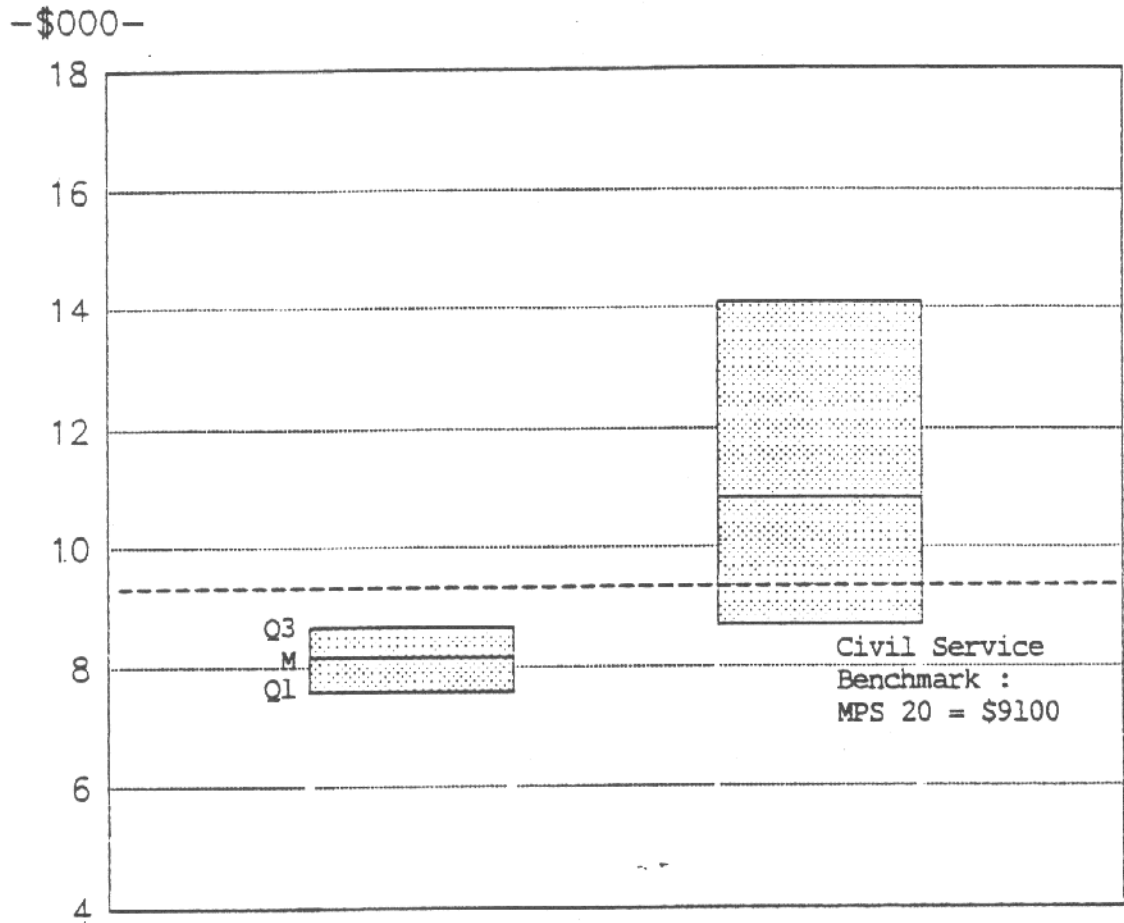
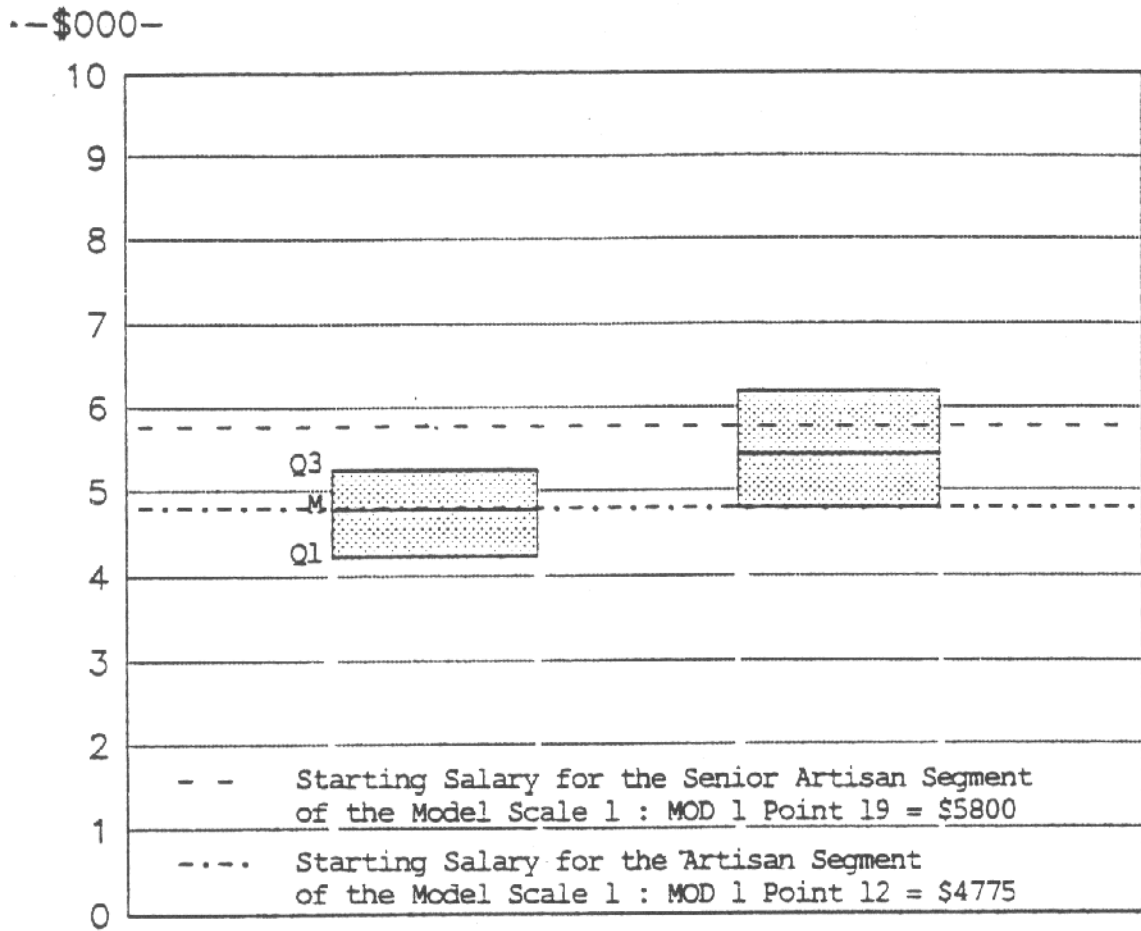


Chart 8 : Qualification Group 13  
 (Minimum Entry Qualification : Degree)  
Starting Salary Rates



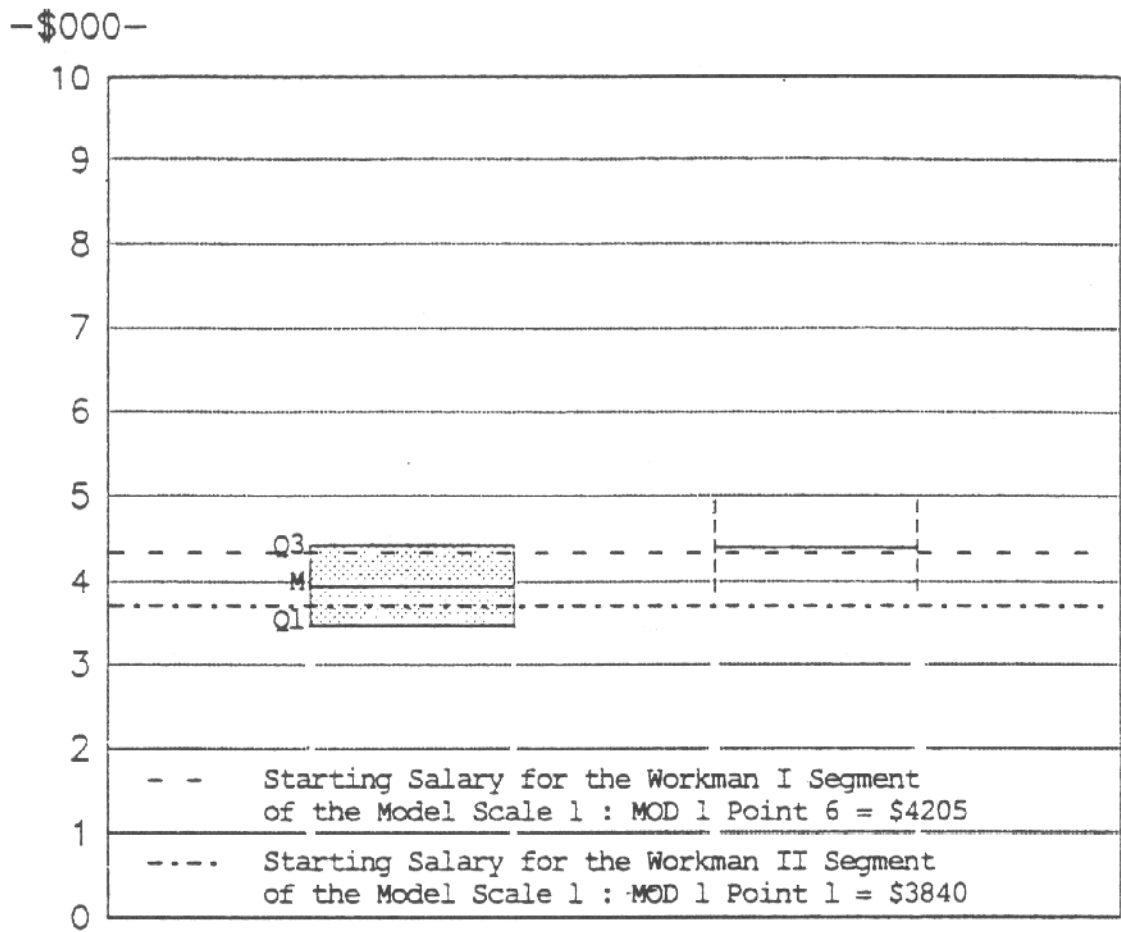
	(A) Jobs with MEQR (Minimum Educational Qualification Requirement) only	(B) Jobs with MEQR plus other stipulated entry requirements
Q3	8667	14083
M	8168	10833
Q1	7583	8706
No. of Cos. (Total:64)	30	59
No. of Jobs (Total:345)	98	247

Chart 9 : Qualification Group 14  
 (Crafts and Skills Group A)  
Starting Salary Rates



	(A) Jobs with the stipulated level of crafts and skills and up to 24 months' experience	(B) Jobs with the stipulated level of crafts and skills and experience of more than 24 months
Q3	5250	6189
M	4761	5412
Q1	4225	4777
No. of Cos. (Total:71)	51	41
No. of Jobs (Total:245)	137	108

Chart 10 : Qualification Group 14  
(Crafts and Skills Group B)  
Starting Salary Rates



	(A) Jobs with the stipulated level of crafts and skills and up to 24 months' experience	(B) Jobs with the stipulated level of crafts and skills and experience of more than 24 months
Q3	4422	*
M	3948	4396
Q1	3467	*
No. of Cos. (Total:57)	57	4
No. of Jobs (Total:157)	153	4

Educational Qualification and Additional Entry Requirement

3.14 It can be seen from Charts 1 to 8 that the proportion of the two categories of jobs (i.e. jobs with minimum educational qualification requirement only and jobs with additional entry requirements) varies among the qualification groups. In the Form III Group, more than two-thirds of the jobs are in the first category. Jobs in this category also constitute over one-half of the Form IV Group. But in the other six qualification groups, the proportion of jobs with additional entry requirements is higher. These findings suggest that -

- (a) the use of additional entry requirements is less common when the level of academic attainment required for a job is Form III or Form IV;
- (b) the degree of importance attached to additional entry requirements increases when the educational qualification required for a job is above Form IV level.

3.15 However, it should not be forgotten that jobs in the above two categories refer to types of entry positions and not the employees occupying them. Moreover, the number of employees required for different types of entry positions would not be the same. A small number of jobs in one category therefore does not necessarily mean that the total number of employees in this category of jobs would be correspondingly small.

Jobs with Additional Entry Requirements

3.16 As shown in Charts 1 to 8, the median and quartile salary rates of jobs with additional entry requirements are higher than those of jobs with minimum entry qualification requirements only. The information provided by the participating companies indicates that the additional entry requirements are usually working experience although knowledge and skills relevant to the competent performance of the jobs concerned are sometimes stipulated. It should be noted that under the surveys, jobs with MEQR only and those with additional entry requirements are different types of entry positions and very often in different companies. The higher rates for the latter may not therefore be taken as salaries that would be payable due to salary progression in the jobs with MEQR only.

II. Probationary System

3.17 In all the qualification groups under report, over 80% of the companies surveyed maintained probationary systems for newly recruited employees. Some of these companies adopted different probationary periods for different categories of employees. In general, the probationary period was three months. It was, however, not a universal practice for these companies to grant confirmation awards to their employees on satisfactory completion of the probationary period as indicated below.

	(a) Surveyed Companies with Probationary System	(b) Companies in (a) granting Confirmation Awards
QG 1 : Form III	56	19 (34%)
QG 2 : Form IV	22	11 (50%)
QG 3 : School Certificate	68	29 (43%)
QG 5 : Polytechnic Higher Diploma	16	8 (50%)
QG 6 : Polytechnic Diploma	40	13 (33%)
QG 10 : Matriculation	23	9 (39%)
QG 11 : Membership of a Professional Institution	27	6 (22%)
QG 13 : Degree	52	20 (38%)
QG 14 : Crafts and Skills Group A	66	22 (33%)
QG 14 : Crafts and Skills Group B	52	20 (38%)

3.18 The above analysis shows that confirmation awards were generally granted by 50% or less of the companies which have probationary systems. In fact, the figure reached 50% for only the Form IV and the Polytechnic Higher Diploma Groups. The rest ranged from 22% to 43%.

3.19 When confirmation awards were granted, the size of the awards normally ranged from 5% to 10% of the basic monthly salary.

III. Salary Ranges

3.20 In the nine qualification groups under report, a total of 1,681 jobs were included. 420 (25%) of these jobs were remunerated at individual rates with no defined ranges.

3.21 For the remaining 1,261 jobs (75%), there were defined ranges of minimum and maximum salaries. These salary ranges were set according to the salary structures of the participating companies and they reflected the gradings of jobs by level of responsibility. The distribution of the 1,261 jobs in the respective qualification groups is as follows -

	(a) <u>Total No. of Jobs Surveyed</u>	(b) <u>No. of Jobs with Salary Ranges</u>
QG 1 : Form III	84	63 (75%)
QG 2 : Form IV	41	35 (85%)
QG 3 : School Certificate	538	444 (83%)
QG 5 : Polytechnic Higher Diploma	25	21 (84%)
QG 6 : Polytechnic Diploma	109	82 (75%)
QG 10 : Matriculation	61	51 (84%)
QG 11 : Membership of a Professional Institution	76	51 (67%)
QG 13 : Degree	345	263 (76%)
QG 14 : Crafts and Skills Group A	245	155 (63%)
QG 14 : Crafts and Skills Group B	157	96 (61%)
Total	1,681	1,261 (75%)

3.22 For different jobs in a particular qualification group remunerated by salary ranges, it is noted that the ranges varied widely. For example, the general pattern of the widths of the salary ranges for the 82 jobs in the Polytechnic Diploma Group is as follows :-

<u>Width of Salary Range as % of Starting Salaries</u>	<u>No. of Jobs</u>	
Below 15%	3	(4%)
15% to below 30%	20	(24%)
30% to below 45%	19	(23%)
45% to below 60%	21	(26%)
60% to below 75%	13	(16%)
75% and over	6	(7%)
	<hr/>	
	82	(100%)

The variations in the widths of salary ranges suggest that they may relate to jobs carrying different levels of responsibility. In fact, a salary range reflects the gradings of jobs by level of responsibility in a company and different grading systems may be adopted by different companies to meet their own needs. It is therefore not possible to draw any conclusion about the general pattern of remuneration for jobs in a qualification group other than their starting salaries. To do so would require a process of job evaluation which is outside the scope of this exercise.

3.23 Salary data on the next higher level were obtained for 61% of the 1,261 jobs remunerated by salary ranges. The data show that over 70% of the salary ranges for the next higher level overlapped to some extent with those of the lower level. This finding indicates that for the purpose of salary administration, overlapping of salary ranges of two adjacent gradings of jobs was common among those surveyed companies which adopted a system of remuneration by salary ranges. For the reasons given in paragraph 3.22, it is also not possible to further analyse the salary ranges for the higher level.

## CHAPTER 4

## OVERVIEW OF FRINGE BENEFIT PROVISIONS

4.1 The survey information on fringe benefits for the nine qualification groups of private sector jobs shows the following range of benefits:

- (a) Retirement and associated benefits
- (b) Medical and associated benefits
- (c) Housing benefits
- (d) Annual leave
- (e) Children's education allowances
- (f) Home-to-office transport
- (g) Provision of meals
- (h) Purchasing discount

4.2 The provision of these benefits is described in this chapter to give an overall picture of the options commonly available. It should be noted that in a number of surveyed companies, the entitlement to a particular type of benefit was the same for employees at different levels. It follows therefore that while the benefits covered by this chapter are related to the jobs surveyed, they should not be taken as the benefits applicable only to entry positions.

#### Retirement and Associated Benefits

4.3 In each of the nine qualification groups, retirement benefits were provided by over 90% of the companies surveyed. Retirement benefits including resignation benefits and disability or death in service benefits were usually covered by gratuity schemes, provident fund schemes or pension schemes.

4.4 Gratuity schemes provided for a lump sum on retirement or leaving service. The benefit was defined in advance of retirement and expressed as a multiple of salary and service.

4.5 In the Form IV, the Polytechnic Higher Diploma and the Professional Groups, about 40% of the gratuity schemes provided by the surveyed companies were contributory i.e. contributions from the employees were required. In the other qualification groups, the figure was below 30%. For employees leaving the service before normal retirement, a service of two to ten years was required before they were eligible for benefits under these schemes. The benefits available to them were all in the form of a reduced lump sum payment.



4.6 Provident fund schemes provided for a lump sum on retirement or leaving service. The employer, usually together with the employee concerned, contributed a percentage of the basic salary of the employee into a fund. On retirement or leaving service, the employee received a benefit which was determined by the accumulation at interest, and in some cases, capital growth, of the contributions made by him and the employer.

4.7 Over 80% of the provident fund schemes operated by the surveyed companies in the respective qualification groups were contributory. The range of contributions required from employees and employers was normally 5% to 10% of the employees' basic monthly salaries. The employees were required to complete a minimum service ranging from two to seven years before they became eligible for the company contribution. For full entitlement of the company contribution, a minimum service of 10 years was usually required.

4.8 Pension schemes provided for a continuous income after retirement. The benefit was defined in advance of retirement, often by means of a formula which expressed the benefit in terms of the employee's final salary near retirement and his years of service.

4.9 Altogether 83 of the 92 companies participating in the surveys reported the provision of retirement benefits. Only three companies maintained pension schemes. Provident fund schemes or gratuity schemes for different categories of employees were reported by the other companies. In three qualification groups (the Polytechnic Higher Diploma, Matriculation and Professional Groups), about 56% to 69% of the companies with retirement benefits reported that provident fund schemes were adopted. In the remaining six qualification groups, companies maintaining provident fund schemes and those maintaining gratuity schemes took up about the same proportion.

#### Medical and Associated Benefits

4.10 These were benefits covering -

- (a) Medical consultation;
- (b) Hospitalization; and
- (c) Dental treatment.

4.11 Medical consultation and hospitalization benefits were provided by over 80% of the surveyed companies in the respective qualification groups. However, dental benefits were less commonly provided and were reported by less than one-third of all the surveyed companies in each qualification group.

4.12 In general, medical consultation benefits and dental benefits were provided in the form of -

- (a) free consultation with company appointed doctors; or
- (b) reimbursement, with specified limits, of the expenses incurred.

4.13 Provision of hospitalization benefits usually took the form of reimbursement of hospitalization expenses up to specified limits. For jobs in the Professional and Degree Groups, the employees were generally entitled to second class wards of private hospitals or reimbursement of room and board charges up to \$500 per day. For jobs in the other qualification groups, the entitlements were generally second or third class wards of private hospitals or reimbursement of room and board charges up to \$350 per day.

#### Housing Benefits

4.14 There were four types of housing benefits found among the surveyed companies :

- (a) housing loan;
- (b) housing allowance;
- (c) company accommodation; and
- (d) reimbursement of rental.

4.15 It was, however, not a common practice to provide housing benefits. While these benefits were provided by over 50% of the surveyed companies in respect of the Degree and Professional Groups, they were available in less than 45% of the surveyed companies in the other qualification groups.

4.16 Eligible employees in the surveyed companies were usually provided with one type of housing benefits and this was mostly in the form of a housing loan. Reimbursement of rental was the least common and was available in two companies in the Professional Group only.

4.17 For eligibility to housing loans, employees were generally required to have a minimum service of two to ten years. The common forms and ranges of provision were as follows :-

- (i) a sum equivalent to 90% of the purchase price or assessed property value; or
- (ii) a sum equivalent to 50 or 60 months' salary; or