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A STUDY TO ASSIST THE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
IN AN EVALUATION OF SELECTED ASPECTS  
OF ITS COMPENSATION SYSTEM

VOLUME I

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Prepared for the  
Agency for International Development  
Pursuant to  
Contract No. AID/otr-C-1766

March 1980

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FOREWORD

This study was initiated by the Agency for International Development and carried out by Hay Associates pursuant to Contract No. AID/otr-C-1766 under the direction of the AID's Office of Personnel Management. The project was directed by the Washington Office of Hay Associates between September 1979 and February 1980; and the members of the Hay Project Team are as follows:

- Mr. David J. Wimer, Partner and General Manager,  
Officer-in-Charge
- Mr. Gregori Lebedev, Director, Government Consulting  
Services, Project Director
- Dr. Allan H. Fisher, Jr., Senior Consultant
- Mr. Thomas M. Gregg, Associate
- Mr. Michel F. Guay, Principal
- Mr. Timothy S. Helsing, Research Assistant
- Mr. Norman Lange, Partner and Director of  
Correlation
- Ms. Mary C. Riley, Principal
- Mr. Abram Zwany, Associate

The assistance of Mr. Frederick W. Hahne, Associate Director of AID's Office of Personnel Management (PM), and Mr. Gerald L. Nell, Personnel Management Specialist, PM, was instrumental in the performance of the study. Mr. Henry A. Ulrich, Jr., Chief, Position Management and Classification Division (PM/PMC), and Mr. Timothy Beaty, Supervisory Personnel Management Specialist (PM/PMC) also contributed to this effort.

SUMMARY

The management consulting firm of Hay Associates was retained by the Agency for International Development to assess particular elements within its human resources structure and thereby assist the Agency respond to particular internal and external personnel management opportunities which directly impact upon AID. A central element of such an examination is the intent of the Pay Comparability Act of 1970:

- AID Foreign Service work, i.e., job content, should be defined;
- AID Foreign Service pay should relate to levels of work;
- AID Foreign Service levels of pay and work should be, respectively, comparable to that of the private sector; and
- AID Foreign Service pay levels should be interrelated with the Federal (GS) pay system.

The results of such assessments would provide meaningful data and insights which AID could, as appropriate, use to fashion constructive personnel management initiatives.

To this end, the consultants were requested to undertake three primary objectives:

- Employ Hay Job Evaluation techniques to determine the relative job content of selected AID

positions, domestic and overseas, and the relationship of AID Foreign Service work and pay to external employers, including the U.S. Civil Service.

- Utilize Hay's extensive data bases to determine the comparability and competitiveness of AID Foreign Service compensation (base salary, benefits, and total remuneration) to that of the General Schedule, the domestic private sector, and 13 selected U.S. multinational corporations with expatriate employees.
- Apply Linkage Analysis statistical techniques to selectively test relationships between the AID FSR/FSS and General Schedule pay grade/classification systems on the basis of evaluated job content.

As Hay undertook each of the foregoing, it consistently introduced three elements which, in the consultants' opinion, were critical to the quality and utility of the end results:

- Sensitivity to the uniqueness of foreign assistance activities in particular and the overseas service in general;
- Concern for the quality of data gathering, analysis, and presentation; and the
- Involvement of AID personnel in all project phases.

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Since its inception as the Marshall Plan more than thirty years ago, AID and its predecessor agencies have been possessed of a dual personality and all the contradictions which follow. On one hand, AID has been and remains a full member of the U.S. foreign affairs community through its special relationship with the Department of State. On the other, through legislative enactment and uniqueness of mission within the Federal establishment, AID has in many ways resembled an independent agency. Over the years, AID's personnel management structure and environment has evolved in response to both these institutional features. Although the recent legislative reassignment of AID to the IDCA jurisdiction gives support to its quasi-independent identity, its continued coverage by the Foreign Service Act maintains the special AID-State relationship, especially in the areas of human resource management. Consequently, the format, approach, and methodologies of this report are, by design, similar to those of the Hay report to the Department of State because they are companion documents properly addressing complementary issues.

It is apparent that AID is the only U.S. Government entity charged with the development and implementation of U.S. development assistance. This uniqueness of purpose joins a uniqueness of circumstance -- overseas service -- to create a personnel management environment dissimilar to

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most other governmental entities: rank-in-person; the problems associated with the high mobility and reassignment timetables; multiple classification systems; and the circumstances attendant to living and working in less-developed countries, many of which are classified as hardship posts.

Necessary preconditions to linkage analyses and compensation comparisons are carefully implemented statistical procedures and job evaluation techniques. Working closely with AID personnel, the consultants designed a statistical sampling approach which resulted in the identification of 64 positions representative of the AID Foreign Service domestically and overseas. These positions were statistically drawn from the FSR and FSS schedules (a) at selected grade levels which account for 93% of AID's Foreign Service population world-wide, and (b) between the major Backstop Codes which account for 81% of all Foreign Service incumbents. Similarly, the consultants, in concert with a committee of AID personnel, 1/ evaluated the job content of each of the positions in the study through the use of the Hay Guide Chart-Profile Method of job evaluation. This multistage job measurement process resulted in a quantitative assessment, expressed in points, of each AID position which, in turn, served as the foundation for

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1/ See page 27 for a list of the members.

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the several analyses which were to follow.

Linkage analysis is a statistical process used to establish the relative degree of difficulty of jobs in the pay grades of different classification systems. This technique was employed to determine the comparability between positions in AID and Federal Civil Service at selected pay grades. Among its several findings, this process identified two significant links -- FSR-1 to GS-18, and FSR-4 to GS-14. Analysis of five FSR grades (FSR-1 to -5) and two FSS grades (FSS-6 and -7) revealed statistical anomalies suggesting possible classification or assignment 1/ irregularities, or inadequate job content data. The consultants suggest that accurate job definition is a condition precedent to proper classification, a critical feature in a rank-in-person system which necessitates the very careful administration of the assignment process. Although it must be recognized that historic position description and/or classification or assignment irregularities cannot be instantly corrected, they should be carefully appraised in order that they might be diligently addressed in a responsible period of time.

Utilizing the Hay private and public sector data bases, the consultants were also able to assess the competitiveness or comparability of AID Foreign Service compensation.

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1/ AID Foreign Service personnel as assigned to positions in Washington based on their personal rank.

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In order to meaningfully equate AID to appropriate markets and sectors, the AID Foreign Service cadre was examined at two levels -- Staff (FSS) and Officer (FSR). In terms of base salary, the Staff Level is slightly but consistently ahead of the General Schedule, and consistently competitive against the Washington-based private sector and selected Washington-based International Organizations. Such a competitive posture in the private sector is clearly desirable if an organization is to successfully hire, retain, and motivate its personnel. These findings must also be interpreted in the context of other features, e.g., overseas service, etc., which legitimately distinguish AID FSS employees from their traditional Staff counterparts, in both the private and public sector.

At the Officer Level, the lower segment of AID's FSR salary policy is competitively positioned against both the GS and U.S. private sector; however, the mid-level policy is less competitive against both survey groups. The salary ceiling similarly impacts upon the AID Foreign Service and General Schedule, but its effect is clearly depicted in the American Business comparison where the most senior officers (FSR-1 and -2) are competitively disadvantaged. Against selected International Organizations in Washington, AID is consistently noncompetitive and this condition is highlighted at the statutory plateau. The comparison of total cash compensation (the addition of

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bonus and other cash payments to its base salary in the private sector) revealed the FSR policy to be slightly less competitive against American Business than it was in the base salary-to-base salary examination.

In terms of total compensation (base salary plus bonus/incentives plus benefits), the Foreign Service benefits program (in which AID participates) is slightly above that of the Federal Civil Service because of the difference in pension systems. This results in a Staff Level total compensation policy which is consistently higher than the Civil Service and an Officer Level posture which is competitive except at the mid-level where it continues to appear below the General Schedule.

Although the linkage and compensation findings are the anticipated end results of this study, several additional observations are worthy of note. The in-depth evaluation of AID Foreign Service positions by the 10-member committee produced useful findings about the nature and difficulty of jobs at AID as well as several disquieting features of Agency procedures in this regard. Essentially:

- AID job difficulty at certain levels, e.g., FSR-1, was found to be greater than some US Government (USG) counterpart positions; and
- The less competitive posture of AID's Foreign Service salary practice vis-a-vis the General Schedule is a direct result of the job content findings at the FSR-3, -4, -5 and -6 levels.

The foregoing content and compensation findings draw some interesting distinctions between AID and the Federal

community. It must also be noted that overseas factors, such as mandatory reassignment, living conditions, and so forth, in no way contributed to these findings. However, they too, in some way, legitimately impact upon the AID Foreign Service work environment (as they do in Department of State) and must be acknowledged.

The precision of the analytic techniques employed by the consultants also revealed a number of unanticipated linkage anomalies, i.e., some AID Foreign Service job grades were found to be out of synchronization with the GS system. There are a number of interrelated explanations for this, each of which is meritorious to some degree:

- Many AID Foreign Service positions are, because of initial job design or evolution, less difficult than GS counterparts;
- Misclassification, however it occurred, certainly accounts for some of these discontinuities; and
- Inadequately prepared and maintained job statements probably are a principal contributor to this condition.

The consultants suggest that all the foregoing are to some degree valid, but that the state of AID Foreign Service position descriptions must be immediately reviewed. The Job Evaluation Committee, composed of senior AID personnel from throughout the Agency, independently concluded that, while adequate for evaluation, job content statements were, in themselves, weak.

The consultants urge that, as a first step in response to the findings of this report, the AID position description

procedures -- preparation, format, content, updating, etc. -- be immediately examined to determine the extent of the deficiency. Such an initiative is also the most appropriate response to the recent designation of Foreign Service positions in AID/Washington, will measurably assist in the classification assignment process, and may, in fact, directly lead to a resolution of the several linkage anomalies identified by this study.

I. INTRODUCTION

This study was initiated by the Agency for International Development to independently establish a credible data base and analytical framework with which it could appropriately respond to a number of significant internal and external personnel management opportunities. Specifically, the legislative relocation of AID from the Department of State to the newly created (in 1979) International Development Cooperation Agency (IDCA), in tandem with the Agency reorganization effort of the Babb Task Force, clearly presented the opportunity and need to begin to examine particular Agency-wide aspects of AID's personnel management system. Furthermore, although the Agency is organizationally rooted in the Foreign Assistance Act of 1961, as amended, AID's Foreign Service compensation is governed by the Foreign Service Act of 1946, as amended. Consequently, the ongoing Executive Branch legislative proposals to revise the Foreign Service Act also directly impacts upon AID and further created the need for an independent assessment of selected aspects of AID compensation and classification. Mindful of these circumstances, senior officials in AID's Office of Personnel Management (PM) recognized that to maximize the effect of legislative initiatives AID must appropriately examine several very fundamental human resource management elements: the comparability of AID work, pay, and classification system.

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It was properly recognized that only with reliable data in those very basic areas could PM responsibly and constructively pursue personnel management initiatives within the Agency.

AID's recognition of the propriety of such an independent examination was further buttressed by two considerations. First, in early 1979, the Office of the Director General of the Foreign Service at the Department of State commissioned a similar study to, inter alia, credibly contribute to the considered revision of the Foreign Service Act. The study was concluded in May 1979. It played a significant part of the public examination of Foreign Service compensation, and made several recommendations which, because of the statutory relationship between State and AID regarding pay, have bearing upon the Agency for International Development. Second, the meaning of the Pay Comparability Act of 1970 is central to the intra-governmental dialogue about Foreign Service pay.

The essence of this 1970 enactment is that within the Federal statutory pay system, which includes all AID personnel (Foreign Service and GS), (a) there is equal pay for substantially equal work; (b) pay distinctions be maintained in keeping with work and performance distinctions; (c) Federal pay rates are comparable with those of private enterprise for the same levels of work; and (d)

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pay levels for the statutory pay systems be interrelated. The direct effect of this Act upon AID in the context of legislative reorganization and Foreign Service Act revision is clear:

- AID Foreign Service work, i.e., job content, should be defined;
- AID Foreign Service pay should relate to levels of work;
- AID Foreign Service levels of pay and work should be, respectively, comparable to that of the private sector; and
- AID Foreign Service pay levels should be interrelated with the Federal (GS) pay system.

AID recognized that to do these things would require data bases and relevant experience not readily available in-house. It was also clear that substantial credibility must attach to the study findings if they are to be constructively received both in and out of the Agency. Consequently, AID retained Hay Associates, the international management consulting firm which had conducted compensation and classification studies for a number of Federal departments and agencies including the Department of State.

At the outset of the project both AID and Hay were conscious of the need to appropriately recognize AID's unique and sometimes contradictory role. Since its inception as the Marshall Plan more than thirty years ago, and through its various legislative designations (e.g., International Cooperation Administration from 1955 to 1961), AID has been a full member of the United States

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Foreign Affairs community. Its traditionally close relationship with the Department of State is a matter of record: overseas, AID and State work and sit together as members of the Country Team; major AID objectives are consultatively shaped with the Department; and the legislative ties of the two organizations have been mentioned. Alternatively, AID, at least since the enactment of the Foreign Assistance Act of 1961, has also had a standing as an independent agency because its principal mission -- overseas development assistance -- is unlike that of the Department or any other Federal entity. The most recent IDCA initiatives reinforce this independent posture; and AID's worldwide development assistance agenda is and has been directed and re-directed through extensive interaction with committees of the Congress much like other stand-alone agencies of the U.S. Government. AID's dual institutional personality has, of course, resulted in a human resource environment with characteristics and problems both similar to and understandably different than those of the Department.

To not only recognize but appropriately respond to this complex and long-standing relationship with the Department, the examination which follows addresses AID in terms of an agency independent of the Department of State. However, since there is clearly an institutional relationship on matters such as pay comparability, the format,

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approach, and methodologies of this report are, by design, very similar to that of the State Department Report 1/ because they are companion documents properly addressing complementary issues.

Mindful of these considerations, the major project objectives were to:

- Employ the Hay Method of Job Evaluation to determine the relative job content of selected AID Foreign Service positions, domestic and overseas, and the relationship of AID Foreign Service work and pay to external employers, including the U.S. Civil Service.
- Utilize Hay data bases to determine the comparability and competitiveness of AID Foreign Service compensation (base salary, benefits, and total compensation) to that of the General Schedule, the domestic private sector, and 13 representative U.S. multinational corporations.
- Apply the Linkage Analysis statistical techniques developed by Hay to selectively test relationships between the AID Foreign Service and General Schedule pay/grade classification systems on the basis of evaluated job content.

Throughout the study, Hay sought to introduce three critical elements:

- Sensitivity to the specifically unique nature of foreign assistance activities and generally unique (to the foreign affairs community) aspects of overseas service;

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1/ A Study to Assist the Department of State in an Evaluation of the Compensation System of the United States Foreign Service, Hay Associates, 2 volumes, Washington, D.C., 1979.

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- Concern for the quality of data gathering, analysis, and presentation; and the
- Involvement of AID personnel in all project phases.

There is, of course, nothing novel in these elements; they are, in fact, integral to the Hay approach which is founded upon the ability to adapt methodologies and fashion solutions to meet the special needs of a client. In our view, however, the absence of any of the foregoing diminishes the significance of study results since all, together, are essential ingredients of technical and judgmental credibility which is properly to be expected.

Although its mission has been traditionally misunderstood in the United States, AID is the only Federal entity charged with the development and implementation of U.S. development assistance activities. This singularity of purpose is joined by the uniqueness of circumstance -- overseas service 1/ -- recognized in the Department of State study. As identified at the State Department, these conditions necessitate a personnel management environment unlike those commonly found throughout the Federal establishment: rank-in-person; frequent internal reorganization and/or programmatic re-direction; multiple classification systems; frequent personnel rotation; and the necessary mix of

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1/ It should be observed that of the 59 current AID Missions and AID Offices abroad, all, by definition, are located in the developing world. Moreover, 47 of these are demoninated hardship posts.

specialist and generalists.

In the area of quality control, the study is as explicit as possible with respect to the origin of data, the rationale for approach, and the nature of analysis. With respect to AID participation, the consultants interacted frequently with AID personnel for two principal reasons: (1) to gain as much insight about the client personnel management environment as possible; and (2) to develop AID understanding of and facility with Hay techniques to enable it to not only utilize but also build upon the findings of this study.

The report which follows relates consultant activities in five major areas:

- Statistical Sampling
- Job Evaluation
- Linkage Analysis
- Cash Compensation Analysis
- Total Remuneration (including Benefits) Analysis

The findings in these areas by no means provide immediate answers to every complex issue identified. Hopefully, however, this report has appropriately focused a personnel management telescope upon key elements within AID, and has given prudent and responsible direction to those charged with the management of AID's complex human resource environment.

## II. THE HAY GROUP

Founded in 1943, with headquarters in Philadelphia, THE HAY GROUP is today the largest human resources consulting firm in the world. With 68 offices in 21 countries, the Hay Group presents a unique collection of complementary consulting capabilities:

- HAY ASSOCIATES, the parent firm, is a pioneer in the field of reward management;
- HUGGINS & COMPANY, actuarial, pension, and benefits consultants since 1911;
- MSL INTERNATIONAL, LTD., the London-based world-wide management recruitment and development firm;
- HAY COMMUNICATIONS, a company specializing in management communication;
- GROUPE GAMMA, a Paris-based management strategy company; and
- RESEARCH FOR MANAGEMENT, a survey research organization assisting management to identify and solve problems;

The Hay Group is extensively involved in the international community, and the 1976 United Nations Conference on International Compensation resulted from our professional association with the UN, and in fact was chaired by a Hay General Partner. The Hay methods of position evaluation and compensation comparison have been employed in more than 5,000 public and private institutions throughout the world; and Hay was recently described by Fortune magazine as having " . . . the most celebrated . . . method [of job evaluation]." For example, the Hay System has been

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influential in determining U.K. Government compensation; and our methodologies are used to evaluate military occupations in both the British Armed Forces and the Australian Permanent Defense Forces. The Government of Canada is presently implementing Hay job evaluation procedures; and the U.S. Department of State recently employed Hay techniques to evaluate Foreign Service jobs and analyze Foreign Service cash, benefits and expatriate compensation; and the World Bank and International Monetary Fund are currently employing Hay systems to conduct their triennial compensation survey in the U.S., France, and the Federal Republic of Germany.

In the United States, Hay clients range from AT&T to Zenith; and of the corporations listed in the 1979 Fortune Directory:

- 40% of the 500 largest industrials are Hay clients;
- 22 Hay clients are among the 50 largest commercial banks (including three of the first five: Citibank, Chase Manhattan, Manufacturers Hanover); and
- 26 of the 50 largest insurance companies have adopted the Hay system.

Hay techniques have also been utilized by a variety of international organizations and U.S. Government entities including the Council of International Economic Policy, the Department of Labor, the U.S. Secret Service, the Inter-American Development Bank, the Congressional Budget Office, HEW, and so forth. Other recent governmental activities

of pertinence here include:

- For DOD's 1975 Quadrennial Review of Military Compensation (QRMC) -- a study to test and evaluate linkages between military and Civil Service pay grades for pay comparability purposes.
- For the International Civil Service Commission -- a comparison of selected U.S. Civil Service and UN positions.
- For the Organization of American States -- a comparative study of the classification and compensation systems of selected international organizations.
- For the U.S. Civil Service Commission (now OPM) -- a research project comparing Hay evaluation techniques and compensation comparisons to those of the USCSC.
- For the President's Commission on Military Compensation -- a study of the comparability of military pay and benefits to the U.S. private sector.
- For the Federal Aviation Administration -- an evaluation of the feasibility of adopting a classification and compensation system separate from the General Schedule.

Hay's research and development capabilities are particularly unique in the sense that both government and private sector clients throughout the world are served. This allows Hay to maintain and easily interchange the latest data and experiential techniques between sectors. In addition, Hay maintains current computerized data bases on thousands of clients which permit a variety of comparisons unavailable anywhere else in a way which protects the confidentiality of both participants and the data.

The range of Hay's technologies and services is ex-

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tensive and flows from its substantial experience, unique data bases, and highly trained professional staff. Hay's pioneering efforts in such fields as job measurement, reward management, and compensation administration have given rise to the ever-broadening dimension of the firm; and an organization chart and a discussion of total Hay capabilities is found in Volume II, Appendix A.

III. APPROACH

A. BENCHMARK SAMPLING

A precondition to any meaningful linkage or compensation analysis is a representative sample of jobs in the pay grades of the client population. In order to gain such an appropriate and defensible organizational "snapshot" of Foreign Service Reserve Officer positions, the consultants employed statistical sampling techniques designed specifically to identify a sufficient number of positions to recognize and accommodate the specific characteristics of the AID's Foreign Service population: two grade/classification systems, 1/ overseas and domestic service, and job families requiring different skills, as denoted by the Backstop Code 2/ distribution. The final sample of AID Foreign Service (FSR and FSS) employees totaled 64 positions; and was sufficient to accomplish the study objectives, linkage and compensation analysis.

1. Sampling Approach

A three-stage statistical sample of FSR and FSS

- 
- 1/ The AID Foreign Service cadre is composed of two grade/classification systems: FSR (Foreign Service Reserve Officer), an 8-grade pay system; and FSS (Foreign Service/Staff), a separate 10-grade system.
- 2/ Backstop Codes denote job families within the FSR system, e.g., Program Management (02), Agriculture (10), Capital Project (94), etc., as well as job families within the FSS system, e.g., Secretary (05), Executive Assistant (07), etc.

positions was undertaken employing the consultant-designed approach.

- Stage I identified benchmark positions for the compensation analysis study phase.
- Stage II identified benchmark positions for the linkage analysis study phase.
- Stage III identified positions which, on an empirical basis, supplemented the first two samples, consistent with the overall sampling plan.

The following sequential sampling design was employed:

Stage I - Jobs were sampled to represent benchmark pay grades (1 to 2 jobs per grade per system) for the pay comparability analysis.

Stage II - Jobs were selected to increase job representation at the selected pay grades used in the linkage analysis, i.e., to achieve a total of 6 jobs per such grades.

Stage III - Jobs were selected, on an empirical basis, to supplement the first two samples in accordance with the sampling plan's definition of representativeness of the population.

## 2. Sampling Criteria

A series of sampling criteria were developed to guide the selection of representative jobs for Sample Stages I and II. For the purpose of this study, "representative" is defined in terms of numbers of incumbents, not numbers of billets. Using incumbent distribution data from the Agency for International Development (computer runs as of July 1979), samples were selected to represent the following parameters:

- Classification Systems - FSR and FSS.
- Pay Grades - 8 grades in the FSR system, and

10 grades in the FSS system.

- Location - domestic versus overseas positions.
- Backstop Codes - job family designations.

Pursuant to these criteria, highly populous jobs were selected at specified grades, locations, and Backstop Codes. Jobs were not included which were considered non-representative or too few in number to represent the FSR or FSS population in total. Subject to the above specification, AID personnel carried out the actual identification of positions to be included since they were familiar with both the positions and the incumbent classification and inventory data from which the samples were taken.

Findings from the initial analyses to determine the representativeness of the samples within the selected Backstop Codes for each system and grade are found in Volume II, Appendix B.

### 3. Stage I - Compensation Analysis Sample

Having established the specifications for benchmark jobs to support the compensation analyses, positions were selected according to the following rule: "Within each classification schedule, select the one (1) job per pay grade which has the most incumbents in a Backstop Code at that general location."

The sampling design was intended to provide a sample of eight (8) to ten (10) benchmark positions, one (1) per grade in each of the two (2) classification systems, sep-

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arately for domestic and overseas locations. Since there are two schedules with a total of 18 grades, the resultant sample size was anticipated to be 36 positions. This estimate assumed one (1) job in each of eight (8) grades in the FSR system (with one Backstop Code per grade) at two (2) locations (Washington/Overseas):  $8 \times 2 = 16$ ; and the same design for the ten (10) FSS grades:  $10 \times 2 = 20$ . However, it was necessary to exclude certain pay grades where no (or very few) incumbents were found and/or where no position descriptions or definable jobs existed (e.g., FSS personnel temporarily in Washington jobs pending re-assignment overseas; FSR-7 International Development Intern's (IDI's) encumbering undefined jobs in the field). For these reasons, the final sample for Stage I numbered 15 positions.

#### 4. Stage II - Linkage Analysis Sample

The second sample consisted of 30 representative jobs selected for the linkage analysis phase. The most populous jobs were selected in terms of the distribution of incumbents among Backstop Codes; and positions were drawn from selected grades in AID's FSR and FSS classification system targeted for this selective analysis. To ensure adequate representation, six or more jobs were drawn within each grade selected for the linkage analysis. Table 1 provides the total number of jobs sampled in the selected grades and Backstop Codes of the FSR and FSS schedules

used for linkage analyses.

5. Stage III - Supplemental Sample

The sampling design for the linkage analysis comprised 30 positions, and these Stage II jobs were selectively added to the Stage I sample. An additional 19 jobs were drawn by the Agency pursuant to Stage III, 1/ and these positions were also employed in the compensation analysis. Consequently, although the Stage I sample was sufficient for the compensation aspect, it was usefully and appropriately increased by the Stage II and III samples.

The number of AID Foreign Service jobs sampled was thus increased to a total of 64 (15 from Stage I, 30 from Stage II, and 19 from Stage III). However, while the compensation analysis was based on all 64 jobs, as indicated in Table 1, the linkage analysis was based upon 61 positions. The difference is explained by the fact that no linkage analysis was conducted for the FSR-6, FSS-4 and FSS-5 grades, where only one job per grade was sampled for compensation analysis purposes.

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1/ These positions were selected consistent with the objective of sample representativeness and were selected in accord with the consultants' sampling plan.

SAMPLE SIZE BY STAGE

<u>Grade</u>	Stage I (Compensation)	Stage II (Linkage)	Stage III (Linkage)	<u>Total</u>
FSR-1	2	4	-	6
2	2	4	2	8
3	2	4	9	15
4	2	4	1	7
5	2	4	6	12
6	1	-	-	1
FSS-4	1	-	-	1
5	1	-	-	1
6	1	5	-	6
7	1	5	1	7
<b>Total</b>	<b>15</b>	<b>30</b>	<b>19</b>	<b>64</b>

Table 1

A detailed description of the jobs in the sample on Back-stop Code and grade appears in Volume II, Appendix B.

Analyses were made to establish that Stage II augmented Stage I in such a way that Stage II jobs built upon the jobs selected at the same pay grades in Sample I. The Stage II sample was also supplemented by jobs drawn for Stage III. The selection of jobs in Stage III was performed pursuant to maintenance of the overall sample's integrity. All Stage I, II and III jobs used for the linkage analyses are included in Volume II, Appendix C.

B. JOB CONTENT DOCUMENTATION

Current and accurate job content statements are not only essential personnel management instruments but a sine qua non to the process of position evaluation. Consequently, the collection of job content data for each of the AID positions identified by the sample was undertaken with great care.

It was the consultants' view that the job documentation must reflect those institutional characteristics and functional requirements which are unique to the Agency for International Development. To this end, the consultants sought position information which:

- described the critical thrust or purpose of the job;
- identified the areas of essential and key interaction with both AID, State, and external positions;
- presented the elements which differentiated the position from others within the Agency; and
- highlighted the vital end results or accountabilities to be achieved by the job.

In making this request, and pursuant to extensive discussions with AID officials, the consultants were well aware of the variable quality job documentation for AID Foreign Service positions. It is recognized that the maintenance of current position information is difficult in a large and dynamic organization like AID, with approximately 5500 employees. However, it is understood that

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current position descriptions are the most basic and fundamental ingredient of a sound personnel management system.

Mindful of both the necessity of accurate data and the understandably mixed quality of available position information, especially for FSR and FSS personnel assigned to AID/Washington, the consultants, in concert with PM, developed a variety of written and oral data collection procedures which built upon the base position data to ensure the most complete presentation of job content elements.

- Existing job descriptions were obtained for each position;
- Organizational charts, staffing patterns, and Congressional Presentation (CP) narratives were utilized, as needed;
- Internal memoranda were selectively employed to highlight the most recent structural or functional changes;
- Seasoned AID personnel, representing major functional and specialized areas, were selected to serve on the Job Evaluation Committee; and
- "Generic Interviews" -- dialogues between Hay consultants, the Evaluation Committee, and AID personnel specifically knowledgeable about a type of position (although not the incumbent) or activity -- were selectively undertaken to further refine the quantity and quality of the position information.

Although optimal job content data is collected through an incumbent-interview process conducted by skilled consultants or consultant-trained client personnel, the foregoing alternative approach, although time consuming, has

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been employed by the consultants in other situations, such as the State Department, and proved suitable. Although the base position data provided by AID was, in some areas, excellent, it was generally mixed in content and currency. Consequently, the supplemental written materials usefully buttressed the base position information, as did the "generic interview" process.

The necessity for accurate information on all positions subject to this study dictated an approach which was both thorough and sensitive; and the responsiveness of AID to the data requirements and tediously structured approach imposed by the consultants is worthy of note.

C. POSITION EVALUATION PROCESS

1. The Hay Guide Chart Method

The basis for all analyses in this study is the determination of the content of each job; and the methodology employed to accomplish this is a point-factor comparison system of job measurement known as the Hay Guide Chart-Profile Method. This technique, which has been employed in public and private sector organizations throughout the world, evaluates the total content of any job through the discrete analysis of eight factors of a position falling within three job dimensions -- Know-How, Problem Solving and Accountability. 1/

- Know-How: Under the major heading of "Know-How," each job was studied for the depth of its technical knowledge requirements; for the leadership, administrative or supervisory demands of the position; and for the quality of human relations skills required.
- Problem Solving: Similarly, under a major heading of "Problem Solving," the positions were studied with regard to their problem challenges and to the procedural constraints involved in solving problems as part of the ongoing flow of work.

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1/ It should be emphasized that these dimensions are used only to evaluate the content of the jobs. When AID positions were thus evaluated, there was no need to refer -- and thus no reference was made -- to the incumbent, his or her performance, or the present level of pay; consequently, the methodology is inherently raceless, sexless, and so forth. Although these techniques do not preclude on-the-job discriminatory practices, they favorably impact upon the very foundation of a personnel management system and further reinforce the AID established intent to carry out an effective EEO program.

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- Accountability: Under the major heading of "Accountability," the job content was studied to determine the levels of freedom to act to fulfill job objectives, the nature of the impact of these actions upon the Agency for International Development as a whole, and the order of magnitude of that impact.

The exhibit which follows depicts these three dimensions and eight factors by which they are defined. Knowledge is defined by: (a) the extent of knowledge required by the job; (b) the breadth of managerial skills; and (c) the human relations requirements. Problem Solving is defined by: (a) the degree of original thought required on the job; and (b) the degree of limitations imposed on thinking. Accountability is the impact of the job on end results, and is defined by: (a) the extent of freedom to act on the job; (b) the nature of the impact of the position on end results, and (c) the magnitude (size) of the job in relation to its impact. A detailed discussion of the Hay Method is presented in Volume II, Appendix D.

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HAY JOB EVALUATION CRITERIA	
	SUBSTANTIVE DEPTH
KNOW-HOW	ADMINISTRATIVE AND MANAGERIAL LEADERSHIP
	HUMAN RELATIONS SKILLS
	THINKING ENVIRONMENT
PROBLEM SOLVING	THINKING CHALLENGE
	FREEDOM TO ACT
ACCOUNTABILITY	IMPACT
	MAGNITUDE

Exhibit 1

The instruments for measuring these elements are known as Guide Charts; and there is one Guide Chart for each of the three dimensions. They are referred to as Guide Charts because they serve as "guides" to the Committee evaluating the content of each job in an organization; and examples of the Guide Charts designed for the Department of State and employed at AID are found in Volume II, Appendix E.

These instruments are used to evaluate the relative difficulty and importance of positions within any organization. This job content measurement technique results in a semantic or qualitative judgment about the job content as well as a quantification of that judgment expressed in points. Thus, values are assigned for each of these three elements and added to obtain a total numerical value for each job,

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which then becomes the basic measure of its content and worth.

The numbering system used in the Guide Charts is a geometric scale with a ratio of approximately 15 percent between terms in the series. That is, the value of each aspect grows in 15 percent increments. For example, the terms in the series include 50, 57, 66, 76, 87, 100 and so on, up and down the scale. The selection of a geometric scale rather than an arithmetic scale is justified by empirical considerations and also by the fact that in both the public and private sectors salary changes from jobs of low content to jobs of high content are geometric in character.

Each AID position was evaluated by these measurement tools in the context of the following guidelines:

- Current job content only (as opposed to what the job should be or could be) was considered.
- Non-job content overseas factors were not considered.
- The qualifications or current performance of job incumbents were disregarded -- each position was evaluated on the assumption of acceptable, satisfactory performance.
- Evaluations were made without consideration of the job's current classification.

The Guide Charts used by the AID Evaluation Committee contain, by design, the standard elements of all Hay Guide Charts. However, certain aspects of the Charts were specifically tailored so as to sensitively measure certain unique

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aspects of the Foreign Service environment.

Language used in defining a number of factors was adapted to reflect the way the foreign affairs community perceives work relationships. Further, the Accountability Guide Chart was modified to refine definitions of job impact or end results which would take into account the "collegial" or "consultative" nature of seeking and achieving end results within the foreign affairs community. Specifically, the Impact definitions broadened the multiple levels of involvement of jobs in terms of their answerability for actions.

The Magnitude dimension of the Accountability Guide Chart was also adapted to reflect characteristics of each job beyond common monetary dimensions to acknowledge the reduced control (vis-a-vis the private sector) which Foreign Service positions, principally at the State Department, have over the acquisition and disposition of budgetary resources. When money magnitudes were appropriate measures, they were employed; however, the Accountability Guide Chart provided a geographical alternative which permitted an assessment of magnitude in terms of domestic and overseas considerations. It must be emphasized, however, that all Guide Chart modifications were made in such a way that the underlying consistency of the instruments and the technique were maintained.

Over the course of 35 years, the terminology of Hay

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Guide Charts has become part of the language of human resource management and salary administration. This came about quite logically since this terminology can so precisely define, in capsule form, the weight and character of a job at any level or within any function.

This language is naturally used within public and private institutions, but it is also widely used between organizations when personnel administrators seek to understand just what are the essentials of a job by any title.

Interesting evidence of the applicability of the Hay system is illustrated by the accompanying advertisement from a recent Wall Street

Journal. It is strikingly clear how profoundly these short coded symbols define the organizational relationships and the nature and challenge of the job in question. The consul-

<b>MANAGER OF COMPENSATION</b>	
FII3	460
F4 (50)	230
E4 C.	<u>200</u>
	890
Box CC-576, The Wall Street Journal <small>An Equal Opportunity Employer</small>	

tants learned that this ad had great "pull," an indication that it must have broadly conveyed a clear message.

### 2. The Evaluation Committee

A central element to the Hay Method is the total involvement of selected client personnel in the Job Evaluation process. Hay experience has established that client

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participation invaluablely enhances the sensitivity of the process to the structural and functional characteristics of a position which are unique to that organization. This is especially true with respect to the AID since it is the only U.S. Government entity charged with shaping and implementing U.S. foreign assistance policy. Consequently, its domestic and international organizational framework, inter-governmental relationships, rank-in-person personnel system, and so forth, cannot be ignored by any meaningful job evaluation process.

For these reasons AID was asked to form an Evaluation Committee composed of individuals representing the major functions and specialties within its organization. Each individual was to possess a breadth of understanding with respect to Agency domestic and international operations in order to further reinforce the job description material with which the Committee would work. The following individuals were selected by AID to serve on the Position Evaluation Committee:

Mr. C. Blair Allan  
Agronomy Advisor  
Office of Development Resources  
Latin American and the Caribbean Bureau

Mr. Donald Atwell  
Program Analysis Officer  
Office of Program and Management Support  
Bureau for Private and Development Cooperation

Mr. Harold W. Collamer  
Financial Analyst  
Office of Development Planning  
Asia Bureau

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Mr. Leonard Durso  
Assistant Director  
Office of Development Resources  
Africa Bureau

Mr. Lewis Faoro  
Employee Development Officer  
Office of Rural Development and Development  
Administration  
Development Support Bureau

Ms. Mary Jane Heyl  
Security Assistance Coordinator  
Bureau for Program and Policy Coordination

Mr. Dana A. Lund  
Chief, Employee Relations and Services Division  
Office of Personnel Management

Mr. Blaine C. Richardson  
Director  
Office of Jordan/Lebanon/Syria Affairs  
Near East Bureau

Mr. Stanley J. Siegal  
Coordinator for African Refugees and Humanitarian  
Affairs  
Africa Bureau

Mr. Arthur Smith  
Chief, Loan Management Division  
Office of Financial Management

Mr. Gerald L. Nell, PM, served as Committee Rapporteur.

This Evaluation Committee was led throughout the process by two Hay consultants: Mr. David J. Wimer, Partner and General Manager Hay/Washington, and Mr. Gregori Lebedev, Director of Government Consulting Services, Hay/Washington. Both consultants possess particularly relevant experience in the U.S. Government and the international community, and each participated in the process of tailoring the measurement instruments -- the Guide Charts -- to the organizational characteristics of the Foreign Service community.

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The AID positions were evaluated by the consultant-led Committee over a period of several weeks; and the following multi-step procedure was employed during that time.

- Orientation - The consultants thoroughly instructed the Committee in the use of the Guide Charts. Each of the measurement elements was defined in terms of its application to a given position. The intra-factor relationships were established as was the need for consistency in interpretation of job elements and the assignment of points.
- Content review - Each member of the Committee was provided the job description and supplemental materials for each position under study.
- Initial Evaluation - Upon reviewing the position content materials, each Committee member, including the consultants, independently evaluated each job on the eight dimensions represented in the three factors of Know-How, Problem Solving and Accountability. Each member assigned appropriate Guide Chart points to each of the three factors, and computed a total score expressed in points.
- Profiling - Each member also computed the "profile" for each position, which assigns percentage values to each of the three principal factors -- Know-How, Problem Solving and Accountability.
- Consensus Scores - After each evaluator independently completed an evaluation, all scores were reviewed by the Committee. Since some members of the Committee had first-hand experience with many of the jobs under discussion,

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they were able to clarify position description ambiguities or omissions. As mentioned earlier, if questions remained with respect to particular job elements, specifically knowledgeable AID personnel joined the deliberation, but only for the purpose of content clarification. Once the Committee was satisfied with its depth of understanding of the position under discussion, the differences between the scores were extensively reviewed, and a final consensus was reached which constituted the single best judgment of the group. This considered judgment was recorded in terms of the rating on each of the eight components, and three scores for Know-How, Problem Solving, and Accountability, the total point value, and the Profile. This procedure resulted in a single estimate of the job content of each of the AID positions under study. The consensus procedure was followed for each position and was carried out under the direct supervision of the Hay consultants.

- Sore Thumbing - After consensus scores were obtained for each of the evaluated jobs, all the jobs were ordered by total point value, pursuant to a consistency control procedure called "sore-thumbing." This review consisted of an inspection of the extent of consistency of component ratings of each job (by level), relative to an expected Profile for each job. For example, the percentage of Know-How generally decreases for higher-level positions, while the percentage of Accountability increases.

This does not mean that, for example, an International Development Intern (IDI) requires more Know-How than a Program Officer. It does mean, however, that the IDI's Know-How can be a larger part of his job because the more significant problems, decisions, etc., are passed on to others. The Sore-Thumb analysis was used to identify any discrepancies in the measurements in terms of the relationships between jobs at each level. This analysis was made with respect to Know-How relationships, Problem Solving relationships, Accountability relationships, suitability of Profile, as well as the overall position of the job with respect to the other jobs at that level. Any discrepancies noted were corrected by making changes in the Know-How, Problem Solving, and/or Accountability measures, which changed the total point value and the Profile. When this process had been completed, the final point value for each of the jobs had been determined; and the final evaluations for all AID positions are presented in Volume II, Appendix F.

### 3. The Correlation Process

One of the unique features of the Hay Guide Chart-Profile Method is the ease with which the salary structure of an organization can be compared with external pay practices. A key to this capability is called "correlation" which is not to be confused with the term correlation used in statistics.

Hay correlation is simply the extension of the measure-

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ment process of job evaluation in one organization onto the evaluation structure of another. For example, two jobs of similar weight located in different organizations might be evaluated at different point levels due to the distinct analytic approaches of two different Job Evaluation Committees. To identify and compensate for such a condition, consultants skilled in this process establish an index or rate for each client which permits the translation of the numerical measurement of job content to a numerical value on a common scale. It is not unlike physical conversions in science -- pounds to kilograms, for example.

The AID correlation was carried out by Hay's Director of Correlation, Mr. Norman Lange. A Partner in the firm, Mr. Lange met in Hay's Philadelphia headquarters with Messrs. Richardson and Siegel of the AID Evaluation Committee, Messrs. Hahne and Nell of PM, and Messrs. Wimer and Lebedev, the Evaluation Committee leaders, in order to gain the fullest appreciation of the nature of the Agency and the evaluation process as it was conducted for this study. Against a norm of 2.4, a conversion factor of 2.43 was established for AID. Thus, when AID salary levels are compared to a variety of other organizations, the comparison is based upon salary levels for like job content in all organizations.

The correlation rate or conversion factor is a numeric statement of the relationship between the evaluation

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structure in one organization and the standard evaluation structure developed from Hay experience and the Hay data bank. Correlated point values are referred to as Hay Points, e.g., 230 H, while uncorrelated point values are referenced as P or client points. With the common structure as a link the correlation factor serves to relate one organization's evaluation structure to that of another or a group of others. The ratio has, as mentioned earlier, no interpretive significance such as correlation has in statistical analysis.

IV. LINKAGE ANALYSIS

A. METHODOLOGY

Linkage Analysis is a statistical process used to establish the relative degree of difficulty of jobs in the pay grades of different classification systems, e.g., AID Foreign Service and General Schedule. Establishing comparability between jobs in the pay grades at AID and in the Federal Civil Service is complicated by the fact that AID classification systems do not have the same number of pay grades as the Federal Civil Service System. There are 18 grades in the General Schedule system, compared to 8 and 10 grades in AID's FSR and FSS classification systems, respectively.

While historic attempts at linkage analysis relied upon title comparisons or general classification methods, the techniques employed by Hay Associates have proven to be much more precise and defensible. The Hay approach is predicated on evaluating a representative sample of jobs in the selected pay grades using the Hay Method of job evaluation. Having so evaluated the sample positions, it is possible to analyze the results by applying statistical techniques to determine if two grades have jobs of equivalent difficulty. Such a condition demonstrates a statistical linkage between the two pay grades. This approach was used in the present study, and is summarized below:

- Representative samples of positions were drawn from FSR and FSS pay grades and pay

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grades of the Federal Civil Service General Schedule classification system.

- Each job was assigned points using the Hay Method of job evaluation.
- Quantitative comparisons of job difficulty by pay grade were made using these point values.

The end-result of the analysis was a determination of the relationship between selected AID Foreign Service pay grades and Civil Service pay grades.

### B. QUANTITATIVE ASSESSMENTS OF LINKAGES

A series of descriptive statistics were employed to summarize the findings of the job evaluations. The same analyses were made separately for the AID positions and for the Civil Service positions.

In particular, the following statistics were computed for jobs at each pay grade, using the Hay Point data:

- Range (High value and Low value), i.e., the top and bottom scores in a rank (indicative of the extremes in job difficulty at each pay grade); and
- Median Hay Point value (indicative of the median job difficulty at each pay grade; 1/2 of the values are higher and 1/2 of the values are lower than the median).

After the data were summarized, statistical tests were made to determine linkages between pay grades in the two systems.

#### 1. Statistical Tests

A series of tests of the statistical significance of

differences in job content were made. 1/ These tests were performed for each pair of pay grades where a link was proposed between one pay grade in either the FSR or FSS system and another pay grade in the General Schedule.

Thus, an operational definition of a linkage is when the distributions of job content for an FSR or FSS and a Civil Service pay grade at a certain level are equivalent -- or more precisely, when they are not different, based on a statistical analysis. For example, if FSR-4 jobs and GS-14 jobs have the same job content when tested statistically, they may be said to "link." Conversely, if their job content is significantly different, then they do not "link."

Note that all the sample jobs at a level are tested in this procedure, not just those jobs which have similar titles and/or job descriptions. Hence, the results of the statistical tests performed on representative job samples can be extrapolated to all the jobs at that grade level, producing a more stringent test of the proposed linkages at each particular pay level than one would obtain by

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1/ The Fisher Exact Probability and the Wilcoxon Rank Sum Tests were employed (Hollander and Wolfe, 1973; Siegel, 1956). Non-parametric techniques are applicable when one cannot assume that the data are normally distributed. In the present study, the data do not satisfy the assumptions required in the use of parametric tests, e.g., a "t" test. Both the Fisher and Wilcoxon tests were performed in all cases: their results were always in agreement.

comparing only single jobs which might or might not represent all the jobs in a particular pay grade.

Further, when the jobs in two pay grades are found to be different based on statistical analysis, the results may be used in determining relative difficulty as opposed to linkages. Thus, if GS-14 jobs are significantly less difficult than FSR-3 jobs, then the GS-14 level may be interpreted as a lower bound for the FSR-3 level.

For this reason, even the finding that jobs in two pay grades do not link is important and useful. If a link was previously suspected or determined, the findings of the present study might well reject this linkage, since improved job sampling and evaluation techniques were employed. However, such a finding still has a salutary effect since it helps to show the relationship between pay grades in the two systems. Indeed, it provides an indication of the relative positioning, i.e., the relative job difficulty (content) in various pay grades of the FSR/FSS and Federal Civil Service pay systems. If a statistical test shows that the job content in two pay grades differs significantly, then a statistical basis also exists for declaring that one pay grade bounds the other, i.e., is an upper or lower limit.

2. Other Analyses of Relationships Between Pay Grades

The statistical test results are generally precise

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and unambiguous. However, it is occasionally found that a single link between two pay grades cannot be established. In some cases, it may be impossible to link the pay grades in two different systems because of a "gap" between pay grades (e.g., FSR-3 may not link to GS-14 or GS-15, but may be positioned between the two). In other cases, more than one pay grade of one system may link to a single pay grade in the other system (e.g., both FSR-1 and FSR-2 might link to GS-18).

When these problems are noted, the data are evaluated by inspection. This analysis considers the median job difficulty of each pay grade, as well as the range of difficulty of jobs in the pay grade. Where data do not exist for a certain pay grade, they are interpolated for analytic purposes.

A graphic presentation of the results is then made to indicate the linkages determined by statistical analysis and inspection. This depiction uses the median Hay Point values for each pay grade in which sample jobs were evaluated. The end results are presented as a series of "ladders" depicting the actual/expected relationship between pay grades in AID's FSR and FSS and the Federal Civil Service systems.

### C. FSR AND FSS POSITIONS

Descriptive statistics are presented below for the

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selected FSR/FSS pay grades included in the linkage analysis. These data are reported separately as follows:

- 1) Officer Level pay grades (these include positions at the FSR-1, FSR-2, FSR-3, FSR-4, and FSR-5 pay grades); and
- 2) Staff Level pay grades (these include positions at the FSS-6 and FSS-7 pay grades).

For each data set, the median job difficulty was computed at each pay grade. This is the typical job difficulty for the sample positions at that pay grade, expressed as a Hay Point (HP) value. In practice, half the jobs are more difficult than the median HP value, while the remaining jobs are less difficult. The range (highest and lowest HP values) is also reported at each pay grade to illustrate the extent of differences in job difficulty at each pay grade. Finally, the sample size (number of sample positions) at each pay grade is reported.

1. Foreign Service Reserve Officer Level (FSR) Pay Grades

Descriptive statistics for the FSR positions included in the linkage analysis appear in Table 2.

Inspection of the descriptive statistics for these sample FSR pay grades indicated that the job difficulty tended to increase directly as a function of pay grade. The median HP value for the FSR-5 level was 231 HP's, for the FSR-4 level was 319 HP's, for the FSR-3 level was 379 HP's, for the FSR-2 level was 461 HP's, and for the FSR-1 level was 769 HP's.

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HAY POINTS FOR THE OFFICER LEVEL  
(FSR) JOB SAMPLE PAY GRADES OF THE  
AGENCY FOR INTERNATIONAL DEVELOPMENT

SAMPLE PAY GRADES	HAY POINTS		
	Range	Median	Sample Size
FSR-1	451-973	769	6
FSR-2	393-621	461	8
FSR-3	279-621 <sup>1/</sup>	379	15
FSR-4	279-379	319	7
FSR-5	178-319	231	12

Table 2

Inspection for the distribution of scores in proximate pay grades revealed instances of overlap in job difficulty between each of the different pay grades. For example, some jobs at the upper end of the FSR-5 distribution (up to 319 HP's) are more difficult than jobs at the lower end of the FSR-4 distribution (as low as 279 HP's). Some jobs at the upper end of the FSR-4 distri-

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<sup>1/</sup> It is noted that the range of evaluated FSR-3 jobs is relatively large. This is due to the existence of two (2) outliers, which are defined as extreme values falling far from the main body of the distribution of job evaluations. In this case, there is one at the low end of FSR-3 (279 HP's) and one at the high end (621 HP's). The other thirteen (13) FSR-3 jobs all fall between 342 and 451 HP's. It is appropriate to note the existence of these outliers because they distort the range of job difficulty in grade FSR-3, although they do not affect the estimate of the median.

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bution (up to 379 HP's) are more difficult than some jobs at the lower end of the FSR-3 distribution. 1/ Other instances of overlap were found between FSR-2 and FSR-3, as well as between FSR-1 and FSR-2, where some jobs at the upper end of FSR-2 (up to 621 HP's) are more difficult than jobs at the lower end of the FSR-1 distribution (as low as 451 HP's).

Finally, inspection of the range of scores at each pay grade revealed differences in the range of job difficulty at certain pay grades. Thus, there is a wide variation in job difficulty at the FSR-5 level (178 HP's to 319 HP's). In contrast, job difficulty is less variable at the FSR-4 level (279 HP's to 379 HP's), and in the FSR-3 level when adjusted for outliers (342 HP's to 451 HP's). There is also fairly wide variation in job difficulty at the FSR-1 and FSR-2 levels. This analysis suggests a rational classification system in that, on the average, FSR positions of increasing difficulty are accorded higher pay grade classifications.

It should be noted that the conditions cited above are not unique to the Agency for International Development. The 1975 Quadrennial Review of Military Compensation (QRMC) Study done by Hay Associates identified similar situations

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1/ This finding still holds even after excluding the outlier at the lower end of the FSR-3 distribution (see footnote on previous page).

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for both the military and the Federal Civil Service. For example, the military officer pay grades (e.g., 0-1 and 0-2) overlap, as do Federal Civil Service professional pay grades GS-14 and GS-15, and even pay grades GS-15 and GS-18. <sup>1/</sup> These Civil Service data are presented later in this chapter for comparison purposes.

2. Staff Level (FSS) Pay Grades

Descriptive statistics for the FSS positions included in the linkage analysis appear in Table 3.

HAY POINTS FOR THE STAFF LEVEL (FSS) JOB SAMPLE  
PAY GRADES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

SAMPLE PAY GRADES	HAY POINTS		
	Range	Median	Sample Size
FSS-6	110-133	123	6
FSS-7	94-133	96	7

Table 3

<sup>1/</sup> Pappas, Fisher, and Martin (1976).

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Inspection of the descriptive statistics for the sample Staff Level grades indicated that the job difficulty tended to increase directly as a function of pay grade. The median HP value for the FSS-7 level was 96 HP's and for the FSS-6 level was 123 HP's.

Inspection for the distribution of scores in proximate pay grades revealed an instance of considerable overlap in job difficulty between the two pay grades. Thus, some jobs at the upper end of the FSS-7 distribution (up to 133 HP's) are as difficult as jobs at the upper end of the FSS-6 distribution (also up to 133 HP's).

Finally, inspection of the range of scores at each pay grade revealed differences in the degree of job difficulty between the pay grades. Thus, there is a relatively wide variation in job difficulty at the FSS-7 level (94 HP's to 133 HP's). In contrast, the job difficulty is less variable for the FSS-6 pay grade.

While limited to two pay grades, this analysis again suggests a rational classification system in that FSS positions of increasing difficulty are typically accorded higher pay grade classifications (see the medians). However, the FSS data also suggest that the FSS classification system may not differentiate very well between adjacent pay grades, i.e., FSS-7 and FSS-6 have considerable overlap. Again, the consultants caution that problems of overlap are not unique to AID Foreign Service personnel.

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The QRMC study found similar results. Overlap between military enlisted pay grades (e.g., E-5 and E-7 overlap), and overlap between staff positions in the Federal Civil Service (e.g., GS-5 and GS-7). 1/ These Civil Service data are presented in the following section for comparison purposes.

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1/ See Pappas et al., 1976.

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D. FEDERAL CIVIL SERVICE (GENERAL SCHEDULE) POSITIONS

The table below presents descriptive statistics for General Schedule white-collar occupations.

HAY POINTS FOR THE CIVIL SERVICE JOB SAMPLES  
IN THE GENERAL SCHEDULE

SAMPLE PAY GRADES	HAY POINTS		
	Range	Median	Sample Size
GS-18	526-985	627	20
GS-15	333-587	420	12
GS-14	264-346	293	20
GS-13*	210-302	287	6
GS-12*	183-237	230	5
GS-11*	151-193	185	5
GS-9	124-174	145	20
GS-7	85-143	112	20
GS-5	79-97	89	10
GS-3	43-69	53	10

\* Civil Service Commission study (Pappas, Fisher and Doren, 1976). All other data are 1975 QRMC (Pappas, Fisher and Martin, 1976).

Table 4

Inspection of the descriptive statistics for the General Schedule positions revealed that the job difficulty

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tended to increase directly as a function of pay grade. The median HP evaluation score for the GS-3 level was 53 HP's, for the GS-5 level was 89 HP's, for the GS-7 level was 112 HP's, for the GS-9 level was 145 HP's, for the GS-11 level was 185 HP's, for the GS-12 level was 230 HP's, for the GS-13 level was 287 HP's, for the GS-14 level was 293 HP's, for the GS-15 level was 420 HP's, and for the GS-18 level was 627 HP's.

Inspection of the distribution of scores in proximate pay grades revealed several instances of overlap in job difficulty between different pay grades. For example, some jobs at the upper end of the GS-5 distribution (up to 97 HP's) are more difficult than jobs at the lower end of the GS-7 distribution (as low as 85 HP's). Some jobs at the upper end of the GS-7 distribution (up to 143 HP's) are more difficult than jobs at the lower end of the GS-9 distribution (as low as 124 HP's). Other instances of overlap were found between GS-9 and GS-11, GS-11 and GS-12, GS-12 and GS-13, GS-13 and GS-14, GS-14 and GS-15, as well as between GS-15 and GS-18. The latter finding logically implies an overlap of GS-15, GS-16, GS-17 and GS-18.

Finally, inspection of the range scores at each pay grade documents differences in the degree of job difficulty at certain grade levels. Thus, there are wide variations in job content at the GS-18 level (526 HP's to 985 HP's) and at the GS-15 level (333 HP's to 587 HP's). Wide

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variation in job difficulty was also found at the GS-7 level (85 HP's to 143 HP's) and the GS-13 level (210 HP's to 302 HP's). In contrast, the variation in job content is much less evident at the GS-14 level (264 HP's to 346 HP's) and the GS-5 level (79 HP's to 97 HP's). The ranges at the other levels are fairly similar, in contrast to these extreme instances.

It is noteworthy that the wide variation in job difficulty at the GS-18, GS-15 and GS-7 levels is comparable to the wide variation found at the FSR-1, FSR-2, and FSR-5 levels, but not at the others.

E. PRELIMINARY ANALYSIS OF JOB LINKAGE DATA

Prior to performing statistical analyses of the data, an inspection was made of expected Civil Service job linkages and the relative position of selected FSR/FSS and Civil Service pay grades. A separate analysis was made for: (1) the FSR pay grades and the Civil Service pay grades judged to be similar; and (2) the FSS pay grades and the Civil Service pay grades judged similar.

1. Inspection of FSR Linkage Data

Inspection of the median HP values at the FSR pay grades revealed the following:

- At certain levels where linkages were expected, the present median HP values differed, based on inspection. For example, FSR-2 and GS-15 were comparable, although FSR-2 was expected to fall nearer GS-18.
- FSR-1 jobs were evaluated at a higher level than GS-18 positions, while FSR-2 jobs were evaluated at a lower level than GS-18. The FSR-2 median (461 HP's) fell close to an interpolated median of 481 HP's for GS-16.
- FSR-3 jobs seemed to be similar in difficulty to GS-15, as expected.
- FSR-4 jobs seemed to be similar to GS-14 jobs, as expected.
- FSR-5 jobs were evaluated at approximately GS-12, while a link at GS-13 was expected.

Table 5 presents the median and range HP values at selected FSR grades and GS grades.

HAY ASSOCIATES

COMPARISON OF MEDIAN HAY POINT VALUES  
AT THE PROFESSIONAL PAY GRADES:  
AID VERSUS CIVIL SERVICE POSITIONS

FSR SERVICE POSITIONS			CIVIL SERVICE POSITIONS		
Pay Grade	Median Value	Range	Pay Grade	Median Value	Range
FSR-1	769	451-973	GS-18	627	526-985
FSR-2	461	393-621	GS-15	420	333-587
FSR-3	379	279-621	GS-14	293	264-346
FSR-4	319	279-379	GS-13	287	210-302
FSR-5	231	178-319	GS-12	230	183-237

Table 5

2. Inspection of FSS Linkage Data

Inspection of the median HP values at the selected Staff Level grades revealed the following:

- FSS-6 jobs were evaluated as less difficult than GS-9 jobs, although it was expected that they would link at GS-9/11. The FSS-6 median (123 HP's) fell between the median value for GS-9 (145 HP's) and the median value for GS-7 (112 HP's).
- FSS-7 jobs were evaluated as less difficult than GS-7 jobs, although a link was expected at GS-7/9. The FSS-7 median job difficulty (96 HP's) fell between GS-5 (89 HP's) and the median value for GS-7 (112 HP's).

The following table presents the median and range HP values at the Staff Level pay grades.

COMPARISON OF MEDIAN HAY POINT VALUES  
 AT THE STAFF GRADES:  
 AID VERSUS CIVIL SERVICE POSITIONS

FSS POSITIONS			CIVIL SERVICE POSITIONS		
Pay Grade	Median Value	Range	Pay Grade	Median Value	Range
			GS-9	145	124-174
FSS-6	123	110-133	GS-7	112	85-143
FSS-7	96	94-133	GS-5	89	79-97

Table 6

3. Implications of Findings

These preliminary analyses suggest that FSR positions, on the whole, are as difficult as anticipated, relative to positions at the professional level of the General Schedule. <sup>1/</sup> However, positions in the FSS system (FSS-6 and FSS-7) are less difficult than expected, relative to staff positions of the General Schedule.

However, these conclusions are tentative, since they are predicated on only an inspection of the descriptive statistics. A rigorous test of the linkages is needed to determine if these conclusions are warranted. To provide

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<sup>1/</sup> With the apparent exceptions of the FSR-2 to GS-17/18 and FSR-5 to GS-13 relationships, all those expected were found.

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this test, a series of formal statistical analyses were performed to determine if these tentative conclusions were sound.

F. STATISTICAL ANALYSES OF THE DATA

This section presents the results of a series of statistical analyses performed to test the job linkages proposed by the Agency for International Development. Separate statistical analyses were made for: (1) the FSR grades and the Civil Service pay grades judged to be similar; and (2) the FSS grades and the Civil Service pay grades judged to be similar.

1. Statistical Analysis at the GS Professional/Foreign Service Reserve Officer Pay Grades

The Fisher exact probability test <sup>1/</sup> (Siegel, 1956) was applied to test the linkages. In the analysis, where the differences between the medians are small (suggesting a link), the probability of obtaining a difference this large by chance is indicated by the value of "p". Thus, a "p < .05" means that a difference this large could be expected to occur by chance no more often than five times in 100. Hence, a statistically significant difference can be assumed.

In addition, the Wilcoxon Rank Sum test (Hollander and Wolfe, 1973) was also applied in every case. This test determines the probability that the job evaluations could have resulted from sampling a single underlying distribution. Similar to the results of the Fisher test,

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<sup>1/</sup> The test compares the central tendencies (medians) of the job content in the selected FSR and Civil Service pay grades.

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a probability less than or equal to .05 indicates that the hypothesis of a link is not supported.

Based on this statistical analysis, the hypothesis that the sample of FSR/FSS and Civil Service jobs come from pay grades having the same job content was supported at the following levels:

- FSR-1 and GS-18
- FSR-2 and GS-15 1/
- FSR-4 and GS-14
- FSR-5 and GS-13 or GS-12

Differences in sampled job content at these levels were minor and hence, statistical linkages may be proposed at these levels. Note that the tests indicate that FSR-5 can be linked to either GS-13 or GS-12.

The fact that FSR-1 (median = 769) links with GS-18 (median = 627) is explained by the wide variation in job difficulty of positions at both levels. Similarly, FSR-5 links to both GS-13 and GS-12 because of the relatively large range in job content for FSR-5 vis-a-vis the ranges in job content of GS-13 and GS-12.

The results of the statistical tests suggest that linkages do not exist at the following levels:

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1/ The tabular data on page 49 and the graphical analysis facing page 58 suggest that FSR-2 may link to GS-16 or even GS-17 as well as GS-15. The data to conduct linkage tests at GS-16 and GS-17 is not available.

STATISTICAL TESTS: RESULTS OF THE STATISTICAL TESTS  
FOR THE PROFESSIONAL PAY GRADES

FOREIGN SERVICE RESERVE OFFICER POSITIONS			CIVIL SERVICE POSITIONS			STATISTICAL TEST RESULTS		
Pay Grade	No. of Jobs	Median HP Value	Pay Grade	No. of Jobs	Median HP Value	Median	Wilcoxon	Decision Rule
FSR-1 <sup>1/</sup>	6	769	GS-18	20	627	NS	NS	Link
FSR-2	8	461	GS-18 GS-15 GS-14	20 12 20	627 420 293	p<.001 NS p<.001	p<.02 NS p<.001	No Link Link No Link
FSR-3	15	379	GS-15 GS-14	12 20	420 293	p<.05 p<.001	p<.02 p<.001	No Link <sup>2/</sup> No Link <sup>2/</sup>
FSR-4	7	319	GS-15 GS-14 GS-13	12 20 6	420 293 287	p<.002 NS p<.02	p<.01 NS p<.02	No Link Link No Link
FSR-5	12	231	GS-14 GS-13 GS-12 GS-11	20	293	p<.001 NS NS p<.02	p<.001 NS NS p<.05	No Link Link Link No Link

<sup>1/</sup> FSR-1 does not link to GS-15.

<sup>2/</sup> This result holds for a test on FSR-3 without the two outliers as well.

TABLE 7

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- FSR-2 does not link to GS-18; FSR-2 jobs are less difficult than GS-18 jobs. But FSR-2 also does not link to GS-14 and FSR-2 jobs are more difficult than GS-14 jobs. 1/
- FSR-3 does not link to GS-14; FSR-3 jobs are more difficult than GS-14 jobs; but FSR-3 also does not link to GS-15; FSR-3 jobs are less difficult than GS-15 jobs. Hence, FSR-3 difficulty falls between GS-14 and GS-15. 2/
- FSR-5 does not link to GS-11; FSR-5 jobs are more difficult than GS-11 jobs. But FSR-5 also does not link to GS-14 and FSR-5 jobs are less difficult than GS-14.

In each case, the differences in medians were larger than would be expected by chance either five times in 100, or less; and the results appears on the facing page.

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1/ See footnote, previous page.

2/ The tabular data on page 49 and the graphical analysis facing page 58 indicate that FSR-3 is better positioned at GS-15 than at GS-14 in terms of evaluated job difficulty.

These findings can be interpreted as follows:

- FSR-1 jobs are of comparable difficulty to GS-18 jobs.
- FSR-2 and GS-15 link. 1/
- FSR-3 jobs are positioned between GS-15 and GS-14 in terms of median job difficulty.
- FSR-4 and GS-14 jobs are of essentially similar difficulty.
- FSR-5 links to both GS-13 and GS-12. Based on its relatively large range, FSR-5 contains some jobs of GS-13 difficulty, and some jobs of GS-12 difficulty. The FSR-5 median is almost identical to the GS-12 median. On the whole, FSR-5 jobs are more difficult than GS-11 jobs and less difficult than GS-14 jobs.

Application of this logic helps to position the professional grades at the FSR-1 through FSR-5 levels, by establishing their job difficulty relative to pay grades in the General Schedule pay system. Thus, the relative position of these professional pay grades can be determined.

2. Statistical Analyses at the GS Support/FSS Pay Grades

The same statistical tests were also employed to test linkages at the Support Level proposed by the Agency for

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1/ FSR-2 may link to GS grade levels higher than GS-15 (i.e., GS-16 or GS-17). The data to conduct such tests is not available.

STATISTICAL TESTS: RESULTS OF THE STATISTICAL TEST  
FOR THE SUPPORT LEVEL PAY GRADES

FOREIGN SERVICE STAFF POSITIONS			CIVIL SERVICE POSITIONS			STATISTICAL TEST RESULTS		
Pay Grade	No. of Jobs	Median HP Value	Pay Grade	No. of Jobs	Median HP Value	Median	Wilcoxon	Decision Rule
FSS-6	6	123	GS-9	20	145	p<.001	p<.01	No Link
			GS-7	20	112	NS	NS	Link
			GS-5	10	89	p<.01	p<.01	No Link
FSS-7	6	98	GS-9	20	145	p<.01	p<.01	No Link
			GS-7	20	112	NS	NS	Link
			GS-5	10	89	p<.01	p<.05	No Link

TABLE 8

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### International Development.

Based on this statistical analysis, the hypothesis that the Foreign Service jobs and Civil Service jobs come from the pay grades having similar job content was supported at the following levels:

- FSS-6 and GS-7
- FSS-7 and GS-7

Thus, statistical linkages were found between these Staff Level pay grades and pay grades in the General Schedule (white-collar) system of the Federal Civil Service. However, the results of the statistical tests suggest that linkages do not exist at the following levels:

- FSS-6 does not link to GS-9; FSS-6 jobs are less difficult than GS-9 jobs. But FSS-6 also does not link to GS-5; FSS-6 jobs are more difficult than GS-5 jobs.
- FSS-7 does not link to GS-9; FSS-7 jobs are less difficult than GS-9 jobs. But FSS-7 also does not link to GS-5; FSS-7 jobs are more difficult than GS-5 jobs.
- As could be expected from their overlap, FSS-6 and FSS-7 linked together; hence, both links to GS-7 are reasonable although the medians indicate differences between the two. Both the Median and Wilcoxon tests support this internal relationship between FSS-6 and FSS-7.

The results appear in Table 8.

COMPARISON OF THE MEDIAN DIFFICULTY OF POSITIONS IN  
SELECTED PAY GRADES OF THE FSR AND GS CLASSIFICATION SYSTEMS

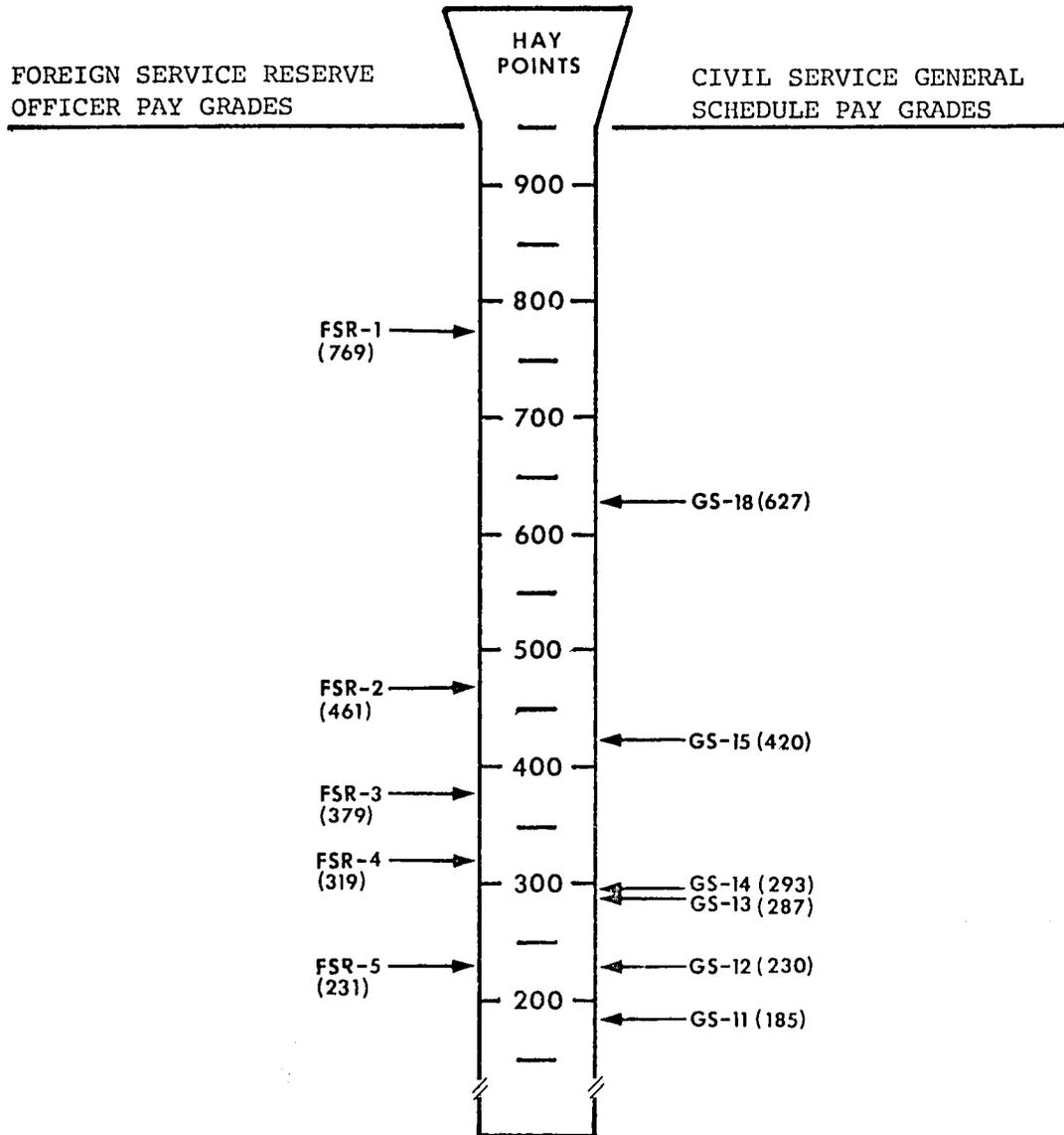


FIGURE 1

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G. GRAPHIC ANALYSIS OF RELATIONSHIPS BETWEEN THE AID  
FOREIGN SERVICE AND CIVIL SERVICE PAY SYSTEMS

A series of graphic analyses were made of the relationships between job content in the AID and Federal Civil Service pay systems. In particular, a series of comparisons were made using the median HP values at each level of each pay grade. Since the jobs at each level were evaluated on a common scale (Hay Points), it was possible to analyze the data between pay grades within a system, as well as between the various pay systems. Thus, one can compare FSS-6 to FSS-7 job content, as well as comparing FSS-6 to GS-8 or FSS-7 to GS-7. These analyses help to integrate the results of analyses presented previously.

Separate analyses were made for: (1) the FSR pay grades and the Civil Service pay grades judged to be similar; and (2) the FSS pay grades and the General Schedule (white-collar) pay grades judged to be similar. The analyses took the form of graphic depictions of the relationships between the job content in AID and the Civil Service. The actual relationship between the various systems can be inferred from inspection of the median HP values at each level.

1. Professional/FSR Relationships

Figure 1 indicates the relationships at the FSR-1 and FSR-2 versus GS-18 level which were found in previous analyses in this study. The possibility that GS-18 is positioned between FSR-1 and FSR-2 in difficulty is suggested by the

graph. Moreover, FSR-2's apparent similarity to GS-15 is depicted. 1/

At the FSR-3 level, statistical analyses had suggested that no linkage exists with GS-15 or GS-14, and this result is depicted in Figure 1. The statistical linkage of FSR-4 and GS-14 is also shown, as is the relationship of FSR-5 to GS-13 and GS-12. Although there was a statistical linkage between FSR-5 and GS-13, the medians are not as similar as the FSR-5 to GS-12 link.

Inspection of Figure 1 also suggests that job content in the FSR grades at the Agency for International Development may increase geometrically. Thus, the range of HP values from FSR-2 to FSR-1 is much larger than the range of values from FSR-3 to FSR-2. A similar but less pronounced finding is suggested for the GS system. Finally, Figure 1 suggests that the increase in job content from FSR-2 to FSR-1 is much greater than the increase from GS-15 to GS-18.

## 2. GS Support/FSS Relationship

A separate analysis was made of the relationship between job content for the General Schedule pay grades and FSS pay grades. In this analysis, the median HP values for the AID pay grades (FSS-6 and 7) were compared to the

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1/ It must be noted that the results suggest that FSR-2 is more similar to GS-16 in job content, as evidenced by its position on the chart.

COMPARISON OF THE MEDIAN DIFFICULTY OF POSITIONS IN  
SELECTED PAY GRADES OF THE FSS AND GS CLASSIFICATION SYSTEMS

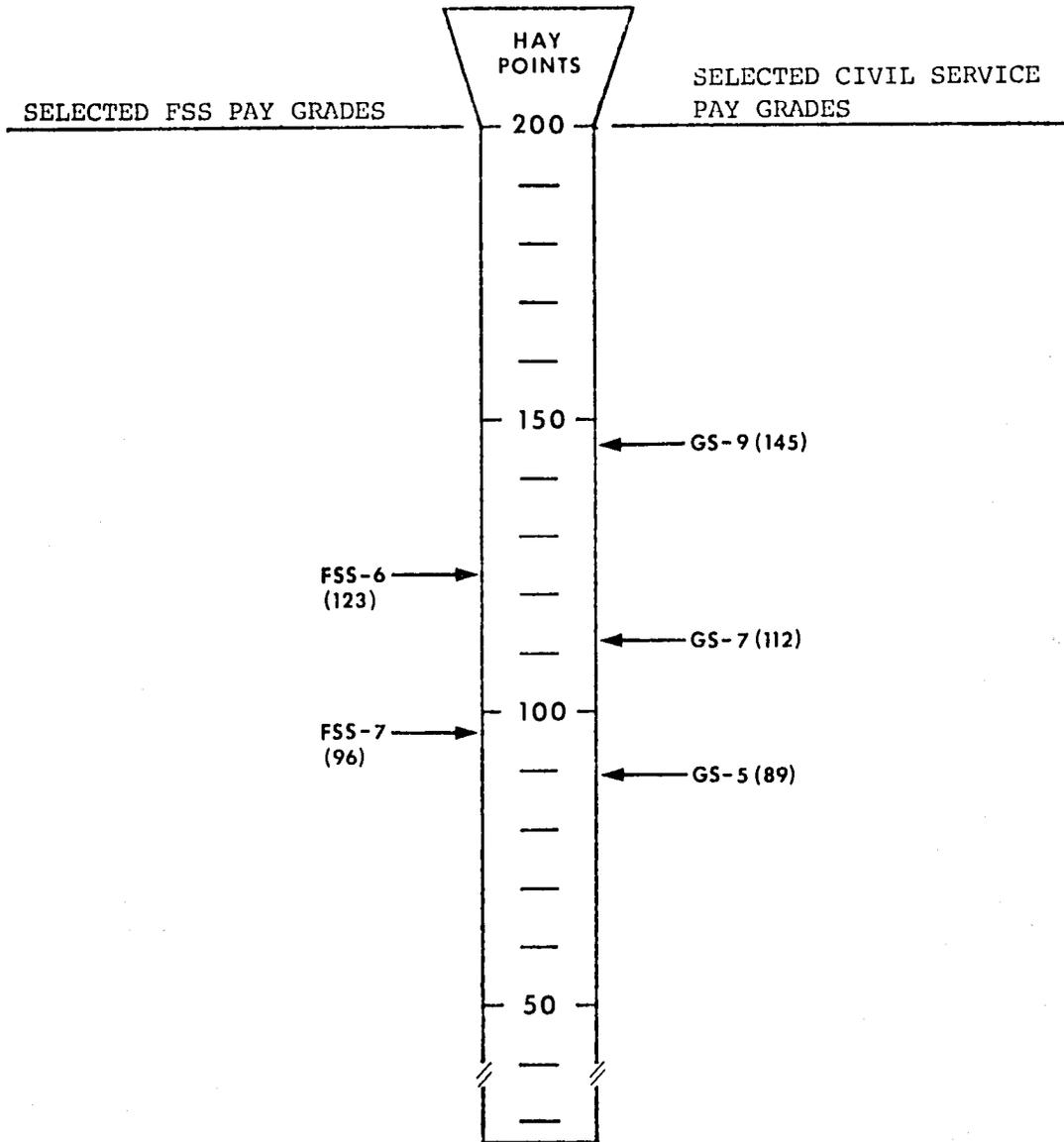


FIGURE 2

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median HP values for the various Federal Civil Service pay grades.

Figure 2 illustrates the statistical linkages observed between FSS-6 and GS-7, although FSS-6 jobs appear more difficult than GS-7 jobs (they position near GS-8 1/). The relative positioning of FSS-7 between GS-5 and GS-7 is also shown in Figure 2; a positioning near GS-6 is suggested by the graph. 1/

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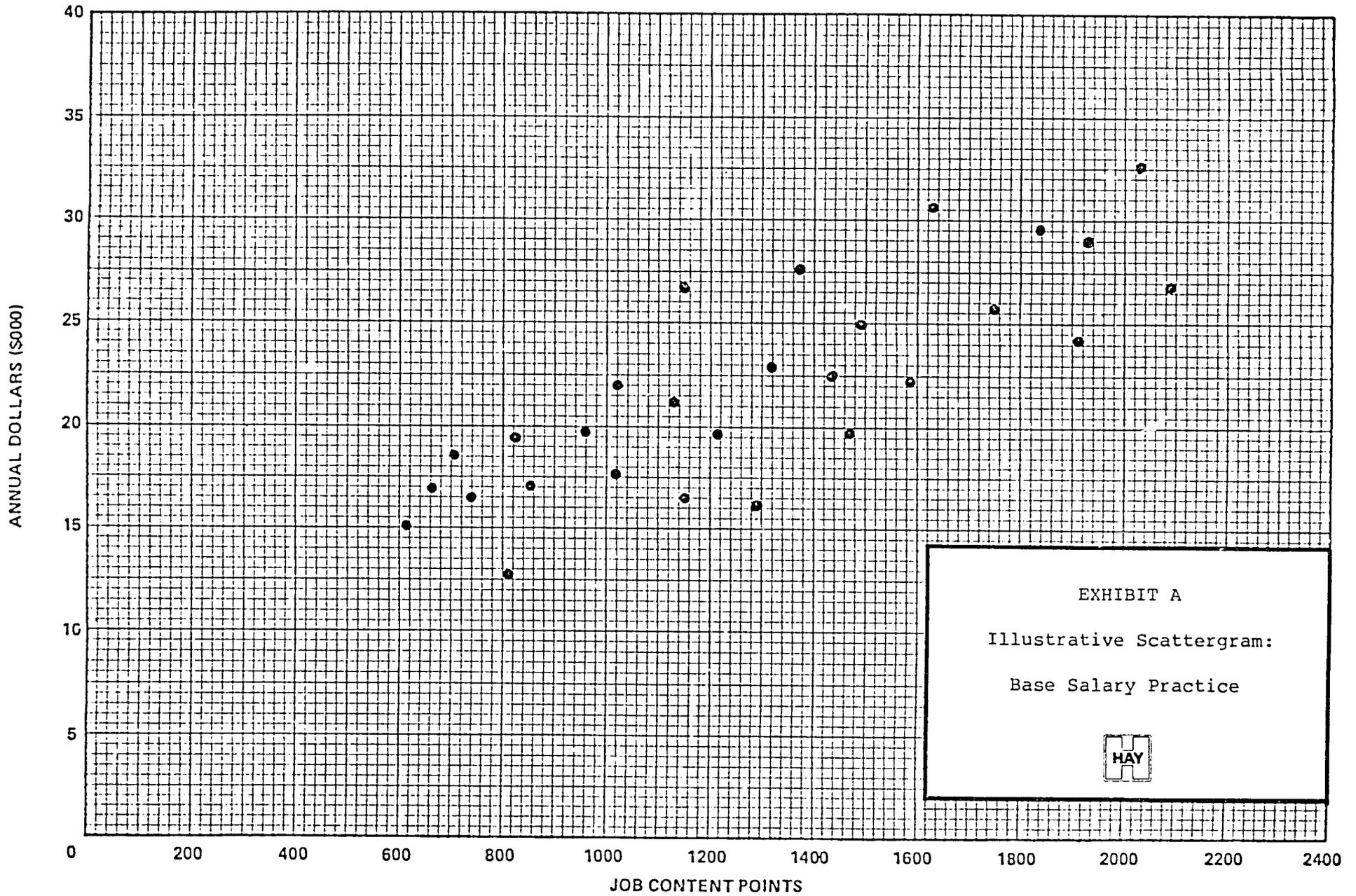
1/ Statistical tests to determine the validity of this indication were not conducted because adequate samples of Hay evaluations of GS-8 (or GS-6) jobs currently do not exist.

H. SUMMARY FINDINGS

The following linkages are suggested by the results of the statistical tests and inspection of the medians:

- FSR-1 jobs are as difficult as GS-18 jobs, if not more so.
- FSR-2 jobs are similar in difficulty to GS-15 jobs, although a link at a higher grade is suggested by the data. Due to FSR-2's large range, the linkage result applies only to the median.
- FSR-3 jobs are positioned between GS-15 and GS-14 in terms of difficulty, although they are better positioned at GS-15 than GS-14.
- FSR-4 jobs are about as difficult as GS-14 jobs.
- Some FSR-5 jobs are as difficult as GS-13 jobs, while others are as difficult as GS-12 jobs. The median difficulty is almost identical to GS-12.
- FSS-6 jobs link to GS-7 jobs, but are positioned near GS-8.
- FSS-7 jobs link to GS-7, but are positioned near GS-6.

As anticipated, it was not possible to establish a precise correspondence between FSR/FSS classification systems and that of the General Schedule. However, the foregoing results provide the initial basis for establishing a relationship and/or integration of the two classification systems, once the ambiguities of job definition have been removed through a selective examination of current classifications and/or position description materials.



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V. CASH COMPENSATION COMPARISONS

A. METHODOLOGY

The data generated by the job evaluations performed in this study provide the bases for several types of analyses which are presented throughout this section.

1. Analysis of Salary Practices

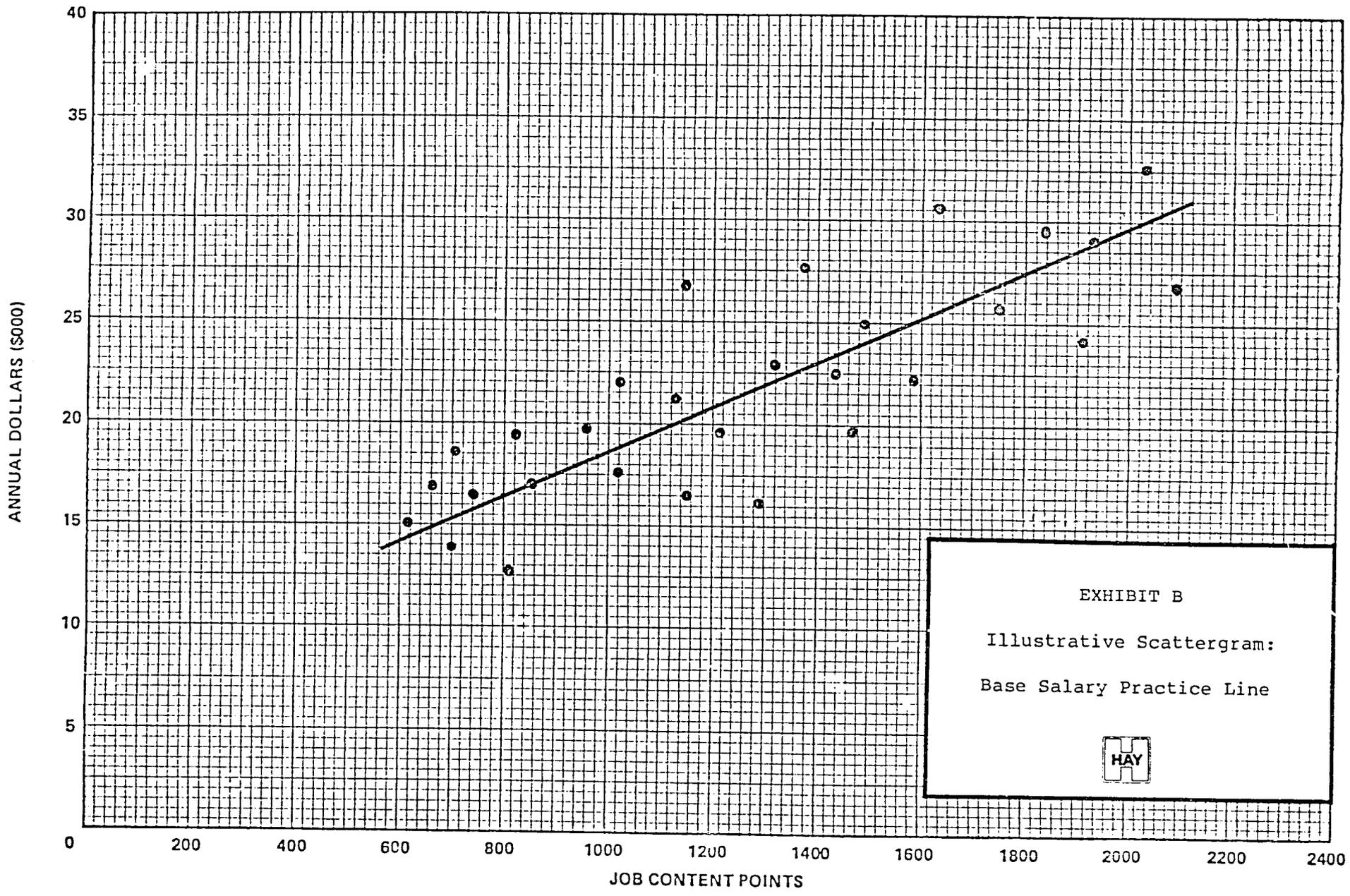
Job evaluations can be utilized for the creation of scattergrams to depict base salary (and other compensation) practices relative to job content "weight." The Illustrative Scattergram, Exhibit A, provides an example of such an analysis through the comparison of base salaries with the measured job content of positions. Each evaluated position can be represented on the scattergram by locating a dot at the intersection of the job content point value (horizontal scale) and the annual salary (vertical scale). Since rank-in-person prevails within AID's Foreign Service personnel, the rank of the position's incumbent may or may not accord with the classification of the job. 1/ Consequently, in the subsequent analyses, AID salaries were determined by using the midpoint of the range of the grade at which the evaluated AID position was classified. 2/

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1/ The Agency attempts to employ the "one over/one under" appointment rule, i.e., the personal rank of position incumbents would be no more than one grade over or one grade under the position classification level.

2/ The Federal Pay Schedule as of October 1978 was used in this study to maintain consistency with the study prepared for the Department of State.

later



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Experience has shown that salaries generally bear a reasonable relationship to the relative difficulty and importance of positions; and the pattern of dots in Exhibit A shows that, overall, salaries are increasing as job content increases. Naturally, the exactness of this relationship will vary among organizations depending on their past salary programs.

The relationship of salaries to job content points can be further illustrated by the addition of a line of central tendency, as shown in Exhibit B. Such a tendency or regression line (or lines) is developed from scattergram patterns in order to fairly describe or represent the salary practice or policy depicted by the pattern of dots. This is accomplished by fitting a line to the pattern of dots by taking into account the relative "pull" of individual positions or groups of positions. The line of central tendency representing AID's compensation policies was calculated by a linear regression analysis.

Hay experience in the private sector is that with a salary structure encompassing only exempt or management level positions, we would expect the line of central tendency on a scattergram to consist of one straight line. There would be no bends (doglegs) or breaks. Such a situation would reflect good internal consistency across the job content spectrum in terms of relating dollars of compensation to increasing job weight.

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In the public sector such a finding is not the norm. Bends (doglegs) or breaks in lines of central tendency are usually evident, indicating that some force other than job content and normal performance considerations is exerting an influence on the salary pattern. The particular cause(s) of segmented or doglegged trend lines is sometimes difficult to identify, but commonly found influences include:

- An inconsistent approach, at various levels of the job content spectrum toward the relationship which should exist to external pricing criteria (e.g., in the Federal Government, the salaries paid to the positions at the higher end of the job content spectrum are capped by the Federal ceiling, and bear no relationship to pay accorded jobs of similar "weight" in the external market).
- A tendency to relax or become inattentive to the "care and feeding" of certain personnel levels from a compensation viewpoint, perhaps prompted by the belief that the jobs involved are not crucial or are relatively unmarketable; and
- Abnormal lack of seasoning, tenure or good performance (or their opposites) with respect to certain segments of employees when compared to the "average" elsewhere in the job content spectrum.

Under certain conditions a multiple salary practice may also represent external forces other than the normal market relationships. Thus, with respect to Federal General Schedule employees, pay reaches a maximum ceiling of \$50,112.50 because of legislative constraints. 1/ In this

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1/ The \$47,500 ceiling of October 1978 is used for this study.

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instance, the pay line is flat at some point, and all jobs beyond that point are paid the same.

The degree to which salaries are increasing is represented by the "slope" of the line of central tendency. "Slope" is the rate of increase in salary dollars for each job content point increase. The angle of the slope indicates how conservatively or liberally differences in job content are rewarded. If the line is very steep, job content differences are rewarded at a relatively high rate; if the line is flat, the organization would not be rewarding job content differences at all and would be paying the same salary for all positions.

One other type of analysis employed in studying scattergrams concerns the pattern of dispersion around the line of central tendency. "Dispersion" can be analyzed in two ways: (1) by examining the "spread" between the low and high salaries at a particular job content level (vertical dispersion), or (2) by examining the "spread" of job content point assignments at a particular salary level (horizontal dispersion).

Examination of the degree of dispersion in an existing salary practice scattergram provides information about:

- the degree to which previous methods of job content assessment or classification for pay purposes generally accord with job content judgments that have been made using a systematized method of job evaluation; and

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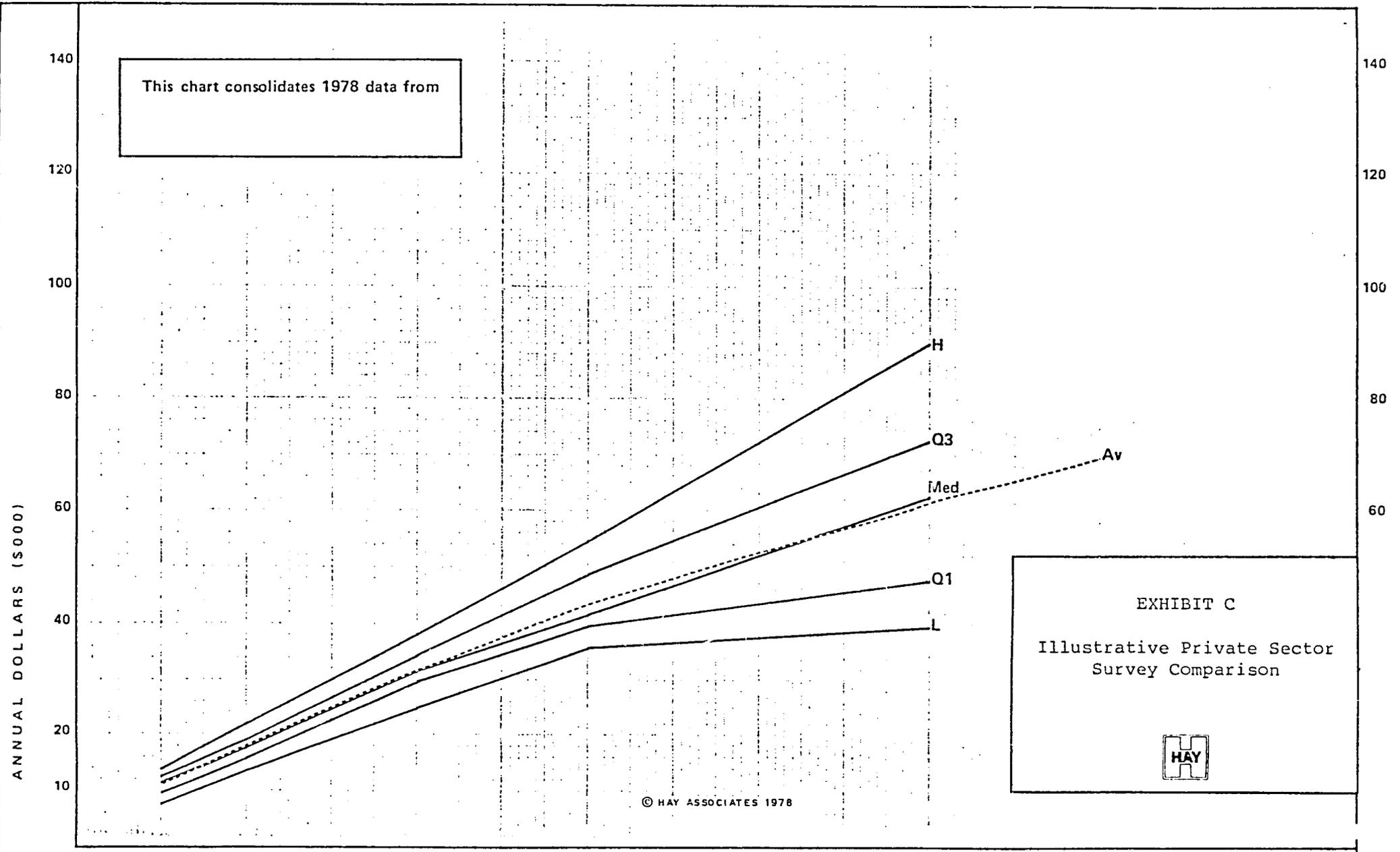
- a "feel" of the variation in average pay caused by factors such as length of service or performance variations.

The translation of a scattergram of dots into a line representing a "salary practice" is useful for a number of reasons in examining AID's current pay policy. Primarily, it permits analyses of the degree of internal equity and/or areas of possible misclassification. Further, an examination of the breaks or bends in the line of central tendency may permit an explanation of some of the salary practice forces which have tended to influence compensation patterns of certain levels of personnel. Finally, an examination of the slope of the line of central tendency indicates how conservatively or liberally differences in job content are being rewarded.

### 2. Analysis of Compensation Comparability

The line of central tendency resulting from the scattergram analysis also permits direct comparisons to be made of the salary practice line(s) in the AID Foreign Service with the salary practice lines, as well as other compensation practice lines (e.g., benefits), of external sectors or marketplaces.

The analysis of external competitiveness is another key step in maintaining a cash and noncash compensation program in which all elements of a compensation structure are kept up to date. Since this fact is clearly recognized by the Pay Comparability Act, AID data were compared



Client Points P = 240 480 720 960 1200 1440 1680 1920 2160 2400

Highest	\$13.6	\$21.7	\$38.0	\$54.1	\$90.2
Quartile Q3	12.4	18.8	34.7	48.8	72.1
Median	11.3	17.3	31.3	41.4	62.5
Quartile Q1	9.5	15.6	29.2	39.7	47.5
Lowest	7.2	13.6	24.8	35.9	39.8
Average-----	11.0	17.5	31.6	43.6	61.6

EXHIBIT C  
 Illustrative Private Sector  
 Survey Comparison

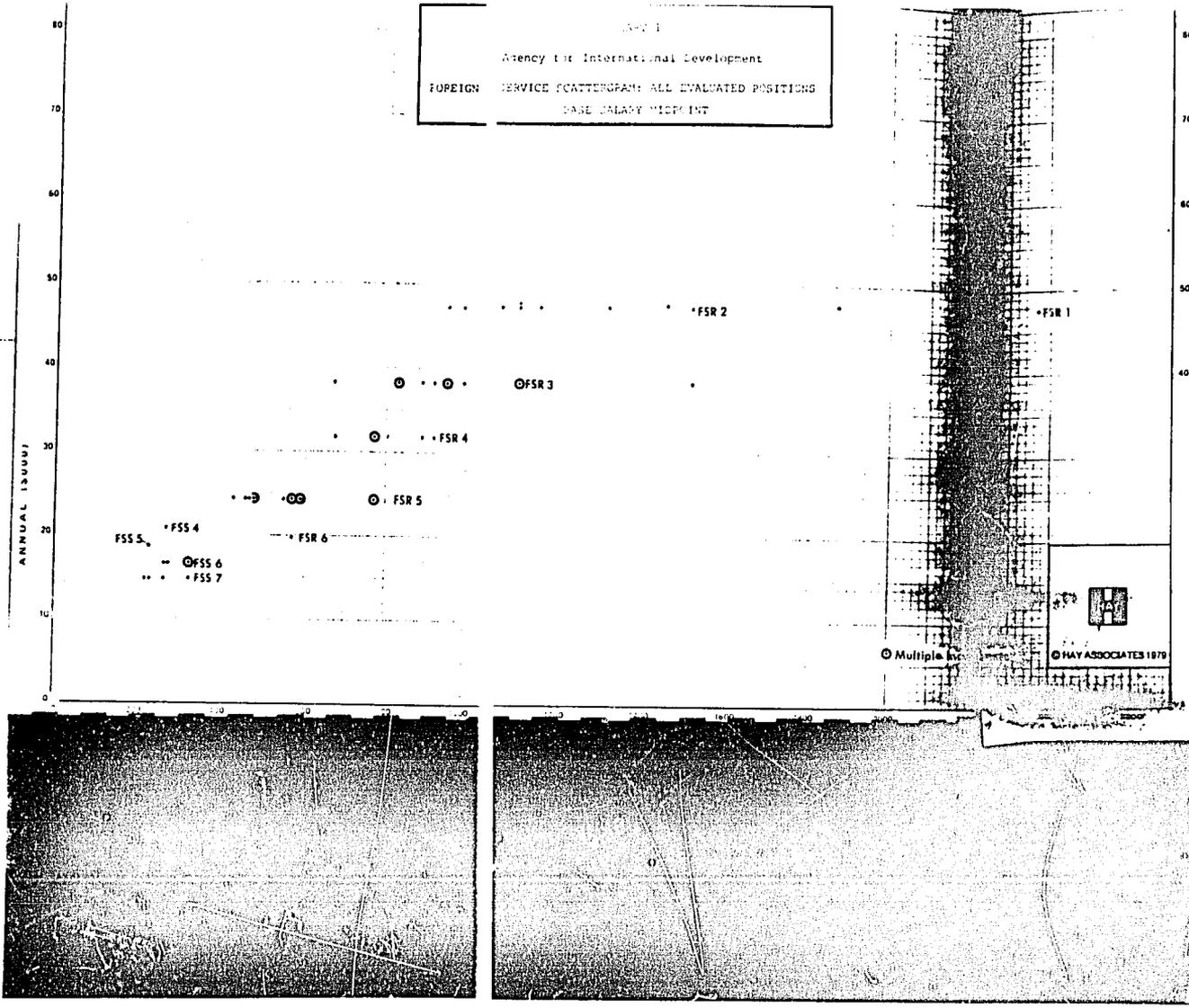


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to the General Schedule, and the U.S. private sector, domestic and overseas, using the methodologies discussed above. For example, from General Schedule positions, previously evaluated and assigned job content "weights" by Hay, a scattergram was developed to depict Professional and Staff Level average pay practices and a line of central tendency was developed from the scattergram. Similarly, all Hay private sector data bases are maintained with the Hay system of job evaluation. Thus, it is possible to make direct comparisons between the AID salary practices and the practices of both public and private sector employers in the Hay data base.

Exhibit C, on the facing page, provides an illustration of base salary practices for a Hay private sector survey group, with the multiple (solid) lines representing the distribution of the survey participants, i.e., 25% of the participants are between Low (L) and First Quartile (Q1), between Q1 and Average (Av), between Av and Third Quartile (Q3), and between Q3 and High (H). Private sector comparisons in this study are presented in this fashion in order to permit a more precise appreciation of market posture relative to the survey group.

Agency for International Development  
FOREIGN SERVICE SCATTERGRAM: ALL EVALUATED POSITIONS  
DARE GALAXY MIDPOINT



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B. CURRENT AID FOREIGN SERVICE SALARY POLICIES

1. Overview

As described earlier, the job content evaluation process results in the assignment of job content points to each position. It is then possible to represent each position on a scattergram by locating a dot at the intersection of the job content point value (horizontal scale) and the annual salary (vertical scale) currently being paid to each person holding a particular position.

Chart 1 presents a scattergram of the 64 AID positions evaluated in the FSR and FSS schedules. The annual salary (vertical scale) plotted for each position reflects the midpoint of the salary range for which the position is classified. 1/ The data presented throughout the report are expressed in both client (P) points and Hay (H) points.

One initial observation which can be made from this scattergram is the wide dispersion of jobs along the horizontal (job content) axis. "Dispersion" here refers to the "spread" between low and high job content points of positions at similar salary levels. For example, at the FSR-5 level, job content varies from 432 to 775 points, yet all of the positions have the same midpoint salary.

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1/ For example, the FSR-5 position at 568 (P) job content points currently has a midpoint salary policy of \$24,351, while an FSR-6 at 568 (P) points has a midpoint salary of \$19,997. All midpoint salaries utilized by the consultants are presented in Volume II, Appendix G.

Similarly, an analysis of the vertical dispersion of salaries at the same content level indicates that positions at similar job weights are classified at different grade levels. For example, at 568 points, one position is classified as FSR-5 and one as FSR-6.

In a classical setting, salaries should increase in relation to increases in job content. However, a number of AID's traditional personnel practices can be considered as explanations for this content dispersion at similar pay grades:

- Rank-in-person

This practice, traditional to the Foreign Service and other organizations (military and academic), places a premium on individual expertise, versatility, and intra-organizational mobility, and understandably assigns personnel to a variety of positions with varying job content irrespective of grade. AID, in particular, with its need for personnel mobility, utilizes rank-in-person, and this is by no means an inappropriate practice so long as considerations of internal equity are an element of the promotion and career development process.

- Misclassification

Some of the dispersion depicted may also result from the misclassification of positions. During the linkage phase, the consultants noted instances of possible misclassification of some positions.

- Statutory Salary Compression

The effect of the Federal pay cap at the senior levels also contributes to the dispersion discontinuities, as will be graphically shown in subsequent exhibits. One effect of this condition is to "force" jobs with different content or degrees of difficulty into the same salary levels. This is highlighted within AID, a small cadre relative to other Federal entities, where senior personnel, many of whose salaries are statutorily capped, are frequently moved between assignments which would otherwise be differentiated but for the compression. Obviously, similar situations exist at the senior levels throughout the Federal establishment.

It must be noted, however, that proper job classification in rank-in-person systems should serve to define not only the job but the appropriate range of personnel ranks appropriate for incumbency. In other words, the classification process should recognize that position X may properly be encumbered by officers of rank B, C, or D. This "banding" enhances the assignment process by relating job content to a suitable range of capabilities defined by rank.

In developing scattergrams to variously assess the compensation policies of AID, it is important to consider the "markets" from which employees are recruited and against which they are intended to be comparably paid. Thus, in

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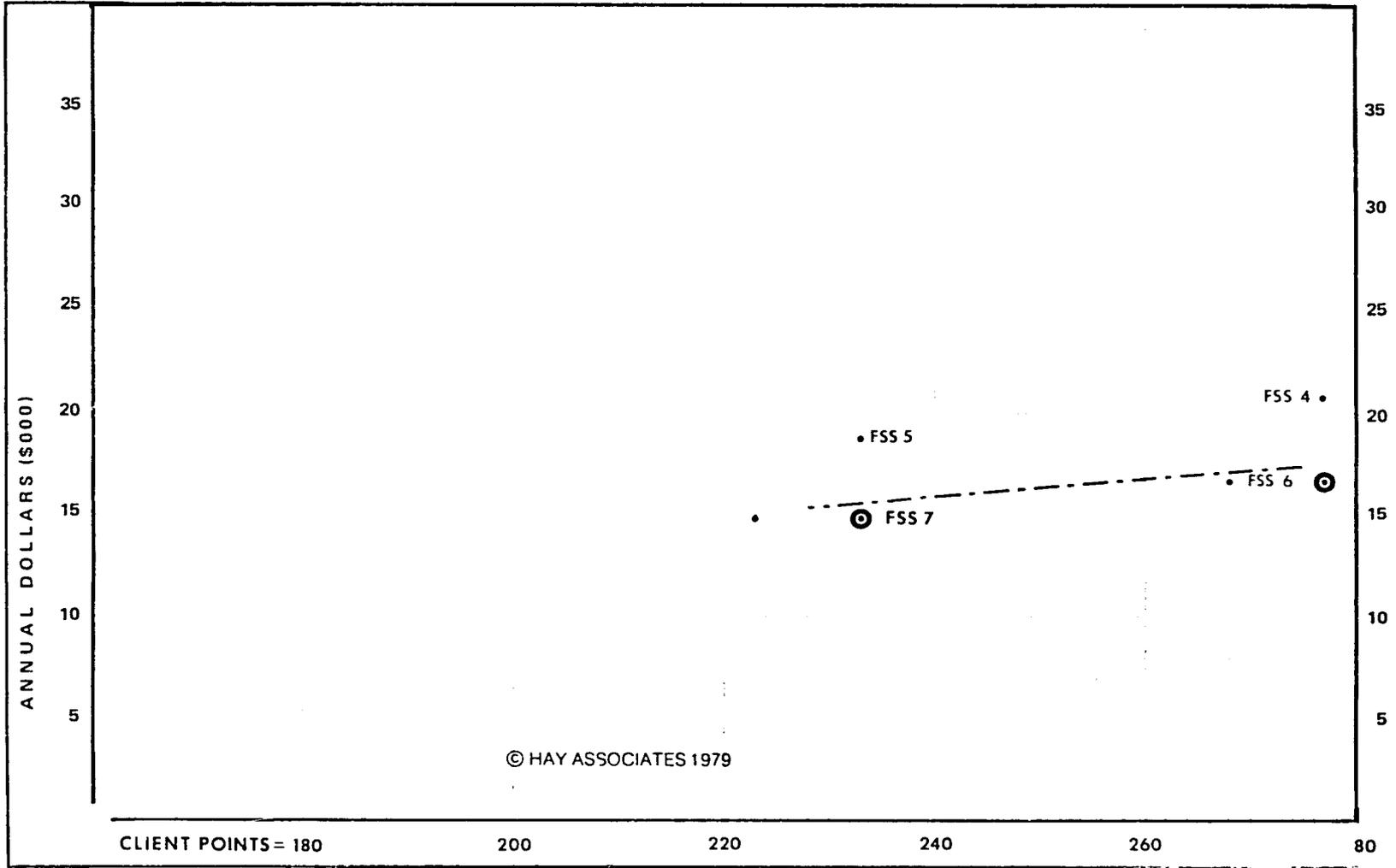
order to make appropriate compensation comparisons, AID practices should be presented in ways which most meaningfully relate to the types of "markets" in which the Agency competes for personnel. The most common means is to differentiate staff positions (FSS) from professional positions (FSR) because market influences upon these positions are often very distinct and the job content of these two groups is understandably different in nature and scope. 1/

Staff positions are most often recruited from "local markets," while the recruitment of professional positions is generally defined and influenced by nationwide salary competition. As would be expected, salary practice patterns differ between these two markets, i.e., local versus national. For example, at the staff levels a salary practice line might have a "steeper" slope than a salary practice line for professional-level positions. Often, local market conditions permit a relatively low starting salary for such staff personnel, but in order to retain and motivate these employees, compensation increases must

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1/ In the private sector, these two employee groupings are identified by reference to the Fair Labor Standards Act, which stipulates provisions for "exempt" and "nonexempt" positions. Non-exempt or staff jobs are those which, because of their routine nature, fail to meet the test for exemption from the overtime requirements of the Fair Labor Standards Act. Typically such jobs perform secretarial, clerical or technical functions.

CHART 2  
 Agency for International Development  
 CURRENT BASE SALARY POLICY: STAFF LEVEL POSITIONS



⊕ Multiple Incumbents

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be more frequent and considerable within a smaller range of job content than for professional positions.

Staff salaried jobs are not only compensated differently than professional positions, but are more limited in scope and freedom to act than are professional-level jobs. The emphasis, therefore, is on duties and skills, rather than on broad accountability for end results. However, the skills these jobs require should not be underestimated or inadequately rewarded. The demand is high for employees with such skills as is reflected in the competitive compensation which must be offered to attract and retain them.

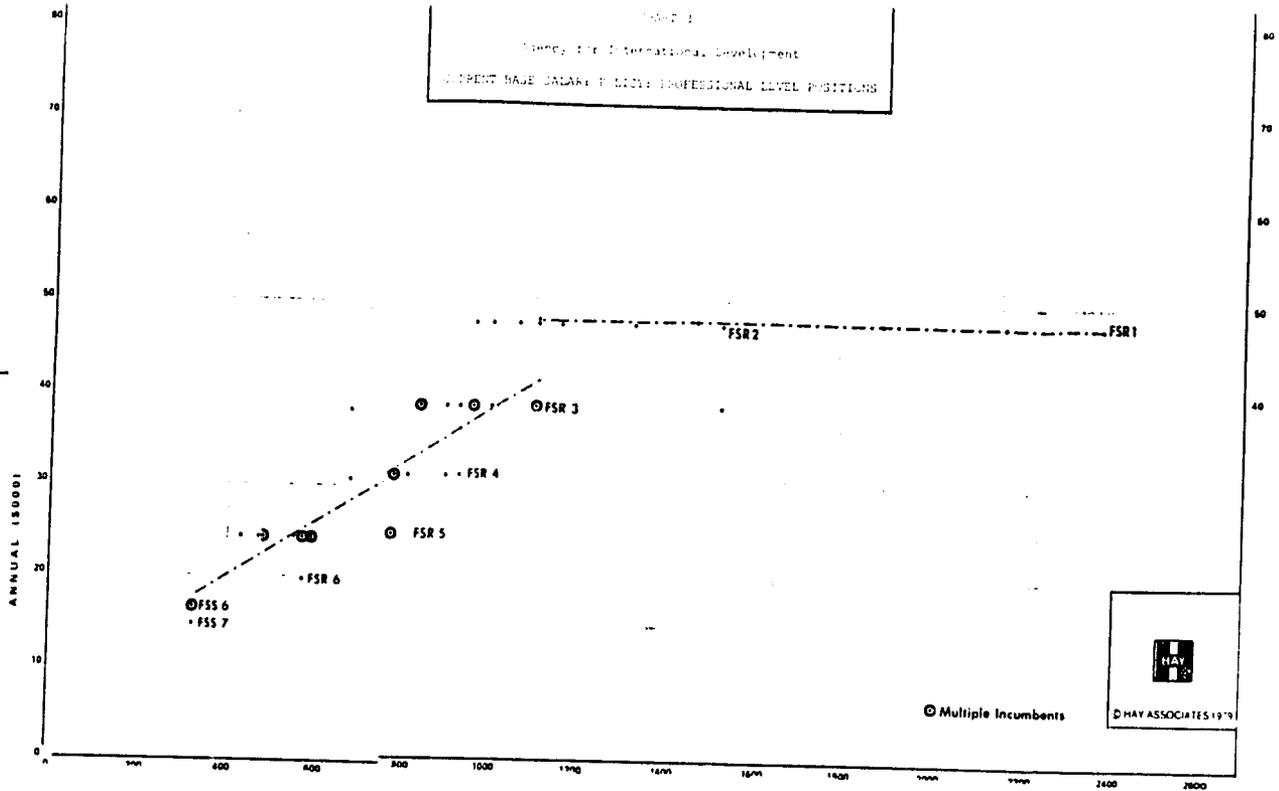
For these reasons, the consultants determined that the most meaningful salary compensation comparisons would be achieved by differentiating AID Foreign Service jobs in terms of job content distinctions for Professional Level and Staff Level personnel.

Hay experience has generally established that a reasonable "breakpoint" between Staff and Professional positions is 280 client (P) job content points. For the purposes of this study, therefore, Professional Level and Staff Level are distinguished at the 280 point threshold, and are presented throughout in that fashion.

### 2. Staff Level Base Salary Policy

Chart 2 presents a scattergram and line of central tendency for AID Staff Level positions. This scatter-

TABLE 1  
 Salary for International Development  
 CURRENT BASE SALARY FIVE PROFESSIONAL LEVEL POSITIONS



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gram is comprised of jobs in the FSS grades (between 275 and 228 P points). These jobs are from the secretarial area, and include positions in both domestic and overseas locations. Only 11 FSS jobs were evaluated below 275 points and, therefore, the conclusions from the Staff analyses are somewhat limited. Nevertheless, at the higher job content levels of the FSS group, the Chart indicates a relatively tight dispersion of salaries for positions with similar job content. For example, five secretarial positions (classified at the FSS-4, 6 and 7 levels) are very similar in job content "weight" (268 to 275 P points), yet these are compensated at three different levels. As discussed earlier, these conditions may reflect either the legitimate effect of rank-in-person or the less desirable circumstances of misclassification.

### 3. Professional Level Base Salary Policy

Chart 3 presents a scattergram in P points and line of central tendency for jobs at the Professional Level. Here the dispersion in job content for similar pay and the dispersion in salaries for positions of equal job content are highlighted. The effect of the Federal ceiling on compensation for jobs at FSR-1 and FSR-2 can also be observed. This also accounts for the break in the line at 1056 points.

However, the effect of rank-in-person is dramatically portrayed on the horizontal axis, e.g., at \$38,107, FSR-3's range in job content from about 677 to 1096 points; at

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\$24,351, FSR-5's range in job content from about 432 to 775 points. Although rank-in-person is a fully accepted and administratively responsible personnel management approach, the consultants would suggest that the range of job content at a given rank should be carefully and consistently administered.

C. STAFF LEVEL BASE SALAR'' COMPARISONS

The creation of lines of central tendency for both Staff and Professional Level positions within AID's Foreign Service permits a variety of compensation comparisons. As discussed earlier, the Hay Data base from which all comparison data is derived is constructed upon the same job content evaluation methodology as were all AID positions considered in this study. This, of course, acutely sharpens the precision and meaning of comparisons between the Agency for International Development and other public and private entities.

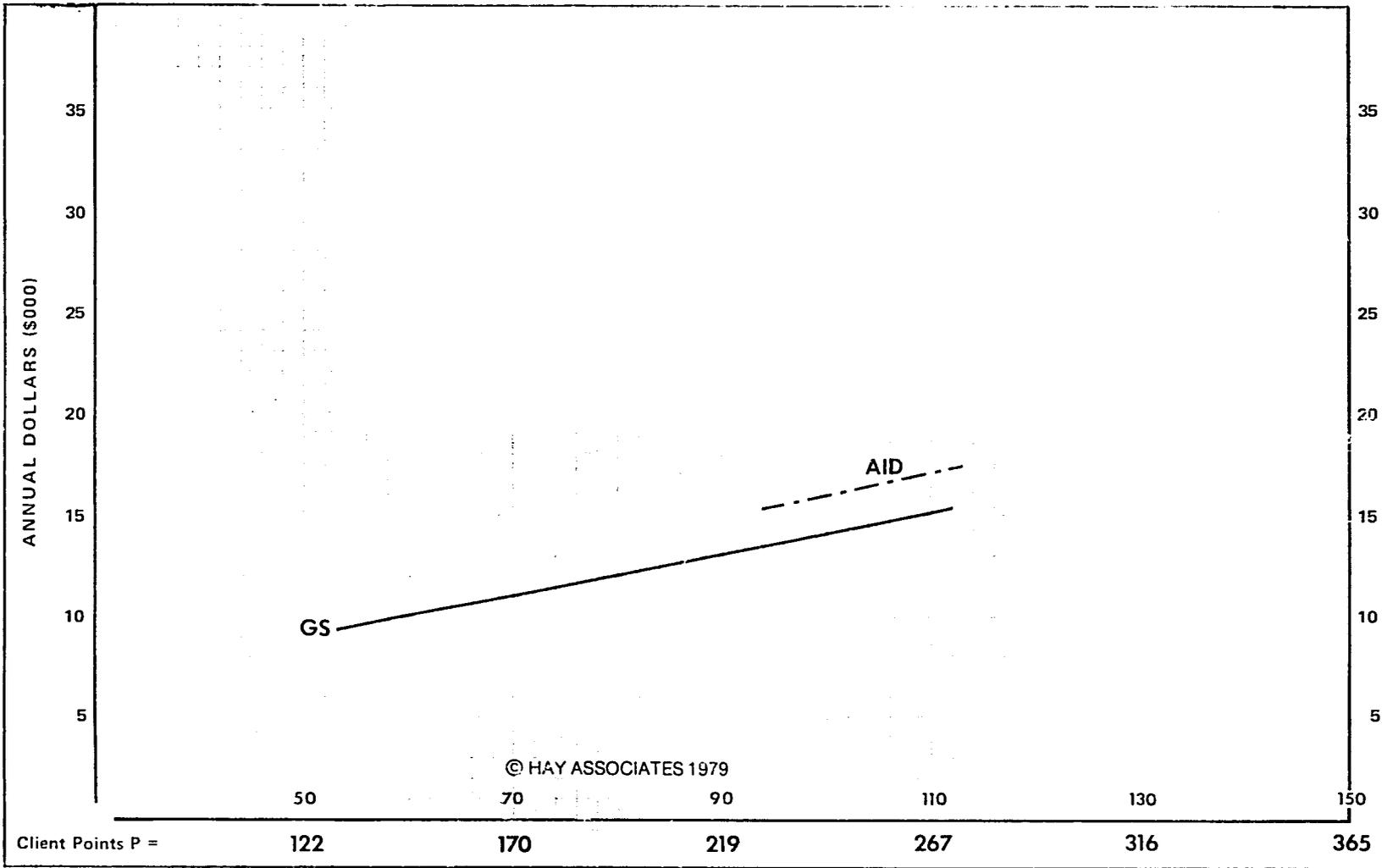
As will be seen, the graphic presentations which follow are built upon Hay Points (evaluated points which have been correlated to achieve a consistent standard of comparison), although client (P) points (uncorrelated AID evaluation points) are correspondingly shown.

With respect to the AID Foreign Service Staff Level positions, the consultants identified three separate comparison groups which are appropriate for a meaningful understanding of the nature, needs and relative market position of the current FSS policy as represented by its current tendency line:

- General Schedule Staff Positions
- Washington Metropolitan Area Nonexempt Salary Survey
- Selected International Organizations

These three Staff Level comparisons are considered

CHART 4  
 Agency for International Development  
 GENERAL SCHEDULE STAFF LEVEL BASE SALARY COMPARISONS



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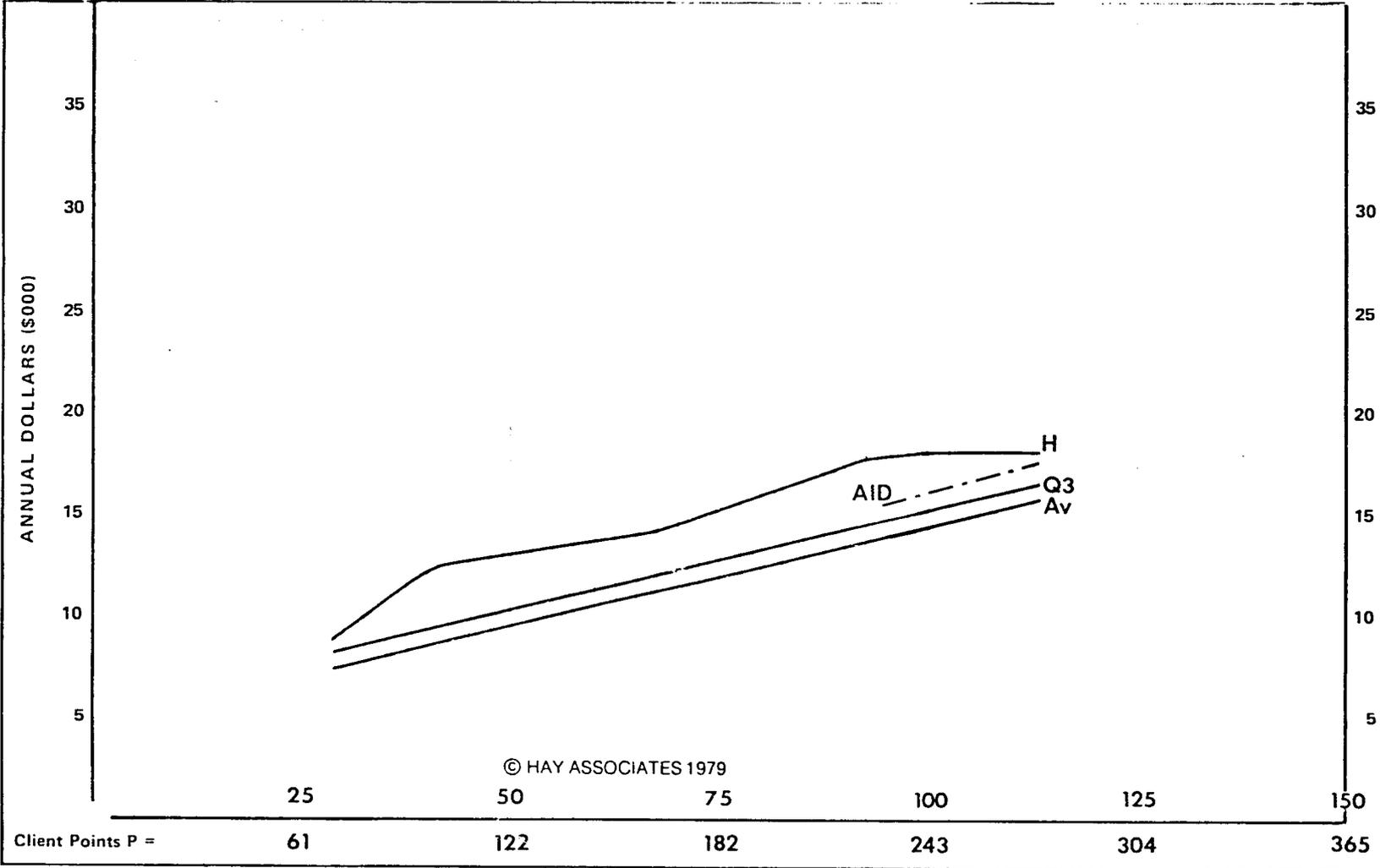
to be germane because of the implications of GS pay comparability, the baseline similarity between private sector nonexempt positions and those of the Foreign Service, and a commonality of purpose and environment of International Organizations and the Agency for International Development.

### 1. General Schedule Staff Level

Chart 4 presents the AID Staff Level base salary policy against comparably evaluated positions within the General Schedule. The GS policy line was derived from Hay's data base of evaluated GS positions, and, as mentioned earlier, the salary levels employed are the midpoint of range in GS grade as of October 1978. As Chart 4 depicts, the entire AID Staff level policy runs consistently ahead of the General Schedule, i.e., for identical levels of job content, FSS base salaries exceed those of the General Schedule. The consultants suggest, however, that it is appropriate at this juncture to appreciate certain systemic conditions which are unique to the Foreign Service and occur, in the main, at the Foreign Service Staff level.

- The incumbents of the evaluated Foreign Service Staff positions must have the capacity to "transfer between cultures," e.g., a career will typically encompass job assignments in multiple locations. This is a characteristic which is not commonly found at the Support levels throughout the Federal Government.
- The demands of an assignment abroad warrant at the very least recruitment standards and levels of compensation adequate to meet this need.

CHART 5  
 Agency for International Development  
 WASHINGTON METROPOLITAN AREA NONEXEMPT SALARY SURVEY



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The comparison between AID Foreign Service and General Schedule Staff Level positions is appropriate and necessary since both are components of the Federal statutory pay system. However, for a comparison to be meaningful, the characteristics of the comparison group must be recognized in order to fairly distinguish an otherwise comparable job content comparison. With respect to the AID FSS positions, competent performance and acceptable levels of overseas adaptability are best attained through the recruitment of Staff Level personnel, especially in the secretarial category, with substantially higher levels of educational achievement than would normally be required or generally found in the Federal establishment. Similarly, the cumulative experience of AID operations gained through continuous reassignment of Staff personnel between Washington and missions abroad suggests an impetus for AID to legitimately seek ways to retain this institutional experience. This is a valid consideration for other Federal agencies, but it would appear to be less significant given the constancy of location in Washington. Lastly, FSS hiring practices generally have a national as well as a local orientation.

### 2. Washington Metropolitan Area Nonexempt Salary Survey

Chart 5 compares the AID Foreign Service Staff Level positions to the nonexempt salary practices in the Greater Washington Area. This comparison group is derived from Hay's

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Annual Nonexempt Salary Survey which is conducted in sponsorship with the Washington Personnel Association. The participating companies represent the business, financial and non-profit institutions which form the Washington commercial community; and a list of these participants is found in Volume II, Appendix H.

The utility of this comparison is two-fold:

- It recognizes the fact that, in our economy, the support level or nonexempt salary practices, are, unlike professional or exempt levels, influenced by local rather than national market practices. This is due in great part to the recognition that positions at this level are generally recruited locally and incumbents inherently tend to move between similar job opportunities in the same locale. Consequently, the market practices of a particular jurisdiction are traditionally and properly looked at as the controlling influences upon hiring and promotion levels.
- It serves to highlight the differences between two groups (AID Staff and GS Support) which would otherwise quite properly be seen as similar and suitable for comparison.

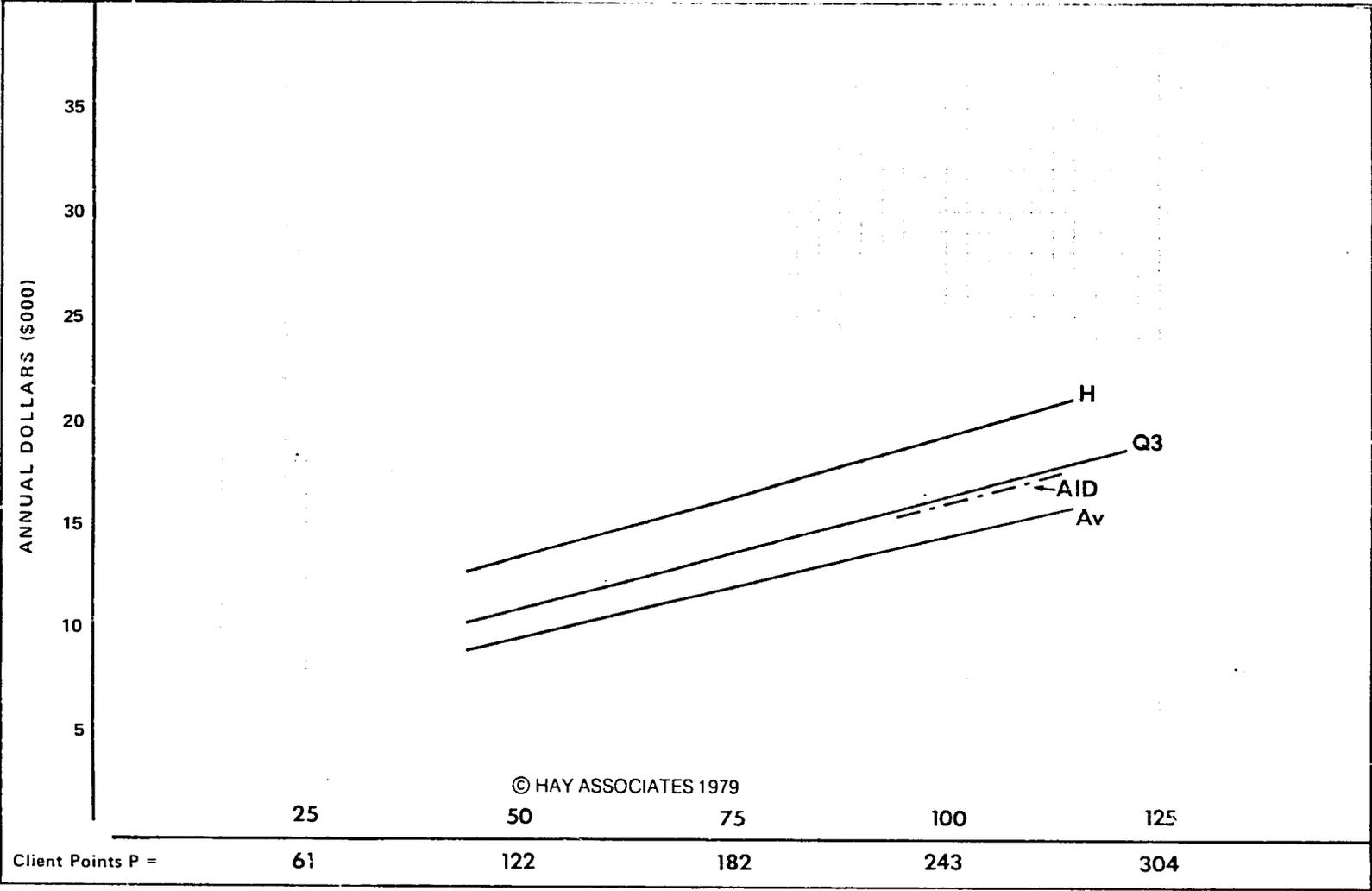
As can be seen on Chart 5, the AID Foreign Service base salary policy line is found between the Q3 and the High of the Washington nonexempt practice -- a very competitive position in private sector terms. It is appropriate to again observe, however, certain inherent differences between the AID Foreign Service Staff Level and those nonexempt positions represented by the Survey group. Given AID's requirement to seek Staff personnel with a substantial educational background and ability to adapt to multiple cultures, there is a clear distinction

between the needs of the local market and this particular governmental entity. Although the Pay Comparability Act considers private sector comparisons to be useful and valid in determining Federal pay, a local market comparison with private sector personnel at the same level may not be entirely appropriate for such Foreign Service personnel. If AID were a private sector entity, its special needs and characteristics might lead the consultants to recommend a Staff Level practice at the Third Quartile. Our experience has established that this is a competitive position which appropriately permits management to hire, motivate and retain its employees. Since AID is a public institution, the consultants would urge that position classifications, institutional needs, and recruitment capabilities be closely examined in order to properly assess the efficacy of its market position.

3. Selected International Organizations

A third comparison is against the composite base salary practice of General Service (Support Level) personnel of selected International Organizations found in Washington, D.C.: the Inter-American Development Bank, the World Bank (IBRD), the Organization of American States (OAS), and the United Nations as represented by the Pan American Health Organization (PAHO). These organizations have, to some degree, a similarity of purpose to that of AID -- development assistance -- and indeed, for many of the employees

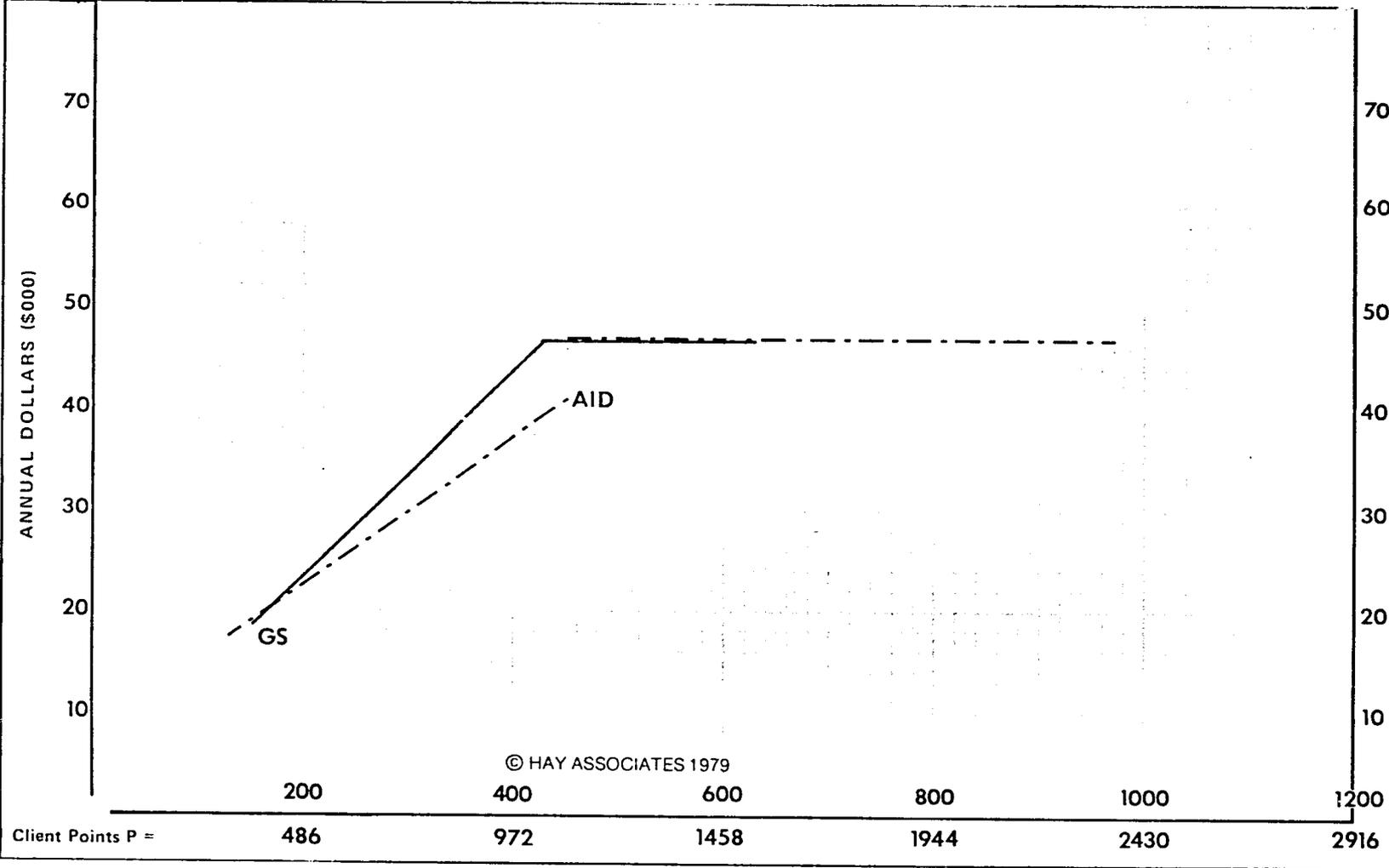
CHART 6  
 Agency for International Development  
 SELECTED INTERNATIONAL ORGANIZATIONS' BASE SALARY COMPARISON  
 STAFF LEVEL POSITIONS



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encumbering General Service positions, a job in Washington constitutes an overseas assignment. It is also clear, however, that these International Organizations possess the private sector's ability, unlike the Federal system, to compensate employees in a fashion unencumbered by the restrictions of the General Schedule. As Chart 6 illustrates, compared with this international group, the AID Foreign Service Support personnel are slightly below the Third Quartile market posture. If AID were a private sector entity, the consultants would suggest again that positioning around the Third Quartile might be an appropriately competitive level and that, in this particular circumstance, a policy located at or slightly above Q3 is a suitable response to market practices given AID's special staff needs.

CHART 7  
 Agency for International Development  
 GENERAL SCHEDULE PROFESSIONAL LEVEL BASE SALARY COMPARISON



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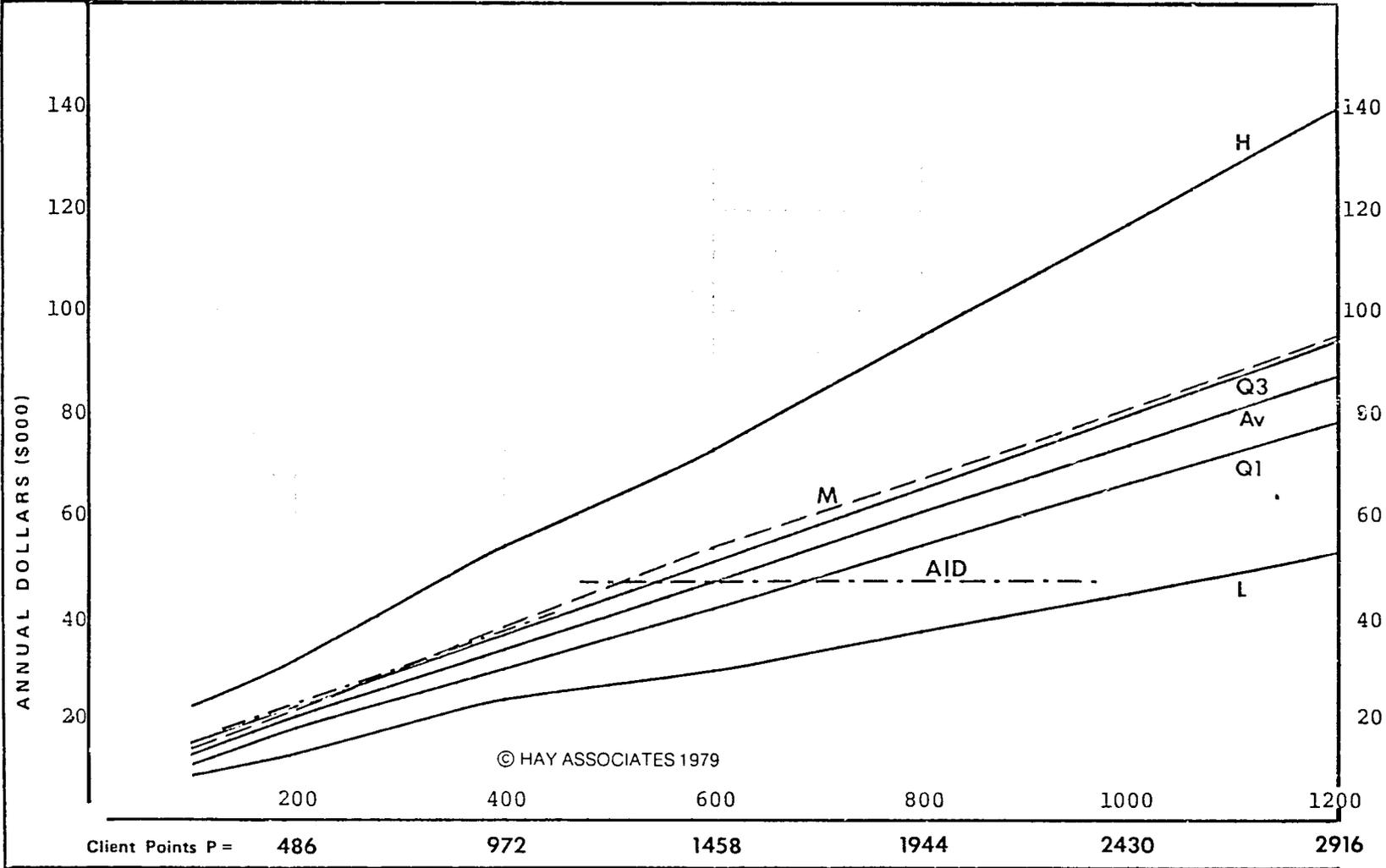
D. PROFESSIONAL LEVEL BASE SALARY COMPARISONS

Looking next to the Professional Level, three major analyses are presented. The General Schedule again is clearly an appropriate point of comparison since the AID is part of and structured by the Federal pay schedule and, upon occasion, Professional Level personnel undertake tours of duty in other Federal departments and agencies. A second comparison is made with the nationwide salary practices of a broad sample of private sector organizations termed American Business. Presented in conjunction with this latter comparison group is an analysis of AID Foreign Service practice relative to a selected sample of U.S. multinational companies. Finally, a comparison is made between AID and selected International Organizations.

1. General Schedule Professional Level

Chart 7 presents AID's Foreign Service Professional Level policy against the General Schedule base salary policy for professional positions. As in previous comparisons, both populations were evaluated on the basis of job content using standardized methodologies, and the salary levels for each were established by using the midpoint of range in grade. As can be seen, the AID/FSR Professional Level base salary policy intersects the General Schedule policy at the lower end of the job content continuum (approximately 180 H points). However, the AID policy then falls below

CHART 8  
 Agency for International Development  
 AMERICAN BUSINESS EXEMPT LEVEL BASE SALARY COMPARISON



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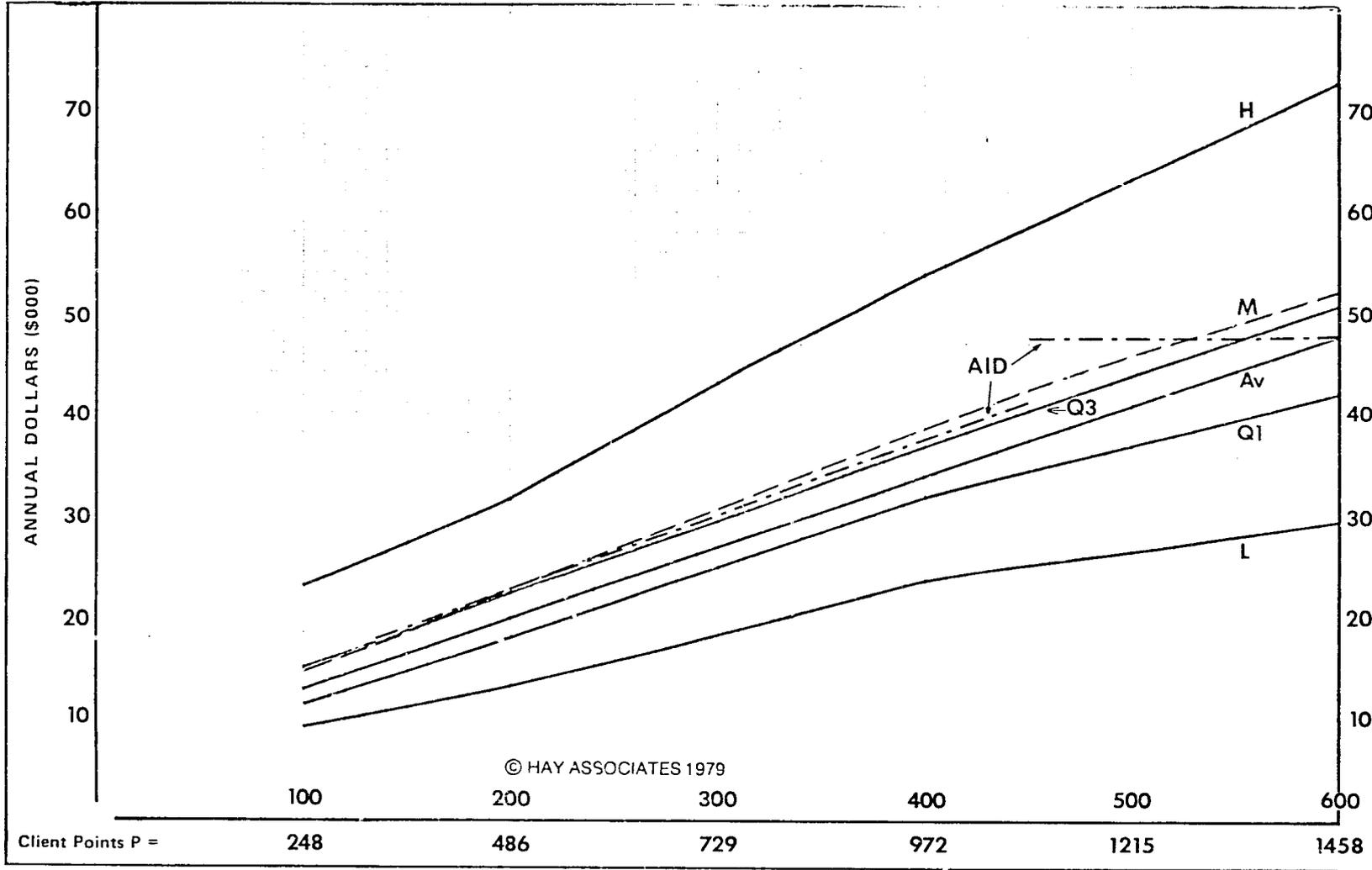
that of the General Schedule and grows consistently less competitive until the statutory pay ceiling takes effect. Beyond 180 H points, the AID line is markedly influenced by the introduction of FSR-4, -3, and -2 positions which control the practice up to 420 H points. Beyond that, the statutory ceiling is simply interpreted to mean that at comparable job content levels the AID Foreign Service Professional positions are compensated commensurately with their job content counterparts in the General Schedule. Between 420 and 980 H points, the Chart does not distinguish salary differences because of the pay cap.

2. American Business Exempt Level

Looking next to the U.S. private sector, Chart 8 presents the practices of the American Business community as represented by the 306 multisectoral companies that participated in Hay's 1978 Cash and Noncash Compensation Surveys. (The participants range from AT&T to Zenith; and a complete listing is found in Volume II, Appendix I.)

As with every Hay compensation comparison, all jobs comprising the data base have been evaluated and standardized using like methodologies. The dashed line, denominated M, represents the base salary practice for 13 selected multinational companies (listed in Volume II, Appendix J). The consultants have highlighted these multinationals to establish that each of the 13 companies participate in all cash and noncash private sector comparisons employed in this

CHART 8A  
 Agency for International Development  
 AMERICAN BUSINESS EXEMPT LEVEL BASE SALARY COMPARISON



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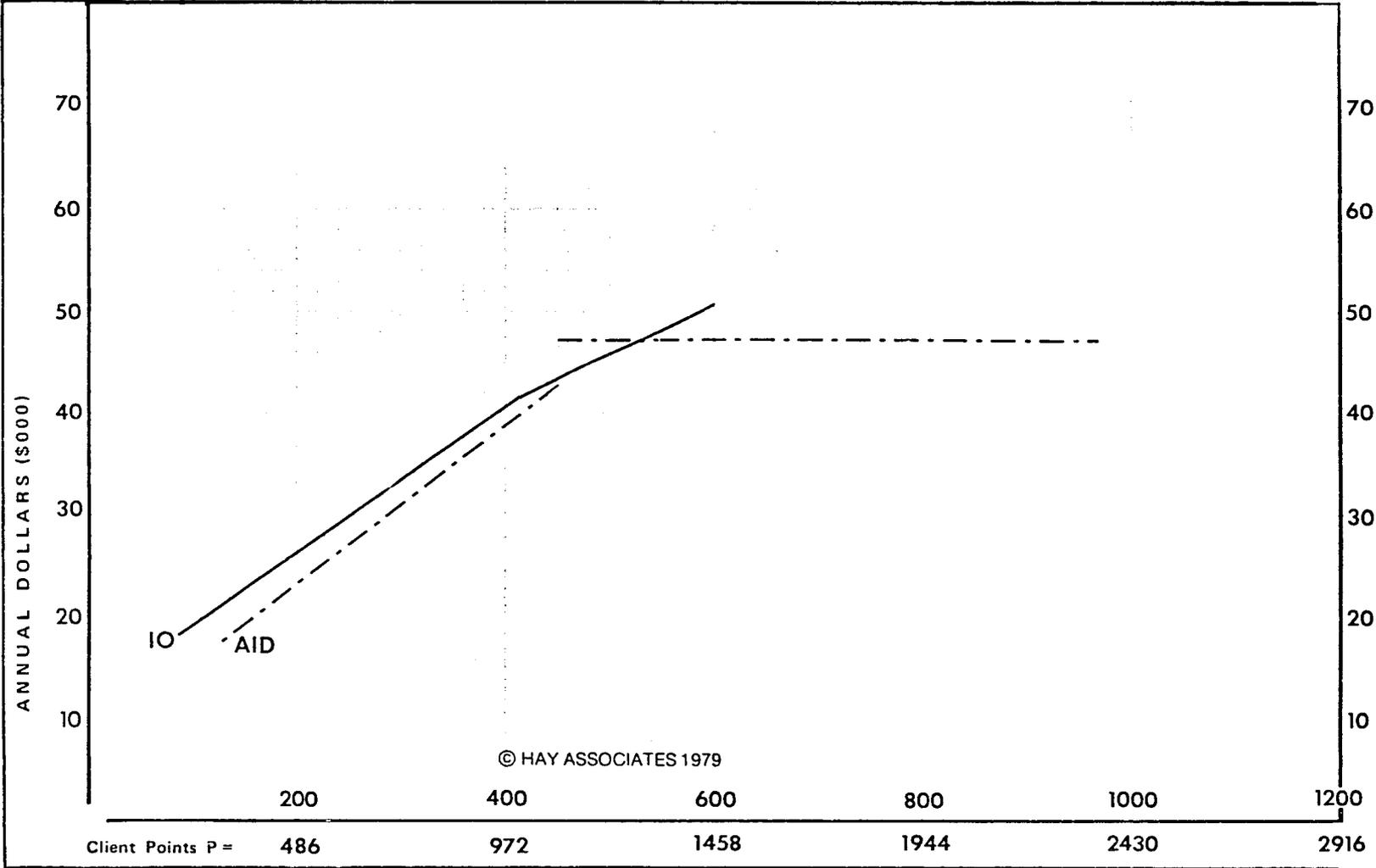
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study. Consequently, their compensation practices, like those of the AID, can be independently noted at each additional level of compensation analysis. They are also identified to establish their base compensation practice vis-a-vis the American Business survey group in its entirety, i.e., they are large, representative multinational companies which understandably compensate at competitive levels throughout their structures.

Chart 8 shows that against the American Business survey group, the AID Foreign Service Professional Level base salary policy line closely parallels the Third Quartile (Q3) survey practice up to approximately 420 H points. The Q3 market posture is slightly above the average practice of the selected multinational companies (M) up to approximately 300 H points, where the multinational practice exceeds the Q3 and maintains that position throughout the remainder of the job content spectrum. After about 420 H points, the artificial statutory ceiling takes effect, and the AID Professional Level policy line -- composed entirely of FSR-1 and -2 -- begins slightly above the average of multinational companies; however, job content increases quickly carry the line below the multinational companies' average, and the Q3, Average, and Q1 of American Business. The uncompetitive nature of the Professional Level policy at FSR-2 and -1 is a constant fact of Federal life at that level; and this effect will be consistently depicted throughout the

CHART 9  
 Agency for International Development  
 SELECTED INTERNATIONAL ORGANIZATIONS' BASE SALARY COMPARISON  
 PROFESSIONAL LEVEL POSITIONS



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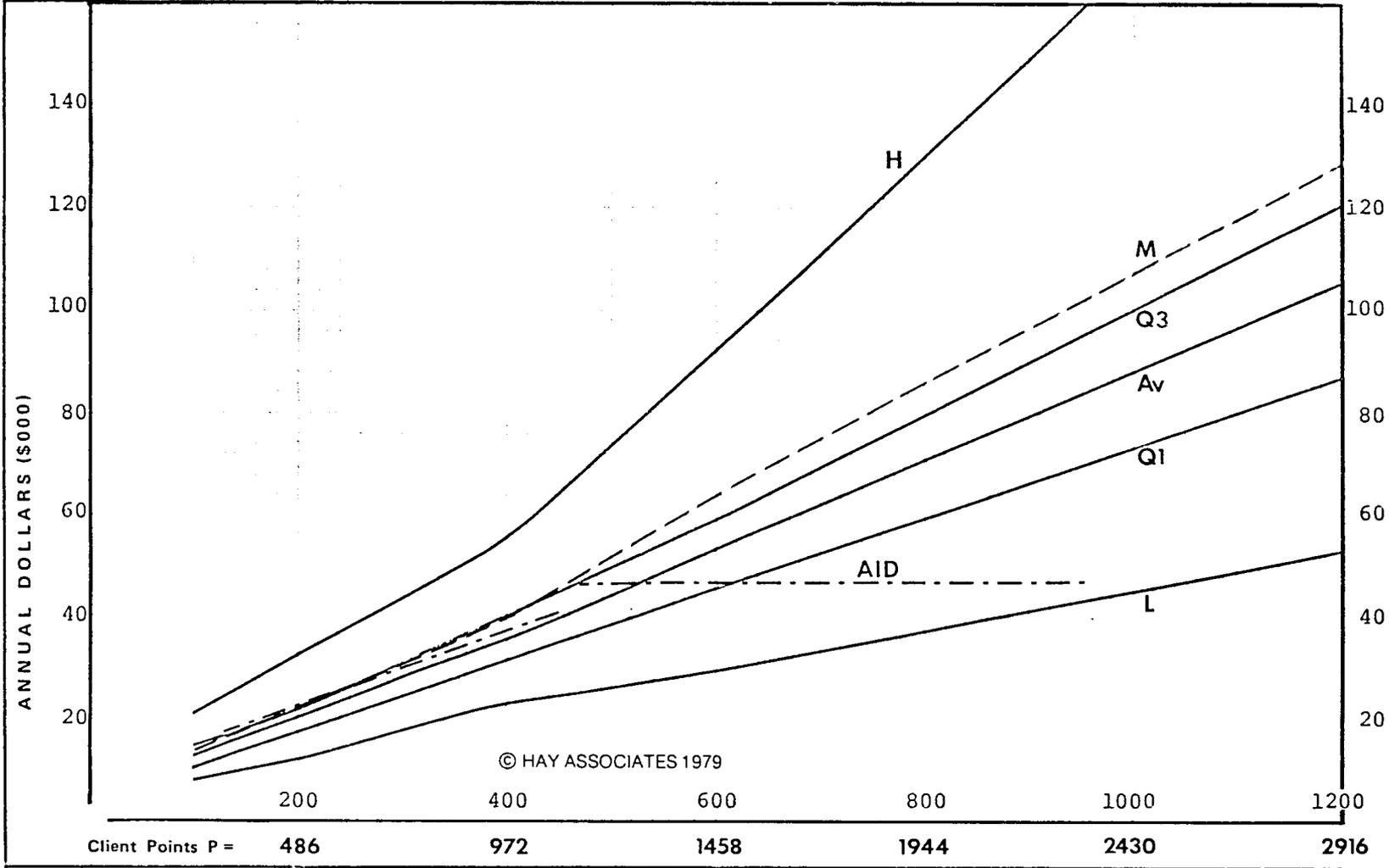
Professional Level comparisons.

Chart 8A presents the same results as Chart 8 for positions in the 100 H to 600 H point range only. This Chart permits a closer examination of salary practices for these positions.

3. Selected International Organizations

The final comparison is against the composite base salary practice of professional personnel in selected International Organizations (IO). (This comparison group is essentially the same as presented in Chart 6 for Support Level positions, and includes the Inter-American Development Bank, the World Bank, the Organization of American States, and the United Nations.) Chart 9 compares the AID Professional Level policy with the average pay practice for this international group. The Chart illustrates that the AID policy falls approximately 22% below the IO practice at the low end of the job content continuum and then moves consistently closer to the IO practice until, at approximately 420 points, it almost intersects the IO practice. Again, the effect of the statutory pay ceiling begins at 430 H points where the AID policy is approximately 8% above the IO practice (e.g., at 600 H points, the AID policy is approximately 7% below the IO practice). Overall, AID is consistently competitively disadvantaged against this group.

CHART 10  
 Agency for International Development  
 AMERICAN BUSINESS TOTAL CASH COMPENSATION COMPARISON



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### E. TOTAL CASH COMPENSATION COMPARISON

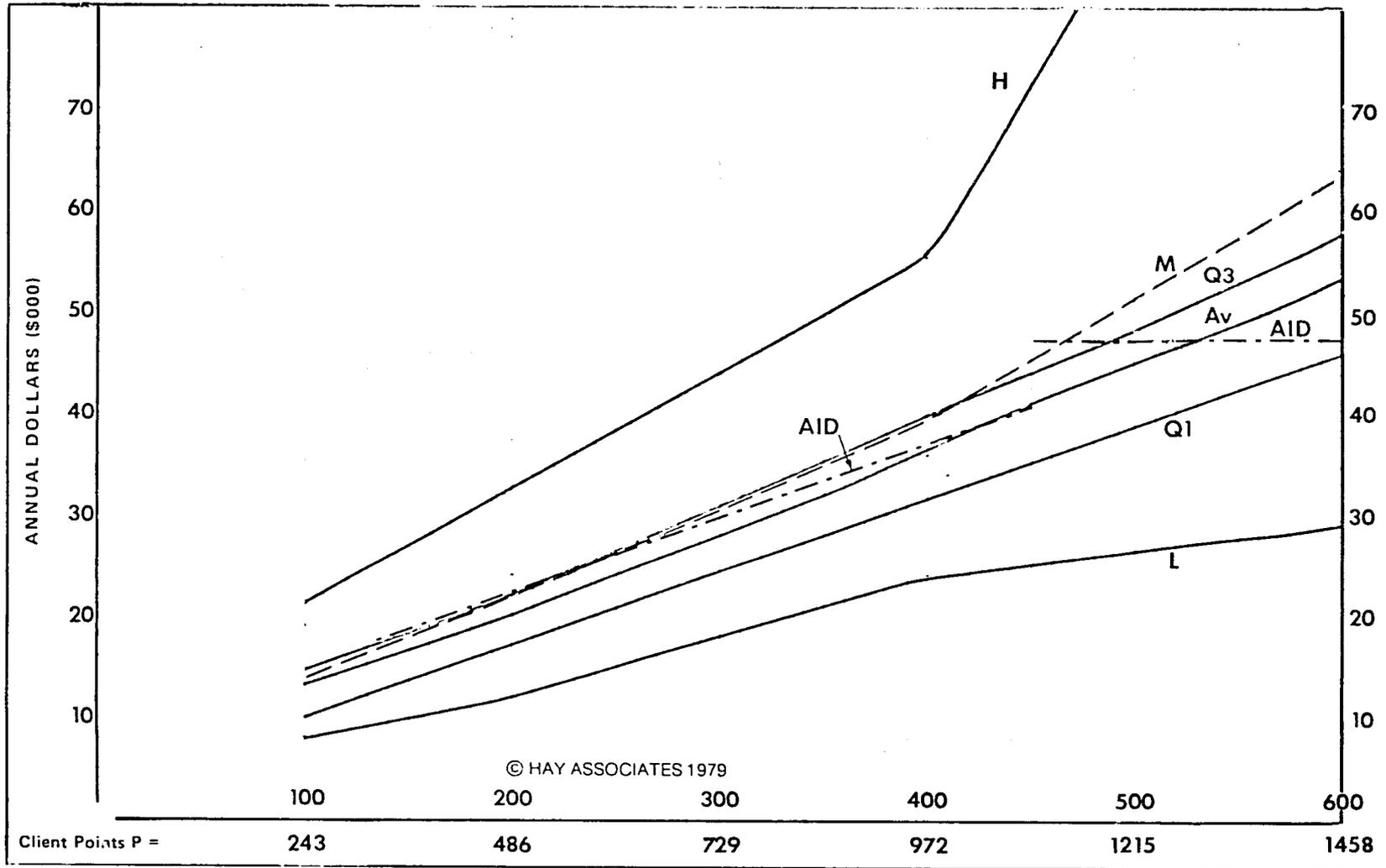
Total Cash Compensation is comprised of base salary plus incentive/bonuses paid in cash, and the following graphic, Chart 10, depicts this level of compensation for the same American Business survey group presented earlier. Total cash is a compensation practice which, until the enactment of the Civil Service Reform Act with its pay-for-performance concept, was found only in the private sector. Today, a large number of U.S. industrial companies include a bonus policy as part of their cash compensation program while few of the non-industrial companies do.

Looking to Chart 10, the incentive/bonus generally begins to influence the survey group compensation levels at about 400 H points; and a substantial impact of bonuses on the cash compensation of private sector professionals occurs in the average bonus at 1000 H points, which Hay's 1978 survey revealed was 32% of base salary.

Incentive/bonus amounts are generally related to company practice and individual performance, and normally are fashioned by a pre-established formula. For example, a company may establish a formula which provides for a \$2 million bonus fund for having achieved 132% return on investment. This amount would then be distributed to all executives eligible on the basis of their personal performance.

With respect to Chart 10, the overall effect of the addition of a bonus payment to the survey group base com-

CHART 10A  
 Agency for International Development  
 AMERICAN BUSINESS TOTAL CASH COMPENSATION COMPARISON



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compensation is a slight modification of the competitive posture of the AID Professional Level up to about 450 H points. At the FSR-1 and -2 level, the impact is more obvious -- the AID line is, in private sector terms, only competitive between 450 and 520 H points, after which it moves below the American Business Average, and concludes approaching the Low line. Chart 10A presents the same results for positions in the 100 H to 600 H point range only, permitting a better appreciation of the compensation differences at those levels.

VI. TOTAL REMUNERATION COMPARISONS

A compensation program includes more than base salary and, in some cases, incentive/bonuses. A significant portion of the total compensation program (and therefore the total compensation dollars spent) is provided in the form of employee benefits; and a recent survey of 743 businesses by the U.S. Chamber of Commerce indicates that, on average, benefits now total 36.7% of payroll. Therefore, to properly assess a compensation program, Hay believes it is proper and meaningful to compare all elements, a major aspect of which is employee benefits.

Such employee benefits generally include life insurance, medical and disability insurance programs, retirement plans, sick leave, holidays and vacations. For private sector executives, they may also include special items sometimes referred to as "perquisites" such as company-provided automobiles, club memberships, and so forth. By adding the compensation provided through employee benefits to the cash compensation paid (salary plus incentive/bonuses) the consultants are able to reach a comparison of the Total Remuneration provided domestically. In the opinion of the consultants, this is the most appropriate measure to use in comparing compensation programs since it includes all elements of compensation for which the employer incurs costs and the employee receives value.

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### A. METHODOLOGY

In order to achieve a meaningful comparison, an appropriate compensation "value" must be placed on the various employee benefits offered. The first measure which Hay Associates considered when it pioneered the development of Total Remuneration comparisons some years ago, was the "actual" costs incurred by employers for each benefit provided. However, closer examination of those costs indicated that they are not always representative of the level of benefits provided to the employees, e.g., two companies with identical life insurance programs were incurring substantially different costs. This was due to a number of factors, among which were the average age of the employees insured and the insurance purchasing "ability" of the two employers. By "standardizing" the factors which impact on the cost without impacting on the value of the benefit to the employees Hay was able to establish compensation values for each benefit and permit meaningful comparisons while being representative of the employer cost for such benefits in a typical U.S. company.

It should be noted that the Office of Personnel Management (OPM) is now designing a total compensation comparability system which is quite similar to the one Hay has employed for a number of years. The principal difference between the two systems is that OPM bases its "standardized costs" on the costs to the Federal Civil Service

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if they were to adopt the benefits program of each employer in the comparison group, whereas the Hay Benefit Valuation System is based on the costs to an average U.S. employer. However, based on Hay's experience in the utilization of different "standards," we would expect the compensation "value" of the AID/State Service benefits program to maintain the same position relative to the benefit programs in our comparison groups when using the OPM or Hay system.

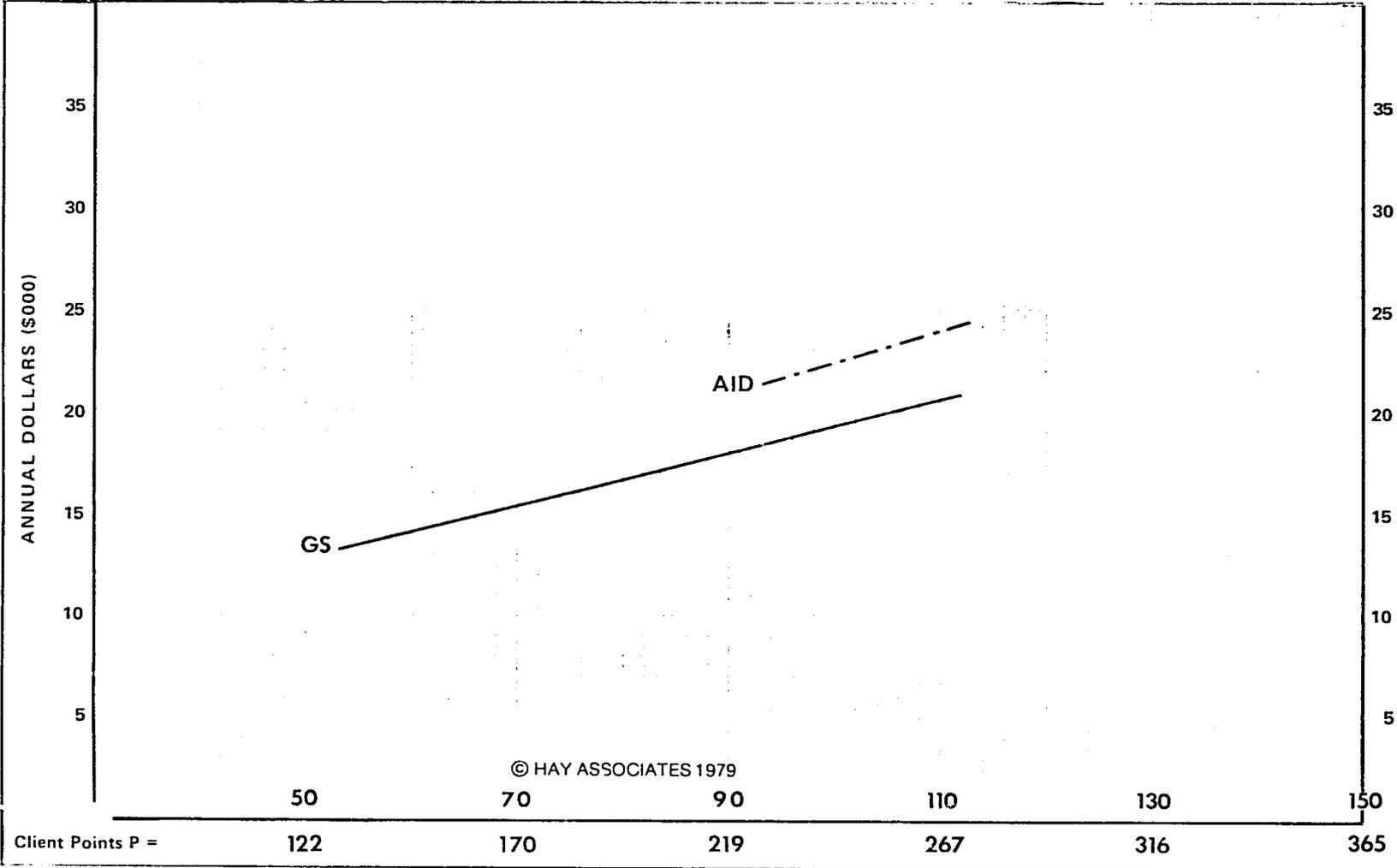
A discussion of the Hay Benefit Valuation System and the representative values for the various benefits in the system are given in Volume II, Appendix K.

Like its data on cash compensation practices, Hay has also obtained from the 306 American Business Companies (presented in Chart 8) detailed information on their employee benefits from which compensation values were established utilizing the methodology just described. The consultants followed this same procedure in valuing the Civil Service and AID benefits programs; and Volume II, Appendix L summarizes the benefits provided by (a) the American Business Survey participants, (b) the 13 selected multinational companies, (c) the Federal Civil Service, and (d) AID. Since a number of benefits, such as sick leave and pensions, are related to salary or total cash compensation, the values were established at the appropriate compensation levels applicable for each organization at specified levels of Hay evaluated job content.

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The compensation value for the total benefit program at each specific level of job content was then added to the compensation practice at that job level (base salary or total cash compensation, as applicable), to obtain a Total Remuneration practice for each organization in the comparison group as well as for AID.

CHART 11  
 Agency for International Development  
 GENERAL SCHEDULE STAFF LEVEL TOTAL REMUNERATION COMPARISON



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### B. GENERAL SCHEDULE SUPPORT LEVEL

Chart 11 provides a comparison of the Total Remuneration for the Support Level positions in the Civil Service and AID Foreign Service. Included in Total Remuneration are the base salary policies shown on Chart 4, plus the compensation value of employee benefits as calculated by Hay.

As the chart indicates, AID's Total Remuneration is slightly higher (or improved) relative to the GS base salary policy comparison (Chart 4). This is due to the fact that although the AID Foreign Service benefits are generally identical to the Civil Service benefits, the Foreign Service Pension Plan (in which AID participates) is more generous than that of the Civil Service. This difference is reflected by the fact that AID's Staff Level Total Remuneration policy is approximately 17% higher than the GS practice at all levels of job content addressed in this study.

The differences in the Civil Service and Foreign Service pension plans are found in (a) the benefit formula, with the Foreign Service plan providing 2% per year for all years of service while the Civil Service plan provides less than 2% per year for the first 10 years of service and (b)

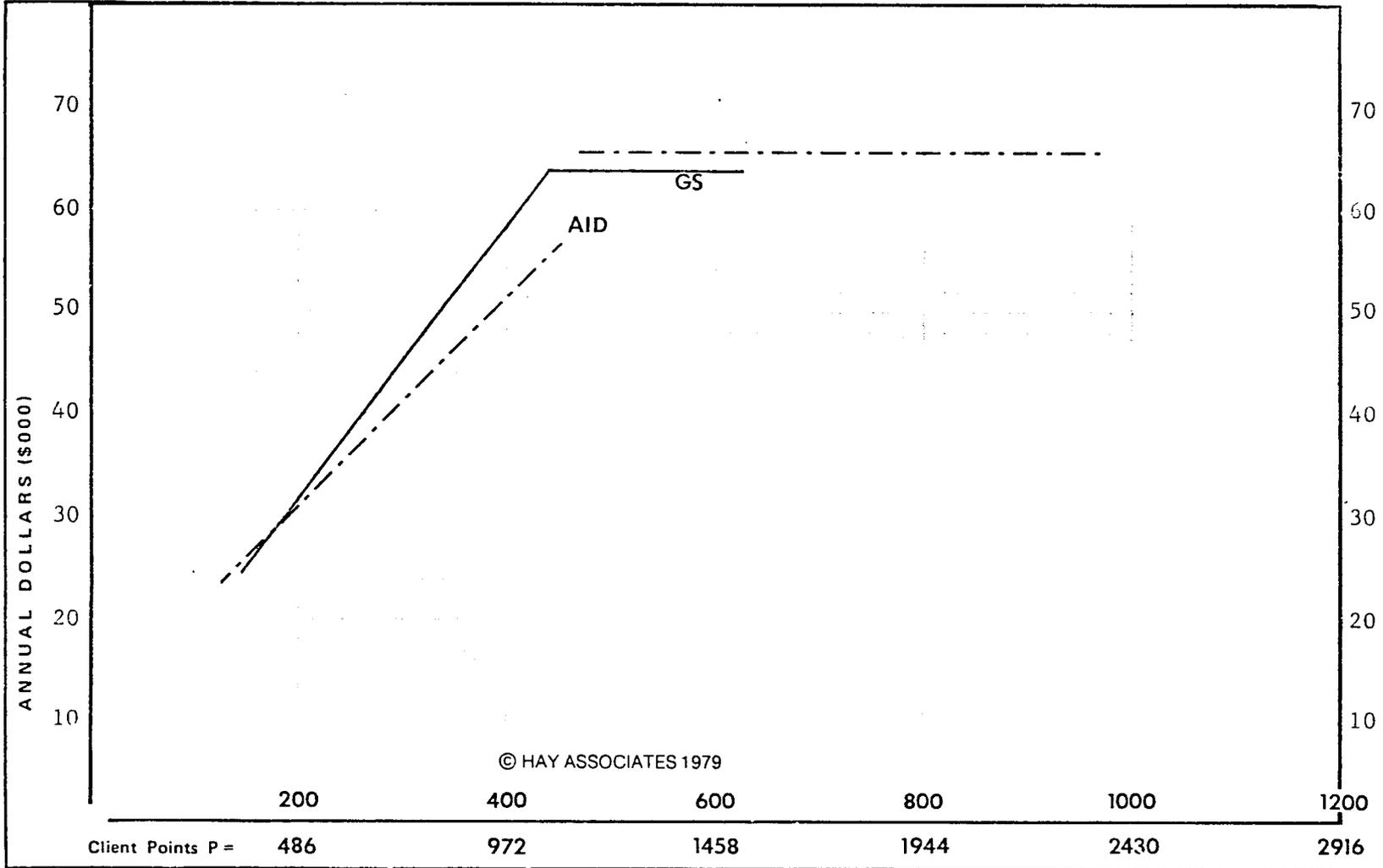
HAY ASSOCIATES

the actuarially expected retirement age, 1/ 60 for most Foreign Service employees versus 62 for Civil Service.

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1/ The actuarially expected retirement age is technical terminology for the age at which an employer normally expects employees to retire. It also represents the age at which an employee may retire on a full accrued pension, although many pension plans now offer full pensions prior to expected retirement age, subject to certain conditions.

CHART 12  
 Agency for International Development  
 GENERAL SCHEDULE PROFESSIONAL LEVEL TOTAL REMUNERATION COMPARISONS



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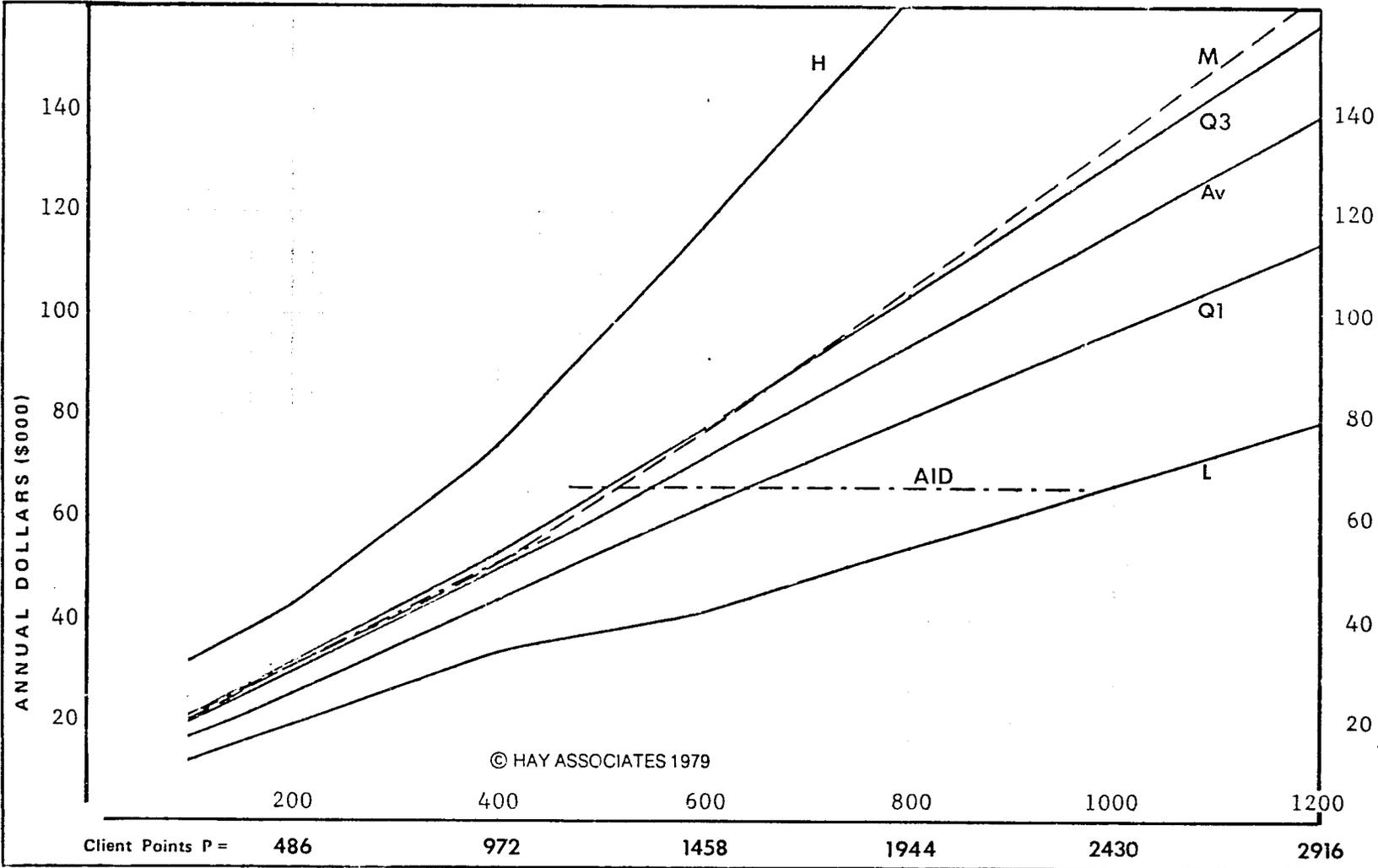
### C. GENERAL SCHEDULE PROFESSIONAL LEVEL

Chart 12 provides a comparison of the Total Remuneration for the Professional Level positions within AID and the General Schedule. Again, Total Remuneration includes the base salary policies shown on Chart 7 plus the compensation value of employee benefits as computed by the Hay Benefit Valuation System.

The chart indicates that AID's Total Remuneration for its Foreign Service Professional Level positions is slightly higher relative to the GS base salary policy comparison. As noted earlier, this is due to the fact that the Foreign Service pension plan is more generous than the Civil Service pension plan, and the effect is most clearly seen at the statutory plateau.

Consistent with earlier findings, however, AID remains competitive with Civil Service, only until about 180 H points and progressively less competitive through 420 H points, above which AID is slightly higher than GS because of the statutory plateau in base salary.

CHART 13  
 Agency for International Development  
 AMERICAN BUSINESS TOTAL REMUNERATION COMPARISON



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### D. AMERICAN BUSINESS EXEMPT LEVEL

Chart 13 provides a comparison of the Total Remuneration practice for Professional Level employees of AID versus the range of practices of American Business as well as the average practice of the selected 13 multinational companies. The Total Remuneration depicted includes the Total Cash Compensation policies/practices shown on Chart 10, plus the compensation value of employee benefits.

Up to 450 H points, the Chart indicates that AID's Total Remuneration policy is approximately the same relative to the American Business practice as AID's base salary policy is relative to the American Business Total Cash Compensation. This reflects the fact that the Foreign Service benefit program (which is the same for AID and State) is of equivalent employer-paid value to the average American Business programs for those positions levels.

Up to 250 H points, the AID policy parallels the Q3 of American Business, but then falls to slightly above the average of American Business up to 450 H points. Above 450 H points, AID's Total Remuneration policy is noticeably better relative to the American business practice than its base salary practice is relative to the American Business Total Cash Compensation. However, its position after about 560 H points is again progressively less competitive. The relative improvement is due to the fact that Foreign Service benefits are substantially more generous for those

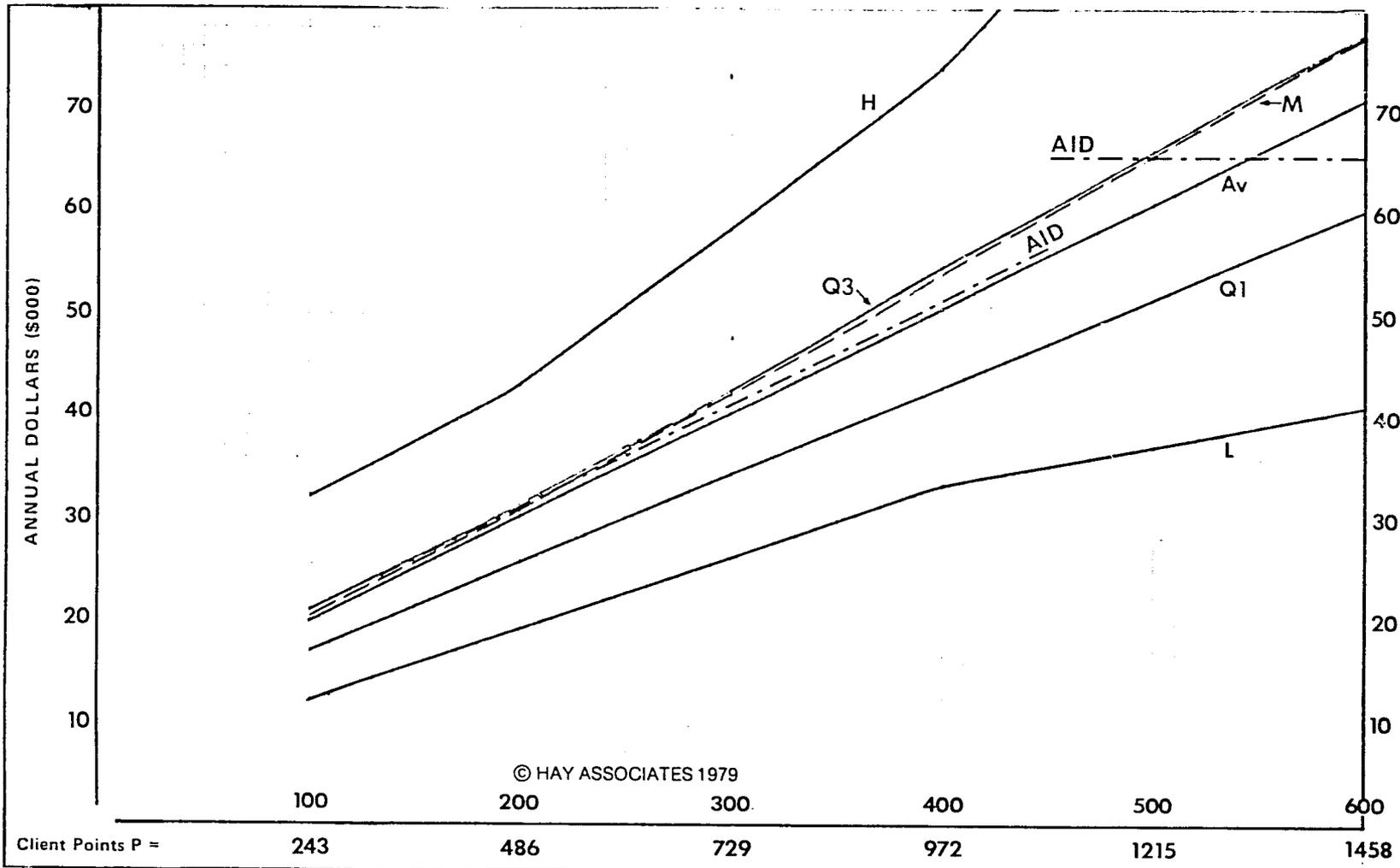
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position levels than those provided by American Business. This is clearly reflected in the compensation value placed on the AID benefits versus the value placed on the average American Business benefits. For example, for an individual earning \$45,000 per year, the compensation value of the Foreign Service and average American Business benefits represent 37.5% and 33.0% of earnings, respectively. This result is particularly interesting in light of the fact that perquisites (such as cars, clubs, etc.), which are often provided to American Business executives at that earning level, are not generally available to AID personnel.

The reason that the Foreign Service benefit program is equivalent to the average program of American Business at the lower job levels, yet better at the higher job levels, is due to the mix of benefits. At the lower levels, the higher pension plan value of AID is balanced by the large employer-paid medical plan value of the private sector. While the medical plan values are the same at all levels, and therefore the difference in such value between the AID and American Business is constant at all salary levels, the pension plans are salary related and a pension value difference of 5% of pay has therefore much greater value at higher base salary levels.

The position of the AID Foreign Service Professional Level Total Remuneration relative to the 13 selected multinational companies is of interest. Chart 13 shows that the

CHART 13A  
 Agency for International Development  
 AMERICAN BUSINESS TOTAL REMUNERATION COMPARISON



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AID's Total Remuneration policy is equal to the selected multinationals' practice up to approximately 250 H points, but becomes progressively less competitive up to 450 H points where the AID practice is 7% lower than the multinationals' average practice. At the statutory ceiling, the AID position begins above the average of the selected multinationals but gradually loses ground up to 500 H points where the two practices are equal. Thereafter, it becomes less and less competitive so that at about 900 points, AID's Total Remuneration practice is 87% below the selected multinationals' average practice due to the statutory cap on base salaries.

Chart 13A presents the same results as Chart 13 for positions in the 100 H to 600 H point range only, permitting a better appreciation of the compensation differences at those levels.

VII. FINDINGS AND OBSERVATIONS

A. BACKGROUND

Since its inception as the Marshall Plan more than thirty years ago, AID and its predecessor agencies have been possessed of a dual personality and all the contradictions which follow. On one hand, AID has been and remains a full member of the U.S. foreign affairs community through its special relationship with the Department of State. On the other, through legislative enactment and uniqueness of mission within the Federal establishment, AID has in many ways resembled an independent agency. Over the years, AID's personnel management structure and environment has evolved in response to both these institutional features. Although the recent legislative reassignment of AID to the IDCA jurisdiction gives support to its quasi-independent identity, the continued applicability of the Foreign Service Act sustains the special AID-State relationships, especially in the areas of human resource management.

It is apparent that AID is the only U.S. Government entity charged with the development and implementation of U.S. development assistance. This singularity of purpose joins a uniqueness of circumstance -- overseas service -- to create a personnel management environment dissimilar to most other governmental entities: rank-in-person; the problems associated with the high mobility and reassignment

timetables; multiple classification systems; and the circumstances attendant to living and working in various overseas environments. In particular, all of the AID posts are in developing countries. As a consequence, AID personnel assigned overseas are frequently granted hardship differentials. The consultants are sensitive to the history and characteristics of AID; and this study has examined a number of personnel management conditions which are a consequence of such an environment. It must be emphasized that personnel issues in complex institutions like AID are rarely one-dimensional or of recent origin. The consultants, therefore, urge that particular circumstances or potential problem areas identified by this study are due a considered response, i.e., an appreciation of all contributing factors leading to constructive, scaled institutional solutions in a reasonable period of time.

B. LINKAGE AND COMPENSATION FINDINGS

This study for the Agency for International Development was built upon the methodological evaluation of 64 AID Foreign Service positions statistically selected from:

- two current classification systems -- FSR and FSS;
- at selected grade levels -- sampled grades account for 93% of AID's Foreign Service population worldwide; and
- between the major functional areas and specialties -- the 13 Backstop codes selected account for 81% of all AID Foreign Service incumbents (87% after adjusting for grade exclusion). 1/

This comprehensive approach was undertaken to permit three different analyses addressing the reward mechanisms of the AID's Foreign Service system.

1. Linkage Analysis

This statistical technique utilized the FSR and FSS job content evaluations to determine if there is a comparability (linkage) of job content between selected General Schedule and AID Foreign Service grades. The Hay approach responds to the intent of the Pay Comparability Act, and has been employed for this purpose elsewhere within the Federal Government.

With respect to the Foreign Service Reserve Officer level, this analysis concluded that links or grade/content

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1/ Namely, the 13 Backstop codes selected account for 87% of all incumbents in grades FSR-1 to FSR-6 and FSS-4 to FSS-7.

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relationships clearly exist between FSR-1 and GS-18; and FSR-4 and GS-14. A relationship of similar difficulty was also found between some FSR-2 jobs and the lower band of GS-18. FSR-3 positions were found to be less difficult than GS-15 positions but more difficult than GS-14 positions. FSR-3 is better positioned at GS-15 than GS-14, although no FSR-3 to GS-15 link was found. FSR-5 positions linked to both GS-13 and GS-12, due to the relatively large range in difficulty of jobs in FSR-5. However, FSR-5 is better positioned at GS-12. The median FSR-5 job difficulty is almost identical to GS-12.

The relatively large ranges of job difficulty found for FSR-5, FSR-3 (uncorrected), FSR-2 and FSR-1, together with the overlap between grades that is found at every step, suggest, inter alia, possible historical classification errors or problems associated with inadequate job documentation (position descriptions).

Due to their overlap, FSS-6 linked to FSS-7, and both linked to GS-7. However, the median job difficulties found suggest the FSS-6 is better positioned at GS-8, while FSS-7 is better positioned near GS-6.

A precise relationship between the two classification systems (FSR and FSS) and the General Schedule was, as anticipated, difficult to establish, especially at the Staff Level. This resulted from the wide range of job content which was found to exist in both the GS and AID

Foreign Service systems. The linkage findings, however, lead to three observations:

- A preliminary basis for establishing a relationship (and/or the integration) of the two AID Foreign Service pay systems (FSR and FSS) has been developed.
- A valid relationship with the General Schedule has been identified at particular levels, especially for the FSR system.
- A need exists for a selective examination of Foreign Service job definition and classification. Specifically, it appears that potential problems may exist in the following areas.
  - Maintaining accurate and current job descriptions for all positions, especially those FSR and FSS in AID/Washington, and those FSS slots overseas which may be held by officers' dependents (about 30 positions).
  - Classifying FSR and FSS positions accurately, in view of the large ranges of job content within grade levels and the intergrade overlaps found.

## 2. Cash Compensation Analysis

The assessment of AID Foreign Service job content and pay in relation to a variety of survey data was undertaken to examine the competitiveness or comparability of AID Foreign Service compensation. With respect to the AID Foreign Service system as a whole, the degree of vertical and horizontal "dispersion," i.e., the differences in job content at identical levels of pay, raises questions about internal equity. However, traditional personnel practices within AID, coupled with well-established external influences, may account for these initial observations:

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- Rank-in-person is, by intent, a flexible personnel management approach which responds to special organizational needs, such as high mobility, which is a key consideration in the U.S. Foreign Service personnel system generally.
- The statutory salary compression obviously contributes to government-wide discontinuities in personnel relationships, and this is no less significant within AID.
- Market practices also tend to affect salary levels, especially for secretarial and clerical positions.

With respect to the issue of external competitiveness or comparability, AID Foreign Service positions were examined at two levels -- Professional (FSR) and Staff (FSS) -- in order to meaningfully equate these positions to other appropriate sectors and markets. In terms of base salary policy, the Foreign Service Staff Level is:

- slightly but consistently ahead of the General Schedule;
- competitively positioned against the Washington Metropolitan Area Nonexempt Salary practice; and
- slightly less competitive with respect to selected International Organizations (IO), but approaching the third quartile.

Such findings of competitive positioning relative to the above data bases would, in the private sector be regarded as most appropriate since a legitimate organizational objective is to hire, motivate and retain employees. These should be no less significant in the Foreign Service given AID's personnel needs at this level, which, in themselves, substantially distinguish the FSS cadre from these

comparative groups:

- Staff Level employees, unlike their counterparts in either sector, serve abroad; and
- Recruitment standards are unusually high to ensure, among other things, overseas adaptation.

An assessment of FSR positions was made with similarly evaluated positions in both the General Schedule and the U.S. private sector as represented by Hay survey data from the industrial, financial, and service sectors throughout the nation. Against the General Schedule, AID's FSR base salary policy begins slightly ahead of the GS professionals but quickly moves below the GS average. This latter position reflects greater job difficulty at comparable levels of pay and would, in the private sector, be regarded as slightly less competitive. In comparison with the American Business survey data, AID Professional Level positions are competitively positioned until about 600 H points where the FSR policy nears the survey average. The effects of the statutory ceiling, however, sharply distinguish AID Foreign Service from the private sector; and the greatest portion of the AID policy at the statutory plateau falls below the market average. At the most senior job content levels, the AID practice approaches the private sector low line.

In comparison with selected International Organizations, the AID Professional level positions are falling considerably below the IO average practice, until

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approximately 420 H points where the AID policy almost intersects the IO practice. Again, the effect of the statutory pay ceiling at AID is beginning at 430 H points, where the AID policy is approximately 8% above the IO practice. However, as job content increases at AID, the policy falls below the IO practice (e.g., at 600 H points, the AID policy is approximately 5% below that of the International Organizations).

With respect to the comparison of total cash compensation -- base salary plus incentive/bonus paid in cash to private sector professionals -- the competitive base salary posture of AID FSR is modified to some degree. The private sector utilization of this compensation element is emphasized by the fact that the average bonus (at 1000 points) was 32% of base salary. The impact of this additional element is emphasized at the salary ceiling where AID's Professional Level policy is increasingly less competitive.

### 3. Total Remuneration Analysis

The Foreign Service Benefits Program (in which AID participates) is slightly more generous than that of the Federal Civil Service because of the higher benefit formula and earlier retirement age under the Foreign Service pension plan. At the lower FSR level positions, the AID/Foreign Service program is of comparable employer-paid value to the average benefit program of the private sector,

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while at the more senior levels, the Foreign Service Benefit Program is of greater employer-paid value than the American Business average. This suggests that the lack of perquisites (such as cars and clubs) which are often provided to private sector executives (but not to those in the Federal Government) are balanced by the more generous benefits, particularly retirement, provided by AID.

In terms of Staff Level Total Remuneration (base salary plus benefits) the AID compensation level is approximately 17% higher than the Civil Service. At the Professional Level, the AID compensation level is competitive with the General Schedule (GS) only until about 180 H points and progressively less competitive through 420 H points. At 450 H points, AID assumes a competitive posture vis-a-vis the Civil Service, due to the benefits' program differential.

Relative to the American Business average, the AID Foreign Service policy is slightly higher up to about 450 Hay points. At 450 Hay points they are well above the average American Business practice, but from that point the AID policy flattens because of the cap in salaries and thereafter becomes increasingly less competitive.

C. OTHER OBSERVATIONS

Although the linkage and compensation findings are the anticipated end results of this study, several additional observations are worthy of note. The in-depth evaluation of AID Foreign Service positions by the 10 member committee produced useful findings about the nature and difficulty of jobs at AID as well as several disquieting features of related agency procedures. Essentially:

- AID job difficulty at certain levels, e.g., FSR-1, was found to be greater than some United States Government counterpart positions; and
- The less competitive posture of AID's Foreign Service Salary practice vis-a-vis the General Schedule is a direct result of the job content findings at the FSR-3, -4, -5 and -6 levels.

The foregoing content and compensation findings draw some interesting distinctions between AID and the Federal community. It must also be noted that overseas factors, such as mandatory reassignment, living conditions, and so forth, in no way contributed to these findings. However, they too, in some way, legitimately impact upon the AID Foreign Service work environment (as they do in the Department of State) and must be acknowledged.

The precision of the analytic techniques employed by the consultants also revealed a number of unanticipated linkage anomalies, i.e., some AID job grades were found to be out of synchronization with the GS system. There are a number of interrelated explanations for this, each of which

is meritorious to some degree:

- Many AID Foreign Service positions are, because of initial job design or evolution, less difficult than GS counterparts;
- Misclassification, however, it occurred, certainly accounts for many of these discontinuities; and
- Inadequately prepared and maintained job statements probably are a principal contributor to this condition.

The consultants suggest that all the foregoing are to some degree valid, but that the state of AID Foreign Service position descriptions must be immediately reviewed. The Job Evaluation Committee, composed of senior AID personnel from throughout the Agency, independently concluded that job content statements were, in themselves, insufficient

The consultants urge that as a first step in response to the findings of this report the AID position description procedures -- preparation, format, content, updating, etc. -- be immediately examined to determine the extent of the deficiency. Such an initiative is also the most appropriate procedural response to the recent designation of Foreign Service positions in AID/Washington, will measurably assist with the classifications and assignment process, and may, in fact, directly lead to a resolution of the several linkage anomalies identified by this study.

More specifically, utilizing the job evaluation committee framework, AID personnel, under PM/PMC direction, could selectively examine the job content documentation

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and assign job "weights" or points to each position. The use of a quantitative method of job content measurement has proven to be a sound and defensible method for both classifying positions and checking the precision of a classification system. A sound basis would then exist for the internal integration of AID's two Foreign Service pay systems (FSR and FSS) if desired, as well as the external integration of positions and grade systems throughout the foreign affairs community, as appropriate. Such an approach to classification (or integration) is ultimately most suitable because it establishes internally equitable relationships through a participatory and fully explicit process.

VIII. REFERENCES

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- Hay Associates. A Study to Assist the Department of State in an Evaluation of the Compensation System of the United States Foreign Service, Volume 1. Washington, D.C., 1979.

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A STUDY TO ASSIST THE  
 AGENCY FOR INTERNATIONAL DEVELOPMENT  
 IN AN EVALUATION OF SELECTED ASPECTS  
 OF ITS COMPENSATION SYSTEM  
 VOLUME II

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Prepared for the  
 Agency for International Development  
 Pursuant to  
 Contract No. AID/otr-C-1766

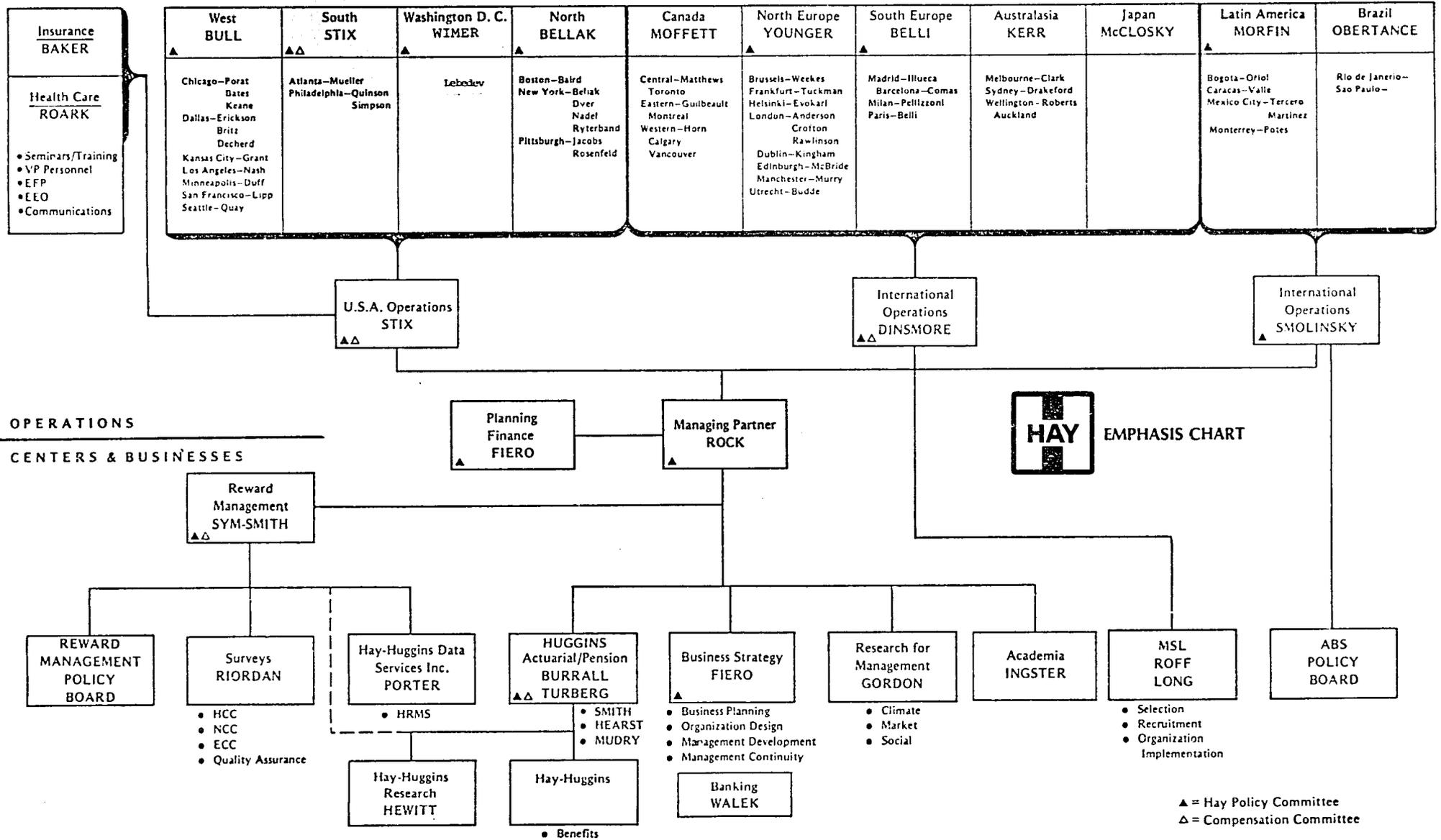
March 1980

HAY ASSOCIATES  
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 1100 Seventeenth Street  
 Washington, D. C.

APPENDIX/VOLUME II

- A. Hay Capabilities
- B. Sampling Analyses
- C. Linkage Sample Distribution by Grade and Backstop Code
- D. Hay Guide Chart Method of Job Evaluation
- E. State Department Guide Charts
- F. AID Foreign Service Evaluations
- G. Midpoint Salaries as of October 1978
- H. Participants, 1978 Hay Washington Metropolitan Area Nonexempt Salary Survey
- I. Participants, 1978 Hay Cash Compensation/Noncash Compensation Survey
- J. Selected Multinational Companies
- K. Hay Cash Equivalent Benefit Values Method
- L. Summary of Foreign Service, General Schedule, American Business and Selected Multinationals' Benefits

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ADMINISTRATION

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questionnaire  
questionnaire  
questionnaire  
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questionnaire

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## MANAGING IN THE 80's

Successful management in the 80's will require knowledge, processes and technology barely conceptualized two decades earlier. Sweeping socio-economic change throughout the world will create problems as well as opportunities of a magnitude never before experienced. Each company or institution—whether it be a far-flung transnational industrial complex or a local health clinic—is a microcosm of this world of change, and will be challenged to optimize the opportunities that such change presents.

Hay Associates stands ready to assist in this process of change through its unique range of professional services developed over 33 years and offered from its present network of 34 offices in 17 countries.

Hay's entire effort has been directed toward providing support, analysis, and implementation services to client management through application of its wide ranging specialized products. A unique "capital," upon which its consultants and clients draw, is its basic data bank comprised of two carefully balanced and interwoven elements: knowledge and technology.

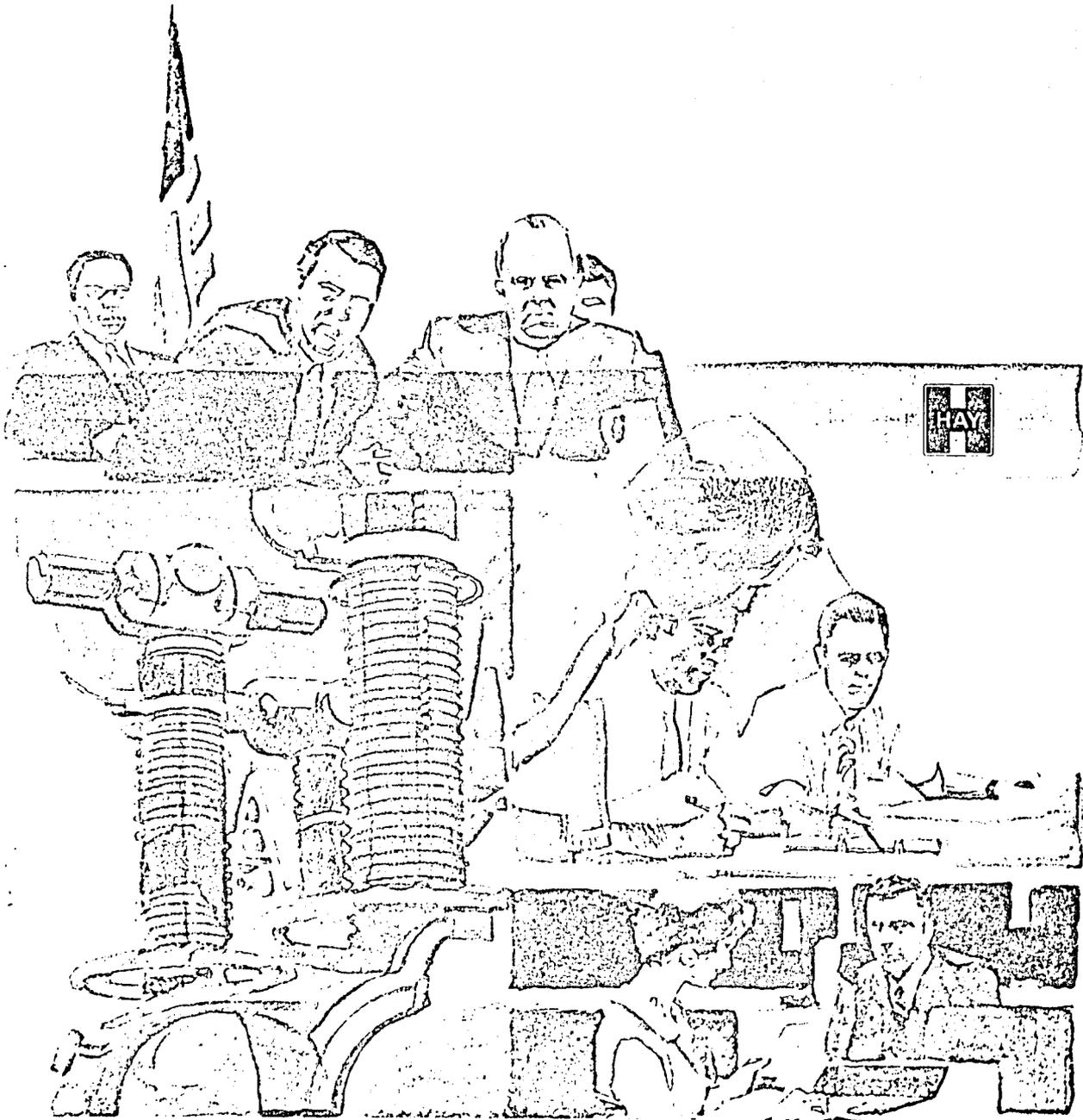
The concept is straightforward: Hay knowledge translates into Hay technology and, from there, into learned processes. These processes, communicated and refined through experience and application, are transmitted to Hay consultants worldwide, and thus ultimately constitute our range of consulting services.

But while the concept may sound relatively simple, the extent of knowledge and the forms that Hay technology takes, which give the concept substance, are not. For example, survey knowledge of reward management transfers into a technology which, as transmitted to Hay's compensation center staff, enables it to supply clients with information not available elsewhere. Its knowledge of actuarial science and mathematics, to take another example, translates into a technology of benefits, pensions and actuarial studies which is transmitted to clients through a staff of highly skilled professional actuaries. The list goes on, including measurement (social, market, opinion, climate, human resource assessment), business planning and strategy, behavioral science and communications.

Hay Associates, with its vast storehouse of knowledge and technology and its creative and results-oriented professional and support staff, looks forward in the 80's to extending the "edge" in human resources consulting that it has earned over the years. This brochure was designed to provide an overview of the kinds of services that we offer; the range of organizations we continue to serve; and, more importantly, the kind of consulting philosophy that has guided Hay in the past and which will allow its staff to maintain its position of consulting leadership with future generations of management.



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- Managing in the 80's
- Reward Management
- Human Resources and Measurement Technology
  - Business Planning
  - Specialized Services

# REWARD MANAGEMENT

Hay's position of leadership and acknowledged accomplishment in total compensation planning is unique throughout the developed countries of the world. During its more than 33 years of intensive experience and advancement of innovative and results-oriented concepts, Hay's participation in the development of total reward management systems has earned unequalled recognition.

Some of its principal services in reward management include:

- Job analysis and evaluation
- Cash compensation surveys
- Management incentives
- Employee benefit and actuarial services
- Sales incentives
- Salary planning and administration
- Communications

## JOB ANALYSIS AND EVALUATION

Through its extensive experience and pioneer work in job measurement, which formed the foundation of Hay's original consulting efforts, a specialized measurement and process knowledge and technology was developed. Its copyrighted Guide Chart-Profile Method of Job Evaluation evolved as the standard against which other job measurement systems would be compared. Providing a systematized approach to measuring job worth for any and all positions in an organization, pay comparisons between companies on the basis of common standards of job content could finally be accomplished. Hay measurement technology showed that some elements of job content are present in varying levels in all jobs, from maintenance staff to chief executive and operating officers. As expressed in Hay language, these elements are Know-How, Problem Solving and Accountability. Each of these components is measured in points, with the total being an expression of the position's weight relative to all other jobs within the particular organization.

The Hay job analysis and evaluation technique is unmatched in experience, with well over hundreds of thousands of individual jobs having been analyzed and evaluated all over the world. While job evaluation has been employed primarily in compensation work, other uses include applications to assure EEO compliance, assess organization effectiveness, assist in manpower planning, and the customization of developmental programs.

## CASH COMPENSATION SURVEYS

Once the backbone of Hay consulting, cash compensation work is firmly anchored in the concept that pay must be externally competitive and internally equitable. Achievement of these objectives is increasingly difficult to attain by the changing values and objectives within companies as well as ever-increasing pressure from their various publics. Defining an appropriate strategy for an organization and subsequently ensuring that it is supportive of its other long-term organization and business plans can no longer be left to chance.

To assist clients assess their relative levels of pay practice against both general and specific industry norms, Hay annually provides comprehensive compensation surveys. These Compensation Comparisons, now nearing the quarter-century mark, form the foundation for compensation planning for nearly 1500 participating companies in over two dozen countries.

Additionally, the Hay Executive Compensation Comparison provides a detailed analysis of cash and noncash compensation standards for key management positions representing both operating and staff functions. This survey is complemented by annually conducted special industry, job-family, clerical, higher education, and regional surveys.

## MANAGEMENT INCENTIVES

In addition to the basic commitment represented by salary and noncash plans, variable compensation schemes form an integral part of the industrial executive's total reward management program. Designed to stimulate overall excellence and to provide significant economic opportunity to key management and professional executives, such plans can offer a variety of cash or cash-equivalent payment methods to achieve an optimum balance among the needs of the executive and those of the enterprise and stockholders.

## EMPLOYEE BENEFIT AND ACTUARIAL SERVICES

With the creation of Hay-Huggins, resulting from the affiliation with Huggins & Company, Inc., Hay provides consulting and actuarial assistance in benefit plan design backed by a research arm that keeps abreast of employee benefit trends, innovations and statutory requirements. A Hay-Huggins Noncash Compensation Survey which covers the benefits, personnel policy, perquisite and communications practices of over 450 industrial, financial and service firms is produced annually.

Benefit value comparisons, total remuneration ("R" Charts), communications programs, and employee preference studies are all part of the Hay-Huggins service armamentarium.

#### **SALES INCENTIVES**

Over the years, Hay's leadership in sales incentive design has become apparent. It is firmly committed to the concept that sales motivational systems should accurately reflect and recognize the salesman's individual contribution to the achievement of company or corporate sales goals. Design and application of systems that truly motivate are Hay hallmarks of competence in such diverse and complex marketing environments as health care, transportation and banking.

#### **SALARY PLANNING AND ADMINISTRATION**

Recent developments have stepped up the demands upon salary administrators to resolve persistent problems of inequity in employee pay practices. Greater sophistication in the manner in which salary programs are conceived, planned and implemented is now demanded. Too often, management is caught short between a stated salary policy and an apparent inability to implement it. From its vantage point, Hay assists clients in their salary planning, program implementation and administration needs by developing policies, procedures and administrative guidelines, and offers technical assistance in designing and implementing formal salary planning and budgeting processes.

#### **COMMUNICATIONS**

Companies make major investments in their communications and benefits programs. Often these programs are not well understood and, frequently, even misunderstood both by employees and the managers accountable for their administration. An effectively structured and professionally prepared communications program, using a variety of media, can enhance the value of existing programs and simultaneously create the climate for capitalizing on new ones.



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# BUSINESS PLANNING

Hay's Center for Business Planning combines its knowledge and technology of both the management sciences and the behavioral sciences. In the complex technology of planning management, Hay helps its clients assess market opportunities, evaluate strategy options, and implement agreed-upon business plans and programs.

Services of this Center are both process- and content-oriented: process services are developed for client organizations to apply in making strategic decisions, upon which the lifeblood of the organization may depend; content services develop specific strategy recommendations, with further Hay guidance for implementation as required. Major counseling areas are these:

- Strategic planning
- Marketing analysis
- Financial strategy
- Organization design
- Performance assurance
- Performance measurement

## STRATEGIC PLANNING

Effective strategic planning results in decisions: what to do and how to do it. The critical function is first, to identify mission and goals and subsequently to devise appropriate policies and business strategies to achieve them. Strategic planning is an integral part of an enterprise's management process; it is a management tool designed to help make today's critical decisions with tomorrow in mind—a process by which tomorrow's decisions will be beneficial and flow logically from those made today.

Hay helps design strategic planning processes which reflect the style and characteristics peculiar to the client's business; each process is tested for its efficacy in facing the specific issues which require decisions. Hay's professional, experienced strategy specialists are notably well-versed in helping organizations assess their basic mission, examining market opportunities, evaluating business mix and diversification options, formulating positioning goals, reviewing allocation of resources, developing appropriate programs and policies and evaluating economic development programs.

## MARKETING ANALYSIS

Hay's capabilities in conducting marketing analysis range from determining requirements for commercialization of new products to comprehensive evaluation and redefinition of marketing strategy for the business as a whole. Illustrative studies and issues include:

- Evaluation/formulation of pricing policies;
- Identification/evaluation of competitors' strategies and strengths;
- Measurement of product and market potentials; share of market and marketing penetration objectives;
- Evaluation of sales practice (e.g., territory assignments, sales quotas);
- Appraisal of product life-cycle positions;
- Analysis/redesign of distribution methods and practices.

## FINANCIAL STRATEGY

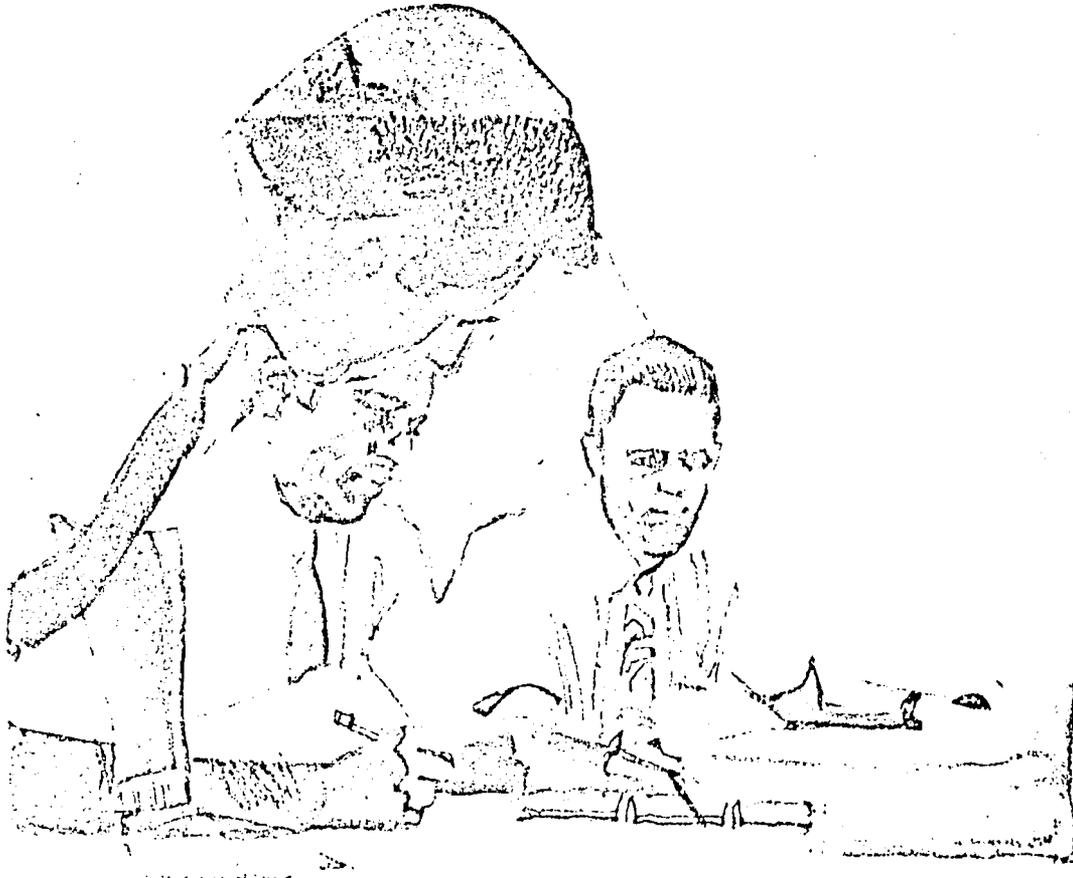
Every business plan must be backed by a financial strategy in support of its achievability. Such strategy must not only make provision for the necessary funding of the business but, equally important, be responsive to corporate goals with respect to its various financial publics. Hay has skilled personnel to help formulate such strategies and goals.

### • Organization Design

Appropriate organization structure is also essential to the success of business plans. The criteria of effective structure are derived from the objectives of the enterprise or organization, and how well those objectives are being achieved. How responsively and flexibly the organization meets externally-created opportunities and threats constitutes an appraisal of the structure—and indicates whether it is sound or whether it needs change.

Hay has long experience in assisting clients increase their organizational effectiveness. Its capabilities in design of organization structures and processes for accomplishing organizational change are unusually strong. Major

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projects are staffed by teams of specialists in business strategy, organization structure and organization development.

#### **PERFORMANCE ASSURANCE**

Executive performance agreements have been used by companies for years. Hay's skills run to identifying where they are appropriate, assuring that they are in support of corporate objectives and business strategies, and designing rewards commensurate with the achievement desired.

#### **PERFORMANCE MEASUREMENT**

The critical problem here is to arrive at acceptable yardsticks by which to measure performance and on what to base incentives. Not all objectives are measurable in financial terms: many require subjective evaluation.

Hay has many years' experience in working with companies in the design of measurement standards and management processes for the utilization of such standards in practical business environments.



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# HUMAN RESOURCES AND MEASUREMENT TECHNOLOGY

Using its data bank as a base, Hay has developed an extensive range of professional services which are essentially highly-sophisticated measuring and appraisal processes. These processes are designed to detect weaknesses, as well as strengths, of individuals with respect to selection, training and development, work performance, and for determination and assessment of the performance of the enterprise as a whole and of individual units and functions within it. Hay classifies these services as follows:

## HUMAN RESOURCES SELECTION, TRAINING AND DEVELOPMENT

- Personnel assessment and selection
- Test appraisal and validation
- Test construction and development
- Manpower assessment
- Manpower training and development

## EMPLOYEE RELATIONS SERVICES

- Hay employment systems analysis
- Labor relations and strategy

## COMPUTER TECHNOLOGY

- Human resources management systems
- Information systems
- Pensurdata

## RESEARCH FOR MANAGEMENT

- Public opinion and marketing research
- Management and organizational climate studies
- Employee attitude surveys
- Management practices surveys

## HUMAN RESOURCES SELECTION, TRAINING AND DEVELOPMENT:

- **Personnel Assessment and Selection**  
Selecting, transferring, promoting and otherwise changing the status of personnel on qualifications only, without regard to race, religion, sex, age or national origin, are difficult at best. The search for tools and methods that provide a legal basis for judging the worth

of an applicant or employee has, for many firms, been a challenge of the highest order.

Today, as the result of practical experience balanced by ongoing research and study, Hay provides a full range of services, each of which is designed to increase the impact and effectiveness of personnel practices and documenting them with hard facts about each job.

### • **Test Appraisal and Validation**

This is an analytical service for evaluating and improving personnel testing procedures to aid in selecting candidates for employment or promotion. Companies are under continuing obligation to demonstrate and document the validity of tests and procedures used. Hay can assist clients in ascertaining that their testing procedures and devices meet both the spirit and the intent of legal requirements designed to provide equal employment opportunities. Hay evaluates and reports the technical quality of the personnel system currently used. The reliability, validity and utility of the system are examined from the dual standpoint of whether it makes good business sense and complies with governmental regulations.

### • **Test Construction and Development**

Hay's Test Development Service is a custom-tailored process for designing and constructing tests and other performance measures for assessing current or prospective employees. Additionally, if deficiencies detected in current testing procedures are too substantial for modification, Hay will recommend or develop new tests and procedures as well as train client staff to continuously monitor the resulting selection procedures. Hay offers cost effective programs which measure and aid in the selection of best qualified candidates for ongoing or anticipated jobs, while simultaneously meeting governmental directives and guidelines.

- **Manpower Assessment**

Hay's manpower assessment planning and development programs represent systems by which both jobs and their incumbents are evaluated using common yardsticks of measurement. By assessing managers, not in isolation but within the context of real organizational units and against specific position requirements, and utilizing information from the employee's past and current performance along with other predictive techniques, Hay counseling can help clients learn to forecast future manpower requirements and capabilities.

- **Manpower Training and Development**

This service provides for the development—preceded by appropriate assessment—of individuals in executive positions. It seeks to instill in the individual an understanding of broad managerial content and purpose, while advancing an understanding of himself and his capabilities. In achieving personal development, a career path is formulated for the executive through counseling which maximizes his strengths in line with his aspirations and the needs of the enterprise.

#### **EMPLOYEE RELATIONS SERVICES:**

- **Hay Employment Systems Analysis**

A key facet of Hay's human resources consulting organization is its Employee Relations Services Center. This unit has developed the Hay Employment Systems Analysis ("HESA"), an exhaustive audit process expanding on the concept of "adverse impact" which includes discrimination, government regulations, and Hay technology. Although HESA is designed to cover the entire human resources system of the organization, it is equally responsive to auditing one or more portions of that system—e.g., employment—and the HESA audit is thorough in its ability to meet the most stringent external compliance requirements.

- **Labor Relations and Strategy**

Hay provides a unique management service for employers already engaged in collective bargaining who wish to improve the quality of the decision-making process used by management in their relationships with unions. The services are particularly useful in governmental, educational, and health-care organizations because of the rapid transfer of consulting expertise to the personnel or labor relations professionals within these organizations. Client administrative strength is extended in activities such as preparing for negotiations, contract administration, grievance management, and preparing for arbitration.

#### **COMPUTER TECHNOLOGY:**

- **Human Resources Management Systems**

Hay's Human Resources Management Systems Center was formed in response to the need expressed by clients for implementation of compensation studies and related programs. The professional staff of the HRMS Center engages in systems planning, design and development related not only to compensation projects but also to every functional area of the personnel department. Two distinct products have been developed by the HRMS Center: The Hay Compensation Monitor (HCM) and the Hay Automated Personnel Systems (HAPS).

The Hay Compensation Monitor is a systematic method for collecting, maintaining, and reporting information required to plan and control the administration of salaries and evaluation of jobs. It is an in-depth computer-based application ranging from status and exception reporting to salary planning, and even provides basic formats for input to Hay compensation comparisons. The Hay Compensation Monitor is a modular system in that any of five major processing modules can be delivered and installed independently of the others.

factors change with shifts in specific functional or operational units.

- **Employee Attitude Surveys**

The most productive first step in addressing such problems as absenteeism, breaches of discipline, sabotage, low productivity or high turnover is often through an attitude survey of nonexempt workers.

Attitude surveys are used to gauge employees' feelings about many issues which affect them and their jobs. Some issues regularly studied are general satisfaction with work, relationships with management and supervision, communications, cooperation, clarity of work assignments, opportunities for promotion, compensation and physical facilities. This information often leads directly to the solution of the specific problem(s) facing the organization. Hay has conducted numerous such studies and maintains a data bank useful for viewing the company in the context of work environments generally found in U.S. industry.

- **Management Practices Surveys**

Hay applies survey technology to studies of management practices and policies in both functional and topical areas. An example is the Hay Survey of Human Resource Practices.

With initial participation numbering more than 850 firms, this comprehensive information base of personnel practices and policies serves as a valuable aid in the planning and management of human resources programs. The Survey unfolds insights, supported by facts, into such important issues as the impact of EEO and OSHA legislation on firms' human resources planning, trends in personnel programs for employees at different organizational levels, and programs being undertaken in the critical area of assuring management continuity. It is believed that the wealth and validity of human resources information resulting from this Survey are not duplicated by or available from any other source.

□

# SPECIALIZED SERVICES

Hay has organized a number of professional services in response to the highly specialized nature of major projects assigned to it by clients in selected industries and service categories and by the demands of today's sophisticated computer technology. These services are grouped in the following categories:

- Industry centers
- Computer-based comparisons
- Hay publications
- Hay seminars

## INDUSTRY CENTERS

The rapid pace of specialization within industries and other sectors of our economy in recent years has led to the establishment of a number of industry "centers," which offer counseling services expressly designed for organizations within their selected business areas. Industry specialist staffs with major project management capabilities, augmented by trained support units and Hay's consulting staff, are organized into key industrial, financial, service and nonprofit knowledge centers. Included among these are:

- Retailing
- Banking
- Insurance
- Utilities
- Higher education
- Government (Federal and local)
- Health care

## COMPUTER-BASED COMPARISONS

### • PERF/COMP

Utilizing advanced technology and exhaustive data on industrial firms' executive compensation policies, Hay has designed a technique for determining how much companies pay for high-level job performance. "Perf/Comp," as it is termed, correlates performance and size of companies with compensation levels found within companies in the sample.

### • BANCOMP Survey

A computerized extension of Hay's Compensation Comparison and its Executive Compensation Comparison is found in the BANCOMP survey. This is a comprehensive survey system supplying specific base and total compensation data for 81 functional areas found in banking. Participating banks are guaranteed quick access to functionally-specialized compensation information at any time during the

year, permitting the user to compare his bank's compensation and evaluation practices with others in the BANCOMP survey.

## HAY PUBLICATIONS

In keeping clients and the business public at large informed of important new concepts, developments and Hay services, Hay's communications department publishes a monthly business discussion, "Management Memo," which brings such information to readers in an easy-to-read two-page format. Now in its 27th year of unbroken publication, "Management Memo" is received by thousands of executives.

Additionally, Hay publishes a biennial report, focusing on Hay's worldwide network of offices and professional personnel, with brief descriptions of its available services. Service brochures, describing in detail one or more of Hay's specialized consulting services, are also distributed.

Further, a complete reprint service is maintained in Philadelphia with reprints and articles of value and interest available upon request. A listing of these items is published periodically, and distribution is made without charge upon simple request to any of Hay's domestic offices.

## HAY SEMINARS

Hay seminars are an ongoing year-round service, which communicate knowledge and technology of Hay processes and principles in a wide ranging spectrum of specialized business areas to hundreds of participants each year.

Seminars offered on an ongoing basis include the following:

- Job analysis and evaluation (basic, intermediate and advanced)
- Salary administration
- Executive compensation planning
- Communicating compensation and benefit programs
- Estate and personal tax planning
- Design of employee benefit programs
- Human resources management
- Performance analysis

A complete list of seminars, presented in major cities around the country with dates, locations, and descriptions of the content, is available upon request.



SAMPLING ANALYSES

The consultants conducted initial analyses to determine the representativeness of sampling within the Backstop Codes (Job Families) for each classification system. Table I illustrates the representation of the AID Foreign Service in terms of the distribution of jobs by classification system in this category.

TABLE I

DISTRIBUTION OF JOBS BY CLASS FOR BACKSTOP CODE GROUPS

Classification System	Total Pop.	Total Sampled	%	Selected Backstop Codes												
				01	02	03	04	05	06	07	08	09	10	29	50	94
FSR	1781	1418	80%	87	310	100	143	--	52	--	94	148	191	87	52	154
FSS	182	180	99%	--	--	--	--	132	--	48	--	--	--	--	--	--
Total	1963	1598	81%	87	310	100	143	132	52	48	94	148	191	87	52	154

The thirteen (13) Backstop Codes currently represent 81% of the AID Foreign Service in the two classes (FSS and FSR) and this sample is therefore considered representative for the purposes of this study.

After determining that a representative sample could be drawn from the occupational group category, as Table I indicates, a second analysis was conducted to determine if a representative sample could be drawn from selected grades within the Backstop Codes and classification systems. This analysis, as Table II portrays, concluded that a representative sample could be drawn on the proposed grade/code basis. That is, the selection of Backstop Codes within grades produces a representative sample for each grade, by class and overall.

TABLE 2

DISTRIBUTION OF JOBS BY BACKSTOP CODE (BSC) WITHIN GRADES CLASSIFICATION SYSTEM

Classification System	Grade 1			Grade 2			Grade 3			Grade 4			Grade 5			Grade 6			Grade 7			Grade 8			Grade 9			Grade 10		
	Pop.	Sample	BSC	Pop.	Sample	BSC	Pop.	Sample	BSC	Pop.	Sample	BSC	Pop.	Sample	BSC	Pop.	Sample	BSC	Pop.	Sample	BSC	Pop.	Sample	BSC	Pop.	Sample	BSC			
FSR	66	51	1,2	239	150	1,2, 4,9, 10	531	350	2,4, 9,10, 25,94	666	337	2,8, 10,94	162	107	2,3 6,10, 94	13	2 <sup>1/</sup>	50	98	0 <sup>2/</sup>	N/A	6	0 <sup>2/</sup>	N/A	N/A <sup>3/</sup>			N/A <sup>3/</sup>		
% Representation		77%			63%			66%			51%			66%			15 <sup>1/</sup> %			N/A			N/A							
FSS <sup>4/</sup>	0	N/A	N/A	0	N/A	N/A	1	0	N/A	9	4	5	28	16	5	72	72	5,7	40	40	5,7	16 <sup>3/</sup>	0	N/A	14 <sup>3/</sup>	0	N/A	0	--	--
% Representation	--	--	--	--	--	--	0%	0%	44%	57%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
TOTAL	66	51		239	150		532	350		675	341		190	123		85	74		138	40		24	0		14	0		0	--	--
% Representation		77%			63%			66%			51%			65%			87%			29%			0%			0%		0%	0%	

Total Organization: % Representation for Backstop Codes Within Grades = 58%

2  
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- 1/ FSR-6 was included solely for compensation analysis purposes.
- 2/ Grades FSR-7 and -8 consist essentially of level trainees (IDI's) who are not assigned definitive positions until their period of training ends. They were not included in this study because no job documentation exists for IDI positions.
- 3/ The FSR system consists of grades FSR-1 to FSR-8.
- 4/ Samples were drawn only from positions designated as being overseas, since "domestic" FSS positions do not really exist except insofar as incumbents await reassignment performing, on an ad hoc basis, whatever jobs are available.
- 3/ FSS-8 and FSS-9 positions were not included in the study. No formal position descriptions exist for these grades since such positions are typically encumbered by officers' wives.

LINKAGE SAMPLE DISTRIBUTION  
BY GRADE AND BACKSTOP CODE

<u>GRADE</u>	<u>BACKSTOP CODE</u>												TOTAL
	1	2	3	4	5	6	7	8	9	10	25	94	
FSR-1	5	1											6
FSR-2	3	1		1					2	1			8
FSR-3		6		2					9	3	1	1	15
FSR-4		3						1		2		1	7
FSR-5		6	1			2				1		2	12
FSS-6					3		3						6
FSS-7					6		1						7

The Backstop Codes (Job Families) used for linkage analysis are defined by the nature of their most populous jobs as follows:

- 1 - Senior Manager (e.g., Mission Director)
- 2 - Program Management
- 3 - Executive/Manager
- 4 - Accounting
- 5 - Secretary
- 6 - General Service
- 7 - Executive Assistant

125

HAY ASSOCIATES

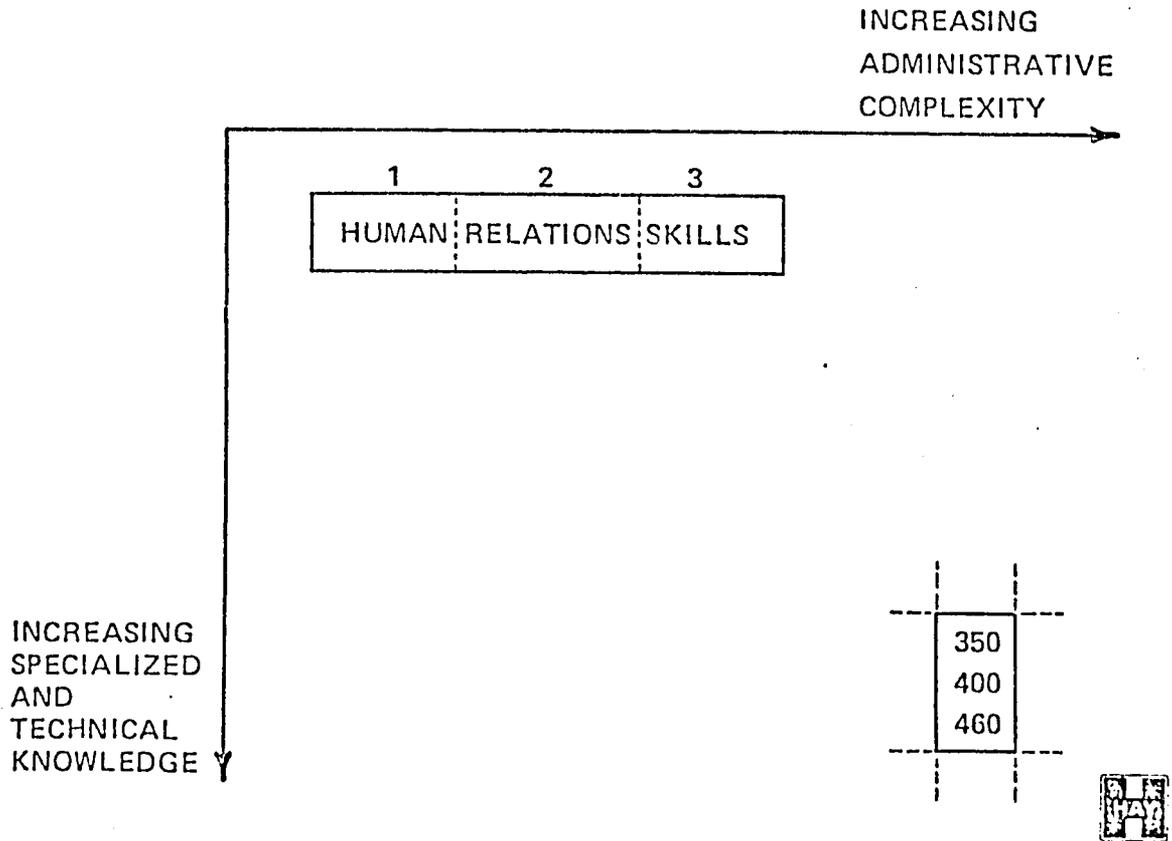
- 8 - Auditing
- 9 - General Development
- 10 - Agricultural
- 25 - Engineering
- 94 - Capital Projects

One additional code (50 - Nutrition) was included in the total sample of 64 jobs, but was not used in the linkage analysis because it identified the three (3) FSR-6 jobs not subject to the linkage aspects of the projects.

The Hay Guide Chart-Profile Method of Job Evaluation



# THE KNOW-HOW GUIDE CHART



The Know-How factor of specialized and technical knowledge is represented in the facing illustration by a continuous vertical line increasing in value in the direction of the arrow. The line represents a continuum of specialized knowledge content among a group of positions. The range is from a very limited need for formal knowledge to the most advanced levels of understanding of a subject matter. The line can usually be divided into levels such as:

- A
- B
- .
- .
- .
- F
- G
- .

Similarly, the factor of administrative leadership is represented by a continuous horizontal line indicating increasing complexity in managerial demand in the direction of the arrow. Once again, the line can usefully be divided into levels such as:

- I II III IV V VI . . .

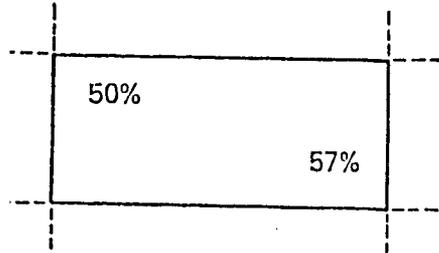
Finally, the factor of human relations is represented as crossing the matrix of the other two factors. In each case, human relations skills are seen as being at one of three levels: (1) ordinary courtesy; (2) important; or (3) critical for effective job performance.

Each of these factors has a qualitative, operational definition appropriate for the client institution in which the charts are being used. It is possible to quantify the semantic (or qualitative) analysis by designing a scale of numbers that is imposed upon the zones of intersection of the factors.

# THE PROBLEM-SOLVING GUIDE CHART

INCREASING CHALLENGE TO  
FIND INNOVATIVE AND  
CREATIVE SOLUTIONS

DECREASING  
CONSTRAINTS



150

In the facing illustration, the numbering pattern is represented by the three values of 350, 400, and 460. Each is approximately 15% different from the next. (Lower numbers would, of course, appear closer to the points of intersection of the two lines.)

Thus, the content of a position, analyzed for Know-How, might be symbolized as:

F II 3 460 (Points)

The "F" represents a defined level of specialized and technical knowledge, the "II" represents a defined level of administrative leadership and "3" represents critically important human relations skills, and the "460" an appropriate quantitative representation of these judgments.

A like process is used with the Problem-Solving Guide Chart, except that two different factors are involved as shown in the facing illustration.

The thinking challenge is shown on the horizontal line. The line represents a factor in job content that is a continuum from positions involving repetitive problem challenges to positions in which the problem challenges consistently require pathfinding solutions because the situations are novel. The line can usefully be divided into levels (shown on the illustrative charts) such as:

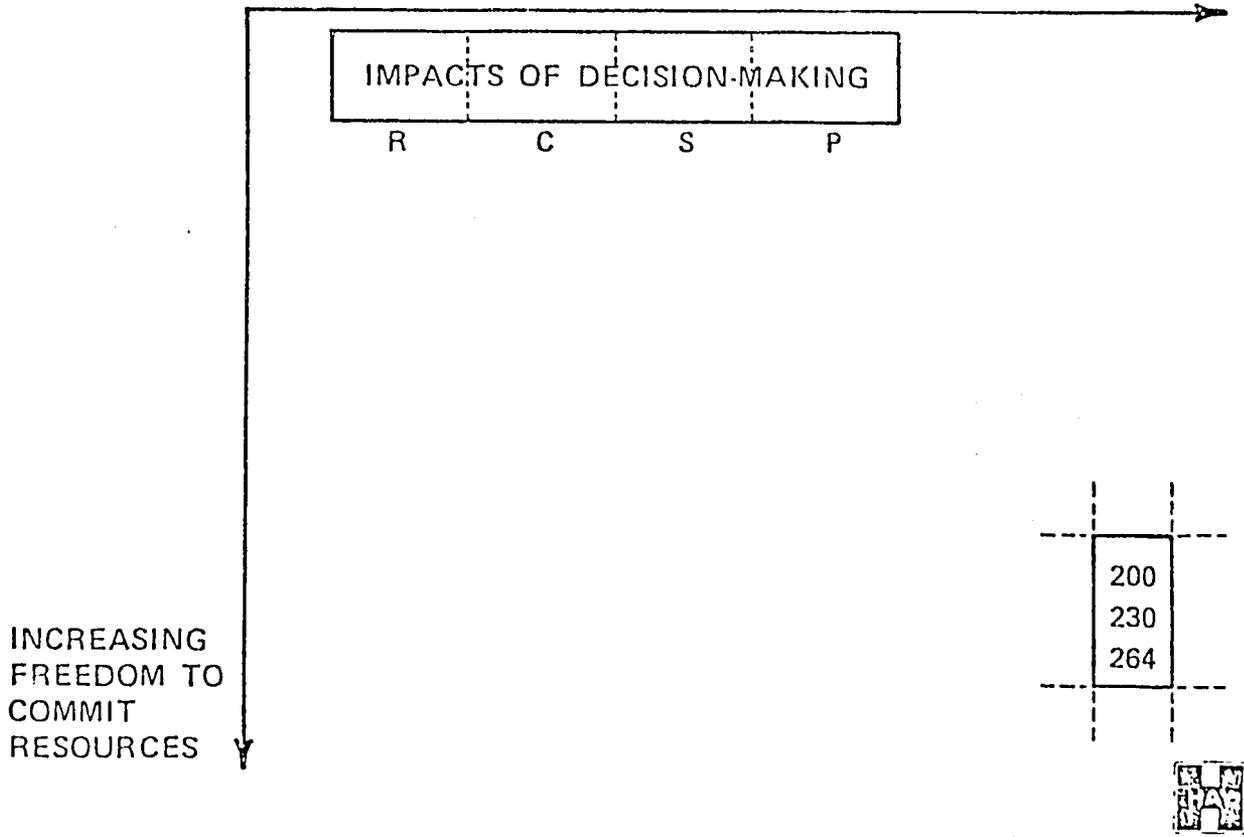
1 2 3 4 5

Similarly, the thinking environment factor is shown as a vertical line in which there is a decrease in the guidance for problem-solving in the direction of the arrow. The line represents a continuum from highly circumscribed problem-solving because of the need to follow detailed instructions to a level where thinking is guided only by the ultimate goals of the organization. Once again, the line can usefully be divided into levels such as:

1/31

# THE ACCOUNTABILITY GUIDE CHART

QUANTITATIVE INDICATORS  
OF SIZE OF IMPACT



MANAGER TO MANAGER

MAY 2 1980

## INFORMATION MEMORANDUM FOR THE ADMINISTRATOR

THRU : ES

FROM : Edna A. Doorady, Director, PM *Edna A. Doorady*

SUBJECT: Hay Associates Study of Selected Aspects of AID's  
Compensation System

In August 1979, the Office of Personnel Management contracted with the Hay Associates, a well-known international management consulting firm, to conduct a study of selected aspects of AID's compensation system. The proposed revision in the foreign service grade structure included in the Foreign Service Act, and a similar compensation study completed by the Hay Associates for the Department of State prompted us to start a parallel review within AID to establish:

1. the relative job content of selected AID positions, domestic and overseas, and the relationship of AID Foreign Service work and pay to that outside of AID's foreign service, including the U.S. civil service,
2. the comparability and competitiveness of AID Foreign Service compensation (base salary, benefits, and total remuneration) to that of the General Schedule, the domestic private sector, and selected U.S. multinational corporations with overseas employees, and
3. the linkage, using Linkage Analysis statistical techniques, between the AID FSR/PSS and government wide General Schedule pay grade/classification systems on the basis of evaluated job content.

So that the results of the AID study could be compared with those of the Department, the consultants were asked to use the same techniques as those used in the Department study. Accordingly, the consultants, along with a panel of ten AID senior employees from the Foreign and Civil Services, reviewed 64 AID Foreign Service domestic and overseas positions.

ES Note: Report filed in Report file.

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MANAGER TO MANAGER

129

These positions represented a carefully-drawn statistically valid sample from the FSR and FSS at selected grade levels and in major Backstop Codes.

Some of the more significant findings of the study (summarized on pp 96-108) show that:

1. In terms of base salary, AID's FSS are slightly but consistently ahead of the GS, and consistently competitive against the Washington based private sector and selected Washington based International Organizations.
2. At the Officer level, the lower segment of AID's FSR's in terms of salary is competitive against both the GS and U.S. private sector; however, at mid-levels salaries are less competitive against both groups. The legislated salary "cap" similarly impacts upon the AID FS and GS and its effect is clearly seen where the most senior officers (R-1 and R-2) are competitively disadvantaged.
3. Against selected International Organizations in Washington, AID is consistently non-competitive and this condition is again highlighted for those officers above the statutory plateau.
4. The comparison of total cash compensation showed the Foreign Service total compensation to be less competitive against American business than it was in the base-salary-to-base salary comparison. The Foreign Service benefits program was shown slightly above the GS benefit program only because of the difference in the somewhat more generous foreign service retirement system.
5. The analysis also found that links or grade/content relationships do not exist between AID's FSR-1 and the government wide GS-18, and AID's FSR-4 and government wide GS-14. AID's FSR-3 positions were found to be less difficult than the government-wide GS-15 but somewhat more difficult than government wide GS-14 positions. AID's FSR-5, while linking to both the government wide GS-12 and GS-13, was better positioned at the government wide GS-12. The review showed that many of the Foreign Service Staff positions overlapped. Because of this overlap the FSS-6 linked to the FSS-7 and both linked to the government wide GS-7.

A copy of the final report is attached.

*John in*  
*CS*

Attachment:

1. Volume I and II "A Study to Assist AID in an Evaluation of Selected Aspects of its Compensation System"

MANAGER TO MANAGER

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MIDPOINT SALARIES AS OF OCTOBER 1978

FSR

FSR 1	\$47,500
FSR 2	47,392
FSR 3	38,107
FSR 4	30,198
FSR 5	24,351
FSR 6	19,997
FSR 7	16,743
FSR 8	14,316

FSS

FSS 3	\$25,458
FSS 4	20,906
FSS 5	18,704
FSS 6	16,743
FSS 7	14,998
FSS 8	13,440
FSS 9	12,043
FSS 10	10,799

**BEST AVAILABLE DOCUMENT**

135

In the zone of intersection of these two factors in a matrix, quantification of the semantic judgments is once again possible. In this process, Problem-Solving is considered to be functionally related to Know-How, and this functional relationship is symbolized quantitatively by using a percentage to be applied to the Know-How points previously determined. The percentage values are also in a scale with each number being approximately 15% different from the next.

In the facing illustration, the percentage values are represented at 50% and 57%. (Lower values would appear closer to the points of intersection of the two lines.)

Thus, the content of a position, analyzed for Problem-Solving, might be symbolized as:

F 4 (50%) 230 (Points)

The "F" represents a defined level of the thinking environment, the "4" represents a defined level of the thinking challenge, the 50% is the appropriate quantification of these judgments, and the 230 points result from taking 50% of the previously determined 460 points of Know-How.

A like process is used once again with the Accountability Guide Chart, except that here three different factors are involved as shown in the facing illustration.

The most important accountability factor is the freedom to act, the freedom to frame and to execute management decisions. The direction of the arrow shows increasing freedom to act, and the job content point values increase in this direction. This line may also be divided into levels of:

A

B

.

.

.

F

G

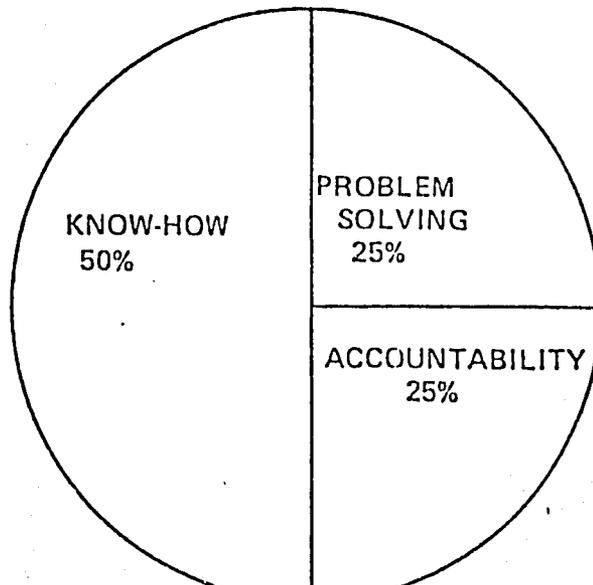
.

The second most important accountability factor is the nature of the impact of the position on specified end results. Every position may be viewed as having either an indirect impact on organizational results--symbolized by

# THE PROFILE OF A POSITION

	<u>SLOTING</u>	<u>POINTS</u>
SUMMARY EVALUATION: KH	- F113	460
PS	- F4(50%)	230
ACC	- F3C	230
TOTAL POINTS		920

## THE PROFILE



either "R" (Remote impact) or "C" (Contributory impact)--or a direct impact--symbolized by either "S" (Shared impact) or "P" (Primary impact).

The least significant accountability factor is the magnitude (in annual dollars) of the area(s) most clearly or primarily affected by the position. The magnitude line is shown horizontally and can be divided for levels of:

- (1) (2) (3) (4) (5) . . .

The impact factor is represented as crossing the matrix of the other two factors, and the person evaluating a position must make a "best" judgment as to the most appropriate way in which to characterize a particular position.

As with the Know-How and Problem Solving Charts, at the zones of intersection of the three factors, the same 15% internal scale of numbers used previously may be imposed upon the chart.

Using the facing illustration, the content of a position, analyzed for accountability, might be symbolized as:

F 3 C 230 (Points)

The "F" represents a defined level of freedom to act, the "3" represents the magnitude of the area affected by the position, and the "C" indicates a judgment that the position is best described as having an indirect, contributory impact upon end results, and the "230" is an appropriate quantification of these judgments.

The summary evaluation of the "illustrative" position we evaluated previously is shown at the top of the facing illustration.

Under the title of slotting, we find the symbols for each of the locations on the semantic (or qualitative) scale where we decided the content of the position could be properly assigned.

Under the title of points, we find the quantitative representations for the semantic judgments of the evaluator.

The profile of a position is simply the characterization of the job factors as percentages of the entire job content. For example, the entire job content of our illustrative position was value at 920 points.

Of these 920 points, it turns out that 50% (460 points) are assigned to Know-How content, while 25% (230 points) are assigned to Problem-Solving and 25% (230 points) to Accountability. In this position, the content of the job pertaining to problem-solving is valued equally with the content pertaining to accountability.

Table below shows standard steps which correspond approximately to 15% increments and which double in value every 5 steps.

- STEPS
- 6400
- 5600
- 4864
- 4224
- 3680
- 3200
- 2800
- 2432
- 2112
- 1840
- 1600
- 1400
- 1216
- 1056
- 920
- 800
- 700
- 608
- 528
- 460
- 400
- 350
- 304
- 264
- 230
- 200
- 175
- 152
- 132
- 115
- 100
- 87
- 76
- 66
- 57
- 50
- 43
- 38
- 33
- 29
- 25
- 22
- 19
- 16
- 14
- 12
- 10
- 9
- 8
- 7
- 6
- 5
- 4

%	PS/KH	TO FIND PROBLEM SOLVING POINTS: IN COLUMN BELOW THAT CORRESPONDS TO KH POINTS, READ PS POINTS OPPOSITE % PS/KH																								
		KH Pts.																								
57%		50	51	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	920	1056	1216	1400
76%		43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	920	1056	1216
66%		33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	920
57%		29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800
50%		25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700
43%		22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608
38%		19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528
33%		16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460
29%		14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400
25%		12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350
22%		10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304
19%		9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264
16%		8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230
14%		7	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200
12%		6	7	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175
10%		5	6	7	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152

CHARACTERISTIC HAY PROFILES (Percentage of KH-PS-AC)

%	PS/KH	TO FIND PROFILE: IN COLUMN BELOW THAT CORRESPONDS TO STEP DIFFERENCE BETWEEN AC & PS POINTS, READ PROFILE OPPOSITE % PS/KH																										
		ACCOUNTABILITY HIGHER THAN PROBLEM SOLVING								AC = PS		ACCOUNTABILITY LOWER THAN PROBLEM SOLVING																
		4 UP		3 UP		2 UP		1 UP		LEVEL		1 DOWN	2 DOWN	3 DOWN	4 DOWN													
87%		29	26	45	32	27	41	33	29	38	35	30	35	36	32	32	38	33	29	40	34	26	41	35	23	42	37	21
76%		32	25	43	34	26	40	36	28	36	38	29	33	40	30	30	42	31	27	43	32	25	44	34	22	45	35	20
66%		36	23	41	38	24	38	40	26	34	42	27	31	44	28	28	45	29	26	46	31	23	47	32	21	49	32	19
57%		39	22	39	41	23	36	43	25	32	45	26	29	46	27	27	48	28	24	49	29	22	51	30	19	53	30	17
50%		42	21	37	44	22	34	46	23	31	48	24	28	50	25	25	52	26	22	53	27	20	55	27	18	56	28	16
43%		45	20	35	47	21	32	49	22	29	52	22	26	54	23	23	55	24	21	56	25	19	58	25	17	59	26	15
38%		49	19	32	51	19	30	53	20	27	55	21	24	56	22	22	59	22	19	60	23	17	62	23	15	62	24	14
33%		53	17	30	55	18	27	56	19	25	59	19	22	60	20	20	62	20	18	63	21	16	65	21	14	66	22	12
29%		56	16	28	58	17	25	60	17	23	62	18	20	64	18	18	65	19	16	66	19	15	68	19	13	69	20	11
25%		59	15	26	62	15	23	63	16	21	65	16	19	66	17	17	68	17	15	70	17	13	70	18	12	72	18	10
22%		62	14	24	65	14	21	66	15	19	68	15	17	70	15	15	72	15	13	72	16	12	74	16	10	75	16	9
19%		66	12	22	68	13	19	70	13	17	72	13	15	72	14	14	74	14	12	75	14	11	76	15	9	77	15	8
16%		69	11	20	70	12	18	72	12	16	74	12	14	76	12	12	76	13	11	77	13	10	79	13	8	80	13	7
14%		72	10	18	74	10	16	76	10	14	76	11	13	78	11	11	79	11	10	80	11	9	81	12	7	82	12	6
12%		75	9	16	76	9	15	77	10	13	79	10	11	80	10	10	81	10	9	82	10	8	83	11	6	84	11	5
10%		77	8	15	79	8	13	80	9	11	81	9	10	82	9	9	83	9	8	84	9	7	85	10	5	86	9	5

It is probably clear to the reader by implication that a job within the same organization might be "twice the size" in content but have the same profile. That is, an 1840 point position might consist of 920 Know-How points (50%), 460 Problem-Solving points (25%) and 460 Accountability points (25%).

The same profiles for different "size" positions indicate that the position have similar functional characteristics within the organization. For example, when problem solving equals accountability, the position tends to be supportive or in a staff role for primary or line management.

As indicated earlier, however, the actual design and language used for such charts must be established for each client institution separately; and the fully effective and appropriate application of these charts derives from their use under the guidance of an experienced evaluator.

The charts may be used for evaluating positions not included in a first study, for evaluating new positions designed after the close of a study, and for evaluating the changed content of positions that currently exist within an organization.

This process requires that the evaluation of one position within an organization be consistent with and related to other evaluations of positions within that institution. Once a group of positions within a particular organization have been evaluated with the Guide Charts, the language of the charts acquires a special meaning that is applied in the same manner each time a position is evaluated.

#### PROFILES AND STEP DIFFERENCES

##### Profiles and the Step Scale

There are really only two key rules for the evaluator to remember when job profiles are being prepared:

- o The profile percentages must always add up to 100 percent; and
- o The Problem-Solving percentage cannot equal or exceed the Know-How percentage.

Rather than have evaluators burdened with the detailed calculations, the "Characteristic Hay Profiles" chart facing this page includes practically all of the usual numerical factors handled during evaluation.

In order to use the chart effectively, however, some additional comment is required about the numbering system.

At the left of the Profiles Chart is a series of numbers ranging from "4" to "6400." The column is titled "Steps," and in this process each number is called a "Step." Starting at the bottom of the scale, if you move from "4" to "5" you have moved one step. If you move from "4" to "6" you have moved two steps. If you move from "4" to "10" you have moved six steps.

You may also move down the scale as well as up the scale, so that moving from "100" to "50" means you have moved five steps down.

On the lower half of the Profile Chart, all of the variations of profiles are shown.

In the center column, AC = PS (Accountability = Problem-Solving) means that the point totals for each of these factors are equal. Using the illustrative evaluation discussed on pages 5 through 8 of this report, PS points = AC points (230 = 20), as shown below.

<u>KH</u>	<u>PS</u>	<u>AC</u>	<u>Total</u> <u>Points</u>
F II 3 460	F 4 (50%) 230	F 3 C 230	920

The Problem-Solving percentage is 50%. Reading the facing chart, where 50% appears at the outermost column on the left, and moving to the column headed AC = PS, the profile for the illustrative job is: 50-25-25, the same percentages presented in the discussion of Illustration 4, page B-5.

If an evaluation were as follows:

<u>KH</u>	<u>PS</u>	<u>AC</u>	<u>Total</u> <u>Points</u>
G III 3 700	G 4 (57%) 400	G 5 C 528	1628

Then, the Accountability points (528) are two steps higher than the Problem-Solving points--note that the step scale on the left side of the chart progresses as follows: 400 460 528. The profile can be found by locating 57% in the column with the heading "% PS/KH"--the 57% being the percentage in the evaluation itself--and moving rightward to the column labeled "2 UP." Thus the profile for this position is: 43-25-32.

The technique is probably at this point evident to the reader.

One other useful application of the Profile Chart is found in the table of step values at the upper part of the chart. The evaluator can find the point totals for Problem-Solving directly from this chart.

In the illustration above, the position has been evaluated for Know-How at G III 3 700 (Points). The 700 points can be located on the uppermost horizontal line. In the vertical column, labeled "% PS/KH," the percentage value of 57%--the value chosen in the evaluation itself--can be found. The number 400 appears at the intercept of 57% and 700 (Points). Thus, the point total for Problem-Solving is 400.

The profiles of positions help to serve as a "check" on the judgment of the evaluator. In the report, it was stated that "level" profiles are characteristic of support or staff positions. Major executive positions, with very heavy "line" responsibilities and an overwhelming level of primary accountability for the performance of the organization, tend to have "3 up" or "4 up" profiles--that is, Accountability point totals are much higher than Problem-Solving totals.

On the other hand, intensively research-oriented positions will tend to have "2 down" or "3 down" profiles--that is, Accountability point totals are much lower than Problem-Solving totals.

#### Step Differences

Another set of important evaluation rules involves judgments that result in step differences. In comparing the Know-How or Problem-Solving or Accountability aspects of two positions, if after thorough consideration:

- o You cannot see any difference, there is none and both jobs are at the same step.
- o You detect a just noticeable difference in the factors being compared, it is a one-step difference.
- o The difference is quite evident, it is about two steps.
- o If, even without consideration, there clearly is a difference, then it is a matter of three or more steps. (Add some intermediate jobs for smoother progression.)

The key task of the evaluator is to locate a position properly along the semantic or qualitative dimensions of the Guide Charts. Then, the choice of a step number can be used to "finely adjust" the judgment. That is, if you choose the lower or "top of the box number" step, your sense of the appropriateness of the judgment is not overly strong. If you choose the higher or "bottom of the box number" step, your sense of the appropriateness of the judgment is that you may really be considering placement into the next highest level. Of course, the Problem-Solving Chart gives you only two choices, but the "sensing" pattern indicated above is the same.



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**DEFINITION:** Know-How is the sum total of every kind of skill, however acquired, needed for acceptable job performance. Know-How has three dimensions - the requirements for:

- Practical procedures, specialized techniques, and learned disciplines
- Know-How of integrating and harmonizing the diversified functions involved in managerial situations (operating, supporting, and administrative). This Know-How may be exercised consultatively, as well as executively, and involves in some combination the areas of organizing, planning, executing, controlling, and evaluating.
- Active, practicing skills in the area of human relationships, relationships

**MEASURING KNOW-HOW:** All three elements of Know-How occur in varying degrees of depth and breadth. The total weight of Know-How is the job content of the combined elements, in terms of: "HOW MUCH KNOWLEDGE ABOUT HOW MANY THINGS".

GUIDE **HAY** CHART

KNOW-HOW

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••• SCOPE OF INTEGRATIVE KNOW-HOW

		I. MINIMAL			II. RELATED			III. DIVERSE			IV. BROAD			V. COMPREHENSIVE			VI.				
		Performance or supervision of an activity for activities highly specific as to objective and content, with appropriate awareness of related activities.																			
		Operational or conceptual integration or coordination of activities which are relatively homogeneous in nature and objective.																			
		Operational or conceptual integration or coordination of activities which are diverse in nature and objectives in an important managerial or consultative area.																			
		Integration of a major function in an administrative complex, or coordination of a function which significantly affects planning or operations of a major area.																			
		Integration and coordination of combinations of major activities where size and complexity significantly augment their importance.																			
		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3		
DISCIPLINES	SPECIALIZED TECHNICAL PROCEDURES	••• Human Relations →																			
		<b>A. PRIMARY</b>	50	57	66	66	76	87	87	100	115	115	132	152	152	175	200	200	230	264	
		Elementary plus some secondary (or equivalent) education; plus work indoctrination.	57	66	76	76	87	100	100	115	132	132	152	175	175	200	230	230	264	304	
			66	76	87	87	100	115	115	132	152	152	175	200	200	230	264	264	304	350	
		<b>B. ELEMENTARY VOCATIONAL</b>	66	76	87	87	100	115	115	132	152	152	175	200	200	230	264	264	304	350	
		Familiarization in uninvolved, standardized work routines and/or use of simple equipment and machines.	76	87	100	100	115	132	132	152	175	175	200	230	230	264	304	304	350	400	
			87	100	115	115	132	152	152	175	200	200	230	264	264	304	350	350	400	460	
		<b>C. VOCATIONAL</b>	87	100	115	115	132	152	152	175	200	200	230	264	264	304	350	350	400	460	
Procedural or systematic proficiency, which may involve a facility in the use of specialized equipment.	100	115	132	132	152	175	175	200	230	230	264	304	304	350	400	400	460	528			
	115	132	152	152	175	200	200	230	264	264	304	350	350	400	460	460	528	608			
<b>D. ADVANCED VOCATIONAL</b>	115	132	152	152	175	200	200	230	264	264	304	350	350	400	460	460	528	608			
Some specialized (generally nontechnical) skills, acquired on or off the job giving additional breadth or depth to a generally single function.	132	152	175	175	200	230	230	264	304	304	350	400	400	460	528	528	608	700			
	152	175	200	200	230	264	264	304	350	350	400	460	460	528	608	608	700	800			
<b>E. BASIC SPECIALIZED</b>	152	175	200	200	230	264	264	304	350	350	400	460	460	528	608	608	700	800			
Sufficiency in a technique which requires a grasp either of involved practices and precedents, or of principles and theory of a discipline, or both.	175	200	230	230	264	304	304	350	400	400	460	528	528	608	700	700	800	920			
	200	230	264	264	304	350	350	400	460	460	528	608	608	700	800	800	920	1056			
<b>F. SEASONED SPECIALIZED</b>	200	230	264	264	304	350	350	400	460	460	528	608	608	700	800	800	920	1056			
Proficiency, gained through wide exposure or experiences in a specialized or technical field combining a broad grasp either of involved practices and precedents, or theory and principles or both.	230	264	304	304	350	400	400	460	528	528	608	700	700	800	920	920	1056	1216			
	264	304	350	350	400	460	460	528	608	608	700	800	800	920	1056	1056	1216	1400			
<b>G. SPECIALIZED MASTERY</b>	264	304	350	350	400	460	460	528	608	608	700	800	800	920	1056	1056	1216	1400			
Determinative mastery of techniques, practices and theories gained through wide seasoning and/or special development.	304	350	400	400	460	528	528	608	700	700	800	920	920	1056	1216	1216	1400	1600			
	350	400	460	460	528	608	608	700	800	800	920	1056	1056	1216	1400	1400	1600	1840			
<b>H. EXCEPTIONAL MASTERY</b>	350	400	460	460	528	608	608	700	800	800	920	1056	1056	1216	1400	1400	1600	1840			
Exceptional mastery of principles, theories, and practices in a discipline or equivalent field of learning.	400	460	528	528	608	700	700	800	920	920	1056	1216	1216	1400	1600	1600	1840	2112			
	460	528	608	608	700	800	800	920	1056	1056	1216	1400	1400	1600	1840	1840	2112	2432			

••• HUMAN RELATIONS SKILLS

1. BASIC: Ordinary courtesy and effectiveness in dealing with others.	2. IMPORTANT: Understanding, influencing, and/or serving people are important, but not critical considerations.	3. CRITICAL: Alternative or combined skills in understanding, selecting, developing and motivating people are important in the highest degree.
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STEP DIFFERENCES	In comparing the KH, or the PS, or the AC points independently, (but not their combined total points), and if after thorough consideration
0	- You cannot see any difference, there is none and both jobs are at the same step.
1	- You detect a just-noticeable difference, it is one step.
2	- The difference is quite evident, it is about two steps.
3+	- If, even without consideration, there clearly is a difference, then it is a matter of three or more steps. (Add some intermediate jobs for smoother progression.)

**PROBLEM SOLVING POINTS** Derived from KH points at indicated PS %.

KH Points	50	57	64	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	KH Points					
10%	5	6	7	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76						
12%	6	7	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87						
14%	7	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100						
16%	8	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115						
19%	9	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	19%
22%	10	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	22%
25%	12	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	25%
29%	14	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	29%
33%	16	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	33%
38%	19	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	38%
43%	22	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	43%
50%	25	29	33	38	43	50	57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	50%
57%						57	66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	57%
64%						66	76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	920	64%
76%						76	87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	920	1068	76%
87%						87	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	920	1068	1216	87%
	KH Points	100	115	132	152	175	200	230	264	304	350	400	460	528	608	700	800	920	1068	1216	1400	KH Points				

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GUIDE CHART

PROBLEM-SOLVING

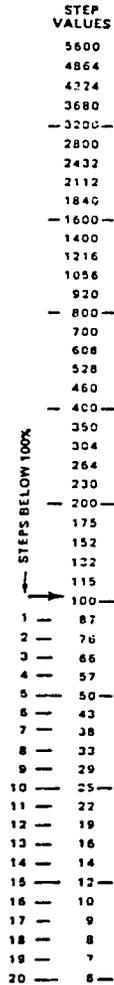
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MEASURING PROBLEM SOLVING: Problem Solving measures the intensity of the mental process which employs Know-How in analyzing, evaluating, creating, reasoning, arriving at and making conclusions. To the extent that thinking is circumscribed by standards, covered by precedents, or referred to others, Problem Solving is diminished, and the emphasis correspondingly is on Know-How.

DEFINITION: Problem Solving is the original, self-starting thinking required by the job to: (1) identify, (2) define, and (3) resolve a problem. "You think with what you know"... this is true or, even the most creative work. The raw material of any thinking is knowledge of facts, principles, and means. Ideas are put together from something already there. Therefore, Problem Solving is treated as a percentage utilization of Know-How.

Problem Solving has two dimensions:

- The environment in which thinking takes place.
- The challenge presented by the thinking to be done.



		• • THINKING CHALLENGE					
		1. REPETITIVE	2. PATTERNED	3. INTERPOLATIVE	4. ADAPTIVE	5. UNCHARTED	
		Identical situations requiring solution by simple choice of learned things.	Similar situations requiring solution by discriminating choice of learned things.	Differing situations requiring search for solutions within area of learned things.	Variable situations requiring analytical, interpretive, evaluative, and/or constructive thinking.	Conceptual and imaginative thinking in path-finding situations requiring new approaches and concepts.	
THINKING ENVIRONMENT	• Thinking guided or circumscribed by:						
	A. STRICT ROUTINE	10%	14%	19%	25%	33%	A
	Simple rules and detailed instructions.	12%	16%	22%	29%	38%	
	B. ROUTINE	12%	16%	22%	29%	38%	B
	Established routines and standing instructions.	14%	19%	25%	33%	43%	
	C. SEMI-ROUTINE	14%	19%	25%	33%	43%	C
	Somewhat diversified procedures and precedents.	16%	22%	29%	38%	50%	
	D. STANDARDIZED	16%	22%	29%	38%	50%	D
Substantially diversified procedures and specialized standards.	19%	25%	33%	43%	57%		
E. CLEARLY DEFINED	19%	25%	33%	43%	57%	E	
Clearly defined policies and principles.	22%	29%	38%	50%	66%		
F. BROADLY DEFINED	22%	29%	38%	50%	66%	F	
Broad policies and specific objectives.	25%	33%	43%	57%	76%		
G. GENERALLY DEFINED	25%	33%	43%	57%	76%	G	
General policies and ultimate goals.	29%	38%	50%	66%	87%		
H. ABSTRACTLY DEFINED	29%	38%	50%	66%	87%	H	
Within a framework of ethical, cultural, and political standards and values.	33%	43%	57%	76%			

### CHARACTERISTIC PROFILES

In the column corresponding to step difference between AC & PS points, read profile opposite PS%

		Accountability lower than problem solving				KH PS AC	Accountability Higher than problem solving					
		-4	-3	-2	-1	=	+1	+2	+3	+4		
}	10%	88 9 5	85 10 5	84 9 7	83 9 8	82 9 9	81 9 10	80 9 11	79 8 11	77 8 15	10%	}
	12%	84 11 5	83 11 6	82 10 8	81 10 9	80 10 10	79 10 11	77 10 13	76 9 15	75 9 16	12%	
	14%	82 12 6	81 12 7	80 11 9	79 11 10	78 11 11	76 11 13	76 10 14	74 10 16	72 10 18	14%	
	16%	80 13 7	79 13 8	77 13 10	76 13 11	76 12 12	74 12 14	72 12 16	70 12 18	68 11 20	16%	
	19%	77 15 8	76 15 9	75 14 11	74 14 12	72 14 14	72 13 15	70 13 17	68 13 19	66 12 22	19%	
	22%	75 16 9	74 16 10	72 16 12	72 15 13	70 15 15	68 15 17	66 15 19	65 14 21	62 14 24	22%	
	25%	73 18 10	70 18 12	70 17 13	68 17 15	66 17 17	65 16 19	63 16 21	62 15 23	59 15 26	25%	
	29%	69 20 11	68 19 13	66 19 15	65 19 16	64 18 18	62 18 20	60 17 23	58 17 25	56 16 28	29%	
	33%	66 22 12	65 21 14	63 21 16	62 20 19	60 20 20	59 19 22	56 19 25	55 18 27	53 17 30	33%	
	38%	62 24 14	62 23 15	60 23 17	59 22 19	56 22 22	55 21 24	52 20 27	51 19 30	49 18 32	38%	
	43%	59 26 15	58 25 17	56 25 19	55 24 21	54 23 23	52 22 26	49 22 29	47 21 32	45 20 35	43%	
	50%	56 28 16	55 27 18	53 27 20	52 26 22	50 25 25	48 24 28	46 23 31	44 22 34	42 21 37	50%	
	57%	53 30 17	51 30 19	49 29 22	48 28 24	46 27 27	45 26 29	43 25 32	41 23 35	39 22 39	57%	
	66%	49 32 19	47 32 21	46 31 23	45 29 26	44 28 28	42 27 31	40 26 34	38 24 38	36 23 41	66%	
	76%	45 35 20	44 34 22	43 32 25	42 31 27	40 30 30	38 29 33	36 28 36	34 26 40	32 25 43	76%	
	87%	42 37 21	41 36 23	40 34 26	38 33 29	36 32 32	35 30 35	33 29 38	32 27 41	29 26 45	87%	

KH% + PS% + AC% = 100%

BEST AVAILABLE DOCUMENT



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GUIDE CHART

ACCOUNTABILITY

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IMPACT OF JOB ON OBJECTIVES

- R - REMOTE: Informational, recording or routine services for use by others in taking action
- C - CONTRIBUTORY: Interpretive, or facilitating services for use by others in taking action
- A - ADVISORY: Advisory or consultative services for use by others in taking action.
- S - SHARED: Participating equally with several others (except own subordinates and superiors) in joint considerations, proposals or actions.
- Sx - SHARED (Strongly): This position typically exercises dominant (but not solely determining) influence in joint considerations, proposals or actions.
- P - PRIMARY: Controlling impact on end result where shared accountability of others is subordinate.

**DEFINITION:** Accountability is the answerability for action. It is the measured effect of the job on its objectives. It has three dimensions in the following order of importance:

- Freedom to Act - the degree of personal or procedural control and guidance as defined in the left hand column below.
- Job Impact on End Results - as defined at upper right corner of this sheet.
- Magnitude - indicated by the general size of the area most clearly or primarily affected by the job:
  - If money magnitudes are inappropriate or impossible to obtain, use upper band.
  - If dependable money measurements are available and appropriate, use lower band (where values express general indices and are in constant dollars, 1979 base).

		*Unit																																			
		Country										Region																									
		VERY SMALL					SMALL					MEDIUM					LARGE					OVERALL DEPARTMENTAL ACTIVITY															
Magnitude		1					2					3					4					5					6										
T	O	I	M	E	R	** Impact																															
						Under \$200 M			\$2 MM			\$20 MM			\$200 MM			\$2 MM			\$20 MM																
		R	C	A	S	Sx	P	R	C	A	S	Sx	P	R	C	A	S	Sx	P	R	C	A	S	Sx	P	R	C	A	S	Sx	P	R	C	A	S	Sx	P
A	PRESCRIBED	These jobs are subject to: Direct and detailed instructions. Close supervision.																																			
		10	14	16	19	22	25	14	19	22	25	29	33	19	25	29	33	38	43	25	33	38	43	50	57	33	43	50	57	66	76	43	57	66	76	87	100
		12	16	19	22	25	29	16	22	25	29	33	38	22	29	33	38	43	50	29	38	43	50	57	66	38	50	57	66	76	87	50	66	76	87	100	115
B	CONTROLLED	These jobs are subject to: Instructions and established work routines. Close supervision.																																			
		16	22	25	29	33	38	22	29	33	38	43	50	29	38	43	50	57	66	38	50	57	66	76	87	50	66	76	87	100	115	66	87	100	115	132	152
		19	25	29	33	38	43	25	33	38	43	50	57	33	43	50	57	66	76	43	57	66	76	87	100	57	76	87	100	115	132	76	100	115	132	152	175
C	STANDARDIZED	These jobs are subject, wholly or in part, to: Standardized practices and procedures. General work instructions. Supervision of progress and results.																																			
		25	33	38	43	50	57	33	43	50	57	66	76	43	57	66	76	87	100	57	76	87	100	115	132	76	100	115	132	152	175	100	132	152	175	200	230
		29	38	43	50	57	66	38	50	57	66	76	87	50	66	76	87	100	115	66	87	100	115	132	152	87	115	132	152	175	200	115	152	175	200	230	264
D	GENERALLY REGULATED	These jobs are subject, wholly or in part, to: Practices and procedures covered by precedents or well defined policy. Supervisory review.																																			
		38	50	57	66	76	87	50	66	76	87	100	115	66	87	100	115	132	152	87	115	132	152	175	200	115	152	175	200	230	264	152	200	230	264	304	350
		43	57	66	76	87	100	57	76	87	100	115	132	76	100	115	132	152	175	100	132	152	175	200	230	132	175	200	230	264	304	175	230	264	304	350	400
E	DIRECTED	These jobs, by their nature or size, are subject to: Broad practice and procedures covered by functional precedents and policies. Achievement of a circumscribed operational activity. Managerial direction.																																			
		57	76	87	100	115	132	76	100	115	132	152	175	100	132	152	175	200	230	132	175	200	230	264	304	175	230	264	304	350	400	230	304	350	400	460	528
		66	87	100	115	132	152	87	115	132	152	175	200	115	152	175	200	230	264	152	200	230	264	304	350	200	264	304	350	400	460	264	350	400	460	528	608
F	GENERALLY DIRECTED	These jobs, by their nature or size, are broadly subject to: Functional policies and goals. General managerial direction.																																			
		87	115	132	152	175	200	115	152	175	200	230	264	152	200	230	264	304	350	200	264	304	350	400	460	264	350	400	460	528	608	350	460	528	608	700	800
		100	132	152	175	200	230	132	175	200	230	264	304	175	230	264	304	350	400	230	304	350	400	460	528	304	400	460	528	608	700	400	528	608	700	800	920
G	GENERAL GUIDANCE:	These jobs are inherently subject only to broad policy and general guidance.																																			
		132	175	200	230	264	304	175	230	264	304	350	400	230	304	350	400	460	528	304	400	460	528	608	700	400	528	608	700	800	920	528	700	800	920	1056	1216
		152	200	230	264	304	350	200	264	304	350	400	460	264	350	400	460	528	608	350	460	528	608	700	800	460	608	700	800	920	1056	608	800	920	1056	1216	1400
H	BROAD GUIDANCE	These jobs, by reason of their size, independent complexity and high degree of effect on Departmental activities are subject only to broad guidance.																																			
		200	264	304	350	400	460	264	350	400	460	528	608	350	460	528	608	700	800	460	608	700	800	920	1056	608	800	920	1056	1216	1400	800	1056	1216	1400	1600	1840
		230	304	350	400	460	528	304	400	460	528	608	700	400	528	608	700	800	920	528	700	800	920	1056	1216	700	920	1056	1216	1400	1600	920	1216	1400	1600	1840	2112
		264	350	400	460	528	608	350	460	528	608	700	800	460	608	700	800	920	1056	608	800	920	1056	1216	1400	800	1056	1216	1400	1600	1840	1056	1400	1600	1840	2112	2432

\* Illustrative of kinds (and boundaries) of impact areas to be determined during evaluation.

AID Foreign Service Evaluations



JOB#	FSR/FSS	BACK STOP CODE	TOTAL PTS. CLIENT/HAY		MIDPOINT
1	FSR 1	Senior Manager	2364	973	\$ 47,500
2	FSR 1	Senior Manager	2148	884	47,500
3	FSR 1	Senior Manager	1868	769	47,500
4	FSR 1	Senior Manager	1868	769	47,500
5	FSR 2	Program Management	1510	621	47,392
6	FSR 3	Program Management	1510	621	38,107
7	FSR 1	Senior Manager	1450	597	47,500
8	FSR 2	General Development	1312	540	47,392
9	FSR 2	Senior Manager	1142	470	47,392
10	FSR 2	Senior Manager	1142	470	47,392
11	FSR 3	Program Management	1096	451	38,107
12	FSR 1	Program Management	1096	451	47,500
13	FSR 2	General Development	1096	451	47,392
14	FSR 3	General Development	1096	451	38,107
15	FSR 2	Senior Manager	1056	435	47,392
16	FSR 3	Program Management	994	409	38,107
17	FSR 2	Agricultural	994	409	47,392
18	FSR 3	Accounting	954	393	38,107
19	FSR 3	Program Management	954	393	38,107
20	FSR 3	Capital Projects	954	393	38,107

JOB#	FSR/FSS	BACK STOP CODE	TOTAL PTS, CLIENT/HAY		MIDPOINT
21	FSR 2	Accounting	954	393	\$ 38,107
22	FSR 3	Accounting	920	379	30,198
23	FSR 4	Program Management	920	379	38,107
24	FSR 3	Program Management	920	379	38,107
25	FSR 3	Program Management	890	366	38,107
26	FSR 4	Program Management	890	366	30,198
27	FSR 3	Agricultural	830	342	38,107
28	FSR 3	Agricultural	830	342	38,107
29	FSR 3	General Development	830	342	38,107
30	FSR 3	Agricultural	830	342	38,107
31	FSR 4	Agricultural	805	331	30,198
32	FSR 5	Capital Projects	775	319	24,351
33	FSR 4	Program Management	775	319	30,198
34	FSR 5	Program Management	775	319	24,351
35	FSR 4	Agricultural	775	319	30,198
36	FSR 4	Capital Projects	775	319	30,198
37	FSR 4	Auditing	677	279	30,198
38	FSR 3	Engineering	677	279	38,107
39	FSR 5	Program Management	588	242	24,351
40	FSR 5	Program Management	588	242	24,351

JOB#	FSR/FSS	BACK STOP CODE	TOTAL PTS. CLIENT/HAY		MIDPOINT
41	FSR 6	Nutrition	568	234	\$ 19,997
42	FSR 5	Executive/Manager	568	234	24,351
43	FSR 5	Agricultural	568	234	24,351
44	FSR 5	Program Management	551	227	24,351
45	FSR 5	Program Management	479	197	24,351
46	FSR 5	Program Management	479	197	24,351
47	FSR 5	General Service	466	192	24,351
48	FSR 5	General Service	466	192	24,351
49	FSR 5	Program Management	432	178	24,351
50	FSS 6	Executive Assistant	323	133	16,743
51	FSS 7	Executive Assistant	323	133	14,998
52	FSS 6	Executive Assistant	323	133	16,743
53	FSS 6	Executive Assistant	323	133	16,743
54	FSS 6	Secretary	275	113	16,743
55	FSS 4	Secretary	275	113	20,906
56	FSS 6	Secretary	275	113	16,743
57	FSS 6	Secretary	268	110	16,743
58	FSS 7	Secretary	268	110	14,998
59	FSS 7	Secretary	233	96	14,998
60	FSS 5	Secretary	233	96	18,704

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Participants, 1978 Hay Washington Metropolitan  
Area Nonexempt Salary Survey



## WASHINGTON, D.C. PARTICIPANTS

## INDUSTRIAL

Army Times Publishing Company  
 Communications Satellite Corporation  
 Computer Network Corporation  
 Garfinckel's  
 McGraw-Hill, Incorporated  
 TRT Telecommunications Corporation  
 U.S. News & World Report  
 Woodward & Lothrop

## FINANCIAL

Acacia Mutual Life  
 American Security Bank, NA  
 Federal National Mortgage Association  
 Government Employees Insurance Company  
 Industrial Bank of Washington  
 International Group Plans, Incorporated  
 Metropolis Federal Savings & Loan  
 Mortgage Corporation  
 National Permanent Federal  
 Savings & Loan Association  
 National Rural Utilities Cooperative  
 Financial Corporation  
 National Savings & Trust Company  
 Northwestern Federal Savings  
 Pennamco  
 Perpetual Federal Savings & Loan  
 Price Waterhouse & Company  
 Riggs National Bank  
 Security National Bank  
 Union First National of Washington  
 United Services Life Insurance Company  
 Washington Federal Savings & Loan

## NONPROFIT &amp; GOVERNMENT

Air Line Pilots Association  
 Aluminum Association  
 American Association for the  
 Advancement of Science  
 American Bankers Association  
 American Chemical Society  
 American Geophysical Union  
 American Institute for Research  
 American Petroleum Institute  
 American Psychological Association  
 American Public Transit Association  
 American Trucking Associations, Inc.  
 B'nai B'rith  
 Blue Cross and Blue Shield Associations  
 Brookings Institute  
 Chamber of Commerce of the United States  
 Gallaudet College  
 George Washington University  
 Group Health Association, Inc.

National Academy of Sciences  
 National Agricultural Chemicals Association  
 National Association of Home Builders  
 National Association of Securities  
 Dealers, Incorporated  
 National Council on the Aging  
 National Forest Products Association  
 National Geographic Society  
 National League of Cities  
 National Milk Producers  
 National Railway Labor Conference  
 National Retired Teachers Association  
 Natural Rural Electric Cooperative Association  
 Overseas Development Council  
 Republican National Committee  
 United States Brewers Association, Inc.  
 United States Catholic Conference  
 Urban Committee  
 Visiting Nurse Associations

## MARYLAND PARTICIPANTS

## INDUSTRIAL

Aspen Systems Corporation  
Automatic Data Processing of Washington, D.C., Inc.  
Dart Drug Corporation  
Giant Food, Incorporated  
Informatics, Incorporated  
Kiplinger Washington Editors, Incorporated  
Marriott Corporation  
NUS Corporation  
Pfizer Medical Systems, Incorporated  
Roper Eastern  
Rouse Company  
Tracor Jitco, Incorporated

## FINANCIAL

American Bank of Maryland  
American Finance Management Corporation  
Annapolis Federal Savings & Loan  
B.F. Saul Company  
Chevy Chase Savings & Loan, Incorporated  
Citizens Bank & Trust Company of Maryland  
Citizens National Bank  
Citizens Savings & Loan Association  
Equitable Savings & Loan Association, Inc.  
Equitable Trust Company  
First National Bank of Maryland  
Government Services Savings & Loan  
Potomac Valley Bank  
Sandy Spring National Bank  
State National Bank  
University National Bank

## NONPROFIT &amp; GOVERNMENT

American Society of Hospital Pharmacists  
American Speech & Hearing Association  
Holy Cross Hospital  
Montgomery County Government  
Montgomery County Public Schools  
National Geographic Society  
University of Maryland at College Park  
Washington Suburban Sanitary Commission

**VIRGINIA PARTICIPANTS**

**INDUSTRIAL**

Dynalectron Corporation  
Gulf Oil Real Estate Development Company  
Time-Life Books, Incorporated

**FINANCIAL**

Equitable Life Insurance Company  
Fidelity American Bank NA Northern Virginia  
First American Bank of Virginia  
First & Merchants Corporation  
First Virginia Banks, Incorporated  
National Bank of Fairfax  
Navy Federal Credit Union  
Northern Virginia Bank  
United Virginia Bank/National  
Virginia National Bank

**NONPROFIT & GOVERNMENT**

American Automobile Association  
American Gas Association  
Center for Naval Analyses  
Mitre Corporation  
United Way of America

Participants, 1978 Hay Cash Compensation/Noncash  
Compensation Survey



INDUSTRIAL

Addressograph-Multigraph Company  
Alabama Power Company  
Alexander & Baldwin, Inc.  
Allen-Bradley Company  
Amerada Hess Corporation  
American Broadcasting Companies  
American Hospital Supply Corporation  
American Society of Civil Engineers  
American Standard, Inc.  
American Telephone & Telegraph Company  
AMF, Inc.  
Anchor Hocking Corporation  
Anderson-Clayton & Company  
Arcata National Corporation  
Armstrong Cork Company  
Barber-Greene Company  
Barry Wright Corporation  
Bell Telephone Company of Pennsylvania  
Braden Steel Corporation  
Brooklyn Union Gas Company  
Brown & Williamson Tobacco Company  
Buckeye International Corporation  
H.E. Butt Grocery Company  
Buttes Gas & Oil  
California & Hawaiian Sugar Company  
Carrier Corporation  
Ceco Corporation  
Celanese Corporation  
Chemical Abstracts Services  
Chesebrough-Pond's, Inc.  
Church & Dwight Company, Inc.  
Ciba-Geigy Corporation  
Clow Corporation  
Cole National Corporation  
Columbia Gas System, Inc.  
Columbia Nitrogen Corporation  
Commercial Shearing Inc.  
Conagra, Inc.  
Consolidated Rail Corporation  
Container Corporation of America  
Continental-Emsco Company  
Counter Electronics  
Crouse-Hinds Company  
Cutler Hammer  
Cyclops Corporation  
Danly Machine Company  
Dayton Power & Light Company  
Dayton Press Inc.  
Dead River Company  
Debron Corporation  
Dentsply International  
Detroit Edison Company  
Dexter Corporation  
A.B. Dick Company  
Dixie Yarns, Inc.  
Dow Badische Company  
Dow Chemical Company  
Dow Corning Corporation  
Dravo Corporation

E.I. duPont de Nemours & Company  
Ecolaire, Inc.  
Economics Laboratory  
ELTRA Corporation  
ESB, Inc.  
Ex-Cell-O Corporation  
Exxon Company, USA  
Factory Mutual Engineering Corporation  
Federal Express Company  
Florida Power & Light Company  
Florida Steel Corporation  
Franklin Mint Corporation  
Frantz Manufacturing Company  
Freeport Minerals Company  
Freightliner Corporation  
Frito-Lay  
General Crude  
General Electric  
General Foods Corporation  
General Mills, Inc.  
General Public Utilities  
General Shale Products Corporation  
General Signal Corporation  
GF Business Equipment  
Cold Kist, Inc.  
Graham Manufacturing Company  
Graybar Electric Company  
Green Giant Company  
Hallmark Cards, Inc.  
Hanes Corporation  
Hart, Schaffner and Marx  
H.J. Heinz Company  
Hooker Chemical Company  
Houghton Mifflin Company  
J.M. Huber Corporation  
ICI United States, Inc.  
Illinois Tool Works, Inc.  
Inmont Corporation  
International Multifoods Corporation  
International Packing Corporation  
S.C. Johnson & Son  
Joy Manufacturing Company  
Kawasaki Motors Corporation, USA  
Kellogg Company  
Kendall Company  
Kennametal, Inc.  
Kennecott Copper Corporation  
Kent-Moore Corporation  
Kerr-McGee Corporation  
Kimberly-Clark Corporation  
Lamb-Weston, Inc.  
Leeds & Northrup Company  
Leggett & Platt, Inc.  
Libbey-Owens-Ford Company  
Lipe Rollway Corporation  
Thomas J. Lipton Inc.  
Loral Electronics Systems  
Mack Trucks, Inc.  
Magnetic Controls Company  
McGraw-Edison Company  
McQuay-Perfex, Inc.

Mead Corporation  
Memorex Corporation  
Miles Laboratories, Inc.  
Mitre Corporation  
Mitsubishi International Corporation  
Modine Manufacturing Company  
Moog, Inc.  
Moore Business Forms  
Morrison's, Inc.  
Nalco Chemical Company  
Narco Scientific Industries  
National Can Corporation  
National Gypsum Company  
NCR Corporation  
Norfolk and Western Railway  
North American Philips Corporation  
Northern States Power Company  
Northwest Industries, Inc.  
Northwestern Bell Telephone Company  
Norton Company  
Oglethorpe Electric Membership Corporation  
Olin Corporation  
Omaha Public Power District  
Optical Coating Labs, Inc.  
Otis Engineering  
Owens-Corning Fiberglass Corporation  
Owens-Illinois, Inc.  
Pako Corporation  
Peavey Company  
Pennsylvania Mines Corporation  
Pennsylvania Power & Light Company  
Pennwalt Corporation  
Pepsico, Inc.  
Perkin-Elmer Corporation  
Pillsbury Company  
Pitney Bowes, Inc.  
Pizza Hut, Inc.  
Portland General Electric  
Potomac Electric Power Company  
Power Authority - State of New York  
Price Brothers Company  
Pullman, Inc.  
Puritan-Bennett Corporation  
Recognition Equipment, Inc.  
Resource Sciences Corporation  
Rexnord, Inc.  
Rogers Foods  
Ryder System, Inc.  
SCM Corporation  
Scott Paper Company  
Sears Roebuck & Company  
Sonoco Products Company  
South Carolina Public Service Authority  
Southern Airways, Inc.  
Southern Company Services, Inc.  
Southern Railway System  
SPS Technologies, Inc.  
A.E. Staley Manufacturing Company

## INSURANCE

Acacia Mutual Life Insurance (Wash., D.C.)  
Allendale Mutual Insurance (Johnston, R.I.)  
American Reserve (Chicago)  
Bankers Life (Des Moines)  
Bankers Life Nebraska (Lincoln)  
Central Life Assurance (Des Moines)  
Commercial Union Assurance (Boston)  
Corroon & Black of Tennessee (Nashville)  
Cotton States Insurance (Atlanta)  
Farm Family Life (Albany)  
Great Southern Life (Houston)  
Hartford Steam Boiler Inspection & Insurance (Conn.)  
Liberty National Life (Birmingham)  
Lutheran Mutual Life (Waverly, Iowa)  
Metropolitan Life (NYC)  
Midland Mutual Life (Columbus)  
Minnesota Mutual Life (St. Paul)  
Mutual Life of New York (NYC)  
Mutual Trust Life (Oak Brook, Ill.)  
National Life & Accident (Nashville)  
New England Mutual Life (Boston)  
NN Corporation (Milwaukee)  
North Central Companies (St. Paul)  
Northwestern Mutual Life (Milwaukee)  
Northwestern National Life (Minneapolis)  
Preferred Risk Mutual (West Des Moines)  
Sentry Insurance (Stevens Point, WI)  
Southwestern Life (Dallas)  
St. Paul Fire & Marine (Minnesota)  
St. Paul Title (Troy, Mich.)  
Title Insurance & Trust (Los Angeles)  
United Insurance of America (Chicago)  
Western Life Insurance (St. Paul)

Standard Register Company  
Studebaker Worthington, Inc.  
Sun Company  
Talon  
Tetley, Inc.  
Texas Instruments, Inc.  
Tonka Corporation  
Trans Union Corporation  
Uarco, Inc.  
Union Carbide Corporation  
Union Pacific  
Uniroyal, Inc.  
United Telecommunications  
Upjohn Company  
U.S. Gypsum Company  
Valmont Industries  
Victor Equipment Company  
Wagner Electric  
Wausau Homes  
Western Company of North America  
Western Electric Company, Inc.  
Western Publishing Company  
Win Schuler's, Inc.  
Wool Bureau, Inc.  
Zenith Radio Corporation

## NONPROFIT/HOSPITALS

Allegheny Intermediate Unit (Pittsburgh)  
American Bankers Association (Wash., D.C.)  
The American College (Bryn Mawr, Pa.)  
American Heart Association (Dallas)  
Hartford Hospital (Connecticut)  
LIMRA (Hartford, Conn.)  
MacNeal Memorial Hospital (Berwyn, Ill.)  
Samaritan Health Services (Phoenix)  
Amherst H. Wilder Foundation (St. Paul)

## BLUE CROSS/BLUE SHIELD

BC Association (Chicago)  
BC of Greater Philadelphia (Pa.)  
BC of Northeast Ohio (Cleveland)  
BC of Southern California (L.A.)  
BC of Southwest Ohio (Cincinnati)  
BC/BS of Florida (Jacksonville)  
BC/BS of Iowa (Des Moines)  
BC/BS of Kansas City (Mo.)  
BC/BS of Michigan (Detroit)  
BC/BS of N. Carolina (Durham)  
BC/BS of Rhode Island (Providence)  
BC/BS of Texas (Dallas)  
BC/BS of Virginia (Richmond)  
BC/BS of W. Virginia (Charleston)  
BS of California  
Colorado BC/BS (Denver)  
Delaware BC/BS (Wilmington)  
Maryland BC/BS (Towson)  
Massachusetts BC/BS (Boston)  
Ohio Medical Indemnity (Worthington)  
Pennsylvania BS (Camp Hill)

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## BANKS

Arizona Bank (Phoenix)  
Bank of the Southwest (Houston)  
Chase Federal Savings & Loan (Miami Beach)  
Chase Manhattan Bank (NYC)  
Citibank (NYC)  
Colwell Company (Los Angeles)  
Community Federal Savings & Loan (Riviera Beach, Fla.)  
Crocker National Bank (San Francisco)  
Federal National Mortgage Association (Wash., D.C.)  
Federal Reserve Bank (San Francisco)  
First Bank System (Minneapolis)  
First Financial Group of New Hampshire (Manchester)  
First National Bank (Dallas)  
First National Bank of Maryland (Baltimore)  
First Pennsylvania Bank (Philadelphia)  
Mutual Federal Savings & Loan (Norfolk)  
National Bank of Detroit (Mich.)  
New England Merchants National Bank (Boston)  
Northwest Bancorporation (Minneapolis)  
Northwestern National Bank (Minneapolis)  
Old Stone Bank (Providence)  
Peoples Savings Bank (Bridgeport, Conn.)  
Percy Wilson Mortgage & Finance (Chicago)  
Pittsburgh National Bank (Pa.)  
Rainier National Bank (Seattle)  
Shawmut Bank of Boston (Mass.)  
SIMCO (Salt Lake City)  
Society for Savings (Hartford, Conn.)  
South Carolina National Bank (Columbia)  
State Street Bank & Trust (Boston)  
Valley National Bank (Phoenix)

## FINANCIAL

American Express (NYC)  
Dial Financial (Des Moines)  
Farm Credit Banks of Springfield (Mass.)  
Investors Diversified Services (Minneapolis)  
Postal Finance (Sioux City, Iowa)  
St. Paul Companies (Minnesota)  
Student Loan Marketing Association (Wash., D.C.)

Selected Multinational Companies

- Chase Manhattan Bank
- Cheesborough - Ponds
- Dow Chemical
- Dow Corning
- ESB, Inc.
- General Electric
- General Foods
- Honeywell
- Inmont
- Kimberly-Clark
- Pepsico
- Union Carbide
- Uniroyal



## HAY CASH-EQUIVALENT BENEFIT VALUES

### I. BASIS FOR THE VALUATION

For benefits which are conditional on the occurrence of an event such as death, disability or continuous employment in the organization, the cash-equivalent has been calculated on the basis of the probability of receiving the benefit, using a representative employee population and appropriate actuarial assumptions. For benefits such as company cars and subsidized meals, (which have an immediate value), the cash-equivalent has been calculated on the basis of the most probable replacement cost in 1978.

It should be noted that the Total Remuneration Comparisons portray annual rates of pay, not annual actual pay. Included in an employee's actual pay are payments for time not worked such as sick leave, vacation and holidays. The cash-equivalent of these plans has been included in the charts since they are clearly add-ons to the annual salary or cash compensation rate, and there is a difference in compensation between jobs with identical cash compensation but which provide different vacation and holiday policies, e.g., a position which pays \$30,000 per year with two weeks vacation clearly is worth less than a position at the same compensation but which provides five weeks of vacation per year.

### II. ASSUMPTIONS USED FOR SPECIFIC CALCULATIONS

The following are the specific assumptions used for calculating the cash-equivalent benefit values.

#### 1. OPTIONAL PLANS

For optional plans or plans offering optional amounts of coverage, it was assumed that the employees opted to participate and chose the highest amount of coverage available except for Voluntary AD&D, where the amount of coverage was limited to 300% of salary.

#### 2. COST-SHARING

Where employees contribute to the cost of a plan, the value was reduced by the percentage of the cost or the portion of the coverage paid by the employee to obtain the employer paid cash-equivalent benefit value. The Employer Paid cash-equivalent benefit values under insurance plans were increased by 10% of the total cash-equivalent value in order to recognize an additional value for offering such plans on a group purchase basis even if employee paid (to assure equitable results, this credit was given independently of who pays the cost).



### III. REPRESENTATIVE VALUES

Representative values placed on various benefits are shown below:

#### PERQUISITES

a. Executive Dining Room

The cash-equivalent for an executive dining room was valued at \$750 per year for employer paid meals. Lower values were used where meals were not fully paid by the employer.

b. Company Cars for Executives

The cash-equivalent varied from \$3,000 to \$5,000 per year depending on the Hay point level.

c. Physical Examinations

A cash-equivalent of \$200 was applied for annual company paid examinations with lower values applied for biennial exams.

d. Executive Medical Expense Reimbursement

The cash-equivalent was determined at \$1,100 per year.

e. Club Memberships

A cash-equivalent of \$750 was applied for club memberships.

f. Personal Financial Counseling

The cash-equivalent ranged from \$2,500 to \$3,600 based on the salary level.

g. Excess Personal Liability

A cash-equivalent of \$100 was applied for company paid coverage.

h. Stock Options

Stock options were not included in the calculation of cash-equivalent values.

## DEATH BENEFIT PLANS

### a. Group Life Insurance

The cash-equivalent was based on the amount of coverage before and after retirement and the disability provision. Yearly rates per \$1,000 of insurance varied from \$5.04 to \$7.87.

### b. Dependents' Group Life Insurance

A cash-equivalent of between \$3 and \$30 was applied based on the amount of coverage for the spouse and children.

### c. Group Survivor Income Benefit Insurance

The cash-equivalent was based on the amount of benefit provided for the spouse and children, the duration of payments and the remarriage provision. For example, a rate of 0.81% of salary was applied for a benefit of 25% of salary to the spouse for life terminating on remarriage with no remarriage payment.

### d. Group Accident Insurance

A standard cost of between \$0.07 and \$0.66 per year per \$1,000 of insurance was used depending on the type of coverage.

### e. Business Travel Accident Insurance

A rate of \$0.27 per year per \$1,000 of insurance was used.

## DISABILITY INCOME PLANS

### a. Sick Leave/Salary Continuance

Formal plans were valued under a schedule based on a weighted service assumption with rates up to 3.64% for 52 weeks' sick leave. Informal sick leave plans were calculated on the basis of the waiting period for Long-Term Disability benefits, if an LTD plan was reported. Informal plans were assumed to provide 13 weeks' sick leave at full pay followed by up to 13 weeks at partial pay but not to exceed the LTD waiting period.

For plans which provide for an accumulation of days per month of service, the benefit was converted to an equivalent benefit under a scheduled basis.

### b. Sickness & Accident (Weekly Indemnity) Insurance

Plans were valued on the basis of the elimination period for non-hospitalized and hospitalized accidents and sicknesses, the benefit formula, maximum weekly benefit and maternity benefits, if any. For example, a 4-4-26 plan (with first day in event of hospitalization) was valued at \$10.94 per year per \$10 weekly benefit. A six week maternity benefit would add \$1.20 per year per \$10 weekly benefit.

c. Long Term Disability Insurance

A schedule was used which relates to a standard rate per year per dollar of monthly benefit, varying by elimination period and duration, less an offset for plans integrated with Social Security. For example, an individual earning more than the Social Security maximum would produce a rate of \$13.50 per \$100 of excess monthly benefit, payable to age 65, with a six month elimination period.

HEALTH PLANS

a. Hospital/Medical Coverage

The cash-equivalent value for a Basic/Major Medical or Comprehensive plan varied from \$200 to \$1,200 depending on benefits covered, deductible and coinsurance.

b. Dental Coverage

The cash-equivalent value for dental coverage was based on the expenses covered, amount of deductible and percent coinsurance with rates up to \$330.

c. Optical Coverage

The cash-equivalent value for optical care was calculated between \$2 and \$40 depending on expenses covered and percent of charges covered.

d. Retiree Hospital/Medical Coverage

Medicare premiums paid by the employer were given an annual value of up to \$55, depending whether the subsidy covers the dependent spouse premium, and depending on the percent of the premium paid by the employer.

Employer post-65 hospital/medical plans supplementing Medicare were given an annual value of up to \$137.

RETIREMENT BENEFIT PLANS

a. Pension Plan

The cash-equivalent values were related to the type of plan, the latest update (for career average plans), the benefit formula, maximum years of credited service (if any), payment of the pension, normal and early retirement provisions, spouse's pension, Social Security integration, disability provision and cost-of-living adjustment.

For example, the rate for a 1% final five-year average benefit, not integrated with Social Security, payable unreduced from age 62, fully indexed per the CPI, with no maximum credited service and no company paid spouse pension, is 8.64% of salary.

b. Profit Sharing/Stock Bonus Plan

The cash-equivalent value was calculated based on the company contribution (as a percent of pay) for the last five years (or years since effective date if less).

c. Thrift/Savings Plan

Contributions to thrift or savings plans were listed at the rate produced from the maximum matching, e.g., 6% of pay matched at 50% produces a 3% cash-equivalent value.

PERSONNEL POLICIES

a. Holidays and Vacations

These values were calculated at the rate of .384% of salary per holiday and 1.92% of salary per week of vacation. The cash-equivalent value for vacations whose length depends on service was based on a weighted service assumption.

b. Company Cafeterias

A rate of \$350 was applied for company paid meals, with lower values if not fully subsidized.

STATUTORY BENEFITS

Three statutory benefit plans were included in the cash-equivalent values for private sector organizations.

a. Social Security

The 1978 rate was used, namely, 6.05% of the first \$17,700 or a maximum of \$1,070.85.

b. Worker's Compensation and Unemployment Insurance

A cash-equivalent value of \$100 was used for these two programs.

SUMMARY OF EMPLOYEE BENEFITS

The Tables below indicates the prevalence of the major benefit practices among the 306 American Business companies and the 13 selected multinational companies. In addition, the Federal Civil Service and the Foreign Service practices are denoted by an \*.

<u>Perquisites</u>	<u>Prevalence of Practice</u>			
	<u>American Business</u>	<u>Selected Multinationals</u>	<u>Federal Civil Service</u>	<u>Foreign Service</u>
Stock Options	62%	58%	no	no
Stock Appreciation Rights	17%	18%	no	no
Stock Bonus Plan	6%	18%	no	no
Executive Stock Purchase Plan	4%	-	no	no
Deferred Compensation Plan	20%	33%	no	no
Non-Qualified Supplemental Retirement Plan	20%	67%	no	no
Executive Dining Room	20%	17%	no	no
Employer - Provided Car	65%	33%	no	no
Parking	79%	75%	*	*
Physical Examinations	84%	72%	no	no
Special Executive Vacations	36%	25%	no	no
Country Club Memberships	49%	67%	no	no
Luncheon Club Memberships	54%	36%	no	no
Mortgages/Loans	13%	27%	no	no
Personal Legal Services	7%	8%	no	no
Personal Financial Counseling	7%	41%	no	no
Employer Paid Spouse Travel on Company Business	47%	64%	no	no

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		<u>American Business</u>	<u>Selected Multinationals</u>	<u>Federal Civil Service</u>	<u>Foreign Service</u>
<u>Life and Accident Insurance</u>					
Basic Group Life	Plan Provided	100%	100%	*	*
	Cost: - Employer Paid	72%	62%		
	- Shared	26%	38%	*	*
	- Employee Paid	2%	0%		
	Coverage: - Under 100% of Earnings	2%	0%		
	- 100% of Earnings	25%	50%	*	*
	- Over 100% of Earnings	73%	50%		
	Coverage at Retirement : - Terminated	31%	8%	*	*
	- Continued in Part	66%	92%		
	- Continued in Full	3%	0%		
Supplemental Group Life Insurance	Plan Provided	51%	69%	*	*
	Cost: - Employer Paid	7%	0%		
	- Shared	34%	44%		
	- Employee Paid	59%	56%	*	*
Group Survivor Income Insurance		13%	8%	no	no
Dependents Group Life		27%	46%	no	no
Accidental Death and Dismemberment Insurance		84%	92%	*	*
Voluntary AD&D Insurance		25%	46%	no	no
Business Travel Accident Insurance		77%	92%	no	no

<u>Sickness and Disability Income</u>		<u>American Business</u>	<u>Selected Multinationals</u>	<u>Federal Civil Service</u>	<u>Foreign Service</u>
Sick Leave/Salary Continuance					
Type of Policy:					
- Specified weeks per illness or per year	72%		7%		
- Accumulation of days per month or year	18%		15%	*	*
- Other	10%		8%		
Accumulated Days Per Year					
- Under 13 Days	88%		100%		
- 13 Days	6%		-	*	*
- Over 13 Days	6%		-		
Long Term Disability Insurance					
Plan Provided	91%		92%	no	no
Earnings Related Coverage: 50%	23%		42%		
60%	54%		50%	N/A	N/A
65-69%	13%		-		
Other	10%		8%		
Cost: - Employer Paid	59%		33%		
- Shared	24%		25%	N/A	N/A
- Employee Paid	17%		42%		

		<u>American Business</u>	<u>Selected Multinationals</u>	<u>Federal Civil Service</u>	<u>Foreign Service</u>
<u>Health Insurance</u>					
Hospital/Medical	Covered Expenses not subject to Deductible:				
	- Hospitalization	81%	100%	*	*
	- In-Hospital Medical	61%	77%	*	*
	- Surgical	79%	100%	*	*
	- X-Rays, Lab. Tests	61%	85%	*	*
	- Doctors' Office Visits	10%	0%	*	*
	- Extended Care Facilities	25%	31%	*	*
	- Maternity	76%	100%	*	*
	- Optical	5%	0%		
	Cost of				
	Employee Coverage: - Employer Paid	64%	54%		
	- Shared	36%	45%	*	*
	- Employee Paid	-	-		
	Cost of				
	Dependent Coverage:- Employer Paid	40%	23%		
	- Shared	57%	77%	*	*
	- Employee Paid	3%	-		
Dental Insurance	Plan Provided	44%	54%	no	no
	Cost: - Employer Paid	68%	57%		
	- Shared	29%	43%	N/A	N/A
	- Employee Paid	3%	-		

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<u>Retirement Income</u>		<u>American Business</u>	<u>Selected Multinationals</u>	<u>Federal Civil Service</u>	<u>Foreign Service</u>
Pension Plan	Provided	93%	100%	*	*
	Type of Plan:				
	- Final Average Earnings	81%	85%	*	*
	- Career Average Earnings	12%	15%		
	- Other	7%	-		
	Percent Benefit Per Year of Service:				
	- Under 2.0% of Earnings	59%	68%		
	- 2.0% of Earnings	13%	-		*
	- Over 2.0% of Earnings	2%	17%		
	- Varies with Service	20%	15%	*	
	- Varies with Age	1%	-		
	- Other	5%	-		
	Years for Final Average Earnings:				
	- 3 Years	3%	-	*	*
	- 5 Years	90%	100%		
	- Other	7%	-		
	Maximum Years Credited Service:				
	- Under 35 Years	21%	7%		
	- 35 Years	11%	7%		*
	- Over 35 Years	13%	17%	*	
	- No Maximum	55%	69%		

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	<u>American Business</u>	<u>Selected Multinationals</u>	<u>Federal Civil Service</u>	<u>Foreign Service</u>	
Cost-of-Living Pension Increases for Pensioners:					
- Yes: Guaranteed	11%	-	*	*	
- Yes: Informal	41%	85%			
- No	48%	15%			
Required Employee Contributions:					
- Under 7% of pay	12%	8%			
- 7% of pay	0%	-	*	*	
- Over 7% of pay	0%	-			
- No Required Contri- butions	88%	92%			
Normal Retirement Age:					
- 60	0%	-		*	
- 62	2%	-	*		
- 65	98%	100%			
Profit Sharing Plan	Plan Provided	22%	14%	no	no
Employer Contribution as % of Employee Compensation:					
- Under 5%	20%	50%			
- 5-9%	46%	50%	N/A	N/A	
- 10% Plus	34%	-			
Thrift/Savings Plan	36%	62%	no	no	

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BusinessMultinationalsServiceServiceHolidays and Vacations

## Holidays

## Numbers of Days:

- Under 9	11%	8%
- 9	26%	8%
- Over 9	63%	88%

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Vacation  
(Annual Leave)Service Required for  
3 Weeks Vacation:

- Under 5 years	12%	16%
- 5 Years	43%	61%
- Over 5 Years	45%	23%

(Immediate  
13 days)(Immediate  
13 days)Service Required for  
4 Weeks Vacation:

- Under 3 Years	1%	0%
- 3 Years	0%	8%
- Over 3 Years	99%	92%

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Service Required for  
5 Weeks Vacation:

- Under 13 Years	2%	9%
- 13 Years	3%	0%
- Over 13 Years	95%	100%

\*(  
24 days)\*(  
24 days)

## Maximum Weeks Vacation:

- 3 Weeks	7%	-
- 4 Weeks	34%	27%
- 5 Weeks	44%	65%
- 6 Weeks	15%	8%

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