



Module 3: Participate in Salary Negotiations

In the dynamic world of Human Resources (HR), one of the key responsibilities is facilitating salary negotiations. This process, while crucial, can be complex and requires a deep understanding of various factors. From comprehending the legal framework in South Africa to evaluating an employee's worth, preparing for the negotiation process, conducting the negotiations, and finally implementing the agreed-upon salary, each step is critical. This guide provides an overview of how the HR department can effectively participate in salary negotiations within the South African context. Let's delve into the details.

To begin, click the first lesson below, or the Start eLearning button above.



Understanding the Legal Framework



Evaluating Employee Worth



Salary Negotiation Process




The Three Types of Negotiation



Knowledge Check





Module 3: Completed

Understanding the Legal Framework



The HR department must be well-versed in the South African legal framework governing employment and salary negotiations. This includes the Constitution, the Basic Conditions of Employment Act, and the Labour Relations Act. These laws provide the legal basis for the negotiation, conclusion, and enforcement of collective agreements.

The Constitution

The Constitution of South Africa, being the supreme law of the country, provides a robust framework for labour practices. Section 23 of the Constitution is particularly relevant here. It is entitled “Labour Relations” and states that everyone has the right to fair labour practices. This right is guaranteed for everyone – employees as well as employers.

This right to fair labour practices includes the right to fair remuneration. Fair remuneration is a fundamental aspect of fair labour practices and is crucial in maintaining a just and equitable workplace. It ensures that employees are compensated fairly for their work, taking into

account factors such as the nature of the work, the level of skill and experience required, and the prevailing market conditions.

From an HR perspective, this means that all salary negotiations must be conducted in a manner that respects these constitutional rights. The HR department plays a crucial role in ensuring that the principles of fairness and equity are upheld during these negotiations. They must ensure that the agreed-upon salary is fair, competitive, and in line with the employee's role, responsibilities, and contributions to the company.

In addition, the HR department also has a responsibility to ensure that the negotiation process itself is fair and transparent. This includes providing employees with all the necessary information, listening to their concerns and expectations, and engaging in a constructive dialogue to reach a mutually beneficial agreement.

It's important to note that while the Constitution provides a broad framework, the specifics of what constitutes 'fair' remuneration may vary depending on various factors, including the industry, the specific job role, and individual performance. Therefore, the HR department

must stay informed about industry trends and legal developments to effectively fulfil their role.

The Basic Conditions of Employment Act

This Act sets the minimum conditions of employment that must be met by all employers, regardless of the size of the business. It covers a range of issues including working hours, leave provisions, notice periods, and severance pay. When it comes to salary negotiations, the Act does not set minimum wages but it does require that employees are paid a fair wage. The HR department must ensure that any agreed-upon salary meets these basic conditions.

Fair Wage

While the Act does not set minimum wages, it does require that employees are paid a fair wage. What constitutes a 'fair wage' can depend on a variety of factors, including the nature of the work, the level of skill and experience required, and the prevailing market conditions. During salary negotiations, the HR department must ensure that any agreed-upon salary meets these basic conditions.

Role of the HR Department

The HR department plays a crucial role in ensuring compliance with the BCEA. This includes ensuring that all employment contracts meet the minimum conditions of employment set out in the Act and that employees are paid a fair wage. During salary negotiations, the HR department must ensure that these principles are upheld.

In summary, the Basic Conditions of Employment Act provides a legal framework that guides salary negotiations. The HR department must be well-versed in the provisions of this Act to ensure that all salary negotiations are conducted in a fair and legal manner.



The Labour Relations Act

The Labour Relations Act governs collective bargaining in South Africa. It provides the legal framework for the negotiation, conclusion, and enforcement of collective agreements. The Act also sets out the procedures for dispute resolution in the event of a disagreement during salary negotiations. The HR department plays a crucial role in facilitating these negotiations and ensuring that they are conducted in accordance with the Act.

Collective Bargaining

One of the key aspects of the Labour Relations Act is that it governs collective bargaining in South Africa. Collective bargaining is a process where employers and employees negotiate terms and conditions of employment. This can include negotiations on salaries. The Act provides the legal framework for the negotiation, conclusion, and enforcement of collective agreements.

Dispute Resolution

The Act also sets out the procedures for dispute resolution in the event of a disagreement during salary negotiations. This includes procedures for statutory conciliation, mediation, and arbitration. The Commission for Conciliation, Mediation, and Arbitration (CCMA) is established for this purpose.

Role of the HR Department

The HR department plays a crucial role in facilitating these negotiations and ensuring that they are conducted in accordance with the Act. They must ensure that the principles of fairness, transparency, and mutual respect are upheld during these negotiations. They also play a key role in managing any disputes that may arise during the negotiation process.



Please note that this is a general guide and may not cover all aspects of South African law. For specific advice, please consult with a legal or HR professional.

Check Your Understanding

Which of the following South African laws provides the legal basis for the negotiation, conclusion, and enforcement of collective agreements?

- The Constitution
- The Basic Conditions of Employment Act
- The Labour Relations Act
- The Employment Equity Act

SUBMIT

Under the Basic Conditions of Employment Act in South Africa, which of the following is true about salary negotiations?

- The Act sets minimum wages for all industries.

- The Act requires that employees are paid a fair wage.
- The Act prohibits salary negotiations.
- The Act requires employers to increase salaries annually.

SUBMIT



Complete the content above before moving on.

Evaluating Employee Worth



Before entering into salary negotiations, the HR department should conduct a thorough evaluation of the employee's worth. This involves assessing the employee's contributions to the organisation, their skills, experience, and the value they bring to the company. Expand the accordion below to learn more:

Assessing Contributions —

The first step in evaluating an employee's worth is to assess their contributions to the organisation. This involves looking at the employee's performance, their achievements, and the impact they have had on the company. Key performance indicators (KPIs) can be used to measure an employee's performance against set targets.

Evaluating Skills and Experience —

The HR department should also evaluate the employee's skills and experience. This includes both hard skills, such as technical abilities, and soft skills, such as communication and leadership. The level of experience an employee has in their field also plays a crucial role in determining their worth.

Understanding the Value —

Understanding the value an employee brings to the company is a crucial part of the evaluation process. This involves considering factors such as the employee's role within the company, their potential for growth, and their ability to drive the company's strategic objectives.

Market Benchmarking —

Finally, the HR department should also consider the prevailing market rates for similar roles in the same industry. This involves benchmarking the employee's salary against industry standards to ensure that the salary being offered is competitive.

In summary, evaluating an employee's worth is a comprehensive process that involves assessing an employee's contributions, skills, experience, and the value they bring to the company, as well as benchmarking against industry standards. This evaluation forms the basis for salary negotiations and helps ensure that the agreed-upon salary is fair and reflective of the employee's worth.



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Check Your Understanding

Match the following terms with their correct descriptions:

☰ Assessing Contributions

Looking at the employee's performance, their achievements, and the impact on the company.

☰ Evaluating Skills and Experience

This includes both hard skills, soft skills, level of experience in the field.

☰ Understanding the Value

Consider employee's potential for growth, and ability to drive strategic objectives.

☰ Market Benchmarking

Aligning the employee's salary with industry standards.

SUBMIT



Complete the content above before moving on.

Salary Negotiation Process



1

Preparation

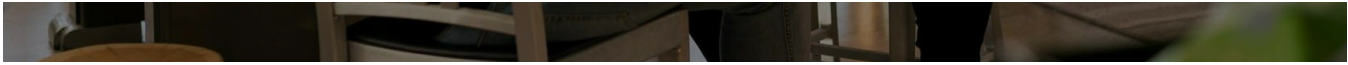
This is the first and one of the most critical steps in the negotiation process. During this stage, the HR department should gather all relevant information, such as the employee's performance, skills, experience, the company's financial situation, industry standards for salaries, and the current inflation rate. This information will help the HR department to develop a realistic and fair salary proposal.

- **Current Inflation Rate:** Understanding the current inflation rate can help the HR department make informed decisions about salary adjustments to ensure that employees' purchasing power is not eroded.
- **Industry Standards for Salaries:** Benchmarking salaries against industry standards helps ensure that the company's pay structure is competitive and fair.
- **Company's Financial Performance:** The company's financial health is a key factor in determining what it can afford to pay its employees.

- **Workplace Dynamics and Production Process:** Understanding the workplace dynamics and the critical parts of the production process can provide valuable insights during negotiations. This includes understanding the roles and responsibilities of different positions, the value they add to the company, and the market demand for such skills.

To summarise, thorough preparation and appropriate conduct during salary negotiations are key to achieving an outcome that is both fair and advantageous for all parties involved.





Discussion

The discussion stage is a critical part of the negotiation process. It's the point where both parties present their cases and engage in a dialogue about the salary negotiation. Here's a more detailed look at what this stage entails:



Presenting the Company's Position: The HR department should clearly communicate the company's position. This includes sharing the initial salary proposal and explaining the rationale behind it. The proposal should be based on various factors such as the employee's performance, skills, experience, the company's financial situation, and industry standards for salaries. The HR department needs to be transparent about these factors to help the employee understand the company's position.



Listening to the Employee's Expectations and Concerns: Equally important is for the HR department to listen to the employee's expectations and concerns. The employee might have certain expectations based on their own assessment of their worth, their personal financial needs, or market trends. They might also have concerns about the proposed salary or other related issues. The HR department should be open to listening to these expectations and concerns and addressing them in a respectful and empathetic manner.



Maintaining an Open and Respectful Dialogue: The discussion stage should be characterised by an open and respectful dialogue. Both parties should feel free to express their views and concerns without fear of judgment or reprisal. The HR department plays a crucial role in creating this safe and respectful space for dialogue. They should encourage open communication, show empathy, and respect the employee's views.

In summary, the discussion stage is a two-way process that involves both presenting the company's position and listening to the employee's expectations and concerns. It's a crucial stage that sets the tone for the rest of the negotiation process.

Proposal

The proposal stage is a pivotal point in the salary negotiation process. It's the point where the HR department presents a formal salary offer to the employee. Here's a more detailed look at what this stage entails:

- **Formulating the Proposal:** Based on the information gathered during the preparation stage and the insights gained from the discussion stage, the HR department will formulate a salary proposal. This proposal represents the company's initial offer and serves as the starting point for the negotiation.
- **Realistic Proposal:** The proposal should be realistic, meaning it should take into account the company's financial situation and the employee's worth. The company's financial situation includes factors such as the company's profitability, budget constraints, and financial forecasts. The employee's worth is determined by their skills, experience, performance, and the value they bring to the company.

- **Presenting the Proposal:** The HR department will then present this proposal to the employee. This should be done in a clear and transparent manner, explaining the rationale behind the proposed salary. The HR department should also be prepared to answer any questions the employee might have about the proposal.

In summary, the proposal stage involves formulating and presenting a realistic salary proposal based on the company's financial situation and the employee's worth. It's a crucial stage that sets the stage for the actual negotiation.

Negotiation

The negotiation stage is where the actual bargaining takes place. It's a dynamic process that involves both parties working towards a mutually beneficial solution. Here's a more detailed look at what this stage entails:

- **Working Towards a Mutually Beneficial Solution:** The goal of the negotiation stage is to arrive at a salary agreement that is acceptable to both the employee and the company. This requires a willingness from both parties to understand each other's perspectives and work towards a common ground.
- **Preparedness to Negotiate:** The HR department should be prepared to negotiate. This means being open to discussions and

willing to consider different options. It's important for the HR department to approach the negotiation with a flexible mindset, rather than sticking rigidly to the initial proposal.



Adjusting the Initial Proposal: Based on the employee's feedback and expectations, the HR department may need to adjust the initial proposal. This could involve increasing the proposed salary, or it could involve exploring other forms of compensation, such as additional benefits or flexible working hours.



Maintaining Open and Respectful Communication: Throughout the negotiation process, it's important for the HR department to maintain open and respectful communication. This includes listening to the employee's concerns, providing clear explanations, and showing respect for the employee's views.



In summary, the negotiation stage is a critical part of the salary negotiation process. It's where the HR department and the employee work together to arrive at a mutually beneficial salary agreement. Remember, the goal is not to 'win' the negotiation but to arrive at a mutually beneficial agreement.

Agreement

The agreement stage is the culmination of the negotiation process. It's the point where both parties have reached a consensus, and the new salary is agreed upon. Let's look

at what this stage entails:

- **Reaching a Consensus:** After a series of discussions and negotiations, both parties aim to reach a consensus. This means that both the HR department and the employee agree on the new salary. The agreed-upon salary should reflect the employee's worth and be within the company's budget.
- **Documenting the Agreement:** Once the new salary is agreed upon, it should be documented. This usually involves updating the employee's contract or issuing a new salary letter. The HR department is responsible for ensuring that the agreement is properly documented and legally compliant.
- **Implementing the Agreement:** The HR department is also responsible for implementing the agreed-upon salary. This involves updating the company's payroll system and ensuring that the employee receives the new salary from the agreed date.
- **Communicating the Agreement:** Finally, the HR department should communicate the agreement effectively. This involves informing the employee about the new salary, explaining any changes, and answering any questions the employee might have. Effective communication helps ensure that the employee understands and is satisfied with the new salary.

The agreement stage involves reaching a consensus, documenting the agreement, implementing the agreed-upon salary, and communicating the agreement effectively.

Implementing the Agreed Upon Salary

Once a new salary has been agreed upon, the next step is for the HR department to implement this new salary. This is a critical step as it involves updating the company's payroll system and ensuring that the employee receives the new salary as agreed.

Here's a more detailed look at what this stage entails:



Updating the Payroll System: The first step in implementing the new salary is to update the company's payroll system. This involves entering the new salary amount into the system and ensuring that it is accurately reflected in the employee's pay. The HR department is responsible for ensuring that this update is carried out accurately and on time.



Ensuring the Employee Receives the New Salary: The HR department must also ensure that the employee receives the new salary from the agreed date. This involves checking that the new salary is correctly reflected in the employee's pay slip and that the employee receives the correct amount in their bank account.



Compliance with Legal Requirements: The implementation of the new salary should be done in accordance with the legal requirements stipulated by South African law. This includes ensuring that the new salary meets the minimum wage requirements, if applicable, and that the implementation is carried out in accordance with any contractual obligations.



In summary, the implementation stage involves updating the payroll system, ensuring that the employee receives the new salary, and complying with legal requirements.

Follow-Up

The follow-up stage is the final step in the salary negotiation process. It's the point where the HR department ensures addresses any questions or concerns that the employee might have.

- **Addressing Questions or Concerns:** The HR department should also be prepared to address any questions or concerns that the employee might have about the new salary. This could involve explaining the details of the new salary, discussing how it was calculated, or addressing any other concerns the employee might have. The HR department should be open and responsive to the employee's questions and concerns and provide clear and accurate information.
 - **Maintaining Open Communication:** Throughout the follow-up stage, the HR department needs to maintain open communication with the employee. This includes providing updates about the implementation process, responding to the employee's questions or concerns in a timely manner, and ensuring that the employee is satisfied with the new salary.
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In summary, the follow-up stage involves addressing the employee's questions or concerns, and maintaining open communication.



Please note that this is a general guide and may not cover all aspects of South African law or HR responsibilities. For specific advice, please consult with a legal or HR professional.

Check Your Understanding

Once a new salary has been agreed upon, the HR department is responsible for _____ this new salary.

Type your answer here

SUBMIT



Complete the content above before moving on.

The first step in implementing the new salary is to update the company's _____ system.

Type your answer here

SUBMIT



Complete the content above before moving on.

The HR department must ensure that the employee receives the new salary from the _____ date.

Type your answer here

SUBMIT



Complete the content above before moving on.

The implementation of the new salary should be done in accordance with the _____ requirements stipulated by South African law.

Type your answer here

SUBMIT



Complete the content above before moving on.

The Three Types of Negotiation



Introduction

Negotiation is how people settle differences or reach an agreement. You may have experienced negotiating your salary for a new job, negotiating contracts with clients, or negotiating project resources with your team. But negotiation isn't just limited to the workplace. Those who have children are likely familiar with negotiating bedtimes, snacks, or screen time.

Negotiation can foster consensus in the midst of conflict. A healthy negotiation recognises the constraints and opportunities that each party faces to forge a solution. With compromise and active listening, you can create positive outcomes for all parties involved.

There are three types of negotiation which reflect three potential outcomes. In this lesson, you'll learn the differences, benefits, and drawbacks of each type of negotiation—win-win, win-lose, and lose-lose.





The Three Types of Negotiation

Watch this video to learn about the three types of negotiation: win-win, win-lose, and lose-lose.

VIEW ON YOUTUBE >

The Three Types of Negotiation

The three types of negotiation reflect three possible outcomes: win-win, win-lose, and lose-lose.

1

Win-win. In a win-win negotiation, both parties walk away from the agreement feeling satisfied with the outcome.

2

Win-lose. In a win-lose negotiation, both parties compete to get the better part of the bargain. Only one party walks away from the agreement feeling satisfied with the outcome.

3

Lose-lose. Neither party gains anything in a lose-lose negotiation.

Note that the terms “win” and “lose” are subjective in these definitions; they are based entirely on the feelings and objectives of the respective parties involved. What constitutes a “win” for one party may be perceived as a “loss” by the other. So, when heading into any negotiation, remember that each party needs to understand the other’s goals to reach an agreement that feels like a win to both.

Compare and Contrast

Review the three types of negotiation below to learn more about the differences, benefits, and drawbacks of each.

Win-Win Negotiation

Most professional negotiations seek a win-win outcome. Both parties are willing to work together to overcome differences and find a mutually beneficial solution. A win-win situation doesn’t require that you evenly distribute resources. Rather, both parties have to feel satisfied with the results.

To foster a win-win outcome, consider these tips:

- **Understand the underlying forces.** Actively seek to understand the underlying interests, constraints, and context of the other party. Negotiate based on these underlying forces, not just stated desires.
- **Know what makes or breaks it.** Know your make-or-break-it priorities and seek to better understand the make-or-break-it priorities of the other party. Focus on solutions that best meet both parties’ high priorities first. Then explore if you can compromise on lesser priorities.
- **Give multiple options.** Brainstorming multiple potential solutions will increase your chances of finding a win-win solution.

Don’t take disagreements personally. Don’t let disagreements deter progress or damage your relationship. Focus on the underlying issue and forge ahead with creative solutions.

Win-Lose Negotiation —

In a win-lose situation, one or both parties are competing to get the better deal from the negotiation. A win-lose outcome is also common when one party has greater bargaining power over the other, or perhaps they have less to lose.

The benefit of a win-lose negotiation is that it takes less time; you don't have to get as creative with your solutions as you do in a win-win scenario. Also, if you're on the winning side of the equation, it can work in your favour.

But consider this word of warning: A win-lose outcome risks damaging long-term relationships. The losing party may feel exploited. It also can be more difficult to reach an agreement when approaching a negotiation as a win-lose situation.

Lose-Lose Negotiation —

Neither party gains anything in a lose-lose negotiation. This negotiation can take several forms.

For example, this type of negotiation describes situations in which both parties have reached an agreement in unfavourable circumstances. If a company needs to downsize, lay off employees, or make budget cuts, then the involved parties will need to decide the best way to move forward. Neither party gains anything from the negotiation—in fact, both lose. But an agreement still needs to be made.

Two more examples of lose-lose negotiation include one in which no agreement is made or one in which an agreement is made, but neither party feels satisfied with the outcome.

While a lose-lose situation is sometimes necessary, it's never the goal of negotiation.

Collaboration, Not Competition

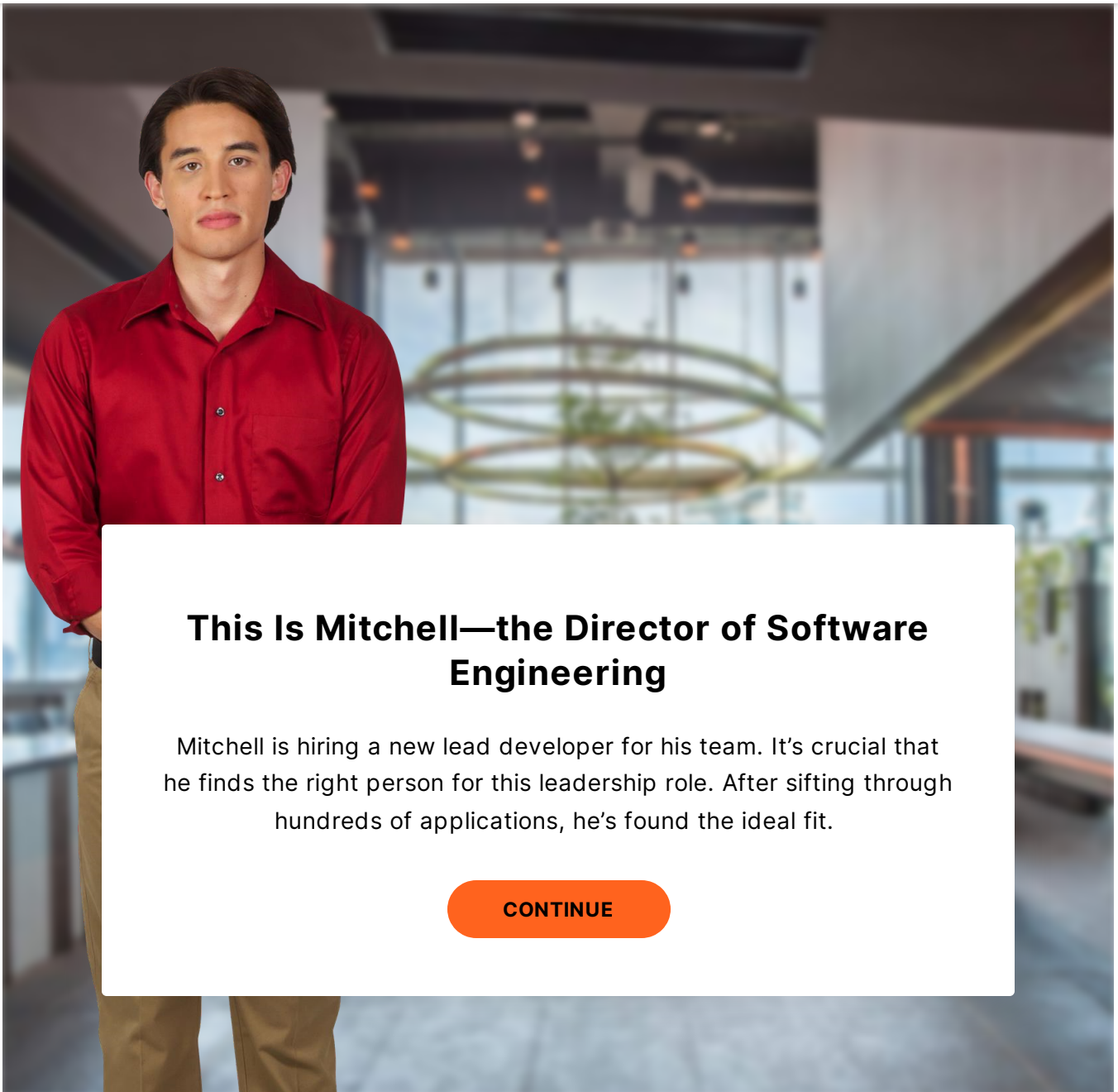
Negotiation is not what it used to be; we have moved far beyond the days when negotiations were treated like battlegrounds. The view that all parties are competing

for their share of the pie is limited and lacks creativity. A mature approach to negotiation is to find ways to collaborate, communicate each party's interests and challenges, explore creative options, and address problems with a solution-focused mindset. As a rule of thumb, seek a win-win negotiation over a win-lose or lose-lose negotiation.

A win-win negotiation is ideal when you want to maintain a long-term relationship with the other party. The process can be long and tedious, but it also builds trust, respect, and leaves both parties feeling positive and satisfied with the outcome.

Check Your Understanding

Now that you've learned about the three types of negotiation, practice applying these skills by advising a colleague in the following scenario.



This Is Mitchell—the Director of Software Engineering

Mitchell is hiring a new lead developer for his team. It's crucial that he finds the right person for this leadership role. After sifting through hundreds of applications, he's found the ideal fit.

CONTINUE

Scene 1 Slide 1

Continue → Next Slide



After sending the candidate an official offer letter, she countered with a higher salary requirement than listed in the job posting. What should I do?

1 Decline the counteroffer and say your budget is fixed.

2 Review your budget for wiggle room. Offer a salary that's slightly above the original posting, and highlight the other benefits that add value.

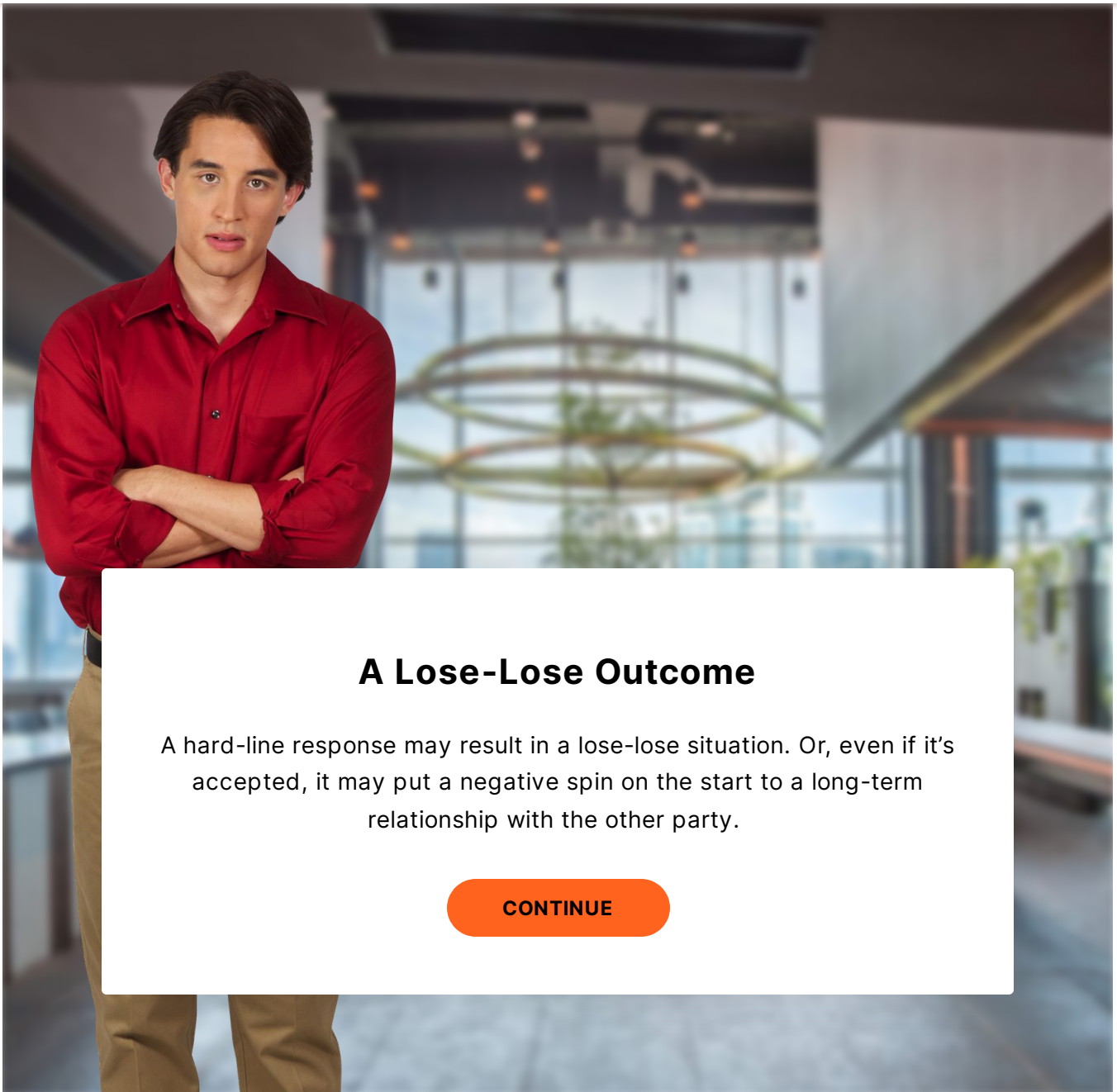
3 Create a new offer letter with the higher salary incorporated. You'll take your losses for the right fit.

Scene 1 Slide 2

0 → Scene 1 Slide 3

1 → Scene 1 Slide 5

2 → Scene 1 Slide 4



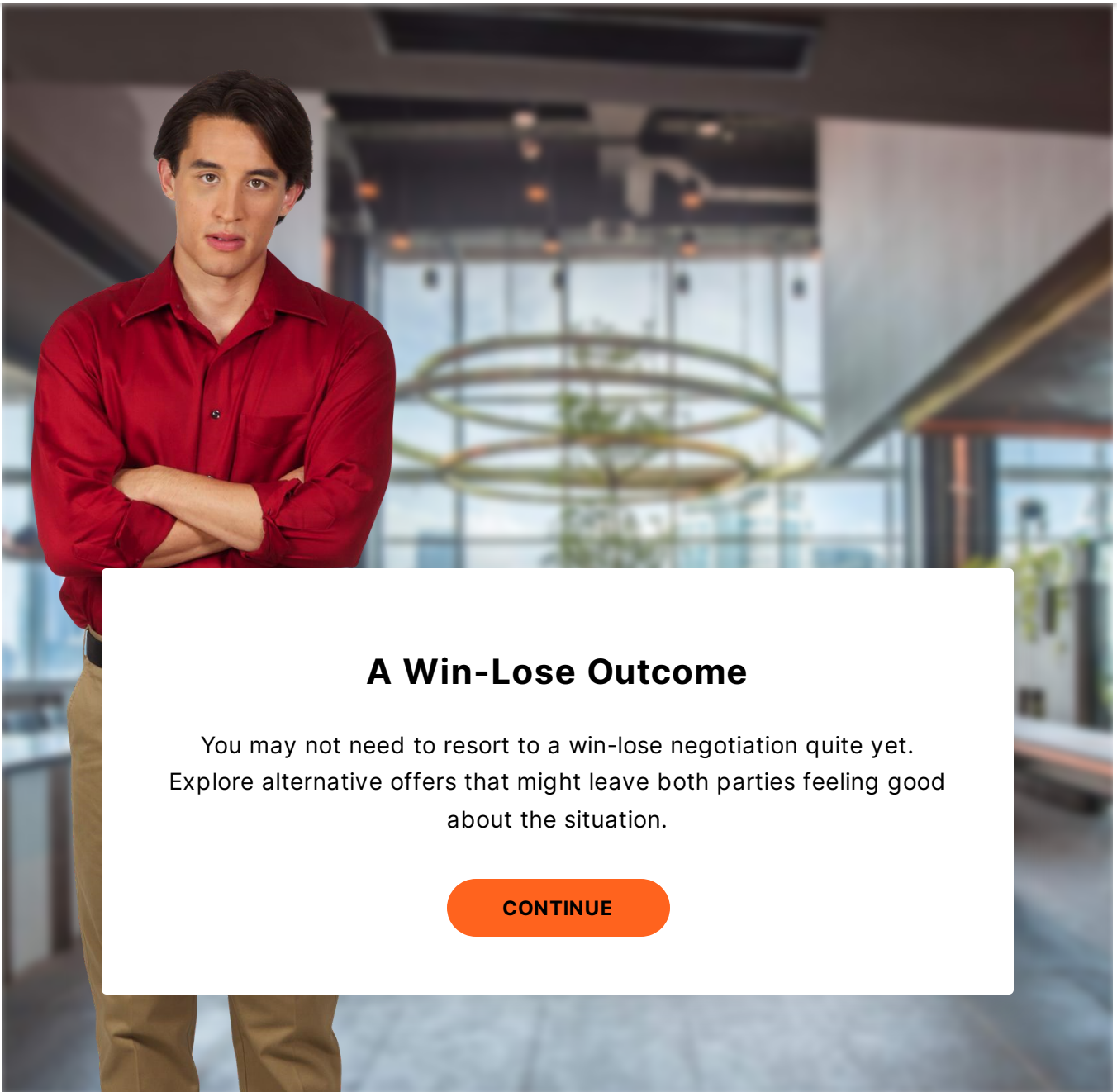
A Lose-Lose Outcome

A hard-line response may result in a lose-lose situation. Or, even if it's accepted, it may put a negative spin on the start to a long-term relationship with the other party.

CONTINUE

Scene 1 Slide 3

Continue → Scene 1 Slide 1



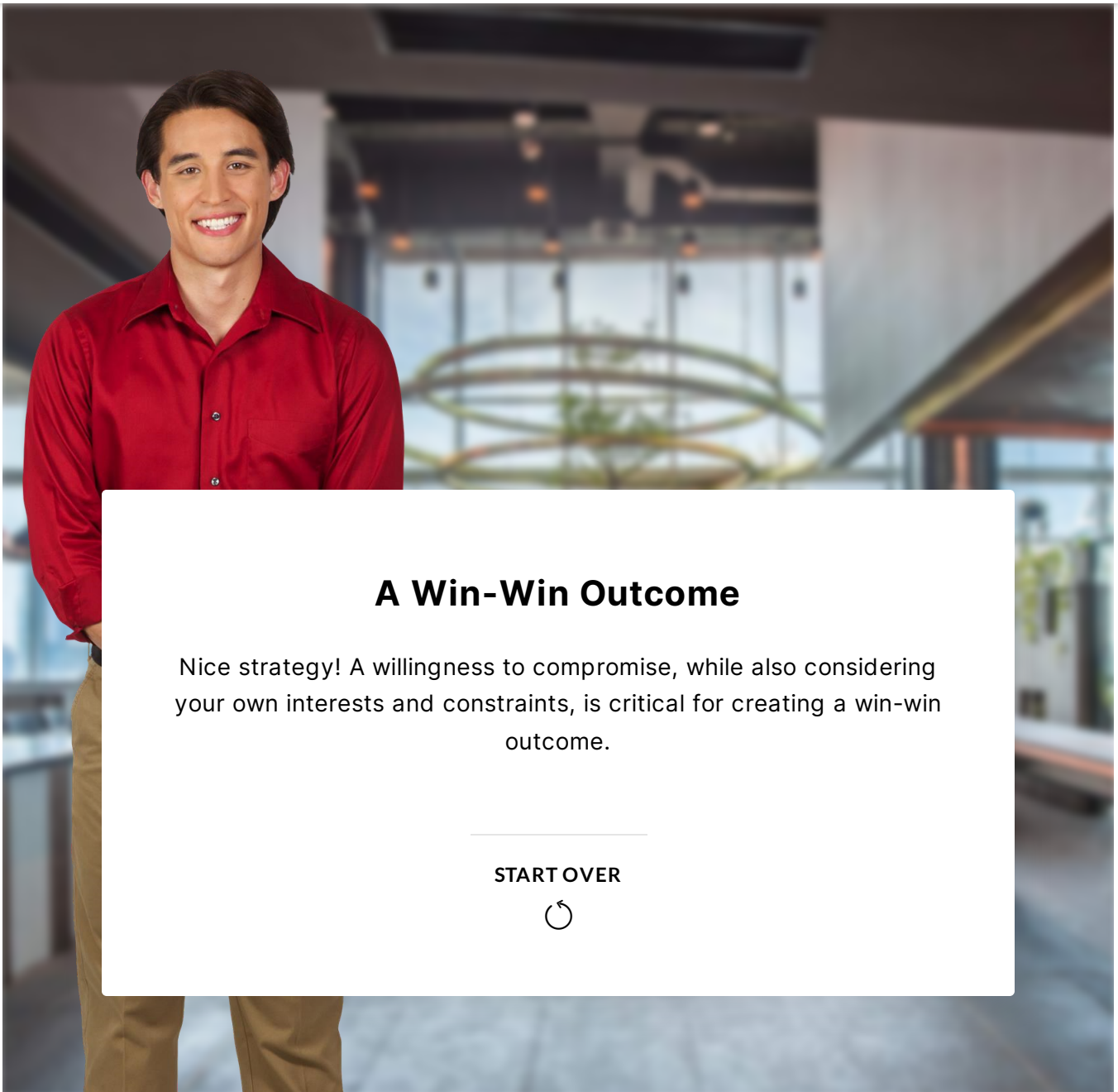
A Win-Lose Outcome

You may not need to resort to a win-lose negotiation quite yet. Explore alternative offers that might leave both parties feeling good about the situation.

[CONTINUE](#)

Scene 1 Slide 4

[Continue](#) → [Scene 1 Slide 1](#)



A Win-Win Outcome

Nice strategy! A willingness to compromise, while also considering your own interests and constraints, is critical for creating a win-win outcome.

START OVER



Scene 1 Slide 5

Continue → End of Scenario

Summary

The potential outcomes of negotiation are simple—either you both win, one party wins to the detriment of the other, or you both lose. But the art of negotiation is not simple. You need to do research, ask questions, and set aside assumptions to truly understand the underlying interests of and constraints on each party. It's these underlying interests and constraints that will define what constitutes a “win” or “loss” on each side. Your win does not require a loss from the other party. Approach negotiation with a collaborative mindset and explore creative solutions to produce a win-win outcome.



Do your homework. Before heading into any negotiation, research the other party to better understand their interests, context, and challenges. Try to prepare mutually beneficial alternatives that might exist in case your offer isn't accepted.



Complete the content above before moving on.

Lesson 5 of 6

Knowledge Check



Module 3: Review Questions

Question

01/05

What is a key skill required for effective participation in salary negotiations?

- Active listening and clear communication
- Event planning
- Managing social media accounts
- Conducting market research

Question

02/05

Which of the following is an important step in preparing for salary negotiations?

- Reviewing company policies on dress code
- Researching industry salary standards and benchmarks
- Organising team-building activities
- Planning the company's annual budget

Question

03/05

What is a critical aspect of participating in salary negotiations?

- Setting up employee training programs
- Managing employee attendance
- Conducting performance evaluations
- Understanding the employee's value and contributions to the company

Question

04/05

Which strategy is effective during salary negotiations?

- Being open to compromise and finding a mutually beneficial solution
- Ignoring the employee's concerns
- Focusing solely on company profits
- Avoiding discussions about benefits

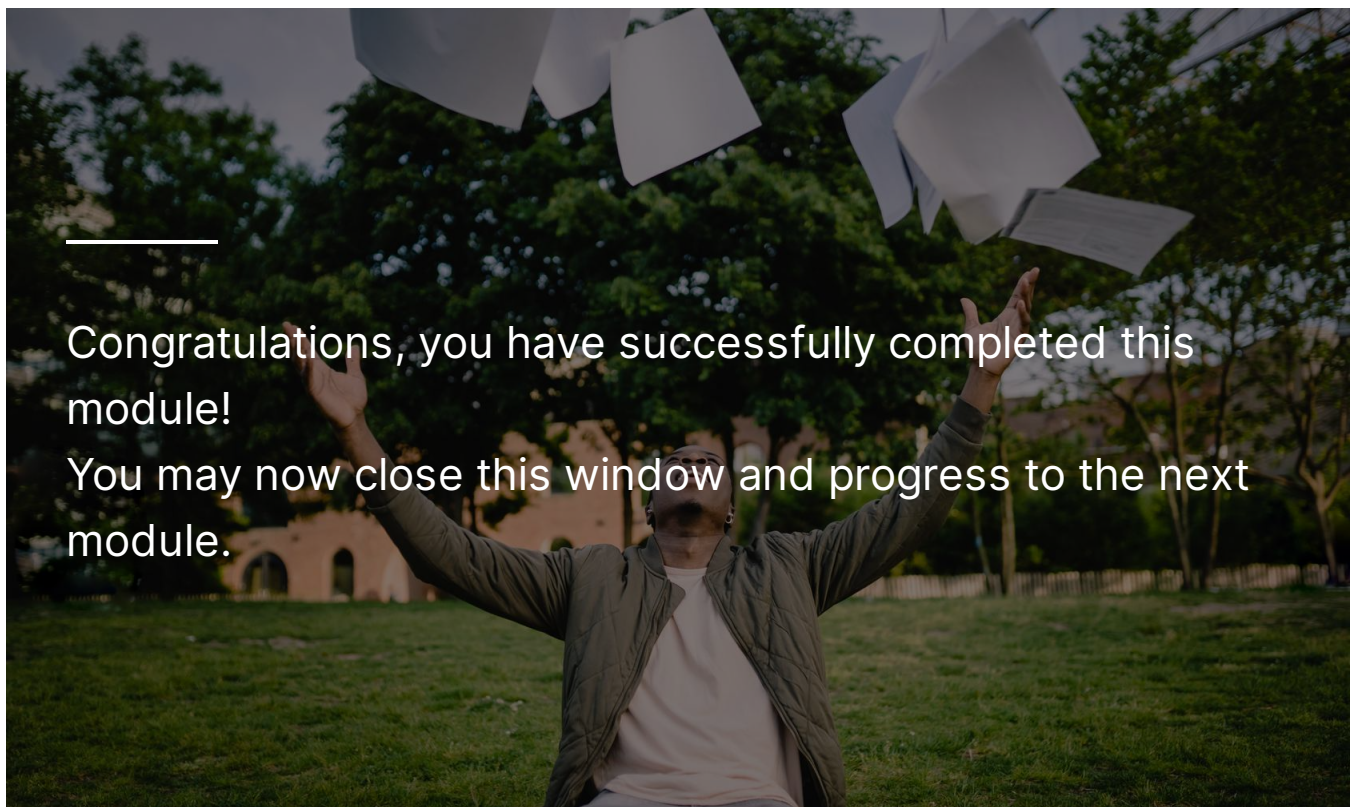
Question

05/05

What should be considered when negotiating salaries?

- The company's event calendar
- Employee attendance records
- The employee's job performance and market conditions
- The company's social media presence

Module 3: Completed



Congratulations, you have successfully completed this module!
You may now close this window and progress to the next module.