

Towards an Efficient and Effective Salary Management System

Mr Weymond Lam

Honorary Assistant Professor, Department of Social Work & Social Administration
The University of Hong Kong

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Questions:

- 如何在維持穩定財政與提供有競爭力的薪酬以聘請具資質的員工之間，取得平衡？如何制定薪酬機制？
- Considerations on preparing yearly salary adjustment, the MPS NGOs increase in "point" and "inflation" every year, if we (non-MPS NGO) only adjust by 'inflation' the gap grows every year. How can we retain staff?

Possible Answers:

- Obtain more money
- Compete on non-monetary items
- Change whom you benchmark with

Why does Private Sector not Adopt MPS or the like:

- Does not have unlimited funding
- Is not big enough to corner the market
- Does not want to promote minimum performance

Effective - Objectives

- Not very realistic objectives:
 - People are happy with their pay
 - People stay, even being poached
 - Motivate for better performance
- In line with / contribute to your VMV and business plans
- Acceptable by stakeholders
- Not to encourage “hea” behavior / mentality
- In one word - **FAIR**

Efficient - costs

- Salary cost
- Hidden cost
- Operating/maintaining cost
- In short, **minimum cost**

Fairness in Pay

- Internal consistency
 - comparisons among jobs **inside** the organization
- External competitiveness
 - reward relationships **external** to the organization, comparison with competitors
- Employee contributions
 - emphasis placed on **employee performance**

A generalist's way of addressing issues:

- Significance and implications of the issue
- Basic principles and directions
- Basic tools and methodologies
- Common sense

Basic Tools

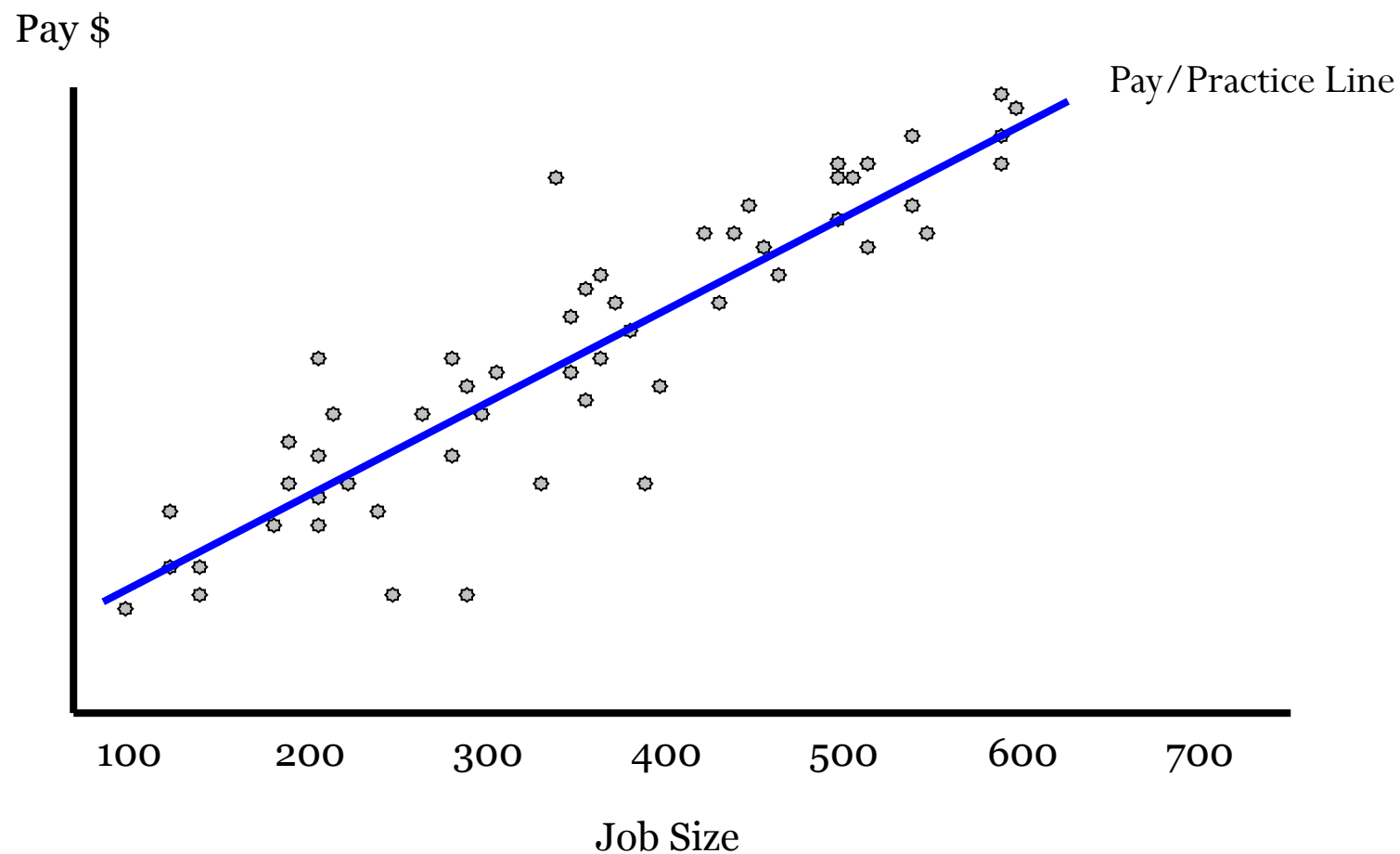
To visualize, understand, analyze and manage your pay situation and pay policy:

- Pay range, pay structure
- Pay / Practice line
- Policy line
- Red Circle, Green Circle
- Compa ratio
- Median, Percentile



Visualize Current Pay Practice

1. Scatter
2. Slope



Source: HayGroup

Pay Structure

Policy Line:

What we want to pay

Pay Range e.g.:

Maximum – 120%

Midpoint – 100%

Minimum – 80%

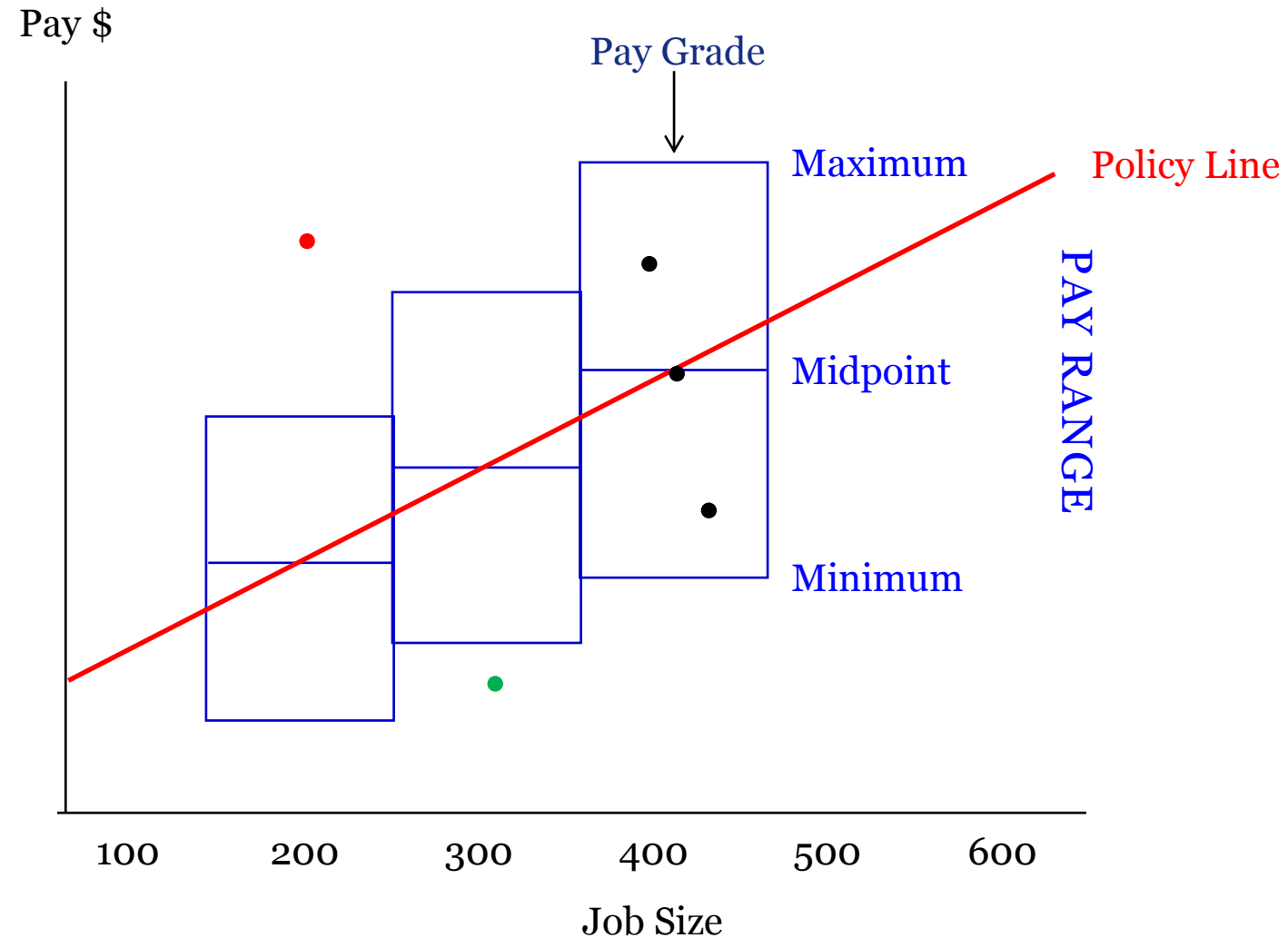
Compa Ratio:

$\text{Actual Pay} / \text{Midpoint} \times 100\%$

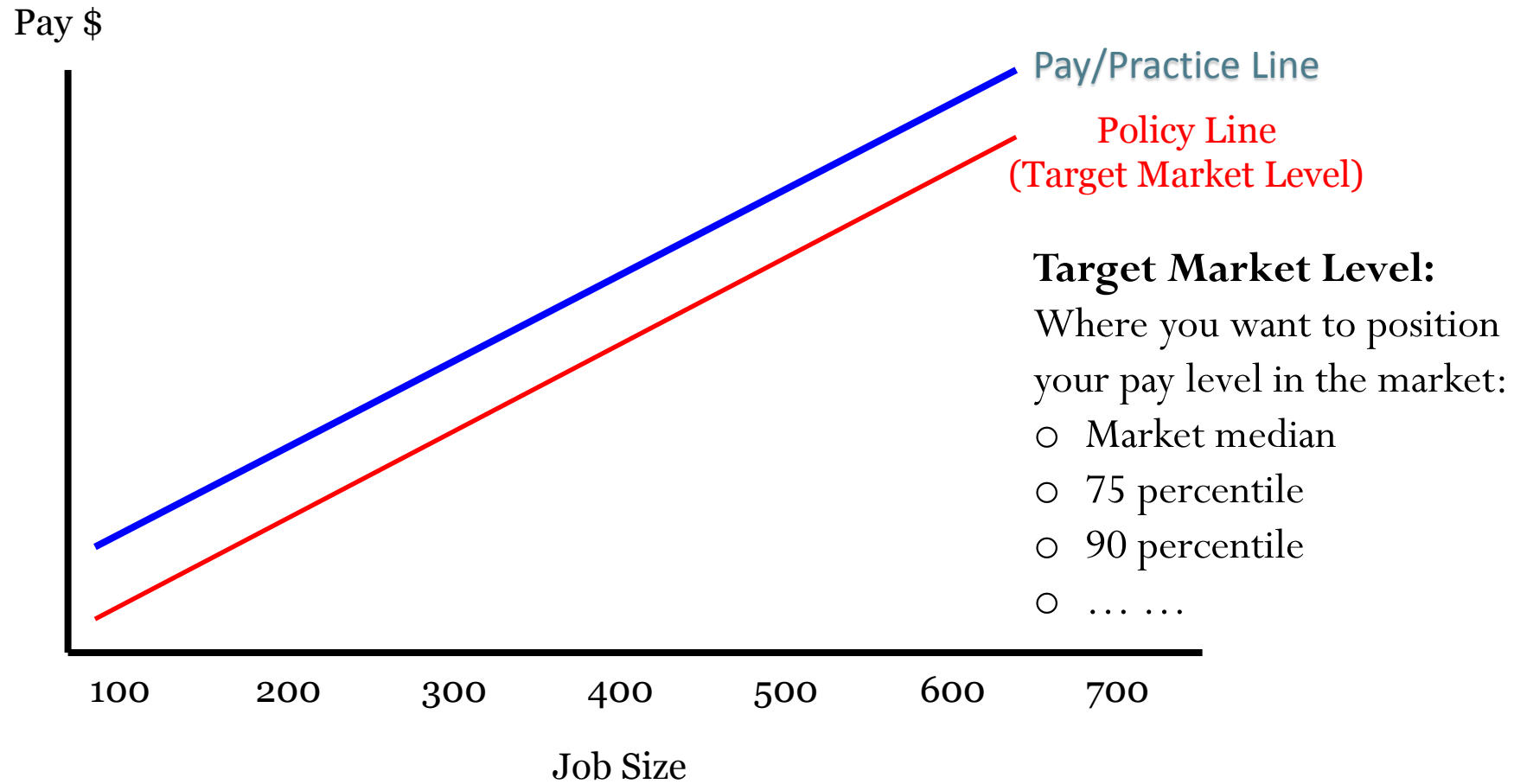
Beyond Range

Red Circle

Green Circle

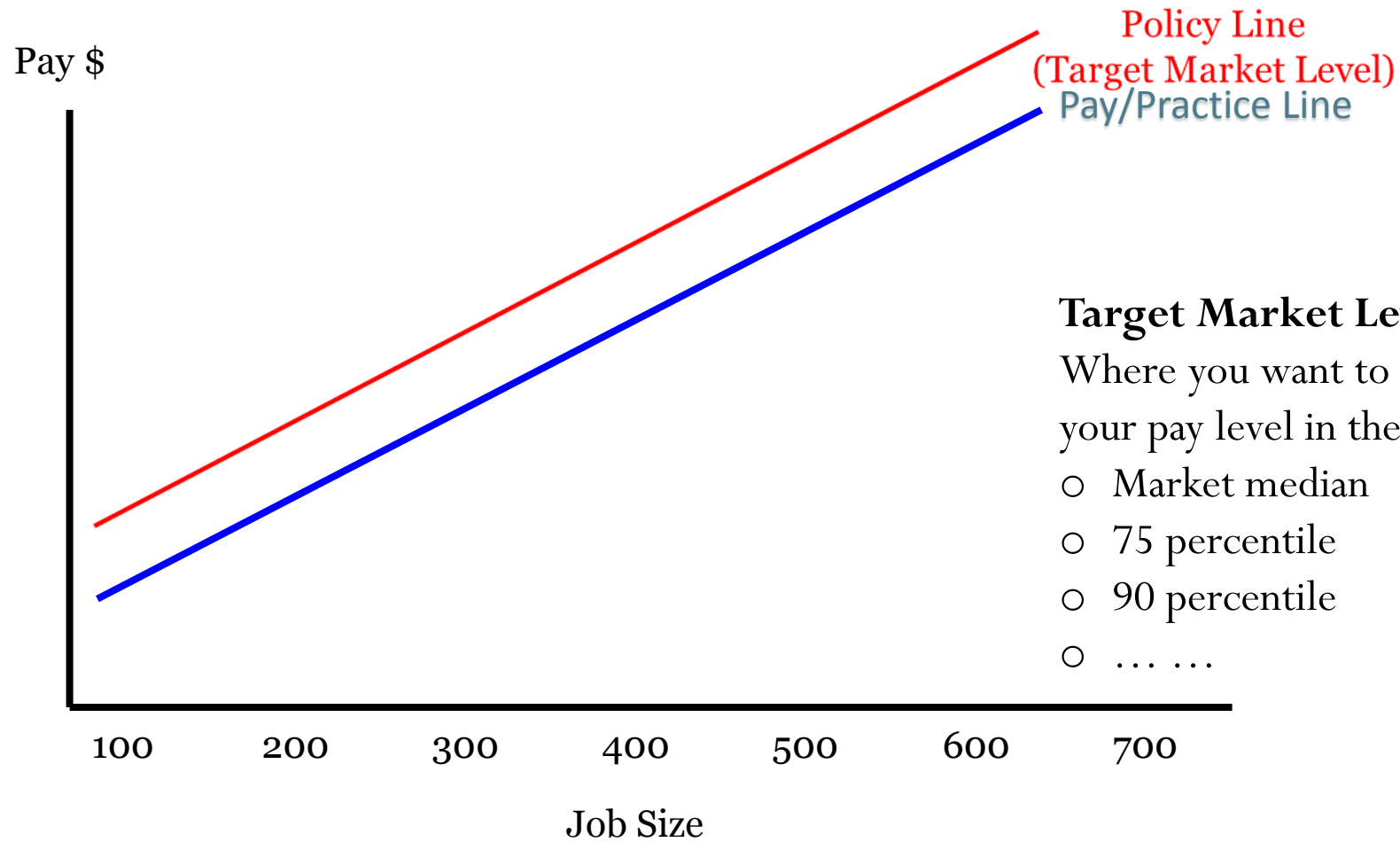


Pay Practice vs Pay Policy



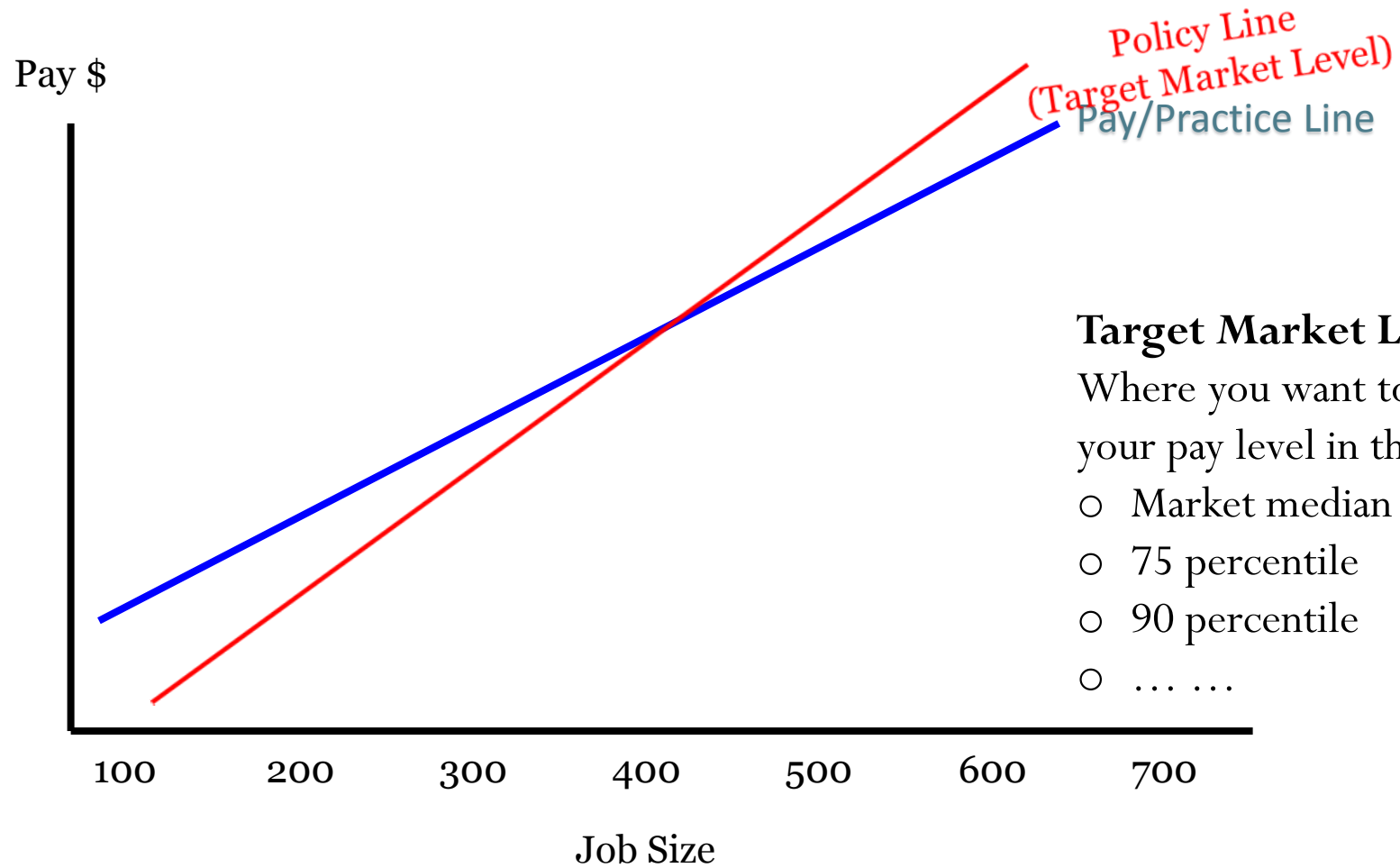
Source: HayGroup

Pay Practice vs Pay Policy



- Target Market Level:**
Where you want to position
your pay level in the market:
- Market median
 - 75 percentile
 - 90 percentile
 -

Pay Practice vs Pay Policy



Target Market Level:

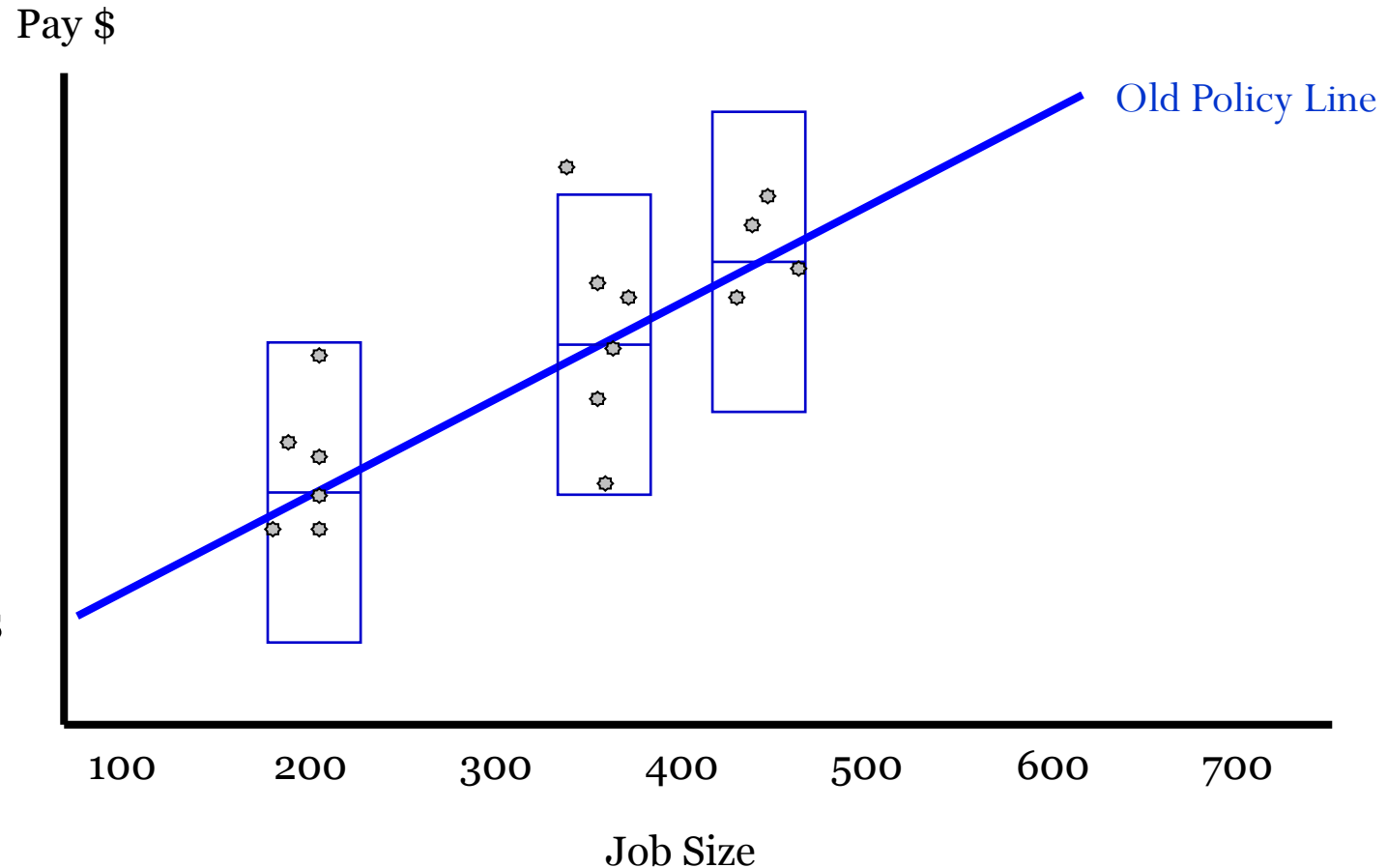
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Result of a New Policy Line

Salary changes:

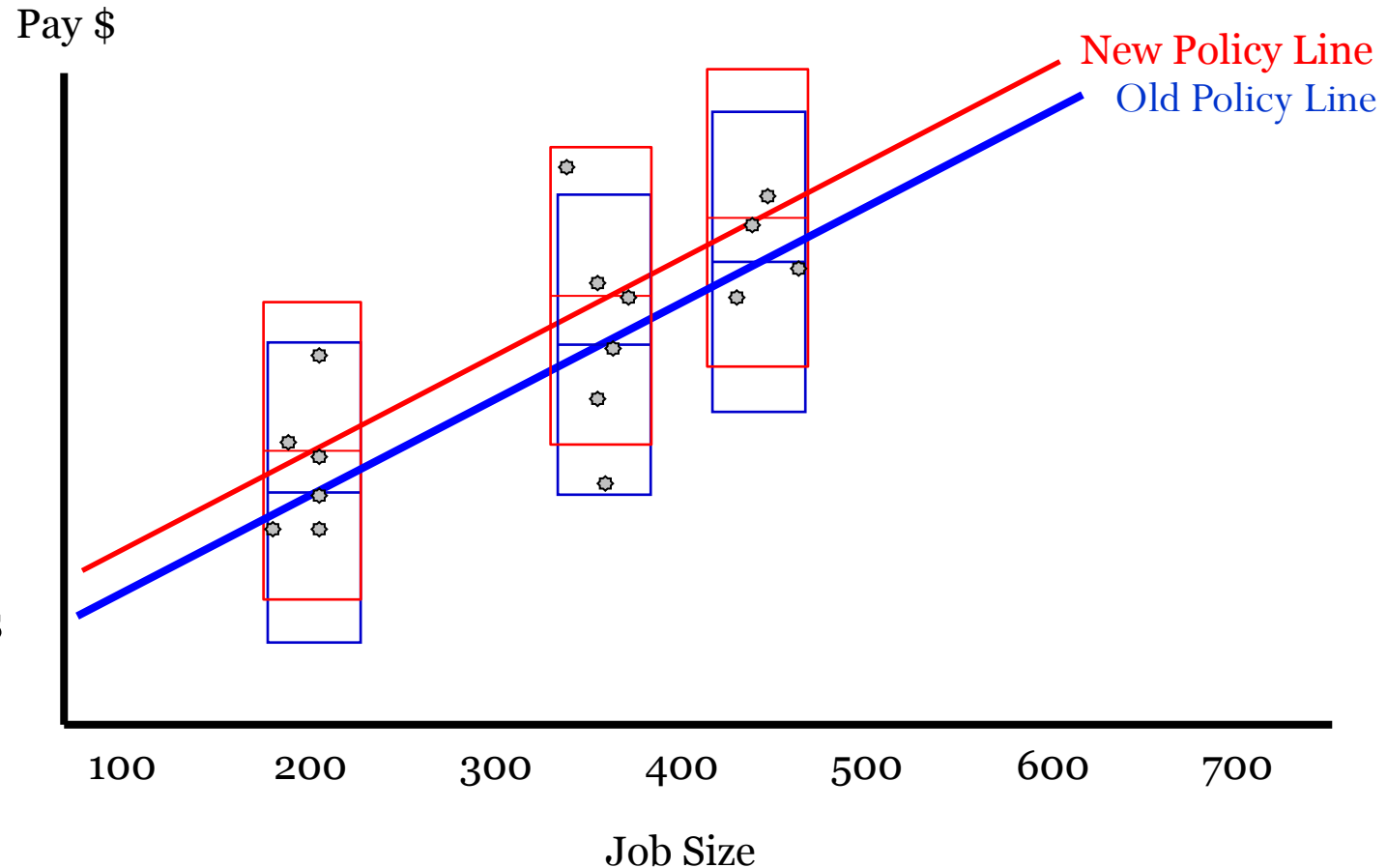
1. Structural – from old policy to new policy, compa ratio unchanged
2. Performance – move within range due to performance, compa ratio increases
3. Special adjustment – pulling Red/Green circles to within range, compa ratio **increases** or **decreases**



Result of a New Policy Line

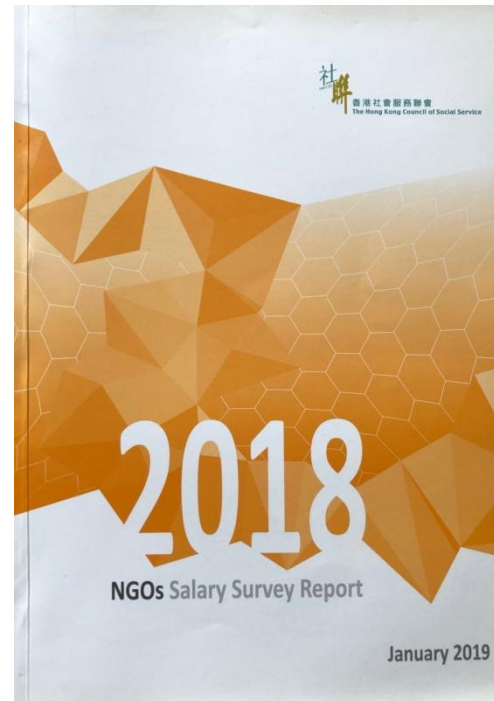
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Pay Level Benchmarking

- desktop research / general market surveys
- participation in specific surveys
- engaging management consulting firms



Salary Data in the 2018 NGOs Salary Survey Report

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Total Pages of Salary Data: 158/174

Dedicated Pages for Non-subvented NGOs: 17

Developing your pay policy

- Involve: head of management (driver), senior management, board members, KOL,
- Review: VMV, strategic development plan,
- Examine: current situations, environment,
- Re-visit: minutes, past cases, experiences,
- Draw out: lessons, learning,
- Establish: pragmatic principles, benchmarks,
- Write up: refine, categorize, prioritize,
- Implement: acceptance assessment, strategy, consultation, communication, approval,

My insights:

- Be bold to be different - Your organization is unique, so are your systems. (Your environment, people, VMV, culture, history, problems, strength, etc.)
- Reward Systems are both art and science. (Perception, judgement, business insight, etc. are all important.)
- Systems provide consistency, reliability and stability, but need to be maintained and reviewed.

Thank you.

