

Consultancy on the Methodology of a Pay Level Survey for the Civil Service: Final Report

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Principles and Key Issues

- **Role of consultant** - provide professional advice on technical aspects involved in developing the pay level survey methodology
- **Phase I consultancy** - develop a feasible and detailed methodology for conducting future pay level surveys; does not deal with the application of the survey findings
- **Guiding considerations** – the survey methodology must be compatible with all relevant policy considerations guiding the development of the improved pay adjustment mechanism as advised by the Civil Service Bureau (CSB)
- **Consultation** - present information, pros and cons, technical insights, etc. for discussion by Steering Committee and Consultative Group; address and take into account the views of concerned parties in developing the survey methodology

What is the purpose of the pay level survey?

- The pay level survey aims to obtain private sector pay data in a professional manner, based on comparisons of groups of broadly comparable jobs, to establish the extent to which civil service pay is broadly comparable to private sector pay.

How to identify reasonable job matches for pay comparison?

- **We recommend to adopt the broadly-defined job family method under which**
 - civil service jobs and private sector jobs that are broadly comparable in job content, work nature, level of responsibility and typical requirements on qualification and experience are matched to serve as a basis for pay level comparison.

- **We recommend to carry out an intensive job inspection process to**
 - ascertain details of the work nature and job characteristics of potential civil service benchmark jobs; and

 - in turn, facilitate identification of corresponding private sector benchmark jobs.

How to identify reasonable job matches for pay comparison?

- **To facilitate data analysis, we recommend to**
 - (a) categorise jobs into -**
 - five job families according to job content and work nature;
 - five job levels according to level of responsibility and typical requirements on qualification and experience
 - (b) compare the pay of private sector benchmark jobs within the same job family and job level with the pay range of civil service benchmark jobs in the corresponding job family at the corresponding job level**

The 5 proposed job families are -

Clerical & Secretarial – clerical staff and personal secretaries

Internal Support - primarily focused on internal operations of government bureaux and departments

Public Services - primarily focused on provision of services directly to public

Works-related - professional and technical positions primarily involved in construction and maintenance of public infrastructure or in works-related regulatory functions

Operational Support - non-administrative support services, often involving outdoor work, manual work, or operation of equipment

The five proposed job levels are :

- Operational staff
(Model Scale 1 0-13 and MPS 0-10)
- Technician and assistant executives/professionals (MPS 11-23)
- Middle-level executives and professionals (MPS 24-33)
- Managerial and senior professionals (MPS 34-44)
- Senior managers and lead professionals (MPS 45-49)

How to identify reasonable job matches for pay comparison?

The recommended job comparison method –

- is more objective as it seeks to match jobs based on readily comprehensible job characteristics (as compared with the job factor comparison method which was adopted for the 1986 Pay Level Survey) ;
- covers a more wide-ranging sample of civil service jobs and provides a more clearly-defined framework for job alignment, thus producing more reliable survey results (as compared with the job matching method); and
- facilitates a more comprehensive comparison of jobs at various job levels (as compared with the qualification benchmark method).

How to identify reasonable job matches for pay comparison?

- **We recommend to conduct a starting salary survey as part of the overall pay level survey using the qualification benchmark method**
 - In order to compare the starting salaries of entry-level jobs in the civil service and the private sector with similar typical requirements on qualification and experience



How to select civil service benchmark jobs?

Civil service benchmark jobs should:

- have reasonable counterparts, in terms of broadly comparable job nature, skills, qualifications and experience, in a large number of private sector organisations; and
- have a reasonable establishment size: each civil service benchmark grade with an establishment size of at least 100 posts.

When taken together, they should

- be reasonably representative of the civil service in terms of breadth and depth; and
- be of reasonable number and manageable for pay data to be collected from private sector job matches.

How to select civil service benchmark jobs?

We recommend that the survey field should not include :

- **ranks on the directorate pay scales** because of the lack of reasonable private sector matches, the need to adopt a different job comparison method (e.g. the job factor comparison method) for job alignment at the directorate level and the technical problems arising from this in relation to data consolidation and data analysis
- **disciplined services grades and some other non-directorate civilian grades** (e.g. the Air Traffic Control Officers grade) in view of the absence of reasonable private sector job matches; and
- **grades in the medical and health, social welfare and education fields** because the pay levels and adjustments of their private sector job matches are largely guided by civil service pay practice.

How to select private sector organisations for inclusion in the survey field?

- **We recommend that the selection criteria should broadly follow those in the pay trend surveys, with minor adjustments.**
- **These adjustments are necessary since the pay level survey aims to obtain private sector pay data in a professional manner, based on comparisons of groups of broadly comparable jobs, in order to establish the extent to which civil service pay is broadly comparable to private sector pay while the pay trend survey seeks to capture movements in private sector pay from year to year and is not concerned with the absolute pay levels of individual private sector jobs.**

What should be the scope of pay data to be collected?

- **We recommend to collect information on all cash compensation elements (i.e. basic salary, guaranteed bonus, cash allowances and variable pay) because-**
 - the trend in the private sector is to set the target pay practice in terms of total cash compensation
 - the remuneration package in the private sector is typically structured more flexibly with considerable variations across organisations, while that in the civil service is relatively more standardised and transparent
 - collection of private sector data on cash compensation elements will facilitate a comprehensive pay comparison

We do not recommend making a pay comparison based on the total remuneration package approach because of –

- the differences in the remuneration practices between the two sectors;
- the benefits package for civil servants varies from officer to officer, depending on their terms of appointment (e.g. overseas terms, local terms, etc) rather than their jobs and ranks;
- the terms of benefits in the private sector also vary across different organisations; and
- complexities involved in valuation of benefits make it difficult to establish a basis for achieving a meaningful comparison between the two sectors in benefits provision.

How to analyse the pay data and relate them back to the civil service pay scales?

- **We recommend to analyse the following two aggregates of cash compensation :**
 - annual base salary (including basic salary plus contractually guaranteed bonus) of the private sector benchmark jobs vs. the annual civil service salary paid for the corresponding range of pay points of the civil service benchmark jobs; and
 - annual total cash compensation (annual base salary plus any other cash payment) of the private sector benchmark jobs vs. the annual civil service salary paid for the corresponding range of pay points of the civil service benchmark jobs, adjusted by the annual cost to the Government of the provision of major cash allowances to civil servants.

How to analyse the pay data and relate them back to the civil service pay scales?

- The pay level survey compares the pay of a group of civil service benchmark jobs sharing a similar range of pay points (i.e. civil service benchmark jobs at the same job level) with the pay ranges of broadly comparable private sector jobs.
- The data analyses will produce indicators of the private sector pay level at different benchmark levels (e.g. upper quartile, median, lower quartile and average) for comparison with the relevant range of pay points on the civil service pay scales at each job level.

What would be the implications of the pay level survey on the annual pay trend survey?

We recommend that:

- **the Government may consider using pay trend analyses available in the market instead of conducting customised pay trend analyses**
- **if the pay trend survey is to be continued, the survey field should be aligned with that of the pay level survey, where appropriate**

because-

- **pay level surveys will be the principal means for ascertaining whether civil service pay is broadly comparable with private sector pay under the improved pay adjustment mechanism**
- **if pay level surveys are conducted frequently, say every three to five years, the highly precise methodology of the current pay trend survey may not be necessary.**