

Salary Structure for General Staff Remuneration

Presented by:
The Massey University and Combined Unions
Joint Working Group

General Staff Remuneration Working Group

- This group was set up following the 2010 collective agreement negotiations.
- It is a joint union and employer group consisting of 6 employer representatives and 6 union representatives.
- The working group has held 7 meetings over 2012 and is moving into a second phase with its work. This will involve the job evaluation of a significant number of positions.

Background

- In negotiations between the union and MU in 2007 it was acknowledged that staff confidence in internal job relativities had diminished and that there was a need to strengthen the link between salary information and market information.
- It was agreed to adopt a new job evaluation system.
- In 2009 work on the job evaluation system started and the International Position Evaluation (IPE) system was agreed to.

- Benchmarking of 73 positions across the University was undertaken.
- However there was difficulty in applying IPE results to the current general staff pay scale and it was identified that it would be necessary to create a new salary scale based on the IPE outcomes.

The issues for MU

- Staff costs are 58% of the MU budget.
- Professional/Support Staff account for:
 - 54.5% of all Permanent and Fixed-term staff
 - 57.5% of all Permanent Staff
 - 47% of the total salary budget
- MU believes that the current pay structure for general staff is more expensive than any other University due to the number and level of the increments within each grade. MU is also one of the few University's that apply increments to all grades within the general staff scale and across the whole grade.



PERMANENT STAFF IN EACH GRADE (as at 8 Oct 2012)

	Nos. in Grade	% of Total		Nos. at or above max. salary for range	
Grade A	17	1.23%		4	23.50%
Grade B	70	5.07%		37	52.90%
Grade C	158	11.43%		59	37.30%
Grade D	220	15.92%	} (59.26%)	72	32.73%
Grade E	330	23.88%		117	35.45%
Grade F	269	19.46%		121	44.98%
Grade G	189	13.68%		50	26.46%
Grade H	96	6.95%		36	37.50%
Grade I	33	2.39%		6	18.18%
	1382			502	36.32% *

(* Another 110 staff are within one increment of top – could be 44% in 12 months time.)

- When staff receive both a step increase and a general increase on salary they receive a greater than CPI increase of around 2-4%. Staff at the top of the scale continue to receive general increases and may receive additional payments as per the employment agreement.
- The impact of this on the ongoing costs which have to be built into the budget forecasts each year are no longer sustainable. Budget
- MU also recognises that once people reach the top of the grade there is no incentive to develop skills and knowledge or exceed performance objectives.

Issues for the Unions – Dean Scott

- The unions want, on behalf of their members, a transparent, equitable and objective system.
- The current remuneration system is much more acceptable now that the merit bar has been removed.
- The unions want the opportunity for staff to be recognised for advanced practice.
- They want to ensure that translation to a new system is equitable and members are at no disadvantage



- The unions believe Massey should be a good employer and recognise the above average workplace and above average staff through above average remuneration.
- The unions want to continue the current progression based upon satisfactory performance
- The unions do not accept the system is unsustainable when the incremental cost is projected to decrease in cost by 0.25 per annum for the next two years.
- If the issue is payroll affordability then academic salaries should also be examined.

What has the working party been doing?

- The working party established some principles that should form the basis of a new pay structure.
- It has looked at MU pay levels in comparison to the market.
- It has demonstrated the difficulty in aligning IPE outcomes with the current grades.
- It has determined that the number of benchmark IPE positions are not sufficient to identify the impact a new pay scale will have on current staff salaries and positions – further information is required.

The market information

- The working group considered whether comparisons should be made with the public sector remuneration market, the “all organisations” remuneration market and the private sector remuneration market.
- It was agreed that for general staff the “all organisations” remuneration market was the most appropriate given the type and range of positions at the university.
- The working group, as well as looking at the national data, considered the regional data for Wellington Auckland and Manawatu.

The market information

- In order to do a comparison of current salaries with this data a “sight line” based on the top of the current grades was used.
- The Working Group has been viewing the tops of existing salary ranges as the current “going rate” for a fully competent person.
- The issue of where to position MU salaries against the market is still under discussion. Positioning means whether MU should lead the market, match the market or lag behind the market.
- Identification of an appropriate market position will help guide the Working Group to set “going rates” for any new salary ranges.

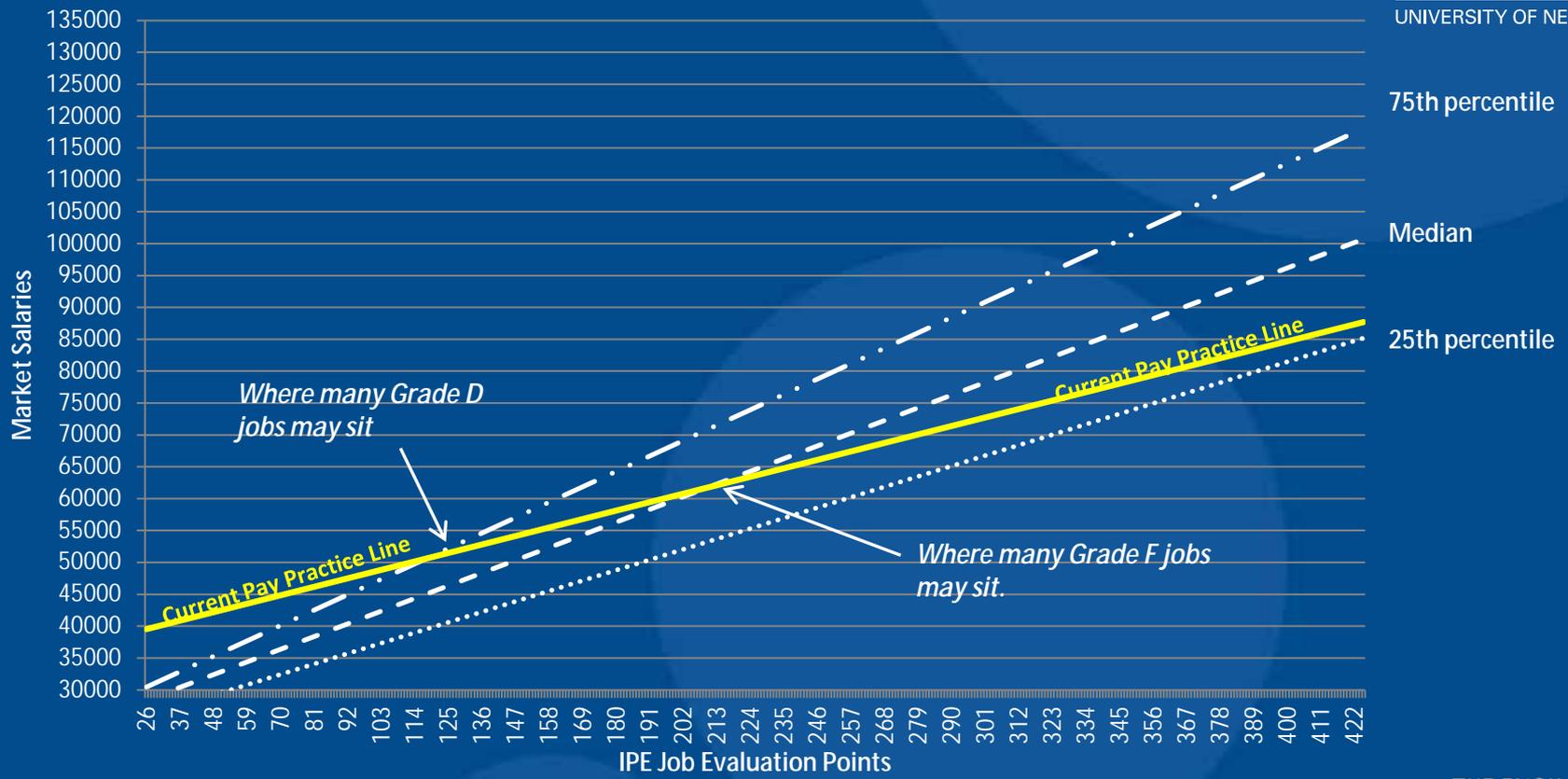


The market information

- A common approach by many organisations is to match the market and in doing so to use the “Market Median” (or 50th percentile) around which to construct salary ranges. The Median is the data point that is higher than 50% of all the data from the companies within the survey in the sample when ranked from low to high.
- The comparison with the “all organisations” market showed that some MU staff are paid higher than positions with similar skills, knowledge and responsibilities at the lower grades and some are paid less than similar positions at the higher grades.
- The following chart shows how the current MU “going rate” compares to 3 different data points (25th, 50th & 75th percentiles) from a recent “all organisations” salary survey.



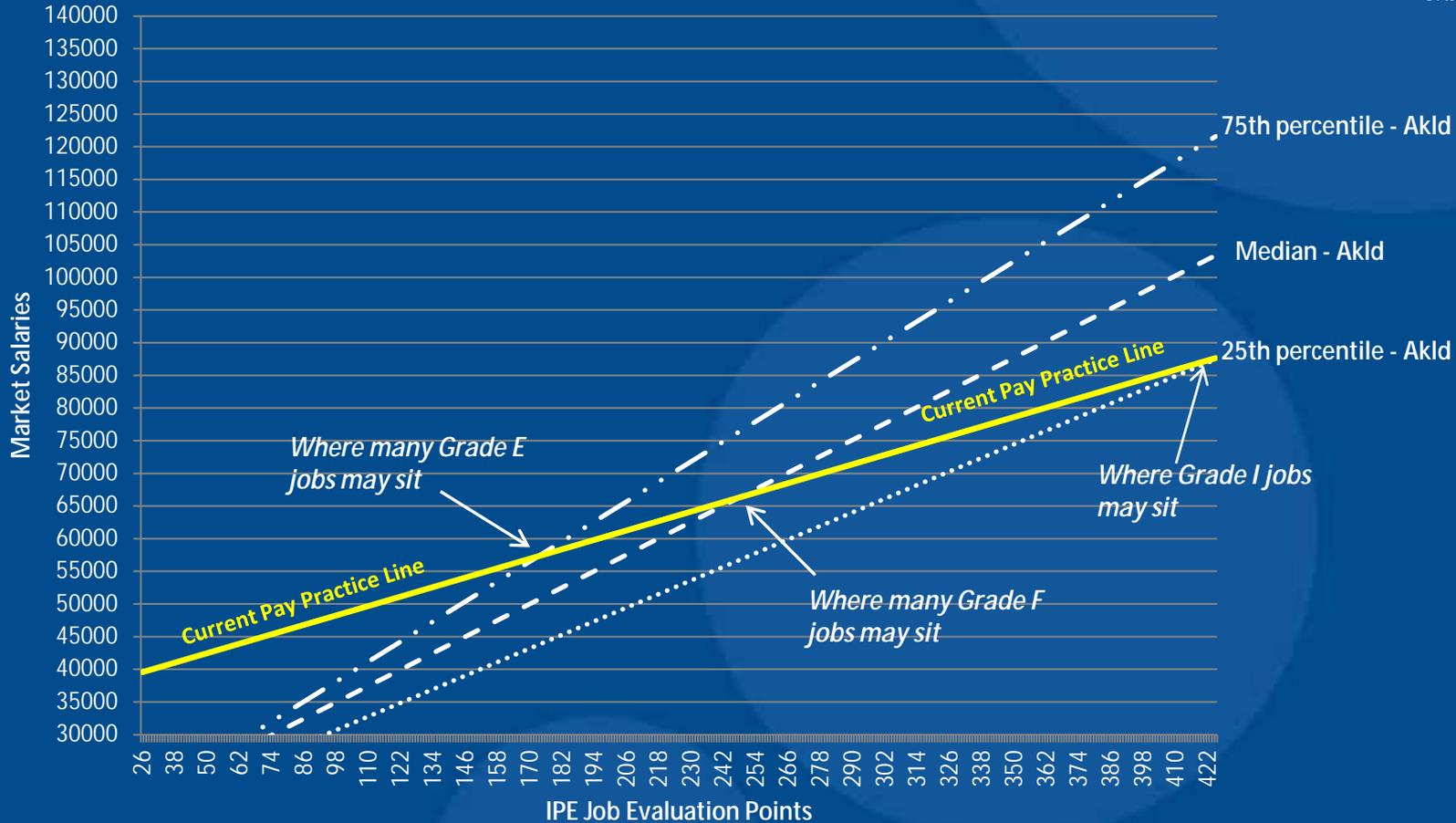
Current Pay Practice Compared to 2012 All Orgs Data



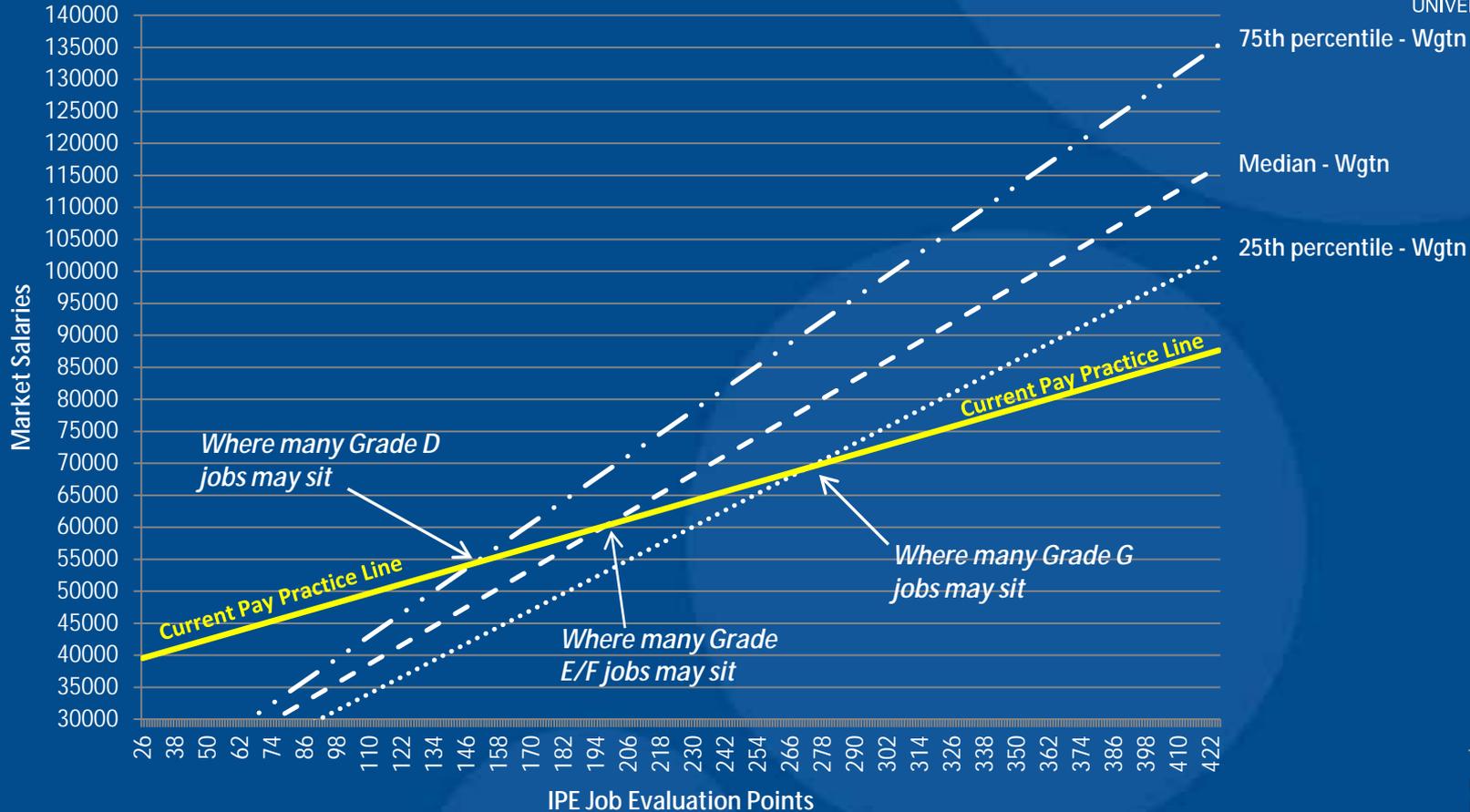
- In relation to regional rates the data showed that in Auckland and Wellington there was a degree of competitiveness at the top of the grades in rates for MU but that in Manawatu MU was a good payer in comparison to the market.



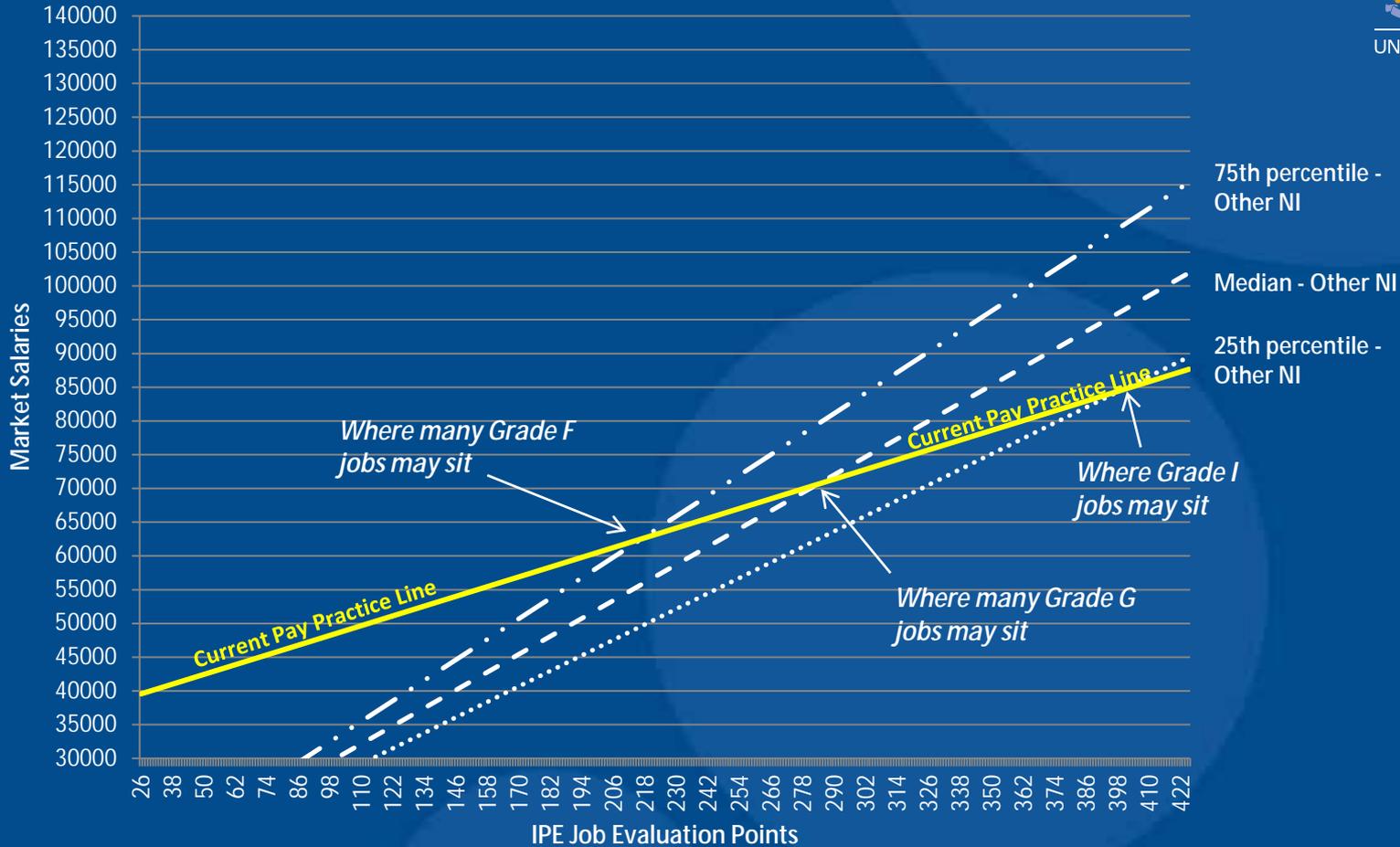
Current Pay Practice Compared to Auckland Regional Data



Current Pay Practice Compared to Wellington Regional Data



Current Pay Practice Compared to Other NI Provinces



- Given that MU is one University the comparison based on national rates rather than regional rates was seen to be the appropriate benchmark.
- MU wants to be a good payer and is encouraged by the data in that it shows that MU is not out of step with the market or falling behind the market however sustaining this long term and addressing internal relativities is what the remuneration working party is considering.
- MU also wants to offer above median market rates to those who excel in their performance or consistently demonstrate the application of skill and knowledge above the requirements of the position.



The second phase of work – job evaluations

- The next phase of work is to job evaluate approximately 200 roles across the University.
- These positions will then be sized and ranked according to the IPE job Evaluation system.
- Other positions will be ranked by comparison with these evaluated jobs (“slotting”).
- Selected staff and managers will be involved in completing job evaluation questionnaires.

- The Job Evaluation Committee which comprises Massey staff drawn from across the University and who are trained and experienced evaluators will undertake the job evaluations.
- Once the job evaluations are completed the information will go back to the working group for consideration.

Job Evaluation & The Evaluation Process

Presented by:

Alan Wheeler

Manager - Remuneration

Factors Contributing to Remuneration levels

Job Content	Market	Organisation Policy	Individual Issues
<p>What is the job?</p> <p>Focuses on internal comparisons</p> <p>Job Evaluation Process</p>	<p>Is the salary externally competitive?</p> <p>Focuses on external comparisons</p> <p>Market Surveys</p>	<p>Capacity to pay</p> <p>Competitiveness</p>	<p>How well is the job being done?</p> <ul style="list-style-type: none">- Performance- Competence- Experience <p>Pay for Contribution</p>

What is Job Evaluation?

- A method of establishing the internal relative value of different jobs within an organisation across functions, colleges and locations.
- A consistent framework for determining job hierarchy and grade structure.
- A system that can be linked to market compensation data and facilitates internally equitable and externally competitive compensation management.

What is Job Evaluation?

Based on the principles that:

- Certain roles contribute more to organisational effectiveness and success than others, are worth more than others and should be paid more than others.
- There should be equal pay for work of equal value.

Job Evaluation is Not

- A process that measures the performance of individuals.
- A comparison of volume of work in different roles
- A prescription for individual salary levels.
- A scientific process involving no judgment

Different Approaches to Job Evaluation

- **Whole job ranking**
 - simple but tends to focus on a single factor. Can be highly subjective & difficult to justify results.
- **Classification (“Roles”)**
 - more specific but difficult to write all-inclusive grade descriptors, factors not weighted and relies on “best fit” which can become subjective.
- **Market Pricing**
 - credible but market data is changeable is not available for all jobs and may not coincide with internal job values.
- **Standardised Point Factor**
 - already developed factors and weightings. More systematic and consistent but complex and time-consuming.
- **Customised Point Factor**
 - org. develops own factors and weightings. More effort required. No link to external surveys

Point Factor System

Based on the premise that:

- Certain identifiable elements or ‘job factors’ are present in all jobs but to varying degrees.
- These identifiable job factors can be measured.

By breaking jobs down into a common group of factors comparisons can be made between significantly different jobs. *(Comparing apples with oranges – juice, pulp, seeds, vitamins, enzymes, etc)*



Why a Points Factor System?

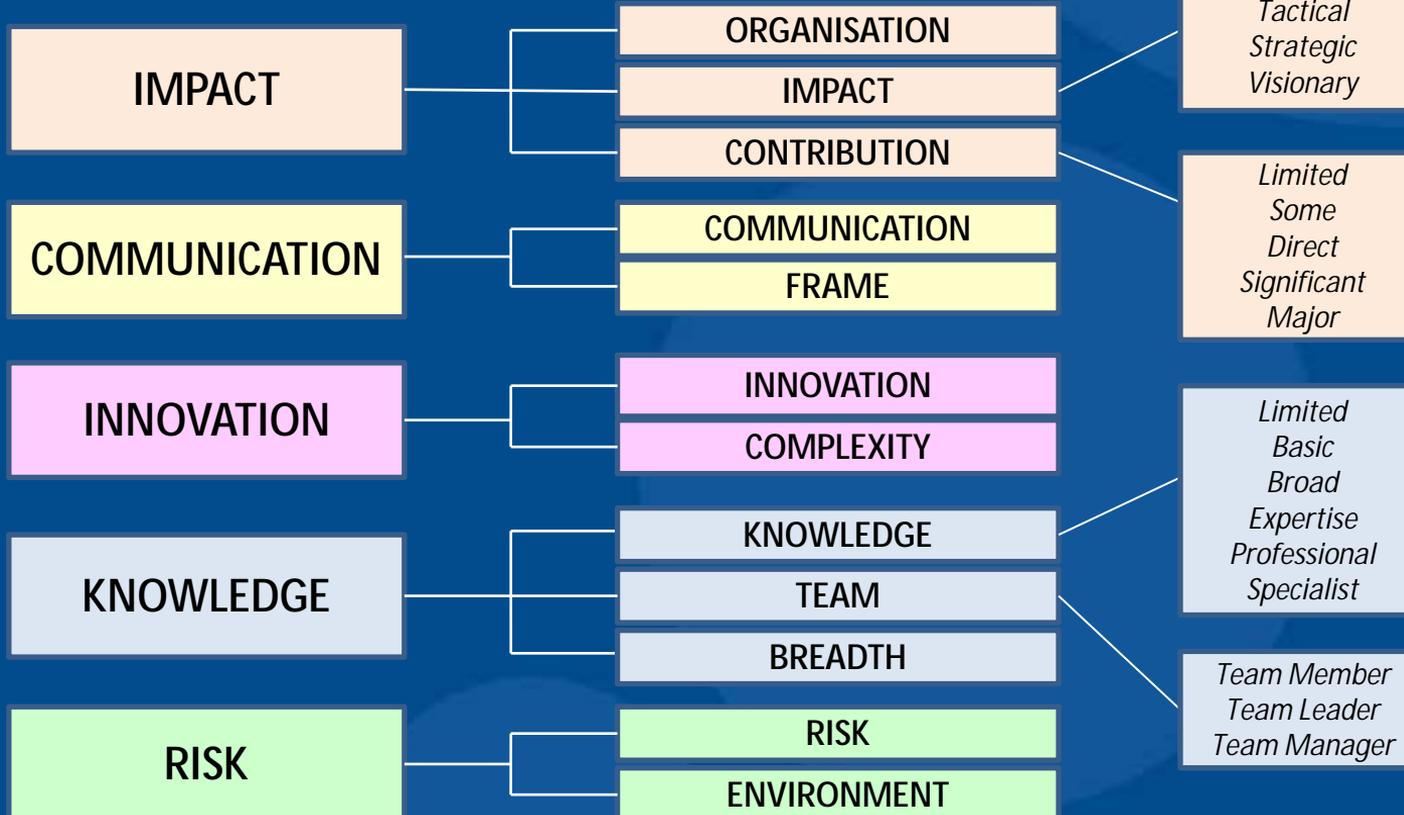
Most common approach for:

- A large, complex organisation where internal relativity is a key element in its pay setting practices
- An organisation that has strong values in favour of equity, fairness and transparency
- Supporting the commitment an organisation has to equal pay

Also provides the ability to link directly to an external market salary survey and compare jobs of similar 'size'.

IPE: International Position Evaluation

- 5 Job Factors - with - 12 Dimensions



Process of Job Evaluation

Gather job
information

Committee
evaluates job
using factor
definitions

Conduct
relativity &
consistency
checks

Evaluation
approved

Opportunity
for review of
decision

Job questionnaire
Interview
Discuss with
supervisor

Analyse factor by factor
Score each factor

Comparison with
outcomes of other
evaluations

POD on VC's behalf

Jobholder and manager

Comparative Overview

Massey Approach	Traditional Methods
Grading decisions based on in-depth analysis	Decisions often based on superficial analysis
Requires consensus based committee decision-making	Often the decision of one person
Requires checks for consistency	Decisions often made in isolation
Involves input from the workplace	Decisions often made by managers
Enables review of gradings as jobs change	Re-gradings difficult as criteria is ill-defined.

Next Phase of JE Project

- Identifying up to 200 jobs to evaluate in detail and use as a framework around which majority of other jobs will be “slotted”.
- The selected jobs will be a cross-section taking into account :
 - major functional areas
 - current grading levels (Grades A to I)
 - both colleges and shared services
 - three regional locations
 - gender. Mixed-gender as well as some most often held by women or by men
 - some jobs with unique characteristics
- There will be local meetings with managers and staff as we seek to gather job information.

Next Phase of JE Project

- Questionnaires will be distributed and support made available to help fill them out.
- Follow-up interviews with the job-holder will take place to ensure all relevant job information is captured.
- Results of the evaluations will increase the quantity and quality of data around internal job relativities and comparisons with external pay data which will in turn better assist the General Staff Remuneration Working Group to develop a new grade and salary structure.

Some FAQs

- Has a new pay scale been agreed? – no both the University and the unions will have to seek agreement to proceed with a new pay scale.
- Does this mean our current pay will go down? - if and when a pay scale is agreed staff will have to translate from one scale to another. While a position may be evaluated differently (either up or down) it is not the intention of MU to lower any staff members current salary as a result of translation.

- Will the new structure continue to have increments? Yes this is likely but there may be less steps in lower grades and more steps in higher grades but this has not been finally determined.
- MU says it wants to reward people who excel how will this be done? - that has not been determined but MU would like to enable staff who reach the top of the grade and continue to excel to be rewarded. MU understands that such a process should be transparent and fair.
- Will the new pay scale apply to all staff – union and non union? Yes



- What is the time frame for this work?
- It is intended that the job evaluation occur between now and April of 2013. The outcomes will then be referred back to the working group who will have to determine if a new pay scale can be developed. If so the matter will then be referred to staff and the senior leadership team for endorsement. Any decisions would then impact on negotiations in 2013.