The Mechanisms of Determining Job- based Pay in the Public Organizations: theoretical Frameworks

د. سوزان عبد المنعم البلشى

استشارى بناء وتنمية القدرات بمنظمات المجتمع المدني

دكتوراه الإدارة العامة
كلية الاقتصاد والعلوم السياسية
جامعة القاهرة
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Abstract

Purpose – The purpose of this paper is to develop a theoretical framework that will assist the practitioners and research scholars to better understand the relationship between job worth and the determination of fair pay among the employees occupying the same job. A related objective is to determine the mechanisms, recently, adopted by some developing countries in order to identify pay based on the relative value.

Design / Methodology / Approach: this paper adopts an analytical descriptive approach in the sense of examining the concepts and perspectives relevant to the topic of the analysis. The comparative approach has, also, been used in identifying a set of criteria for comparing some developing countries experiences, such as South Africa and Kenya.

Findings: The study presented an analytical structure reflecting the opposing views against job based- pay. In addition, the study identified some useful directive, organizational and legal mechanisms necessary for applying JE and determining pay based on the relative worth of job accordingly.

Originality/ Value: this study helps the researchers in the comprehension of JE and its relation to determining pay by analyzing the theoretical as well as philosophical perspectives. This framework
can be considered as a valuable source of potential improvement and criticism for the scholars in the future. In addition, the analysis of some successful practices would provide policy makers with information regarding mechanisms for establishing a hierarchical wage structure.

**Keywords**: mechanisms, Job-based pay, public organizations, theoretical frameworks

**Paper Type**: Research

1. Introduction

Job-based pay is not a new concept in both public and private sectors; it was adopted by large manufacturing firms in the sector of U.S, to eliminate the paternalistic management practices, which depend on the social considerations in addressing wage disparity. This concept associates with job evaluation (JE); which is used to identify the relative value of job; hence; the fair wage accordingly. Therefore, JE is considered as an effective tool that enhances the methodological and objective basis, which assist in taking rational decisions concerning the relative value of job to identify its fair wage. So, one of its main objects is to establish a fair wage structure for similar jobs inside or outside the organization. Therefore, this concept focuses on the principle of equal pay for equal work.

Researchers have discussed job based-pay concept from different perspectives since the eighties of the previous century (e.g. choudliary 2016, Leavitte & Greene 1996; Patten 1987; Elizur 1980,
etc.), but this academic interest has not examined the successful experiences in applying job evaluation as a mechanism to solve the problem of wage disparity in the developing countries. The author argues that this is a worthy subject of research because it provides a sufficient analysis of policies, practices, guiding principles, and laws, recently, adopted by some developing countries, such as South Africa and Kenya, in order to achieve Job-based Pay.

Accordingly, the purpose of this paper is to investigate the reformist, legislative and administrative arrangements implemented by the both South Africa and Kenya in order to provide the Egyptian policy makers with a set of recommendations to enhance this concept in their future reform plans.

2 Research Problem

Over the past three decades, scholars have been, highly, concerned with JE. Theoretically, they focused, more, on the discussions related to the theoretical perspectives of Job –based Pay. There have been rare discussions among academic researchers about the mechanisms required for determining pay according to job worth used as a reference for countries conducting administrative reforms such as Egypt. Most of the research studies, in these countries, are still exclusive in the reports and government documents without an in-depth comparative study identifying the reformist, legislative and administrative mechanisms. These mechanisms are required for implementing and determining the results of JE on the determination of
job based-pay in the administrative system. Thus, this paper will fill this gap by analyzing the experience of both South Africa and Kenya. The research problem can be reflected in the following research question:

\[ RQ.1 \text{ What are the mechanisms followed by both South Africa and Kenya, to identify pay based on the relative value of job?} \]

3- Objectives of the Study

- Identifying the philosophical and theoretical basis of Job-based Pay.
- Discussing the debates proponents and opponents of job based-pay.
- Analyzing the reformist, legislative and administrative mechanisms implemented by both South Africa and Kenya.
- Concluding a set of pivotal recommendations which can be utilized to achieve the fairness of pay among the employees who occupy the same jobs in the Egyptian public organizations.

4- Literature Review

We have structured this study in a way to achieve the research objectives as follows: the first section discusses the conceptual framework regarding job based pay. The second section sheds light on the dilemma of determining pay based on the relative worth of job versus a pay based on performance through a set of comparative criteria. As for the third section, it focuses on the comparison of the mechanisms adopted by some developing
countries, in particular South Africa and Kenya, in order to achieve the fairness of job-based pay. Finally, it concludes with results, recommendations and future agenda.

5- Methodology
This paper adopts an analytical descriptive approach to analyze the basic features of the data by using descriptive research design, besides it adopts a comparative approach to compare: the characteristics of job based-pay and pay based-performance and the reforms, laws, practices and activities followed by both South Africa and Kenya. Data have been collected through variant sources, mainly based on reviews of the theoretical and philosophical studies, such as books, journals, articles, published working and the government reports and documents in order to:

- Investigate the two opposing views against job –based Pay.
- Identify the requirements of determining the pay based on the relative worth of job.

6-The conceptual frame work of the study
The study in this section, addresses the definition of Job Based Pay; the difference between Job Based Pay and other interrelated definitions; the Importance of Job-based Pay and finally, the debates between both the proponents and opponents of job based -pay as follows:

6.1 Definition of job-based pay
By reviewing the literature, it was clear that the definition of job-based wage is related to two main principles, namely:
Value of the Job: This concept provides the theoretical basis of JE; it has been defined as “A measure of what the job (not the person) is worth in terms of what it contributes to achieving the goals of the organization.”. The intrinsic value of a job is assigned according to the levels of responsibility and skills needed for the job to be performed.

Internal Relativities: Usually, the value of anything (including jobs) is determined in relation to something else (other jobs). The job value is often based on perceptions of the value of one job compared to others. JE is often carried out to enhance the internal fairness. This fairness occurs when individuals are rewarded compared to others based on the value of their contributions to the organization (Armstrong & Taylor, 2017, p. 423).

6.2 The difference between job-based pay and skill or Knowledge–based Pay.

Job based Pay concept differs from skill-based or knowledge-based pay, which focuses on people, and what the market pays for. Pay-rates change only when additional skills are required. Compared to the job-based wage that was found in the hierarchical and authoritarian management style, the skill-based wage is more commonly found in flat organizations which adopt a team-based approach (Armstrong & Taylor, 2017, p.49).
As previously explained, job-based wage is determined on the basis of the relative value of a job resulting from the application of the JE scheme. It is possible to compare wage paid for the same job in other units within the organization as well as in other organizations. Hence, wage increase depends on the promotion from a lower-level to a higher one (Baldwin, 2003, p.46). Thus, this paper follows the principle of equal pay for equal work, which guarantees equal compensation, including basic wage and in-kind benefits, such as incentives, allowances and rewards for both men and women doing the same job (Equal Opportunities Commission, p.1). This principle differs from the comparable worth meaning which Cook (1983, p.495) defines as:

A concept calling for measuring the relative values to the employer of disparate jobs, specifically of those done primarily by men, and Wage increase: in the traditional system, the employees receive their wages based on the period of time they spend on their work. They get wage increase through the internal promotion in job grades scale. This means that the employees receive fixed increases once they are transferred from a job grade to a higher one (Willems et al, 2006, pp.609-610). As noted by Gary Dessler (2011), the employees in the new system rewarded according to the results rather than adhering to traditional job description (p. 402).

6.3 The importance of Job-based pay
Job–based Pay enhances the value of job rather than value of employees. It aims at achieving the internal and external justice, where
the higher value jobs get higher wages than lower-value jobs. Hence, the salary levels in an organization are equal to similar jobs in other organizations in the same activity, or in the labor market itself in terms of requirements, importance and conditions (El-Khair and El-Makhlafi, 2006).

In addition, the employees receive their wages based on the period of time they spend on their work. They get wage increase through the internal hierarchical promotion. This means that the employees receive fixed increases once they transfer from a job grade/level to a higher one (Willems et al, 2006, pp.609-610).

Moreover, the determination of pay according to the job content is based on transparency and objectivity (Obaid, 2013, p. 35). Besides, 'rationalizing' pay structures through removal of anomalies; simplification of pay structure; and enhancement of order instead of anarchy. These were concluded through the results of the National Board for Prices and Incomes survey (1972) (Elizur, 1980, p. 5).

6.4 The dilemma of job based- pay versus performance- based pay

The organization’s decision about developing wage structure depends on the type of wage policies that it will adopt, which is divided according to the researchers’ perspectives, into two types: new pay system which is based on performance, and traditional pay system which is based on hierarchy of jobs.

The author in this study suggests 7 criteria to compare the two types of wage systems, as follow:
6.4.1 Focus: the traditional pay system is based on job classification and enhances job value while proponents of new system view the necessity of moving from this traditional style to the approach based on merit (Obaid, 2013, pp.35-36). They confirmed that the basic wage should reflect value of the employees to their organizations rather than content of their jobs only (Heerg, 1996, p.57).

6.4.2 Wage increase: in the traditional system, the employees receive their wages based on the period of time they spend on their work. They get wage increase through the internal promotion in job grades scale. This means that the employees receive fixed increases once they are transferred from a job grade to a higher one (Willems et al, 2006, pp.609-610). As noted by Gary Dessler (2011), the employees in the new system rewarded according to the results rather than adhering to traditional job description (p. 402).

6.4.3 Fairness principle: according to the system based on relative value, one of its objectives is achieving the internal and external justice, where the higher value jobs get higher wages than lower-value jobs, and wages levels in an organization are equal to similar jobs in other organizations in the same activity, or in the labor market itself in terms of requirements, importance and conditions (El-Khair and El-Makhlafi, 2006). In performance-related pay, pay is regarded as fair when the highest rewards go to the best performance; this reflects the distributive justice form (Shields et al, 2016, pp. 244-246).
6.4.4 Organizational structure: the hierarchical organizations pattern are adopted by the traditional system, which are based on Taylor’s principles. This pattern prevails in the government institutions, and accordingly service-related benefits package are set (Heerg, 1996, p.54). While the proponents of the new system believe that the hierarchical pattern is no longer the appropriate option for employees wanting to communicate with their peers and obtain better opportunities for development and learning, so they consider the horizontal organization as the most appropriate pattern which meets the employees’ expectations (Willems et al, 2006, p.610).

6.4.5 Wage structure: according to the characteristics of the traditional wage structure, it depends on establishing job grades by setting up a hierarchy of responsibility and linking it to wages (Willems et al, 2006, pp. 609-610) while the system based on performance standard adopts the Broad band wage structure (Obaid, 2013, p. 35).

6.4.6 Advantages: the most important advantage of the traditional system is its ability to 'rationalize' pay structures through removal of anomalies; simplification of pay structure; and enhancement of order instead of anarchy. These were concluded through the results of the National Board for Prices and Incomes survey (1972) (Elizur, 1980, p. 5). Besides its transparency and objectivity. While the new system is regarded as one of the most flexible forms of rewards in order to
motivate and retain talent and enhance a culture of pay-for performance (Obaid, 2013, pp35-36).

7- Reformist, legislative and organizational arrangements of Job-based Pay in the Public Organizations and its outcomes.

The author found through the analysis of both South Africa and Kenya experiences that the success of determining a pay based on JE’s outcomes depends primarily on reformist, legislative and administrative activities. This, in turn, helps the author to present some recommendations related to some developing countries, which currently seek to implement the administrative reform plan and development policies in the areas of preparing, developing and rationalizing job structures and managing pay credits, rewards, incentives and allowances, such as Egypt. In the section, we will discuss these criteria, as follows:

7.1 Administrative reforms

South Africa and Kenya have undertaken joint administrative reforms, such as: the reformation of public employees' laws and legislation; the improvement of public service; the activation of the strategic role of human resource management and the development of learning and training programs. They have, also, attempted to address the wage differentials among the officials. Such countries; therefore, took effective procedures for reviewing job description, jobs and wages’ schedule, simplifying job classification…etc. So, the common culture, legislative and administrative framework will allow the author to
determine the mechanisms more specifically (Hope, 2012 & Economic Commission for Africa, 2020).

7.2 Legal framework of Job –based Pay:
The Human Resources management of South African government assumed responsibility for JE in context of the general guidelines of constitution 1996 that emphasizes the values of justice and equality. In addition to the White Paper on the Transformation of Public Service, 1995, which ascertains the need to address issues of unfair remuneration; this in turn has given birth to submit JE (Mokoena, 2019, pp. 60-61). Besides, other legislations such as: Employment Equity Act, as amended; PSCBC resolution 03-2009; PSCB resolution 02-2012; and DPSA guide on JE Public Service Act, 1994, as amended (Local Government & Human Settlement, p.6).

Also, the salaries and remuneration commission in the Kenyan government has applied JE in context of the constitutional principles of wage determination such as: ensuring the fiscal sustainability of the total public compensation bill; transparency and fairness; and equal remuneration to persons for work of equal value (Section 12 (1) of SRC Act, 2011 (Mengich, Salaries & Remuneration Commission).

7-3 Organizational arrangements of Job based Pay
The author suggests criteria in analyzing the policies and practices followed by both South Africa and Kenya as follows:

7-3-1 Job evaluation object:
JE in South African government aims at providing guidelines to the provincial government on the procedures that must be followed to determine a sound wages structure; this helps tackling the inequitable wages prevailing among public officials (Mokoena, 2019, p. 60). As for the case of the government of Kenya, it has adopted JE technique to create a standardized wage structure and to ensure that public servant receives equal pay for work of equal value (Salaries & Remuneration Commission, 2019 a).

7.3.2 Job evaluation approach:
South African government adopted the analytical approach of JE, which is known as EQUATE system. It consists of two parts, namely: job analysis survey (aims to collect information about job duties and responsibilities) and Equate Computer Software (Mokoena, 2019, p. 64). As far as Kenyan government has applied Patterson's approach of classifying job grades which is based on the decision-making philosophy as a major factor. This approach is objective, impartial and applicable to all types and levels of jobs (Salaries and Remuneration commission, 2016).

7.3.3 Job evaluation criteria:
According to the analytical approach, South African government has adopted factors related to: responsibility, contact and communication skills, knowledge, environmental requirements and analytical capabilities (Waldt, 2004, P.217). Kenyan government relied, according to Patterson's approach, on decision-making as a major
factor in addition to other factors such as: problem solving; job knowledge; working conditions; responsibility; accountability; management skills; interpersonal skills; and independent judgments (Salaries & Remuneration Commission, 2016).

7.3.4 Administrative activities

South African government has developed a systematic approach for evaluating jobs as it collects the information about jobs and develops some mechanisms to insure its quality. Additionally, it reviews job descriptions and establishes specialized units and determines their roles and responsibilities such as: JE unit, the executive authority, the quality assurance Committee Moreover, it provides the job analysts and the involved parties with the appropriate training and establishes a system for monitoring and evaluation (Local Government & Human Settlement, pp8-10).

Most of these procedures have been taken by the Kenyan government in addition to its co-operation with some consultative agencies, such as Ey consulting. Besides, the government conducted a pilot study in the Ministry of Labor to generalize outcomes at the civil service level (Salaries & Remuneration Commission, 2019b).

7.3.5 The outcomes of JE on determining the pay

South Africa has already made significant organizational improvements and has developed the procedures for adjusting the wage structure as stipulated in the Public Service Regulations / 2016.
Such changes were related to (Local Government & Human Settlement, pp10-11):

- **Upgrading:** the current salary range, attached to a post, is lower than that indicated by its job weight. In this case, it may be possible to redesign the job to reduce its weight by eliminating certain responsibilities/ duties or by attaching less complex functions to the post in order to ensure that the job weight falls within its proper salary range.

- **Downgrading:** the existing salary range, attached to a post, is higher than that indicated by its job weight. In this case, the most likely solution would be redesigning a job to increase its job weight to ensure that it corresponds to the current salary range attached to the post. This procedure is in line with resolution No. 3 of 1999 (DPSA, guide on Job Evaluation).

- **Correctly graded posts:** the results of JE indicate that the salary grade attached to the current job corresponds to the job weight.

In addition, Kenya has managed to develop a consistent job hierarchy to achieve a fair wage structure through:

- Preparing a harmonized grade structure at the level of public sector; each job role has a transferable degree within the public sector (Salaries& Remuneration Commission, 2016).

- Forming the basis of a new pay and grading structure by first developing a hierarchy of all evaluated jobs, and then assigning pay to the graded jobs.
Making decisions concerning the location of grade boundaries and how progression, within grades, would be managed besides decisions to deal with upgraded and downgraded jobs.

Accordingly, the differences between salaries are reduced as the reduction rate reached 1:10 instead of 1:58 (Salaries & remuneration commission, 2017, p.6).

8-Findings, recommendations, and future research agenda

8.1 Conclusion

According to the conceptual framework adopted by the study, job based-pay counts on three integrated principles: the determination of pay based on its importance not the job holder; comparing job with other jobs; achieving the internal equity among the employees occupying the same job. The study also managed through adopting the comparative perspective to suggest 6 criteria to conduct a comparison between job based-pay and pay based-performance; these criteria are: focus, wage increase, fairness principle, organizational structure, wage structure and advantages. In addition to comparing the developing countries experiences (South Africa and Kenya) through 3 criteria, suggested by the study, which are: administrative reforms, legal framework and organizational arrangements.

8.2 Findings

1- After analyzing the dilemma of job based-pay versus pay based performance, it is evident that job based-pay is more appropriate for traditional public organizations that depend on the hierarchical pattern
and upgrading and seek to meet the employee’s need for safe income.
This lead to achieving some benefits at the individual and
organizational, as follows:

At the individual level, it ensures a safe and stable income for
the public servant in contrast to the new systems that contradicts the
principle of job safety, which negatively effects on his psychological
and physical health. It also takes into account the psychological
aspects related to employees’ satisfaction and acceptance of decisions
related to wages adjustment through upgrading and down grading due
to its rational basis which is based on the systematic procedures and
consistent outcomes. This, in turn, leads to take rational decisions
towards correcting the relationships between different jobs and wage
structure. In addition, it meets the employees’ need, especially the
public servant, to feel he gets wages (output) fairly according to his
input (job tasks and responsibilities). This, accordingly, reflects the
felt – fair principle, which is used as a final verdict of how a job should
be graded, and the wage should be fairly determined. This sense of
fairness could not be enhanced in wage structure based on competency
due to control the executives on performance measurement.

At the organizational level, the determination of this type of pay
is an effective tool for organizational change, and it contributes to
correcting the relationships between jobs and reviewing job
descriptions, this, in turn, leads to achieve a higher level of managerial
performance. It also entrenches a set of concepts in the organizational
culture of public organizations, which represents the basic rules for them, including “justice” concept. Moreover, limiting the personalization of wage decisions that may be governed by interests or political considerations and eliminating the phenomenon of wage differentials for incumbents of similar jobs.

In addition to the enhancement of “transparency” concept, which is strengthened by the employee's participation in the evaluation process and the provision of appropriate mechanisms for accepting or grieving of wage adjustment decisions; this is positively reflected on achieving job satisfaction for the public servant. Also, the organization can determine, through job or work analysis, the risks and inconsistency of job duties and suggest solutions for that.

2- The second and final objective guiding this research concerns the determination of mechanisms for determining job-based pay. The analysis highlighted the following results:

2-1 The guiding framework should be designed and distributed across the governmental units and the local administration to instruct them of job evaluation's concept, principles, objectives, procedures, the rational framework of job description, laws and regulations, priorities of job evaluation, the engaged parties and their roles, ...etc.

2-2 Job-based pay should be regulated by the following:
The constitutional principles relevant to fairness and transparency, the fiscal sustainability of total public compensation bill, equal pay for work of equal value principle...etc.

The decisions related to review job description and wage schedule, the criteria of ranking jobs and the determination of grade progress cases.

Public service regulations that set up the rules related to the evaluation of the new and vacant posts according to its worth, the promotion conditions from a degree to a higher one...etc.

2-3 the author believes that there are two aspects identify the characteristics of the organizational mechanism, namely:

- **Structure**: it involves the establishment of the specialized units and commissions, the determination of their members, roles and its position in the organizational structure.

- **Systematic approach**: it includes the consistent procedures of reviewing the administrative activities and schemes related to collecting the information, conducting the interviews, describing the jobs,
preparing the job file and selecting an appropriate job evaluation approach and its criteria.

8.3 Recommendations
After analysis, the study concluded that JE becomes an imperative requirement for public organizations today as it is considered as one of the objective solutions to address the problem of wage structure imbalances that is embedded in the public organizations in the developing countries for many years; especially with regard to the differential wages of incumbents of similar jobs as in the Egyptian case. This is due to the fact that some administrative agencies grant bonuses and incentives for their employees that are not offered to other parties. In addition, the allowances that have been decided for some categories of employees according to laws and decisions imposed by the nature of their work.

Hence, the study recommends activating some mechanisms to determine pay based on relative value of job in the Egyptian administrative system, as follows:

• Reviewing job description cards and translating job duties into a work program for the job, which is in line with the organization's work program and assigning performance criteria for job increase.
• The workforce planning undertakes a comprehensive count of employees' numbers to determine surplus and deficit of employment in some specialties.
The Central Organization for Organization and Administration (CAOA) has to issue a set of decisions related to:

- Regulating wage adjustment cases resulting from the relative values that were specified for jobs such as the policies relating the transfer and promotion of employees to jobs commensurate with the value of their wages.
- Redesigning the job and adding other job tasks until their wages are equal with the value of the job as in the upgrading case.
- Organizing job evaluation procedures such as: applying for job evaluation by employees or any government agency, establishing mechanisms for obtaining information and ensuring its quality, determining the jobs to be evaluated and priority of evaluation, referring to a job evaluation committee, establishing a unit to evaluate jobs in the organizational structure and determining its responsibilities, and preparing final reports. In addition to decisions identifying the new responsibilities of departments’ heads to ensure the successful implementation of job evaluation system.
- Cooperating with consultant agencies to train specialists in human resources management in data collection, conducting job analysis survey, and reviewing description cards.
- Activating the role of the National Wages Council in the periodic review of wages, determining the rates of increase to meet the basic needs of the employee and keeping pace with
changes in price levels, and taking into account consistency of job wages with their counterparts outside the scope of the public job.

- Establishing a job evaluation committee that includes executive managers, human resources management specialists, and members of external advisory bodies.

8.4 The addition provided by the study

This paper identifies some crucial mechanisms that can be considered as the practical map of establishing a fair wage structure based on the relative value. At the same time, these mechanisms guide the policymakers, especially in the developing countries and assist them in addressing the different wage issues in the government sector and local administration.

8.5 Future Research Points

The author noted, during conducting this research paper, that there are a number of points for further research:

- Studying the mechanisms of developing a hierarchical wage structure in the public and private sectors by using SWOT analysis.
- Conducting a comparative analysis between the developing and developed countries in terms of the impact of JE outcomes on wage modification.

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