

1989 PAY COMPARISON SURVEYS

GENERAL REPORT
ON
SURVEY RESULTS

PAY SURVEY AND RESEARCH UNIT
STANDING COMMISSION ON CIVIL SERVICE
SALARIES AND CONDITIONS OF SERVICE
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INTRODUCTION

Background

1.1 In March 1989, the Standing Commission on Civil Service Salaries and Conditions of Service accepted the Government's invitation to conduct an overall review of the salary structure of the non-Directorate grades within its purview. The Commission considered that the review should have regard to both internal relativities within the civil service and external comparisons with the private sector. For external relativities, comparative data on private sector pay would be required. The Commission therefore asked the Pay Survey and Research Unit in July 1989 to conduct pay comparison surveys to provide information on the remuneration practices in the private sector.

Aim of the Surveys

1.2 The aim of the surveys was two-fold : to collect private sector remuneration data to provide a basis for determining benchmarks for starting rates of pay for entry ranks in the civil service, and to collect information, where available, on private sector remuneration of jobs beyond entry level.

General Approach

1.3 The approach adopted by the Commission for the pay comparison exercise was set out in Chapter Five of the Commission's First Report on 1989 Salary Structure Review (Report No. 23). Under this approach, educational qualifications were used as a major comparator to establish the link between civil service and private sector pay. Private sector jobs with an educational qualification under comparison as the requirement for appointment would be identified and data on their remuneration would be collected. Broad indicators of the pay for these jobs would then be used as a reference to establish the benchmark pay for entry ranks of the civil service grades requiring a similar qualification. Private sector jobs with additional requirements stipulated for appointment would not be relevant to the exercise.

Qualification Groups

1.4 In the civil service, qualifications have been one of the major considerations in determining the starting rates of pay for entry ranks. Civil service grades with a similar qualification requirement for appointment are classified into the same 'qualification group'. There are 17 such groups within the purview of the Commission.

1.5 14 of these qualification groups were included in the pay comparison surveys. The other three groups are unique to the civil service structure and have no comparison with the private sector. A list of the 14 groups included in the surveys is at Annex I. Each qualification group was the subject of a separate survey.

Selection of Private Sector Jobs

1.6 For each qualification group under survey, jobs were selected from the participating companies on the basis that they required similar minimum qualifications for appointment and performed similar functions as the entry ranks of the civil service grades in that qualification group. Jobs providing part-time employment were excluded.

1.7 On the criterion of functional similarity, the job families set out at Annex II were used as a means to ensure comparability between the two sectors. Each job family represents jobs which are similar in functional principle, nature or practice. For the comparison, civil service entry ranks in a qualification group were first matched with these job families on the basis of their main functions. Job families identified from the matching were then used in the selection of private sector jobs for that qualification group.

1.8 Under this selection method, a private sector job was defined as one type of entry position distinguished by its minimum requirements for appointment and its function. For instance, in the survey on the School Certificate qualification group, a position in a participating company requiring School Certificate for appointment and performing an accounting function would be regarded as one type of entry position. Another position in the company requiring the same qualification for appointment but performing a different function (e.g. the production function) would be regarded as another type of entry position.

1.9 The survey was conducted to obtain information on pay practices for different types of entry positions in a particular qualification group. Where the same type of entry position was found in two companies, data on the pay practices of both companies in respect of this entry position would be collected and recorded as two job entries. However, the pay data for one type of entry position in one company would be recorded as only one job entry regardless of the number of employees involved, as the same pay practice was normally applied to employees holding an identical type of entry position.

Selection of Companies

1.10 The criteria used in the selection of companies to participate in the surveys were that -

- (a) they should be regarded as typical employers in their respective fields normally employing 100 employees or more;
- (b) they should be generally known as steady and good employers conducting wage and salary administration on a rational and systematic basis;
- (c) they should determine pay on the basis of factors and consideration indigenous to Hong Kong rather than on factors applying in another country;
- (d) if they formed part of a group or consortium in Hong Kong, they should only be treated as separate companies where they have complete autonomy in setting and adjusting pay rates.

1.11 Altogether 119 companies were selected and all were invited to take part in the pay comparison surveys.

Reference Date

1.12 Data for the surveys were collected to reflect the position as at 1 August 1989.

Data Collection and Analysis

1.13 Data collection was carried out between August and November 1989. The data collected comprised two major components : salary rates and fringe benefits of the jobs selected.

Salary Rates

1.14 The salary data on a selected job included -

- (a) the basic monthly salary;
- (b) contractual bonus (awarded either according to the terms and conditions of employment or as a part of the company's established practice e.g. 13th month salary); and
- (c) standard allowances (other than housing allowance which was included as a fringe benefit provision) and other cash payments that were paid regularly to a category of company employees into which employees of the selected job were classified.

1.15 From these three elements, the total monthly salary rate of each job was compiled. The total monthly salary rates for all the jobs in the same qualification group were then summarized in terms of -

Appendix H (cont'd)

- (a) the third quartile (Q3) rate;
- (b) the median (M) rate; and
- (c) the first quartile (Q1) rate.

Fringe Benefits

1.16 Information on fringe benefits was summarized separately. In accordance with the Commission's adopted approach for the pay comparison exercise, no cash value was assigned to those benefits that were provided in kind. For each benefit item, the summary covered the following aspects -

- (a) the type of benefit provided;
- (b) the availability of the benefit among the surveyed companies;
- (c) the eligibility criteria;
- (d) the range of entitlements;
- (e) the contributions, if any, by employers and employees.

Processing of Survey Data

1.17 For a qualification group under survey, it might not be possible to find jobs in the participating companies that would correspond to all the job families identified for the civil service entry ranks in that group. In this situation, the survey results could be unduly influenced by private sector jobs belonging to a limited number of job families. Moreover, not all the participating companies would have jobs for every qualification group and the number of companies able to provide the relevant data for a particular qualification group could be too small for the survey results to be meaningful. Because of these considerations and in order to ensure the reliability of the survey findings, the following two criteria were adopted to decide whether the data collected for a qualification group should be further processed -

- (a) the private sector jobs selected for the group should cover at least 75% of the job families identified from the civil service entry ranks in the same group; and
- (b) the survey field for the group should normally comprise 20 participating companies.

1.18 A glossary of the terms used in this report is at Annex III.

CHAPTER 2

SURVEY COVERAGE

Participating Companies

2.1 Of the 119 companies invited to take part in the surveys, 92 (77%) accepted the invitation. A list of these 92 participating companies is at Annex IV.

Qualification Groups

2.2 There were 14 qualification groups covered by the surveys. According to the criteria set out in paragraph 1.17, survey data were analysed for eight qualification groups. These eight groups are listed below with the numbering of each group corresponding to that shown in Annex I :-

(a)	(b)	(c)	(d)	(e)
Qualification Group	Minimum/Normal Entry Requirements	No. of Job Families Identified for Civil Service Ranks ¹	Job Family Coverage of Private Sector Jobs	No. of Surveyed Companies
1	Form III	2	100%	61
2	Form IV	12	100%	26
3	School Certificate	11	100%	77
6	Polytechnic Diploma	7	100%	44
10	Matriculation	9	89%	26
11	Membership of a Professional Institution	8	88%	33
13	Degree	13	92%	64
14	Crafts and Skills	7	100%	81

2.3 The remaining six qualification groups are as follows -

(a)	(b)	(c)	(d)	(e)
Qualification Group	Minimum Entry Requirements	No. of Job Families identified for Civil Service Ranks	Job Family coverage of Private Sector Jobs	No. of Surveyed Companies
4	School Certificate + considerable experience	5	60%	4
5	Polytechnic Higher Diploma	2	100%	16
7	Form IV + two years' training or School Certificate + one year's training	2	100%	8
8	Polytechnic Higher Certificate + experience	7	57%	27
9	Crafts and skills with experience or recognised apprenticeship + experience	6	17%	5
12	Honours Degree	12	75%	5

2.4 In three of these six groups (Qualification Groups 4, 8 and 9), the job family coverage of the jobs selected was below 75%. In another two groups (Qualification Groups 7 and 12), although the requirement for a 75% job family coverage was met, there were fewer than 10 participating companies from which the jobs for these groups were selected. No analysis of survey data was therefore made for these five groups.

2.5 In the case of Qualification Group 5 (Polytechnic Higher Diploma), the job family coverage was 100% but the number of surveyed companies was 16 only. This qualification group should have been treated in the same way as the five groups mentioned in paragraph 2.4. However, as the number of surveyed companies for this group was close to the requirement of 20 participating companies, survey data for this group were analysed.

Presentation of Survey Findings

2.6 The survey findings for each of the nine qualification groups mentioned in paragraphs 2.2 and 2.5 are presented in detail in separate reports.

2.7 An overview of the survey findings in respect of these nine qualification groups is given in the ensuing two chapters : Chapter 3 covers salary rates and remuneration practices and Chapter 4 covers fringe benefit provisions. General observations and comments on the surveys are contained in Chapter 5.