

CHAPTER 6

DATA ANALYSIS

6.1 CONSULTANTS' PROPOSALS

Calculation of Pay and Fringe Benefit Data

6.1.1 Hay proposed to collect and evaluate salary data to determine the most appropriate figure (average or median) to be used for comparison purposes.

6.1.2 A similar evaluation would be conducted for allowances paid to the job holders and the hours worked by staff in each rank.

6.1.3 Fringe benefits would be calculated in accordance with the procedures laid down in the Report on the Valuation of Fringe Benefits compiled by the Pay Research Advisory Committee of the Standing Commission, details of which are discussed in Part II of this Report.

6.1.4 The method of calculation of pay and benefit data for the private sector would be essentially the same as that for the civil service.

Analysis of Data

6.1.5 Pay levels would be analysed for each civil service pay band and for each company in the private sector. Total evaluation points for each job or group of jobs would then be plotted against the average or median pay for the job and a scattergram drawn up. Separate scattergrams would be developed for pay alone, pay plus other cash allowances and pay plus cash allowances plus the calculated value of fringe benefits to be included in the survey.

6.1.6 The distribution of pay levels for the private sector group of companies would then be plotted on a separate chart. Provided that the evaluation process had been applied consistently throughout, the chart would accurately represent the pay levels of the participating companies.

6.1.7 Using computer analysis, the representative pay line of the civil service would be compared with the median pay line for the private sector in each civil service pay band. Comparisons would be made both for pay only and for pay plus fringe benefits (total packages).

6.1.8 Technical details on how the process of data analysis works are contained in Chapter 4 of Hay's report at Annex C to Appendix IX.

6.2 VIEWS EXPRESSED AT PAY LEVEL SURVEY ADVISORY COMMITTEE MEETINGS

6.2.1 (a) Hong Kong Institute of Personnel Management

The Hong Kong Institute of Personnel Management considered that it should be determined at an early stage of the survey whether the median or average should be taken as the most representative figure. The Institute however strongly favours the use of the mid-point or average of the pay range. (Hay subsequently agreed to use the mid-point or average figures).

(b) Model Scale 1 Staff Consultative Council

The Model Scale 1 Staff Consultative Council requested that definitions of technical terms like median and standard deviation should be provided by Hay. The Association of Expatriate Civil Servants and the Hong Kong Chinese Civil Servants' Association supported this request. (Hay agreed to this request and written definitions were accordingly provided).

(c) Hong Kong Chinese Civil Servants' Association

The Hong Kong Chinese Civil Servants' Association considered that, since the data would be collected from a very limited range of jobs, without comparing like with like, and only three common factors would be used to measure job size, with no recognition of the special features of civil service jobs, it was doubtful whether an accurate analysis could be made. The Model Scale 1 Staff Consultative Council supported this view.

(d) Employers' Federation of Hong Kong

The Employers' Federation of Hong Kong emphasized that the average pay figures should be used in the data analysis process because average pay figures would be more representative.

(e) The Administration

The Administration generally supported Hay's methodology, as, in their view, did other Committee members.

6.3 STANDING COMMISSION'S RECOMMENDATIONS

6.3.1 Having carefully considered the views of Pay Level Survey Advisory Committee members and the proposals of Hay, we recommend as follows :

- (a) We note the request, made by some private sector representatives, that average rather than median pay figures should be used for comparison purposes. Hay have since advised that the average should be used and, in our view, their advice should be accepted;
- (b) One additional point concerning data analysis which we have considered is that of weighting the private sector pay results in order to more adequately reflect the relative sizes of the various economic sectors in Hong Kong. We were initially in favour of such an approach, especially as the results of the annual pay trend survey are weighted. However, strong objections were raised by private sector representatives on the Pay Level Survey Advisory Committee to this proposal. Their objections were based on the fact that the private sector companies in the survey field are not a random sample, but are known to be among the better employers of Hong Kong. Our decision to select such companies was a deliberate one, in accordance with the stated policy of the Government to be seen as a good employer. However, members of the Committee felt that it would be misleading to treat this group of employers as though it were a random, representative sample by applying weighting to it. Many members stated that the Commission should either make it clear that the Pay Level Survey was designed to ensure that civil servants received similar levels of pay to those doing comparable work in better companies in the private sector, or

it should urge the Government to abandon its policy of being seen as a good employer altogether and, instead, aim to pay its civil servants fairly in comparison with companies representative of the whole of Hong Kong's private sector. We believe that the objections raised in respect of weighting are based on a misconception, since the composition of the sample and the weighting process are two separate issues and it is quite acceptable to apply weighting to any sample, no matter how "biased", in order to achieve results which are more representative of the population as a whole. On this occasion, however, since we are informed that it is unlikely that the application of weighting will substantially influence the results, we have decided that weighting should not be carried out; and

- (c) It should be noted that our decision to include only two public utility companies, as described in paragraph 2.4.1 (a) of this Report, reflects our concern that, since there will be no weighting of the results, no particular economic sector should be further over-represented in this Pay Level Survey.