

COMPENSATION IN THE GOVERNMENT OF JAMAICA

Companion



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Overview

The Government of Jamaica (GOJ) is committed to creating a working environment that supports employees in delivering high quality services to the people of Jamaica.

As part of the ongoing transformation of the public sector of Jamaica, the GOJ is restructuring the compensation system to create an equitable and defensible pay and job evaluation system. This will be achieved by:

- ◆ Developing a compensation philosophy and policy that provide the guiding principles and overarching framework for compensation in the public sector; and
- ◆ Rationalising compensation to take account of the current levels of pay and the wide-ranging allowances, together with the diverse job families and terms and conditions of service.

What is Compensation?

Compensation refers to the combination of monetary and non-monetary benefits employees receive in exchange for the work that they do.

Compensation can be either direct or indirect. Direct compensation can be fixed, as in wages or vary such as overtime payments. Indirect compensation can change and includes the benefits and services employees receive.



There are four main elements of total compensation. These are:

- ◆ **Basic salary:** This is a fixed amount paid to employees before any extras are added or taken away. It should be the largest component of compensation.
- ◆ **Allowances:** These are monetary and used to compensate for a number of different conditions such as payments for additional duties, special job-related conditions, attire and tools of trade.
- ◆ **Variable pay:** This is not a regular, guaranteed part of compensation. It is paid to cover additional work such as overtime or, as an incentive for exceptional performance.
- ◆ **Benefits:** These may be tangible such as membership in a pension scheme or group health plan or intangible such as flexible working hours or the high level of job security enjoyed by those working in the public sector.

Why restructure public sector compensation?

The current compensation system in the public sector is characterised by:

- ◆ Complexity with 325 salary scales and approximately 185 allowances
- ◆ Allowances make up a large proportion of total compensation for some groups
- ◆ Inconsistent application of policies and processes
- ◆ Absence of a guiding philosophy and common job evaluation system
- ◆ Real and perceived inequities
- ◆ Limited or negative role in employee motivation
- ◆ Inability to respond comprehensively to compensation issues
- ◆ General lack of clarity and transparency

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In this regard, the GOJ wants to ensure that public sector workers are competitively compensated and incentivised to deliver excellent service. The Compensation Review Project was commissioned by the Ministry of Finance and the Public Service to develop an equitable, rational, and defensible pay and job evaluation structure by:

- ◆ restructuring compensation taking into account the current levels of pay, the multiplicity of allowances, and the diverse job evaluation systems; and
- ◆ developing the public service compensation philosophy to support a more rational compensation structure.

The Transformation Implementation Unit is spearheading the project along with support from Ernst and Young.

The New Compensation System

The new compensation system is designed to support the delivery of high quality public services, reward performance, establish equity and reward employees competitively. It is built on the following principles:

◆ Simple and easily understood

Simplicity helps people to understand the pay they receive and how it is determined. It is the aim of the GOJ to reduce complexity and to simplify the way people are paid, as much as possible. Clear and straightforward policies will also help to reduce the costs of and promote accuracy in compensation administration.

As a result, emphasis is placed on moving towards a competitive pay package with few additional and rationalised allowances. Individuals can progress and earn increased pay based on acceptable and excellent performance. This is in addition to opportunities for career development and job security that the public service provides.

◆ Fair and equitable

Consistency and fairness are aspects of the public service ethos and are fundamental to the operations of the GOJ. This ethos includes the quality services provided to the public, and the way in which employees are treated, including how they are compensated for their contribution to service delivery.

Public sector compensation policies are underpinned by a common, factor-based job evaluation system which provides consistency in job classification across the public sector. This system allows for the development of a common compensation structure built on how one job aligns to another in the organisation – internal relativity. Consistency and transparency are to guide all aspects of the compensation system such as the administration of salaries and allowances, comparability of salary levels and performance-related pay.

◆ Recognises and rewards performance

The strategic outcomes of public sector transformation reflect and require a step change in performance at service-wide, corporate, team and individual levels. This also needs to be reflected in the compensation system. Increasingly, the compensation system will

provide mechanisms for rewarding good, and excellent performance. This will be supported by a revised employee performance management system which will provide stronger processes for managing and improving unsatisfactory or mediocre performance.

The shift towards a performance orientation in the compensation system will be progressive and will be balanced with the other principles guiding compensation policies – such as sustainability and affordability.

◆ **Sustainable and affordable**

The public service is accountable for managing public funds in a fiscally prudent manner including the public sector wage bill. Therefore, enhancement to public sector pay must be supported by improvements in efficiency, performance, and productivity.



The New Public Service Job Evaluation Factor Plan

A key feature of the new compensation system is a **New Public Service Job Evaluation Factor Plan** which will be used to assess jobs across the public service in a more consistent way. This will replace the myriad of classification systems and structures currently in place and provide a common way to evaluate jobs. The factors are:

- ◆ **Expertise** - Measures the capability and skills necessary to perform the job and the context in which these are applied
- ◆ **Critical Thinking** - Assesses the reasoning component of the job and the extent to which the work is specified by guidelines or constraints. It focuses on the existence of instructions, techniques, Acts & Regulations, procedures and policies and the requirement for innovation in the resolution of problems
- ◆ **Communication** - Assesses the extent to which communication is needed in the job; it reflects the extent to which the work requires making personal contacts, inside and outside the organisation, whether written or verbal, together with the purpose of client engagement
- ◆ **Service Delivery** - Assesses the authority to act and the accountability for actions or decisions which impact on the organisation's objectives, including the impact on client experience and the delivery of effective public services
- ◆ **Working Environment** - Measures the context within which the work is positioned, and the nature of the environmental demands placed on the job holder. It measures the manual, physical, mental, and sensory challenges involved in performing the job

Each factor is broken down into a number of sub-factors to ensure the job is adequately represented and evaluated.

Benefits of the New Compensation System

The new compensation system will benefit the entire public sector and those who access government services.

Employees



- ✓ Understand the value of the overall total compensation package
- ✓ Be motivated to increase performance and productivity and therefore increase the Public Service's ability to pay more competitively

Government of Jamaica



- ✓ A more consistent, data driven and managed approach to compensation
- ✓ The mechanisms to balance an improved pay position with management of the overall wage

Questions and Answers

1. Why is the GOJ reviewing compensation?

The main objective of reviewing the compensation system is to ensure that public sector workers are **compensated fairly**. This will be done through a job evaluation system that provides a consistent approach for the evaluation and internal comparison of jobs.

The new compensation system will be:

- ▶ Simpler
- ▶ More consistent
- ▶ More competitive
- ▶ Sustainable

2. What is being done to fix the compensation system?

The key steps in fixing the compensation system are:

- Developing a new compensation policy and philosophy
- Developing a new job evaluation system for assessing public sector jobs
- Testing the new job evaluation system across a wide range of jobs in the public sector
- Conducting a job market survey to determine market levels
- Creating a new compensation structure

3. Which groups/categories of public sector workers will the new compensation structure affect?

The new compensation structure will apply to

- ▶ Central Civil Service
- ▶ Statutory and Public Bodies
- ▶ Police, Correctional and Fire Services
- ▶ Executive Agencies
- ▶ Municipal Corporations
- ▶ Educational Institutions

4. What is job evaluation?

Job evaluation is a systematic process of determining the value of a job in relation to other jobs in the same organisation. It helps to establish the relative worth of jobs in an organisation and is used to inform the design of grade and salary structures.

It is important to recognise that job evaluation *is* about:

- ▶ Jobs not people
- ▶ The relative value and size of jobs across the Public Service. It is a comparative process which deals with relativities, not absolutes.

- ▶ Providing a structure which allows consistent and well-reasoned judgements to be made
- ▶ The application of consistent logic and analysis across a wide range of different type of jobs
- ▶ Creating equity and consistency in grading determination

However, job evaluation *is not* about:

- ▶ Individual performance
- ▶ Individual skills
- ▶ Individual salary management/expectations

5. What are benchmark jobs?

Benchmark jobs are used to support the design of the new job evaluation structure and pay banding/levels. They are jobs that represent the range of job demand across the Public Service. Approximately 1,000 jobs were evaluated as part of the compensation review process. The selection included jobs that were:

- Common across the public sector
- Of critical importance to individual Ministries, Departments and Public Bodies/Agencies
- Representative of the range of jobs across the Public Service

In addition, jobs demanding specialist skills and expertise and special locations were covered.

6. What is internal relativity?

Internal relativities are based on determining the value of the job compared to other jobs in the organisation.

7. How will salaries be reviewed moving forward?

The proposals set a new foundation for compensation moving forward and the opportunity to reset the way in which salaries are established. The collective bargaining process will continue to determine how salaries are reviewed. However, salary ranges will be checked against our local chosen markets at established intervals to ensure that we maintain competitive salary levels taking into account budgetary constraints and priorities. Individuals will progress through ranges based on their performance.

8. When will the new compensation structure be implemented and over how many fiscal years?

Implementation is to be effective April 2022. Pay progression through the salary scales will be based on performance from the end of Fiscal Year 2022/23.

9. Will there be a review of the performance management system, in light of the mechanism for the performance pay element?

Yes. A review is currently underway.

10. Can the GOJ afford to implement the proposals?

Yes. The GOJ has made provision to implement the recommendations.

11. How will my job be classified?

The score of the job will be determined using the evaluation tool. The job is evaluated according to the new Public Sector Factor Plan against a common set of factors:

- ▶ the expertise (knowledge, skills, experience) required by the job
- ▶ the critical thinking and problem solving required by the job
- ▶ the nature and range of communication
- ▶ the job's role in service delivery (team role and accountability, type and level of advice provided and the nature of impact of the role)
- ▶ the environment in which the job operates taking into account both physical conditions and any significant mental demands.

From this assessment, a job score is derived which determines the band in which the job fits.

12. How will I benefit from the compensation review?

While benefits vary, you should be able to have a greater appreciation of how your salary and total compensation are derived and that you are compensated fairly and equitably.

13. If my salary is higher than the maximum within my band/range, will I get a salary cut?

You will not see a cut in salary as a result of the compensation review.

14. Will there be a reclassification exercise because of the compensation review?

No. The compensation review seeks to simplify the compensation system, make it more transparent and fairer. Current classifications will be aligned to a simpler banding system for pay purposes.

15. What is reclassification?

Reclassification is the process of re-evaluating a position when there is a significant change in the duties and responsibilities of the role. Reclassification is not a pay increase process. It can however result in a job upgrading outcome or a change of job or repositioning in the organisation structure.

16. Where can I access more information about the compensation review?

You can access more information on the review by visiting www.publicsectortransformation.gov.jm/compensation-management/compensation-review-project/

You could also send us an email at letusknow@transformation.gov.jm



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