1412</td>
<td>12</td>
<td>13</td>
<td>590</td>
<td>710</td>
</tr>
<tr>
<td>1996</td>
<td>1213</td>
<td>11</td>
<td>17</td>
<td>152</td>
<td>1384</td>
<td>14</td>
<td>15</td>
<td>653</td>
<td>705</td>
</tr>
<tr>
<td>1997</td>
<td>1124</td>
<td>10</td>
<td>18</td>
<td>159</td>
<td>1349</td>
<td>22</td>
<td>21</td>
<td>696</td>
<td>855</td>
</tr>
</tbody>
</table>

### Representivity per Ethnic Group - Academic Posts

<table>
<thead>
<tr>
<th>Year</th>
<th>White</th>
<th>Colour</th>
<th>Asian</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>86%</td>
<td>0.7%</td>
<td>1.3%</td>
<td>12%</td>
</tr>
</tbody>
</table>

### Representivity per Ethnic Group - Admin Posts

<table>
<thead>
<tr>
<th>Year</th>
<th>White</th>
<th>Colour</th>
<th>Asian</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>65%</td>
<td>1%</td>
<td>1%</td>
<td>33%</td>
</tr>
</tbody>
</table>

### Representivity per Ethnic Group - Total Workforce

<table>
<thead>
<tr>
<th>Year</th>
<th>White</th>
<th>Colour</th>
<th>Asian</th>
<th>Black</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>73%</td>
<td>0.9%</td>
<td>1.1%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**Source:** Adapted from the Statistical profile of personnel for the equity and excellence programme, Unisa: Bureau for Management Information (1997)
FIGURE 2.2: ETHNICITY OF UNISA'S WORKFORCE FOR THE PERIOD 1992 TO 1997

Source: Adapted from the Statistical profile of personnel for the equity and excellence programme, Unisa: Bureau for Management Information (1997)
When studying table 2.3 it is clear that Unisa still has a long way to go, because white employees still form the majority and constitute 73 percent of Unisa’s workforce, Blacks 25 percent, Asians 1,1 percent and Coloureds 0,9 percent.

Since 1994, attempts have been made however, to address these imbalances (see figure 2.2). For example, the number of white employees has decreased by 11 percent, while there have been increases in all the other population groups. During the period 1992 to 1997, there was a 190 percent increase in the appointment of Coloureds, a 95 percent increase in the appointment of Asians and a 49 percent increase in the appointment of Blacks. The constant increase in the number of employees from other population groups indicates Unisa’s commitment in this regard.

Unfortunately, however, as indicated in table 2.3, the component of academic staff from the other population groups is still very limited. This can be attributed to the differences in the educational levels between Whites and that of the other population groups. According to the 1996 census (Statistics South Africa 1998), 52,1 percent of the total black population of 20 years and older did not have a secondary school or higher qualification, whereas the percentage for Whites was only 2,4 percent (Barker 1999:243). Educational inequalities such as these are thus the main reason why only a few black and coloured employees have the necessary qualifications to be considered for academic posts. Hence the majority of Blacks (81%) and Coloureds (69%) are employed in administrative posts.

The aforementioned situation at Unisa also reflects the inequalities that exist in the South African labour market. In South Africa, the utilisation of black employees in high-level occupations increased to 43 percent in 1994, but is still low compared with the 73 percent of Blacks in total employment (Barker 1999:251). In Unisa’s case, black employees occupy only 12 percent of academic posts (see table 2.3). Compared with the 25 percent of Blacks in total employment at Unisa, this inequality will have to be addressed by the equal employment programme by for example using other prerequisites than purely technical qualifications for appointments (eg potential).
As in the case of the South African labour market, where Whites and especially white males dominate in high-level occupations, white employees at Unisa also dominate by occupying 86 percent of all academic posts (see table 2.3). Compared with the 73 percent of Whites in total employment at Unisa, white employees are in an advantaged position.

2.2.3 Gender

The participation of women in the South African labour market has increased dramatically in the last four decades. The number of women in the labour market increased from 23 percent in 1960 to 45 percent in 1996 (Barker 1999:47). This level of participation of women in the South African labour force is also visible in the composition of Unisa’s workforce, since 51 percent of Unisa’s employees today are women (see table 2.4).

Table 2.4 and figure 2.3 provide a schematic representation of the gender composition of Unisa’s workforce for the period 1992 to 1997.

With reference to table 2.4, gender does not appear to play a major role in the appointment of employees at Unisa. In academic positions, men and women are appointed on an equal basis, with men occupying only two percent more academic positions than women. In administrative positions, the same situation applies with women occupying only four percent more administrative positions than men.

Figure 2.3 illustrates the relationship between male and female employees at Unisa. Until 1995, the majority of Unisa’s workforce consisted of men. However, after 1996, Unisa’s workforce was dominated by women who constituted 51 percent of Unisa’s workforce for 1997 (see table 2.4).
## TABLE 2.4: GENDER DISTRIBUTION OF UNISA’S WORKFORCE FOR THE PERIOD 1992 TO 1997

<table>
<thead>
<tr>
<th></th>
<th>Academic Personnel</th>
<th>Administrative Personnel</th>
<th>Total Number of Personnel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
<td>Male</td>
</tr>
<tr>
<td>1992</td>
<td>768</td>
<td>659</td>
<td>956</td>
</tr>
<tr>
<td>1993</td>
<td>747</td>
<td>633</td>
<td>1 001</td>
</tr>
<tr>
<td>1994</td>
<td>756</td>
<td>640</td>
<td>985</td>
</tr>
<tr>
<td>1995</td>
<td>749</td>
<td>661</td>
<td>995</td>
</tr>
<tr>
<td>1996</td>
<td>724</td>
<td>669</td>
<td>998</td>
</tr>
<tr>
<td>1997</td>
<td>665</td>
<td>646</td>
<td>1 002</td>
</tr>
<tr>
<td></td>
<td>Academic personnel for 1997</td>
<td>Admin personnel for 1997</td>
<td>Total personnel for 1997</td>
</tr>
<tr>
<td></td>
<td>1 311</td>
<td>2 088</td>
<td>3 399</td>
</tr>
</tbody>
</table>

Representivity per gender - academic posts (includes all ethnic groups)

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>51%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Representivity per gender - admin posts

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>48%</td>
<td>52%</td>
</tr>
</tbody>
</table>

Representivity per gender - total workforce

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>49%</td>
<td>51%</td>
</tr>
</tbody>
</table>

**Source:** Adapted from the Statistical profile of personnel for the equity and excellence programme, Unisa: Bureau for Management Information (1997)
The increasing number of women in the workforce could be attributed to the implementation of affirmative action (AA) policies at the University. According to the Employment Equity Act 55 of 1998, women form part of designated groups, and by law, employers are required to implement affirmative action measures for these groups. Unisa’s policy on employment equity does recognise women as part of the designated groups and has therefore purposefully tried to promote representativity and inclusivity in the composition of its workforce (Employment equity policy for Unisa 1999) (see appendix A). The increase in the number of women in Unisa’s workforce can thus partially be attributed to the successful implementation of affirmative action policies.
2.2.4 Employment status

The basis on which an employee is appointed, determines his or her employment status. Unisa makes four types of appointments, namely:

(1) Permanent appointments (Perm)
Permanent personnel are employees who are appointed for an indefinite period and work full time at Unisa.

(2) Temporary full-time (TF)
Temporary full-time personnel are employees who are appointed for a specific period and work full day.

(3) Temporary part-time (TP)
Temporary part-time personnel are employees who are appointed for a specific period but work only half day.

(4) Extraordinary (Ext)
Extraordinary personnel are employees appointed on an ad hoc basis for specific purposes or projects.

Table 2.5 and figure 2.4 provide a schematic representation of the employment status of Unisa's workforce for the period 1992 to 1997.

According to table 2.5, the majority of Unisa's employees are appointed on a permanent basis (91%), followed by the appointment of staff on a temporary part-time basis (4.3%), a temporary full-time basis (4.2%), and lastly, an extraordinary basis (0.5%).
Contrary to the *increase* in permanent personnel (11%), significant *decreases* in the number of temporary full-time (44%), part-time (43%) and extraordinary personnel (99%) are evident for the period 1992 to 1997 (see figure 2.4).

Whenever an organisation needs to cut back on expenses for labour costs, part-time, temporary or contractual type of employees are usually the first to be dismissed (Gomez-Mejia, Balkin & Cardy 1998:72). The dismissal of these type of employees involves fewer contractual liabilities and allows the organisation to display greater loyalty towards its key permanent employees. This has probably been the case with Unisa because of the serious budget deficit it had in 1997.

Despite the fact that permanent employees cost an organisation more than temporary employees, the number of employees appointed on a permanent basis, increased to 91 percent during 1997 (see table 2.5). Legislation requirements as well as union demands regarding job security could be responsible for the increase in permanent appointments. The labour law does not specifically provide for the appointment of temporary employees on a permanent basis after a certain period of time, but reasonable expectations of temporary employees regarding the renewal of their service contract, do place organisations in a contentious position.

### 2.2.5 Job category

Since the administrative personnel category comprises a vast number of job categories - some of which apply to only a few employees - it was decided not to provide further information on this group. However, as the academic group could be represented more easily, further information is provided for this group.
**TABLE 2.5: THE EMPLOYMENT STATUS OF UNISA’S WORKFORCE FOR THE PERIOD 1992 TO 1997**

<table>
<thead>
<tr>
<th>Year</th>
<th>PERM</th>
<th>TF</th>
<th>TP</th>
<th>EXT</th>
<th>PERM</th>
<th>TF</th>
<th>TP</th>
<th>EXT</th>
<th>PERM</th>
<th>TF</th>
<th>TP</th>
<th>EXT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>1204</td>
<td>123</td>
<td>16</td>
<td>84</td>
<td>1587</td>
<td>134</td>
<td>242</td>
<td>0</td>
<td>2791</td>
<td>257</td>
<td>258</td>
<td>84</td>
</tr>
<tr>
<td>1993</td>
<td>1185</td>
<td>123</td>
<td>9</td>
<td>62</td>
<td>1639</td>
<td>142</td>
<td>232</td>
<td>0</td>
<td>2824</td>
<td>265</td>
<td>241</td>
<td>62</td>
</tr>
<tr>
<td>1994</td>
<td>1188</td>
<td>98</td>
<td>48</td>
<td>62</td>
<td>1682</td>
<td>96</td>
<td>186</td>
<td>0</td>
<td>2870</td>
<td>194</td>
<td>234</td>
<td>62</td>
</tr>
<tr>
<td>1995</td>
<td>1196</td>
<td>107</td>
<td>42</td>
<td>65</td>
<td>1775</td>
<td>82</td>
<td>169</td>
<td>1</td>
<td>2971</td>
<td>189</td>
<td>211</td>
<td>66</td>
</tr>
<tr>
<td>1996</td>
<td>1178</td>
<td>98</td>
<td>60</td>
<td>57</td>
<td>1862</td>
<td>47</td>
<td>155</td>
<td>2</td>
<td>3040</td>
<td>145</td>
<td>215</td>
<td>59</td>
</tr>
<tr>
<td>1997</td>
<td>1208</td>
<td>92</td>
<td>10</td>
<td>1</td>
<td>1900</td>
<td>51</td>
<td>137</td>
<td>0</td>
<td>3108</td>
<td>143</td>
<td>147</td>
<td>1</td>
</tr>
<tr>
<td>TOTAL FOR 1997</td>
<td>1311</td>
<td></td>
<td></td>
<td>2088</td>
<td></td>
<td></td>
<td></td>
<td>3399</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Representivity per employment status - Academic personnel**

<table>
<thead>
<tr>
<th>Year</th>
<th>Perm</th>
<th>TF</th>
<th>TP</th>
<th>EXT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>92%</td>
<td>7%</td>
<td>0.9%</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

**Representivity per employment status - Administrative personnel**

<table>
<thead>
<tr>
<th>Year</th>
<th>Perm</th>
<th>TF</th>
<th>TP</th>
<th>EXT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>91%</td>
<td>2.4%</td>
<td>6.6%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Representivity per employment status - Total number of personnel**

<table>
<thead>
<tr>
<th>Year</th>
<th>Perm</th>
<th>TF</th>
<th>TP</th>
<th>EXT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>91%</td>
<td>4.2%</td>
<td>4.3%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

**Source:** Adapted from the Statistical profile of personnel for the equity and excellence programme, Unisa: Bureau for Management Information (1997)

- **Perm:** Permanent personnel are employees who are appointed for an indefinite period and work full time at Unisa.
- **TF:** Temporary full-time personnel are employees who are appointed for a specific period and work full day.
- **TP:** Temporary part-time personnel are employees who are appointed for a specific period but work only half day.
- **EXT:** Extraordinary personnel are employees appointed on an ad hoc basis for specific purposes or projects.
FIGURE 2.4: THE EMPLOYMENT STATUS OF UNISA'S WORKFORCE FOR THE PERIOD 1992 TO 1997

Source: Adapted from the Statistical profile of personnel for the equity and excellence programme, Unisa: Bureau for Management Information (1997)
2.19

Figure 2.5 shows the division of academic personnel into the various academic job categories for 1997. According to this figure, the largest number of academic jobs are occupied by senior lecturers (32%), followed by lecturers (23%) and professors (18%). It is interesting that no significant changes regarding the percentage distribution of employees in the various academic job categories (professor, senior lecturer, lecturer, etc) have taken place since 1993 (Statistical profile of personnel for the equity and excellence programme 1997:299).

**FIGURE 2.5:** NUMBER OF EMPLOYEES AT UNISA OCCUPYING THE VARIOUS ACADEMIC JOB CATEGORIES DURING 1997

![Bar chart showing the percentage distribution of employees by academic job category.]

Source: Adapted from the Statistical profile of personnel for the equity and excellence programme, Unisa: Bureau for Management Information (1997)

2.2.6 Marital status

The marital status of employees can be classified into four broad categories, namely married, single, divorced and widowed.
2.20

Figure 2.6 illustrates the marital status of Unisa's workforce for 1997. Owing to the limited availability of information, it is not possible to provide a detailed analysis of the marital status by gender for the staff at Unisa.

**FIGURE 2.6: MARITAL STATUS OF UNISA'S WORKFORCE FOR 1997**

![Marital Status Pie Chart]

- MARRIED: 69%
- SINGLE: 20%
- DIVORCED: 9%
- WIDOWED: 2%

**Source:** Personnel records, Unisa: Personnel Department (1997)

As indicated in figure 2.6, the largest portion of Unisa's workforce consists of married employees (69%), followed by single employees (20%), divorced employees (9%) and widowed employees (2%).

2.2.7 Age

Although the majority of South Africa's total population comprises of relatively young people (more than half are below 25 years of age), people in this age category form only about 20 percent of the economically active population in the country. This has led to a situation in which this group of young people are dependent on other age groups for a living (Barker 1999:49).
2.21

Regarding Unisa’s situation, 31 percent of employees fall between the ages of 35 and 44 and 26 percent between the ages of 25 and 34 years. Thus the majority of employees (57%) are between the ages of 25 and 44 years, which reflects a relatively young workforce (see figure 2.7).

FIGURE 2.7: AGE DISTRIBUTION OF UNISA’S WORKFORCE FOR 1997

![Bar chart showing age distribution of Unisa's workforce for 1997.]

<table>
<thead>
<tr>
<th>Age of Employees</th>
<th>% of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25</td>
<td>4%</td>
</tr>
<tr>
<td>25-34</td>
<td>31%</td>
</tr>
<tr>
<td>35-44</td>
<td>28%</td>
</tr>
<tr>
<td>45-50</td>
<td>19%</td>
</tr>
<tr>
<td>51-54</td>
<td>10%</td>
</tr>
<tr>
<td>55-60</td>
<td>8%</td>
</tr>
<tr>
<td>61-64</td>
<td>2%</td>
</tr>
<tr>
<td>&gt;65</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Personnel records, Unisa: Personnel Department (1997)

2.2.8 Dependants

The number of dependants is another factor that contributes to the diversity of a workforce.

According to figure 2.8, the majority of employees (62%) at Unisa do not have any dependants while 11 percent have only one dependant and 15 percent two dependants. This is an interesting aspect especially when one considers the relatively young workforce of Unisa (see paragraph 2.2.7).
FIGURE 2.8: NUMBER OF DEPENDANTS PER EMPLOYEE AT UNISA FOR 1997

Source: Personnel records, Unisa: Personnel Department (1997)

2.3 SUMMARY

In this chapter the focus has been on the profile of Unisa's workforce. Factors such as the number of academic and administrative personnel, ethnicity, gender, employment status, job category, marital status, age and number of dependants have been discussed. In the next chapter the employee benefits provided by Unisa will be discussed. A breakdown of benefit costs will also be provided.
3.1 INTRODUCTION

In the previous chapter the workforce profile for Unisa was discussed. In this chapter, the employee benefits provided by Unisa will be analysed. The discussion will focus on issues such as (1) Unisa's policy and philosophy on the provisioning of benefits, (2) employee benefits as determined by the conditions of employment and collective agreements, (3) a detailed breakdown of the benefit costs, and (4) the relationship of benefit costs to the total value of the remuneration package.

3.2 UNISA'S POLICY AND PHILOSOPHY REGARDING EMPLOYEE BENEFITS

According to a report by the Deloitte and Touche Consulting Group (1997:48), Unisa does not have a remuneration policy. Because of this shortcoming, there is no ongoing process to benchmark the internal salaries to market averages - hence the prevailing inconsistent, rigid remuneration practices. One of the reasons for this situation could be related to the absence of a full-time professional compensation manager.

This reactive approach to the management of remuneration and employee benefits at Unisa has created a gap for trade union interference. Since 1995, the trade unions have played a significant role in the negotiation of salaries and employee benefits with management. Three trade unions are active at Unisa namely (1) South African parastatal and tertiary institutions union (Saptu) for administrative employees primarily, (2) Academic and Professional Staff Association (Apsa) for academic employees primarily and (3) National education health and allied workers' union (Nehawu) for all category of employees. The involvement of trade unions does not, however, guarantee that the individual needs of employees are taken into consideration in the development of remuneration policies, but over the past few years has resulted in more employee involvement and awareness.
Despite the lack of a compensation policy, Unisa offers its employees a number of benefits and these will be discussed briefly. It is interesting to note that employee benefits at Unisa account for 42 percent of the total compensation costs. The total compensation costs amounted to R584 859 372 in 1997 (Financial statement, Personnel Compensation, Unisa, 1997). Table 3.1 provides a list of employee benefits provided by Unisa. This list will be used as reference for the discussion on employee benefits. Note that for practical reasons, only information for the 1996 and 1997 financial years will be provided. The discussion on employee benefits will start with benefits required by law and then focus on voluntary benefits provided by Unisa.

**TABLE 3.1: EMPLOYEE BENEFITS PROVIDED BY UNISA**

<table>
<thead>
<tr>
<th>LEGALLY REQUIRED BENEFITS</th>
<th>VOLUNTARY BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Insurance</td>
<td>Medical aid scheme</td>
</tr>
<tr>
<td>Compensation for occupational injuries and diseases</td>
<td>Group life insurance</td>
</tr>
<tr>
<td>Payment for time not worked</td>
<td>Pension/provident funds</td>
</tr>
<tr>
<td></td>
<td>Parking</td>
</tr>
<tr>
<td></td>
<td>Bursaries and tuition fees</td>
</tr>
<tr>
<td></td>
<td>Clothing and overalls</td>
</tr>
<tr>
<td></td>
<td>Housing subsidy</td>
</tr>
<tr>
<td></td>
<td>Membership of professional associations/attendance of courses and conferences</td>
</tr>
<tr>
<td></td>
<td>Motor-vehicle loan scheme</td>
</tr>
<tr>
<td></td>
<td>Bonuses - annual service bonus, qualification bonus and long-service bonus</td>
</tr>
<tr>
<td></td>
<td>Subsidised bus transport</td>
</tr>
<tr>
<td></td>
<td>Removal and travelling expenses</td>
</tr>
<tr>
<td></td>
<td>100% housing loan scheme</td>
</tr>
<tr>
<td></td>
<td>24-hour group accidental death and disability plan</td>
</tr>
<tr>
<td></td>
<td>Childcare centre (créche)</td>
</tr>
<tr>
<td></td>
<td>Legal advice services</td>
</tr>
<tr>
<td></td>
<td>Counselling services</td>
</tr>
<tr>
<td></td>
<td>Subsidised cafeteria meals</td>
</tr>
<tr>
<td></td>
<td>Health clinic</td>
</tr>
</tbody>
</table>

*Source: Conditions of Employment, Unisa (1999)*
3.3 EMPLOYEE BENEFITS OFFERED BY UNISA

3.3.1 Legally required benefits

3.3.1.1 Unemployment insurance

The Unemployment Insurance Act 30 of 1966 regulates this issue. The primary purpose of providing this benefit is to protect employees against the risk of loss of income. Although this is a legally required benefit, employees contribute to the Fund at a rate of one percent of their earnings. Unisa, as an employer, also contributes to the Unemployment Fund at a rate equal to that of the employee. Contributors to the Unemployment Fund include all employees earning less than R82 992 per annum as at 1999. This amount is revised annually. An employee earning more than this amount is believed to be capable of providing adequately for unforeseen circumstances such as unemployment. However, there are moves to change this since the government feels that any employee could become unemployed and would utilise such a Fund.

Table 3.2 indicates how many employees at Unisa are members of the Unemployment Insurance Fund and what Unisa, as an employer, contributes to the Fund.

TABLE 3.2: UNEMPLOYMENT INSURANCE FUND: NUMBER OF UNISA MEMBERS AND CONTRIBUTIONS PAID BY UNISA FOR THE PERIOD 1996 AND 1997

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF EMPLOYEES</th>
<th>% OF TOTAL PERSONNEL</th>
<th>UNISA'S CONTRIBUTION</th>
<th>% OF TOTAL BENEFIT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>1 532</td>
<td>44%</td>
<td>R 780 543</td>
<td>0.48%</td>
</tr>
<tr>
<td>1997</td>
<td>1 420</td>
<td>42%</td>
<td>R 812 165</td>
<td>0.33%</td>
</tr>
</tbody>
</table>

Source: Adapted from a detailed statement of personnel compensation (statement 7) for the years 1996 and 1997, Unisa: Finance department
3.4

Despite the fact that the number of Unisa employees belonging to the Unemployment Insurance Fund are decreasing, contribution costs continue to increase. The reason for this seemingly inconsistent phenomenon can be directly attributed to salary increases which place a larger group of employees in higher-income brackets. This explains why contribution costs increase.

As indicated in table 3.2, 42 percent of Unisa's employees belonged to the Unemployment Insurance Fund in 1997. At Unisa, the Unemployment Insurance benefit costs constitute 0.33 percent of the total benefit costs.

3.3.1.2 **Compensation for occupational injuries and diseases**

The reason for the existence of this benefit is to provide for loss of income as a result of disablement caused by occupational injuries or diseases contracted by employees in the course of their employment. This benefit is regulated by the Compensation for Occupational Injuries and Diseases Act 130 of 1993 (Labour Legislation Service, Iss 6:1605).

This benefit is a non-contributory employee benefit in which contributions to the compensation fund are paid by the employer only. No deductions are thus made from employees' salaries. The contribution (assessment) payable by an employer is determined by the Compensation Commissioner and is based on the total amount paid as salaries to employees, as well as an organisation's claims record.

Table 3.3 indicates the number of employees, assessment costs and the financial state of Unisa's Compensation Fund.

Despite the fact that Unisa has a surplus in the Compensation Fund, it continues to pay an assessment (levy) every year. The reason for this is that the Compensation Fund is administered as an insurance fund, and any surplus funds are forfeited by the employer and used by the Compensation Fund to make adequate provision for future claims. The necessity of making provision for the future is emphasised by the drastic
increase in claim costs which occurred during 1997 (see table 3.3). The Compensation Commissioner, however, is allowed to grant an employer a merit rebate every three years. This is a cash payment, based on a favourable claims record where claims do not exceed 62 percent of the total amount paid as an assessment for three years.

TABLE 3.3: COMPENSATION FOR OCCUPATIONAL INJURIES AND DISEASES: NUMBER OF EMPLOYEES, ASSESSMENT COSTS AND THE FINANCIAL STATE OF UNISA's COMPENSATION FUND IN 1997

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF EMPLOYEES AT UNISA</th>
<th>CONTRIBUTION (ASSESSMENT) COSTS</th>
<th>NUMBER OF CLAIMS BY UNISA</th>
<th>CLAIM COSTS</th>
<th>ADMIN COSTS</th>
<th>SURPLUS IN UNISA'S FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>3 918</td>
<td>R485 396</td>
<td>79</td>
<td>R 67 329</td>
<td>R16 832</td>
<td>R326 662</td>
</tr>
<tr>
<td>1997</td>
<td>3 415</td>
<td>R444 002</td>
<td>61</td>
<td>R203 987</td>
<td>R50 997</td>
<td>R104 310</td>
</tr>
</tbody>
</table>

Source: Report by Compensation Commissioner, Accident Experience Schedule (1997)

It is interesting to note that during 1997, 689 days were lost because of occupational injuries (Leave records, Personnel Department, Unisa, 1997).

3.3.1.3 Payment for time not worked

Although each organisation has its own policy regarding time off with pay, certain requirements of The Basic Conditions of Employment Act 75 of 1997 must be adhered to. Whenever reference is made to the Act hereinafter, it refers to The Basic Conditions of Employment Act, 75 of 1997. According to the Act, employees should be remunerated for time not worked in the following instances:

- meal intervals
- public holidays
- vacation
- sick leave
Not only is Unisa providing better benefits with regard to the minimum requirements (ie more days are granted), it also provides additional benefits such as

- occasional / compassionate leave
- recess leave
- research and development leave
- examination leave
- study leave

The aforementioned issues, prescribed by the Act, as well as the additional leave benefits provided by Unisa, will now be briefly discussed. Although additional leave benefits do not form part of legally required benefits, it was decided to discuss all the leave benefits provided by Unisa in one section.

**Vacation**

According to the Act, permanent full-time academic and administrative employees are entitled to three weeks' fully paid vacation leave after every 12 months of continuous employment. In this instance, Unisa makes provision for 30 working days. Depending on the job level, administrative, permanent full-time employees are entitled to 35 days leave and professional staff, 42 days leave (Substantive agreement, 1996). Academic employees in all the different job levels are excluded from this arrangement and receive only 30 days leave each year.

**Sick leave**

The Act makes provision for six weeks' paid sick leave for every 36 months of continuous employment. However, Unisa makes provision for 120 days' sick leave in a cycle of three years. Additional sick leave may also be granted in the event of a
prolonged illness for another 120 days with half pay. Employees who have completed
10 years of uninterrupted service are also entitled to a further 240 days' leave.
Whenever an employee has to retire as a result of poor health and his or her sick leave
has been exhausted, special sick leave may be granted. Under these circumstances
special approval must be obtained from the Principal. The aforementioned sick leave
benefits apply to both academic and administrative employees.

**Maternity leave**

According to the Act, a pregnant employee is entitled to four months' maternity leave. Unisa grants its employees four months maternity leave but also allows employees to use any vacation leave to their credit for maternity purposes. Altogether the maternity leave period may not exceed 20 weeks, although arrangements may be made for special circumstances.

**Paternity leave**

According to the Act an employee is entitled to three days' paid family responsibility leave, provided that he or she works for four or more days in a week. The employee may take this leave in the event of the birth of a child. Unisa grants its employees five days' paternity leave per year.

**Occasional/compassionate leave**

Occasional leave of 10 working days is granted for the following purposes: when a member of the employee's immediate family dies, attendance of court cases, childcare and other special circumstances.

**Recess leave**

No obligation rests on an employer to provide leave for research and study purposes. However, as a tertiary institution, Unisa provides its permanent academic staff 50
working days' recess leave per year. Research staff are entitled to 10 working days' recess leave per year.

**Research and development leave**

Permanent members of the academic and research staff are also entitled to take leave for a period of nine months after completion of six years' uninterrupted service. This is known as research and development leave. This entire period must be utilised for the purposes of study or research.

**Examination leave**

Unisa also provides its permanent administrative personnel leave for writing examinations (examination leave). Administrative personnel studying towards an undergraduate or postgraduate degree receive one day's leave for every paper they write and two's days leave for study purposes for each paper. During 1997, 4471 days leave was taken by the administrative personnel (see table 3.4).

**Study leave**

In respect of a masters or doctorate degree, administrative personnel are entitled to 15 working days study leave for each completed year of service to a maximum of 135 days. Administrative personnel studying towards their master's or doctorate degree during 1997, took 124 days study leave for master's degree purposes and 310 days leave for doctorate degree purposes (see table 3.4).

Table 3.4 summarises the various types of leave taken by academic and administrative personnel at Unisa during 1997. Considering the wide range of leave benefits provided, and the costs involved, this could be an area on which Unisa needs to focus on in the future.
### TABLE 3.4: LEAVE TAKEN BY ACADEMIC AND ADMINISTRATIVE PERSONNEL DURING 1997

<table>
<thead>
<tr>
<th>TYPE OF LEAVE</th>
<th>NUMBER OF DAYS TAKEN BY ACADEMIC PERSONNEL</th>
<th>NUMBER OF DAYS TAKEN BY ADMIN PERSONNEL</th>
<th>TOTAL DAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VACATION</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taken</td>
<td>26 606</td>
<td>59 888</td>
<td>86 494</td>
</tr>
<tr>
<td>Paid out</td>
<td>17 659</td>
<td>64 059</td>
<td>81 718</td>
</tr>
<tr>
<td>Without pay</td>
<td>1 247</td>
<td>368</td>
<td>1 615</td>
</tr>
<tr>
<td><strong>LONG LEAVE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taken</td>
<td>1 178</td>
<td>751</td>
<td>1 929</td>
</tr>
<tr>
<td>Half-pay</td>
<td>540</td>
<td>540</td>
<td></td>
</tr>
<tr>
<td>Paid out</td>
<td>180</td>
<td>9 747</td>
<td>9 927</td>
</tr>
<tr>
<td>Long service</td>
<td></td>
<td>6 316</td>
<td>6 316</td>
</tr>
<tr>
<td>- paid out</td>
<td></td>
<td>23 365</td>
<td>23 365</td>
</tr>
<tr>
<td><strong>SICK LEAVE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taken</td>
<td>7 705</td>
<td>20 883</td>
<td>28 588</td>
</tr>
<tr>
<td>Additional</td>
<td>346</td>
<td>1 459</td>
<td>1 805</td>
</tr>
<tr>
<td>Half pay</td>
<td></td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>Without pay</td>
<td>51</td>
<td>1</td>
<td>52</td>
</tr>
<tr>
<td>Injured on duty</td>
<td>689</td>
<td>689</td>
<td></td>
</tr>
<tr>
<td><strong>MATERNITY LEAVE</strong></td>
<td>2 093</td>
<td>4 153</td>
<td>6 246</td>
</tr>
<tr>
<td><strong>PATERNITY LEAVE</strong></td>
<td>85</td>
<td>270</td>
<td>355</td>
</tr>
<tr>
<td><strong>OCCASIONAL LEAVE</strong></td>
<td>517</td>
<td>2 307</td>
<td>2 824</td>
</tr>
<tr>
<td><strong>RESEARCH/ DEVELOPMENT</strong></td>
<td>36 135</td>
<td>3</td>
<td>36 138</td>
</tr>
<tr>
<td>Taken</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without pay</td>
<td>1 711</td>
<td></td>
<td>1 711</td>
</tr>
<tr>
<td>Recess</td>
<td>48 043</td>
<td></td>
<td>48 043</td>
</tr>
<tr>
<td>Examination *</td>
<td>4 471</td>
<td></td>
<td>4 471</td>
</tr>
<tr>
<td>Study : M degree</td>
<td></td>
<td>124</td>
<td>124</td>
</tr>
<tr>
<td>D degree</td>
<td></td>
<td>310</td>
<td>310</td>
</tr>
<tr>
<td><strong>COMPENSATORY LEAVE</strong></td>
<td>238</td>
<td></td>
<td>238</td>
</tr>
<tr>
<td><strong>TOTAL LEAVE TAKEN (days)</strong></td>
<td></td>
<td></td>
<td>343 530</td>
</tr>
</tbody>
</table>

* Undergraduate and Postgraduate (Hons)

**Source:** Adapted from leave records, Unisa: Personnel Department (1997)
The impact of leave as a benefit is apparent when one considers the total number of days leave taken as a percentage of available working days.

**Total number of working days available**

\[
\text{Total personnel} \times \text{working days} = \text{total number of working days available}
\]

\[
3399 \times 365 = 1240635 \text{ days}
\]

**Percentage of days lost due to leave taken**

\[
\frac{\text{Total days leave taken} + \text{total number of working days available} \times 100}{\text{total number of working days available}} = \% \text{ of days lost due to leave taken during the year}
\]

\[
343530 + 1240635 \times 100 = 28\%
\]

As indicated by the above calculation, nearly one-third of potential working days are lost because of leave benefits. This is a very conservative estimation since weekends and public holidays are regarded as working days. If weekends and public holidays had to be deducted from the working days \((365 - [104 + 11])\), the number of working days lost because of leave benefits, would increase to 40 percent.

According to the Salary department at Unisa, employees are paid for weekends and public holidays and therefore any statistical calculation should use 365 days (or 30 days in respect of a month) as the basis for calculations.

The cost implication of leave benefits, especially with regard to sick leave, is discussed in section 3.3.2.1 and will further illustrate the impact that leave benefits have on the total compensation expenditure at Unisa.
The discussion of unemployment insurance, compensation for occupational injuries and diseases, and payment for time not worked, concludes the discussion on those employee benefits required by law. In the next section, voluntary employee benefits, as determined by Unisa's conditions of employment and substantive agreements, will be discussed.

3.3.2 Voluntary benefits

In contrast to the employee benefits required by law, voluntary employee benefits are provided at the discretion of the employer and provide the most opportunities for cost savings and the satisfaction of individual employee needs. The benefits provided by Unisa in this regard include: medical aid, group life insurance, pension, bursaries and tuition fees, clothing and overalls, a housing subsidy, membership of professional associations/attendance of courses and conferences, a motor-vehicle loan scheme, annual service bonuses, bonuses for improving qualifications, subsidised bus transport, removal and travelling expenses, a 100 percent housing loan scheme, long service bonus, 24-hour group accidental death and disability plan, and childcare services. Each of these voluntary employee benefits will now be briefly discussed.

3.3.2.1 Medical aid scheme

In the total employee benefit package, medical costs have become one of the single most expensive items for employers and have steadily eroded corporate profits (Paulish 1994:12). This also affects Unisa adversely.

Employees at Unisa have a choice between three medical aid schemes, namely Bestmed, Bonitas or Sanitas. Membership is compulsory for all permanent employees except in the case of an employee who can provide documentary proof that he or she is covered by another medical fund recognised by Council (Substantive agreement 1996).
3.12

Unisa agrees to pay, on behalf of each employee, 80 percent of the monthly membership contribution payable by such member to the medical aid scheme. Only in the case of Bestmed members, does the contribution amount to 73 percent (Circular R10/98 1998). Membership contributions are determined according to a deduction schedule.

In the event of an alternative medical aid scheme being agreed upon, Unisa agrees to pay the equivalent monetary value of the aforementioned 80 percent.

After retirement, Unisa continues to pay on behalf of each contributing employee an amount of 80 percent of the monthly membership contribution. In respect of employees who joined the bargaining unit on or after 1 February 1996, the contribution of Unisa after retirement shall amount to 50 percent of the monthly membership contribution (Circular R10/98, 1998). This reduction in employer contributions is one way in which Unisa attempts to reduce future expense liabilities.

Before 1998, medical aid subsidies paid by Unisa were not taxed as income in the hands of employees. From April 1998, however, tax was levied on employees for the difference between the actual percentage contribution made by Unisa and two-thirds of the total medical aid contribution. In the case of Bonitas and Sanitas members, tax will therefore be levied on 13.33 percent and for Bestmed members on 6.77 percent of the total contribution.

Medical costs

Medical costs for an employer originate mainly from two sources, namely:

- medical contributions paid by the employer
- costs as a result of absenteeism due to illness

Table 3.5 indicates the amount Unisa spends on medical contributions for the three medical schemes. An indication is also given of how much is spent on medical benefits in relation to the total benefit costs.
TABLE 3.5: CONTRIBUTIONS PAID BY UNISA TO THE THREE MEDICAL SCHEMES FOR THE PERIOD 1996 AND 1997

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL NUMBER OF MEMBERS</th>
<th>CONTRIBUTIONS PAID BY UNISA*</th>
<th>% OF EMPLOYEE BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>2 323</td>
<td>R15 565 118</td>
<td>9,48%</td>
</tr>
<tr>
<td>1997</td>
<td>2 315</td>
<td>R19 135 139</td>
<td>7,96%</td>
</tr>
</tbody>
</table>

* Payment in respect of all three medical schemes

Source: Adapted from a detailed statement of personnel compensation (statement 7) for the years 1996 and 1997, Unisa: Finance Department

During 1997, medical costs formed 7,96 percent of the total benefit costs.

Absenteism due to illness

A more justified reason for concern is the little control Unisa is exercising over the costs incurred by absenteeism due to illness. Despite the increase in medical coverage, employees appear to becoming increasingly ill.

Table 3.6 provides interesting information on the sick leave taken by academic and administrative personnel.

As indicated in table 3.6, seven employees were absent each day during 1997. For productivity purposes, this is a situation which cannot be afforded and closer control is needed, perhaps a wellness programme needs to be in place in order to address this issue proactively.
### Table 3.6: Absenteeism due to illness of academic and administrative personnel for the period 1996 and 1997

<table>
<thead>
<tr>
<th>Year</th>
<th>Academic Personnel</th>
<th></th>
<th>Administrative Personnel</th>
<th></th>
<th>Total Personnel</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Personnel Absent Per Year</td>
<td>Days Absent Per Year</td>
<td>Number of Personnel Absent Per Year</td>
<td>Days Absent Per Year</td>
<td>Total Number of Personnel Absent Per Year</td>
<td>Total Days Absent Per Year</td>
<td>Average Number of Personnel Absent Per Day</td>
</tr>
<tr>
<td>1996</td>
<td>755</td>
<td>7,360</td>
<td>1,736</td>
<td>22,747</td>
<td>2,491</td>
<td>30,107</td>
<td>7</td>
</tr>
<tr>
<td>1997</td>
<td>802</td>
<td>8,102</td>
<td>1,762</td>
<td>23,064</td>
<td>2,564</td>
<td>31,166</td>
<td>7</td>
</tr>
</tbody>
</table>

**Source:** Adapted from leave records, Unisa: Personnel Department (1997)
According to Carrell et al (1998:427), wellness programmes have a much wider focus than traditional health care programmes and consist of three components, namely:

1. They help employees to identify potential health risks,
2. They educate employees about health risks,
3. They encourage employees to change their lifestyles.

The high absenteeism rate could also be indicative of other organisational problems like for instance work stress.

**Estimated costs of absenteeism due to illness**

To roughly estimate the costs involved in cases of absenteeism due to illness, the following assumptions were made:

1. It was assumed that the same number of junior and senior personnel were absent in the academic and administrative personnel categories.
2. Only gross salaries (excluding all benefits) were considered as a cost factor.
3. The number of working days includes weekends and public holidays and therefore the cost per day was calculated by using 365 days as basis.

According to Cascio (1998:618) absenteeism costs could be determined by using the following formula:

\[
\text{Total value of gross salaries for the year + Number of personnel) ÷ 365 x Number of days absent}
\]
In Unisa's case, absenteeism costs could be calculated as follows:

In 1997, absenteeism costs in respect of academic personnel, amounted to
\[(R154,655,621 + 1,311) ÷ 365 \times 8,102 = \text{R2,618,559}\]

In 1997, absenteeism costs in respect of administrative personnel, amounted to
\[(R169,006,211 ÷ 2,088) ÷ 365 \times 23,064 = \text{R5,114,626}\]

**Total costs for 1997** \text{R7,783,185}

This estimated cost of employee absenteeism is very conservative since other costs incidental to absenteeism (supervisory salaries lost to managing absenteeism, employee benefit costs, etc) are not included in this figure.

### 3.3.2.2 Group life insurance

This benefit is the most important source of employer-provided death benefits. The objective of group life insurance is to provide the dependants of a deceased employee with money to cover expenses and to help them with their readjustment.

Employees at Unisa have a choice between two group life insurance schemes, namely:

1. the Unisa Group Scheme
2. the Unisa Workers' Group Scheme

Both these schemes are underwritten by SA Mutual Life Assurance Society (Old Mutual).

Membership is compulsory for employees who are members of the University of South Africa Retirement Fund (Unisarf) or the Associated Institutions Pension Fund (AIPF). The University pays 50 percent of the contribution in respect of the Unisa Group Scheme. In the case of the Unisa Workers' Group Scheme, Unisa pays 100 percent
of the contribution. The employee’s contribution is determined by multiplying the employee’s salary by 2.83 percent.

The primary benefits of these schemes are as follows:

**Unisa Group Scheme**
- Death benefit: 2 x annual salary
- Disability benefit: 3 x annual salary in respect of disability for own or similar occupation. Reduction of benefit from the age of 50 years at a rate of 10 percent per annum.

**Unisa Workers Group Scheme**
- Death benefit: 3 x annual salary
- Disability benefit: 3 x annual salary in respect of disability for own or similar occupation. Reduction of benefit after the age of 55 years at a rate of 20 percent per annum.

**Group life insurance costs**

Table 3.7 indicates how much Unisa spends on contributions for group life insurance for all employees belonging to the two group life insurance schemes. An indication is also given of how much is spent on this benefit in relation to total benefit costs.

**TABLE 3.7: GROUP LIFE INSURANCE COSTS FOR CONTRIBUTIONS PAID BY UNISA FOR THE PERIOD 1996 AND 1997**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF UNISA GROUP SCHEME MEMBERS</th>
<th>NUMBER OF UNISA WORKERS GROUP SCHEME MEMBERS</th>
<th>CONTRIBUTIONS PAID BY UNISA</th>
<th>% INCREASE IN COSTS</th>
<th>% OF TOTAL BENEFIT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>2767</td>
<td>309</td>
<td>R4 225 890</td>
<td>26.83%</td>
<td>2.57%</td>
</tr>
<tr>
<td>1997</td>
<td>2767</td>
<td>304</td>
<td>R4 636 154</td>
<td>9.7%</td>
<td>1.92%</td>
</tr>
</tbody>
</table>

**Source:** Adapted from a detailed statement of personnel compensation (statement 7) for the years 1996 and 1997, Unisa: Finance Department
Contribution costs increased by R893 902 (26.83%) during 1996, despite the fact that the number of personnel remained the same (see table 3.7). A possible explanation for this is the increase in salaries which occurred during 1996 in accordance with a Substantive Agreement between the Joint Bargaining Forum and Unisa Management (Substantive Agreement 1996).

3.3.2.3 Pension/provident funds

The aim of a retirement fund is to provide future financial security to its members by offering a wide range of benefits for members at retirement, disability and death.

Permanent, full-time employees at Unisa have a choice between three pension schemes namely:

(1) Associated Institutions Pension Fund (AIPF)
(2) University of South Africa Retirement Fund (Unisarf)
(3) Retirement Fund for Workers (This fund is administered by Unisarf.)

Membership of one of the above-mentioned pension funds is compulsory.

Special provisions are made for lower-level employees by means of the Retirement Fund for Workers. Although they also belong to Unisarf, provisions such as the payment of a risk contribution of 6.5 percent, payable by Unisa to the Fund as well as an additional contribution of one percent payable by Unisa to the individual account of each employee are applicable.

One of the aims of a retirement fund is to provide benefits for disability. Unisa also makes provision for the payment of a disability pension in its pension scheme.

A small number of Unisa employees belong to the Health Psychology Unit of Unisa and are members of their own provident fund known as the HPU provident fund.
Provision has also been made for part-time employees who can belong to the Lifestyle Annuity Scheme or Unisarf.

Table 3.8 reflects the membership of the various pension/provident funds.

**TABLE 3.8: MEMBERSHIP OF RETIREMENT/PROVIDENT FUNDS AT UNISA FOR 1996 AND 1997**

<table>
<thead>
<tr>
<th>RETIREMENT BENEFIT FUND</th>
<th>1996 MEMBERSHIP NUMBERS</th>
<th>1997 MEMBERSHIP NUMBERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIPF</td>
<td>10</td>
<td>6</td>
</tr>
<tr>
<td>Unisarf</td>
<td>2,757</td>
<td>2,761</td>
</tr>
<tr>
<td>Retirement - workers</td>
<td>409</td>
<td>307</td>
</tr>
<tr>
<td>Lifestyle Annuity</td>
<td>140</td>
<td>143</td>
</tr>
<tr>
<td>Disability *</td>
<td>13</td>
<td>18</td>
</tr>
<tr>
<td>Disability - workers *</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>HPU provident fund</td>
<td>14</td>
<td>17</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>3,345</strong></td>
<td><strong>3,254</strong></td>
</tr>
</tbody>
</table>

* These funds are not real retirement/provident funds but reflect the number of employees who receive a disability benefit.

** Excludes temporary and part-time employees.

**Source:** Adapted from salary deduction schedules, Unisa: Finance Department (1997)

Contributions to the pension/provident funds paid by Unisa are calculated as a percentage of an employee's monthly gross salary. Table 3.9 indicates the contribution percentages which Unisa and the individual employee have to pay towards the various retirement/provident funds. At the moment Unisa uses the salary sacrifice approach regarding the employees' contributions to these funds.
3.20

TABLE 3.9: CONTRIBUTION PERCENTAGES PAID BY UNISA AND THE INDIVIDUAL EMPLOYEE TO THE VARIOUS RETIREMENT / PROVIDENT FUNDS DURING 1997

<table>
<thead>
<tr>
<th>RETIREMENT / PROVIDENT FUND</th>
<th>CONTRIBUTION PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unisarf</td>
<td></td>
</tr>
<tr>
<td>Member (employee)</td>
<td>8%</td>
</tr>
<tr>
<td>Unisa</td>
<td>7.5%</td>
</tr>
<tr>
<td>AIPF</td>
<td></td>
</tr>
<tr>
<td>Member - Men</td>
<td>8%</td>
</tr>
<tr>
<td>Women</td>
<td>6%</td>
</tr>
<tr>
<td>Unisa - Men</td>
<td>22%</td>
</tr>
<tr>
<td>Women</td>
<td>16.5%</td>
</tr>
<tr>
<td>LIFESTYLE ANNUITY SCHEME</td>
<td></td>
</tr>
<tr>
<td>Member</td>
<td>7.5%</td>
</tr>
<tr>
<td>Unisa</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

Source: Adapted from salary deduction schedules, Unisa: Finance Department (1997)

An employee's credit in the various retirement funds consists of the following three components:

(1) **Member contributions**
- contributions of pensionable salary
- any benefits and interest transferred from a previous fund
- declared bonuses

(2) **Unisa's contributions**

(3) **Retirement reserve plus declared bonuses**

The retirement age of an employee at Unisa is normally 65 years of age but an option does exist for early retirement from the age of 55 (Substantive agreement 1996).
In cases of resignation, credits in the retirement fund in respect of member contributions and Unisa’s contributions are paid to employees. In the past, only a percentage of Unisa’s contribution was paid out according to a certain scale based on years of service. This rule was changed by the University’s Council on 17 September 1997 and the total amount is now paid out (Unisa Retirement Fund Newsletter/Edition 2 1998).

Apart from offering benefits at retirement, disability and death, the Unisa Retirement Fund (Unisarf) also offers funeral benefits, as indicated in table 3.10.

TABLE 3.10: FUNERAL BENEFITS OFFERED BY THE UNISA RETIREMENT FUND (UNISARF)

<table>
<thead>
<tr>
<th>Benefit Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Death of a member</td>
<td>R 5 000</td>
</tr>
<tr>
<td>Death of a spouse</td>
<td>R 5 000</td>
</tr>
<tr>
<td>Death of a child (12-18 years old) and up to 24 years old if the child is a full-time student</td>
<td>R 2 500</td>
</tr>
<tr>
<td>Death of a child younger than 12 years old (including stillborn)</td>
<td>R 1 500</td>
</tr>
</tbody>
</table>


Retirement costs

During 1994, when members of the Associated Institutions Pension Fund (AIPF) were invited to join the Unisa Retirement Fund, Council agreed to pay an additional amount into the Unisa Retirement Fund to provide members with retirement benefits of approximately the same value as they would have received had they remained with the AIPF. The additional amount required amounted to R99 million. The reason for this offer by Council was the fact that the Unisa Retirement Fund was underfunded at that stage and that such a payment was necessary to encourage AIPF members to join Unisarf and to prevent Unisarf members from leaving the Fund.
According to an agreement between the Joint Bargaining Forum and the Management of Unisa regarding the funding of Unisarf, Council agreed to pay an amount of R99 million into the Unisa Retirement Fund (Unisarf). As can be seen from table 3.11, a total amount of R94 599 415 was paid up to 1997, leaving a shortfall of R4 400 585 for which Council is still liable.

As can be concluded from the above, retirement costs for Unisa originate mainly from three sources: 

1. the retirement contributions paid by Unisa
2. the budgeted deficit of Unisarf
3. supplementary payments (payments made to retired staff and dependants of former staff members as well as making provision for future obligations regarding existing members)

Table 3.11 illustrates the amounts Unisa spent on the above-mentioned cost components of the retirement funds for the period 1994 to 1997.

**TABLE 3.11: CONTRIBUTION COSTS IN RESPECT OF ALL THE RETIREMENT FUNDS AND DEFICITS PAID TO UNISARF BY UNISA FOR THE PERIOD 1994 TO 1997**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>CONTRIBUTIONS PAID BY UNISA</th>
<th>FUNDING DEFICIT IRO UNISARF *</th>
<th>SUPPLEMENTARY PAYMENTS **</th>
<th>TOTAL COSTS</th>
<th>% OF TOTAL BENEFIT COSTS (deficit excluded)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>R38 178 053</td>
<td>R58 140 000</td>
<td>R15 441 719</td>
<td>R111 759 772</td>
<td>48,67%</td>
</tr>
<tr>
<td>1995</td>
<td>R32 306 490</td>
<td>R10 152 362</td>
<td>R31 983 164</td>
<td>R 74 442 016</td>
<td>48,91%</td>
</tr>
<tr>
<td>1996</td>
<td>R39 158 308</td>
<td>R12 398 578</td>
<td>R39 417 548</td>
<td>R 90 974 434</td>
<td>47,86%</td>
</tr>
<tr>
<td>1997</td>
<td>R44 524 952</td>
<td>R13 908 475</td>
<td>R99 029 026 **</td>
<td>R157 462 453</td>
<td>59,73%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>R94 599 415</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Deficit payments in respect of Unisarf only.
** Supplementary payments are payments in respect of retired staff and their dependants as well as medical and leave payout provision for future retirees.

Source: Adapted from a detailed statement of personnel compensation (statement 7) for the years 1994, 1995, 1996 and 1997, Unisa: Finance Department
The total retirement costs for the various years, as indicated in table 3.11, include the amounts that were paid to fund the deficit of Unisarf, and as a result, the total amount spent on retirement benefits each year seems to be unusually high. As soon as the deficit is fully funded, the total amount spent on retirement benefits will decrease.

Supplementary payments are in respect of payments made by Unisa to retired staff and dependants of former staff members. These payments included leave gratuity payments, ex gratia payments, supplementary pension/provident fund payments, pension payments to unskilled workers and the provision for leave and medical costs for future retirees. It is important to note that the large amount for the 1997 financial year (R99 million - table 3.11) included a once-off payment to all staff regarding leave benefits and that this amount will stabilise from 1998 to approximately R58 million per year.

3.3.2.4 Parking

General parking is available for all Unisa employees at no cost. Reserved covered parking bays are also available for which employees can apply and pay for. These parking bays are allocated according to a certain formula based on an employee’s rank and years of service. The fees for the reserved parking bays, which are deductible from the employees’ salaries, are indicated in table 3.12.

| TABLE 3.12: FEES FOR THE RESERVED PARKING BAYS AT THE UNISA MAIN CAMPUS IN PRETORIA FOR 1997 |
|--------------------------------------------------|--------------------------------------------------|
| Full-day covered parking                        | R88,00 per month                                |
| Half-day covered parking                        | R68,00 per month                                |
| Motorcycles, covered                            | R 6,00 per month                                |

Source: Adapted from salary deduction schedules, Unisa: Finance Department (1997)
Parking is an employee financed benefit and is thus paid for by the employee.

Table 3.13 illustrates the income and utilisation of parking bays at the Unisa main campus in Pretoria.

**TABLE 3.13: INCOME AND UTILISATION OF PARKING BAYS AT THE UNISA MAIN CAMPUS IN PRETORIA FOR THE PERIOD 1996 AND 1997**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF PARKING BAYS UTILISED</th>
<th>INCOME GENERATED</th>
<th>% INCREASE IN INCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>882</td>
<td>R404 550</td>
<td>5,67%</td>
</tr>
<tr>
<td>1997</td>
<td>882</td>
<td>R445 934</td>
<td>10,2%</td>
</tr>
</tbody>
</table>

- 980 parking bays are available

**Source:** Adapted from a detailed statement of personnel compensation (annexure J) for the years 1996 and 1997, Unisa: Finance Department

The increase in the income generated by the hiring of parking bays is mainly the result of the adjustment of fees each year.

Parking bays are also available at the Sunnyside Campus, Postgraduate School for Business Leadership (SBL) offices (in Midrand) and other regional offices (e.g., Pietersburg, Durban, Cape Town) but since they are provided at no cost, they are not included in table 3.13.
3.3.2.5 Bursaries and tuition fees

Employees and their dependants who register for their studies at Unisa pay an annual fee equivalent to 50 percent of the cost of one course. Bursaries for full-time study at other universities or tertiary institutions are also made available to fully dependent children of employees, subject to such conditions as may be laid down by Council. Table 3.14 indicates the extent of Unisa’s involvement in this regard.

### TABLE 3.14: COSTS IN RESPECT OF BURSARIES AND TUITION FEES PAID TO STAFF MEMBERS FOR THE PERIOD 1996 AND 1997

<table>
<thead>
<tr>
<th>YEAR</th>
<th>BURSARIES PAID</th>
<th>TUITION FEES PAID</th>
<th>TOTAL COSTS</th>
<th>% INCREASE IN COSTS</th>
<th>% OF TOTAL BENEFIT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>R1 320 775</td>
<td>R1 366 725</td>
<td>R2 687 500</td>
<td>10,3%</td>
<td>0,02%</td>
</tr>
<tr>
<td>1997</td>
<td>R1 471 215</td>
<td>R1 452 125</td>
<td>R2 923 340</td>
<td>8,7%</td>
<td>0,02%</td>
</tr>
</tbody>
</table>

**Source:** Adapted from a detailed statement of personnel compensation (annexure J) for the years 1996 and 1997, Unisa: Finance Department

3.3.2.6 Clothing and overalls

This benefit is only available to crafts, trades and service employees (eg security services, catering services) at Unisa. Expenses incurred by Unisa for the provision of clothing and overalls are summarised in table 3.15.
TABLE 3.15: AMOUNTS PAID BY UNISA FOR CLOTHING AND OVERALLS OF STAFF MEMBERS FOR THE PERIOD 1996 AND 1997

<table>
<thead>
<tr>
<th>YEAR</th>
<th>AMOUNT PAID</th>
<th>% INCREASE IN COSTS</th>
<th>% OF TOTAL BENEFIT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>R460 205</td>
<td>31,4%</td>
<td>0,002%</td>
</tr>
<tr>
<td>1997</td>
<td>R491 913</td>
<td>6,8%</td>
<td>0,002%</td>
</tr>
</tbody>
</table>

Source: Adapted from a detailed statement of personnel compensation (annexure J) for the years 1996 and 1997, Unisa: Finance Department

The differences in the annual clothing and overalls expenditure can be ascribed to the cyclical purchase of certain types of clothing. According to the Head of Security Services, there were increased costs during 1996 and these will be repeated in 2000.

3.3.2.7 Housing subsidy

The purpose of providing this benefit is to render financial assistance in the repayment of housing loans, with the view to promoting home ownership. All permanent full-time and part-time members of staff qualify for this benefit, provided that

- the employee owns a dwelling
- the mortgage is registered in the employee's or his/her spouse's name
- the dwelling is occupied by the employee
- the employee is a contributing member of the Unisa Retirement Fund or another fund or scheme established by Unisa

A monthly allowance is payable, based on the mortgage rates and registered bond (an amount of R75 000,00 or higher). Temporary, part-time employees receive two-thirds of the monthly allowance payable. Owing to changes in the mortgage rates, the housing subsidy is adjusted from time to time. During 1999 the housing subsidy
amounted to R727,00 per month. Table 3.16 indicates the amount Unisa spent on housing subsidy and how many employees utilised this benefit for the period 1996 and 1997.

**TABLE 3.16: COSTS IN RESPECT OF THE HOUSING SUBSIDY PAID TO UNISA EMPLOYEES FOR THE PERIOD 1996 AND 1997**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>NUMBER OF PERSONNEL INVOLVED</th>
<th>AMOUNT PAID AS HOUSING SUBSIDY</th>
<th>% INCREASE IN HOUSING SUBSIDY PAID</th>
<th>% OF TOTAL BENEFIT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>1 982</td>
<td>R18 090 030</td>
<td>35,7%</td>
<td>11%</td>
</tr>
<tr>
<td>1997</td>
<td>2 010</td>
<td>R19 429 723</td>
<td>7,4%</td>
<td>8%</td>
</tr>
</tbody>
</table>

**Source:** Adapted from a detailed statement of personnel compensation (statement 7) for the years 1996 and 1997, Unisa: Finance Department

Despite the fact that the number of personnel remained more or less the same during 1996 and 1997, expenses in respect of the housing subsidy continued to increase. This increase was mainly the result of the implementation of new labour legislation (the Labour Relations Act 66 of 1995). With specific reference to discrimination, female employees at Unisa, like their male counterparts, are now also allowed to participate in the housing subsidy scheme.

3.3.2.8 **Membership of professional associations/attendance of courses and conferences**

To stay abreast with the latest developments, Unisa affords its employees the opportunity to belong to professional associations and also to attend courses and conferences, locally as well as internationally. Table 3.17 indicates the amount spent on membership fees as well as the attendance of courses and conferences for the period 1996 and 1997.
Please note that 51 percent of these amounts are in respect of CUP membership. The Committee for University Principals (CUP) is a body which represents the interests of all universities. However, in order to fulfil its duties, the Committee (CUP) receives membership fees from the various universities.


<table>
<thead>
<tr>
<th>YEAR</th>
<th>AMOUNT SPENT ON MEMBERSHIP FEES</th>
<th>AMOUNT SPENT ON THE ATTENDANCE OF COURSES AND CONFERENCES (local and abroad)</th>
<th>TOTAL AMOUNT SPENT</th>
<th>% OF TOTAL BENEFIT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>R425 905</td>
<td>R1 379 956</td>
<td>R1 805 861</td>
<td>0,01%</td>
</tr>
<tr>
<td>1997</td>
<td>R542 063</td>
<td>R 836 465</td>
<td>R1 378 528</td>
<td>0,005%</td>
</tr>
</tbody>
</table>

Source: Adapted from a detailed statement of personnel compensation (annexure J) for the years 1996 and 1997, Unisa: Finance Department

From table 3.17 it is clear that the amount spent on membership fees for professional associations continues to increase. This can be the result of the weaker Rand which makes the membership fees of international organisations extremely expensive. From a cost point of view, the cancellation of this benefit could result in a saving of approximately half a million rand per year. A question that comes to mind is whether employees would still opt to utilise this benefit if they were required to pay for it themselves, which could result in the lack of academic exchange and an investment in the intellectual capital of the organisation. However, because of the financial position at Unisa, attempts were made to control costs in the past years by making fewer funds available for staff to attend courses and conferences. This resulted in a decrease of 39 percent spent on these activities during 1997.
3.3.2.9  **Motor-vehicle loan scheme**

All permanent full-time members of the administrative, academic and research staff whose permanent appointment has been ratified, are entitled to make use of this scheme. The purpose of the motor-vehicle scheme is to assist employees to buy a vehicle by providing a loan at a lower interest rate. The repayment of the loan is done through deductions from the employee’s salary on a monthly basis. Although employees are taxed on the benefit derived from the lower interest rate, it is still advantageous when compared to an ordinary motor-vehicle sales deal. This scheme also enables Unisa to earn a higher rate of interest on its funds. The amount involved for the 1997 financial year was R15 013 032.

3.3.2.10  **Annual service bonus**

An annual service bonus is payable to all permanent and temporary employees who have been appointed for a fixed period. At present the service bonus is equivalent to 92 percent of one month’s salary in respect of permanent full-time employees and is payable at the end of the month in which an employee celebrates his or her birthday. Employees whose birthdays fall in January, February or March receive their bonuses at the end of April. What the purpose of this benefit is, is uncertain. Most companies in South Africa provide this benefit and it is therefore regarded as part of the salary package (Gagiano & Truter, 1998). Table 3.18 provides an indication of the costs involved in the payment of service bonuses at Unisa.

The extraordinary increase in the payment of bonuses (22.6%) which occurred during 1996 (see table 3.18) was a direct result of a salary increase negotiated with the various trade unions the previous year.
TABLE 3.18: COSTS INVOLVED IN THE PAYMENT OF SERVICE BONUSES TO EMPLOYEES FOR THE PERIOD 1996 AND 1997

<table>
<thead>
<tr>
<th>YEAR</th>
<th>AMOUNT OF SERVICE Bonuses PAID TO EMPLOYEES</th>
<th>% INCREASE IN SERVICE Bonuses PAID</th>
<th>% OF TOTAL BENEFIT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>R24 324 740</td>
<td>22,6%</td>
<td>14,8%</td>
</tr>
<tr>
<td>1997</td>
<td>R28 078 840</td>
<td>15,4%</td>
<td>11,7%</td>
</tr>
</tbody>
</table>

Source: Adapted from a detailed statement of personnel compensation (statement 7) for the years 1996 and 1997, Unisa: Finance Department

3.3.2.11 Qualification bonus

As a result of a Substantive Agreement (1996), a full-time employee (academic and administrative) is entitled to a bonus on completion of a qualification as set out below. This benefit is payable each time a qualification is obtained.

School qualification
- R900,00 as a once-off bonus on completion of Grade 8
- R1200,00 as a once-off bonus on completion of Grade 10
- R1500,00 as a once-off bonus on completion of Grade 12

Tertiary qualification
- a fourteenth (14th) cheque comprising one-twelfth of a particular employee’s annual salary on completion of a degree or three-year diploma

The costs incurred for this benefit are nominal and insignificant in relation to the total benefit costs and are thus not provided here, or specified in table 3.20, which summarises the total employee benefit costs.
3.3.2.12  *Subsidised bus transport*

Full-time employees (academic and administrative) may apply for bus passes enabling them to use any municipal bus in the Pretoria area. The cost of a bus pass during 1999 was R165-00 per month of which Unisa paid 50 percent (R82,50) of the amount. During 1997, Unisa spent R746 204,00 on bus transport and 708 employees utilised this benefit (Financial statement, Unisa, 1997). The cost of a bus pass is revised each year according to changes in municipal bus transport tariffs. Because Unisa has no control over increases in the tariffs, this benefit provides little opportunity for controlling benefit costs. The costs incurred in the provision of this benefit are also nominal and insignificant in relation to total benefit costs, and are thus not specified in table 3.20, which summarises the total employee benefit costs.

3.3.2.13  *Removal and travelling expenses*

Full-time employees living outside Pretoria who accept a post at Unisa may claim travelling expenses to Pretoria. Removal costs incurred in the packing and removal of furniture and household effects are also met by Unisa. Where a dwelling is not immediately available, storage for household effects is paid for a maximum period of three months. Travelling costs also make provision for the payment of expenses incurred by employees attending interviews. Table 3.19 indicates the amount Unisa has spent on travelling, accommodation and removal costs for staff members during the period 1996 and 1997.

Travelling and accommodation costs have decreased primarily as a result of the limited number of new appointments made during 1996 and 1997. This is in contrast to the increase in removal costs. Since removal expenses occur after an employee has been appointed, the high costs of removal for the two years indicated in table 3.19 could be the result of appointments made in previous years.
TABLE 3.19: TRAVELLING, ACCOMMODATION AND REMOVAL COSTS PAID TO EMPLOYEES FOR THE PERIOD 1996 AND 1997

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TRAVELLING / ACCOMMODATION COSTS</th>
<th>REMOVAL COSTS</th>
<th>TOTAL COSTS</th>
<th>% OF TOTAL BENEFIT COSTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>R183 517</td>
<td>R101 570</td>
<td>R285 087</td>
<td>0.001%</td>
</tr>
<tr>
<td>1997</td>
<td>R68 647</td>
<td>R219 901</td>
<td>R288 548</td>
<td>0.001%</td>
</tr>
</tbody>
</table>

Source: Adapted from a detailed statement of personnel compensation (annexure J) for the years 1996 and 1997, Unisa: Finance Department

3.3.2.14 100% Housing loan scheme

Permanent full-time employees may apply for a 100 percent housing loan to purchase a first dwelling after at least 12 months' approved service and confirmation of their permanent appointment. This applies to both academic and administrative employees. The only implication for Unisa, is that it guarantees the loan. The normal procedures of obtaining funds and registering a mortgage bond are applicable. At present, Unisa (as at 1999) has a liability in respect of guaranteed loans to the value of R714 461.

3.3.2.15 Long service bonus

Permanent full-time employees (academic and administrative) who have completed 10 years or more of uninterrupted service, qualify for a long service bonus. These once off payments are paid as follows:

- After 10 years of service: R1 100,00
- After 15 years of service: R1 650,00
3.33

- After 20 years of service   R2 200,00
- After 25 years of service   R2 750,00

Employees are allowed to exchange the cash for the purchase of an asset in order to obtain tax savings.

3.3.2.16  **24-hour Group accidental death and disability plan**

Accidents remain one of the major causes of death, and perhaps of greater concern is the occurrence of accidental disability that places a heavy burden on a family's financial resources.

The purpose of this benefit is to provide permanent employees and their families with insurance cover in the event of accidental death or accidental disability (including partial disability). The plan also covers the employees and their families in the event of death or disability resulting from acts of terrorism. It provides protection worldwide, 24 hours a day, 365 days a year.

Expenses incurred by Unisa for this benefit (see table 3.20) amounted to R395103 during 1997 (see table 3.20). This amount is payable in advance by Unisa to the insurance brokers (Price Forbes) and then deducted automatically from the employees' salaries each month.

3.3.2.17  **Childcare centre (créche)**

This facility is situated at the Sunnyside campus of Unisa. Although privately owned, Unisa personnel are given preference and students studying in the field are allowed to complete their practical training there under the guidance of a qualified staff member. The fees range between R550-00 and R570-00 per month. The advantage of this facility is the close proximity to the main campus.
3.3.18  **Legal advice services**

The primary function of the Unisa Legal Aid Centre regarding services to Unisa employees, is to provide employees with advice and assistance at no cost or at a low price.

3.3.19  **Counselling services**

Counselling services to Unisa employees are provided by the department of Organisation Development. Unisa employees may approach this department for assistance on personal problems and work related matters.

3.3.20  **Subsidised cafeteria meals**

Cafeteria meals are not subsidised in the true sense of the word but since the Department of Catering Services do not provide meals with the aim of making a profit but merely to cover expenses, it can be regarded as "subsidised".

3.3.21  **Health clinic**

The purpose of the health clinic was to provide primary health care services for all employees at no cost. The health care services included measuring blood pressure and cholesterol levels, providing basic medicine and flu injections and educating employees on general health care issues (diet, exercise, lifestyle). From a cost point of view this service became too expensive to provide and consequently it was decided to close the health clinic at the main campus in Pretoria and at the regional offices.
3.4 SUMMARY

The various employee benefits that Unisa provides for its staff members as well as the costs involved for these benefits were discussed in this chapter. The most significant employee benefits, as determined by their relation to the total benefit costs, are presented in table 3.20 and figure 3.1.

As indicated in table 3.20, the supplementary payments account for more than 41 percent of the total benefit costs and thus places a heavy burden on the financial resources of Unisa. As a responsible employer, these investments are destined for future medical and leave payouts for the present staff, and as a result no compromise can be made in this regard. It is interesting to note that employee benefits such as medical aid, the housing subsidy and annual service bonus all have more or less the same cost implication for the university.

FIGURE 3.1: A SCHEMATIC REPRESENTATION OF THE MOST SIGNIFICANT EMPLOYEE BENEFITS PROVIDED BY UNISA AS A PERCENTAGE OF TOTAL EMPLOYEE BENEFIT COSTS FOR 1997

Source: Adapted from a detailed statement of personnel compensation (annexure J and statement 7) for the year 1997, Unisa: Finance Department
## TABLE 3.20: TOTAL EMPLOYEE BENEFIT COSTS PAID BY UNISA DURING 1997

<table>
<thead>
<tr>
<th>TYPE OF BENEFIT</th>
<th>AMOUNT</th>
<th>% OF TOTAL BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>PENSION/PROVIDENT FUND</td>
<td>R 44 524 952</td>
<td>19%/60%</td>
</tr>
<tr>
<td>PAYMENTS TO RETIRED/ FUTURE RETIRING EMPLOYEES</td>
<td>R 99 029 026</td>
<td>41%</td>
</tr>
<tr>
<td>MEDICAL AID</td>
<td>R 19 135 139</td>
<td>8%</td>
</tr>
<tr>
<td>INSURANCE</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensation for occupational injuries and diseases</td>
<td>R 444 002</td>
<td>3%</td>
</tr>
<tr>
<td>Unemployment</td>
<td>R 812 165</td>
<td></td>
</tr>
<tr>
<td>Group life</td>
<td>R 4 636 154</td>
<td></td>
</tr>
<tr>
<td>Accident</td>
<td>R 395 103</td>
<td></td>
</tr>
<tr>
<td>HOUSING SUBSIDY</td>
<td>R 19 429 723</td>
<td>8%</td>
</tr>
<tr>
<td>ANNUAL SERVICE BONUS</td>
<td>R 28 078 840</td>
<td>12%</td>
</tr>
<tr>
<td>OTHER BENEFITS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bursaries and tuition fees</td>
<td>R 2 923 340</td>
<td>9%</td>
</tr>
<tr>
<td>Clothing and overalls</td>
<td>R 491 913</td>
<td></td>
</tr>
<tr>
<td>Membership of associations/attendance of courses and congresses</td>
<td>R 1 378 528</td>
<td></td>
</tr>
<tr>
<td>Motor-vehicle loan scheme</td>
<td>R 15 013 032</td>
<td></td>
</tr>
<tr>
<td>Bus transport subsidies</td>
<td>R 746 204</td>
<td></td>
</tr>
<tr>
<td>Removal and travelling expenses</td>
<td>R 288 548</td>
<td></td>
</tr>
<tr>
<td>Allowances such as honorarium payments to professional staff members and bonuses to members of the various Centres at Unisa</td>
<td>R 2 995 662</td>
<td></td>
</tr>
<tr>
<td>TOTAL BENEFIT COSTS IN 1997</td>
<td>R240 322 331</td>
<td></td>
</tr>
<tr>
<td>(funding deficit excluded)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Adapted from a detailed statement of personnel compensation (annexure J and statement 7), Unisa: Finance Department (1997)

In the next chapter a theoretical perspective on employee benefits will be given. The development of employee benefit plans, as well as benefit plan options, will also be discussed.
SECTION C

EMPLOYEE BENEFITS - A THEORETICAL OVERVIEW
4.1 INTRODUCTION

The previous chapters discussed Unisa's workforce profile (ch 2) and the employee benefits provided by the University (ch 3). In the first part of this chapter the focus will be on the issues an organisation faces in developing and maintaining a benefits programme, while the second part will provide some insight into the benefit trends found locally and internationally. To address these issues, the following topics will be discussed:

- the reasons for the growth in employee benefits
- the value of employee benefits
- key issues in the management of employee benefits
- employee benefit concerns and trends in South Africa and internationally

4.2 REASONS FOR THE GROWTH IN EMPLOYEE BENEFITS

Since the Second World War there has been a marked increase in the number and type of employee benefits offered and an equally dramatic increase in their costs (Milkovich & Newman 1999:395). Employee benefits have not always played a crucial role in the life of workers. During the Depression of 1929 to 1933, workers were grateful just to have a job. This enabled them to earn a salary which allowed them to provide for their most basic needs such as food, clothing and shelter. During this time, benefits constituted less than one percent of a worker's salary and were usually limited to a short vacation. It is because these benefits were financially so insignificant that they were called "fringe benefits" (Zarowin 1991:34). As time passed, additional employee needs developed, such as benefits for education, medical care, pension,
housing and transport. Today the cost of employee benefits have risen to an average of 40 percent of an employee’s pay package and are still growing (Carrell et al.1998:370).

Inevitably the question comes to mind as to where we are heading in the provision of employee benefits.

Kleinert (1997:56) sees the progression of employee benefits as evidence of the sociological and economic environment of the time. He summarises the development of employee benefit plans as follows:

*Modern benefit programs originally were introduced in response to wage controls in the early 1940s, responded to tax incentives in the 1950s and early 1960s, were driven by financial pressures in the late 1960s and early 1970s, became heavily regulated in the 1970s and 1980s, and now finally are starting to respond to basic demographic and strategic considerations.*

Other reasons for the growth of employee benefits are listed and briefly discussed in table 4.1.

**TABLE 4.1: OTHER REASONS FOR THE GROWTH IN EMPLOYEE BENEFITS**

<table>
<thead>
<tr>
<th>Wage and price controls</th>
</tr>
</thead>
<tbody>
<tr>
<td>With strict limitations on the size of wage increases, reasonable increases in employee benefits were another way of satisfying worker needs.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Union demands</th>
</tr>
</thead>
<tbody>
<tr>
<td>The strict wage and price controls created a perfect opportunity for unions to negotiate for more and better benefits in order to promote the interests of workers and to gain bigger support and strength.</td>
</tr>
</tbody>
</table>
TABLE 4.1 (contd)

Employer impetus
The provision of benefits was also provided at employer initiative. Most of the benefits provided were
the result of pragmatic and paternalistic concerns but management were also concerned about the
welfare of their employees.

Cost effectiveness of benefits
At first glance this seems to be a contradictory statement. Benefits resemble a cost and not a cost
saving.

The cost effectiveness of benefits is, however, attributable to:
(i) tax savings on benefits for both the employer and employees
(ii) economies of scale on group-based benefits
(iii) advantages for the employer, far beyond the dollar cost of meeting employee
demands (reduced labour turnover, loyalty, lower absenteeism).

Government impetus
Government played an important role in the provisioning of benefits by mandating employee benefits
themselves (unemployment insurance, compensation for occupational injuries and diseases, basic
conditions of employment).

Labour market conditions
Competition to attain or retain competent employees, forced organisations to improve their benefit
packages in order to obtain a competitive advantage.

Changing employee needs
The development of higher-order needs such as social, status and self-actualisation needs were
mostly responsible for emerging demands regarding employee benefits.

Source: Adapted from Bloom and Trahan (1986:13) and Milkovich and Newman
4.3 THE VALUE OF EMPLOYEE BENEFITS

There are various reasons that promote the establishment of employee benefit plans in organisations as opposed to simply giving employees larger salaries. Rosenbloom and Hallman (1991:11-15) as well as Averett and Hotchkise (1995:276) list the following reasons:

4.3.1 Concern for the employee’s welfare

Most employers are genuinely concerned about the wellbeing of their employees. Although they may be managing these benefit plans in a paternalistic way, employers also display a social consciousness in this regard.

4.3.2 Improved corporate efficiency

Although it is impossible to determine the exact results of an employee benefit programme, most authorities believe that efficiency and business profits are enhanced in the following ways:

• **Morale.** A sound employee benefit programme illustrates management's concern and relieves employees' anxiety and fears.

• **Facilitation of workforce reduction.** Retirement plans can be used to encourage voluntary early retirements when a reduction in the workforce is necessary. Such plans can also provide a solution to management-level personnel problems or the implementation of affirmative action strategies.

• **Employee identification with profits.** Benefits, such as deferred profit-sharing plans and employee stock plans, help employees to identify with, and have an interest in the efficiency and profits of the firm.
4.3.3 Attracting and retaining competent employees

When competing for employees in a labour market, a sound employee benefit programme can provide the organisation with a competitive advantage in recruiting and retaining the employees it requires. Furthermore, when the labour market is buoyant, employees can change jobs at little or no cost if they receive no employee benefits. The provision of an employee benefit makes losing one's job that much more costly. Voluntary turnover can therefore be reduced and retention of employees increased.

4.3.4 Favourable tax incentives

Favourable tax treatment of certain benefits has become an important reason for employers to provide such benefits for their employees rather than simply paying them higher wages. Cash is expensive. There are no group discounts for cash, as there are for many benefits. Whenever benefits are purchased by a group of employees (e.g., medical or group life insurance benefits), they cost less and therefore individual employees can save money. Furthermore, employee benefits provide greater after-tax value to employees than a salary increase, assuming that they need and want the benefits. The provision of benefits is also advantageous to the organisation since contributions to employee benefit plans can normally be deducted for income tax purposes as a business expense.

4.3.5 Demands in labour negotiations

Since employee benefits are within the scope of collective bargaining, the employer is legally obligated to negotiate with the union over such demands. The employer does not have to grant the union's demands, but it may be to the employer's advantage to make compromises regarding benefits, rather than granting salary increases.
4.3.6 Social and governmental pressures

Subtle social pressures in employers' communities can force organisations to take responsibility for social programmes. If employers do not provide adequate employee benefits, governmental or social insurance programmes will be enforced by legislation.

4.3.7 Advantages of group insurance

Most employee benefits are provided through group insurance or group plans. Certain cost savings and other advantages arise from providing coverage under a group plan, compared with buying similar coverage individually.

4.4 KEY ISSUES IN THE MANAGEMENT OF EMPLOYEE BENEFITS

4.4.1 General comments

Griffes (1990:35) describes traditional benefits management as "benefit administration". Previously, benefit managers were not involved in planning, objective setting and decision making. This was mainly because of the traditional view of benefits as "giveaways" without a measurable return on investment. Employee benefits are now in transition to a new role. Heightened expectations of employees, the need to manage benefits in a more cost effective way as well as using employee benefits as a competitive advantage are the main reasons for viewing employee benefits as an important part of an employee's total compensation package (Griffes 1990:35).

The need for a new approach towards the management of employee benefits is highlighted by the following statement by Griffes (1990:35).

*Benefits management has traditionally been characterised by a crisis atmosphere, paste and patch tactics to deal with each crisis, and extraneous pressures from promoters and strong power centers in the organisation. That structure is crumbling under the weight of social change, government actions,*
and the critical need for control and order in the conduct of the business enterprise.

Irrespective of which approach is adopted in the management of employee benefits, the divergent needs and objectives of both the employer and the employee have to be taken into account. Figure 4.1 illustrates the factors that influence employers’ as well as employees’ choice of benefits.

**FIGURE 4.1: FACTORS INFLUENCING THE CHOICE OF BENEFITS**

| EMPLOYER FACTORS |  
|------------------|---
| 1 Relationship to total compensation costs |  
| 2 Costs relative to benefits |  
| 3 Competitor offerings |  
| 4 Role of benefits in: attraction, retention and motivation |  
| 5 Legal requirements |  

| EMPLOYEE FACTORS |  
|------------------|---
| 1 Equity: fairness - internal and external |  
| 2 Personal needs as linked to: age, gender, marital status, and number of dependants |  

Source: Adapted from Milkovich and Newman (1999:404)

According to a report by the RIMS Employee Benefits Committee * (1997:31-32) the following factors pose the main challenges to the management of employee benefits:

* A meaning for the abbreviation “RIMS” could not be found.
4.9

- enabling employees to make choices and to customise their benefits package
- providing information to enable employees to make long-term choices
- making employee benefits portable
- communicating the true value of employee benefits to employees
- utilising technology more effectively

4.4.2 Remuneration principles

According to an audit report by Old Mutual (1998:2) on remuneration and the structure of remuneration packages for senior employees, employee benefits need to be managed in terms of the following fundamental remuneration principles:

- cost control
- internal equity
- administration
- external equity
- flexibility
- employee performance

These remuneration principles provide the framework for remuneration policies and practices and enable an organisation to achieve its remuneration objectives. The discussion below will show how these principles influence the management of employee benefits.

4.4.2.1 Cost control

Employee benefit costs should be considered as part of a total package of compensation costs and the provision of a benefit should always be measured against the possibility of using the money in a better way. The primary problems concerning the costs of benefits can be attributed to two main factors. Firstly, benefit costs are viewed in isolation, without reference to the forecasts of rising costs in future years. Secondly, the rising costs of benefits are uncontrollable.

Regarding the first issue, for example, employees are offered a basic salary, to which
4.10

A number of benefits are added. This approach to remuneration management is often referred to as the add-on remuneration strategy. A key characteristic of this strategy is the isolated management of benefits in relation to each other, and to basic salaries. The result is that the organisation does not quantify, monitor or closely manage its total remuneration bill and an unnecessary cost control risk exists for the organisation.

In the second instance, a broader cost-centred approach should be adopted to control spiralling benefit costs. Milkovich and Newman (1999:405) define a cost-centred approach as one in which cost commitments for the existing benefits package and cost estimates for the future are determined. However, it is not always possible to estimate future costs and it is therefore imperative that uncertainties be reduced. Organisations must avoid providing benefits over which they have little or no cost control. A classic example of this phenomenon is medical coverage. As medical costs continue to rise, the employer is expected to continue coverage at its own expense. Where cost containment of employee benefits is difficult, Milkovich and Newman (1999:405) suggest that such benefits should be offered on a cost-sharing basis. Griffes (1990:240) agrees with Milkovich and Newman by stating that although cost control is not a process of reallocating costs from the employer to the employee, it may be necessary if the objective is to make the employee more sensitive to costs and to provide incentives to utilise benefits differently.

4.4.2.2 External equity

External equity involves the comparison of compensation package values per employee with comparable package values in the labour market. According to Milkovich and Newman (1999:14), the purpose of maintaining external equity is twofold: firstly, to ensure that employees perceive their pay to be competitive in comparison with what other organisations are offering for similar work, and secondly, to control labour costs. Perceived fairness will encourage employees to remain with the organisation, thereby reducing turnover, and labour costs can be controlled by using the average labour market rates as a guideline when compensation packages are offered so that the risk of underpaying or overpaying individual employees is reduced.
4.11

4.4.2.3 Internal equity

Internal equity refers to comparisons between jobs or skill levels inside a single organisation so that the pay rates both for employees doing equal work and for those doing dissimilar work can be determined (Milkovich & Newman 1999:13).

Internal equity therefore implies the following:

- The total package values of individual employees are not influenced by personal benefit preferences and random circumstances.
- The total package values of individual employees are differentiated in terms of job complexity, SKAs (skills, knowledge and abilities of the jobholder), and job performance.

Whenever an employee perceives his or her salary package to be fair compared with those of fellow workers, internal equity exists.

4.4.2.4 Flexibility

Most organisations have a rather paternalistic approach to the structuring of remuneration packages. This means that employees are to a significant degree, tied to cash/benefit mixes, as prescribed by the organisation (Griffes 1990:107). Little discretion exists for the individual to shape benefit coverages to suit individual needs or circumstances (Frost, Gifford, Seltz & Sperling 1992:12).

On the one hand, this probably results in the organisation wasting money on benefits that have no or limited value to a significant number of its employees. On the other hand, individual employees are generally unable to achieve optimal cash flow from their remuneration packages.

The ability of individual employees to achieve optimal cash flow from their remuneration packages, is dependent on the existence of the following two conditions:
4.12

(1) The remuneration packages should have a sound selection of tax efficient benefits.

(2) Employees should enjoy significant freedom in determining the cash/benefit mixes of their remuneration packages.

A remuneration strategy that allows employees to achieve optimal cash flow from their remuneration packages is the flexible benefits plan (also known as the cafeteria plan) (Carrell et al 1998:404). The key features of this flexible benefits plan are as follows:

- The employee is rewarded with a total package value based on the value of the job and job performance.
- The employee is provided with a number of flexible benefit options from which he or she may choose those benefits which are the most appealing.
- The cost to the employer for providing these benefits is then deducted from the total “package” value in order to arrive at a net cash salary (Ernst & Young 1995:7).

Because flexible benefits are growing so rapidly in popularity, this concept will be briefly discussed.

**Flexible benefits**

Nowadays, people’s needs vary greatly depending on their age, marital status, number of dependants, income level, culture, values, religion, et cetera. Single-parent and dual-wage-earner families are only two of a wide range of diversity factors in the workforce which have made similar benefit packages no longer appealing to all employees. As Gemignani (1997:22) puts it: “Benefits: One size does not fit all”. People prefer to be able to make choices, to customise their benefits, and to gain more control over part of their income. By offering flexible benefits, organisations are not only responding to their employees’ needs, they are also containing what would otherwise be increasing benefit costs (Jamieson & O’Mara 1991:142).
Flexible benefits form the basis of the so-called “cafeteria” or flexible system of remuneration packaging. An employer will determine the amount or package cost it is prepared to spend in employing each of its employees. The employer will then select a number of types (a “menu”) of benefits that it is prepared, from an administrative and cost point of view, to offer an employee. This menu is then presented to each employee, who chooses the elements he or she finds appealing. The cost to the employer of providing those benefits is then added up and deducted from the total “package” cost in order to arrive at a net cash salary as mentioned earlier (Ernst & Young 1995:7).

An important feature of this flexible benefits system is that employees have the opportunity to choose, on a before-tax basis, and subject to certain limitations and tax law requirements, between different benefits and cash compensation (Rosenbloom & Hallman 1991:409).

With the merger of two British companies, Hoechst and Roussel in 1994, a staff attitude survey was conducted to determine what people actually wanted in employee benefits. The results of the survey revealed that no single employee wanted to see benefits abolished in return for a pure cash equivalent. Ninety percent of employees did, however, indicate that they would like to have more choice over the benefits they receive (Crabb 1995:40).

According to Bloom and Trahan (1986:8) there are two basic types of flexible benefit plans: **full-flex plans** and **reflex plans**. Most plans now combine features of both these plans.

**Full-flex plans** are employer-driven benefit plans in which employees spend “flexible credits” on various benefit options provided by the employer. These credits are usually employer-provided although they may also be generated by salary-reduction arrangements. Employers who wish to provide a wide range of benefit options for their employees prefer this type of plan.
In contrast to full-flex plans, reflex plans are primarily tax driven. They usually involve the creation of flexible spending accounts, funded through pretax payroll deductions, employer contributions, or both. Such accounts are used to reimburse employees for specific benefits that they initially pay for out of their own pocket. If employees do not spend enough on a particular benefit to exhaust the flexible spending account, the remainder is forfeited - even if it came from their own salaries. Reflex plans do not always involve flexible spending accounts. Sometimes they simply involve salary reductions that are used directly by the employer to purchase certain benefits for the employee.

Besides the above two basic types of flexible benefit plans, Carrell et al (1998:404) also distinguish between three major types of flexible employee benefit plans. The core cafeteria plan provides employees' "core" (minimum) coverage in several areas and allows them to choose either additional benefits or cash, up to a specified maximum total. The aim of this plan is to give employees freedom to choose between benefits while also protecting them against poor decisions. The buffet plan starts employees with their exact current benefit coverage and allows them to decrease coverage in some areas in order to earn credits for other benefits. The alternative dinners plan provides a number of packages ("dinners") to choose from. The total cost of each dinner would be approximately the same. Figure 4.2 provides a schematic representation of the three types of flexible employee benefit plans discussed above.

The common denominator of all such plans is that they allow employees to choose the nature and amount of the benefits they wish to receive, subject to certain price, income, variety and quantity constraints. Flexible benefit plans have two fundamental features, namely core benefits and optional benefits.
Core benefits are the set of non-optional benefits in a flexible plan. The nature and amount of benefits included in the core are a good indication of a plan's flexibility. Generally, core benefits are determined by employee preferences and employer desires to keep employees from making "mistakes" in benefit coverage. This core has also been referred to as the safety net for the employees. (See earlier remark in this regard.)
Optional benefits are benefits that employees are permitted to choose to either broaden the scope of their benefit coverage or to increase their coverage in some core benefit areas. Since optional benefits are the primary way in which employees match their remuneration to their preferences, these benefits represent the heart of a flexible benefit plan.

A number of benefits are nontaxable, partially taxable or conservatively taxed, and it makes sense for the employee to include as many of these benefits as possible in the package in order to improve after-tax income.

Flex plans, like any other employee benefit plan, are not created in a vacuum; they should reflect the organisation's objectives as they shift over time. Table 4.2 discusses what Jones and Jeffay (1992:41) and Tudor, Trumble and Flowers (1996:38) identified as the most commonly cited employer objectives in establishing flexible benefit plans.

**TABLE 4.2: EMPLOYER OBJECTIVES IN ESTABLISHING FLEXIBLE BENEFIT PLANS**

- **Assists the employer in managing a diverse workforce.**
  According to a survey done by Hewitt Associates (Starr 1993:46-50), the majority of employers (89%) indicated that the primary objective with flexible benefits was meeting the diverse needs of employees.

- **Permit individual employees to tailor their benefit packages to better meet their own needs and goals**
  This goal of meeting the diverse employee needs of the modern workforce goes to the heart of the flexible benefits concept. The increased number of working married couples increases the probability of duplicate benefit coverage from separate employers. By allowing benefit choice, employees can tailor their benefit packages to their unique circumstances.

- **Control costs**
  It is mainly the rise in medical costs that has sparked employer interest in containing benefit costs. Flexible benefits may help contain medical costs for the employer in two ways: Firstly, employer costs for the year regarding medical expenses are fixed and secondly, employees would probably make more cost-effective medical-expense plan choices since they need to make the best of their limited number of credits.
It is interesting to note the important role that flexible employee benefits play when individuals decide on which job offer to accept. Leonard (1995:45) identifies a number of factors in table 4.3 which employees see as the most important when selecting a new job.
TABLE 4.3: IMPORTANCE OF FACTORS IN EMPLOYEES’ DECISION TO ACCEPT A NEW JOB

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>IMPORTANCE OF FACTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial stability of the company</td>
<td>88%</td>
</tr>
<tr>
<td>Retirement benefits</td>
<td>85%</td>
</tr>
<tr>
<td>Opportunities for performance rewards</td>
<td>83%</td>
</tr>
<tr>
<td>Opportunities for advancement</td>
<td>82%</td>
</tr>
<tr>
<td>Health coverage for retirees</td>
<td>75%</td>
</tr>
<tr>
<td>Training programmes</td>
<td>73%</td>
</tr>
<tr>
<td>Choice of health plans</td>
<td>60%</td>
</tr>
<tr>
<td>Flexible work hours</td>
<td>57%</td>
</tr>
<tr>
<td>Non-traditional benefits</td>
<td>48%</td>
</tr>
<tr>
<td>Workforce diversity</td>
<td>45%</td>
</tr>
</tbody>
</table>

Source: Adapted from Leonard (1995:45)

As indicated in table 4.4, flexible benefit plans provide many advantages for both the employer and the employee.

TABLE 4.4: ADVANTAGES AND DISADVANTAGES OF A FLEXIBLE BENEFIT PLAN

<table>
<thead>
<tr>
<th>ADVANTAGES FOR EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ability to choose benefits that will satisfy their particular needs</td>
</tr>
<tr>
<td>• A wider variety of benefits is available</td>
</tr>
<tr>
<td>• Employees gain a sense of belonging and responsibility</td>
</tr>
<tr>
<td>• Gain control over the spending of their income</td>
</tr>
</tbody>
</table>
TABLE 4.4 (contd)

<table>
<thead>
<tr>
<th>ADVANTAGES FOR EMPLOYERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improves cost containment since employees elect to participate in more cost-effective plans</td>
</tr>
<tr>
<td>Lower employment taxes</td>
</tr>
<tr>
<td>Tool for the recruitment and retention of employees</td>
</tr>
<tr>
<td>Improves forecasting and management of benefit costs</td>
</tr>
<tr>
<td>Meets diverse needs of employees</td>
</tr>
<tr>
<td>Avoids duplicate coverage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DISADVANTAGES FOR EMPLOYERS AND EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration costs increase as the benefit plans become more complex to administer</td>
</tr>
<tr>
<td>Adverse selection (employees make poor choices which leads to inadequate coverage)</td>
</tr>
<tr>
<td>Educating employees and communicating the various benefit plans will need to be done extensively</td>
</tr>
</tbody>
</table>


Despite the many advantages of flexible benefit plans, organisations are generally hesitant to implement flexible benefit plans (Coopers & Lybrand 1993:21). According to Coopers and Lybrand, the following are the main obstacles in the implementation of flexible benefit plans:

- the high costs of implementing a flexible benefit plan
- the high costs and complexity of administering a flexible benefit plan
- tax implications due to a change in fiscal measures
- the loss of large-group economies of scale in benefit pricing
- the problem of adverse selection by employees
- the possibility that workers will make bad benefit decisions that will impact negatively on work satisfaction and productivity
4.4.2.5 **Administration**

A prerequisite for the administration of employee benefits is proper organisation. Organisation refers to administrative and record-keeping procedures, assignment of responsibilities, and the determination of steps to be performed (Griffes 1990:139). Without proper organisation, the greatest system of employee benefits will be useless. According to Griffes (1990:140), the objectives of effective administration should include the following:

- ensuring that the objectives of providing employee benefits are achieved
- ensuring that benefits are administered in a cost-effective manner
- ensuring that employee benefit communication suitably informs employees and increases their appreciation of the value of the benefits offered

4.4.2.6 **Employee performance**

The emphasis placed on performance as a remuneration principle is important since it directly affects employees' attitudes and work behaviours. If all employees are paid the same, irrespective of how they perform, remuneration will fail to motivate employees to give their best. Good performance should be recognised by means of higher remuneration or better employee benefits.

The remuneration principles (cost control, external and internal equity, flexibility, administration and employee performance) as discussed above, play an important role in the management of employee benefits. When these principles form an integral part of benefit management, employee benefits can be managed in a cost-effective way, provide a competitive advantage and satisfy employees' heightened expectations. However, this requires a formalised framework of assumptions (Griffes 1990:51). The starting point for such an approach is the drafting of a benefits objective statement.
4.4.3 Objectives of the employee benefit plan

Initially, the essential component of an employee benefit plan is an organisational benefit philosophy, better known as an organisational management statement of objectives. Such a statement outlines the purposes and reasons why the organisation provides employee benefits and what it intends to accomplish by providing these employee benefits. Rosenbloom (1991:457) identifies the following as key issues in the development of objectives for a benefit plan:

4.4.3.1 Benefit adequacy

There is no magic formula to determine whether benefits adequately satisfy employees' needs. The answer may lie in the relationship between benefits adequacy and cost effectiveness. As mentioned earlier, benefit costs are absorbing more than 40 percent of total payroll costs. Despite this huge expenditure, benefits are still not appreciated to the fullest by employees. This has forced employers to re-evaluate their total benefit packages (Carrell et al 1998:419). Given the cost of benefits, it is no longer appropriate for management to make assumptions about employee needs and design benefit plans based on these all too frequently faulty assumptions. On the other hand, it is also unrealistic for employees to expect employers to readily provide every benefit they may require. Instead, employers should develop mechanisms to identify employee needs on a continuous basis and determine the potential costs of the benefits required. One of the main reasons why perceptions of the value of benefits change so much is the ever-changing needs of a diverse workforce. A benefit plan installed in a certain economic and social environment may become outdated and inappropriate as the socioeconomic environment changes, as mentioned earlier in this study (Griffes 1990:102). As employees' financial and personal circumstances (such as marital status and age) change over time, so do their needs for different benefits. For example, a preference for pension options increases significantly with employee age. In order to accommodate the changing needs and values of employees, benefit plans need to be flexible. Not only does flexibility make provision for the personal circumstances of
employees but it also improves benefit adequacy. A flexible benefit plan would thus be an option.

### 4.4.3.2 Competitiveness with other plans

This objective is part of the general competition for an adequate and efficient labour supply. In order to ensure competitiveness, an organisation will need to compare the employee benefits it offers with those offered by other comparable or competitive organisations on a continuous basis. According to Starr (1993:50), 47 percent of employers regard this objective as an important part of a benefit plan.

### 4.4.3.3 Consistency

Consistency refers to the balance between benefits in employee benefit plans. This balance may be in terms of benefit adequacy and cost. For example, the employer may not wish to provide extensive death benefits, while at the same time offering poor disability benefits.

### 4.4.3.4 Employee morale

At best employers can only hope that employee benefit plans will contribute to employee morale, because their effectiveness as a motivator is much debated (Chlala & Landry 1997:23). Apart from the fact that benefits are a factor in hiring competent employees, they do not increase productivity because, once they are granted, they become a "right," rather than a special reward or an incentive to enhance productivity. The extent to which the aim of improved employee morale is actually accomplished, however, often depends on the quality of plan design as well as the effectiveness of benefit communication. Griffes (1990:109) believes that packaging benefits in a flexible compensation package may actually transform them into a motivational feature of the work environment.
4.4.3.5 **Employee incentives (productivity)**

Most elements of the typical employee benefit plan are primarily “maintenance-type” benefits. In other words, they would have a negative impact upon employee morale, and perhaps on productivity, if they were absent, but they probably do not have a strong positive impact on productivity when they are present. Some type of benefits, such as profit-sharing plans and stock purchase plans, are more likely to serve as incentives since they are linked to employees’ performance.

4.4.3.6 **Support for HRM objectives**

An attractive employee benefit plan will help the human resources department to achieve its objectives such as the recruitment and retention of competent personnel and the maintenance of good labour relations.

4.4.3.7 **Cost control**

Employers are increasingly concerned about the costs of given benefits and are looking at ways to ensure an acceptable return on their investment. The constant increases as well and the unpredictability of costs in benefits have forced management to be more conscious of cost control. Cost control is a basic remuneration principle and a key objective of an employee benefit plan.

4.4.3.8 **Administrative convenience to the employer**

Administrative problems tend to grow as employee benefit plans become more complex in respect of variety and legal, regulatory and tax requirements.

4.4.3.9 **Satisfaction of legal requirements**

An employee benefit plan must be designed in such a way that it meets various tax, regulatory and labour law requirements.
4.4.3.10  Satisfaction of employee needs

Different categories of employees may have different needs, depending on the stages of their life cycles. This variety may be a reason for the use of different employee benefit plans and for the development of flexible benefit or cafeteria plans. According to Starr (1993:50), 89 percent of employers regard the satisfaction of employee needs as the main objective of providing employee benefits.

4.4.4  Requirements of employee benefit plans

Rosenbloom (1991:30) describes a sound employee benefit plan in broad terms as one that provides an acceptable level of benefits (consistent with the organisation’s compensation philosophy) at a price that those involved are willing to pay, that has been effectively communicated to employees and that provides payment of benefits.

Barocas (1992:30) has a longer-term perspective and views sound employee benefit plans from a strategic perspective. According to Milkovich and Newman (1999:27), a strategic perspective towards benefits focuses on the set of compensation choices that help the organisation gain and sustain a competitive advantage and include the following:

- a strategic vision
- benefit plans that reflect the corporate culture
- long-term commitment
- top management involvement
- brief and simple benefit plans
- benefit communication

Figure 4.3 illustrates the key components of a strategic compensation system of which employee benefits form an integral part.
FIGURE 4.3: COMPONENTS OF A STRATEGIC COMPENSATION SYSTEM

Source: Adapted from Cameron and Hale (1994:35)
Milkovich and Newman (1990:385) also regard a strategic perspective as important but emphasise one other component as well, namely negotiation. It is necessary to consult with employees about their preferences and thereafter identify the benefit options that an organisation is able to offer. Because of the costs involved, unlimited benefits cannot be provided, and compromises will need to be made.

Cascio (1995:381) adds meeting legal requirements as another requirement of an employee benefit plan.

Since most authors regard communication of employee benefits as critical to any employee benefit plan, this factor will now be discussed.

4.4.4.1 Communication of employee benefits

One of the root causes of employees' dissatisfaction with a benefits package, is the failure to understand the individual benefit components and their value. One method that can be used to address this problem is effective communication. However, an effective communication strategy starts with the formulation of specific communication objectives. Table 4.5 outlines typical benefit communication objectives and employers' ratings of the importance of each objective.

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>IMPORTANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase employee understanding of the objectives</td>
<td>82%</td>
</tr>
<tr>
<td>Increase employee appreciation of the benefits</td>
<td>81%</td>
</tr>
<tr>
<td>Increase employee knowledge of the benefit costs</td>
<td>41%</td>
</tr>
<tr>
<td>Obtain employee cooperation in controlling benefit costs</td>
<td>36%</td>
</tr>
<tr>
<td>Encourage employee responsibility for own financial security</td>
<td>16%</td>
</tr>
</tbody>
</table>

Source: Adapted from Milkovich and Newman (1999:412)
As can be seen from table 4.5, employers regard communication objectives which have
to do with employees’ understanding and appreciation of benefits, as the most
important.

Various methods for the communication of employee benefits are at the disposal of the
human resource manager. One of the most frequent methods used is the employee
benefits handbook. However, this method is being challenged by personalised benefits
statements generated by computer software programs (Milkovich & Newman
1999:411). Table 4.6 lists the different communication methods available and also
provides an indication of the effectiveness of each.

**TABLE 4.6: DIFFERENT BENEFIT COMMUNICATION METHODS AND THEIR EFFECTIVENESS**

<table>
<thead>
<tr>
<th>BENEFIT COMMUNICATION METHOD</th>
<th>EFFECTIVENESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special brochures</td>
<td>3.8</td>
</tr>
<tr>
<td>Employee handbooks</td>
<td>3.3</td>
</tr>
<tr>
<td>Personalised benefit statements</td>
<td>4.3 *</td>
</tr>
<tr>
<td>Small group meetings</td>
<td>4.2 *</td>
</tr>
<tr>
<td>Company-wide publications</td>
<td>3.3</td>
</tr>
<tr>
<td>Bulletin boards</td>
<td>3.1</td>
</tr>
<tr>
<td>Employee annual reports</td>
<td>2.4</td>
</tr>
<tr>
<td>Individual discussions with supervisors</td>
<td>3.4</td>
</tr>
<tr>
<td>Benefit newsletters</td>
<td>3.6</td>
</tr>
<tr>
<td>Telephone hotlines</td>
<td>3.6</td>
</tr>
<tr>
<td>Electronic communications</td>
<td>3.3</td>
</tr>
</tbody>
</table>

* Most popular methods

**Source:** Adapted from Milkovich and Newman (1999:413)
4.28

According to table 4.6, the two most popular methods for obtaining information on benefits are small group meetings and personalised benefit statements. Authors such as Balkin and Gomez-Mejia (1987:152) also advocate the use of individually prepared employee benefits reports, presented personally and privately to each employee. White (1995:49), however, sees communication as an educational process, and like Milkovich and Newman, recommends the use of comprehensive employee benefits statements. Although these statements only provide a summary of an employee's benefits on one particular day of the year, people will always require some sort of "hardcopy". The method least preferred is annual reports.

Unfortunately, issuing statements is only one of the tasks of a benefits manager. The enormous amount of telephone calls, e-mails, written enquiries, walk-in traffic and the increasing complexity of benefits administration require a much more sophisticated approach to benefits communication, namely the use of technology. In particular, the use of computers play an important role in the management and administration of employee benefits. Computers are being used to inform employees about their benefits, and to answer routine questions, the so-called "virtual HRM process" is used (Dessler 1994:513 & Brewster et al 2000:13).

Beam and Tacchino (1996:16) identify four basic reasons to embrace new technology:

(1) **Access to information.** Participants can have instant and constant access to information, even after hours.

(2) **Increased control.** Participants can have greater control over benefit decisions because it is quicker and easier to change their benefits.

(3) **Improved effectiveness.** Information can be retrieved more easily and in a consistent format. HR personnel are able to provide a better service and to utilise their time more effectively. Mistakes, due to human error, also tend to decrease.

(4) **Meeting legal requirements.** Recommendations and legislation will increasingly emphasise the duty of employers to disclose information to their employees.
Communicating the message to employees quickly, accurately and consistently has thus become a necessity for benefits management. According to Kuzmits (1998:60), the way to communicate benefits is via the Intranet. The Intranet is an organisationwide electronic communication network which organisations use to serve as an around-the-clock staff (24-hour), empower employees and allow them to cut through the "red tape". He admits that it is difficult to conduct a cost-benefit analysis on the Intranet, but according to him the utilisation of the computer as a communication method, will prove that the system is essential for the management of employee benefits. It should also be viewed as an important part of an organisation's total management information system. According to Hansen (1998:10), only 29 percent of professional corporate benefits members of the International Foundation of Employee Benefit Plans (IFEBP) use the Internet or Intranet for benefits communication. The primary concerns about using this technology include the lack of employee access to computers and the Internet or Intranet, lack of employee familiarity with technology, and the contribution to information overload. According to Milkovich and Newman (1998:404), 50 percent of all e-mail received is a complete waste of time.

It is important to realise that benefit plans are not static entities which are put in place and function on their own, but are dynamic systems that shift in purpose and function. Benefit administrators should therefore realise that the requirements of a benefits plan will continually change because of an ever-changing environment and employees' needs. Despite this uncertain environment in which employee benefit plans must be developed, certain decision factors will always have to be considered in the design of a benefit plan, and this point will be discussed in the next section.

### 4.4.5 Decision factors in the design of employee benefit plans

Whenever a decision needs to be made about any of the components of a benefits plan, the overall compensation, human resources and organisational goals need to be considered. Both Rosenbloom and Hallman (1991:461) and Milkovich and Newman (1999:400-403) identified the following as key decision factors in a benefit plan design:
4.30

- Who should be protected or benefited?
- How much choice and how many options should employees have?
- How should benefits be financed?

Another factor that should also be considered is:

- How should benefits be administered?

4.4.5.1 **Who should be protected or benefited?**

It is primarily the development of an extremely diverse workforce (more disabled employees, employees with different religions and cultures, employees with big families, etc) and the high costs of benefits that force employers to carefully consider who they wish to cover under the employee benefit plan. According to Rosenbloom and Hallman (1991:461), the following groups of people should be considered:

- employees on probation, permanent employees, part-time employees and contractors
- the dependants of active employees
- retirees, their spouses and possibly other dependants
- the beneficiaries of deceased active employees
- employees on disability (employees who retired with disability)
- employees who have been retrenched

The decision about who should be covered by the benefit plan depends on the policy decisions on benefit adequacy, competition for employees and the cost effectiveness of benefit provisioning.

4.4.5.2 **How much choice and how many options should employees have?**

This issue concerns choice (flexibility) in plan coverage. Three options are available, namely (1) minimal employee choice; (2) certain employee options; and (3) flexible benefit (cafeteria) plans (Rosenbloom & Hallman 1991:462). Until now, a remuneration
package was designed with the “average” employee in mind, and the needs of employees from other employee groups simply went unsatisfied (Milkovich & Newman 1990:373). Bloom and Trahan (1986:3) define an “average” employee as a male worker with a nonworking wife and two children. Since an “average” employee no longer exists, flexible benefit plans could be a method of managing a diverse workforce.

The most extreme employee benefit plan relating to choice, is represented by a "cafeteria-style" plan (Hom 1996:60-65), as indicated earlier in this chapter (sec 4.4.2.4). Under this scheme a “price" is attached to every benefit offered and employees are permitted flexibility in "shopping" for the benefits they need each year. This concept had its origin in the idea of an individual allotted x amount walking down a cafeteria line and choosing items (benefits) according to their attractiveness and cost.

4.4.5.3 - How should benefits be financed?

An important factor in employee benefit plan design is who should pay for the benefits. Options for the financing of benefit plans include the following:

- Noncontributory (employer pays total costs)
- Contributory (employer and employee share costs)
- Employee financed (employee pays total costs for some benefits - by law the employer must bear the cost for some benefits)

In general, organisations prefer to make benefit options contributory. They believe that a “free good" (the employer pays the total cost), no matter how valuable, is of less value to an employee and therefore employees have no personal interest in controlling the cost of a free good (Milkovich & Newman 1990:376). The general approach followed is to vary the financing of individual plans because of differences in plan characteristics and costs. Table 4.7 lists the advantages of the various forms of benefit financing.
### TABLE 4.7: ADVANTAGES OF THE VARIOUS FORMS OF BENEFIT FINANCING

<table>
<thead>
<tr>
<th></th>
<th>NONCONTRIBUTORY FINANCING</th>
<th>CONTRIBUTORY FINANCING</th>
<th>EMPLOYEE-PAY-ALL FINANCING</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>All eligible employees are covered.</td>
<td>More coverage or higher benefits are possible because additional funds are available through employee contributions.</td>
<td>Separate optional plans may be offered. Employees have the opportunity of purchasing additional coverages at group rates, without individual underwriting.</td>
</tr>
<tr>
<td>(2)</td>
<td>Adverse selection is avoided.</td>
<td>There is greater employee appreciation of the plan since they are helping to finance it.</td>
<td>There is a wider variety of benefits from which to choose.</td>
</tr>
<tr>
<td>(3)</td>
<td>Difficulties in meeting participation requirements of the underwriting rules of insurance companies are avoided.</td>
<td>Possible lessening of abuses of benefits. Abuses might increase employee’s own contribution rates.</td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td>Tax efficiency. Noncontributory employee benefits may provide the most effective form of compensation from a tax point of view. This benefit is not regarded as part of gross income, even though these contributions are normally deducted by the employer as a business expense.</td>
<td>More effective utilisation of employee benefits since employees pay for the benefits themselves.</td>
<td></td>
</tr>
<tr>
<td>(5)</td>
<td>Group purchasing advantages. The employer is able to secure more favourable group rates because a bigger number of employees are covered.</td>
<td>Plans providing employee options or supplementary coverage must be contributory. The election of supplementary coverages or options, necessitates employees paying at least part of the cost of the supplementary coverage.</td>
<td></td>
</tr>
<tr>
<td>(6)</td>
<td>Avoidance of employee dissatisfaction with payroll deductions.</td>
<td>Encouragement of greater employee self-reliance. Employees become more responsible for their own financial security and hence less dependent on the employer.</td>
<td></td>
</tr>
<tr>
<td>(7)</td>
<td>Union or collective bargaining pressures. Labour unions favour noncontributory plans. The employer may eliminate or minimise employee contributions to benefit plans in order to help maintain its nonunion status.</td>
<td>Greater employee control of plan.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Adapted from Rosenbloom and Hallman (1991:464)
4.4.5.4 **How should benefits be administered?**

The administration of benefits includes a wide variety of activities such as enrolment in the programme, coverage administration, record keeping, and payroll processing. For various reasons an organisation may opt to outsource some of the activities. Outsourcing means the use of a third party to handle certain human resource functions on behalf of the organisation. Benefit outsourcing is not a new concept because third parties have been handling payroll and medical claims for many years.

A study conducted by the Conference Board in the USA (Leonard 1994:54) confirms that outsourcing has become the fastest-growing trend in the benefits arena. Most employers have two vendors to whom they outsource benefits — one vendor for benefits administration and the other for information systems. According to the study, 85 percent of employers currently outsource, or are actively planning to outsource human resource functions. The employee benefits most commonly outsourced include medical insurance, pension schemes and life insurance.

Hackett (1995:27) and Sherter (1997:63) regard the following as the principal reasons why organisations outsource certain benefit functions:

- better utilisation of benefit staffs' time and skills
- utilisation of the third party's expertise and technology
- reduced investment in specialised legal and technological training
- streamlined administration
- enhanced customer services

However, outsourcing is not always a viable option. Concerns that have been raised about outsourcing include the following:
4.34

- lack of concern by outside vendors in respect of employees' issues
- escalating costs and deterioration of services
- reduced ability by the organisation to keep control over data
- development of overreliance on one vendor
- a significant amount of work still remaining with the organisation
- the fact that outsourcing is a highly technical, time-consuming and often costly procedure

Whenever an organisation decides to outsource certain functions, it must consider the strategic value of the function, whether the function really needs to be outsourced, the cost-effectiveness of the decision, and whether the organisation's system is compatible with that of the vendor. Needless to say that the contract with a vendor must define any vague terms, outline responsibilities and specify clearly who will be accountable for miscellaneous costs such as postage, printing, travel and telephone charges (Sherter 1997:64).

Despite this trend, many organisations do not consider outsourcing. Because of developments in technology and information systems, they prefer to improve their in-house capabilities (Kuzmits 1998:60-64).

The discussion thus far has focussed mainly on the theory surrounding the management of employee benefits. The question, however, is what is happening in practice? In the following discussion the focus will be on employee benefit concerns and trends in South Africa and internationally.

4.5 EMPLOYEE BENEFIT CONCERNS AND TRENDS IN SOUTH AFRICA AND INTERNATIONALLY

All too often organisations use the same old familiar and comfortable methods of rewarding their employees. Employee benefits can, however, no longer be managed in such a way. Innovative and creative ways of managing the ever-changing needs and expectations of employees are necessary. Before an organisation can engage in new
ways of managing employee benefits, it should take note of the emerging trends and concerns in compensation and benefit issues. The discussion will now concentrate on some international trends.

4.5.1 External focus on employee benefits

The most significant developments that have taken place internationally in the area of employee benefits, will be discussed under the following headings:

- Employee benefit priorities and benefits employees consider the most important
- Employee benefit costs
- Top 10 compensation and benefit concerns
- Employee benefit administration issues (technology, communication & outsourcing)
- Flexible benefits
- Medical benefits
- Family benefits
- Most common perks received by executives
- The impact of the most important employee diversity factors on benefit practices

4.5.1.1 Employee benefit priorities and benefits employees consider the most important

The Employee Benefit Group of Deloitte and Touche in conjunction with the International Society of Employee Benefit Specialists (ISCEBS) conducted a survey in the USA during 1997 to determine what organisations regarded as a priority in employee benefits. The results reflect a mix of different benefit plans and different types of management responsibility. The top six benefit priorities indicated for 1997, are summarised in table 4.8.
4.36

TABLE 4.8: TOP SIX EMPLOYEE BENEFIT PRIORITIES FOR 1997

<table>
<thead>
<tr>
<th>BENEFIT PRIORITY</th>
<th>% OF EMPLOYERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care Reform</td>
<td>36,3%</td>
</tr>
<tr>
<td>Education in respect of investments</td>
<td>33,3%</td>
</tr>
<tr>
<td>Quality of Communication</td>
<td>26,3%</td>
</tr>
<tr>
<td>Internet Applications</td>
<td>25,8%</td>
</tr>
<tr>
<td>Retirement Planning</td>
<td>24,9%</td>
</tr>
<tr>
<td>Alternative Health Plans</td>
<td>23,2%</td>
</tr>
</tbody>
</table>

Source: Kleinert (1997:57)

The top issue, namely health-care reform refers to the monitoring of and response to health legislation. Although health cost increases have moderated in the USA, health plan costs still represent the single largest component of the employee benefit package in that country. The second priority refers to the need of the workforce to be educated in investment strategies, especially in retirement planning. The third and the fourth priorities are concerned with how employers communicate benefit programmes to employees.

From the above it is interesting to note that five of the top six priorities relate to how employers package, present, and deliver benefit programmes to employees. Thus helping maximise their understanding and appreciation of organisational benefit programmes.

Another interesting survey in this regard was undertaken by Hewitt Associates during 1995. In this survey, 500 000 employees had to identify the benefits which they regarded as the most important (Schuler & Jackson 1996:508). The results are illustrated in figure 4.4. The percentage indicates the number of employees who ranked a particular benefit as one of the three benefits they regarded as the most important.
As can be seen from figure 4.4, an overwhelming percentage of employees (89%) regarded medical insurance as the most important employee benefit, followed by benefits such as pension (37%) and vacation leave (37%). Similar research was also undertaken by the Employee Benefit Research Institute in the USA during 1997. The results, gathered from a public opinion survey of 1 000 Americans, also indicated that medical insurance, pension and paid leave, were the most important employee benefits (Anonymous 1997:6).

4.5.1.2 Top 10 compensation and benefit concerns

During October 1998, an article was published by an anonymous author in the Journal of Compensation and Benefits Review, which identified the following issues as part of the top ten compensation and benefits concerns for the future:
• development and implementation of **attractive compensation** and **benefit packages** in order to hire and retain top talent
• development and improvement of effective **communication systems** for employee compensation and benefits programmes
• containment of **health-care costs** without cutting benefits
• **expansion** of compensation and benefit programmes
• **measurement** of the return on investment of compensation issues

Besides the top ten concerns, other issues that were identified included the following:

• control of compensation and **benefits costs**
• providing programmes that appeal to the **needs and values** of both younger and older employees
• **outsourcing**

To summarise then, it appears that the results of the benefits studies discussed thus far in this chapter all have as their ultimate goal the acquisition and retention of competent employees and that employers go to a great deal of trouble to make sure that their employees are happy. The International Survey Research Corporation conducted an employee attitude survey worldwide during 1996 to determine how satisfied employees from different countries were with their jobs. Figure 4.5 illustrates the satisfaction level of employees from the various countries. Criteria that were used to measure employees' satisfaction included the size of merit pay increases, the employer's reimbursement for medical expense claims filed by employees, and performance evaluations.

It is interesting to note that Swiss workers were the most satisfied with their jobs, while Japanese workers were the least satisfied. Compared with other countries, organisations in the USA rated more or less in the middle of the satisfaction scale with a slight majority of employees (65%), being satisfied with their jobs.
4.5.1.3 Employee benefit costs

It is clear that employee benefits are here to stay, in fact, Mondy and Noe (1996:397) predict that employee benefit costs will continue to rise and, as a general rule, could constitute more than 50 percent of total payroll costs of organisations in the near future.

A study conducted by the US Chamber of Commerce during 1997 investigated how benefit costs were divided in the average US firm. Figure 4.6 provides a schematic representation of how much is spent on each benefit in that country.

From figure 4.6 it is clear that the three most expensive voluntary employee benefits in the US are medical insurance, leave and retirement benefits. As illustrated in figure 4.4, employees also regard these three benefits as the most important to them.
In figure 4.7 a pie chart illustrates the distribution of benefit costs at Unisa. Although employee benefit costs at Unisa cannot be regarded as representative of how benefit costs are divided in South African organisations, it is nevertheless an interesting comparison to figure 4.6.

When comparing figures 4.6 and 4.7 it is evident that legally required benefits in the USA (unemployment, workers' compensation, family and medical leave, and social security) form a much larger portion of total employee benefit costs (23%) than legally required benefits in South Africa (unemployment, compensation for occupational injuries and diseases, and payment for time not worked) where they constitute as little as three percent of total benefit costs. One of the reasons for this difference is the fact that retirement forms part of Social Security in the USA. However, because Social Security is not designed to provide a complete retirement income, additional pension plans are also provided by many US organisations.
4.5.1.4 Employee benefit administration issues

According to various authors (Hansen 1998, Leonard 1994, Gomez-Mejia et al 1998, Schuler & Jackson 1996) the three main administration issues that will play a prominent role in the management of employee benefits in the future, include technology, outsourcing and communication.

Although the so-called "Year 2000 (Y2K)" software problem did not materialise as expected, it is of vital importance that organisations continuously monitor their systems for any "bugs". In this regard any computerised tasks requiring date-dependent computations or comparisons, such as computing interest, determining length of service, or calculating retirement benefits, will be affected. Further technological developments in the communication of benefits (via Internet or Intranet) will dominate the scene of benefits management in the future (Kuzmits 1998: 60).
Outsourcing has become the fastest-growing trend in the benefits arena. According to Leonard (1994:53), the most frequently outsourced HR services in US organisations today include amongst others medical, benefit administration and management development. From the literature it appears that this trend will continue in the future (Gomez-Mejia et al 1998:594). Figure 4.8 provides a schematic representation of the human resource services most frequently outsourced.

**FIGURE 4.8: HR SERVICES MOST FREQUENTLY OUTSOURCED**

- **MEDICAL**
  - Percentage: 62

- **BENEFIT ADMINISTRATION**
  - Percentage: 33

- **MANAGEMENT DEVELOPMENT**
  - Percentage: 21

- **TRAINING**
  - Percentage: 15

- **PAYROLL ADMINISTRATION**
  - Percentage: 15

- **BENEFIT PLANNING**
  - Percentage: 9

- **COMPENSATION**
  - Percentage: 8

**PERCENTAGE OF EMPLOYERS OUTSOURCING THE FUNCTION**

Source: Adapted from Leonard (1994:53)

The last of the three main administration issues in the management of employee benefits includes benefit communication. The effective communication of employee
benefits is emphasised by the results of a study by Hewitt Associates in the USA who found that 75 percent of all American employees who understand their benefit plan regard it as fair, whereas only about 33 percent of all employees who do not understand the system, think it is fair. Schuler and Jackson (1996:528) indicate that most organisations use impersonal, passive booklets and brochures to convey benefits information, which is the primary reason for the poor communication of benefits. They believe that a good communication system should communicate the total compensation components every day by means of a voice response benefits system. All indications are that technology will dominate the benefits communication scene in the future and that employers will be forced to make use of communication methods such as the Internet, Intranet and voice response systems.

4.5.1.5 **Flexible benefits**

A study by Hewitt Associates in 1993 of 472 US organisations that have flexible programmes in place, showed that flexible benefit plans are becoming increasingly popular in companies (Laabs 1993:19). The basic attractions of flexible benefits apply worldwide but the position in each country needs to be looked at separately. Hewitt's study also found that employer objectives for flexible benefits have shifted during the past few years. Table 4.9 identifies the reasons why companies provide flexible benefits, and ranks the importance of each reason. Some of these issues have already been mentioned earlier in this chapter.

<table>
<thead>
<tr>
<th>REASON</th>
<th>IMPORTANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meet diverse needs of employees</td>
<td>89%</td>
</tr>
<tr>
<td>Manage medical costs</td>
<td>76%</td>
</tr>
<tr>
<td>Increase workers' understanding of benefits</td>
<td>62%</td>
</tr>
<tr>
<td>Meeting competitive pressures especially by recruiting top talent</td>
<td>50%</td>
</tr>
<tr>
<td>Reduce benefit expenses</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: Adapted from a study done by Hewitt Associates (Laabs 1993:19)
4.5.1.6 Medical insurance

According to Gomez-Mejia et al (1998:496), dealing effectively with workplace concerns that arise when an employee contracts the Acquired Immune Deficiency Syndrome (AIDS) will be one of the most critical workplace health challenges this millennium. Throughout the world, the statistics on AIDS are cause for concern, especially among people of prime working age (25 - 44 years of age). HIV infection is now the leading cause of death in men and the third leading cause in women worldwide. Of even more concern is the fact that this group of people form the most vital segment of the present day workforce.

4.5.1.7 Family benefits

Leonard (1998:24) indicates that the trend among employers to provide family-oriented benefits has intensified over the past few years and will continue to do so. In 1997, Hewitt Associates surveyed more than 1 000 employers throughout the USA and found that 70 percent of employers offered some form of flexible scheduling. The survey also revealed that the number of employers that provided long-term care insurance had more than tripled since 1992 and that employer-provided elder care benefits had increased by 20 percent (Leonard, 1998:28). As more women enter the labour market, employers will need to pay more attention to the provision of child care programmes. In 1996 a survey conducted in the UK by Wilkinson (1996:48) investigated the factors affecting the career choice of male and female civil engineering students. The results indicated that child-care benefits played a significant role in female employees’ decisions to accept or turn down a job. Male employees in return favoured benefits such as a company car and pension.

4.5.1.8 Most common benefits received by executives

As a matter of interest, figure 4.9 provides a picture of the most common benefits received by senior US executives. The percentages indicate the number of organisations that offer the particular benefit to its executives.
4.5.1.9 The impact of the most important employee diversity factors on benefit practices

According to Jamieson and O'Mara (1991:15-23), employee diversity factors that will play the main role in the management of the workforce in the future are: (1) the age of the workforce, (2) and more women entering the workforce. Possible consequences of the age of the workforce on the management of benefits would include: (1) greater emphasis on retirement, health care, dependent care and wellness programmes; and (2) the implementation of compensation systems which reflect the values of economically stable older workers and the provision of appropriate employee benefits.

The authors also predicted that women will form 50 percent of the workforce early in
the 21st century. This will have the following implications for the management of employee benefits: (1) provision of relocation incentives and support in respect of dual-career families, (2) revision of leave policies, and (3) the creation of part-time, flexible and work-at-home jobs.

The international trends and developments in employee benefits have now been discussed, and in the next section a South African focus on employee benefits will be given.

4.5.2 A South African focus on employee benefits

In South Africa, retirement and health-care issues have, as the case has been internationally, been receiving a great deal of attention by the government recently. As a result, various proposals have been made by the government, some of which have severely been criticised by the different stakeholders, for example, medical schemes, employees, hospitals and insurance companies. These issues will now be briefly examined.

4.5.2.1 Retirement

The Pension Funds Amendment Act was enacted in April 1996, and the Labour Relations Act came into effect on 11 November 1996. A salient aspect of both laws is that they reflect the pressing need for accountability and transparency in the management of pension funds and employee benefit plans. The greatest impact has been on the constitution and powers of retirement fund management boards (Molema 1997:78).

A number of recommendations have also been made by the National Retirement Consultative Forum (NRCF) (Boardroom 1998:17-22). Their recommendations, which could affect organisations substantially, include the following:

- compulsory retirement provisioning
equal tax treatment for pension and provident funds
• equal tax treatment for private and public sector pension funds
• whether or not pensions should be made compulsory at retirement
• prefunding for medical expenses
• ownership and allocation of fund surpluses

The NRCF has also investigated the desirability of switching the government's pension fund from the current defined benefit plan to a defined contribution plan and lowering the state's contribution from 17 to 15 percent (Molema 1998:58). A move towards both these issues were reported as being desirable but unlikely to happen soon.

An immediate priority for the government is thus to develop a sound investment policy for retirement funds so that government, as an employer, is able to further lower its contribution to its fund and thus reduce its costs. An interesting development in this regard will be the privatisation of government assets and the future of employees working in these government-subsidised organisations.

According to Molema (1998:59), future retirement legislation is likely to take its cue from the following: (1) affording retirement plan members better protection through disclosure, (2) reducing costs for the government, and (3) extending coverage to those who are currently not provided for.

The implications of the above on the management of benefits will primarily influence
• the way in which benefits are communicated (more particularly the disclosure of information), and
• retirement costs, by forcing employers to extend retirement coverage to, say, temporary or part-time employees

4.5.2.2 Medical insurance

Approximately 2.8 million people of South Africa's estimated population of 42 million, are HIV positive. That is about one in 15 for the entire population. The majority of HIV
infection cases (80%) occur between the ages 20 and 50. KwaZulu/Natal is the worst affected, with 18.2 percent of the province's population being infected. This is followed by Mpumalanga, with 16 percent (Molema 1997:80).

The HIV disaster continues to spread and is making inroads into many organisations' employee benefit programmes. The disease will probably cost the insurance industry in South Africa billions of rands in the coming years, and could also lead to the bankruptcy of various medical insurance schemes.

According to Melanie Trollip, executive surveys manager of FSA Contact, health care will have the greatest impact on the management of employee benefits in the following ways:

- Health care will increasingly be controlled by legislation and influence the way organisations provide medical insurance to its employees.
- The belief that everybody has the right to medical care will increase membership of medical schemes and have great cost implications for an employer. A much broader definition of what a dependant constitutes, has given employees the right to also include family members such as brothers and sisters, and grandparents as members of a medical scheme. The employer will have to make a contribution to the medical scheme for each of these members which will have serious financial implications for an organisation.
- In an attempt to contain costs, organisations will be forced to increase membership fees or out-of-pocket payments, and decrease coverage.
- All indications are that health care will become more of a corporate social responsibility.

4.5.2.3 **Future role of trade unions in employee benefits management**

Despite the strong management efforts to lessen the impact of trade unions, they still assume an important role in the management of compensation in South Africa. According to Molema (1997:76), a number of points are noteworthy about the role of
labour in the new dispensation:

Firstly, the role of trade unions as a source of information on, and guidance for employee benefit needs and preferences, will increase. Individual workers might not be able to evaluate complex employee benefit issues and it is therefore increasingly likely that trade unions will work in conjunction with experts to perform the necessary analysis.

Secondly, and of equal importance, labour's participation will mitigate worker scepticism by promoting the exchange of credible information. By means of workplace forums and workshops, employees and trade union representatives will increasingly exercise their right to participative management.

The greater involvement of trade unions will necessitate some level of training and education of worker representatives. Training should include topics such as taxation on employee benefits, pension fund management issues (investment strategy), and costing of employee benefits. This will enable representatives to make meaningful contributions whenever significant developments take place.

4.5.2.4 Flexible benefits

A report by the Boardroom (1998:18-22) identifies flexibility as an emerging trend in the management of benefits in South Africa as is the case internationally, with 24 percent of organisations adapting a "total package" concept. The report focuses on retirement funds and states that these funds are offering flexible investment choices to the individual member, enabling members to play a far greater role in planning for their retirement. The relaxation of exchange controls also makes the investment of assets in global markets possible and allows for the outsourcing of pensioner liabilities. In table 4.10 some general trends in South African companies regarding pay and benefits are provided. From this table it is clear that some major initiatives in the benefits component of the total compensation package are already underway.
<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>PAY AND BENEFITS</th>
</tr>
</thead>
</table>
| AMALGAMATED BANKS OF SA (ABSA)   | Broad-banded grading system  
|                                  | Fixed rate of pay  
|                                  | ABSA aims to pay at the 60th to 70th percentile of each band  
|                                  | Aims at increasing the incentive portion of the remuneration package  
|                                  | ABSA has 25 registered incentive schemes. The total salary bill amounts to R2.6 billion of which R55 million is paid out in bonuses  
|                                  | Offers trauma counselling  
| AIRPORTS COMPANY SA              | Compensation packages are above the mean per job category  
|                                  | Incentive bonuses are linked to company performance  
|                                  | Staff participate in a company defined contribution pension fund  
| AVIS SOUTHERN AFRICA LTD         | Rewarding exceptional performance and effort is a vital part of the compensation system  
| BA COMAIR                        | Comair pays at the 75th percentile of each job category  
|                                  | Broad-banded grading system  
|                                  | Rebated travel at a 90% discount  
|                                  | Discounts available for accommodation and car hire  
|                                  | Share options to employees  
|                                  | 13th cheque based on company profits  
|                                  | Benefits such as medical aid are on the basis of salary sacrifice  
| BARLOW LTD                       | Operating divisions determine their own pay structures and incentive schemes  
|                                  | Incentive schemes form an important part of compensation at the operations level  
| BRITISH AMERICAN TOBACCO SA LTD   | Pay and benefits are competitively aimed at the upper quartile of the market  
|                                  | Has a company car scheme, pension and provident funds and insured benefits as well as a variety of medical schemes including savings options  
| BSW DATA                         | BSW Data pays market-related compensation packages  
|                                  | Personalised (flexible) packages are offered  
|                                  | Compensation packages are reviewed every six months - based on employees' contributions  
| COMPAQ COMPUTER (PTY) LTD         | A generous profit-sharing scheme exists for employees  
|                                  | Free lunches are provided daily in order to keep the lines of communication open  
| ESKOM                            | Eskom pays market-related salaries and offers attractive bonuses  
|                                  | Housing subsidies as well as rental subsidies are offered to employees  
|                                  | Employees are rewarded through a gainsharing scheme based on productivity improvement for the year  
|                                  | Managers qualify for performance-linked bonuses  
|                                  | A large portion of salaries is linked to the performance of the division falling under a manager  
| FIDELITY GUARDS HOLDINGS         | Comparable salaries are paid  
|                                  | Payout on death includes a number of years' salary and pension fund contributions, funeral benefits and a lump sum  

<table>
<thead>
<tr>
<th>ORGANISATION</th>
<th>PAY AND BENEFITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FRIGEMASTER</td>
<td>Exceptional workers and achievers are rewarded with promotions, incentive bonuses and above-average remuneration packages  Has its own medical plan</td>
</tr>
<tr>
<td>GRAY SECURITY SERVICES</td>
<td>Junior ranks in the security industry are badly paid, but Gray tries to pay above the minimum  Staff qualify for the provident fund after two years; until then benefits include group life cover for death and disability  The provident fund provides death and disability cover, funeral benefits and the option to join a medical scheme  Employees receive two weeks' pay as a bonus  Further bonuses are based on individual and company performance  Shares of the company are put in a trust for long-serving employees</td>
</tr>
<tr>
<td>LEVER PONDS</td>
<td>Market-related salaries  Profit-sharing scheme for middle management  Lever Ponds' trump card when offering benefits is its system of international expatriations - 40% of its South African employees are working in overseas subsidiaries  Benefits consist of medical aid, car allowances where applicable, a noncontributory pension fund and housing loans at low interest rates  There is also a profit-sharing scheme for middle management based on individual performance and the performance of the company</td>
</tr>
<tr>
<td>NEW CLICKS HOLDINGS LIMITED</td>
<td>Market-related salaries  Employee share trust scheme  Comprehensive study loan scheme  Economic-value-added-based (EVA) performance schemes</td>
</tr>
<tr>
<td>MORKELS RETAIL GROUP LTD</td>
<td>Market-related compensation packages reviewed annually  Morkels provide a profit-sharing scheme as well as a 13th cheque  Medical scheme is noncontributory for the lowest paid staff and is based on a percentage of salary for other employees. It is also menu driven and provides a comprehensive range of cover  Company cars are provided for all managers who can upgrade their vehicles by topping up their allowances or downgrading and enjoying the financial subsidy  Scholarships for children of staff wishing to pursue their tertiary studies  Assistance is also provided for children in grades 10 to 12 in view of free education up to grade 10 only  Full reimbursement of costs on successful completion of in-house training or part-time studies</td>
</tr>
<tr>
<td>MUTUAL &amp; FEDERAL INSURANCE COMPANY</td>
<td>Mutual &amp; Federal pays market-related salaries which form 65 percent of all expenses  Employees receive a 13th cheque as well as a bonus, based on company performance  Personal incentive schemes do not exist  The pension fund is a defined contribution scheme  The housing scheme consists of preferential rates  All employees are members of the company's medical scheme</td>
</tr>
<tr>
<td>ORGANISATION</td>
<td>PAY AND BENEFITS</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>NASIONALE PERS BPK</td>
<td>The salary package has three elements: the guaranteed monthly salary, non-guaranteed incentives and share incentives. Monthly salaries are topped up by premiums to attract certain people. Merit-based salary increases. Annual awards for exceptional work. Employees receive a 13th cheque.</td>
</tr>
<tr>
<td>NEDCOR</td>
<td>Market leader in pay and benefits, particularly at executive level. The flexible compensation system (cafeteria style) is now being phased in to lower levels of employees where employees are given the freedom to choose their type of car, retirement fund, housing package and medical aid. Nedcor has the highest minimum wage in the industry and has offered the highest wage increases over the last three years. Non-management staff are paid productivity bonuses (4% of annual salary over the last two years).</td>
</tr>
<tr>
<td>Sappi</td>
<td>Market-related salaries. Flexible benefit schemes. Incentive schemes include monthly production bonuses. Provides collateral guarantees and securing reduced deposits and interest rates on behalf of employees who buy properties. Company accommodation is also provided. Three types of retirement funds and medical schemes are offered.</td>
</tr>
<tr>
<td>SHOPRITE HOLDINGS</td>
<td>Offers traditional benefits, such as medical aid, pension, maternity and paternity leave. Pays market-related salaries or lower. Shoprite does not have any incentive bonus linked to performance. Greatest incentive is the career-building opportunities.</td>
</tr>
<tr>
<td>STOCKS &amp; STOCKS</td>
<td>Employees not covered under statutory provisions enjoy market-related salaries. Makes use of privately administered benefit schemes such as retirement. Benefit packages are superior. In terms of most benefits, the company offers superior packages, eg above average medical scheme, pension fund and housing assistance.</td>
</tr>
<tr>
<td>THE OLD SHANGHAI FIRECRACKER FACTORY (Advertising agency)</td>
<td>In contrast to conventional agencies where the owners take most of the profits, at The Old Shanghai the workers are the owners and they take most of the profits. Salaries often exceed the total packages of chief executives of some of the largest advertising agencies. Supports a holistic view of “all get wealthy together”.</td>
</tr>
</tbody>
</table>

Source: Adapted from Gagiano and Truter (1998)
4.53

4.5.2.5  *Impact of employees' education levels on benefit management*

The educational level of the workforce in South Africa is a major problem since approximately 55 percent of the total population is illiterate (Erasmus & Van Dyk 1996:6). The government has, however, taken measures to rectify the situation by implementing a skills development programme in which organisations must contribute one percent of their payroll costs to the national fund (Salary Surveys 1999: http://www.fsacontact.co.za/salariesu.htm). This will, however, put a further burden on an organisation's already limited funds for salaries and benefits.

The implications of the low education level in South Africa for the management of employee benefits are the following:

- Employee benefits that appeal to the training needs of employees will need to be provided (bursaries, study loans with low interest rates, study leave, etc).
- Simple and accessible benefits communication methods (trade union meetings) will have to be used to communicate benefits to employees.
- Incentives, rewards or employee benefits that will encourage employees to improve their skills and education level will have to be provided.

4.6  **SUMMARY**

This chapter provided a theoretical perspective on employee benefits. The role benefits fulfil, the reasons for the growth in benefits as well as the key issues in the management of employee benefits were discussed. The latest trends and the main employee benefit concerns in South Africa as well as internationally, were outlined. In the next chapter, the research methodology used for this study will be discussed, and in the following chapter the data obtained from the empirical research will be statistically analysed and interpreted.
SECTION D

EMPIRICAL RESEARCH
5.1 INTRODUCTION

In chapter 4 a theoretical discussion of employee benefits was provided. In this chapter the methods and instruments used to conduct the empirical research for the study, as well as the statistical methodology used, will be discussed. The topics to be addressed include: the design, layout and administration of the questionnaire, the collection of data, the population, the sampling method, the response rate, correlations, factor analysis and the statistical significance of correlations.

5.2 THE RESEARCH METHOD

Different methods for the collection of primary data such as surveys, experiments, or observations are available for research purposes (Diamantopoulos & Schlegelmilch 1997:5). The type of data required will largely determine the most appropriate method to be used. For this research, it was decided to use the questionnaire method which will be discussed in greater detail shortly.

5.2.1 The questionnaire

A questionnaire is a document comprising a set of questions, and is sent to a large number of respondents with a view to obtaining their input and opinions on the subject of research.

Researchers can use either structured or unstructured questionnaires. A structured questionnaire provides different options to each question, and the respondent is simply required to select and mark the applicable answer (Babbie 1998:257). Unstructured questionnaires require far more cooperation on the part of the respondents since they
are required to answer the questions in their own words. The use of unstructured questionnaires in a mail survey significantly reduces cooperation without providing much helpful information (Sudman & Blair 1998:289). Since mail surveys tend to have the lowest response rates of all survey methods (Welman & Kruger 1999:152), and since according to Aaker, Kumar and Day (1995:378), it is not uncommon for mail surveys to have a nonresponse rate of 90 percent, it is imperative to choose questionnaires with great care. Table 5.1 outlines the advantages and disadvantages of the questionnaire as a data collection method.

**TABLE 5.1: THE ADVANTAGES AND DISADVANTAGES OF QUESTIONNAIRES**

<table>
<thead>
<tr>
<th>ADVANTAGES</th>
<th>DISADVANTAGES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Relatively cheap method</td>
<td>• Possibility of a low response rate</td>
</tr>
<tr>
<td>• Saves time - lot of information can be collected within a short period of time</td>
<td>• Researcher has low control over the conditions under which the questionnaire is completed</td>
</tr>
<tr>
<td>• Greater possibility of anonymity</td>
<td>• The explanation and clarification of concepts are not possible</td>
</tr>
<tr>
<td>• Standardised questions simplify the coding of data</td>
<td>• Anonymity complicates the following up of questionnaires</td>
</tr>
<tr>
<td>• The answering of questions can be kept impersonal</td>
<td>• It can only be used for short surveys with mainly closed questions</td>
</tr>
</tbody>
</table>

**Source:** Adapted from Welman and Kruger (1999:151-152)

In this research, the most important reasons why the questionnaire was used as the method for collecting primary data, included the following:

- It is a relatively cheap method.
- It is easy to distribute the questionnaires by means of the internal postal system at Unisa.
- The majority of respondents have a type of "pen-and-pencil" job in which they could complete the questionnaire during office hours.
5.4

5.2.1.1 Requirements of a good questionnaire

If a researcher succeeds in designing a good questionnaire, many of the shortcomings of a questionnaire can be overcome. A good questionnaire must, however, meet certain requirements.

In table 5.2, Sudman and Blair (1998:293-299) have listed a number of requirements for the design of a good questionnaire.

TABLE 5.2: REQUIREMENTS FOR THE DESIGN OF A GOOD QUESTIONNAIRE

- **Use a booklet format**
  A booklet format is desirable because (1) it prevents pages from being lost, (2) it makes it easier to handle, (3) a double-page format can be used, and (4) it looks more professional.

- **Identify the questionnaire**
  Questionnaires need a date, the title of the study, and the name of the person conducting the survey.

- **Do not crowd the questions**
  Self-administered questionnaires should not be crowded because crowding makes the questionnaire appear more difficult.

- **Use a large, clear print**
  Questionnaires can be made more user-friendly by making use of a large and clear print. Too small print makes the questionnaire appear difficult and as a result discourages respondents to complete it.

- **Provide instructions for the completion of the questionnaire**
  The ease with which a questionnaire can be completed plays a big role in a respondent's decision to complete the questionnaire. Specific instructions should appear on the questionnaire and be placed in the most useful location possible. Instructions should be easy to distinguish and therefore bold print, capital letters or italics can be used.
Do not split questions across pages
Respondents find it confusing if a question is split over two pages, especially in respect of response categories for a closed question.

Precode all closed questions
Preceding allows the respondent to simply circle the right answer. The questionnaire should also make provision for a precolumn (column for data coding purposes), identifying the column in the data file where each response will be entered. This column must clearly indicate that it is for office use only.

End the questionnaire in a proper way
Respondents should be thanked for their participation.

Source: Sudman and Blair (1998:293-299)

Although Leedy (1996:143-145) outlines general requirements for a good questionnaire, he emphasises the important role that questions play. Table 5.3 summarises the requirements which Leedy regards as the most important for a good questionnaire.

TABLE 5.3: LEEDY’S REQUIREMENTS FOR A GOOD QUESTIONNAIRE

- Instructions must be clear and unambiguous
- A cover letter must accompany the questionnaire and clearly state for what purposes the information is needed
- Questions must be clear, understandable and objective
- The questionnaire must be as short as possible
- A logical flow of questions and sections must exist
- The questionnaire must be directly related to the research problem

Source: Leedy (1996:143-145)
5.2.1.2 The design of a questionnaire

The design of a questionnaire plays a crucial role in the success of the research. Saunders, Lewis and Thornhill (1997:250-263) regard the following as the important steps in the design of a questionnaire:

- Determine information goals and identify the population.
- Decide which questions need to be asked.
- Identify the respondents’ frame of reference.
- Formulate the questions.
- Pretest the questionnaire.
- Revise the questionnaire.
- Compile the final questionnaire.

The first step in the design of a questionnaire involves the translation of the research objectives into information goals for the formulation of specific questions. Once the list of questions has been finalised, it should cover all information goals and research objectives.

Apart from asking the right questions, the following issues also need to be considered when formulating questions:

- **Should questions be open or closed?**

Closed questions provide response categories whereas open questions do not. Various factors such as the purpose and method of the survey, and the profile of the respondents determine which type of question is the most appropriate to use. According to Sudman and Blair (1998:267), closed questions are mainly used for the following reasons:

- they encourage response by making the completion of the questionnaire easy
- they enable respondents to complete the questionnaire in a short time;
- they simplify coding for data analysis purposes
- they reduce the amount of probing needed
Although closed questions require more pretesting, limit the richness of data and may become boring for respondents, they work better in situations where there is a preference for inexpensive, structured information. Welman and Kruger (1999:174) recommend that even if a questionnaire is made up exclusively of closed questions, it should conclude with an open question in case anything of importance to the respondent has been omitted.

**Difficulty of questions**

Questionnaires provide few opportunities for probing and therefore the different ways in which people could interpret questions should be given careful consideration. Sudman and Blair (1998:252) believe that the formulation of questions should aim specifically at addressing three issues, namely:

1. Do the respondents understand the words in the question?
2. Do all the respondents interpret the question in the same way?
3. Do the respondents interpret the question in the way it is intended?

Table 5.4 provides guidelines for minimising problems related to the understanding of questions.

**TABLE 5.4: GUIDELINES TO ENHANCE THE UNDERSTANDING OF QUESTIONS IN QUESTIONNAIRES**

- Questions must be specific.
- Use simple language.
- Use words with only one meaning.
- Use numbers to measure magnitudes.
- Ask questions one at a time.

Source: Adapted from Sudman and Blair (1998:257)
• **Scaling of questions**

Scaling is a process of creating a continuum on which objects are located according to the amount of the measured characteristic they possess (Aaker et al. 1995:255). The Likert scale is presently the most popular type of scale used in this regard. This scale consists of a collection of statements about the attitudinal object. For each statement, respondents have to indicate the degree to which they agree or disagree with its content on, say, a four-point scale (Welman & Kruger 1999:155). The number of response categories that can be used for closed questions depends on the method of administration. By making use of an even number of response categories, the central tendency effect can be eliminated.

• **Ordering of questions**

Sudman and Blair (1998:285) regard the ordering of questions as important for three main reasons: Firstly, the order effects must be considered; secondly, a logical flow for the questionnaire must be developed; and lastly, a rapport must be established with the respondents.

Questions should be arranged in a sequence that minimises order effects. An order effect occurs when the answer to a particular question is influenced by the context of previous questions. In order to create a logical flow of questions, the questions must be divided into sections, each with a specific purpose in mind. To elicit a favourable response for the completion of the questionnaire, the questionnaire must start with easy, nonthreatening questions for which there are no wrong answers. By establishing a rapport with respondents, better cooperation can be obtained.

With the aforementioned as background, the next section will discuss the design of the questionnaire which was used for the empirical research.
5.3 THE DESIGN AND LAYOUT OF THE QUESTIONNAIRE FOR THIS STUDY

The most important components of the research methodology used for this study will now be discussed.

5.3.1 Type of questionnaire used

It was decided to use a structured questionnaire for this study (see appendix C). A structured questionnaire provides alternatives to each question, and the respondent simply needs to select and mark the applicable answer. The questionnaire did, however, conclude with an open question to afford respondents the opportunity to make some additional comments or suggestions (see section G of the questionnaire).

For financial reasons, the cover letter (see appendix B) and the questionnaire (see appendix C) were drawn up in English only.

5.3.2 Design of questions

The questionnaire consisted mainly of closed questions because such questions

• are usually self-explanatory and
• could be answered with ease in a short period of time

Section A consisted of questions related to the respondents' personal particulars and merely required the respondents to mark with an "x" in the appropriate block. The questions contained in section B of the questionnaire were related to the respondents' knowledge and awareness of employee benefits and had to be answered with a "yes" or "no". In sections C and D, however, the respondents' satisfaction with employee benefits and certain preferences were measured on a four-point Likert scale. Sections E, F, and H consisted of questions about the respondents' preferences in respect of employee benefits and also only required a "yes" or "no" answer. Section G consisted of an open question which made provision for additional comments by the respondents in case certain options were not included in the alternatives.
5.3.3 Scaling of questions

As closed questions which require a "yes" or "no" answer do not always provide satisfactory information, it was decided to also make use of Likert-type questions. Scaling is a process of creating a continuum on which possible answers to a question are located. This continuum represents a negative factor/dimension on one side, and a positive factor/dimension on the other. In order to prevent the effect of central tendency (ie where respondents tend to mark the alternative in the middle), the study made use of a four-point scale in sections C and D. Possible answers were coded with numerical values and represented indefinite quantities, such as the extent to which employees agreed with the statements, and the employees’ level of satisfaction with employee benefits. An example of the scales used in this study is as follows:

<table>
<thead>
<tr>
<th>Totally disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Totally agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totally dissatisfied</td>
<td>Dissatisfied</td>
<td>Satisfied</td>
<td>Totally satisfied</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

According to Welman and Kruger (1999: 161), the error of central tendency can further be eliminated by avoiding statements which reflect extreme positions (eg “I would never exchange benefits for cash”).

5.4 BIOGRAPHICAL VARIABLES

In section A of the questionnaire, the respondents had to provide their personal particulars. Not only was the purpose to start with easy questions, but the information was crucial in determining the relationship between employee diversity factors and preferences regarding employee benefits. The most important personal information concerned the respondents': personnel category (academic or administrative staff), gender, marital status, years of service, gross salary, educational qualifications, ethnicity and age.
5.5 LAYOUT OF THE QUESTIONNAIRE

The questionnaire consisted of 8 sections (see appendix C), namely:

- **Section A** - Personal particulars (biographic data)
- **Section B** - My awareness of employee benefits at Unisa
- **Section C** - My preferences regarding employee benefits
- **Section D** - My satisfaction with employee benefits
- **Section E** - Exchanging benefits for cash
- **Section F** - Unique benefits
- **Section G** - New benefits
- **Section H** - Communication of benefits

5.6 APPEARANCE OF THE QUESTIONNAIRE

The physical layout of the questionnaire plays a vital role in a respondent's decision to complete it or not. Aaker et al (1995:306) regard the quality of the paper, the clarity of reproduction and the appearance of crowding as important factors. For this study the questionnaire was printed on good quality white paper and bound in booklet format. Ample space was allowed between the questions as well as the sections. Clear instructions as to how to complete the questionnaire was also given.

Time constraints also have a direct influence on respondents' willingness to complete the questionnaire. As soon as the questions are too difficult or too time consuming to complete, respondents will not complete the questionnaire. Approximately 10 minutes was needed to complete the questionnaire for this study.

5.7 PRETEST OF THE QUESTIONNAIRE

The purpose of a pretest is to ensure that the questionnaire meets the researcher's
expectations in terms of the information that will be obtained from it. Questionnaire pretesting is one way of identifying and eliminating those questions that could pose problems. Only after all the deficiencies have been corrected, can the final questionnaire be compiled and distributed. The best way to test a questionnaire is to have as many people as possible to look at it. Because a pretest is a pilot run, the respondents should be reasonably representative of the sample population (Aaker et al 1995:308).

In this study, a formal pretest was not done but inputs were obtained from the Human Resource Department in the Department of Business Management, the Human Resource Department: Administration, the Finance Department, and representatives of the different trade unions at Unisa. The statistician responsible for the analysis of the data was also approached. Once the inputs had been received, the final questionnaire was compiled and distributed.

5.8 COMPUTERISATION AND CODING OF THE DATA

Data obtained from the questionnaires must undergo preliminary preparation before it can be analysed. Data preparation includes (1) data editing, (2) coding, and (3) statistical adjustment of the data (Aaker et al 1995:443-447).

Upon receipt of the questionnaires, each questionnaire was edited to identify omissions, ambiguities and errors in the responses. Where possible (if the respondent provided a personnel number) he or she was contacted to verify contradictory answers, or to complete any questions that were omitted. As a last resort, illegible or missing answers were coded as “missing”. This simplified the data analysis, but it did not distort any interpretations of the data.

Coding the close-ended questions was fairly straightforward because the questionnaire made provision for response values and a column which were used for variable identification. Once the response values were entered into a computer, a statistical software programme (SPSS) was employed to generate diagnostic information.
5.9 POPULATION AND SAMPLING

As mentioned in chapter 1, it was decided to use Unisa employees (academic and administrative) for this study since Unisa is the largest university in South Africa and one with a diverse workforce. Cost and time constraints also played an important role in this decision.

A disproportionate, stratified sampling method was used. Stratified sampling involves separating the population into subgroups called "strata", and then randomly drawing a sample from each stratum (subgroup). Disproportionate sampling means that the different strata are not sampled in proportion to their size in the overall population, but a predetermined number of sample employees is decided upon beforehand. Employees within a stratum are selected randomly, but among the different strata, employees have disproportionate chances of being selected. When multiple groups are compared and their respective group sizes are small, a proportional stratified sampling would NOT yield a sample size large enough for meaningful comparisons. One way of selecting sample sizes within each group would then be to have equal group sizes in the sample (Aaker et al 1995:371). According to Sudman and Blair (1998:379), stratified sampling should be used when the primary research objective is to compare population subgroups, as was the case with this research. Another reason why stratified sampling was used, is the lower occurrence of sampling errors.

The first step in this sampling process involved obtaining a list of all staff members at Unisa. The list consisted of all permanent, temporary and part-time employees and provided information such as personnel category, ethnicity, gender, employment status, marital status and age. The next step involved separating the list into academic and administrative personnel. Thereafter each list was further divided into male and female, married and single (widows/widowers and divorcees), as well as Whites and other groups. With regard to ethnicity, employees from other population groups (Blacks, Coloureds and Asians) were treated as a single component of ethnicity because the size of each of these individual ethnicity groups was too small in proportion to Unisa's
total workforce. Once this process had been completed a maximum of 40 employees were drawn (ie the first 40 names on the list) from each category and where there was less than 40, a minimum of 20 were drawn.

The use of disproportionate sampling was necessary because the various strata had to be represented equally in the sample. As explained above, a sample size of 40 was generally used. However, with regard to academic employees from other population groups, a sample size of 20 had to be used since the population in most of these strata was less than the general sample size of 40.

Table 5.5 provides a schematic representation of the grouping of administrative and academic employees, the population and sample size of each employee group as well as the response rate.

The size of the sample was mainly determined by the extent to which important cross-classifications had to be made. The need to compare the different employee strata (eg white, academic, married male employees) with various needs and preferences in respect of employee benefits, necessitated the use of a larger sample size than normally required. According to Welman and Kruger (1999:64) it is not necessary to use a sample size bigger than 500 units of analysis, no matter what the size of the population may be. Unisa has a very heterogeneous workforce totalling 3 399, and a sample size of 560 was used.

5.10 QUESTIONNAIRES SENT OUT AND RETURNED

As indicated in table 5.5, 320 questionnaires were sent to administrative employees and 240 questionnaires to academic employees. Employees were requested to return the questionnaires no later than 30 April 1999 (see appendix B). On 15 May 1999, follow-up mailings were done to improve the response rate and employees were requested to return the questionnaires before 28 May 1999.
## TABLE 5.5: EMPLOYEE GROUPINGS FROM WHICH THE SAMPLE WAS DRAWN AND THE RESPONSE RATE

<table>
<thead>
<tr>
<th>ADMINISTRATIVE EMPLOYEES</th>
<th>ACADEMIC EMPLOYEES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MALE</strong></td>
<td><strong>FEMALE</strong></td>
<td></td>
</tr>
<tr>
<td><strong>MARRIED</strong></td>
<td><strong>SINGLE</strong></td>
<td></td>
</tr>
<tr>
<td>W*</td>
<td>O*</td>
<td>W</td>
</tr>
<tr>
<td>P = 294</td>
<td>P = 397</td>
<td>P = 63</td>
</tr>
<tr>
<td>S = 40</td>
<td>S = 40</td>
<td>S = 40</td>
</tr>
<tr>
<td><strong>MALE</strong></td>
<td><strong>FEMALE</strong></td>
<td></td>
</tr>
<tr>
<td><strong>MARRIED</strong></td>
<td><strong>SINGLE</strong></td>
<td></td>
</tr>
<tr>
<td>W*</td>
<td>O*</td>
<td>W</td>
</tr>
<tr>
<td>P = 382</td>
<td>P = 81</td>
<td>P = 67</td>
</tr>
<tr>
<td>S = 40</td>
<td>S = 20</td>
<td>S = 20</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td>560</td>
</tr>
</tbody>
</table>

| QUESTIONNAIRES SENT OUT  | 320                |
| QUESTIONNAIRES RETURNED  | 143                |

**RESPONSE RATE**

| **RESPONSE RATE** | **55%** |

* W Whites
* O Other ethnic groups (Asians, Coloureds, Blacks)

P = Population
s = Sample

** A total of 306 questionnaires were returned but 5 respondents did not indicate their personnel category (academic versus admin).
The follow-up mailings were, however, complicated since it was not compulsory for respondents to identify themselves by means of their personnel number. However, to ensure a representative sample, nonrespondents were replaced with a "matched" member of the sample and follow-up questionnaires were then sent to these members. For example, if an academic, white, single, female employee did not return the questionnaire, a follow-up questionnaire was sent to another academic, white, single, female employee.

Regarding the low response rate of mail questionnaires, Aaker et al (1995:378), and Saunders et al (1997:131) state that the representativity of the population in the response is of greater importance than the general response percentage. This principle is especially important when a stratified sampling method is used. Welman and Kruger (1999:66) regard a response rate of 33 percent as being representative of the population. Hence the response rate of 55 percent in this study is more than adequate and the sample is regarded as being representative of the population.

5.11 THE STATISTICAL METHODOLOGY

Various factors have to be considered before an appropriate statistical method for data interpretation can be selected. In respect of this research, the sample size as well as the number of variables that needed to be analysed simultaneously, were the determining factors. To address these issues properly, a number of statistical techniques were identified and used as basis for the interpretation of the data. These included a univariate data analysis, correlations and factor analysis. Issues such as means and standard deviations, as well as the level of statistical significance, were also considered. However, before we look at these issues, it is necessary to consider the aspect of parametric versus nonparametric statistics as this always remains a bone of contention.
5.17

5.11.1 Parametric versus nonparametric statistics

One of the issues that is often raised in survey research is whether the statistical technique used for the interpretation of the data, is the most suitable. Two types of statistics, namely parametric and nonparametric are available for research purposes. According to Kerlinger (1988:266), a parametric statistical test depends on a number of assumptions about the population from which the samples used in the test, are drawn: The best-known assumption is that the population scores are normally distributed. A nonparametric or distribution-free statistical test depends on no assumptions as to the form of the sample population or the values of the population parameters.

A big controversy regarding the use of the two types of statistics exists. Gardner (1975: 43-57) has no objective to the use of parametric statistics whereas Bradley (1972) advocates nonparametric methods - both points of view are compelling and valid. However, in the light of Kerlinger's (1988:268) remarks that the best advice is to use parametric as well as the analysis of variance routinely but to keep a sharp eye on the data for gross departures for normality, it was decided to adopt this approach for the study.

5.11.2 Univariate data analysis

Univariate data analysis involves a single variable and is usually the starting point in descriptive analysis. This type of data analysis leads to the construction of a frequency distribution for each variable of interest. A frequency distribution shows in absolute or relative (percentage) terms how often (popular) the different values of a variable are among the units of analysis. Biographic and organisational questions are usually categorical in nature so that it is usual to give frequency distributions of the responses to such questions. In the case of cross tabulating such variables, the Chi-square statistic as a test of the null hypotheses of independence between the two variables are also calculated (Kerlinger 1988:569).
5.11.3 Correlations

Relationships or associations also play an important role in data analysis. Whenever it is necessary to determine the relationship between two variables and, if so, the nature and strength of this relationship, measures of associations or correlation analysis must be employed. Correlation analysis is not just directed at discovering whether a relationship exists between two variables but also analyses the direction of the relationship as well as the magnitude of the relationship (Diamantopoulos & Schlegelmilch 1997:198).

Correlations estimate the extent to which the changes in one variable are associated with changes in the other variable and are indicated by the correlation coefficient ($r$). Correlation coefficients can range from +1.00 to -1.00. A correlation of +1.00 indicates a perfect positive relationship, a correlation of 0.00 indicates no relationship, and a correlation of -1.00 indicates a perfect negative relationship (Welman & Kruger 1999:219). The magnitude of the relationship refers to the significance level of the relationship between two variables. The significance level is used to indicate the maximum risk we are willing to take in rejecting a true null hypothesis, therefore a significance level should always be associated with the probability of making a mistake. Thus when we select the 5% significance level ($p=0.005$) to conduct a hypothesis test, what we are saying is that we will conduct the test in such a way that we will only reject the null hypothesis when in fact it is true, 5 times out of 100. Therefore, if the result of a test is such that the value obtained has a probability of occurrence less than or equal to the specified significance level, then the test result is significant. The level of significance used in this study is discussed in further detail in section 5.11.5.

Diamantopoulos and Schlegelmilch (1997:206) state that the fact that two variables are related does not prove causality. Since the influence of other variables can not always be isolated in determining relationships, causal inferences on the basis of correlation results cannot be drawn. All that is expressed by an association measure is the degree of covariation between two variables.
5.19

In an attempt to eliminate the causal influence of variables other than the two being investigated, a Pearson partial correlation analysis can also be performed. Whenever a correlation is of statistical significance, it is safe to assume that the one variable has an influence on the other although such influence could also be attributable to the influence of "outside" variables. For example, a student's decision to buy a Wimpy burger rather than a McDonald burger could be the result of Wimpy's food quality, low prices or faster customer service. By means of a partial correlation analysis, the correlation between choosing a Wimpy burger and food quality can be determined by keeping other variables such as low prices and faster customer service constant.

When both the correlation (p-value) as well as the partial correlation (pp-value) values are significant, one can conclude with greater confidence that a causal relationship exists between the two variables involved. Theoretically, if one could eliminate or hold constant all other variables which might influence the correlation between two variables, one might come close to establishing a causal relationship.

In this study the correlations between the employee variables (gender, marital status, age, ethnicity, etc) and the various benefit items are calculated. The partial correlations between each employee factor and the benefit items are also calculated whilst treating the remaining employee factors as "partial variables". In this way the unique effect of a single employee factor on the employees' responses to a benefit item can be ascertained.

5.11.4 Factor analysis

The statistical technique particular appropriate to determine the dimensional nature of a number of variables is factor analysis (Diamantopoulos & Schlegelmilch 1997:216). Factor analysis is a procedure that groups items on the basis of correlations. The main aim of factor analysis is to describe a larger number of variables by means of a smaller set of composite variables. This statistical technique is excellent for the investigation of the underlying structure of a questionnaire. Those items that refer to the same dimension or share the same dimension, should correlate highly with one another and
factor analysis uses this to uncover composite variables.

These composite variables are also known as "factors" and aid the substantive interpretation of data. There are two main types of factor analysis namely common factor analysis and principal components analysis. The technique that was used in this study was the common factor analysis.

Common factor analysis focuses on the common variance shared among the original variables and seeks to identify underlying dimensions known as common factors. Because common factor analysis reduces the original set of variables to a smaller set of composite variables, it is also a data reduction technique which makes no assumptions regarding the underlying structure of the data. At an early stage of data analysis, the relationships and structures which exists in the data set are not clear and therefore factor analysis, as an interdependence method, is used.

Kerlinger (1988:569) describes factor analysis as follows:

Factor analysis serves the cause of scientific parsimony. It reduces the multiplicity of tests or measures to greater simplicity. It tells us, in effect, what tests belong together - in other words, which ones virtually measure the same thing, and how much they do so. It thus reduces the number of variables with which the scientist must cope. It also helps the scientist locate and identify unities or fundamental properties underlying tests and measures.

A further definition is provided by Mitchell and Jolley (1996:99) where they state:

Factor analysis is a statistical technique designed to group together questions that seem to be measuring the same underlying hypothetical factor.

Factor analysis can thus be summarised as a statistical technique that determines dimensions based on the correlations between items.
In the present study a factor analysis of the "awareness" items, items 13 to 36 (see appendix C) was performed. The factor analysis program PROC FACTOR of the statistical software package SAS (Statistical Analysis Systems) was used.

The steps followed in the factor analysis were as follows:

1. Computation of a matrix of correlations between the items

2. Making a decision on the number of factors (dimensions) to be extracted.

   In the present study the eigenvalues were plotted against the factor numbers and Catell's so-called "scree test" was performed which involved studying the slope of the plotted eigenvalues (Kimm & Mueller 1978:43). The eigenvalue can be described as a statistical index of the variance of a factor and is an indication of the importance of the factor. An inspection of the eigenvalues usually reveals a drop since the first factor provides the largest eigenvalue and thereafter the eigenvalues drop until they become insignificant. The point at which the graph levels off indicates the number of factors to be extracted.

3. Subjecting the correlation matrix to a common factor analysis.

4. Extracting an x-number of factors as indicated by the Scree test.

5. The oblique rotation of the factor solution to a more interpretable solution according to the Promax criterion (Mulaik 1972:258).

The Promax oblique rotation results in two factor matrices namely a "structure" and a "factor pattern" solution matrix. The values in these factor solution matrices are called factor loadings and give the regression of the items on the factors in the case of the factor structure, and the correlations between original items and derived factors in the case of the factor pattern. In the present study only the factor structure matrices are reported as these are sufficient for the purposes of interpreting the factors. These
regression coefficients will also be referred to as factor loadings. By studying all those items that have high loadings on a particular factor, and asking oneself what the common nature of these items are, one might be able to infer the nature of the factor. The challenge is to give such a factor a theoretical name that describes it as a dimension or factor.

In this study it was decided to consider all factor loadings higher or equal to 0.30 as significant. This cut-off point of 0.30 is to a large extent arbitrary and cannot be applied mechanically. The researcher should also use judgement based on theoretical considerations. It can happen for instance that an item shows a high loading on two or more factors and then the researcher must decide to which factor the item should belong.

5.11.5 Level of statistical significance

Conventionally, the levels 0.05 and 0.01 are used by most researchers as levels of significance for statistical tests performed. These levels of significance are rather severe and are used when the purpose is to limit the risk of incorrectly rejecting the null hypotheses, or concluding a significant result erroneously. Such errors are referred to as type-I errors. In the medical sciences where an error could have severe consequences, such errors must be kept low. Often, however, for example in the human sciences, the consequences of a type-I error is not so severe and researchers are just as concerned with missing a significant result, known as a type-II error. Aaker et al (1995:471-474) points out that when both types of errors (type-I and type-II errors) are equally important, levels such as 0.20 (and possibly 0.30) are more appropriate than the conventionally used 0.05 and 0.01 levels (Hays 1963:273).

There is however also another important consideration in the choice of the level of significance and that is the total number of statistical tests to be performed by the researcher. As the total number of statistical tests increases, the probability of a type-I error also increases. One approach to counter this accumulating effect is to set the level of significance smaller for the individual statistical tests. According to the
Bonferroni method, the chosen level of significance (say 0.30) is divided by the total number of tests to be performed. Suppose for example the total number of tests to be performed are 60, then the level of significance for any individual statistical test is 0.30 ÷ 60 = 0.005. This could however give a too conservative or strict level of significance in practice. There is no easy solution and the final choice remains subjective and to some extent arbitrary. Given the arguments above, a decision was taken to use the following levels of significance:

- the level of 0.05 for all statistical tests involving factors or dimensions
- the level of 0.005 for all results involving individual items.

### 5.11.6 Means and standard deviations for gender, ethnicity and personnel categories

As explained under 5.11.3 earlier, the main analysis will involve correlations and partial correlations. In the event of some significant correlations, further questions will have to be asked about the level of awareness, preference or agreement of a particular gender, ethnic group or personnel category regarding a particular benefit item. The mean scores of each benefit item for each of these groupings (males versus females, Whites versus other groups, and academic versus administrative personnel) will therefore be calculated and reported in appendix D for reference purposes.

### 5.12 SUMMARY

In this chapter the research and statistical methodology used in the study were discussed. The discussion focussed on the population, method of sampling, the design and layout of the questionnaire, the type of questionnaire used, the design of questions, the pretesting of the questionnaire and the correlations and factor analysis methods used in the study.

In the next chapter (chapter 6), the results obtained from the survey will be analysed and discussed.
6.1 INTRODUCTION

As stated earlier in chapter 1, the primary purpose of this study was to determine to what extent the present employee benefits provided by tertiary institutions in South Africa address the needs of employees, and whether a more flexible approach would be to the advantage of both the institution and its employees. To achieve this goal, a structured questionnaire was designed and completed by academic as well as administrative employees at the largest of these institutions, namely the University of South Africa. The responses to the questionnaires have been statistically analysed, and the results are discussed in this chapter.

Since the general approach and statistical techniques that were used to analyse the data were set out in chapter 5, the discussion will first focus on the biographic information of the respondents and then on the various other components of the questionnaire.

6.2 SECTION A OF THE QUESTIONNAIRE - BIOGRAPHIC INFORMATION

An analysis of the biographic data in section A of the questionnaire revealed the following:

6.2.1 Personnel number (Question 1)
This question related to the respondents' personnel number. Personnel numbers were requested for two reasons: firstly, follow-up mailing would be easier, and secondly, representivity could be ensured by sending follow-up questionnaires only to members that "matched" the profile of the nonrespondents. A total of 187 respondents (61%) provided their personnel numbers.
6.2

6.2.2 Gender (Question 2)
In this question the respondents had to indicate whether they were male or female. The questionnaires were completed by a total of 153 male and 152 female employees. One respondent did not complete this question and were coded as “missing”. Regarding the gender aspect, the respondents are thus representative of the total population.

6.2.3 Ethnicity (Question 3)
In this question the respondents had to indicate to which ethnic group they belong. The representivity of the different ethnic groups in the sample are as follows: Whites 212 (70%), Blacks 73 (24%), Coloured 7 (2%), and Asian 11 (4%). Three respondents did not complete this question and were coded as “missing”. For discussion purposes Blacks, Coloureds and Asians will be referred to as employees from other population groups (other). The classification of the respondents according to their ethnicity is illustrated in figure 6.1.

FIGURE 6.1 NUMBER OF RESPONDENTS IN EACH ETHNIC GROUP

Considering the small number of Blacks, Coloureds and Asians within the total staff complement at Unisa (see table 2.3 in chapter 2), the respondents are thus representative of the total population.
6.3

6.2.4 Age (Question 4)

In this question, the respondents had to indicate their ages. However, as the age of employees ranged from 20 to 67, it was decided to make use of age categories. Figure 6.2 illustrates the classification of the respondents within their different age categories.

FIGURE 6.2: CLASSIFICATION OF THE RESPONDENTS WITHIN THEIR DIFFERENT AGE CATEGORIES

The majority of the respondents (66%) fall between the age of 25 and 46 which resembles a relative young workforce. Thus, the respondents are representative of the overall age profile of the total population as indicated in figure 2.7 in chapter 2.

6.2.5 Number of years service at Unisa (Question 5)

In this question the respondents had to indicate how long they have been working at Unisa. The number of years service ranged from 1 to 37 and therefore it was decided to also make use of job tenure categories. Figure 6.3 illustrates the number of years that the respondents have been working at Unisa.
It is interesting to note that 61 percent of the respondents have been working for less than 10 years at Unisa. If one compares this with the information obtained in the previous question - where 66 percent of the respondents fall between the age of 25 and 46 - it appears that very few of the present employees started their careers at Unisa. Unisa could thus be a second or even third employer. However, as 66 percent of the respondents represent the academic group, it could be that as a result of the higher entry requirements (e.g., academic qualifications) the employees first completed their degrees before being appointed at Unisa.

6.2.6 Number of dependants (Question 6)
In this question the respondents had to indicate the number of people dependent on them for a living. Children as well as other members in the household were regarded as dependants. The purpose of this question was not to determine how many children each respondent had, but to determine how the size of the household influences a respondent's preferences regarding his/her benefits. Figure 6.4 provides a schematic presentation of the number of dependants of the respondents.
6.5

FIGURE 6.4: NUMBER OF DEPENDANTS OF RESPONDENTS

A significant proportion of the respondents (38%) do not have any dependants. This profile is representative of the overall profile of employees at Unisa (see figure 2.8 in chapter 2) and is similar to the worldwide trend of declining births in the population groups between the age of 25 and 46.

6.2.7 Highest educational qualification (Question 7)

In this question the respondents had to indicate the highest educational qualification they possess. The wide variety of educational qualifications reported, necessitated the use of categories. Figure 6.5 illustrates the classification of the respondents according to the highest qualification they have obtained.

As a tertiary institution it is not surprising that the educational level of the respondents are quite high - 67 percent of the respondents have obtained a degree or higher qualification. As 66 percent of the respondents are academics, the higher percentages in the advanced degrees eg masters (22%) and doctorates (15%) are understandable. The entry level qualification for appointment here is higher than in the case of administrative posts.
On the whole it appears that the administrative staff is also well qualified with only three percent (3%) of the respondents having a qualification of less than standard 10 (these can be workers in a lower level job category eg maintenance staff).

6.2.8 Contributors to the household income (Question 8)
In this question the respondents had to indicate whether they were the sole providers of income or whether other members of the family also contributed to the household income. A minority of respondents (49.5%) indicated that other family members also contributed to the household income, and it can thus be assumed that in the majority of cases these members included either a married husband or wife - a dual career family. It can further be assumed that in many instances the respondents that were single, answered “no”.
6.2.9 Primary source of income (breadwinner) (Question 9)
In this question, the respondents had to indicate whether they were the primary source of income and could thus be regarded as the breadwinner of the family. The majority of the respondents (66%) indicated that they were the breadwinners. As a breadwinner, the assumption can thus be made that employee benefits such as medical aid, pension and housing, are of vital importance to them. On the other hand it may also be true that if the respondent is not the breadwinner, the existence of and preference for employee benefits would not be a major issue.

6.2.10 Personnel category (Question 10)
As mentioned earlier in this study, the sample used for this research consisted of two groups namely (1) academic and (2) administrative personnel (see table 5.5 in chapter 5). The response rate for the academic group was 66 percent (158 questionnaires) and that for the administrative group 45 percent (143 questionnaires). The respondents are thus representative of the two groups at Unisa as indicated in table 2.2 in chapter 2.

6.2.11 Job title (Question 11)
In this question, the respondents had to provide their job title. Because of the huge number of job titles that were provided, the data could not be categorised in a meaningful way and it was therefore decided not to use the data obtained for this question but to concentrate instead on the two main groupings of academic and administrative personnel.

6.2.12 Monthly gross salary (Question 12)
Monthly gross salaries were classified into categories, and the respondents had to indicate which income bracket was applicable to them. The question stated clearly that all benefits were excluded and that only the monthly gross salary had to be reported. Figure 6.6 provides a schematic representation of the monthly gross salaries of respondents.
** After consultation with and verification by the Salary Department, the percentage of employees earning more than R30 000 per month (7%) appears to be incorrect. A possible explanation for this could be that some respondents reported the value of their total remuneration package as gross salary.

From figure 6.6 it is clear that a large group of the respondents (43%) earn between R5000 and R10 000 per month. This group could thus be seen as the middle management group in the administrative division and as indicated in figure 2.5 (chapter 2), the senior lecturer group in the academic division.

**6.2.13 Marital status**

The respondents did not state their marital status as this question was not included in the questionnaire. As this could have a possible impact on the findings, it was decided to obtain the information in another way namely: Firstly, the marital status of
respondents who provided their personnel numbers (61% of the respondents - section 6.2.1), was obtained by referring to a personnel list which contained this information. Secondly, other data provided by the respondents (eg number of dependants, other members contributing to the household income, information on primary income and breadwinner status) were used to draw conclusions about the respondents' marital status. According to these conclusions, the majority of the respondents (64%) were married while the remaining respondents (36%) were single, divorced or widowed employees. Where the marital status of a respondent could not be determined, the information was coded as "missing". This occurred in 33 cases. The information obtained by means of this method appeared to be fairly accurate, especially when one considers the overall profile of Unisa's workforce regarding marital status (see figure 2.6 in chapter 2).

6.3 INTERRELATEDNESS OF THE BIOGRAPHIC VARIABLES
(Section A of the questionnaire)

6.3.1 General discussion
The purpose of this study is not to determine the correlations between the various biographic variables, but since certain correlations could play a vital role in the management of employee benefits, it was decided that only the most significant and interesting correlations will be provided in table 6.1. A schematic representation of these correlations appears in figure 6.7. Regarding the correlations, it is important to note that the value of the correlation coefficient (r) equal to -1, indicates a perfect linear relationship between the sample values of X and Y, with the value of Y decreasing as the value of X increases - the larger X becomes, the smaller Y becomes, while the smaller X becomes, the larger Y becomes. A value of r equal to +1 also indicates a perfect linear relationship between the sample values, but one in which the value of Y increases as X increases - larger values of Y are associated with larger values of X, while smaller values of Y are associated with smaller values of X. If there is no linear relationship between the sample values of X and Y, then r will have a value near zero (Hayslett & Murphy 1980:133).
### TABLE 6.1 SIGNIFICANT CORRELATIONS BETWEEN THE BIOGRAPHIC VARIABLES (N = 306) *

<table>
<thead>
<tr>
<th></th>
<th>AGE</th>
<th>GENDER</th>
<th>ETHNICITY</th>
<th>DEPENDANTS</th>
<th>QUALIFICATIONS</th>
<th>CONTRIBUTORS</th>
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<tr>
<td>ETHNICITY</td>
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<td>0.322 (0.0001)</td>
<td>0.310 (0.0001)</td>
<td>-0.188 (0.0017)</td>
<td>0.182 (0.0016)</td>
<td>0.170 (0.0031)</td>
<td>-0.195 (0.0012)</td>
<td>-0.414 (0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DEPENDANTS</td>
<td>0.289 (0.0001)</td>
<td>0.310 (0.0001)</td>
<td>-0.222 (0.0001)</td>
<td>-0.188 (0.0017)</td>
<td>-0.718 (0.0001)</td>
<td>-0.175 (0.0037)</td>
<td>0.191 (0.0009)</td>
<td>0.694 (0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>QUALIFICATIONS</td>
<td>-0.222 (0.0001)</td>
<td>-0.188 (0.0017)</td>
<td>0.310 (0.0001)</td>
<td>-0.222 (0.0001)</td>
<td>0.182 (0.0016)</td>
<td>0.170 (0.0031)</td>
<td>-0.195 (0.0012)</td>
<td>-0.414 (0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONTRIBUTORY INCOME</td>
<td>-0.188 (0.0017)</td>
<td>-0.188 (0.0017)</td>
<td>-0.188 (0.0017)</td>
<td>0.310 (0.0001)</td>
<td>-0.718 (0.0001)</td>
<td>-0.175 (0.0037)</td>
<td>0.191 (0.0009)</td>
<td>0.694 (0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BREADWINNER</td>
<td>0.322 (0.0001)</td>
<td>0.322 (0.0001)</td>
<td>0.322 (0.0001)</td>
<td>0.322 (0.0001)</td>
<td>0.322 (0.0001)</td>
<td>0.322 (0.0001)</td>
<td>0.322 (0.0001)</td>
<td>0.322 (0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERSONNEL CATEGORY</td>
<td>-0.718 (0.0001)</td>
<td>-0.718 (0.0001)</td>
<td>-0.718 (0.0001)</td>
<td>-0.718 (0.0001)</td>
<td>-0.718 (0.0001)</td>
<td>-0.718 (0.0001)</td>
<td>-0.718 (0.0001)</td>
<td>-0.718 (0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GROSS SALARY</td>
<td>0.191 (0.0009)</td>
<td>0.191 (0.0009)</td>
<td>0.191 (0.0009)</td>
<td>0.191 (0.0009)</td>
<td>0.191 (0.0009)</td>
<td>0.191 (0.0009)</td>
<td>0.191 (0.0009)</td>
<td>0.191 (0.0009)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MARITAL STATUS</td>
<td>-0.195 (0.0012)</td>
<td>-0.195 (0.0012)</td>
<td>-0.195 (0.0012)</td>
<td>-0.195 (0.0012)</td>
<td>-0.195 (0.0012)</td>
<td>-0.195 (0.0012)</td>
<td>-0.195 (0.0012)</td>
<td>-0.195 (0.0012)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JOB TENURE</td>
<td>0.694 (0.0001)</td>
<td>0.694 (0.0001)</td>
<td>0.694 (0.0001)</td>
<td>0.694 (0.0001)</td>
<td>0.694 (0.0001)</td>
<td>0.694 (0.0001)</td>
<td>0.694 (0.0001)</td>
<td>0.694 (0.0001)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

$r$ = Correlation coefficient ($-1$ = perfect inverse relationship, $+1$ = perfect positive relationship, $0$ = no relationship)

$p$ = level of significance, indicating to what extent the relationship between two variables are significant. For purposes of this study, a significance level of 0.005 is used and therefore $p$-values equal or less than 0.005 indicate a significant correlation.

* Please take note that this table only contains the significant correlations between the biographic variables.
FIGURE 6.7: SIGNIFICANT CORRELATIONS BETWEEN THE BIOGRAPHIC VARIABLES (Section A of the questionnaire)

(a) AGE

\[ r = -0.366 \]

\[ r = 0.289 \]

\[ r = 0.191 \]

\[ r = -0.195 \]

\[ r = 0.694 \]
FIGURE 6.7 (contd)

(b) GENDER

\[ r = 0.322 \]

\[ (b) \text{ GENDER} \]

\[ r = 0.322 \]

\[ r = 0.310 \]

\[ (c) \text{ ETHNICITY} \]

\[ r = -0.366 \]

\[ r = 0.222 \]

\[ r = -0.414 \]
FIGURE 6.7 (contd)

(d) DEPENDANTS

\[ r = 0.310 \]

\[ \begin{array}{c}
>6 \\
0 \\
\end{array} \]

\[ \begin{array}{c}
\text{WHITES} \\
\text{OTHERS} \\
\text{ETHNICITY} \\
\end{array} \]

\[ r = -0.188 \]

\[ \begin{array}{c}
>6 \\
0 \\
\end{array} \]

\[ \begin{array}{c}
\text{YES} \\
\text{NO} \\
\text{CONTRIBUTORY INCOME} \\
\end{array} \]

\[ r = -0.388 \]

\[ \begin{array}{c}
>6 \\
0 \\
\end{array} \]

\[ \begin{array}{c}
\text{MARRIED} \\
\text{SINGLE} \\
\text{MARITAL STATUS} \\
\end{array} \]
FIGURE 6.7 (contd)

(e) QUALIFICATIONS

\[ r = 0.289 \]

\[ r = -0.222 \]

(f) CONTRIBUTORY INCOME

\[ r = 0.188 \]
(g) BREADWINNER

\[ r = 0.322 \]

(h) PERSONNEL CATEGORY

\[ r = -0.718 \]

\[ r = -0.175 \]

(i) GROSS SALARY

\[ r = 0.191 \]

\[ r = 0.182 \]

\[ r = 0.170 \]
FIGURE 6.7 (contd)

(j) MARITAL STATUS
(M = Married, S = Single)

\[ r = -0.195 \]

\[ r = -0.388 \]

\[ r = -0.175 \]

(k) JOB TENURE

\[ r = 0.894 \]

\[ r = -0.414 \]

\[ r = 0.170 \]
6.17

6.3.2 Significant correlations between the biographic variables

In interpreting table 6.1, the emphasis is on age, gender, ethnicity, personnel category and gross salary. The interrelatedness between these variables will now be briefly discussed.

- **Age**
  Age correlates significantly with ethnicity \( r = -0.366, p = 0.0001 \), qualifications \( r = 0.289, p = 0.0001 \), gross salary \( r = 0.191, p = 0.0009 \), marital status \( r = 0.195, p = 0.0012 \) and job tenure \( r = 0.694, p = 0.0001 \). This implies that younger employees in the group are mainly single, come from other population groups ("others"), have lower qualifications and salaries and fewer years of service. This is understandable as seen from Unisa's employment equity actions during the last few years (see paragraph 2.2.2 in chapter 2) as well as the fact that the average age of the South African population is extremely young (see paragraph 2.2.2 in chapter 2). Owing to their age, they have fewer years of service and their qualifications are also still relatively low because they are still on a learning curve.

- **Gender**
  The significant correlation of gender with "breadwinner" \( r = 0.322, p = 0.0001 \) implies that more males are breadwinners. This is understandable since the number of women in the labour market has only recently (1996) increased to 45 percent (see section 2.2.3 in chapter 2). The absence of other significant correlations implies that males and females in the sample are comparable as far as all the other employee diversity factors are concerned.

- **Ethnicity**
  From the significant correlations it can be inferred that Whites have fewer dependants \( r = 0.310, p = 0.0001 \), higher qualifications \( r = -0.222, p = 0.0001 \), are relatively older \( r = -0.366, p = 0.0001 \) and have more years of service \( r = -0.414, p = 0.0001 \) than "other" employees. This is understandable since the previous political dispensation did
not create the job opportunities for “other” groups - thus largely excluding them from career opportunities pursued by Whites. Also, the poor state of the schools of the “other” employees placed a great burden on them to obtain further qualifications. Another social factor could also be the poor economic situation in which these groups found themselves. As indicated in international research, the more sophisticated a society is, the fewer children people tend to have. This resulted in Whites having fewer dependants. It is interesting to note that no significant differences existed as far as salaries are concerned - in spite of the fact that Whites have higher qualifications and more years of service.

- **Personnel category**
  The significant correlations of this variable with qualifications \( r = -0.718, p = 0.0001 \) and marital status \( r = -0.175, p = 0.0037 \), imply that academic personnel are significantly more highly qualified and also consist of a higher proportion of single employees - in spite of the fact that there are no differences in age. It is not uncommon nowadays to find large groups of single individuals in professional careers. Many reasons have been advocated for this, for example, the time they spend working at their careers and the resultant lack of social interaction.

Generally, administrative employees consist primarily of younger, married employees with lower qualifications from other population groups who have fewer years of service. This profile of Unisa's administrative staff component (job category) could be a result of the implementation of affirmative action policies in which people of previously disadvantaged groups are employed in entry-level positions (see section 2.2.2 in chapter 2).

- **Gross salary**
  This variable correlates significantly with job tenure \( r = 0.170, p = 0.0031 \), qualifications \( r = 0.182, p = 0.0016 \) and age \( r = 0.191, p = 0.0009 \), indicating that the more highly qualified employee (who is usually also the older employee) tends to earn a higher salary. This is understandable since promotion to more senior positions, especially in
the academic field, is normally linked to better qualifications (e.g., a doctorate at associate professor level) and higher salaries. An interesting and noteworthy point is the fact that although qualifications are highly correlated with salaries, and there is a significant difference in qualifications between academic and administrative employees, there is no significant difference between the salaries of academic and administrative employees. This discrepancy could explain why academic employees feel that Unisa’s pay structure is inconsistent, and is not competitive with salaries in the labour market.

The above concludes the discussion on section A of the questionnaire. In the next section, the issues pertaining to section B of the questionnaire will be addressed.

6.4 SECTION B OF THE QUESTIONNAIRE - EMPLOYEE AWARENESS OF BENEFITS OFFERED AT UNISA

6.4.1 General discussion

In section 5.2 of chapter 5, the rationale for using the questionnaire for this study was discussed. The different sections included in the questionnaire was also identified. Since a large number of items (13 to 36) deal with the awareness of benefits (see section B of the questionnaire, appendix C), the question naturally arises as to whether possible dimensions or factors underlie these items. Factor analysis was thus performed on the awareness items of the questionnaire, and the results are given below.

6.4.2 Factorial validity: factor analysis results of the benefit awareness dimension of the questionnaire (Section B)

The eigenvalues of the correlation matrix of items 13 to 36 were computed by using the PROC FACTOR analysis programme of the statistical analysis software package SAS (Statistical Analysis Software 1990). The eigenvalues are plotted against the number of factors in figure 6.8.
From figure 6.8 it is clear that the graph levels off after 2 factors. According to Catell’s so-called “Scree” test, this indicates what two factors should be extracted. In this study 2, 3 and 4 factor analysis results were obtained using a principle axis method of factor extraction and rotating the results obliquely using the Promax criterion. The 2-factor solution made the best sense from a theoretical point of view. Only this 2-factor solution is therefore reported in table 6.2 below.

Note that all factor loadings are multiplied by 100 and rounded off to two figures. Also, factor loadings less than 0.25 (or 25 after multiplication by 100) are not indicated in the table to ease the interpretation of the factors. A careful inspection of the “common” element in the items loading on a particular factor appears to reveal the following factors:

- Factor 1 - Awareness of Development Benefits
- Factor 2 - Awareness of Support Benefits
Each of these factors and the items they comprise, are presented in table 6.2. Table 6.3 provides a summary of employees' awareness of employee benefits and the correlation between the awareness items of factor 1 and the various biographic variables.

**TABLE 6.2: PROMAX ROTATED FACTOR PATTERN (STANDARDIZED REGRESSION COEFFICIENTS) FOR A 2-FACTOR SOLUTION OF THE “AWARENESS” ITEMS (291 <= N <= 306)**

<table>
<thead>
<tr>
<th>ITEM</th>
<th>FACTORS</th>
<th>DESCRIPTION OF ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F1</td>
<td>F2</td>
</tr>
<tr>
<td>30</td>
<td>76</td>
<td>---</td>
</tr>
<tr>
<td>31</td>
<td>57</td>
<td>---</td>
</tr>
<tr>
<td>16</td>
<td>41</td>
<td>---</td>
</tr>
<tr>
<td>29</td>
<td>39</td>
<td>---</td>
</tr>
<tr>
<td>24</td>
<td>38</td>
<td>---</td>
</tr>
<tr>
<td>25</td>
<td>34</td>
<td>29</td>
</tr>
<tr>
<td>27</td>
<td>33</td>
<td>28</td>
</tr>
<tr>
<td>26</td>
<td>30</td>
<td>---</td>
</tr>
<tr>
<td>15</td>
<td>29</td>
<td>---</td>
</tr>
<tr>
<td>22</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>21</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### TABLE 6.2 (contd)

<table>
<thead>
<tr>
<th>ITEM</th>
<th>FACTORS F1</th>
<th>F2</th>
<th>DESCRIPTION OF ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>---</td>
<td>48</td>
<td><strong>AWARE 2 - SUPPORT BENEFITS</strong>&lt;br&gt;Study leave for administrative personnel</td>
</tr>
<tr>
<td>32</td>
<td>---</td>
<td>46</td>
<td>Clothing and overalls</td>
</tr>
<tr>
<td>28</td>
<td>---</td>
<td>44</td>
<td>Cash loans (home improvements)</td>
</tr>
<tr>
<td>18</td>
<td>---</td>
<td>39</td>
<td>If both spouses are permanent employees of Unisa, each one of them qualifies for a housing subsidy.</td>
</tr>
<tr>
<td>35</td>
<td>---</td>
<td>38</td>
<td>24-hour accident policy</td>
</tr>
<tr>
<td>17</td>
<td>---</td>
<td>37</td>
<td>Pension/provident funds offer benefits at retirement, disability and death, as well as funeral benefits (death of a member or a spouse = R5000).</td>
</tr>
<tr>
<td>20</td>
<td>---</td>
<td>32</td>
<td>Unisa pays 50% of the cost of a bus pass for employees who make use of bus transport.</td>
</tr>
<tr>
<td>33</td>
<td>---</td>
<td>30</td>
<td>A 14th cheque for improvement of qualification</td>
</tr>
<tr>
<td>14</td>
<td>---</td>
<td>27</td>
<td>Employee benefits such as pension, medical insurance, housing subsidy, study leave, and life insurance are voluntary benefits and no liability rests with Unisa to provide these benefits to new employees.</td>
</tr>
<tr>
<td>34</td>
<td>---</td>
<td>26</td>
<td>Relocation and travelling expenses</td>
</tr>
<tr>
<td>19</td>
<td>---</td>
<td>---</td>
<td>Under certain conditions all permanent employees can obtain a loan at an interest rate of 20% for the purposes of buying a vehicle</td>
</tr>
<tr>
<td>13</td>
<td>---</td>
<td>---</td>
<td>Unisa only needs to provide three compulsory benefits, namely Unemployment Insurance, Compensation for Occupational Injuries and Diseases and Payment for time not worked (ie leave).</td>
</tr>
<tr>
<td>23</td>
<td>---</td>
<td>---</td>
<td>Subsidised cafeteria meals</td>
</tr>
</tbody>
</table>

### 6.4.3 Factor 1: Awareness of development benefits

Regarding the respondents' awareness of employee benefits, two distinctive orientations of awareness could be detected, namely (1) awareness of development benefits, and (2) awareness of support benefits. Development benefits involve those benefits that have to do with employees' development such as research and development leave, long leave, membership of professional associations, bursaries, etcetera. These benefits are important for the successful functioning of the institution as a university. Table 6.2 indicates those items in section B of the questionnaire which have a high loading on factor 1 (awareness of development benefits) and factor 2 (awareness of support benefits). The influence of biographic variables on employees'
awareness of development benefits is illustrated by means of the results of the correlation analysis included in table 6.3. A schematic representation of these correlations appears in figure 6.9. Figure 6.10 provides a schematic representation of the respondents' overall awareness level of development benefits at Unisa.

Take note that for coding purposes, it was necessary to allocate numerical values to some of the biographic variables. For example in table 6.3 (second row) numerical values were allocated to the biographic variables such as male/female, Whites/Other, contributors to household income - yes/no, breadwinner - yes/no, academic/administrative, and married/single employees. Thus when interpreting the correlations, the numerical values play an important role. In table 6.3, the correlation between employees' awareness of research and development leave for academic personnel (item 30) and the personnel category can be depicted as follows:

\[ r = 0.271 \]

\[ \begin{align*}
  1 & = \text{Academic} \\
  2 & = \text{Administrative}
\end{align*} \]

The positive correlation \( (r = 0.271) \) implies that since the personnel category variable changes from academic employees (academic = 1) to administrative employees (admin = 2), the awareness variable changes from being aware (aware = yes) to being unaware (not aware = no), indicating that administrative employees are less aware of this benefit. Without knowing what the numerical values 1 and 2 stand for, it would not be possible to interpret in what way academic employees' awareness differs from administrative employees' awareness.
**TABLE 6.3:** CORRELATIONS BETWEEN THE VARIOUS BIOGRAPHIC VARIABLES (EMPLOYEE DIVERSITY FACTORS) AND THE EMPLOYEES' AWARENESS OF DEVELOPMENT BENEFITS

<table>
<thead>
<tr>
<th>DESCRIPTION OF ITEM AND ITEM NUMBER</th>
<th>YES %</th>
<th>CORRELATIONS OF ITEMS WITH BIOGRAPHIC VARIABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 = YES (AWARE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 = NO (NOT AWARE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GENDER</td>
<td>ETHNICITY</td>
</tr>
<tr>
<td></td>
<td>Male = 1</td>
<td>Female = 2</td>
</tr>
<tr>
<td>Factor 1: Awareness - Development Benefits</td>
<td>r = -0.048</td>
<td>0.116</td>
</tr>
<tr>
<td></td>
<td>p = (0.4000)</td>
<td>0.042</td>
</tr>
<tr>
<td></td>
<td>pp = (0.2000)</td>
<td>0.6514</td>
</tr>
<tr>
<td>Research and Development leave for academic personnel (30)</td>
<td>88%</td>
<td>-0.040 (0.4791)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leave: vacation (16)</td>
<td>87%</td>
<td>-0.077 (0.1828)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long leave (sabbatical leave) for academic personnel (31)</td>
<td>86%</td>
<td>-0.026 (0.6466)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and Development leave for academic personnel (30)</td>
<td>88%</td>
<td>-0.040 (0.4791)</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
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<td>Long leave (sabbatical leave) for academic personnel (31)</td>
<td>86%</td>
<td>-0.026 (0.6466)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DESCRIPTION OF ITEM AND ITEM NUMBER</td>
<td>YES %</td>
<td>CORRELATIONS OF ITEMS WITH BIOGRAPHIC VARIABLES</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>1 = YES (AWARE) 2 = NO (NOT AWARE)</td>
<td></td>
<td>GENDER</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Male = 1</td>
</tr>
<tr>
<td>Bursaries for employees' children (29)</td>
<td>90%</td>
<td>-0.046</td>
</tr>
<tr>
<td>Health clinic (24)</td>
<td>94%</td>
<td>-0.094</td>
</tr>
<tr>
<td>Counselling services (25)</td>
<td>70%</td>
<td>-0.076</td>
</tr>
<tr>
<td>Legal advice services (27)</td>
<td>72%</td>
<td>-0.005</td>
</tr>
<tr>
<td>Membership of professional associations (26)</td>
<td>52%</td>
<td>0.003</td>
</tr>
</tbody>
</table>

The table above shows the correlations between different biographic variables and the presence or awareness of various items, such as bursaries for employees' children, health clinics, counselling services, legal advice services, and membership of professional associations. The percentages indicate the yes/no awareness rates, and the correlations provide insight into how these variables are related. For instance, the correlation values range from -1 to 1, with values closer to 1 indicating a strong positive correlation and values closer to -1 indicating a strong negative correlation.
### Correlations of Items with Biographic Variables

<table>
<thead>
<tr>
<th>Item</th>
<th>YES %</th>
<th>GENDER</th>
<th>ETHNICITY</th>
<th>AGE</th>
<th>YEARS OF SERVICE</th>
<th>NUMBER OF DEPENDANTS</th>
<th>QUALIFICATION LEVEL</th>
<th>CONTRIBUTORY INCOME</th>
<th>BREAD-WINNER</th>
<th>PERSONNEL CATEGORY</th>
<th>GROSS SALARY</th>
<th>MARITAL STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sick leave (15)</td>
<td>77%</td>
<td>Male = 1</td>
<td>Whites = 1</td>
<td>-0.163</td>
<td>-0.145</td>
<td>-0.090</td>
<td>0.038</td>
<td>0.045</td>
<td>-0.041</td>
<td>-0.118</td>
<td>0.028</td>
<td>0.158</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female = 2</td>
<td>Other = 2</td>
<td>(0.2360)</td>
<td>(0.0121)</td>
<td>(0.1184)</td>
<td>(0.5030)</td>
<td>(0.4435)</td>
<td>(0.4764)</td>
<td>(0.0422)</td>
<td>(0.6223)</td>
<td>(0.009)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[0.5212]</td>
<td>[0.1965]</td>
<td>[0.4859]</td>
<td>[0.4368]</td>
<td>[0.3957]</td>
<td>[0.4571]</td>
<td>[0.1118]</td>
<td>[0.2255]</td>
<td>[0.2947]</td>
<td>[0.8431]</td>
<td>[0.1237]</td>
</tr>
</tbody>
</table>

- **r** = Correlation coefficient  
  -1 = perfect inverse relationship,  
  +1 = perfect positive relationship,  
  0 = no relationship

- **p** = level of significance, indicating to what extent the relationship between two variables are significant. For purposes of this study, a significance level of 0.005 is used and therefore p-values equal or less than 0.005 indicate a significant correlation.

- **pp** = Pearson partial correlation, indicating to what extent the correlation is significant after all other variables are controlled and kept constant.

- **YES %** = The "YES %" column reports the percentage of all the respondents (academic and administrative employees) who indicated an awareness of the benefit. For the coding and interpretation of correlations, the following numerical values were allocated to employees' awareness:
  
  **1** = Yes (Aware),  
  **2** = No (Not aware)
FIGURE 6.9 SIGNIFICANT CORRELATIONS BETWEEN EMPLOYEES’ AWARENESS OF DEVELOPMENT BENEFITS AND THE VARIOUS BIOGRAPHIC VARIABLES (Factor 1) (Section B of the questionnaire)

(a) Awareness of research and development leave for academic personnel (Question 30)

\[ r = -0.168 \]

(b) Awareness of bursaries for employees’ children (Question 29)

\[ r = -0.207 \]

(c) Awareness of sick leave benefits (Question 15)

\[ r = -0.163 \]
With reference to figure 6.10, it is clear that employees are highly aware of the development benefits offered by Unisa. However, it is interesting to note that employees were the least aware of the benefit for the payment of membership fees of professional associations (52%). The reason for this could possibly be related to management's efforts to curtail costs as indicated in section 3.3.2 in chapter 3, and they consequently do not market this benefit fully. The benefit of which employees were most aware was the services rendered by the health clinic (94%). Unfortunately, the health clinic has since closed.

6.4.3.1 The correlation of individual items of factor 1 with certain biographic variables

The individual items of factor 1 (awareness of development benefits), which correlated significantly with the biographic variables (as highlighted in table 6.3), will now be discussed.
• Research and Development leave for academic personnel (Question 30)

The awareness of the research and development leave benefit for academic personnel correlates significantly with the age (r= -0.168, p= 0.0034), qualification level (r= -0.247, p= 0.0001) and personnel category (r= 0.271, p= 0.0001) of employees. This implies that older, higher qualified academic employees are significantly more aware of this benefit. It is not unusual for academics who wish to develop their research skills and to become independent researchers, to utilise such a benefit for the undertaking of large research projects - hence their heightened awareness of this benefit.

Further, the significant partial correlation between item 30 and “personnel category” (pp= 0.0067) indicates that the personnel category is especially important in that even if the two personnel categories were to be equated as far as all other employee variables are concerned, differences between the academic and administrative employees’ awareness of this benefit, would still tend to exist. A large majority of the respondents (88%) (see table 6.3) were aware of this benefit.

• Bursaries for employees’ children (Question 29)

The awareness of bursaries for children correlates significantly with the age (r=-0.207, p= 0.0003) and income level (r= 0.169, p= 0.0036) of employees. These significant correlations imply that older employees with a lower income are more aware of this benefit. It is understandable that older employees will have children who will soon leave school and be ready to attend a tertiary institution. Employees in this age group that do not earn high salaries, tend to be more dependent on financial assistance by means of bursaries. A large majority of the respondents (90%) (see table 6.3) were aware of this benefit.
6.30

- **Sick leave (Question 15)**

The awareness of sick leave benefits correlates significantly with the age of employees ($r = -0.163, p = 0.0049$). This correlation implies that older employees are more aware of this benefit. As individuals grow older and their health starts to deteriorate, medical benefits such as "sick leave" become an important factor - hence employees' awareness of these benefits will increase. A large majority of the respondents (77%) (see table 6.3) were aware of this benefit.

The most important biographic factors that influence employees' awareness of development benefits (factor 1) have now been discussed. The next section will focus on those factors that influence employees' awareness of support benefits (factor 2).

### 6.4.4 Factor 2: Awareness of support benefits

Support benefits refer to those benefits which employees feel support their income and lifestyle, but are not absolute necessities. Support benefits include loans, bus transport, clothing and overalls, pension, et cetera. Table 6.2 indicates those items in section B of the questionnaire which have a high loading on factor 2 (support benefits) (see page 6.22). The influence of biographic variables on the employees' awareness of support benefits is also illustrated by means of the results of the correlation analysis indicated in table 6.4. A schematic representation of these correlations appears in figure 6.11.

Figure 6.12 provides a schematic presentation of the respondents' overall awareness level of the support benefits at Unisa.
TABLE 6.4: CORRELATIONS BETWEEN THE VARIOUS BIOGRAPHIC VARIABLES (EMPLOYEE DIVERSITY FACTORS) AND THE EMPLOYEES' AWARENESS OF SUPPORT BENEFITS

<table>
<thead>
<tr>
<th>DESCRIPTION OF ITEM AND ITEM NUMBER</th>
<th>YES %</th>
<th>CORRELATIONS OF ITEMS WITH BIOGRAPHIC VARIABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>GENDER</td>
</tr>
<tr>
<td>1 = YES (AWARE) 2 = NO (NOT AWARE)</td>
<td></td>
<td>Male = 1</td>
</tr>
<tr>
<td>Factor 2 : Awareness - Support benefits</td>
<td></td>
<td>r = -0.025</td>
</tr>
<tr>
<td>Study leave for admin. personnel (38)</td>
<td>79%</td>
<td>0.021</td>
</tr>
<tr>
<td>Clothing and overalls (32)</td>
<td>54%</td>
<td>0.056</td>
</tr>
<tr>
<td>Cash loans (home improvements) (28)</td>
<td>41%</td>
<td>-0.055</td>
</tr>
</tbody>
</table>

Correlation coefficients are given with their respective p-values.
<table>
<thead>
<tr>
<th>DESCRIPTION OF ITEM AND ITEM NUMBER</th>
<th>YES</th>
<th>CORRELATIONS OF ITEMS WITH BIOGRAPHIC VARIABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>* 1 = YES (AWARE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 = NO (NOT AWARE)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GENDER</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male = 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female = 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ETHNICITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whites = 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other = 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>AGE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>YEARS OF SERVICE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NUMBER OF DEPENDANTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>QUALIFICATION LEVEL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CONTRIBUTORS TO INCOME</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes = 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No = 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BREADWINNER</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PERSONNEL CATEGORY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic = 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Admin = 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GROSS SALARY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MARRITAL STATUS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married = 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single = 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Housing subsidy for both spouses (18)</strong></td>
<td>55%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.013</td>
<td>0.076</td>
</tr>
<tr>
<td></td>
<td>(0.8166</td>
<td>(0.1885</td>
</tr>
<tr>
<td></td>
<td>0.3982</td>
<td>(0.2604</td>
</tr>
<tr>
<td><strong>24-hour accident policy (35)</strong></td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.049</td>
<td>0.043</td>
</tr>
<tr>
<td></td>
<td>(0.3913</td>
<td>(0.4552</td>
</tr>
<tr>
<td></td>
<td>0.3277</td>
<td>(0.2382</td>
</tr>
<tr>
<td><strong>OTHER BENEFITS OFFERED BY PENSION FUND OR FUNERAL BENEFITS (17)</strong></td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-0.041</td>
<td>0.046</td>
</tr>
<tr>
<td></td>
<td>(0.4731</td>
<td>(0.4241</td>
</tr>
<tr>
<td></td>
<td>0.8997</td>
<td>(0.2134</td>
</tr>
<tr>
<td><strong>Bus pass (20)</strong></td>
<td>81%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.000</td>
<td>-0.020</td>
</tr>
<tr>
<td></td>
<td>(1.0000</td>
<td>(0.7187</td>
</tr>
<tr>
<td></td>
<td>0.6777</td>
<td>(0.9369</td>
</tr>
<tr>
<td><strong>14th cheque for improvement of qualification (33)</strong></td>
<td>65%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-0.126</td>
<td>0.011</td>
</tr>
<tr>
<td></td>
<td>(0.0287</td>
<td>(0.8470</td>
</tr>
<tr>
<td></td>
<td>0.9579</td>
<td>(0.2953</td>
</tr>
</tbody>
</table>
### DESCRIPTIVE OF ITEM AND ITEM NUMBER

<table>
<thead>
<tr>
<th>Voluntary benefits (14)</th>
<th>Relocation and travelling expenses (34)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>YES %</strong></td>
<td><strong>YES %</strong></td>
</tr>
<tr>
<td></td>
<td>42%</td>
</tr>
<tr>
<td></td>
<td>61%</td>
</tr>
</tbody>
</table>

### CORRELATIONS OF ITEMS WITH BIOGRAPHIC VARIABLES

<table>
<thead>
<tr>
<th>GENDER</th>
<th>ETHNICITY</th>
<th>AGE</th>
<th>YEARS OF SERVICE</th>
<th>NUMBER OF DEPENDANTS</th>
<th>QUALIFICATION LEVEL</th>
<th>CONTRIBUTORS TO INCOME</th>
<th>GROSS SALARY</th>
<th>MARITAL-STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male = 1, Female = 2</td>
<td>Whites = 1, Other = 2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.001</td>
<td>0.034</td>
<td>-0.012</td>
<td>0.007</td>
<td>0.068</td>
<td>0.012</td>
<td>-0.069</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.9855)</td>
<td>(0.6010)</td>
<td>(0.8353)</td>
<td>(0.9012)</td>
<td>(0.2409)</td>
<td>(0.8269)</td>
<td>(0.9141)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>[0.6220]</td>
<td>[0.1893]</td>
<td>[0.2832]</td>
<td>[0.1587]</td>
<td>[0.7188]</td>
<td>[0.6303]</td>
<td>[0.8402]</td>
</tr>
</tbody>
</table>

### Notes:
- $r$ = Correlation coefficient ($-1$ = perfect inverse relationship, $+1$ = perfect positive relationship, $0$ = no relationship)
- $p$ = Level of significance, indicating to what extent the relationship between two variables are significant. For purposes of this study, a significance level of 0.005 is used and therefore $p$-values equal or less than 0.005 indicate a significant correlation.
- $pp$ = Pearson partial correlation, indicating to what extent the correlation is significant after all other variables are controlled and kept constant.
- * = The "YES %" column reports the percentage of all the respondents (academic and administrative employees) who indicated an awareness of the benefit.
- For the coding and interpretation of correlations, the following numerical values were allocated to employees' awareness:
  - $1$ = Yes (Aware),  $2$ = No (Not aware)
FIGURE 6.11  SIGNIFICANT CORRELATIONS BETWEEN EMPLOYEES’ AWARENESS OF SUPPORT BENEFITS AND THE VARIOUS BIOGRAPHIC VARIABLES (Factor 2) (Section B of the questionnaire)

(a)  Awareness of study leave for administrative personnel (Question 36)

\[ r = 0.406 \]

(b)  Awareness of clothing and overalls (Question 32)

\[ r = 0.445 \]

\[ r = -0.493 \]

\[ r = 0.170 \]

(c)  Awareness of cash loans (home improvements) (Question 28)

\[ r = -0.178 \]

\[ r = 0.249 \]

\[ r = -0.313 \]
(d) **Awareness of housing subsidy for both spouses (Question 18)**

\[ r = 0.249 \]

\[ r = -0.231 \]

(e) **Awareness of 24-hour accident policy (Question 35)**

\[ r = -0.283 \]

\[ r = -0.300 \]

(f) **Awareness of other benefits (funeral benefits) offered by pension fund (Question 17)**

\[ r = -0.174 \]
Figure 6.11 (Contd)

(g) Awareness of bus passes (Question 20)

\[ r = 0.168 \]

NO \hspace{1cm} YES

\begin{array}{c}
\text{YES}
\end{array} \hspace{1cm}
\begin{array}{c}
\text{NO}
\end{array}

CONTRIBUTORY INCOME

\[ r = 0.226 \]

NO \hspace{1cm} YES

\begin{array}{c}
\text{MARRIED}
\end{array} \hspace{1cm}
\begin{array}{c}
\text{SINGLE}
\end{array}

MARITAL STATUS

Figure 6.12: Employees' awareness level of support benefits

<table>
<thead>
<tr>
<th>Support Benefits</th>
<th>Awareness Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relocation/Travelling Expenses</td>
<td>61</td>
</tr>
<tr>
<td>* Voluntary Benefits</td>
<td>42</td>
</tr>
<tr>
<td>14th Cheque - Qualification</td>
<td>65</td>
</tr>
<tr>
<td>Bus Pass</td>
<td>81</td>
</tr>
<tr>
<td>Pension Fund Benefits</td>
<td>58</td>
</tr>
<tr>
<td>24-Hour Accident Policy</td>
<td>33</td>
</tr>
<tr>
<td>Housing Subsidy</td>
<td>55</td>
</tr>
<tr>
<td>Cash Loans</td>
<td>41</td>
</tr>
<tr>
<td>Clothing/Overalls</td>
<td>54</td>
</tr>
<tr>
<td>Study Leave - Admin</td>
<td>79</td>
</tr>
</tbody>
</table>

Note - voluntary benefits

* Employees had to indicate whether they knew that pension, medical insurance, housing subsidy, study leave and life insurance were voluntary benefits.
• **Conclusion**

With reference to figure 6.12, it is clear that the two support benefits of which the employees are the most aware are (1) study leave for administrative personnel (79%), and (2) bus passes (81%). The awareness of the study leave benefit for administrative employees is not surprising. With the relatively young employee profile at Unisa (see section 2.2.7 in chapter 2) the improvement of individual qualifications in the administrative category is understandable, especially for job performance and future promotion opportunities. For example, during 1997 more than 4000 days’ examination leave was taken by this group (see table 3.4 in chapter 3). To further enhance this study effort, staff members only pay an annual fee equivalent to 50 percent of the cost of one course (see section 3.3.2.5 in chapter 3). Besides this concession, Unisa also pays a qualification bonus on the attainment of the qualification (see section 3.3.2.11 in chapter 3). The availability of bus passes to staff members has become a unique institution at Unisa. More than 700 staff members utilise this benefit (see section 3.3.2.12 in chapter 3). The benefit has been available for more than 30 years. One of the drawbacks of the site on which the Main Campus has been erected, has been the shortage of parking. Bus passes largely alleviate this problem. A further reason for the importance of this benefit is the lack of individual transport, especially amongst the disadvantaged groups at Unisa. With the employment equity programme, it is inevitable that in future this group will form a major percentage of the total staff complement, thus emphasising the importance of this benefit.

By comparing figures 6.10 and 6.12, it is obvious that employees are more aware of **development benefits** than **support benefits**. In the broader sense, support benefits can have a positive impact on the psychological contract between the employer and the employee, leading to a happy and motivated workforce. Unisa thus needs to improve its efforts to market these benefits to the staff.
6.4.4.1 The correlation of individual items of factor 2 with certain biographic variables

According to the correlation analysis conducted (table 6.4), five employee factors (marital status, personnel category, qualification level, ethnicity and job tenure of employees) play a significant role in employees' awareness of support benefits.

The individual items of factor 2 (awareness of support benefits) which correlated significantly with the biographic variables will now be discussed. As in the case of factor 1, the interpretation of these correlations requires one to carefully consider the direction of the scale involved.

• Study leave for administrative personnel (Question 36)

The awareness of study leave for administrative personnel correlates significantly with the qualification level (r = 0.406, p = 0.0001) and personnel category (r = -0.495, p = 0.0001) of employees. This correlation implies that administrative employees with lower qualifications are significantly more aware of this benefit. Since this benefit is applicable to administrative employees only, it is logical that they would be more aware of it. As mentioned earlier, this is not surprising because qualifications play a vital role in improving an individual's work performance and subsequent promotion opportunities, resulting in better pay packages. Thus study leave forms an integral part of this effort. Regarding the partial correlation coefficient (pp = 0.0001), it is interesting to note that even though all other employee variables are controlled and kept constant, the administrative personnel's awareness of this benefit remains significant. A large majority of the respondents (79%) (see table 6.4) were aware of this benefit.

• Clothing and overalls (Question 32)

The awareness of the clothing and overall benefit correlates significantly with the qualification level (r = 0.445, p = 0.0001), personnel category (r = -0.493, p = 0.0003) and
marital status \((r = 0.170, p = 0.0049)\) of employees. This correlation implies that lower qualified, married administrative employees are significantly more aware of this benefit. In South Africa, this trend has been a tradition amongst unskilled and semi-skilled workers in factories, on the mines, at Transnet, Telkom and the Post Office, to mention but a few. Since this benefit is applicable to certain administrative employees only, such as restaurant, maintenance and security personnel, it explains why the partial correlation coefficient \((p= 0.0003)\) further emphasises the significance of administrative employees’ awareness of this benefit. Only a small majority of the respondents (54%) (see table 6.4) were aware of this benefit.

- **Cash loans (home improvements) (Question 28)**

The awareness of the cash loans (home improvements) benefit correlates significantly with the ethnicity \((r = -0.178, p = 0.0023)\), qualification level \((r = 0.249, p = 0.0001)\) and personnel category \((r = -0.313, p = 0.0001)\) of employees. This correlation implies that lower qualified, administrative employees from other population groups, are significantly more aware of this benefit. This is not surprising since there have been many changes in the past number of years, in the land reform issue in South Africa. Hence this benefit has become popular amongst the other population groups, especially Blacks living in townships who have difficulty in obtaining financial assistance for home improvements. Because of their low income, a loan to the maximum of R5000-00 is granted. The overall low awareness of this benefit (41%) (see table 6.4) and the fact that it is applicable to all employees, necessitates a marketing effort of this benefit amongst the staff.

- **Housing subsidy for both spouses (Question 18)**

The awareness of the housing subsidy benefit for both spouses correlates significantly with the qualification level \((r = 0.249, p = 0.0001)\) and personnel category \((r = -0.231, p = 0.0001)\) of employees. This correlation implies that lower qualified administrative employees are significantly more aware of the fact that Unisa provides a housing
subsidy to both spouses employed at the University. Since housing is an important component of one's basic needs, it is understandable that a housing subsidy would be of greater importance to staff with lower qualifications who earn lower wages, especially in some of the administrative categories. In many cases this subsidy makes the ownership of a home possible which would otherwise not have been the case. The partial correlation (pp= 0.0006) emphasises the significance of the correlation between the qualification level of an employee and his/her awareness of this benefit. Only a small majority of the respondents (55%) (see table 6.4) were aware of this benefit.

- **24-hour accident policy (Question 35)**

The awareness of this benefit correlates significantly with the age ($r= -0.283$, $p= 0.0001$) and job tenure ($r= -0.300$, $p= 0.0001$) of employees. This correlation implies that older employees with many years of service are significantly more aware of this benefit. This trend is not unusual because motor-vehicle accidents can cost thousands of rand as well as possible loss of income, depending on the severity of the accident. Older workers are normally married employees and have a responsibility towards their families. A major accident without proper insurance cover can thus result in economic hardships for the family. The partial correlation of age (pp = 0.0001) and job tenure (pp= 0.0001) both indicate that even if all other employee factors are controlled and remain constant, age and job tenure are still important when it comes to employees' awareness of this benefit. Only a small minority (33%) (see table 6.4) of the respondents were aware of this benefit.

- **Funeral benefits offered by pension funds (Question 17)**

The awareness of the funeral benefits offered by pension funds correlates significantly with the personnel category ($r= -0.174$, $p= 0.0027$) of employees. This correlation implies that administrative employees are significantly more aware of the funeral benefits offered by pension funds. This is not surprising since a large number of employees from other population groups (to whom funerals are an important part of life)
are found in the administrative staff component - 33 percent of the employees, for example, are Blacks (see table 2.3 in chapter 2). Only a small majority (58%) (see table 6.4) of the respondents were aware of this benefit.

- **Bus pass subsidies (Question 20)**

The awareness of the bus pass benefit correlates significantly with the *marital status* ($r=0.226$, $p=0.0002$) and the *existence of other members contributing to the household income* ($r=0.168$, $p=0.0038$) of employees. This correlation implies that *married employees* who have *other members contributing* to the household income are significantly more aware of this benefit. This is understandable especially with the increase in the number of women in the labour market which now stands at 45 percent (see section 2.2.3 in chapter 2), as well as the cost of purchasing and maintaining a second motor-vehicle. Married employees have the option of utilising public transport if both spouses are working and find themselves in different geographical areas. As mentioned earlier, at present more than 700 employees utilise this benefit.

The influence of the various biographic variables on the employees' awareness of the development and support benefits, has now been discussed. The focus of the next section will be on the factorial reliability of the constructs.

**6.4.4.2 Factorial reliability: the results of the benefit awareness dimensions (Factors 1 and 2)**

According to Welman and Kruger (1999:143), reliability refers to the extent to which the scores obtained may be generalised to different measuring occasions, measurement forms and measurement administrators. The following kinds of reliability can be distinguished:

- test-retest reliability
- parallel-forms of reliability
- internal consistency
6.42

- interrater or measurement-scorer reliability

The internal consistency reliability test was of particular importance to this study because it measures the degree to which all the items in a measurement/test measure the same attribute. Internal consistency thus implies a high degree of generalisability across the items in the test.

The internal consistency coefficient, Cronbach Alpha (Lemke & Wiersma 1976) was computed for each of the two “benefit awareness” factors. The means and standard deviation for the total sample of these two factors and the Cronbach Alpha values are provided in table 6.5.

**TABLE 6.5: RELIABILITY (INTERNAL CONSISTENCY) OF THE “AWARENESS” FACTORS (Factors 1 and 2)**

<table>
<thead>
<tr>
<th>DESCRIPTION OF FACTOR</th>
<th>ITEMS OF SCALE</th>
<th>MEAN</th>
<th>STD</th>
<th>CRONBACH ALPHA</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEVELOPMENT BENEFITS</td>
<td>V15-V16, V24-V27, V29, V30-V31</td>
<td>1.17918</td>
<td>0.19834</td>
<td>0.70 (N=274)</td>
</tr>
<tr>
<td>SUPPORT BENEFITS</td>
<td>V14, V17-V18, V20, V28, V32, V33-V36</td>
<td>1.40774</td>
<td>0.22489</td>
<td>0.61 (N=280)</td>
</tr>
</tbody>
</table>

1 Factor scale scores were computed as the mean of the items indicated. Scale scores thus range from 1, “least positive” to 4, “most positive”.

The fact that the Cronbach Alpha reliability coefficients (see table 6.5) are high (> 0.5), and that all the coefficients are based on the same data used for the factor analysis, supports the claim that the questions contained in section B of the questionnaire is reliable. Since each of the questions contained in the rest of the questionnaire (sections C-H) were individually analysed, the researcher could only determine their face validity.
6.5 SECTION C OF THE QUESTIONNAIRE - PREFERENCES REGARDING EMPLOYEE BENEFITS AT UNISA

Section C of the questionnaire consisted of a number of statements on employee benefits with the main focus being on employee involvement. The respondents had to indicate to what extent they agreed or disagreed with the statements.

6.5.1 The correlation between the individual items in section C of the questionnaire and the biographic variables

The results of the correlation between the individual statements (employee preferences) in section C of the questionnaire and the various biographic variables appear in table 6.6 and will now be briefly discussed. A schematic representation of these correlations appears in figure 6.13.

The significant correlations of the various statements on employee benefits will now be discussed.

- I would like to have a greater say in the provision of employee benefits (Question 37)

A large majority of employees (88%) (see table 6.6) indicated that they would like to have a greater say in the provision of employee benefits. No significant differences could be found in the various employee factors (age, marital status, personnel category, breadwinner status, gender, ethnicity, etc) and it can thus be assumed that all employees feel equally strongly about having a greater say in their benefits plan.

- A wider variety of employee benefits should be offered (Question 38)

Although a large majority of employees (71%) (see table 6.6) indicated that they would prefer it if a wider variety of employee benefits were offered, the employees from other
population groups \((r = 0.240, p = 0.0001)\) were significantly more in favour of this option. This is understandable because benefit packages in the past have mainly been designed for white employees. The needs and preferences of employees from other population groups should be taken into consideration, especially in view of the present labour dispensation with workplace forums and joint decision-making processes in existence, as well as the vital role that culture could play in this regard.

The partial correlation \((p = 0.0011)\) indicates that even if all the other employee diversity factors are kept constant, ethnicity continues to play a significant role in employees' preference for having a wider variety of benefits from which to choose.

- **Opportunity to construct own benefits plan by choosing between receiving cash or voluntary employee benefits (Question 39)**

The large majority of employees (76%) (see table 6.6.) are in favour of constructing their own benefit packages. The preferences of employees for constructing their own benefits plans, correlate significantly with their qualification level \((r = 0.175, p = 0.0022)\) which implies that employees with higher qualifications are significantly more in favour of this benefit. This is understandable because these types of employees are more aware of the tax implications of their salary packages and would like to restructure them to obtain the maximum tax benefit. With the "one size fits all" approach this is not possible.

- **Adjustment of the employee benefits plan annually in accordance with changes in personal circumstances (Question 40)**

A large majority of employees (85%) (see table 6.6) are in favour of adjusting their benefits plan annually in accordance with changes in their personal circumstances.
### TABLE 6.6: CORRELATIONS BETWEEN THE VARIOUS BIOGRAPHIC VARIABLES (EMPLOYEE DIVERSITY FACTORS) AND EMPLOYEES' PREFERENCES REGARDING BENEFITS AT UNISA

<table>
<thead>
<tr>
<th>Description of Item and Item Number</th>
<th>% Agree</th>
<th>Gender</th>
<th>Ethnicity</th>
<th>Age</th>
<th>Years of Service</th>
<th>Number of Dependents</th>
<th>Qualification Level</th>
<th>Contribution Income</th>
<th>Breadwinner</th>
<th>Personnel Category</th>
<th>Gross Salary</th>
<th>Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would like to have a greater say in the provision of employee benefits at Unisa (37)</td>
<td>88%</td>
<td>r = -0.089</td>
<td>0.112</td>
<td>-0.063</td>
<td>-0.068</td>
<td>-0.004</td>
<td>0.101</td>
<td>0.135</td>
<td>-0.111</td>
<td>-0.024</td>
<td>0.050</td>
<td>-0.010</td>
</tr>
<tr>
<td></td>
<td></td>
<td>p = (0.1198)</td>
<td>(0.0521)</td>
<td>(0.2754)</td>
<td>(0.2365)</td>
<td>(0.9426)</td>
<td>(0.0779)</td>
<td>(0.0204)</td>
<td>(0.0528)</td>
<td>(0.6734)</td>
<td>(0.8429)</td>
<td>(0.2711)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>pp = (0.3928)</td>
<td>(0.0268)</td>
<td>(0.8418)</td>
<td>(0.1983)</td>
<td>(0.6827)</td>
<td>(0.0211)</td>
<td>(0.1616)</td>
<td>(0.9028)</td>
<td>(0.1827)</td>
<td>(0.8429)</td>
<td>(0.2711)</td>
</tr>
<tr>
<td>A wider variety of benefits should be offered (38)</td>
<td>71%</td>
<td>-0.085</td>
<td>0.240</td>
<td>-0.127</td>
<td>-0.049</td>
<td>0.109</td>
<td>-0.034</td>
<td>0.121</td>
<td>-0.064</td>
<td>0.026</td>
<td>-0.005</td>
<td>-0.050</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.1389)</td>
<td>(0.0001)</td>
<td>(0.0274)</td>
<td>(0.3880)</td>
<td>(0.0589)</td>
<td>(0.5471)</td>
<td>(0.0366)</td>
<td>(0.2693)</td>
<td>(0.6523)</td>
<td>(0.9287)</td>
<td>(0.4116)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.0885)</td>
<td>(0.0011)</td>
<td>(0.2559)</td>
<td>(0.6052)</td>
<td>(0.2776)</td>
<td>(0.7597)</td>
<td>(0.0469)</td>
<td>(0.4061)</td>
<td>(0.4265)</td>
<td>(0.5050)</td>
<td>(0.3260)</td>
</tr>
<tr>
<td>I should be able to construct my own benefit plan by choosing between receiving cash or voluntary benefits (39)</td>
<td>76%</td>
<td>-0.091</td>
<td>-0.008</td>
<td>-0.024</td>
<td>-0.032</td>
<td>-0.078</td>
<td>0.175</td>
<td>0.146</td>
<td>-0.114</td>
<td>-0.088</td>
<td>0.121</td>
<td>0.042</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.1125)</td>
<td>(0.8780)</td>
<td>(0.6684)</td>
<td>(0.5702)</td>
<td>(0.1739)</td>
<td>(0.0022)</td>
<td>(0.0118)</td>
<td>(0.0478)</td>
<td>(0.1267)</td>
<td>(0.0368)</td>
<td>(4.894)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.0436)</td>
<td>(0.9317)</td>
<td>(0.7224)</td>
<td>(0.4465)</td>
<td>(0.1113)</td>
<td>(0.0502)</td>
<td>(0.0622)</td>
<td>(0.7208)</td>
<td>(0.9129)</td>
<td>(0.1448)</td>
<td>(0.1189)</td>
</tr>
<tr>
<td>I should be able to adjust my benefits plan annually (40)</td>
<td>85%</td>
<td>-0.064</td>
<td>0.063</td>
<td>-0.119</td>
<td>-0.152</td>
<td>-0.059</td>
<td>0.180</td>
<td>0.158</td>
<td>-0.121</td>
<td>-0.138</td>
<td>0.061</td>
<td>0.091</td>
</tr>
<tr>
<td></td>
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<td>(0.2687)</td>
<td>(0.2747)</td>
<td>(0.0402)</td>
<td>(0.0079)</td>
<td>(0.3050)</td>
<td>(0.0016)</td>
<td>(0.0063)</td>
<td>(0.0360)</td>
<td>(0.0172)</td>
<td>(0.2907)</td>
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<td></td>
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<td>(0.2318)</td>
<td>(0.4741)</td>
<td>(0.9414)</td>
<td>(0.0297)</td>
<td>(0.1109)</td>
<td>(0.0177)</td>
<td>(0.1596)</td>
<td>(0.4816)</td>
<td>(0.9665)</td>
<td>(0.3588)</td>
<td>(0.4010)</td>
</tr>
<tr>
<td>Description of Item and Item Number</td>
<td>% Agree *</td>
<td>Gender</td>
<td>Ethnicity</td>
<td>Age</td>
<td>Years of Service</td>
<td>Number of Dependants</td>
<td>Qualification Level</td>
<td>Contri-</td>
<td>Bread-</td>
<td>Personnel</td>
<td>Gross</td>
<td>Marital Status</td>
</tr>
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<td>------------------</td>
<td>--------</td>
<td>Category</td>
<td>Salary</td>
<td>Status</td>
</tr>
<tr>
<td>Employee benefits which Unisa provides do not satisfy my needs (41)</td>
<td>54%</td>
<td>-0.090</td>
<td>0.161</td>
<td>-0.060</td>
<td>-0.090</td>
<td>0.076</td>
<td>0.021</td>
<td>0.086</td>
<td>-0.059</td>
<td>-0.009</td>
<td>-0.052</td>
<td>-0.032</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.1207)</td>
<td>(0.0054)</td>
<td>(0.3058)</td>
<td>(0.1209)</td>
<td>(0.1892)</td>
<td>(0.7184)</td>
<td>(0.1398)</td>
<td>(0.3051)</td>
<td>(0.3663)</td>
<td>(0.3685)</td>
<td>(0.5926)</td>
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<td></td>
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<td>[0.2925]</td>
<td>[0.0453]</td>
<td>[0.9793]</td>
<td>[0.5593]</td>
<td>[0.4577]</td>
<td>[0.9710]</td>
<td>[0.3663]</td>
<td>[0.4801]</td>
<td>[0.3711]</td>
<td>[0.3917]</td>
<td>[0.9816]</td>
</tr>
<tr>
<td>I prefer to make use of a medical scheme of my own choice (42)</td>
<td>59%</td>
<td>0.008</td>
<td>0.254</td>
<td>-0.177</td>
<td>-0.155</td>
<td>0.006</td>
<td>-0.127</td>
<td>0.057</td>
<td>0.052</td>
<td>0.051</td>
<td>-0.011</td>
<td>0.004</td>
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<tr>
<td></td>
<td></td>
<td>(0.8773)</td>
<td>(0.0001)</td>
<td>(0.0022)</td>
<td>(0.0070)</td>
<td>(0.9278)</td>
<td>(0.4257)</td>
<td>(0.3641)</td>
<td>(0.3769)</td>
<td>(0.7329)</td>
<td>(0.8466)</td>
<td>(0.9370)</td>
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<td>[0.0009]</td>
<td>[0.8291]</td>
<td>[0.3645]</td>
<td>[0.1491]</td>
<td>[0.4159]</td>
<td>[0.3373]</td>
<td>[0.6685]</td>
<td>[0.4493]</td>
<td>[0.8904]</td>
<td></td>
</tr>
<tr>
<td>I prefer to contribute a larger amount of my salary to the retirement fund provided the University also increases its contribution proportionately (43)</td>
<td>72%</td>
<td>-0.192</td>
<td>-0.053</td>
<td>0.221</td>
<td>0.146</td>
<td>0.120</td>
<td>-0.040</td>
<td>0.008</td>
<td>-0.050</td>
<td>0.041</td>
<td>0.015</td>
<td>-0.029</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.0008)</td>
<td>(0.3532)</td>
<td>(0.0001)</td>
<td>(0.0012)</td>
<td>(0.0259)</td>
<td>(0.4796)</td>
<td>(0.8885)</td>
<td>(0.3945)</td>
<td>(0.4776)</td>
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<td>(0.6331)</td>
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<td>[0.0839]</td>
<td>[0.6169]</td>
<td>[0.0025]</td>
<td>[0.2195]</td>
<td>[0.1732]</td>
<td>[0.5481]</td>
<td>[0.6213]</td>
<td>[0.8115]</td>
<td>[0.4793]</td>
<td>[0.1749]</td>
<td></td>
</tr>
<tr>
<td>I am prepared to accept a change in conditions of employment regarding leave benefits if Unisa remunerates me for leave not taken (44)</td>
<td>77%</td>
<td>-0.110</td>
<td>0.183</td>
<td>-0.036</td>
<td>-0.002</td>
<td>-0.009</td>
<td>-0.086</td>
<td>0.058</td>
<td>-0.086</td>
<td>0.015</td>
<td>0.041</td>
<td>0.040</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.0547)</td>
<td>(0.0014)</td>
<td>(0.5330)</td>
<td>(0.9672)</td>
<td>(0.8630)</td>
<td>(0.1350)</td>
<td>(0.3168)</td>
<td>(0.1359)</td>
<td>(0.7957)</td>
<td>(0.4721)</td>
<td>(0.5076)</td>
</tr>
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<td></td>
<td>[0.2872]</td>
<td>[0.0003]</td>
<td>[0.7481]</td>
<td>[0.0631]</td>
<td>[0.0882]</td>
<td>[0.2630]</td>
<td>[0.3589]</td>
<td>[0.4198]</td>
<td>[0.3098]</td>
<td>[0.2885]</td>
<td>[0.6748]</td>
</tr>
<tr>
<td>DESCRIPTION OF ITEM AND ITEM NUMBER</td>
<td>% AGREE 1 = Disagree, 2 = Agree</td>
<td>GENDER</td>
<td>ETHNICITY</td>
<td>AGE</td>
<td>YEARS OF SERVICE</td>
<td>NUMBER OF DEPENDANTS</td>
<td>QUALIFICATION LEVEL</td>
<td>CONTRIBUTORY INCOME</td>
<td>BREAD-WINNER</td>
<td>PERSONNEL CATEGORY</td>
<td>GROSS-SALARY</td>
<td>MARITAL STATUS</td>
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<tr>
<td>Instead of receiving any voluntary benefits, a salary increase of 20% is preferred (45)</td>
<td>53%</td>
<td>0.087</td>
<td>0.178</td>
<td>-0.090</td>
<td>-0.073</td>
<td>0.062</td>
<td>-0.203</td>
<td>0.042</td>
<td>0.021</td>
<td>0.101</td>
<td>0.003</td>
<td>-0.046</td>
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</tr>
<tr>
<td>I am satisfied with the manner in which Unisa administers my benefits (46)</td>
<td>65%</td>
<td>0.003</td>
<td>-0.040</td>
<td>0.003</td>
<td>-0.041</td>
<td>-0.034</td>
<td>-0.084</td>
<td>-0.096</td>
<td>0.037</td>
<td>0.096</td>
<td>-0.017</td>
<td>0.031</td>
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</tbody>
</table>

**r** = Correlation coefficient (-1 = perfect inverse relationship, +1 = perfect positive relationship, 0 = no relationship)

**p** = Level of significance, indicating to which extent the correlation is significant. For purposes of this study, a significance level of 0.005 is used and therefore p-values less than 0.005 indicate a significant correlation.

**pp** = Pearson partial correlation (pp), indicating to what extent the correlation is significant after all other variables are kept constant.

*** =** This column reports the percentage of respondents (academic and administrative employees) which agreed with the statement.

For the coding and interpretation of correlations, the following numerical values were allocated to employees' agreement levels:

1 = Disagreed, 2 = Agreed
FIGURE 6.13: SIGNIFICANT CORRELATIONS BETWEEN EMPLOYEES' PREFERENCES AND THE VARIOUS BIOGRAPHIC VARIABLES (Section C of the questionnaire)

(a) A wider variety of benefits should be offered (Question 38)

\[ r = 0.240 \]

(b) I should be able to construct my own benefit plan by choosing between receiving cash or voluntary employee benefits (Question 39)

\[ r = 0.175 \]

(c) I should be able to adjust my benefits plan annually (Question 40)

\[ r = 0.180 \]
(d) The employee benefits which Unisa provides do not satisfy my needs (Question 41)

\[ r = 0.161 \]

(e) I prefer to make use of a medical scheme of my own choice (Question 42)

\[ r = 0.254 \]
\[ r = -0.177 \]

(f) I prefer to contribute a larger amount of my salary to the retirement fund (Question 43)

\[ r = -0.192 \]
\[ r = 0.221 \]
(g) I am prepared to accept a change in the conditions of employment regarding leave benefits if Unisa remunerates me for leave not taken (Question 44)

\[ r = 0.183 \]

(h) Instead of receiving any voluntary benefits, a salary increase of 20% is preferred (Question 45)

\[ r = 0.178 \]

\[ r = -0.203 \]
The adjustment of employee benefit plans annually is a worldwide trend and is also evident in many South African companies as indicated in sections 4.5.1 and 4.5.2 in chapter 4. The birth of a child, death of a spouse, marriage, ageing, et cetera, are all life-cycle events that impact on an individual’s needs. The correlation implies that employees with higher qualifications ($r=0.180$, $p=0.0016$) are significantly more concerned about having the opportunity to adjust their benefit plans annually. As mentioned in the previous section, this emphasis by employees with higher qualifications stems more from the prospect of obtaining better tax benefits.

- **The employee benefits provided by Unisa do NOT satisfy my individual needs (Question 41)**

A small majority of employees (54%) (see table 6.6) agreed with this statement thereby expressing their dissatisfaction with the employee benefits offered by Unisa. From the correlations it can be inferred that employees from the other population groups ($r=0.161$, $p=0.0054$) are significantly less satisfied with the employee benefits provided by Unisa. This is not surprising as mentioned earlier in the discussion of item 38, namely that the benefits at Unisa are designed mainly for white employees.

- **I would prefer to make use of a medical scheme of my own choice (Question 42)**

Only a small majority of employees (59%) (see table 6.6) indicated that they would prefer to make use of a medical scheme of their own choice. This preference correlates significantly with the employees’ ethnicity ($r=0.254$, $p=0.0001$) and age ($r=-0.177$, $p=0.0001$), and from these correlations it can be inferred that younger employees from other population groups are significantly more in favour of this option. At present, three medical schemes are available to employees at Unisa (see section 3.3.2.1 in chapter 3). Thus there is a certain amount of choice. The researcher is of the opinion that individual members will not have the bargaining power Unisa has to reduce individual membership fees. Thus giving each individual a greater choice will inevitably lead to higher membership fees.
• Contributing a larger amount to the retirement fund provided that Unisa’s contribution also increases proportionately (Question 43)

A large majority of employees (72%) (see table 6.6) are in favour of contributing a larger amount to the retirement fund provided that Unisa’s contribution also increases proportionately. This item correlates significantly with the age \((r = 0.221, p = 0.0001)\) and gender \((r = -0.192, p = 0.0008)\) of employees, and implies that older male employees are significantly more in favour of contributing larger amounts to the retirement fund. This is understandable because the Unisa Retirement Fund has not performed that well since its inception on 1 December 1994. Employees who are nearing retirement age are concerned about their retirement benefits because only 60.8 percent of their benefits were transferred from the Associated Institutions Pension fund to the Unisa Retirement Fund. This fund was underfunded at the time. However, a legal action to rectify this discrepancy is at present underway. The partial correlation \((p = 0.0025)\) emphasises the importance of age in the employees’ decision to invest a larger amount in the Unisa Retirement Fund.

• Accepting a change in the conditions of employment regarding leave, provided that Unisa is prepared to offer payment in return (Question 44)

A large majority of employees (77%) (see table 6.6) agreed with this statement. This preference correlates significantly with the employees’ ethnicity \((r = 0.183, p = 0.0014)\) and implies that employees from other population groups are significantly more in favour of this option. This is not surprising because it was shown earlier (items 38 and 41) that employees from other population groups wanted a wider variety of benefits and were also less satisfied with the benefits offered at present. The partial correlation \((p = 0.0003)\) further emphasises the importance of ethnicity in the employees’ decision to “sell” leave.
• In stead of receiving any voluntary benefits, a salary increase of 20% is preferred (Question 45)

Only a small majority of employees (53%) (see table 6.6) agreed with this statement. From the correlations it is clear that the ethnicity \( (r = 0.178, p = 0.0021) \) and qualification level of employees \( (r = -0.203, p = 0.0004) \) played a significant role in their preferences. The correlation implies that lower qualified employees from other population groups are significantly more in favour of this option. This is not surprising since issues such as medical aid and pension schemes have only recently become important to employees from other population groups. This is clearly a cultural issue and will take some time to be changed. It is interesting to note the tremendous growth reported by companies such as Old Mutual and Sanlam in the issue of new policies to employees from this group in recent years. This underscores this trend.

• Satisfaction with the manner in which Unisa administers benefits (Question 46)

A small majority of employees (65%) (see table 6.6) expressed satisfaction with the manner in which Unisa administers their benefits. No significant correlations could be found between the various employee categories (eg gender, age, ethnicity, years of service, etc). The Personnel/Human Resource Department thus provides a good service to employees in the administration of their benefits.

This concludes the discussion of section C of the questionnaire. In the next section the issues pertaining to section D (employees' satisfaction with the benefits provided) will be discussed.
6.6 SECTION D OF THE QUESTIONNAIRE - SATISFACTION WITH EMPLOYEE BENEFITS PROVIDED BY UNISA

In section D of the questionnaire, employees had to indicate to what extent they were satisfied with a number of employee benefits provided by Unisa. The respondents had to indicate their preference on a scale ranging from totally dissatisfied to totally satisfied. The results of the correlation analyses between the individual benefits and the various biographic variables appear in table 6.7. A schematic representation of these correlations appears in figure 6.15. Figure 6.14 provides a schematic representation of the respondents' overall satisfaction with the employee benefits provided. Appendix D contains the mean scores for the items.

FIGURE 6.14: EMPLOYEES' OVERALL SATISFACTION WITH EMPLOYEE BENEFITS
### TABLE 6.7: CORRELATIONS BETWEEN THE VARIOUS BIOGRAPHIC VARIABLES (EMPLOYEE DIVERSITY FACTORS) AND EMPLOYEES' SATISFACTION WITH EMPLOYEE BENEFITS PROVIDED BY UNISA

<table>
<thead>
<tr>
<th>DESCRIPTION OF ITEM AND ITEM NUMBER</th>
<th>% SATISFIED</th>
<th>CORRELATIONS OF ITEMS WITH BIOGRAPHIC VARIABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>GENDER</td>
</tr>
<tr>
<td>Retirement pension (47)</td>
<td>60%</td>
<td>Male = 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female = 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group Life Insurance (48)</td>
<td>64%</td>
<td>0.048</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical Insurance (48)</td>
<td>65%</td>
<td>0.162</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing subsidy (50)</td>
<td>63%</td>
<td>0.214</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DESCRIPTION OF ITEM AND ITEM NUMBER</td>
<td>% SATISFIED 1 = Satisfied 2 = Dissatisfied</td>
<td>GENDER (Male = 1, Female = 2)</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>------------------------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td>Transport allowance (51)</td>
<td>39%</td>
<td>0.213</td>
</tr>
<tr>
<td>(0.0003)</td>
<td>(0.3367)</td>
<td>(0.0028)</td>
</tr>
<tr>
<td>[0.0047]</td>
<td>[0.4557]</td>
<td>[0.0388]</td>
</tr>
<tr>
<td>Vehicle loan scheme (52)</td>
<td>39%</td>
<td>0.157</td>
</tr>
<tr>
<td>(0.0068)</td>
<td>(0.6506)</td>
<td>(0.0003)</td>
</tr>
<tr>
<td>[0.0368]</td>
<td>[0.2989]</td>
<td>[0.0121]</td>
</tr>
<tr>
<td>Subsidised bus pass (53)</td>
<td>42%</td>
<td>0.163</td>
</tr>
<tr>
<td>(0.0051)</td>
<td>(0.0226)</td>
<td>(0.5486)</td>
</tr>
<tr>
<td>[0.0018]</td>
<td>[0.2631]</td>
<td>[0.0809]</td>
</tr>
<tr>
<td>Bursaries / tuition fees (54)</td>
<td>47%</td>
<td>0.117</td>
</tr>
<tr>
<td>(0.0440)</td>
<td>(0.0632)</td>
<td>(0.5888)</td>
</tr>
<tr>
<td>[0.0392]</td>
<td>[0.6613]</td>
<td>[0.6962]</td>
</tr>
<tr>
<td>Leave - vacation (55)</td>
<td>92%</td>
<td>0.047</td>
</tr>
<tr>
<td>(0.4058)</td>
<td>(0.4983)</td>
<td>(0.4480)</td>
</tr>
<tr>
<td>[0.2016]</td>
<td>[0.3695]</td>
<td>[0.1615]</td>
</tr>
</tbody>
</table>
### Description of Item and Item Number

<table>
<thead>
<tr>
<th>Item Number</th>
<th>% Satisfied</th>
<th>Gender</th>
<th>Ethnicity</th>
<th>Age</th>
<th>Years of Service</th>
<th>Number of Dependents</th>
<th>Qualification Level</th>
<th>Contribution Income</th>
<th>Bread Winner</th>
<th>Personnel Category</th>
<th>Gross Salary</th>
<th>Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leave - sick (56 A)</td>
<td>95%</td>
<td>Male = 1</td>
<td>Whites = 1</td>
<td>0.005</td>
<td>0.056</td>
<td>0.026</td>
<td>0.084</td>
<td>-0.026</td>
<td>0.022</td>
<td>-0.029</td>
<td>0.010</td>
<td>-0.035</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female = 2</td>
<td>Other = 2</td>
<td>(0.5229)</td>
<td>(0.9265)</td>
<td>(0.3232)</td>
<td>(0.6407)</td>
<td>(0.1412)</td>
<td>(0.6511)</td>
<td>(0.6967)</td>
<td>(0.6168)</td>
<td>(0.5548)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>[0.9827]</td>
<td>[0.0279]</td>
<td>[0.3660]</td>
<td>[0.5381]</td>
<td>[0.2097]</td>
<td>[0.4281]</td>
<td>[0.4961]</td>
<td>[0.9048]</td>
<td>[0.4149]</td>
</tr>
<tr>
<td>Leave - research (56B)</td>
<td>52%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Correlations of Items with Biographic Variables

<table>
<thead>
<tr>
<th>Item Number</th>
<th>% Satisfied</th>
<th>Gender</th>
<th>Ethnicity</th>
<th>Age</th>
<th>Years of Service</th>
<th>Number of Dependents</th>
<th>Qualification Level</th>
<th>Contribution Income</th>
<th>Bread Winner</th>
<th>Personnel Category</th>
<th>Gross Salary</th>
<th>Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leave - sick (56 A)</td>
<td>95%</td>
<td>Male = 1</td>
<td>Whites = 1</td>
<td>0.005</td>
<td>0.056</td>
<td>0.026</td>
<td>0.084</td>
<td>-0.026</td>
<td>0.022</td>
<td>-0.029</td>
<td>0.010</td>
<td>-0.035</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Female = 2</td>
<td>Other = 2</td>
<td>(0.5229)</td>
<td>(0.9265)</td>
<td>(0.3232)</td>
<td>(0.6407)</td>
<td>(0.1412)</td>
<td>(0.6511)</td>
<td>(0.6967)</td>
<td>(0.6168)</td>
<td>(0.5548)</td>
</tr>
<tr>
<td></td>
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<td>[0.9827]</td>
<td>[0.0279]</td>
<td>[0.3660]</td>
<td>[0.5381]</td>
<td>[0.2097]</td>
<td>[0.4281]</td>
<td>[0.4961]</td>
<td>[0.9048]</td>
<td>[0.4149]</td>
</tr>
<tr>
<td>Leave - research (56B)</td>
<td>52%</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

### Notes

- **r**: Correlation coefficient (\(-1 = \) perfect inverse relationship, \(+1 = \) perfect positive relationship, \(0 = \) no relationship)
- **p**: Level of significance, indicating how significant the correlation is. For purposes of this study, a significance level of 0.005 is used and therefore p-values less than 0.005 indicate a significant correlation.
- **pp**: Pearson partial correlation (pp), indicating to what extent the correlation is significant after all other variables are kept constant.
- **%**: The "YES %" column reports the percentage of all the respondents (academic and administrative employees) who were satisfied.

For the coding and interpretation of correlations, the following numerical values were allocated to employees' satisfaction levels:

- **1**: Dissatisfied, **2**: Satisfied
FIGURE 6.15: SIGNIFICANT CORRELATIONS BETWEEN EMPLOYEES' SATISFACTION WITH BENEFITS PROVIDED AND THE VARIOUS BIOGRAPHIC VARIABLES (Section D of the questionnaire)

(a) Satisfaction with retirement benefits (Question 47)

- Satisfaction with retirement benefits
  - Whites vs. Others
  - Ethnicity
  - Young vs. Old
  - Age
  - Low vs. High
  - Years of Service

(b) Satisfaction with group life insurance (Question 48)

- Satisfaction with group life insurance
  - Young vs. Old
  - Age
  - Low vs. High
  - Years of Service
  - Low vs. High
  - Gross Salary

(c) Satisfaction with medical insurance (Question 49)

- Satisfaction with medical insurance
  - Male vs. Female
  - Gender
  - Yes vs. No
  - Contributory Income
  - Yes vs. No
  - Breadwinner
(d) Satisfaction with housing subsidy (Question 50)

- Male: $r = 0.214$
- Female: $r = -0.230$
- Young: $r = -0.215$

(e) Satisfaction with vehicle loan scheme (Question 52)

- Young: $r = -0.210$
- Old: $r = -0.211$

(f) Satisfaction with subsidised bus pass (Question 53)

- Male: $r = 0.163$
- Female: $r = -0.170$

- Academic: $r = 0.163$
- Admin: $r = -0.170$
Conclusion

As can be seen from figure 6.14, employees are generally satisfied with the benefits provided by Unisa. The benefits with which employees are exceptionally satisfied are vacation and sick leave. This is not surprising since the leave benefits provided by Unisa far exceed the legal requirements (see section 3.3.1.3 in chapter 3) and those offered by many other organisations. Benefits about which employees appear to be unhappy include bursaries/tuition fees (47%), bus passes (42%), the vehicle-loan scheme (39%) and transport allowances (39%). Since it was not the purpose of this study to investigate the reasons for dissatisfaction, further research needs to be done in this area. A possible reason for employees' unhappiness could be the limited financial support provided for benefits such as bursaries, the vehicle-loan scheme and transport allowances, and in the case of bus passes, the limited routes travelled. Unfortunately, owing to cost constraints, these benefits cannot be improved at present.

6.6.1 The correlation between the individual items in section D of the questionnaire and the biographic variables

In the following section the results of the correlation analyses between the various biographic variables and the employees' satisfaction with the individual benefits provided, will be discussed.

• Retirement (pension) (Question 47)

A small majority of employees (60%) (see table 6.7) are satisfied with the retirement benefits offered by Unisa. This item correlates significantly with employee factors such as age ($r = -0.303$, $p = 0.0001$), years of service ($r = -0.283$, $p = 0.0001$) and ethnicity ($r = 0.186$, $p = 0.0013$). This implies that younger employees, from other population groups with relatively few years of service are significantly more satisfied with this benefit. This is not surprising because individuals from other population groups are more optimistic about the future economic prospects of South Africa compared with Whites. The portfolio
of the Fund comprises a large shareholding on the Johannesburg Stock Exchange (JSE) and the growth of the Fund is inextricably linked to the economic prospects of the country. Possibly, diversification of the Fund into overseas portfolio's could make it more attractive to all employees. The partial correlation (pp= 0.0005) emphasises younger employees' satisfaction with the retirement benefits.

- **Group Life Insurance (Question 48)**

A small majority of employees (64%) (see table 6.7) are satisfied with the group life insurance benefits. Significant correlations occurred with regard to the employees' income level \( (r= -0.165, p= 0.0045) \), age \( (r= -0.338, p= 0.0001) \) and years of service \( (r=-0.286, p= 0.0001) \). The significant correlations imply that younger employees who receive lower salaries and have relatively few years of service are significantly more satisfied with this benefit. At present, the group life insurance pays a lump sum twice the amount of an employee's pensionable salary to an employee's dependants (see section 3.3.2.2 in chapter 3). This is especially important to young employees who are still in the early stages of their careers, in many instances, have young children and a spouse to care for. As indicated in section 2.2.6 in chapter 2, 69 percent of Unisa's employees are married. The partial correlation (pp= 0.0001) emphasises the younger employees' satisfaction with the group life insurance benefit.

- **Medical insurance (Question 49)**

A small majority of employees (65%) (see table 6.7) are satisfied with the medical insurance benefits. Significant correlations exist between the employees' satisfaction with medical insurance and the gender \( (r= 0.162, p= 0.0051) \), other members contributing to the household income \( (r= -0.177, p= 0.0024) \), and breadwinner status \( (r= 0.237, p=0.0001) \) of employees. The significant correlations imply that female employees, that are not the sole providers of income and also not the breadwinner in the family are significantly more satisfied with the medical benefits offered. This means that they are not a member of their spouses medical scheme and are thus very happy with the benefit.
6.62

mentioned in section 3.3.2.1, membership of one of the three medical schemes available at Unisa is compulsory for all permanent employees unless an employee can provide documentary proof that he/she belongs to another fund recognised by Council (eg his/her spouse’s fund). In 1997, 2315 employees out of a total staff complement of 3399, belonged to one of the three medical schemes.

• **Housing subsidy (Question 50)**

A small majority of employees (63%) (see table 6.7) are satisfied with the housing subsidy they receive. Significant correlations for this item occurred in respect of the salary level ($r= -0.215$, $p= 0.0002$), gender ($r= 0.214$, $p= 0.0002$) and age ($r= -0.230$, $p= 0.0001$) of employees. The significant correlations imply that younger, lower paid female employees are significantly more satisfied with the housing subsidy they receive. This is understandable, especially in view of the high cost of accommodation nowadays. All permanent full-time and part-time employees qualify for this benefit provided that the employee concerned owns the dwelling, the mortgage is registered in the employee’s or his/her spouse’s name, the dwelling is occupied by the employee and he/she is contributing to the pension fund (see section 3.3.2.7 in section 3).

• **Transport allowance (Question 51)**

The low satisfaction level of employees (39%) (see table 6.7) regarding the transport allowance is indicative of employees' unawareness of and inability to utilise this benefit rather than their dissatisfaction with it. Only a small number of employees (46%) utilise this benefit. Since this benefit is purely a tax-saving mechanism allowed by the Income Tax Act (eg a certain portion of an employee's salary can be regarded as a transport allowance), and as such is available to all employees, it was decided not to discuss this item in any further detail.
• Motor-vehicle loan scheme (Question 52)

Only a small percentage of respondents (39%) (see table 6.7) are satisfied with the motor-vehicle loan scheme. Significant correlations for this item occurred in respect of employees' age ($r = -0.210, p = 0.0003$) and years of service ($r = -0.211, p = 0.0003$). These correlations imply that younger employees with fewer years of service are significantly more satisfied with the benefit. This is understandable since these employees simply cannot afford to pay the high interest rate when purchasing a vehicle. Unisa provides a loan at a lower interest rate. However, this benefit is taxable. Because a large group of respondents are dissatisfied with this benefit, Unisa should pursue the matter further.

• Subsidised bus pass (Question 53)

Only a small percentage of respondents (42%) (see table 6.7) are satisfied with this benefit. Significant correlations for this item occurred in respect of the gender ($r = 0.163$, $p = 0.0051$) and personnel category ($r = -0.170, p = 0.0037$) of employees. The correlations imply that female academic employees are significantly more satisfied with this benefit. As indicated earlier, the cost of purchasing and maintaining a motor-vehicle today is enormous and this benefit makes it possible for employees to leave their vehicles at home and travel to work by bus. The partial correlation ($p = 0.0018$) emphasises the female employees' satisfaction with the benefit. Because a large group of respondents are dissatisfied with this benefit, Unisa should pursue the matter further.

• Bursaries/tuition fees (Question 54)

Only a small percentage of respondents (47%) (see table 6.7) are satisfied with this benefit. No significant correlations for this item could be found. Again as mentioned
earlier, a possible reason for this low satisfaction level could be the limited amount of money given for each bursary. However, the reason for the dissatisfaction should be pursued by Unisa as in the case of some of the previous benefits discussed.

- **Vacation, sick and research leave (Question 55)**

In respect of vacation leave, 92 percent of respondents are satisfied with this benefit, while in the case of sick leave, 95 percent are satisfied. These results are not surprising since Unisa offers leave benefits far in excess of the benefits prescribed by law (see section 3.3.1.3 in chapter 3). No significant correlations between the vacation/sick leave benefit and the various biographic variables could be found. Regarding the research leave issue in the questionnaire, it appears that some confusion existed between the academic and administrative staff, and the researcher therefore decided not to use the data collected for this component.

This concludes the discussion of section D of the questionnaire. In the next section employees' willingness to exchange certain benefits for cash, will be discussed.

### 6.7 SECTION E OF THE QUESTIONNAIRE - EXCHANGING BENEFITS FOR CASH

In section E of the questionnaire, employees had to indicate which benefits they were prepared to exchange for cash. The results of the correlation analysis between the individual items and the various biographic variables appear in table 6.8. In figure 6.16, a schematic representation is provided of the employees' willingness to exchange benefits for cash. Appendix D contains the mean scores for the items.
TABLE 6.8: CORRELATIONS BETWEEN BIOGRAPHIC VARIABLES (EMPLOYEE DIVERSITY FACTORS) AND BENEFIT ITEMS

EMPLOYEES ARE WILLING TO EXCHANGE FOR CASH

<table>
<thead>
<tr>
<th>DESCRIPTION OF ITEM AND ITEM NUMBER</th>
<th>YES %</th>
<th>GENDER</th>
<th>ETHNICITY</th>
<th>AGE</th>
<th>YEARS OF SERVICE</th>
<th>NUMBER OF DEPENDANTS</th>
<th>QUALIFICATION LEVEL</th>
<th>CONTRIBUTOR</th>
<th>BREAD-WINNER</th>
<th>PERSONNEL CATEGORY</th>
<th>GROSS SALARY</th>
<th>MARITAL STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement (pension) (57)</td>
<td>24%</td>
<td>0.006</td>
<td>0.068</td>
<td>-0.066</td>
<td>-0.093</td>
<td>-0.113</td>
<td>0.086</td>
<td>-0.034</td>
<td>0.046</td>
<td>0.004</td>
<td>0.012</td>
<td>0.065</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.2496</td>
<td>0.2681</td>
<td>0.1109</td>
<td>0.0541</td>
<td>0.5601</td>
<td>0.4311</td>
<td>(0.4520)</td>
<td>(0.4167)</td>
<td>(0.0852)</td>
<td>(0.0457)</td>
<td>(0.3801)</td>
</tr>
<tr>
<td>Group Life Insurance (58)</td>
<td>45%</td>
<td>0.047</td>
<td>0.074</td>
<td>-0.071</td>
<td>0.100</td>
<td>-0.092</td>
<td>0.083</td>
<td>-0.155</td>
<td>-0.051</td>
<td>-0.056</td>
<td>(0.3607)</td>
<td>(0.3607)</td>
</tr>
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<td>0.4167</td>
<td>0.2062</td>
<td>0.195</td>
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<td>0.1544</td>
<td>(0.1519)</td>
<td>(0.079)</td>
<td>(0.0079)</td>
<td>(0.3601)</td>
<td>(0.3601)</td>
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<td>Medical insurance (59)</td>
<td>24%</td>
<td>0.097</td>
<td>0.084</td>
<td>0.074</td>
<td>0.0788</td>
<td>-0.026</td>
<td>0.065</td>
<td>-0.022</td>
<td>-0.109</td>
<td>-0.036</td>
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<td>0.058</td>
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<td>0.1822</td>
<td>0.6521</td>
<td>0.2679</td>
<td>0.7054</td>
<td>(0.1519)</td>
<td>(0.0645)</td>
<td>(0.5419)</td>
<td>(0.1244)</td>
<td>(0.3489)</td>
</tr>
<tr>
<td>Subsidised bus pass (60)</td>
<td>55%</td>
<td>0.094</td>
<td>0.109</td>
<td>0.140</td>
<td>0.081</td>
<td>0.147</td>
<td>-0.117</td>
<td>-0.054</td>
<td>0.054</td>
<td>0.124</td>
<td>-0.076</td>
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<td>0.0503</td>
<td>0.3658</td>
<td>(0.0395)</td>
<td>(0.3608)</td>
<td>(0.2056)</td>
<td>(0.2056)</td>
<td>(0.0176)</td>
</tr>
<tr>
<td>Bursaries / tuition fees (81)</td>
<td>45%</td>
<td>0.003</td>
<td>0.057</td>
<td>-0.065</td>
<td>-0.134</td>
<td>0.042</td>
<td>-0.003</td>
<td>-0.155</td>
<td>0.078</td>
<td>-0.074</td>
<td>-0.052</td>
<td>-0.070</td>
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<td>0.9465</td>
<td>0.0093</td>
<td>(0.2158)</td>
<td>(0.1881)</td>
<td>(0.2158)</td>
<td>(0.3771)</td>
<td>(0.2568)</td>
</tr>
<tr>
<td>DESCRIPTION OF ITEM AND ITEM NUMBER</td>
<td>YES %</td>
<td>GENDER</td>
<td>ETHNICITY</td>
<td>AGE</td>
<td>YEARS OF SERVICE</td>
<td>NUMBER OF DEPENDANTS</td>
<td>QUALIFICATION LEVEL</td>
<td>CONTRIBUTORS</td>
<td>BREADWINNER</td>
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<td>GROSS SALARY</td>
<td>MARITAL STATUS</td>
</tr>
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<td>-----------------------------------</td>
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<td>-------------</td>
<td>---------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Leave - vacation (62)</td>
<td>56%</td>
<td>0.065</td>
<td>-0.144</td>
<td>0.081</td>
<td>0.016</td>
<td>-0.057</td>
<td>-0.048</td>
<td>-0.048</td>
<td>0.022</td>
<td>0.110</td>
<td>-0.120</td>
<td>-0.005</td>
</tr>
<tr>
<td>Housing subsidy (63)</td>
<td>41%</td>
<td>-0.015</td>
<td>0.064</td>
<td>-0.009</td>
<td>-0.062</td>
<td>0.087</td>
<td>-0.038</td>
<td>-0.060</td>
<td>0.053</td>
<td>0.053</td>
<td>-0.048</td>
<td>-0.032</td>
</tr>
</tbody>
</table>

\( r \) = Correlation coefficient ( -1 = perfect inverse relationship, +1 = perfect positive relationship, 0 = no relationship)

\( p \) = level of significance, indicating to what extent the relationship between two variables are significant. For purposes of this study, a significance level of 0.005 is used and therefore \( p \)-values equal or less than 0.005 indicate a significant correlation.

\( * \) = This column indicates the percentage of employees that were prepared to exchange the benefit for cash.

For the coding and interpretation of correlations, the following numerical values were allocated to employees' willingness to exchange benefits for cash: 1 = Yes (willing), 2 = No (not willing)
From figure 6.16 it is obvious that employees are generally not in favour of exchanging any of their benefits for cash. A closer look at the individual items appearing in figure 6.16, shows that it is clear that the two benefits employees wish to exchange the least for cash are medical insurance (24%) and retirement (24%). These two benefits are regarded as vital, and also follow the international trend as indicated in chapter 4. Only a small majority of respondents were prepared to exchange the bus pass (55%) and vacation leave benefit (56%) for cash. Regarding the leave benefit, employees can at present accumulate a limited number of days' leave which Unisa is prepared to exchange for cash. This is the result of an agreement between Unisa Management and the labour unions. It is not clear why the respondents were in favour of exchanging the bus pass benefit for cash.
As mentioned earlier, this is the most cheapest means of transport to work compared with using one's own transport. Thus from an economic point of view, it does not make any sense. As can be seen from table 6.8, no significant correlations between the biographic variables and the individual items could be found.

This concludes the discussion on section E of the questionnaire. In the next section, the employees' preferences regarding possible unique benefits for which they will have to pay 50 percent of the costs, will be discussed.

6.8 SECTION F OF THE QUESTIONNAIRE - UNIQUE BENEFITS

In this section, respondents had to indicate which new unique benefits they would utilise should they be offered by Unisa, provided that they pay 50 percent of the costs. Table 6.9 illustrates the correlations between biographic variables (employee diversity factors) and employees' preferences for unique benefits. A schematic representation of these correlations appears in figure 6.17. Appendix D contains the mean scores for the items.

6.8.1 The correlation between the individual items in section F of the questionnaire and the biographic variables

In the following section, the results of the correlation analysis between the various biographic variables and the possible unique benefits will be discussed:
### TABLE 6.9: CORRELATIONS BETWEEN BIOGRAPHIC VARIABLES (EMPLOYEE DIVERSITY FACTORS) AND EMPLOYEES' PREFERENCES FOR UNIQUE BENEFITS

<table>
<thead>
<tr>
<th>DESCRIPTION OF ITEM AND ITEM NUMBER</th>
<th>YES %</th>
<th>CORRELATIONS OF ITEMS WITH BIOGRAPHIC VARIABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>GENDER</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Male = 1</td>
</tr>
<tr>
<td>Computers at home (64)</td>
<td>77%</td>
<td>r = -0.037</td>
</tr>
<tr>
<td></td>
<td>p = (0.5199)</td>
<td>(0.0115)</td>
</tr>
<tr>
<td>Cellphone payments (65)</td>
<td>62%</td>
<td>-0.023</td>
</tr>
<tr>
<td></td>
<td>(0.6874)</td>
<td>(0.9810)</td>
</tr>
<tr>
<td>Internet subscriptions (66)</td>
<td>71%</td>
<td>0.073</td>
</tr>
<tr>
<td></td>
<td>90.2054</td>
<td>(0.8100)</td>
</tr>
<tr>
<td>Uniforms (67)</td>
<td>26%</td>
<td>0.039</td>
</tr>
<tr>
<td></td>
<td>(0.5005)</td>
<td>(0.0008)</td>
</tr>
</tbody>
</table>

- **r** = Correlation coefficient ( -1 = perfect inverse relationship, +1 = perfect positive relationship, 0 = no relationship)
- **p** = level of significance, indicating to what extent the relationship between two variables are significant. For purposes of this study, a significance level of 0.005 is used and therefore p-values equal or less than 0.005 indicate a significant correlation.
- ******* This column indicates the percentage of employees that were in favour of the new unique benefit.

For the coding and interpretation of correlations, the following numerical values were used to indicate employees' preferences:

1 = Yes (in favour), 2 = No (not in favour)
FIGURE 6.17 SIGNIFICANT CORRELATIONS BETWEEN EMPLOYEES' PREFERENCES FOR UNIQUE BENEFITS AND THE VARIOUS BIOGRAPHIC VARIABLES (Section F of the questionnaire)

(a) Computers at home (Question 64)
\[ r = -0.165 \]
\[ r = 0.161 \]

(b) Internet subscriptions (Question 66)
\[ r = -0.258 \]
\[ r = 0.166 \]

(c) Uniforms (Question 67)
\[ r = -0.196 \]
\[ r = 0.309 \]
\[ r = -0.266 \]
• **Computers at home (Question 64)**

A large majority of employees (77%) (see table 6.9) are in favour of this benefit. Significant correlations for this item occurred in respect of the personnel category \( r = 0.161, p = 0.0053 \) and the qualification level \( r = -0.165, p = 0.0041 \) of employees. The correlations imply that **higher qualified academic employees** are significantly more in favour of this benefit. This is understandable because these employees conduct more independent research, and with the information available on the Internet (e.g., downloading articles), this will enhance their research effort. Thus, Unisa should consider making an investment in a number of computers for employees at the associate professor and professor level. With the future development of technology, and the endless possibilities of universities on the Internet, this will lay a sound foundation for future experiments of this kind.

• **Cellphone payments (Question 65)**

A small majority of employees (62%) (see table 6.9) are in favour of this benefit. No significant correlations could be found between this benefit and the various biographic factors. However, the availability of lecturers for students has become an important issue at Unisa, and their availability on cellphones, could play a vital role in this regard. Since many companies nowadays provide free cellphones on condition that employees sign a two-year contract, it is possible that cellphones could be offered to senior lecturers and higher level-employees on the basis of their paying 50 percent of the rental. Since the emphasis will be on receiving calls from students, and not necessarily making calls, this would be a reasonable offer to staff.
6.72

- **Internet subscriptions (Question 66)**

A large majority of employees (71%) (see table 6.9) are in favour of this benefit. Significant correlations for this item occurred in respect of employees’ personnel category \((r= 0.166, p= 0.0043)\) and qualification level \((r= -0.258, p= 0.0001)\). These correlations imply that higher qualified academic employees are significantly more in favour of this benefit. As mentioned earlier in question 64, the Internet plays an important role today as a vast source of information, and the value of this being made available to academics should not be underestimated. Thus it is recommended that this benefit be made available to all staff members who have their own computers at home.

- **Uniforms (Question 67)**

Only a small percentage of employees (26%) (see table 6.9) are in favour of this benefit. Significant correlations for this item occurred in respect of employees’ personnel category \((r= -0.266, p= 0.0001)\), qualification level \((r=0.309, p=0.0001)\) and ethnicity \((r= -0.196, p= 0.0008)\). The correlations imply that lower qualified administrative employees from other population groups are significantly more in favour of this benefit. This is understandable because these employees mostly comprise of maintenance employees and security staff, and it has always been traditional to supply uniforms to them.

This concludes the discussion on section F of the questionnaire. In the next section, a list of employees’ comments and suggestions regarding employee benefits at Unisa are provided.

### 6.9 SECTION G OF THE QUESTIONNAIRE - NEW BENEFITS

This section consisted of an open question requiring the respondents to indicate what other employee benefits they would like Unisa to provide. Contrary to the custom of respondents not completing open-type questions, a large number of employees actually responded. The following are comments or suggestions made by the respondents in
respect of additional benefits:

- Creche/after-school facilities
- Reliable transport services after hours
- Discount on tuition fees for spouses, irrespective of what they earn
- Petrol/transport/taxi allowance for employees who do not travel by bus
- Special agreements with retailers in which Unisa employees can qualify for discounts
- Better long-service awards
- Tax-efficient salary packages
- Availability of the latest technology and computer software for the effective presentation of courses and classes
- Workplace flexibility - adopt a flexible policy towards employees who prefer to work at home (telecommuting)
- Recreational facilities
- Free parking
- Short-term insurance
- Personal loans for things other than home improvements
- Company cars for higher-ranking employees
- The amount of the housing subsidy not being linked to the mortgage bond
- Extending employee benefits to common law spouses
- Accommodation allowances for employees who rent property
- Cash for funerals, deductible from death benefit payments payable by the retirement or group life benefits
- Study loans for studying at tertiary institutions other than Unisa
- A better bursary scheme for employees' children

From the above list it is clear that many of the suggestions made, actually refer to the improvement/expansion of existing benefits. This confirms the earlier finding in figure 6.10 that the respondents are generally quite satisfied with the benefits provided by Unisa.
Perhaps issues such as reliable transport after hours, after-school facilities and better long-service awards, should be investigated further.

6.10 SECTION H OF THE QUESTIONNAIRE - COMMUNICATION OF BENEFITS

Section H of the questionnaire addresses the whole issue of the communication of benefits to the employees. The respondents were requested to indicate which methods for obtaining information on employee benefits they preferred. The results of the correlation analysis between the individual items and the various biographic variables appear in table 6.10. A schematic representation of these correlations appears in figure 6.19. Figure 6.18, is a schematic representation of the most popular methods of communicating employee benefits. Appendix D contains the mean scores for the items.
TABLE 6.10: CORRELATIONS BETWEEN THE BIOGRAPHIC VARIABLES (EMPLOYEE DIVERSITY FACTORS) AND EMPLOYEES' PREFERENCES REGARDING METHODS OF BENEFITS COMMUNICATION

<table>
<thead>
<tr>
<th>DESCRIPTION OF ITEM AND ITEM NUMBER</th>
<th>YES %</th>
<th>CORRELATIONS OF ITEMS WITH BIOGRAPHIC VARIABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>GENDER (Male = 1, Female = 2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ETHNICITY (Whites = 1, Other = 2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>AGE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>YEARS OF SERVICE</td>
</tr>
<tr>
<td></td>
<td></td>
<td>NUMBER OF DEPENDANTS</td>
</tr>
<tr>
<td></td>
<td></td>
<td>QUALIFICATION LEVEL</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CONTRIBUTORS (Yes = 1, No = 2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BREAD-WINNER (Yes = 1, No = 2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PERSONNEL CATEGORY (Academic = 1, Admin = 2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GROSS SALARY</td>
</tr>
<tr>
<td></td>
<td></td>
<td>MARRITAL STATUS (Married = 1, Single = 2)</td>
</tr>
<tr>
<td>Newsletters (69)</td>
<td>69%</td>
<td>0.062 (0.3010)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.215 (0.0033)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.017 (0.7747)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.019 (0.7442)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.004 (0.9452)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.031 (0.6033)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.034 (0.5651)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.068 (0.2527)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.002 (0.9713)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.026 (0.9830)</td>
</tr>
<tr>
<td>Notices with payslip (70)</td>
<td>83%</td>
<td>-0.055 (0.3445)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.145 (0.0140)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.010 (0.8537)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.087 (0.1375)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.072 (0.2183)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.209 (0.6003)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.092 (0.1203)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.056 (0.3399)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.168 (0.0045)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.072 (0.2246)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.099 (0.1072)</td>
</tr>
<tr>
<td>E-mail (71)</td>
<td>82%</td>
<td>0.029 (0.6166)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.108 (0.0683)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.044 (0.4570)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.020 (0.7242)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.021 (0.7125)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.068 (0.2524)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.037 (0.5342)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.049 (0.4049)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.047 (0.3549)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.055 (0.9915)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.000 (0.9915)</td>
</tr>
<tr>
<td>Postings on bulletin boards (72)</td>
<td>19%</td>
<td>0.117 (0.0563)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.293 (0.0001)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.077 (0.2110)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.002 (0.9719)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.161 (0.0083)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.278 (0.0001)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.084 (0.1730)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.038 (0.5308)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.199 (0.0012)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.094 (0.1261)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.041 (0.5229)</td>
</tr>
<tr>
<td>Trade union meetings (73)</td>
<td>37%</td>
<td>0.011 (0.8499)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.354 (0.0001)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.027 (0.6865)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.011 (0.8534)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.245 (0.0001)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.265 (0.0001)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.008 (0.8881)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.036 (0.0003)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.217 (0.1800)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.082 (0.1800)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.127 (0.0438)</td>
</tr>
<tr>
<td>Information services by a remuneration expert (74)</td>
<td>63%</td>
<td>0.037 (0.5372)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.046 (0.4373)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.074 (0.2316)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.068 (0.2521)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.009 (0.8753)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.132 (0.0267)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.048 (0.4211)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.012 (0.8336)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-0.025 (0.6112)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.134 (0.6721)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.030 (0.0308)</td>
</tr>
</tbody>
</table>

r = Correlation coefficient (-1 = perfect inverse relationship, +1 = perfect positive relationship, 0 = no relationship)

p = level of significance, indicating to what extent the relationship between two variables are significant. For purposes of this study, a significance level of 0.005 is used and therefore p-values equal or less than 0.005 indicate a significant correlation.

* = The "YES %" column reports the percentage of all the respondents (academic and administrative employees) who were in favour of the method.

For the coding and interpretation of correlations, the following numerical values were allocated to employees' preferences:

1 = Yes (In favour), 2 = No (Not in favour)
FIGURE 6.19 SIGNIFICANT CORRELATIONS BETWEEN EMPLOYEES' PREFERENCES REGARDING BENEFITS COMMUNICATION METHODS AND THE VARIOUS BIOGRAPHIC VARIABLES (Section H of the questionnaire)

(a) Newsletters (Question 69)  
\( r = -0.215 \)

(b) Notices with payslips (Question 70)  
\( r = -0.209 \)  \( r = 0.168 \)

(c) Postings on bulletin boards (Question 72)  
\( r = -0.293 \)  \( r = 0.278 \)  \( r = -0.199 \)
FIGURE 6.19 (contd)

(d) Trade union meetings (Question 73)

- \( r = -0.354 \)
- \( r = -0.245 \)
- \( r = 0.265 \)
- \( r = -0.217 \)


6.78

- **Conclusion**

From figure 6.18 it is clear that the most popular methods of communicating benefits to employees are notices with payslips (83%) and e-mail messages (82%), the least preferred method being postings on bulletin boards (19%). From research undertaken internationally, it appears that personalised benefit statements are the most popular amongst employees (see table 4.6 in chapter 4). Thus notices with payslips, which could be personalised to also include information on benefits, also appear to be popular locally. It is interesting to note that the use of bulletin boards appears to be unpopular locally as is the case internationally (see table 4.6). The popularity of newsletters appeared moderately popular for both local and international employees.

6.10.1 The correlation between the individual items in section H of the questionnaire and the biographic variables

In the following section the results of the correlation analysis between the various biographic variables and the different communication methods will be discussed.

- **Newsletters (Question 69)**

A relatively large proportion of the employees (69%) (see table 6.10) are in favour of this method. Significant correlations for this item occurred in respect of employees' **ethnicity** ($r = -0.215, p = 0.0003$). This correlation implies that employees from the **other population groups** are significantly more in favour of this method of communication. Over the years, newsletters have been an extremely popular means of communicating with employees from the other population groups, which shows that they are comfortable with this medium.

- **Notices with payslips (Question 70)**

A large majority of the employees (83%) (see table 6.10) are in favour of this method. Significant correlations for this item occurred in respect of the **qualification level** ($r = -0.209, p = 0.0003$) and **personnel category** ($r = 0.168, p = 0.0045$) of employees. This implies that
higher qualified academic employees are significantly more in favour of this method of communication. This is understandable since employees in this category would only like to see a summary of their benefits, without spending too much time obtaining the information through other means.

- **E-mail (Question 71)**

A large majority of the employees (82%) (see table 6.10) are in favour of this method. However, no significant correlations were found for this item. The use of e-mail as a general means of communication is accepted worldwide as well as in South Africa. This trend is especially important in the new paperless society in which we live.

- **Postings on bulletin boards (Question 72)**

Only a small majority of the employees (19%) (see table 6.10) are in favour of this method. Significant correlations for this item occurred in respect of the ethnicity ($r=-0.293$, $p=0.0001$), qualifications ($r=0.278$, $p=0.0001$) and personnel category ($r=-0.199$, $p=0.0012$) of employees. This implies that lower qualified administrative employees from other population groups are significantly more in favour of this method of communication. This is understandable since this group would include, for example, maintenance and security personnel, and because of the nature of their work, it has been acceptable practice to communicate with them via bulletin boards.

- **Trade union meetings (Question 73)**

Only a small minority of the employees (37%) (see table 6.10) are in favour of this method. Significant correlations for this item occurred in respect of employees' ethnicity ($r=-0.354$, $p=0.0001$), number of dependants ($r=-0.245$, $p=0.0001$), qualifications ($r=0.265$, $p=0.0001$) and personnel category ($r=-0.217$, $p=0.0003$). This implies that lower qualified administrative employees from other population groups with relatively larger number of dependants are significantly more in favour of this method of communication. This is not surprising if one considers the important role that trade unions have played in
the lives of people from the other population groups during the past 30 years.

- **Information services by a remuneration expert (Question 74)**

A small majority of employees (63%) (see table 6.10) are in favour of this method. However, no significant correlations could be found for this item. At present, Unisa does not have a professional remuneration expert and as a result tends to rely heavily on external advice. The appointment of such a person might lead to better communication of pay-related issues (employee benefits), thereby improving the relationship between management and the employees.

- **Other**

Since only a limited number of respondents completed this question, the researcher decided not to discuss the information here.

**6.11 SUMMARY**

In this chapter, the researcher analysed the data statistically and discussed the findings.

Section A of the questionnaire consisted of biographic variables (employee factors) which were used to determine the profile of the sample and its representativeness of Unisa’s workforce. Correlation analysis was done to determine the interrelatedness between the various biographic variables (employee factors).

Section B of the questionnaire consisted of questions on the employees’ awareness of employee benefits. By means of factor analysis, two factors were identified, namely: (1) awareness of development benefits, and (2) awareness of support benefits.

Section C of the questionnaire consisted of a number of statements on employee benefits with the main focus on employee involvement. The respondents had to indicate to what extent they agreed or disagreed with the statements. A correlation analysis was done
between the individual benefit statements and the biographic variables in section A to
determine which biographic variables (employee factors) influenced employees' opinions
of benefits.

Section D of the questionnaire consisted of a number of employee benefits provided by
Unisa. The respondents had to indicate their satisfaction with these benefits on a scale
ranging from "totally dissatisfied" to "totally satisfied". A correlation was also undertaken
between these individual benefit statements and the biographic variables in section A.

In section E of the questionnaire, the employees had to indicate which benefits they were
prepared to exchange for cash. Here too a correlation analysis was undertaken to
determine the correlation between exchanging a particular benefit and the biographic
variables in section A.

In section F of the questionnaire, respondents had to indicate which unique benefits they
would utilise if they were to be offered by Unisa, provided that they pay 50 percent of the
costs. A correlation analysis was undertaken to determine the correlation between
employees' preference for a particular benefit and the biographic variables in section A.

Section G of the questionnaire consisted of an open question requiring the respondents
to indicate what other employee benefits they would like Unisa to provide. The
respondents suggested some new benefits and some relating to existing benefits with a
more flexible approach.

In the last section of the questionnaire, section H, the whole issue of the communication
of benefits to the employees was addressed. The respondents had to indicate the
methods they preferred from a list provided. Their preferences were also correlated with
the biographic variables in section A.

In the next section, section E (chapter 7) of the study, a summary of the findings will be
provided and recommendations made.
SECTION E

SUMMARY AND RECOMMENDATIONS
7.1 INTRODUCTION

During the past few decades there has been a marked increase in the number and type of employee benefits offered, and an equally dramatic increase in their costs.

Originally, benefits were introduced as wage controls in the early 1940s, responded to tax incentives in the 1950s and early 1960s, were driven by financial pressures in the late 1960s and early 1970s, became heavily regulated in the 1970s and 1980s, and are now finally starting to respond to basic demographic and strategic considerations.

In South Africa and elsewhere, benefits are playing a decisive role in the structuring of compensation packages. Today, they form approximately 40 percent of the total cost of the pay package (see chapter 1, section 1.2).

There are various reasons for the promotioning of employee benefit plans in organisations, as opposed to simply giving employees larger salaries. These include, for example, improved corporate efficiency, attracting and retaining competent employees, favourable tax incentives, social and governmental pressures and the advantages of group plans. Unfortunately, most organisations have a rather paternalistic approach to the structuring of their employees' compensation packages, which means that employees are largely tied to the cash/benefit mixes prescribed by their organisations. Little discretion exists for the individual to shape benefit coverage to suit his/her individual needs or circumstances. Thus addressing the diversity factors in the labour force is nonexistent (eg age, marital status, number of dependants, income level and culture).
7.3

This probably results in the organisation wasting on the one hand, money on benefits that have only limited value to a significant number of employees, while individual employees are generally unable to achieve optimal cash flow from their compensation packages, on the other.

A remuneration strategy that allows employees to achieve optimal cash flow from their remuneration packages is the flexible benefits plan. The key features of this plan are as follows

- The employee is rewarded with a total package value based on the value of the job and job performance.
- The employee is provided with a number of flexible benefit options from which he/she may choose the most appealing benefits.

Thus by offering flexible benefits, organisations are not only responding to their employees' needs, but also containing what would otherwise be a situation of increasing benefit costs.

There is no doubt that institutions of higher education will in the future, be playing an increasingly greater role in the development of the labour force in South Africa. However, because of the limited resources at government's disposal to fund these institutions and the high cost of employee benefits at these institutions, the researcher deemed it necessary, in view of the comments made earlier, to determine to what extent the present employee benefits provided by tertiary institutions in South Africa, address the needs of the various employee groups.

To achieve this primary objective, a study of the relevant literature was undertaken and a questionnaire developed (see appendix C) and circulated to staff at Unisa, the largest and most diverse tertiary institution in South Africa. The findings of the study will be discussed in section 7.3 below. However, it is necessary to first briefly discuss in section 7.2 the benefits offered by Unisa at present.
7.4

7.2 BENEFITS OFFERED BY THE UNIVERSITY OF SOUTH AFRICA

Despite not having a professional remuneration officer, at present Unisa offers a wide variety of benefits to its employees. Although the package offered has some of the positive elements of a flexible benefits plan such as core and optional benefits (see figure 7.1), unfortunately it still has a somewhat paternalistic approach - hence the need for greater freedom of individual choice as well as a better structured benefit package for the different job levels. A policy of "one size fits all" will not suffice.

FIGURE 7.1: BENEFITS OFFERED BY THE UNIVERSITY OF SOUTH AFRICA

** Closed during January 2000**
It is interesting to note that the employee benefits indicated in figure 7.1 account for about 42 percent of Unisa's total remuneration costs. Employee benefit costs amount to approximately R245 640 930 per year. Figure 7.2 illustrates how much Unisa spends on each benefit.

**FIGURE 7.2: DISTRIBUTION OF EMPLOYEE BENEFIT COSTS AT UNISA**

The supplementary payments are made into a fund for future liabilities such as medical claims, retirement payments and provisioning for leave payments for existing employees.

In the following section the most important findings of the study will be discussed.

**7.3 THE MOST IMPORTANT FINDINGS OF THE STUDY**

As mentioned earlier, a questionnaire was distributed to a representative group of employees in both the administrative and academic divisions of Unisa. The questionnaire, which consisted of eight sections, as indicated below, was completed by 143 administrative employees and 158 academic employees, and a response rate of 55 percent was obtained. The sections in the questionnaire included:
The findings relating to the individual sections will now be discussed.

7.3.1 Section A of the questionnaire (Personal particulars of the respondents)

The most important and interesting findings in this section of the questionnaire revealed the following on the profile of the respondents. Note that the profile of the respondents is representative of the overall employee profile at Unisa.

• **Gender**
A total of 153 male and 152 female employees completed the questionnaire. Only one respondent did not fill in his/her gender. The respondents are thus representative of the total population.

• **Ethnicity**
A total of 212 Whites (70%), 73 Blacks (24%), 7 Coloureds (2%) and 11 Asians (4%) completed the questionnaire. These percentages are representative of the present staff composition at Unisa. For discussion purposes it was decided to refer to Blacks, Coloureds and Asians as employees from “other population groups”.

• **Age**
The majority of the respondents (66%) were between the ages of 25 and 46, which is indicative of a relatively young workforce.
Job tenure
It is interesting to note that 61 percent of the respondents had been working for less than 10 years at Unisa. Very few of the present staff complement appear to have started their careers at Unisa. This low job tenure could possibly be the result of the higher entry requirements (e.g., qualifications) for the academic group and the large number of junior administrative appointments made during the last decade when new posts were created.

Dependants
A significant proportion of the respondents (38%) do not have any dependants, while 16 percent have one dependant, 17 percent two dependants, 13 percent three dependants and 11 percent four dependants.

Educational qualifications
The educational level of the respondents is quite high - 81 percent have obtained a degree, diploma or higher qualification, 16 percent grade 12, and only three percent a qualification lower than grade 12.

Contributors to the household income
A minority of respondents (49.5%) indicated that other family members also contributed to the household income. It can thus be assumed that in these cases the household included either a married husband or wife - a dual-career family.

Breadwinner
The majority of the respondents (66%) indicated that they were breadwinners. As a breadwinner, the assumption can thus be made that employee benefits such as medical aid, pension and housing subsidy will be of vital importance to them.

Monthly gross salary
A large group of respondents (43%) indicated that they earn between R5 000 and R10 000 per month. This group thus represents the middle management level in the administrative division and the lecturer/senior lecturer group in the academic division.
7.8

- **Marital status**

The majority of the respondents (64%) are married, the remaining respondents (36%) being either single, divorced or widowed.

### 7.3.2 Section B of the questionnaire (Awareness of employee benefits at Unisa)

Section B of the questionnaire consisted of 36 questions relating to the employee's awareness of the benefits offered by Unisa. Owing to the large number of items, it was decided to perform a factor analysis to determine whether possible dimensions or factors underlie the items. From the information obtained, two factors could be identified, namely:

**Factor 1** - Awareness of development benefits (consisting of items such as research and development leave, long leave, membership of professional associations and bursaries).

**Factor 2** - Awareness of support benefits (consisting of items such as loans, bus transport, pension schemes and overalls).

The results of the findings for each individual item are indicated in table 7.1.

### TABLE 7.1: RESULTS OF THE FINDINGS FOR SECTION B OF THE QUESTIONNAIRE (AWARENESS OF EMPLOYEE BENEFITS AT UNISA)

<table>
<thead>
<tr>
<th>I AM AWARE THAT</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 Unisa only needs to provide three compulsory benefits, namely Unemployment</td>
<td>72% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>Insurance, Compensation for Occupational Injuries and Diseases and Payment for</td>
<td></td>
</tr>
<tr>
<td>time not worked (ie leave).</td>
<td></td>
</tr>
<tr>
<td>I AM AWARE THAT</td>
<td>FINDINGS</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>14 Employee benefits such as pension, medical insurance, housing subsidy, study leave, and life insurance are voluntary benefits and no liability rests with Unisa to provide these benefits to new employees.</td>
<td>42% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>15 Although the law prescribes 6 week's (42 days') paid sick leave every 3 years, Unisa grants its employees 120 days' paid sick leave every 3 years and 120 days on half salary. Additional sick leave is granted after 10 years of service.</td>
<td>77% of the respondents were aware of this benefit. Older employees were significantly more aware of this benefit.</td>
</tr>
<tr>
<td>16 Although the law prescribes 3 weeks' fully paid leave (vacation) every 12 months, Unisa grants its academic staff 30 working days (6 weeks), administrative staff 35 calendar days and professional staff 42 calendar days.</td>
<td>87% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>17 Pension/provident funds offer benefits at retirement, disability and death, but they also provide funeral benefits (death of a member or a spouse = R5000).</td>
<td>58% of the respondents were aware of this benefit. Administrative employees were significantly more aware of this benefit.</td>
</tr>
<tr>
<td>18 If both spouses are permanent employees of Unisa, each one of them qualifies for a housing subsidy.</td>
<td>55% of the respondents were aware of this benefit. Lower qualified employees were significantly more aware of this benefit.</td>
</tr>
<tr>
<td>19 Under certain conditions, all permanent employees can obtain a loan at an interest rate of 20% for purposes of buying a vehicle.</td>
<td>84% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>20 Unisa pays 50% of the cost of a bus pass in respect of employees who make use of bus transport.</td>
<td>81% of the respondents were aware of this benefit. Married employees who have other members contributing to the household income were significantly more aware of this benefit.</td>
</tr>
<tr>
<td>I AM AWARE THAT</td>
<td>FINDINGS</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>21 A certain portion of an employee’s salary can be regarded as a transport</td>
<td>48% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>allowance so that tax savings can be accomplished each month</td>
<td></td>
</tr>
<tr>
<td>22 Unisa pays the removal costs of new, permanent employees who move to Pretoria</td>
<td>61% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>23 Subsidised cafeteria meals</td>
<td>54% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>24 Health clinic (subsequently closed)</td>
<td>94% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>25 Counselling services</td>
<td>70% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>26 Membership of professional associations</td>
<td>52% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>27 Legal advice services</td>
<td>72% of the respondents were aware of this benefit.</td>
</tr>
<tr>
<td>28 Cash loans (home improvements)</td>
<td>41% of the respondents were aware of this benefit. Administrative employees with lower qualifications, from other population groups were significantly more aware of this benefit.</td>
</tr>
<tr>
<td>29 Bursaries for employees' children</td>
<td>90% of the respondents were aware of this benefit. Older lower-income employees were significantly more aware of this benefit.</td>
</tr>
<tr>
<td>30 Research and Development leave for academic personnel (recess leave)</td>
<td>88% of the respondents were aware of this benefit. Older academic employees with higher qualifications were significantly more aware of this benefit.</td>
</tr>
</tbody>
</table>
From table 7.1 it appears that on average, Unisa employees are well aware of the benefits available to them. Benefits that management need to look at include:

- **Item 35**: 24-hour accident policy
- **Item 28**: cash loans
- **Item 26**: membership of professional associations
- **Item 18**: the housing subsidy for both spouses
- **Item 17**: other benefits offered by the pension/provident funds
- **Item 14**: voluntary benefits (e.g., pension, medical insurance, housing etc)
It is also interesting to note the significant awareness of some of the items in this section. This supports the idea of considering the needs of a diverse workforce and the availability of flexible benefits for employees.

7.3.3 Section C of the questionnaire (Preferences regarding employee benefits)

Section C of the questionnaire consisted of 10 questions (statements) with the main focus on employee involvement. The results of the findings of these issues appear in table 7.2.

**TABLE 7.2: RESULTS OF THE FINDINGS FOR SECTION C OF THE QUESTIONNAIRE (PREFERENCES REGARDING EMPLOYEE BENEFITS AT UNISA)**

<table>
<thead>
<tr>
<th>EXTENT TO WHICH RESPONDENTS AGREED/DISAGREED WITH THE FOLLOWING STATEMENTS:</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>37 I would like to have a greater say in the provision of employee benefits at Unisa.</td>
<td>88% of the respondents agreed with this statement.</td>
</tr>
<tr>
<td>38 A wider variety of employee benefits should be offered to me.</td>
<td>71% of the respondents agreed with this statement. Employees from other population groups were significantly more in favour of this option.</td>
</tr>
<tr>
<td>39 I should be able to construct my own employee benefits plan by choosing between receiving cash or receiving voluntary employee benefits.</td>
<td>76% of the respondents agreed with this statement. Employees with higher qualifications were significantly more in favour of this option.</td>
</tr>
<tr>
<td>40 I should be able to adjust my employee benefits plan annually in accordance with changes in my personal circumstances.</td>
<td>85% of the respondents agreed with this statement. Employees with higher qualifications were significantly more in favour of this option.</td>
</tr>
</tbody>
</table>
7.13 Extent to which respondents agreed/disagreed with the following statements:

<table>
<thead>
<tr>
<th>Extent to which respondents agreed/disagreed with the following statements:</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>41 The employee benefits which Unisa provides are not adequate in satisfying my individual needs.</td>
<td>54% of the respondents agreed with this statement. Employees from the other population groups were significantly less satisfied with the benefits offered by Unisa.</td>
</tr>
<tr>
<td>42 I prefer to make use of a medical scheme of my own choice</td>
<td>59% of the respondents agreed with this statement. Younger employees from other population groups were significantly more in favour of this option.</td>
</tr>
<tr>
<td>43 If an option exists for contributing a larger amount of my salary to the retirement/provident fund, provided that Unisa’s contribution also increases proportionately, I would make use of this benefit.</td>
<td>72% of the respondents agreed with this statement. Older, male employees were significantly more in favour of this option.</td>
</tr>
<tr>
<td>44 I would be prepared to accept a change in conditions of employment regarding leave if Unisa is prepared to remunerate me for leave not taken</td>
<td>77% of the respondents agreed with this statement. Employees from other population groups were significantly more in favour of this option.</td>
</tr>
<tr>
<td>45 Instead of receiving any voluntary benefits, a salary increase of 20% is preferred.</td>
<td>53% of the respondents agreed with this statement. Employees with lower qualifications, from other population groups were significantly more in favour of this option.</td>
</tr>
<tr>
<td>46 I am satisfied with the manner in which Unisa administers my benefits</td>
<td>65% of the respondents agreed with this statement.</td>
</tr>
</tbody>
</table>

From Table 7.2 it is clear that the majority of respondents were in favour of having a greater say in the provision of employee benefits. It also became clear that employees from other population groups were significantly more in favour of issues such as
• having greater benefit choices (item 38)
• choosing their own medical scheme (item 42)
• receiving a 20% salary increase instead of any voluntary benefits (item 45)
• "selling leave" (item 44)

Employees from other population groups also indicated that the employee benefits failed to adequately satisfy their individual needs (item 44).

Once again it was found that diversity factors play a crucial role in the benefits area.

7.3.4 Section D of the questionnaire (Satisfaction with employee benefits)

Section D of the questionnaire consisted of nine questions (benefits). Employees had to indicate to what extent they were satisfied with the particular benefit indicated. The results of the findings appear in table 7.3.

**TABLE 7.3: RESULTS OF THE FINDINGS FOR SECTION D OF THE QUESTIONNAIRE (SATISFACTION WITH EMPLOYEE BENEFITS PROVIDED BY UNISA)**

<table>
<thead>
<tr>
<th>EXTENT TO WHICH THE RESPONDENTS WERE SATISFIED/DISSATISFIED WITH THE FOLLOWING BENEFITS:</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>47 Retirement (pension)</td>
<td>60% of the respondents were satisfied with this benefit. Younger employees from other population groups with relatively few years of service were significantly more satisfied with this benefit.</td>
</tr>
<tr>
<td>48 Group Life insurance</td>
<td>64% of the respondents were satisfied with this benefit. Lower-income, younger employees with relatively few years of service were significantly more satisfied with this benefit.</td>
</tr>
</tbody>
</table>
TABLE 7.3 (contd)

<table>
<thead>
<tr>
<th>EXTENT TO WHICH THE RESPONDENTS WERE SATISFIED/DISSATISFIED WITH THE FOLLOWING BENEFITS:</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>49 Medical insurance</td>
<td>65% of the respondents were satisfied with this benefit. Female employees who are not the sole providers of income and also not the breadwinner in the family were significantly more satisfied with this benefit.</td>
</tr>
<tr>
<td>50 Housing subsidy</td>
<td>63% of the respondents were satisfied with this benefit. Lower-income, younger, female employees were significantly more satisfied with this benefit.</td>
</tr>
<tr>
<td>51 Transport allowance</td>
<td>40% of the respondents were satisfied with this benefit. 44% of the respondents do not utilise this benefit - possibly because it is only a tax-saving benefit.</td>
</tr>
<tr>
<td>52 Vehicle loan scheme</td>
<td>39% of the respondents were satisfied with this benefit. Younger employees with less years of service were significantly more satisfied with this benefit.</td>
</tr>
<tr>
<td>53 Subsidised bus pass</td>
<td>42% of the respondents were satisfied with this benefit. Female, academic staff were significantly more satisfied with this benefit.</td>
</tr>
<tr>
<td>54 Bursaries/tuition fees</td>
<td>47% of the respondents were satisfied with this benefit.</td>
</tr>
<tr>
<td>55 Leave - vacation</td>
<td>92% of the respondents were satisfied with this benefit.</td>
</tr>
<tr>
<td>- sick</td>
<td>95% of the respondents were satisfied with this benefit.</td>
</tr>
<tr>
<td>- research</td>
<td>52% of the respondents were satisfied with this benefit. A large percentage of respondents (39%) indicated that this benefit was not applicable to them.</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>No aspects of importance were identified by the respondents.</td>
</tr>
</tbody>
</table>

From table 7.3 it appears that employees are generally quite satisfied with the benefits provided by Unisa, especially vacation and sick leave benefits. The benefits with which they were the least satisfied include the vehicle-loan scheme (item 52), bursaries (item 54) and the subsidised bus pass (item 50). Regarding the bus pass, employees' dissatisfaction is surprising, because this is the cheapest means of transport to the
Main Campus. Perhaps the limited number of routes available could be the underlying cause of the employees’ dissatisfaction. A number of diversity issues again surfaced in this area of the questionnaire.

7.3.5 Section E of the questionnaire (Exchanging benefits for cash)

In section E of the questionnaire employees had to indicate which benefits they were prepared to exchange for cash. This section included seven benefits. The results of the findings appear in table 7.4.

**TABLE 7.4: RESULTS OF THE FINDINGS FOR SECTION E OF THE QUESTIONNAIRE (EXCHANGING BENEFITS FOR CASH)**

<table>
<thead>
<tr>
<th>PREPAREDNESS TO EXCHANGE A BENEFIT FOR CASH</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>57  Retirement (pension)</td>
<td>24% of the respondents were prepared to exchange this benefit for cash.</td>
</tr>
<tr>
<td>58  Group Life insurance</td>
<td>45% of the respondents were prepared to exchange this benefit for cash.</td>
</tr>
<tr>
<td>59  Medical insurance</td>
<td>24% of the respondents were prepared to exchange this benefit for cash.</td>
</tr>
<tr>
<td>60  Subsidised bus pass</td>
<td>55% of the respondents were prepared to exchange this benefit for cash.</td>
</tr>
<tr>
<td>61  Bursaries/tuition fees</td>
<td>45% of the respondents were prepared to exchange this benefit for cash.</td>
</tr>
<tr>
<td>62  Leave - vacation</td>
<td>56% of the respondents were prepared to exchange this benefit for cash.</td>
</tr>
<tr>
<td>63  Housing subsidy</td>
<td>41% of the respondents were prepared to exchange this benefit for cash.</td>
</tr>
</tbody>
</table>

From table 7.4 it is clear that employees were generally not in favour of exchanging benefits for cash. The two benefits which employees regarded as the most important and which they were least prepared to exchange for cash were medical insurance and
retirement benefits. This is also in line with international trends (see chapter 4).

7.3.6 Section F of the questionnaire (Unique benefits)

In section F of the questionnaire the respondents had to indicate which unique benefits they would utilise should Unisa offer them, provided that they pay 50 percent of the cost. This section consisted of four items. The results of the findings appear in table 7.5.

From table 7.5 it is clear that the three unique benefits employees are highly in favour of include computers at home (item 64), cellphone payments (item 65) and Internet subscriptions (item 66).

**TABLE 7.5: RESULTS OF THE FINDINGS FOR SECTION F OF THE QUESTIONNAIRE (UNIQUE BENEFITS)**

<table>
<thead>
<tr>
<th>UNIQUE BENEFITS - PROVIDED THAT EMPLOYEES PAY 50% OF THE COSTS</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>64 Computers at home</td>
<td>77% of the respondents were in favour of this benefit Higher qualified, academic employees were significantly more in favour of this benefit</td>
</tr>
<tr>
<td>65 Cellphone payments</td>
<td>62% of the respondents were in favour of this benefit</td>
</tr>
<tr>
<td>66 Internet subscriptions</td>
<td>71% of the respondents were in favour of this benefit Higher qualified, academic employees were significantly more in favour of this benefit</td>
</tr>
<tr>
<td>67 Uniforms</td>
<td>26% of the respondents were in favour of this benefit Lower qualified, administrative employees from other population groups were significantly more in favour of this benefit</td>
</tr>
</tbody>
</table>
7.3.7 Section G of the questionnaire (New benefits)

This section consisted of an open question requiring the respondents to indicate what other employee benefits they would like Unisa to offer. The results of the findings appear in table 7.6.

**TABLE 7.6: RESULTS OF THE FINDINGS FOR SECTION G OF THE QUESTIONNAIRE (NEW BENEFITS)**

- Crèche/after-school facilities
- Reliable transport services after hours
- Discount on tuition fees for spouses, irrespective of what they earn
- Petrol/transport/taxi allowance for employees who do not travel by bus
- Special agreements with retailers in which Unisa employees can qualify for discounts
- Better long-service awards
- Payment of membership fees for professional associations
- Tax efficient salary packages
- Availability of the latest technology and computer software for the effective presentation of courses and classes
- Workplace flexibility - adopt a flexible policy in respect of employees who prefer to work at home (telecommuting)
- Recreational facilities
- Free parking
- Short-term insurance
- Personal loans for reasons other than home improvements
- Company cars for higher rank employees
- The amount of housing subsidy should not be linked to the mortgage bond
- Extending employee benefits to common law spouses
- Accommodation allowance for employees who rent property
- Cash for funerals, deductible from death benefit payments payable by retirement or group life benefits
- Study loans for studying at tertiary institutions other than Unisa
- A better bursary scheme for employees' children

From table 7.6 it is clear that many of the suggestions made, actually refer to the improvement/expansion of existing benefits. This list could thus be of great value should Unisa decide to restructure its benefit options.
7.19

7.3.8 Section H of the questionnaire (Communication of benefits)

Section H of the questionnaire addressed the whole issue of the communication of benefits to employees. The respondents had to indicate which method they preferred. The section consisted of six items. The results of the findings appear in table 7.7.

TABLE 7.7: RESULTS OF THE FINDINGS FOR SECTION H OF THE QUESTIONNAIRE (BENEFITS COMMUNICATION METHODS)

<table>
<thead>
<tr>
<th>METHODS OF BENEFITS COMMUNICATION</th>
<th>FINDINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>69 Newsletters</td>
<td>69% of the respondents were in favour of this communication method. Employees from other population groups were significantly more in favour of this method.</td>
</tr>
<tr>
<td>70 Notices with payslip</td>
<td>83% of the respondents were in favour of this communication method. Academic employees with higher qualifications were significantly more in favour of this method.</td>
</tr>
<tr>
<td>71 E-mail</td>
<td>82% of the respondents were in favour of this communication method.</td>
</tr>
<tr>
<td>72 Postings on bulletin boards</td>
<td>19% of the respondents were in favour of this communication method. Administrative personnel from other population groups with relatively low qualifications were significantly more in favour of this method.</td>
</tr>
<tr>
<td>73 Trade union meetings</td>
<td>37% of the respondents were in favour of this communication method. Administrative employees with lower qualifications from other population groups with a relatively larger number of dependants were significantly more in favour of this method.</td>
</tr>
<tr>
<td>74 Information services by a remuneration expert</td>
<td>63% of the respondents were in favour of this communication method.</td>
</tr>
<tr>
<td>Other</td>
<td>Only a limited number of respondents completed this question and it was therefore decided not to include further information here.</td>
</tr>
</tbody>
</table>
From table 7.7 it is clear that employees regard notices with payslips (83%) and e-mail messages (82%) as the most popular benefits communication methods. The least preferred method was postings on bulletin boards (19%). Employees from other population groups, however, were significantly more in favour of newsletters, postings on bulletin boards and trade union meetings as benefits communication methods.

By keeping the above results of the research in mind, recommendations on the management of employee benefits at Unisa will now be made in the next section.

7.4 RECOMMENDATIONS OF THE STUDY

Based on the findings of this study, the following recommendations on the management of employee benefits at Unisa can be made:-

- It is imperative to appoint a professional compensation manager as soon as possible. It is recommended that this person should become a member of the American Compensation Association and complete the Association's individual programmes. More information on this recommendation is included in table 7.8.

- A flexible benefit plan comprising the following elements should be introduced:
  - core and optional benefits
  - benefit packages for different job levels
  - benefits reflecting aspects of workforce diversity (As the staff composition changes in the next five years many new benefits will be required - the reference here is to the employment equity programme to be implemented.)
  - better communication of employee benefits

- The supplementary payments for future liabilities towards the existing staff should be restructured. Because of the large reserve being built up in this regard, the researcher is of the opinion that this restrains Unisa's manoeuvrability in the benefits area.
TABLE 7.8: AMERICAN COMPENSATION ASSOCIATION AND CERTIFICATE PROGRAMMES (CCP - CERTIFIED COMPENSATION PROFESSIONAL, CBP - CERTIFIED BENEFITS PROFESSIONAL)

- **THE AMERICAN COMPENSATION ASSOCIATION**

The American Compensation Association is a not-for-profit association of more than 23,000 human resource practitioners who design and manage employee compensation and benefits programmes in their organisations. In association with the Canadian Compensation Association (CCA) and the Global Remuneration Organisation (GRO), ACA serves the worldwide profession's information, training, networking and research needs.

Annual membership provides the following benefits:
- Annual subscription to ACA Journal, ACA News, In Touch, CCA News, and GROing Connexions for GRO members
- Online access to the comprehensive ACA/CCA/GRO Membership Directory
- Participation in ACA's annual Total Salary Increase Budget Survey and a free copy of the report
- Substantial discounts on ACA educational events and publications
- Access to ACA's technical resource/information referral service
- Access to ACA's online compensation and benefits Career Network

- **CERTIFICATION**

**Certification options**
Recognised worldwide, ACA's certification programme offers two options. If the focus is on direct pay - cash compensation, ACA offers a Certified Compensation Professional (CCP) certificate. If the focus is on indirect pay - employee benefits, ACA offers a Certified Benefits Professional (CBP) certificate.

**Certification examinations**
Designation as a CCP or CBP is earned by passing the required battery of examinations. Each ACA certification examination is based on a specific body of knowledge.

**CCP Requirements**
An ACA's Certified Compensation Professional (CCP) designation requires a passing score on nine examinations. These nine examinations include the three ACA "common core" examinations (T1, T2, and T3), the three "compensation core" examinations (C1, C2, and C4), plus three elective examinations chosen from the remaining "C" or "T" series of examinations. There is no time limit for completion of these requirements.
**TABLE 7.8 (contd)**

**CBP Requirements**
AN ACA's Certified Benefits Professional (CBP) designation also requires a passing score on nine examinations. These nine examinations include the three ACA "common core" examinations (T1, T2, and T3), the three "benefits core" examinations (B1, B2, and B3), plus three elective examinations chosen from the remaining "B" or "T" series of examinations. There is no time limit for completion of these requirements.

**Dual certification**
Earning both CCP and CBP designations can further enhance a person’s credentials. Dual certification requires a passing score on 15 examinations - all CCP requirements, all CBP requirements, plus the three "common core" examinations (T1, T2 and T3).

**Certification seminars**
There are many ways to prepare for ACA certification examinations. One is by attending ACA’s certification seminars (25 two-day training events). More than 350 certification seminar sessions are scheduled throughout the year in all major cities in the US and Canada.

**Curriculum design**
Responding promptly to the changes and challenges that impact compensation and benefits practice, ACA certification seminar development and refinements is an ongoing process performed by teams of the world’s leading compensation and benefits management practitioners, consultants and educators working with ACA instructional design professionals. Each ACA seminar is developed with a specific target audience and level in mind.

**Internationally renowned faculty**
ACA’s seminar faculty are recruited and selected from among the world’s most respected and qualified practitioners, consultants and educators. Each of the 350 faculty members is subject to an ongoing process of training and performance evaluation.

**Certification Institute**
CCP and CBP graduates can attend a three-day case-study-driven Certification which provides hands-on experience in developing a comprehensive “total” compensation strategy for a hypothetical company.

**Certification currency**
ACA’s certification currency programme encourages ongoing professional development. Currency is maintained by earning 12 "currency credits" every three years by participation in a wide variety of activities, including seminar attendance, membership of professional organisations and projects completed on the job.
CBP/CCP EXAMINATION REQUIREMENTS
COMMON CORE
(Required for both CBP/CCP)

T1
TOTAL COMPENSATION MANAGEMENT

T2
PRINCIPLES OF ACCOUNTING
AND FINANCE

T3
QUANTITATIVE METHODS

CBP (Required)

B1
Fundamentals of employee
benefits programmes

B2
Retirement plans - design
and management

B3
Health care and
Insurance plans

C1
Regulatory environments
for compensation programmes

C2
Job analysis
design, documentation
and evaluation

C4
Pay structures
and pay rates

CBP (Electives) Choose 3

B2A
Retirement plans - financial
management

B3A
Health care and insurance
plans - financial management

B4
Strategic benefits
planning

C5
Elements of sales
compensation

C6
Elements of executive
compensation

C6A
Designing executive
compensation programmes

C9
Elements of expatriate
compensation

C11
Performance
management

C12
Alternative reward systems

C13
Rewarding teams and
team members

T9
International total
remuneration

T4
Strategic communication in
compensation and benefits

T4
Strategic communication in
compensation and benefits

T9
International total
remuneration

CCP (Required)

B5
Managing diversity through
flexibility in benefits

B6
Benefits issues in mergers,
acquisitions

B7
Integrated disability
management

C8
Performance
management

C9
Elements of expatriate
compensation

C10
Elements of executive
compensation

C11
Performance
management

C12
Alternative reward systems

C13
Rewarding teams and
team members

T4
Strategic communication in
compensation and benefits

T9
International total
remuneration
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TABLE 7.8 (contd)

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Source: Information brochure of the American Compensation Association (1998)

7.5 FUTURE PERSPECTIVES

Very little research has been conducted into the management of compensation and benefits, in a strategic way. Because compensation is so easily influenced by political,
economic and socio-economic factors, compensation managers tend to manage compensation reactively instead of proactively. Most compensation decisions are based on events that have already occurred/taken place or the actions of competitors. However, if an organisation wishes to establish a competitive advantage through its human resources, its human resources should be compensated strategically. A strategically managed compensation system will allow the organisation to control compensation costs and obtain and retain a competitive, efficient and committed workforce by providing benefits that satisfy the needs of a diverse workforce. Strategic benefits management starts with the alignment of an organisation's benefits strategy with its overall compensation and organisational strategy. When developing a benefits strategy, organisations must address three issues namely (1) the benefits mix, (2) the benefits amount, and (3) the flexibility of benefits. These three issues seldom receive the consideration and thought they merit, most organisations simply implement a "follow-the-leader" approach.

Organisations should thus develop ways of managing benefits as an investment on which they can expect a return. A return on investment can be accomplished by providing benefit plans focussed on performance rather than base pay. In a pay-for-performance plan, employees' pay is based on their performance. A benefit-for-performance plan will influence all employees' behaviour and ensure a return on the organisation's investment in benefits. The implementation of a benefit-for-performance plan could therefore become a tool in the development of a competitive advantage.

7.6 SUMMARY

From the mid-1940s to the mid-1990s, indirect compensation grew substantially more than direct compensation. This increase occurred despite the lack of evidence that indirect compensation helps to realise the goals of total compensation. Money, job challenges, and opportunities for advancement appear to serve the purposes of compensation as much as if not more than, pension benefits, disability provisions and services, especially for employees aspiring to managerial careers. This is not to say that employees do not desire indirect benefits. Organisations are offering them at such a rapid rate, partly because employees want them.
Unfortunately, the specific indirect benefits offered by an organisation are not always valued by all employees, some of them may not even know what benefits are offered. As a result, organisations now solicit employee opinions about their preferences for compensation programmes - hence the aim of this study.

Organisations are also becoming more concerned about the communication of their benefits programmes. Current evidence suggests that employees' lack of awareness of the contents and value of their benefit programmes may partially explain why these programmes are not always favourably perceived, as indicated in some instances in this study.

Benefits do not come without costs. To ensure that an organisation is getting the most from its indirect compensation, thorough assessments should be made of what the organisation is doing, what other organisations are doing, and what employees prefer to see the organisation doing. Some of these issues were outlined in this study, but it is clear that the assessment component still requires urgent attention.

To improve the motivational value of indirect compensation, organisations should try to provide what employees want. Hopefully this study has identified the needs and preferences of employees regarding employee benefits.

As in the case of direct compensation, employees will probably continue to demand more benefits like the ones they now have, as well as some they presently lack but desire, as indicated in the study. With the appointment of a compensation manager, it is hoped that the management of employee benefits will be to the advantage of all.
SECTION F

APPENDIXES AND THE BIBLIOGRAPHY
Employment Equity Policy for Unisa

Human Resources

PREAMBLE

1. Definitions
2. Scope
3. Purpose
4. Objectives
5. Areas for implementation
6. Implementation and monitoring of the Policy
7. Employment Equity Plan
8. Transitional arrangements

See also Comserv (15 October 1999): Progress on the implementation of the Unisa Employment Equity Policy

SCHEDULE ONE

PREAMBLE

The University of South Africa (Unisa) recognizes that South Africa is undergoing transformation that entails a process of reconstruction, democratization and development in order to eradicate the effects of apartheid.

Unisa also recognizes that affirmative action and employment equity is an integral part of this transformation.

Unisa also acknowledges that it is a public institution and an organ of State with a mission of providing higher education for the South African community, and even communities beyond its borders. Unisa therefore accepts responsibility for the fact that, in the past, it formed part of the public domain that was influenced by the policies and practices of apartheid and therefore commits itself to transforming and eradicating its discriminatory past.

Unisa further accepts that it has a national obligation towards the country, and all South Africans, and therefore Unisa commits itself to serving the community and providing education and training which can overcome the legacies of inferior and ideologically based education. Through a conscious reconstruction of historical imbalances Unisa therefore commits itself to developing the intellectual and critical capacity, innovation and entreprenuership of our nation, especially with regard to black people, women and disabled people.

Unisa also acknowledges that employment equity is an appropriate response to eradicate historical imbalances created by apartheid and other forms of social discrimination. Unisa therefore commits itself to not only removing all remnants of unfair discrimination, but at the same time introducing a programme of positive redress based on employment equity, affirmation through training and education, economic empowerment of designated groups and a change in the management ethos and value system to reflect and fully accommodate the institution's diversity.

Unisa also takes cognizance of the rights set out in the Constitution of the Republic of South Africa and therefore adopts the following policy on employment equity that will inform its employment plans, as determined by law.

1. Definitions

1.1 Any expression or word used in this document which is defined in the Employment Equity Act, 1997 shall have the same meaning as in the Act unless defined otherwise.
1.2 "the Act" means the Employment Equity Act, 1997.

1.3 "affirmative action" means the planned, positive strategy and process aimed at redressing the disadvantages experienced by those persons who belong to designated groups as a result of past discriminatory practices.

1.4 "black people" means Africans, Coloureds and Indians.

1.5 "current employee" means a person employed by the employer.

1.6 "designated groups" means black people, women and people with disabilities.

1.7 "disabled people" means people who have a long-term or recurring physical or mental impairment which substantially limits their prospects of entry into, or advancement in, employment.

1.8 "discrimination": refer to 1.14 and 1.19 for definition.

1.9 "diversity" means any way in which individuals or groups are different from one another. Diversity may include, but is not limited to: cultural values, interests, traditions, languages, beliefs and preferences.

1.10 "economic empowerment" means active steps taken to award tenders and contracts to emerging enterprises established by designated groups.

1.11 "employee" means a person employed by the employer and includes an applicant for employment.

1.12 "employer" means the University of South Africa (Unisa).

1.13 "employment equity" means the right of every individual to be treated in their employment on the basis of personal merit, ability and suitability for the job.

1.14 "fair discrimination" refers to any steps resulting in differential treatment taken in line with this policy to address past imbalances.

1.15 "managers" include all current employees whose duties include supervisory functions.

1.16 "numerical goals" refer to targets set reflecting the proportion of employees in designated groups who must be employed in all operational units as prescribed in the employment equity plans.

1.17 "senior managers" means employees in senior managerial positions, including deans, vice deans, heads of academic departments, directors, chief directors, executive directors and heads of administrative departments.

1.18 "suitably qualified person" means a person who is suitably qualified for a job, as a result of any one of, or any combination of that person's -

1.18.1 formal qualifications;
1.18.2 prior learning;
1.18.3 relevant experience; or
1.18.4 capacity to acquire, within a reasonable time, the ability to do the job.
1.19 "unfair discrimination" means differential treatment of any person or group in a specific context, on one or more grounds, including, but not limited to race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth.

2. Scope

2.1 This policy applies to the employer and all employees at Unisa.

2.2 The policy must, amongst other things, focus on the following issues:

   2.2.1 human resource management.
   2.2.2 training, education and development of employees;
   2.2.3 the management of diversity; and
   2.2.4 promoting and advancing economic empowerment of members of the designated groups.

3. Purpose

The purpose of this policy is to provide:

3.1 a framework for implementing the principles contained in the Act;

3.2 a framework for implementing and monitoring an employment equity policy at Unisa; and

3.3 guidance for developing suitable employment equity plans for all operational units at Unisa.

4. Objectives

The objectives of Unisa's employment equity policy are:

4.1 to eliminate all forms of unfair discrimination in the workplace as defined in this policy;

4.2 to redress imbalances and injustices created by the policies and practices of unfair discrimination;

4.3 to establish equality as the guiding principle in the treatment of all applicants for employment to ensure equal access to employment in order to redress historical imbalances;

4.4 to transform Unisa in order to create a democratic workplace in which all current employees and applicants for employment are affirmed and have an equal opportunity for advancement at Unisa;

4.5 to promote representivity and inclusivity in the composition of staff, institutional bodies, committees and all other structures towards reflecting the demographics of the South African population;

4.6 to ensure that current employees from designated groups have access to education, training and development opportunities at Unisa;

4.7 to promote and advance economic empowerment of members of designated groups.
5. Areas for Implementation

The employer must ensure that all human resource policies, practices and procedures are in accordance with and supportive of the objectives of the employment equity policy by introducing, among other things, the positive measures set out below.

The following areas have been prioritized in the implementation of the employment equity policy:

5.1 Human Resource Management

The employer must, among other things, introduce the following positive measures:

5.1.1 undertake a situation analysis to identify, and introduce measures to eliminate, all institutional policies, practices, procedures and strategies resulting in unfair discrimination;

5.1.2 actively recruit employees from designated groups;

5.1.3 give preference to employees from designated groups in all selections, appointments, transfers and promotions, according to the relevant hierarchy of preference as determined in the employment equity plans;

5.1.4 institute measures to create an environment conducive to the retention of current employees from designated groups;

5.1.5 accelerate promotion for current employees from designated groups;

5.1.6 implement numerical goals determined for all operational units in the employment equity plans; and

5.1.7 develop relevant mechanisms for identifying suitably qualified persons for appointments, transfers and promotions.

5.2 Education, Training and Development

For persons who form part of designated groups, the employer must, among other things:

5.2.1 create opportunities for the intellectual and skills development of current employees;

5.2.2 develop partnerships with private and other institutions in jointly implementing employment equity plans regarding scholarships and other forms of funding for education and training of current employees;

5.2.3 offer internships or appoint students as student assistants or academic assistants;

5.2.4 provide current employees with internal in-service training so that they can gain professional experience;

5.2.5 apply a system of mentoring by peers for current employees as a means of overcoming the impediments of an organizational culture not yet open to diversity; and

5.2.6 use part of the training budget, as set out in the Skills Development Act, 1997, for the training and development of current employees in designated groups.
5.3 Managing Diversity

In line with the principles contained in this policy, the employer must, among other things:

5.3.1 promote participative decision-making and management;

5.3.2 ensure that transparency, explicitness, accountability and openness permeate all aspects of decision making and the execution of tasks; and

5.3.3 promote representivity and inclusivity in the composition of committees, decision-making or advisory bodies towards reflecting the demographics of the South African population.

5.4 Economic Empowerment

The employer must, among other things:

5.4.1 support and encourage emerging enterprises established by members of the designated groups by applying a tendering procedure in which such enterprises are given preference;

5.4.2 give priority to such enterprises when awarding contracts that arise as a result of outsourcing;

5.4.3 support programmes to develop economic empowerment of members of the designated groups.

6. Implementation and Monitoring of the Policy

6.1 General Provisions

The following officials / structures have specific responsibility regarding the implementation of the policy:

6.1.1 The Council, in its role of overall governance and final policy- and decision-making structure of the university.

6.1.2 The Principal, in his/her role of chief executive officer of the university, who remains finally accountable for the implementation of the policy.

6.1.3 The Registrar: Human Resources, in his/her role of executive officer responsible for all human resource management policies and practices.

6.1.4 the Employment Equity Manager, in his/her role of ensuring that the employment equity policy is implemented, as as guided and mandated by the Employment Equity Forum, throughout all university structures (refer to section 6.2 below).

6.1.5 Senior Managers, in their role of ensuring that operational units reporting to them have complied with the principles and requirements of the policy, including the relevant employment equity plans.

6.1.6 Managers, in their operational roles within operational units, which includes being responsible for compliance with the policy and the development and implementation of employment equity plans.
6.1.7 The Institutional Forum, as described in ss 24 and 25 of the new Unisa Act, in its capacity of advisor to Council and Senate on race and gender equity policies.

6.2 Employment Equity Manager

6.2.1 Council will ensure that this policy is implemented by:

6.2.1.1 designating a permanent, full-time directorship to which position an Employment Equity Manager, reporting to the Registrar: Human Resources, will be appointed for the purpose of implementing and monitoring the employment equity policy and ensuring that all operational units are involved in the development and implementation of suitable employment equity plans;
6.2.1.2 providing the person appointed to the position with the necessary resources, infrastructure and support to enable him/her to fulfil his/her functions.

6.2.2 The specific powers and responsibilities of the Employment Equity Manager will include the following:

6.2.2.1 arranging for an audit of all employees in all operational units and of all unfair discriminatory practices, procedures and conditions in the institution as a whole or in the various operational units;
6.2.2.2 creating awareness of and advocating the employment equity policy within the institution;
6.2.2.3 giving guidance to operational units on how to formulate and implement employment equity plans;
6.2.2.4 managing and monitoring the implementation of this policy;
6.2.2.5 evaluating and reporting to the Employment Equity Forum and to Council via the Forum on the implementation of this policy;
6.2.2.6 coordinating the activities of the Employment Equity Forum;
6.2.2.7 advising employees and operational units on any problems that may arise in the implementation of this policy;
6.2.2.8 investigating on an ongoing basis discriminatory conditions or practices and reporting the findings to the Employment Equity Forum.

6.3 Employment Equity Forum

6.3.1 Council will ensure that this policy is implemented by establishing an Employment Equity Forum.

6.3.2 The Forum will meet regularly, but at least four (4) times per year.

6.3.3 The Forum must be composed of, at least, the following representatives:

6.3.3.1 Representatives from each of the designated groups; these representatives will be elected by secret ballot by all current employees belonging to that group. The number of representatives from each group will be as follows:

- three (3) representatives of black people, of whom one must be a woman;
- one (1) representative of women; and
- one (1) representative of disabled people.

6.3.3.2 Three (3) representatives of the employer, namely:
• the Principal;
• the Registrar, Human Resources;
• the Employment Equity Manager.

6.3.3.3 One (1) representative from each trade union which has organizational rights at Unisa.
6.3.3.4 One (1) representative from the Institutional Forum.
6.3.3.5 Two (2) representatives from the Black Forum.
6.3.3.6 One (1) representative from the Women's Forum.
6.3.3.7 One (1) representative from the National Students Representative Council.

6.3.4 The Principal will serve as ex officio Chairperson of the Forum, and the Registrar: Human Resources and the Employment Equity Manager will be Deputy Chairpersons.

6.3.5 The powers and duties of the Forum will include:

6.3.5.1 evaluating the implementation of this policy on an ongoing basis;
6.3.5.2 responsibility for the employment equity plan of Unisa, which must be a consolidation of the employment equity plans of all operational units at Unisa;
6.3.5.3 approval of the employment equity plans of all operational units;
6.3.5.4 approval of Unisa's employment equity plan that must be forwarded to the Director General, Department of Labour;
6.3.5.5 monitoring the implementation of this policy and employment equity plans in all operational units at Unisa;
6.3.5.6 evaluating and reporting to Council on the implementation of this policy and the employment equity plans in operational units;
6.3.5.7 recommending the appropriate measures to be imposed in operational units where an employment equity plan is not being adequately implemented, these recommendations must be implemented by the Management Committee of Unisa;
6.3.5.8 intervening and attempting to resolve any disagreements or problems arising as a result of the implementation of this policy which cannot be solved by the Employment Equity Manager;
6.3.5.9 the power to co-opt experts to the Forum when necessary.

7. Employment Equity Plan

7.1 The Unisa Employment Equity plan must include:

7.1.1 the objectives and numerical goals based on the audit referred to in 6.2.1 to be achieved for each year of the plan;
7.1.2 actions that must be taken to achieve the plan;
7.1.3 identifying any barriers to achieving employment equity at Unisa, and outlining the measures needed to overcome these barriers;
7.1.4 a statement of adequate timeframes required for achieving the goals set out in this policy and the plans;
7.1.5 procedures that will be used to monitor and evaluate the implementation of the plan;
7.1.6 rewards for exceptional performance for complying with this policy;
7.1.7 measures to sanction and mandate interventions in those operational units which do not comply with the policy;

7.2 Each operational unit at Unisa must prepare an employment equity plan. The plan must
include:

7.2.1 procedures to achieve employment equity and affirmative action in the operational unit;
7.2.2 clear objectives, including numerical goals for each section and level of employment in that unit; these goals must be based on the audit referred to in 6.2.1;
7.2.3 a hierarchy of preference in selection, appointment, transfer and promotion for employees from designated groups for each section and level of employment in the unit based on the numerical goals referred to in 7.2.2;
7.2.4 clearly defined activities that must be undertaken to achieve employment equity;
7.2.5 time frames for implementing the stated objectives;
7.2.6 measures to eliminate barriers to achieving employment equity in the operational unit.

7.3 Each operational unit must submit their Employment Equity plan to the Forum for ratification and approval.

7.4 Each operational unit must make available their Employment Equity plan to any employee in the operational unit on request.

8. Transitional Arrangements

8.1 This policy must be adapted and developed by the Forum as and when necessary.

8.2 The employer must however, implement this policy immediately in order to ensure the speedy implementation of employment equity at Unisa.

8.3 The Office of the Registrar: Human Resources will be responsible for arranging the election of representatives of designated groups to the Employment Equity Forum; such representatives to be elected by all members of the designated groups.

SCHEDULE ONE

The Legal Framework of the Policy

In view of the general transformation of South African society, as reflected in the Constitution of the Republic of South Africa, 1996, Unisa is obliged to implement a policy based on the new culture of human rights and transformation.

Section 9 of the Constitution deals with the right to equality, which is the basis of Unisa's employment equity policy. Section 9 states as follows:

"(1) Everybody is equal before the law and has the right to equal protection and benefit of the law.

(2) Equality includes the full and equal enjoyment of all rights and freedoms. To promote the achievement of equality, legislative and other measures designed to protect or advance persons, or categories of persons, disadvantaged by unfair discrimination may be taken.

(3) The state may not unfairly discriminate directly or indirectly against anyone on one or more grounds, including race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth."
(4) No persons may unfairly discriminate directly or indirectly against anyone on one or more grounds in terms of subsection (3). National legislation must be enacted to prevent or prohibit unfair discrimination.

(5) Discrimination on one or more of the grounds listed in subsection (3) is unfair unless it is established that the discrimination is fair."

National legislation and policy frameworks that determine and/or inform the Unisa policy are the following:

- The Green Paper on Employment and Occupational Equity, Department of Labour, 1 July 1996
- The Employment Equity Act, 1 December 1997
- The Green Paper on A New Employment Policy for a New Public Service, Department of Public Service and Administration, 31 May 1997
- The White Paper on Affirmative Action in the Public Service, Department of Public Service and Administration, 23 April 1998
- The Skills Development Act, 1997
- White Paper on an Integrated National Disability Strategy
- South African Disability Charter

South Africa is also a signatory to a number of international conventions on the elimination of discrimination. The relevant conventions that are applicable to the Unisa policy, are:

- The International Labour Organization convention No. 111 (the Convention concerning discrimination in respect of employment and occupation)
- UN Universal Declaration of Human Rights (1948), especially article 23n which states as follows:

"(1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment. (2) Everyone, without any discrimination, has the right to equal pay for equal work."

- The International Convention on the Elimination of All Forms of Racial Discrimination (1965)
- The Convention on the Elimination of All Forms of Discrimination Against Women (1979)
- The United Nations Declaration on the Rights of Disabled Persons (1975), which states as follows:

"Disabled persons have the right to economic and social security and to a decent level of living. They have the right, according to their capabilities, to secure and retain employment or to engage in a useful, productive and remunerative occupation and to join trade unions."

Dear Colleague

QUESTIONNAIRE - M COM DISSERTATION: WORKFORCE PREFERENCES REGARDING EMPLOYEE BENEFITS AT THE UNIVERSITY OF SOUTH AFRICA

To most of us remuneration, of which employee benefits form a part, is very important. It is not only the absolute amount which is important but also the extent to which personal needs can be satisfied. Because each one of us differs with regard to our needs, values, preferences, and specific circumstances, employee benefits (pension, medical insurance, housing subsidy etc) which are tailored to our unique situation, are essential and should be provided. With this in mind, this research project has been initiated to determine:

1. the relationship between workforce diversity and preferences of employees regarding certain employee benefits; and
2. the extent to which the needs of employees regarding employee benefits are taken into account in the provisioning of benefits at Unisa.

The results of this study would enable me to determine how employee benefits should be structured and managed at Unisa so that the fulfilment of individual needs can be accomplished. This research project is for study purposes only and is totally independent of any substantive negotiations between management and labour.

You are one of the participants who has been scientifically selected to form part of the research. Each participant has been chosen in respect of specific characteristics such as gender, ethnicity, marital status, number of dependants, etc. With your participation it will be possible to offer meaningful solutions/alternatives to management regarding the management of employee benefits at Unisa. All information will be treated as confidential. Please complete this questionnaire and return it to me or your departmental secretary not later than 30 April 1999.

Thank you for taking the time and effort to complete this questionnaire.

Yours sincerely

M COETZEE (Mrs)
DEPARTMENT OF BUSINESS MANAGEMENT
AJH VAN DER WALT BUILDING 3-83
(Tel 429-4488)

P A GROBLER (Prof)
SUPERVISOR
**SECTION A  PERSONAL PARTICULARS**

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<tr>
<td>9 Are you the primary source of income?</td>
<td>Yes</td>
<td>No</td>
<td>1</td>
<td>2</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>(Breadwinner)</td>
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<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>10 Personnel category</td>
<td>Academic and Research</td>
<td>1</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>Administrative and Professional</td>
<td>2</td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>11 Job title (eg lecturer, admin asst)</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>12 Monthly gross salary (benefits excluded)</td>
<td>Less than 5000</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>5,001 - 10,000</td>
<td>2</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>10,001 - 15,000</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>15,001 - 20,000</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20,001 - 25,000</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>25,001 - 30,000</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>30,001 - 35,000</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>35,001 - 40,000</td>
<td>8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>More than 40,000</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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### MY AWARENESS OF EMPLOYEE BENEFITS AT UNISA

The purpose of the questions in this section is to determine to what extent Unisa employees are aware of the employee benefits available to them.

#### I AM AWARE THAT

<table>
<thead>
<tr>
<th>BENEFIT</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 Unisa only needs to provide three compulsory benefits, namely Unemployment Insurance, Compensation for Occupational Injuries and Diseases and Payment for time not worked (ie leave).</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>14 Employee benefits such as pension, medical insurance, housing subsidy, study leave, and life insurance are voluntary benefits and no liability rests with Unisa to provide these benefits to new employees.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>15 Although the law prescribes 6 weeks (42 days) paid sick leave every 3 years, Unisa grants its employees 120 days paid sick leave every 3 years and 120 days half salary. Additional sick leave is granted after 10 years of service.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>16 Although the law prescribes 3 weeks fully paid leave (vacation) every 12 months, Unisa grants its academic staff 30 working days (6 weeks), administrative staff 35 calendar days and professional staff 42 calendar days.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>17 Pension/provident funds offer benefits at retirement, disability and death, but they also provide funeral benefits (death of a member or a spouse = R5 000).</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>18 If both spouses are permanent employees of Unisa, each one of them qualifies for a housing subsidy.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>19 All permanent employees can obtain under certain conditions a loan at an interest rate of 20% for purposes of buying a vehicle.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>20 Unisa pays 50% of the cost of a bus pass in respect of employees who make use of bus transport.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>21 A certain portion of an employee’s salary can be regarded as a transport allowance so that tax savings can be accomplished each month.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>22 Unisa pays the removal costs of new, permanent employees who move to Pretoria.</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
ARE YOU AWARE THAT UNISA ALSO PROVIDES THE FOLLOWING EMPLOYEE BENEFITS EVEN THOUGH THEY MIGHT NOT BE APPLICABLE TO YOUR POSITION?

<table>
<thead>
<tr>
<th>BENEFIT</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>23 Subsidised cafeteria meals</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>24 Health clinic</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>25 Counselling services</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>26 Membership of professional associations</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>27 Legal advice services</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>28 Cash loans (home improvements)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>29 Bursaries for employees' children</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>30 Research and Development leave for academic personnel</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>31 Long leave (sabbatical leave) for academic personnel</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>32 Clothing and overalls</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>33 14th cheque for improvement of qualification</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>34 Relocation and travelling expenses</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>35 24-hour accident policy</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>36 Study leave for administrative personnel</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

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☐ 33  
☐ 34  
☐ 35  
☐ 36  
☐ 37  
☐ 38  
☐ 39  
☐ 40  
☐ 41  
☐ 42  
☐ 43  
☐ 44  
☐ 45  
☐ 46  
### SECTION C

**MY PREFERENCES REGARDING EMPLOYEE BENEFITS**

Indicate to what extent you agree/disagree with the following statements.

<table>
<thead>
<tr>
<th>BENEFIT</th>
<th>Totally disagree</th>
<th>Disagree</th>
<th>Agree</th>
<th>Totally agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>37 I would like to have a greater say in the provision of employee benefits at Unisa.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38 A wider variety of employee benefits should be offered to me.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39 I should be able to construct my own employee benefits plan by choosing between receiving cash or receiving voluntary employee benefits.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40 I should be able to adjust my employee benefits plan annually in accordance with changes in my personal circumstances.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41 The employee benefits which Unisa provides are not adequate in satisfying my individual needs.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42 I prefer to make use of a medical scheme of my own choice.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43 If an option exists for contributing a larger amount of my salary to the retirement/provident fund, provided that Unisa’s contribution also increases proportionately, I would make use of this benefit.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44 I would be prepared to accept a change in conditions of employment regarding leave if Unisa is prepared to remunerate me for leave not taken.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45 Instead of receiving any voluntary benefits, a salary increase of 20% is preferred.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>46 I am satisfied with the manner in which Unisa administers my benefits.</td>
<td>1 2 3 4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## SECTION D

**MY SATISFACTION WITH EMPLOYEE BENEFITS**

How satisfied are you with the following employee benefits which you utilise at present? Indicate when a benefit is not applicable to you.

<table>
<thead>
<tr>
<th>BENEFIT</th>
<th>Totally dissatisfied</th>
<th>Dissatisfied</th>
<th>Satisfied</th>
<th>Totally satisfied</th>
<th>Not applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>47 Retirement (pension)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>48 Group Life insurance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>49 Medical insurance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>50 Housing subsidy</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>51 Transport allowance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>52 Vehicle loan scheme</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>53 Subsidised bus pass</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>54 Bursaries / tuition fees</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>55 Leave - vacation</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (specify)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
SECTION E

EXCHANGING BENEFITS FOR CASH

Suppose you qualify for the following employee benefits, which benefits would you be prepared to exchange for cash? (The cash amount equals Unisa's monthly contribution)

<table>
<thead>
<tr>
<th>BENEFIT</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>57 Retirement (pension)</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>58 Group Life insurance</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>59 Medical insurance</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>60 Subsidised bus pass</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>61 Bursaries / tuition fees</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>62 Leave - vacation</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>63 Housing subsidy</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

SECTION F

UNIQUE BENEFITS

Would you utilise the following employee benefits should they be offered by Unisa? Keep in mind that you, for example, will be liable for 50% of the costs.

<table>
<thead>
<tr>
<th>BENEFIT</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>64 Computers at home</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>65 Cellphone payments</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>66 Internet subscriptions</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>67 Uniforms</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
SECTION G

NEW BENEFITS

68 Which other employee benefits would you like Unisa to provide?


SECTION H

COMMUNICATION OF BENEFITS

Indicate whether you prefer the following methods for obtaining information on employee benefits

<table>
<thead>
<tr>
<th>METHODS</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>69 Newsletters</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>70 Notices with payslip</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>71 E-mail</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>72 Postings on bulletin boards</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>73 Trade union meetings</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>74 Information services by a remuneration expert</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>75 Other (specify)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU VERY MUCH FOR COMPLETING THIS QUESTIONNAIRE
APPENDIX D

MEAN SCORES OF THE BENEFIT ITEMS FOR SOME OF THE EMPLOYEE GROUPINGS

(Male versus female, Whites versus other employees and academic versus administrative personnel)

<table>
<thead>
<tr>
<th>EMPLOYEE BENEFIT</th>
<th>MEAN SCORES FOR SOME OF THE EMPLOYEE GROUPINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MALE</td>
</tr>
<tr>
<td></td>
<td>NOT APPLICABLE</td>
</tr>
<tr>
<td>Retirement (47)</td>
<td>13%</td>
</tr>
<tr>
<td>Group Life (48)</td>
<td>8%</td>
</tr>
<tr>
<td>Medical insurance (49)</td>
<td>9%</td>
</tr>
<tr>
<td>Housing subsidy (50)</td>
<td>15%</td>
</tr>
<tr>
<td>Transport allowance (51)</td>
<td>34%</td>
</tr>
<tr>
<td>Vehicle loan scheme (52)</td>
<td>41%</td>
</tr>
<tr>
<td>Bus pass (53)</td>
<td>46%</td>
</tr>
<tr>
<td>Bursaries/tuition fees (54)</td>
<td>35%</td>
</tr>
<tr>
<td>Leave - vacation (55)</td>
<td>1%</td>
</tr>
<tr>
<td>Leave - sick (56A)</td>
<td>2%</td>
</tr>
<tr>
<td>Leave - research (56B)</td>
<td>36%</td>
</tr>
</tbody>
</table>

Not applicable percentages ≥ 40 were regarded as significant

Differences ≥ 10 within the various employee groupings (e.g., male versus female within the gender grouping) were regarded as significant
APPENDIX D (contd)

MEAN SCORES OF THE BENEFIT ITEMS FOR SOME OF THE EMPLOYEE GROUPINGS

(Male versus female, Whites versus other employees and academic versus administrative personnel)

<table>
<thead>
<tr>
<th>EMPLOYEE BENEFIT</th>
<th>MEAN SCORES FOR SOME OF THE EMPLOYEE GROUPINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MALE</td>
</tr>
<tr>
<td></td>
<td>% AGREE</td>
</tr>
<tr>
<td>EXCHANGING BENEFITS FOR CASH (SECTION E)</td>
<td></td>
</tr>
<tr>
<td>Retirement (57)</td>
<td>24%</td>
</tr>
<tr>
<td>Group Life (58)</td>
<td>43%</td>
</tr>
<tr>
<td>Medical Insurance (59)</td>
<td>20%</td>
</tr>
<tr>
<td>Bus passes (60)</td>
<td>60%</td>
</tr>
<tr>
<td>Bursaries/tuition fees (61)</td>
<td>45%</td>
</tr>
<tr>
<td>Leave: vacation (62)</td>
<td>59%</td>
</tr>
<tr>
<td>Housing subsidy (63)</td>
<td>40%</td>
</tr>
<tr>
<td>UNIQUE BENEFITS (SECTION F)</td>
<td></td>
</tr>
<tr>
<td>Computers (64)</td>
<td>76%</td>
</tr>
<tr>
<td>Cellphone payments (65)</td>
<td>61%</td>
</tr>
<tr>
<td>Internet (66)</td>
<td>74%</td>
</tr>
</tbody>
</table>

Not applicable percentages ≥ 40 were regarded as significant
Differences ≥ 10 within the various employee groupings (e.g., male versus female within the gender grouping) were regarded as significant
APPENDIX D (contd)

MEAN SCORES OF THE BENEFIT ITEMS FOR SOME OF THE EMPLOYEE GROUPINGS
(Male versus female, Whites versus other employees and academic versus administrative personnel)

<table>
<thead>
<tr>
<th>EMPLOYEE BENEFIT</th>
<th>MEAN SCORES FOR SOME OF THE EMPLOYEE GROUPINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MALE</td>
</tr>
<tr>
<td></td>
<td>% AGREE</td>
</tr>
<tr>
<td>Uniforms (67)</td>
<td>27%</td>
</tr>
<tr>
<td>COMMUNICATION OF BENEFITS (SECTION H)</td>
<td></td>
</tr>
<tr>
<td>Newsletters (69)</td>
<td>72%</td>
</tr>
<tr>
<td>Notices with payslips (70)</td>
<td>81%</td>
</tr>
<tr>
<td>E-mail (71)</td>
<td>83%</td>
</tr>
<tr>
<td>Postings on bulletin boards (72)</td>
<td>23%</td>
</tr>
<tr>
<td>TU meetings (73)</td>
<td>38%</td>
</tr>
<tr>
<td>Remuneration expert (74)</td>
<td>61%</td>
</tr>
</tbody>
</table>

Not applicable percentages ≥ 40 were regarded as significant.

Differences ≥ 10 within the various employee groupings (eg male versus female within the gender grouping) were regarded as significant.


8.27


University of South Africa: Employment Equity Policy. 1999.
(Website: http://www.unisa.ac.za/internal/deptinfo/uhr/employ.html)

University of South Africa: General information. 1999.
(Website: http://unisa.ac.za/dept/ccm/general/index.html)


