

## CHAPTER 3

### APPOINTMENT OF CONSULTANTS FOR THE PAY LEVEL SURVEY

#### 3.1 INTRODUCTION

3.1.1 As mentioned in paragraph 1.6.1 above, we proceeded to engage consultants to design a suitable methodology for the Pay Level Survey\* and be responsible for its execution. Convinced that the best methodology would come from a competitive process of selection, we sent invitations to four reputable firms of consultants in March 1986 inviting proposals for the consultancy. We subsequently interviewed two consultancy firms in order to study in detail their respective proposals and, after careful consideration and with the approval of the Central Consultants Selection Board, we selected Hay Management Consultants (Hong Kong) Ltd. as consultants for the 1986 Pay Level Survey for Non-Directorate Civil Servants. The contract was duly signed on 28 May 1986, at a cost of HK\$2,460,000.

3.1.2 When evaluating the proposals from the various consultancy firms, we based our selection on several criteria. We felt that it was most important for the proposed methodology to be internationally recognized and well-tried, to command credibility, and also to be defensible with particular reference to job comparisons. The selected consultancy firm should also have the necessary expertise and resources to complete the project within the time limit, and, furthermore, should possess the ability to present the results in a comprehensible manner to all parties concerned. We were satisfied that Hay could best meet the above criteria and, in particular, that the methodology proposed by Hay was capable of providing a practicable and valid basis for comparison between the public and the private sectors.

3.1.3 It was our requirement that the methodology for the Pay Level Survey must be capable of overcoming the problem of

\* As mentioned in paragraph 1.2.2 of this Report, the design of the methodology for the valuation of fringe benefits was a separate exercise undertaken by another firm of consultants. The work of this firm of consultants is detailed in Chapter 5 of this Report.

the absence of sufficient job analogues\* for a direct job-for-job comparison between the civil service and the private sector. One of the special features of Hay's methodology lies in its ability to compare jobs of different nature and content by a sophisticated method of job evaluation. During the evaluation process, jobs are measured in terms of the factors of know-how, problem-solving and accountability. Hay points are awarded to each job in respect of each of the above factors and the relationship of the points is checked to ensure that it corresponds to the nature of the job. Once this process is complete, the total score is recorded in Hay points.

3.1.4 The final step in the process is quality control (correlation), in which the Hay points for all jobs in an organization are checked against the Hay international database to ensure that the evaluation has been accurately carried out and that the results conform to Hay's standards. By following this process in both the civil service and the private sector, Hay are then able to compare salaries and fringe benefits for all jobs in the survey which have the same correlated Hay points, irrespective of the nature and content of the jobs and the type of organization from which they are drawn.

3.1.5 Hay's method is widely used internationally and is generally accepted as the best available method of providing a valid basis for comparison using job factors, thereby avoiding the problems connected with direct job-for-job comparisons. By using this method, civil service jobs without private sector analogues can be included in the survey.

3.1.6 The survey was formally commissioned on 18 August 1986 and Hay were instructed to adhere strictly to the methodology approved by the Acting Governor in his letter of 14 August 1986. Details of the methodology for the Pay Level Survey are described in the next two chapters.

\* An analogue is defined as a job in the private sector, the content of which is such that it can be compared directly with a job in the civil service.