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Salary and Wage Administration in the Chicago Housing Authority, a Municipal Corporation

Raymond Joseph Meyer
Loyola University Chicago

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SALARY AND WAGE ADMINISTRATION IN THE
CHICAGO HOUSING AUTHORITY
A MUNICIPAL CORPORATION

by
RAYMOND JOSEPH MEYER

A Thesis Submitted to the Faculty of the Institute of Social and
Industrial Relations of Loyola University in Partial
Fulfillment of the Requirements for the Degree of
Master of Social and Industrial Relations

June
1960
LIFE

Raymond Joseph Meyer was born June 3, 1930 in Chicago, Illinois.

He was graduated from Quigley Preparatory Seminary, Chicago, Illinois, June, 1949. He attended St. Mary of the Lake Seminary, and graduated from St. Mary's College, Winona, Minnesota, June 1952, with the degree of Bachelor of Arts. He completed one year of graduate studies in Psychology at Loyola University in June, 1953.

From September, 1952 to January 1953 the author taught English at De LaSalle High School, Chicago, Illinois. Following this he was employed as a salesman in both the industrial and commercial fields. From October, 1954 to October, 1957 he was employed as a social case worker for the Catholic Home Bureau, Chicago, Illinois. Since July, 1958 the author has been employed by the Chicago Housing Authority in the Community and Tenant Relations Division and in the Purchasing and Contracting Division. He is currently in the latter division. He began his graduate studies in Industrial Relations at Loyola University in September, 1957.
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CHAPTER I

INTRODUCTION

"The primary problem of wage and salary administration is to divide the payroll so that employees believe the distribution to be fair and equitable."¹ This is true in industry as well as in the public service.

This thesis will be limited to an analysis of a public agency's wage and salary administration in the light of the above problematical statement. Since the author's employment with the Chicago Housing Authority began, some apparent inequities in the distribution of the payroll have been observed. It will be the purpose of this thesis to determine the inequities and set these in the perspective of the Authority Policy. The structure will be examined in detail for soundness in construction and consistency in application.

By critically analysing the administration and by comparing it to commonly accepted practices in the field of wage and salary administration, the author will be able to draw conclusions of the fact which had merely been contentions,

¹Ralph W. Ells, Salary and Wage Administration (New York, 1945) p. IX.
namely that there is no system of classification at all and no attempt to achieve any modicum of equitability in the wage payment.

According to Ells\textsuperscript{2} there are four prerequisites of any wage and salary structure. These four are:

1) A normal salary or wage for each job classification
2) Uniform salary and wage range schedules
3) General job classification for individual jobs similar in nature and content
4) A method of rating jobs and classifying them to job levels so as to achieve internal consistency.

In looking at the wage and salary administration these four prerequisites will also be considered. Although an elaborate system of classification exists, the author feels that it tends to be only something to point to as existing and is applied when, where, and how management decides without much apparent regard to maintaining internal consistency.

Since the beginning of public housing, there have been many critics of the housing program. The Chicago Housing Authority, since it is a public agency is open to criticism from two sides, first, from those that are against any public agency, and, second, from those that are against public housing

\textsuperscript{2}Ibid, p. 1.
as such. Regardless of the source of the criticism, the Housing Authority is very sensitive to it. In an effort to preclude criticism as much as possible some attempt is made by the Authority to maintain structures and administration policies consistent with outside industrial and other public agency practice.

The existence of a wage and salary administration program at the Housing Authority cannot be denied. One does exist and is in operation. In the following chapters the existence and operation will be analyzed.

Even though the Chicago Housing Authority is autonomous, there are restrictive forces which mold its policy and practice in all areas including wage and salary administration. To look briefly at pertinent background data is essential for a better understanding of the forthcoming analysis.

The Chicago Housing Authority is a quasi-public municipal corporation chartered by the State of Illinois and having a contractual relationship with the Federal Government. The Illinois Housing Act of 1934 provided for the establishment of local Housing Authorities in cities of 25,000 people or more.

By the terms of the law, the Chicago Housing Authority is, in effect, a public corporation vested with most of the powers of a private corporation, and in addition, the exceed-
ingly valuable privilege of acquiring property for its purpose by the exercise of eminent domain. It must operate on a non-profit basis. It may agree to a limitation of its powers to obtain a loan from a government agency.3

All facets of the Housing Authority must be viewed in the light of restrictions and sanctions given it by the various agencies. Principle among these is the Public Housing Administration which is that branch of the United States Housing and Home Finance Agency responsible for the administration of the United States Housing Act, 1937, as amended,4 in the area of low-rent public housing. The relationship of this agency to the Chicago Housing Authority is contractual and at times regulatory.

The Federal Government makes annual contributions for new developments by virtue of the Annual Contributions Contract. In entering this contract and receiving these funds the Chicago Housing Authority agrees to certain limitations of its powers, since it creates the condition for limitation as stated above.

3Public Housing in Chicago, Chicago Housing Authority (Chicago, 1945) p. 1.

4There are three branches responsible for the administration of the United States Housing Act of 1937 as amended. These are The Public Housing Administration, The Federal Housing Administration, and The Home Loan Bank Board.
Wage and salary administration is one of the areas in which the Public Housing Administration enters. This relationship and regulatory aspect will be more fully considered in a later chapter.

To operate its low-rent public housing program the Chicago Housing Authority employs 311 administrative personnel and 623 maintenance employees. In viewing the wage and salary administration of the Chicago Housing Authority the reader should be aware of the administrative dichotomy between administrative and maintenance personnel. The personnel division is responsible for recruiting all administrative personnel while the Labor Coordinator is responsible for the same function as it relates to maintenance personnel. These divisional lines become less obvious only in the preparation of paper personnel actions showing transfers or wage adjustments and record keeping. In as much as this separation exists it will be retained in this thesis.

In the following chapters position classification, salary structure and attendant areas requisite for the administration of the salary and wage program will be observed. The administrative positions are of primary concern in this study since 5

5Figures for December 31, 1959
they lend themselves more, under the present situation, to the accomplishment of the four prerequisites of a good salary and wage administration structure as mentioned above. Strictly speaking there is no formal wage administration program for the maintenance employees as shall be pointed out later.

The data regarding the wage policy of the Authority was obtained from the files of the Authority and Local number 73, Building Service Employees International Union, AFL-CIO, which is the bargaining agent for the administrative employees. Interviews were had with the Deputy Executive Director, Personnel Officer, Labor Coordinator, members of the Classification Committee and individuals affected by the personnel actions cited. The author has also used the research method of participating observer to gather data since it is a valid method of gathering data and developing it. Every attempt has been made to remain objective in this thesis.
ANALYSES OF THE CURRENT SALARY ADMINISTRATION

"Wage and salary administration may be defined as the developing and carrying on of all methods of remuneration, for all ranks of personnel in an organization, on the basis of sound and thorough analysis and incorporation of all factors affecting such remuneration."¹

From this definition of the topic it can be seen that wage and salary administration is an end result and an activation of principles and factors which are determined through an analysis of a company operation. Administration implements and makes policy workable. One further step backward must be traced to obtain the factors which are the bases for the administrative policy. It is at these bases that the analysis of the current wage and salary administration of the Chicago Housing Authority must begin.

Wage and salary administration can exist and function completely independent of any formal attempt at equating

relatively similar jobs to a standard wage payment. However, because of the surge toward a more scientific approach to the equitable distribution of payroll costs, a method called "Job Evaluation" was developed. "Job Evaluation is the complete operation of determining the value of an individual job in relation to the other jobs in the organization. It begins with job analysis to obtain job descriptions and job specifications and includes the process of relating the descriptions by some system designed to determine the relative value of the jobs or groups of jobs."

In 1952, the Chicago Housing Authority entered into a contract with A. T. Kearney & Company, Management Consultants in the first formal attempt to establish a sound wage and salary program. At that time using the then current classification system the firm suggested a wage structure that could be superimposed on the system. The company preferred recommendations which when "Combined with careful future administration of the salary program would provide the Chicago


Housing Authority with a salary scale equitable for its employees in relation to each other."  

Again, in 1954, Griffenhagen & Associates while reviewing the organizational structures, major procedures and management problems found it necessary to comment on the Classification and Pay Plan. They reported:

While the authors would be inclined to take exception on many grounds to the details of the evaluation plan, it nevertheless indicates a serious professional effort to arrive on an objective basis at some index of the relative importance or worth of the duties and responsibilities of the various positions in the determinations.

The classification plan referred to is one which was adopted in January, 1951 and the one to which the Kearney Salary Structure was applied. The Classification Plan remained extant as originally adopted for six years.

The present classification plan dates back to 1957, when it was decided by the Commissioners of the Housing Authority to investigate and adopt a classification system and wage structure which would be comparable to practices in other public agencies and in industry. To achieve this purpose,

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Business Research Corporation was engaged to study the grade and salary structure with a view to recommending changes where necessary. Business Research Corporation entered the study with these purposes in view:

1. To determine the prevailing rates of pay in the Chicago area...for certain key classes which are comparable to and which could be related on a pay basis to Classifications of the Chicago Housing Authority.

2. To recommend a salary structure which would be in accord with competitive pay conditions; provide the necessary number of salary grades based on sound salary administration principles, and provide the proper pay progression steps within the salary ranges.

3. To determine if all administrative employees are classified in accordance with the work assignments they are performing, and to recommend reclassifications when necessary.

4. To determine if all administrative classes are assigned to a proper salary grade, and to recommend reclassification where necessary.6

The Business Research Corporation findings provide the broad basis for the present classification plan. The plan was not accepted in its entirety. There were some position assignments in grades that management felt were best left to them for decision.7


7Interview with C. E. Humphrey, Deputy Executive Director of CHA.
The management consultants systematically surveyed all positions having the incumbents prepare their own position description. These in turn were reviewed by the individual's supervisor and a representative of Business Research Corporation. Some desk audits were made. Classifications according to existing job specifications were made revising the specifications where necessary. Each class was then evaluated in terms of relative importance of the class to the whole structure.

This is a brief summary of the background surrounding the current classification system. The operation of the system will now be considered.

GRADE STRUCTURE

There is only one general schedule of grades which takes into account the varying degrees of responsibility and duty of these positions regardless of the classification series. The grade structure is comprised of twenty separate grades or levels of difficulty, within which there are five steps which theoretically provide for increased individual proficiency.

This structure was proposed by Business Research Corporation as being the most practical for the Authority.\(^5\)

The structure utilizes point values derived from the evaluation process of Business Research Corporation which sets the minimum and maximum point values for each grade. A position is evaluated and the point values totaled.

This total value is then compared to the grade point value schedule. For each grade there is a range of points and if the total value falls within the range for a particular grade, the position is located at that grade level. For example, the point range for grade two is fifteen points to twenty-seven points. If a position is evaluated at twenty-one points, it would become a grade two. If it was evaluated at fourteen points or twenty-eight points, it would fall into either grade one or grade three respectively.

CLASSIFICATION

"Classification is the process of allocating positions to classes on the basis of the kind of work performed and the level of the difficulty and responsibility attached to that work."9 Within the Chicago Housing Authority there are six predetermined classes or series to which positions may be allocated. These are: Operations series, Information series, Clerical and Administrative series, Accounting series, Legal

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series, and Technical series. These series are the designated classes for 159 described positions in the *Manual of Position Descriptions* of the Chicago Housing Authority.

Actually, however, these classification series are used more to differentiate positions that are considered similar in title but are found in different departments. In only a few cases are there classes as have been defined above. These are found in the Operations Series, where there are four classes of Managers and assistant managers.

**POSITION DESCRIPTION**

The task of properly assigning positions to a place on the grade schedule which is indicative of its relationship to other positions begins with position analysis and description. Working initially from the Business Research Corporation study, where all positions were analyzed and described and a *Manual of Position Descriptions* was made. These descriptions are used as bases for promotions, transfers, recruitment and evaluation.

The *Manual of Position Descriptions* lists the descriptions of jobs that have been analyzed. However, this manual is rather incomplete. In terms of definition, the position description lists the duties and responsibilities that are found in the job. In addition to this listing, experience and qualification factors are described. The only thing common to
all descriptions is the second portion of the description format showing duties and responsibilities. There is no standard format used to obtain consistency in the job specification. As a result there are a number of methods used in specifying qualifications and experience factors.

Generally the description lists in order, Title and grade, Qualification, Experience, and Duties and Responsibilities. In some cases, a Characteristics of the Class or Characteristics of the Position section is added. Still others have one paragraph entitled Qualifications (some have added desired, others preferred to the word) and Duties and Responsibilities. There is no apparent effort made to effect consistency in form of the job description. Without a standard format to follow, it appears that the difficulty of including the same factors in all jobs is tremendously increased. Since, as we shall point out later, job description should be the result of job analysis, we must assume the analysis is either cursory or haphazard. In any event, the job description is only as good as the analysis of the job that precedes it.\(^{10}\)

Job content changes; duties and responsibilities may

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\(^{10}\)Otis and Leukart, p. 257.
change. Therefore, position descriptions change and the consequent raising or lowering of the position in the grade schedule occurs. It becomes necessary to revise position descriptions to keep the program alive and up to date. The personnel officer is responsible for noting the change, redescrating the position, and for keeping the program up to date.

It is obvious that the personnel officer cannot be personally responsible for knowing all the changes in job content which might necessitate a new description. This responsibility directly falls then on the supervisor of a section who has first hand information of the changes. Provision is also made for the individual employee to request reclassification if he feels that the duties and responsibilities of his position have changed. As a result, the Manual of Position Descriptions is theoretically in constant revision.

POINT RATING SYSTEM

Business Research Corporation in the first classification of positions during their study utilized a point rating system to arrive at the relative worth of a position in the

general schedule. The bases for this were relative worth of the duties and responsibilities of the position adjudged against this point rating scale. Where there is a change in these areas, there frequently is a change in the relative value of the position in the general schedule.

In the point rating system of evaluation of a position, certain predetermined factors are selected. When relative value of the job factors are obtained, points are assigned to the degrees in each factor.

The factors that were selected as being most specifically representative and found in most positions were:

A. Experience
B. Work Complexities
C. Working Conditions
D. Contacts
E. Responsibilities

Each factor was subdivided for a finer delineation. Each subfactor was given point values. The full range of factors and subdivisions are as follows:

A. Experience
   1. Experience
   2. Knowledge
   3. Physical Skill
   4. Physical Effort

B. Work Complexities
   5. Errors
   6. Complexities
C. Working Conditions

7. Hazards
8. Adverse Conditions

D. Contacts

9. Outside
10. Company

E. Responsibilities

11. Safety
12. Money
13. Confidentiality
14. Un-Supervised
15. Supervision (given)

The definitions of the factors and actual maximum point allotment to the varying degrees of the factors are confidential and not available for this discussion. The possession of these confidential items is not absolutely essential to the study but might have given some insight into the various inconsistencies that can be seen in Table I.

Under the factors of experience and complexities the Administrative Assistant - Legal is rated 31 percent and 44 percent less than the Administrative Assistant - Executive Office and the Administrative Assistant - Personnel and Procedures respectively. The experience needed by them to fill their corresponding positions is the same and the complexities of the work of the legal assistant are more technical requiring more specialized knowledge than either of the other
two positions according to the position descriptions. The knowledge factor shows an 80 percent differential. Under the supervision factor, the Administrative Assistant - Legal is rated on a par with the Administrative Assistant - Executive Office and two points less than the Administrative Assistant - Personnel and Procedures but supervises twice as many people as does either of the other positions.

When the positions of Department Directors were first classified, the point rating scale was used. At the present time the classification of a Department Director is determined by the Executive Director. No provision is made for use of the rating scale which at first determined for the most part the relative status of the Department Directors. A glance at Table II shows the point ratings of Department Directors and their assistants made by trained analysts and raters.

For the supervision factor the General Counsel was rated 90 percent lower than the Controller and Director of Development and one and a half times lower than the Director of Management. The difference evolves from the number of people supervised but seems inconsistent when compared with the ratio of points allocated to the supervisory factor between the Assistants.

Under the Experience, Complexities, Error and
TABLE I

ASSIGNMENT OF POINT VALUES TO EACH FACTOR FOR THREE SELECTED CLERICAL POSITIONS

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>ADMINISTRATIVE ASSISTANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EXECUTIVE</td>
</tr>
<tr>
<td>Experience</td>
<td>25</td>
</tr>
<tr>
<td>Knowledge</td>
<td>9</td>
</tr>
<tr>
<td>Physical Skill</td>
<td>4</td>
</tr>
<tr>
<td>Physical Effort</td>
<td>0</td>
</tr>
<tr>
<td>Complexities</td>
<td>26</td>
</tr>
<tr>
<td>Errors</td>
<td>6</td>
</tr>
<tr>
<td>Hazards</td>
<td>0</td>
</tr>
<tr>
<td>Adverse Conditions</td>
<td>0</td>
</tr>
<tr>
<td>Outside Contacts</td>
<td>5</td>
</tr>
<tr>
<td>Company Contacts</td>
<td>2</td>
</tr>
<tr>
<td>Safety</td>
<td>0</td>
</tr>
<tr>
<td>Money</td>
<td>0</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>0</td>
</tr>
<tr>
<td>Unsupervised</td>
<td>4</td>
</tr>
<tr>
<td>Supervision</td>
<td>2</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>83</strong></td>
</tr>
</tbody>
</table>

Unsupervised factors, the Department Directors all received the same point allocation. The assistants' Controller and Director of Development also received the same number of points but quite naturally, of a different degree. The Senior Attorney position whose responsibility is for assumption of duties of the General Counsel in the General Counsel's absence, is also that of an assistant department head. However, notice that in all four above mentioned factors the Senior Attorney or Assistant General Counsel, as the position is termed now, is rated lower than either of the other two assistants. Under the factor of supervision, there seems to be a complete aborting of the relative relationship among the assistants, based on the evaluated relationship of the Department Directors. There seems to be no continuity in application of the varying degrees of factor analysis.

In the final application of the position classification, we find only two positions reclassified. Originally the ranking was,

<table>
<thead>
<tr>
<th>Department Directors</th>
<th>Grade</th>
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<tbody>
<tr>
<td>Management</td>
<td>20</td>
</tr>
<tr>
<td>Development</td>
<td>20</td>
</tr>
<tr>
<td>Controller</td>
<td>20</td>
</tr>
<tr>
<td>General Counsel</td>
<td>19</td>
</tr>
</tbody>
</table>
Assistants

Director of Development  Grade 18
Controller  Grade 17
General Counsel  Grade 15

The positions of Controller and Assistant Controller were regraded to Grades 18 and 16 respectively. This regrading further distorts the relationship of Department Directors and their Assistants.

This is not only inconsistent but inequitable. It undermines complete internal consistency. The author is not questioning the final ranking of these positions, because the final ranking of any position can be determined by management. But, when an serious attempt is made to obtain some basis for proper alignment of grades and positions in a structure, it seems natural that the basis would be applied consistently to all positions.

One of the greatest disadvantages of the point rating system is the need for trained analysts. Only a trained analyst is able to be consistent in his ratings even with the factor definitions. This disadvantage is reduced when factor degree differentiation is absolute and mutually exclusive. However, even here there is some room for error when a rater begins to view the job or position in the light of the

TABLE II

ASSIGNMENT OF POINT VALUES TO EACH FACTOR FOR SEVEN SELECTED EXECUTIVE POSITIONS

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>DEPARTMENT DIRECTORS</th>
<th>ASSISTANT DEPARTMENT DIRECTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Management</td>
<td>Development</td>
</tr>
<tr>
<td>Experience</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td>Knowledge</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Physical Skill</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Physical Effort</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Complexities</td>
<td>81</td>
<td>81</td>
</tr>
<tr>
<td>Errors</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Hazards</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Adverse Conditions</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Outside Contacts</td>
<td>21</td>
<td>29</td>
</tr>
<tr>
<td>Company Contacts</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Safety</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>Money</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Confidentiality</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Unsupervised</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Supervised</td>
<td>79</td>
<td>62</td>
</tr>
<tr>
<td>TOTAL</td>
<td>307</td>
<td>296</td>
</tr>
</tbody>
</table>

*aSource: Business Research Corporation, July, 1957.*
incumbent and his personal qualifications rather than viewing the actual job content.

There seems to be a definite tendency to evaluate the individual rather than the job at the Chicago Housing Authority. The author had been told that prior to the announcement of the installation of the Classification system some positions were predetermined in the grade structure so that regardless of point rating allotted, these positions would be at certain relative positions. This seems consistent with the statement made by the Deputy Executive Director concerning the placement of positions in certain grades.

When installing a classification system and rearranging positions, there are some positions that of necessity change their relative position in the structure and some that do not. There is either a raising or lowering of a position or no change in the position.

In the position of Budget Officer, there was an increase in status under the new grade schedule that was adopted in 1957. This position was classified at a grade 13 because of the points allotted to the position at the time of the classification. The incumbent remained in this position until recently when he was transferred to project management. In the

13 Interview with members of the Classification Committee.
three years that the incumbent had the position there was not a sufficient change in job content to warrant a reclassification of the job. However, when the vacant job was posted it had been reclassified to a grade 11. The new incumbent who had been a grade 10 was promoted to this position as a grade 11. The job content remains the same as do the duties and responsibilities. The question arises, "Is the present position undergraded or was the position at grade 13 overgraded?"

The question poses a dilemma. Assuming that there was no change in job specifications, duties, responsibilities or content, the position originally was overgraded because of the incumbent in the position. Later it was brought into line with other positions of the same comparative duties, namely those of Associate Accountant - budget, grade 9, Budget Analyst-Development, grade 10, and Budget Aide - grade 7. If there was a change in the duties and responsibilities it could not have occurred in the short span of one week which was the time involved between vacancy and promotion. The fact remains though that the only thing changed on the job description was the grade. All else remained the same.

The last position, Budget Aide-grade 7 is four grades removed from the supervisory position of Budget Officer but the Budget Aide assumes responsibility for action in the
absence of a supervisor.

When the present incumbent of the position of Budget officer was promoted, his position, Management Advisor, was not filled. The position was abolished, showing that it was an unnecessary position. The former budget officer was transferred to a newly created position, that of Assistant to the Director of Management, at the same grade level. This position is not listed in the Manual of Position Descriptions even though the position has been occupied for almost six months, which means it has not been analyzed and described.

Recently, two positions of assistant manager were posted. Both were positioned in the general schedule as grade 3. One of the characteristics of the class is to assist in projects of less than 1000 units. Both of these positions were for projects with more than 1000 units. One was for a project with 1500 units which is a class characteristic of a grade 10 assistant manager. The other was in a project of over 3000 units which is the class characteristic of a grade 12. When the first position was filled, the individual who was selected was a grade 11 and now occupies the position as a grade 11 that was posted as a grade 9 and was evaluated at a grade 10. The other position was filled at the Grade 9 level.

Although the examples have been limited it must not be
assumed that these are the only ones. These examples have been given to afford some basis for the observation that the individual is rated rather than the position.

Unless there is strict adherence to a point rating system of job evaluation, there will develop inconsistencies in application as noted above. To use any system of job evaluation inconsistently or with concern for the incumbent of a position leads to an evaluation based on the individual rater's subjective attitudes. Subsequent destruction of the complete classification system ultimately follows. It becomes something to point at as giving the semblance of a system. Benge, in rejecting the use of the point rating system says, "Its principle advantage is that its application can be readily explained... provided they (employees) don't pry too much into its construction."14 "And its application", might be added.

RECLASSIFICATION

In an administrative circular dated February 11, 1958, procedures were set down for reclassification of a position.15 The circular reads in part, "In adopting the new Schedule of

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14 Benge, p. 13.

15 Memorandum to all Administrative Employees, dated February 11, 1958.
Position Classification, it is recognized that duties, responsibilities, and job content of some positions are subject to change. Therefore a staff committee consisting of the Personnel Officer as Chairman and one senior member, other than a Department Director, from each of the Development, Fiscal, and Management departments is hereby established to review and recommend appropriate changes in position classifications below grade 12, except in the classification of Attorney."

All persons who believed their position was improperly classified as a result of the Business Research Study, submitted their request through their supervisor and, in turn, through the Department Director to the Personnel Officer and Classification Committee. Employees, supervisors, and Department Directors could request a reclassification. 16

In positions in grade 12 or above and in the position of Attorney below grade 12, reclassification was reserved to action by a committee composed of the Deputy Director, Personnel Officer and the individual's Department Director. Position Classification of Department directors was reserved to the Executive Director, with final approval given by the

16 Ibid.
Commissioners.

Sometime during 1959 the committee was unofficially dissolved. This dissolution came about through non-use of the classification committee. By virtue of an Administrative Circular issued in December, 1959, a new committee was formed. This committee consisted of the Personnel Officer, Deputy Director and the Department Director in whose department the position to be reclassified might belong. It should be noted that the original classification committee was dissolved with the issuance of this circular. There is no present reservation on positions of grade 12 or above and Attorneys under grade 12 being classified by a special committee. The present committee reviews all requests for reclassification. The author learned that the original committee was dissolved because of a lack of requests for reclassification and the consequent lack of need for a standing committee. The executive director continues to determine the position classification of Department Directors. This reclassification is subject to the approval of the Commissioners.

The reclassification procedure begins with a request for

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17 Administrative Circular No. 278 dated December 29, 1959.
18 Interview with Personnel Officer.
reclassification from the individual through his Department Director or from the Department Director to the Personnel Officer. The staff committee reviews the requests and may invite appropriate employees to submit additional information. The recommendation of the committee is submitted to the Executive Director for review and decision. The incumbent of the position, on the request of his Department Director, will have his salary adjusted to conform to the new classification, "except that where an incumbent is not currently eligible for up-grade classification, and/or does not possess demonstrated merit for such up-grading, he may, at the discretion of the Executive Director, be transferred to another position in which he qualifies or be permitted to continue at his current salary, as a trainee, until qualification and merit are gained." 19

Provisions here are made for reclassification of a position which admittedly seldom occurs. The bases for reclassification are changes in job content, duties and responsibilities as measured against a point rating system developed for use in rating all positions except that of Executive Director and Deputy Executive Director.

19 Administrative Circular No. 278 dated December 29, 1959.
In analysing the administrative circulars governing present and past reclassification procedures which were inaugurated upon completion of the Business Research Study and were based on its findings, it becomes obvious that the trend is toward classification of individuals rather than positions.

Assuming that all positions and not incumbents were initially classified to a grade structure according to a point rating system, the administrative circulars would preclude further use of the scale. Even though a position may be reclassified upward or downward by using the point rating system, the decision to reclassify is reserved to the Executive Director. Therefore an upgrading or downgrading may be prevented by an adverse decision completely contrary to a decision based on evaluation.  

The reservation may be based on individual prejudice toward the incumbent. The philosophy behind any job evaluation system is to remove as much as possible human error in judgement. Using a semi-scientific measuring device, as the point rating scale is, the attempt is made to remove this possibility of error in judgement. However, we find that it

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20 Ibid.
is reduced at one time through use of the system and then increased at another through adherence to the Administrative Circulars. Therefore it seems superfluous to have it in the first place.

If a point rating scale is to be spoken of as the basis for equitable distribution of positions on a grade schedule according to relative responsibilities and duties of the positions, then the basis should be applied equally in all cases. Anything less turns consistency into disorder. A company that is disorganized cannot function as a unit to achieve the purpose of its existence.
CHAPTER III

ANALYSIS OF CURRENT SALARY ADMINISTRATION
(CONTINUED)

SALARY STRUCTURE

Before entering into an explanation of the Salary Administration for Administrative Employees, the salary structure will be examined briefly; analyzed to determine its internal consistency; and compared to prevailing wage rates in the community.

Hay states, "A Salary Grade may be defined as a convenient grouping together of jobs of nearly the same difficulty and assigning one salary, or a range of salaries to all jobs in that particular salary grade."¹

As indicated earlier, there are twenty grades to which, according to the level of duties and responsibilities, a position may be assigned. These grades form the basis for the salary payment policy of the Chicago Housing Authority. Table III shows the actual monthly and annual salary paid for each of the salary grades exclusive of longevity payments. The first of the two grouped numbers is the monthly salary.

Positions are assigned to the grade structure on the basis of the point rating scale.

The structure of salaries as seen in Table III consists of twenty grades each with five steps. The basic philosophy of the range of rates over the single rate system of payment is that individuals progress at varying rates and should be compensated for their increased proficiency. In the present structure allowance is made for this in-grade progression.

The dollar difference between steps is approximately equal within each grade. For grade one the monthly differential is twelve dollars. The higher on the grade schedule a person reaches, the greater amount of money per step he receives. If he reaches grade 11 step 1, his next increase would be twenty-seven dollars to step 2. If, for example, a twelve dollar increase per step was retained throughout the wage structure, a person at grade 20, step 1 would not even realize he received an increment when promoted to step 2 because of its minuteness when compared to his salary. A structure in which this existed would render rate ranges meaningless.

To offset this and to provide for equitable increases for all employees regardless of grade the current salary structure was developed by using a constant percentage increase.
### TABLE III

**SCHEDULE OF JOB GRADES AND SALARY RATES**

<table>
<thead>
<tr>
<th>GRADE</th>
<th>Step 1 Minimum</th>
<th>Step 2 6 months</th>
<th>Step 3 1½ years</th>
<th>Step 4 2½ years</th>
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TABLE III (continued)

SCHEDULE OF JOB GRADES AND SALARY RATES\(^a\)

<table>
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<th>GRADE</th>
<th>Step 1 Minimum</th>
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\(^a\)Chicago Housing Authority
The differential from minimum to maximum is 18 per cent for grade 1, 19 per cent for grades 2 to 9, and 20 per cent for grades 10 to 20. By including longevity rates, the minimum to maximum range differential shows almost a 50 per cent increase for all grades. This is spread in a steady increase in percentages from 35.9 per cent in grade 1 to 39.1 per cent in grade 20.

The salary structure can also be looked at in two other ways, namely, the percentage difference of in-grade progression steps and the percentage difference between simultaneous steps in adjacent grades. With reference to the percentage difference of in-grade progression steps, an analysis reveals almost a constant percentage hovering around 4.7 per cent with minimums of 4.4 per cent and maximums of 5.1 per cent. This percentage range difference actually is negligible.

The second method of analysis, the percentage between simultaneous steps in adjacent grades, reveals a straight 7 per cent difference from the lower grade to the higher at any given step. For example, at step 5 of grade 3, the monthly salary is $348. For the corresponding step in grade 4, the monthly salary is $375. The percentage difference is 7 per cent.

From this brief analysis of the structure some evidence
of consistency in actual salary payments can be discerned. A trend line that might be plotted using the mid-point step would be a slightly curved line as would one using either the minimum or maximum of the grades.\(^2\) The reason for the curvilinear line is the fact that the monetary increase is not constant but rather increases the higher up the grade schedule a position is. If the mid-point line were plotted on semilogarithmic paper the resulting line would be straight because the percentage increase is constant.

**OVERLAP**

Although there is internal consistency in the structure, there is a certain amount of overlap between ranges. Overlap means that 2 employees in different grades can be earning the same amount of money. Overlap, reasonably existing, can be justified in most cases. One basis for justification is that an experienced worker of a lower class is worth more than an inexperienced worker of the next higher class.\(^3\) The principal weakness is the occasional case where a superior ranking individual may have, as his subordinate, a person whose pay is higher, at least temporarily.\(^4\) In the salary structure of

\(^2\)See Table IV (Comparison of the Level of Salary Schedule).


the Chicago Housing Authority overlap definitely exists not merely in the adjacent grades but extending to the second grade up on the structure. While in itself overlap in grades under the supervisory levels might be tolerated, when this overlap extends to supervisors, it seems to distort the general consistency of the structure. In the Chicago Housing Authority, the supervisory level generally starts at grade 9. A few examples will prove the existence of overlap in this area.

A Senior Auditor is supervisor of 5 field auditors. This Senior Auditor is classified at grade 10 step 3. A field auditor, whom the Senior Auditor supervises, is responsible for, and rates as grade 8 step B longevity.

The purchasing agent, a grade 14 until recently reclassified as a grade 16, supervises the work of a Contract Administrator grade 14 step C. The purchasing agent is at step 3 in grade 16. Here again the supervisor must be responsible for and rate a subordinate who is receiving more remuneration than he.

The implications are evident. Either there is a lack of desire to supervise or, in being supervised, the person resents the act of supervision. In both cases the extended service of the employee is brought to bear on the supervisor.
The supervisor has the responsibility for the proper functioning of the whole department. It appears logical and equitable that he should receive more in remuneration than the highest paid employee in his section.

In the area of project managing this fact of people who are supervised receiving more compensation than the supervisor is very real. Although authorities in the field of wage and salary administration frown on evaluating white collar jobs and trade jobs together some general evaluation of the areas of responsibility must be analysed.

Managers are responsible for the overall functioning of their projects from rent collection to rubbish disposal. Project managers' positions are graded to grades 13, 14, 15, and 16. Under their supervision, are Building Trades Personnel, and General Maintenance Personnel.

Although the manager assumes full responsibility for the operation of a project, it is not uncommon for building trades people to be compensated at a higher rate of pay. Bricklayers, carpenters, glaziers, pipefitters, plumbers and plasterers are all earning more than some managers of projects to which they are assigned.

These are some listed inconsistencies in the system. They cease to be inconsistencies or inequities, however, when
responsibility for supervision is overlooked. This seems to be the method used at present. Needless to say, responsibility for successful operation should be one of the prime considerations of equitable remuneration.

SALARY LEVEL

Figure I shows the comparison of the salary level of the Chicago Housing Authority with that of the City of Chicago. The general wage level of the Chicago Housing Authority is above the wage level of the City of Chicago until the upper end of the salary schedule is reached.\(^5\) The slope of the line of the City of Chicago's salary schedule indicates a constant percentage differential from minimum to maximum in each class grade throughout the salary schedule. In terms of percentage the constant percentage in all grades from minimum to maximum is 21 per cent. The varying percentage increases from a 10 per cent differential between the lower grades to a 21 per cent differential between the upper grades.

Below is a listing of occupations or positions for comparative evaluation of the salary level. The positions indicated are most nearly identical in job content and duties

FIGURE I

COMPARISON OF SALARY LEVELS OF THE CHICAGO HOUSING AUTHORITY AND THE CITY OF CHICAGO BASED ON 1959 SALARY SCHEDULES
as described by Bureau of Labor Statistics. The Occupational Wage Survey excludes public agencies from its sample. For the purpose of comparison, the "non-manufacturing" category will be used. Also the salaries of the Chicago Housing Authority and the City of Chicago will be median salaries rather than mean. The slight difference will not affect the general comparability.

TABLE IV

COMPARISON OF SALARIES OF SIX SELECTED POSITIONS

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<thead>
<tr>
<th>Positions</th>
<th>WEEKLY SALARIES</th>
</tr>
</thead>
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</tr>
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</tr>
<tr>
<td>File Clerk-Class B</td>
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</tbody>
</table>

Source: <sup>a</sup>Chicago Housing Authority; <sup>b</sup>City of Chicago; <sup>c</sup>Bureau of Labor Statistics.

As can be seen, the salaries are much higher for the Chicago Housing Authority than the average indicated by Bureau of Labor Statistics' figures. In one instance it is 29 per cent higher. Therefore, it seems, the problem is not the wage level but the inconsistency of correlating positions with grades.

Rarely are there signs of any discontent with the salary level. The representative union of the administrative workers admits that the general salary level of the Authority is higher than that found in comparable agencies.7

SALARY ADMINISTRATION

The actual administration of the apportionment of the total payroll to the employees is relatively simple once the initial hurdle of Classification is past. Positions are classified as stated above and related to the wage structure. The administration of the Salary plan entails only initial appointment, promotion, reduction and in-step progression. Each of these will be discussed in turn. Movement in any of the four areas is governed by the Manual of Personnel Procedures.

7 Interview with Business Agent of the Building Service Employees International Union, Local No. 73.
According to the Manual of Personnel Procedures, all appointments to a position will be made in the initial step of the grade allocated to that position. To attract personnel of higher caliber or if the labor market is such that personnel cannot be induced to enter employment at the base rate, provision is made to recruit in a higher step than the initial or base rate of the grade. On occasions such as these, the Executive director must give prior approval. At one time when there was a crash hiring program for Community and Tenant Relations Aides, approximately 40 per cent were hired in in-grade steps other than at the base rate. These were subject to approval by the Executive Director and ratification by the Commissioners. Normally, Commissioner approval is on an after-the-fact basis.

Employees who are hired at higher than base rates are placed on six month's probation. This probationary period extends to all new employees regardless of starting step. However, persons who began employment at the base rate are advanced to step two and attain permanent status upon satisfactory completion of their probationary period. Other new employees upon completion of their probationary period attain

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permanent status only. Their next increment comes on their anniversary date, one year later, upon satisfactory completion of that year. Progression in grade is contingent thereafter on satisfactory performance in the position. Increments are effective on the first day of the pay period in which their anniversary date falls.9

When a position is upgraded or an employee receives a promotion and is earning less than step 4 of the new grade he is placed at the next higher salary step in the new grade. His anniversary date will not be changed and he will receive his next increment on his anniversary date. For example, the author was a grade 8 step 3 and was eligible for his next increment to step 4 on July 1, 1959. However on June 1, the author was promoted to grade 9 but at step 2, because the step 1 salary was less than his current salary. Then on July 1, the anniversary date, he received his increment to step 3 of the new grade. Even if he had not been promoted, he would have received an increase to step 4, grade 8.

In the event an employee is earning more than step 4 but less than step 5 of the new grade, he will be placed at step 5 upon reclassification or promotion. His anniversary

9Administrative Circular, number 183, January 14, 1958.
date is changed to correspond with the appointment to the new grade.

When an employee is demoted or reclassified to a lower grade for reasons other than for unsatisfactory performance, his salary is adjusted to the step-rate of the lower grade which is nearest in amount to, but not more than the salary he has been receiving. ¹⁰

After reaching step 5 in in-grade progression an employee becomes eligible for increases under the longevity rates which are designated Steps A, B, and C. The employee is eligible for step A after six years of continuous service and one year at the maximum rate. Eligibility for step B begins after ten years of continuous service and one year at longevity rate A. Step C is attained after sixteen years of continuous service and one year at longevity rate B.

In-step progression can occur with continuous employment at intervals of six months, one and half, two and a half, and three and a half years. The requisite for this increment is "Satisfactory Service". In other words, based on a supervisor's evaluation of an incumbent's performance, an increase may or may not be given. This is what the Personnel Officer


One month prior to the employee's anniversary date, the personnel department prepares the employee evaluation form and sends it to the supervisor of the employee. The supervisor rates the employee and then discusses the employee's performance with him. If the employee sees the evaluation form, he indicates it by signing the form.

The form allows for four ratings although now only two are to be used. They are Satisfactory and Unsatisfactory. Comments must be added in the form of supportive evidence if the rating is other than satisfactory. Limitation is placed on a supervisor by permitting him to rate only 10 per cent of his employees as Satisfactory plus.

Merit increase is an adjustment for improved quality and/or quantity of work, according to E11s. It is based on the theory of rewarding individuals for improvement. By allowing only satisfactory or satisfactory plus as the basis for increment we approach what might be a seniority schedule

11 Interview with Personnel Officer.

12 Administrative Circular, Number 277, dated December 21, 1959.

13 E11s, p.3.
or an automatic progression plan. Any employee who achieves a satisfactory rating receives an increase. The keynote in merit-rating is the word improved.

If a merit plan were in operation, as claimed, most salaries would tend to be at the normal or mid-point of the salary range. This is based on the reasoning that "all employees may be expected to reach the midpoint of the range." In a sample consisting of 107 employees forty-five or 42.4 per cent were below the mid-point, two or 1.8 per cent were at the mid-point and fifty-nine or 55.6 per cent were above the mid-point. If the median is considered the normal wage for the grade, the Chicago Housing Authority has many above average employees and the trend will be toward an enlarging of this number. If the maximum of the grade is considered normal, there is no existing merit progression system but an automatic progression system.

SALARY SURVEY

The Housing Authority has initiated at least three Salary surveys since 1951. The results of the latest survey

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15This sample was drawn by the author from the Personnel Files with the assistance of the Personnel Officer.
are not yet available. The Authority participates in Statewide surveys of the Illinois Department of Labor. Wage surveys cannot be said to form the basis for the general level of wages because they are infrequently conducted. There is no correlation between the surveys and the general salary increases. Also the level of salaries is considered higher than in other agencies by the Commissioners, Unions, and Employees.

GOVERNMENTAL LIMITATIONS

In providing direction to the Chicago Housing Authority; the Public Housing Administration commented on March 7, 1957, the existing schedule is so severely distorted as illustrated by the high degree of overlapping of salaries among grades as to practically nullify the salary grade system. To remedy the situation, the Federal agency authorized the Housing Authority to engage Business Research Corporation to study the problem. After the system was installed (Business Research Corporations proposed salary schedule was used). The Public Housing Administration wrote, "that a schedule of salary step extended from the mid-point of the schedule but not exceeding the proportions used by the City was approvable. The maximum

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16 Letter from the Regional Director of the Public Housing Administration to the Chicago Housing Authority, March 17, 1959.
spread should be no more than 21 per cent and the same time periods for progression in-grade should be used.¹⁷

This shows that there is limitation only in the direction traveled. The Federal Agency permits great latitude, in most cases, in formation and application of policy and procedure.

The salary administration of the Chicago Housing Authority has been discussed above in detail. The inception of the entire program was not without some direction. As was pointed out in the Introduction, the Chicago Housing Authority, limited some of its powers by entering into the Annual Contributions Contract. We will examine briefly the extent of this limitation as it pertains to our subject's relationship with the Public Housing Administration.

The Contract requires that all local Authorities maintain a statement of personnel policies. It directs that this statement should be "comparable with pertinent local public practice."¹⁸ Generally the statement of policy should include job titles and specifications, salary and wage rates, weekly hours of work and leave regulations.¹⁹

¹⁷Letter from the Regional Director of the Public Housing Administration to the Chicago Housing Authority, March 17, 1959.

¹⁸Section 307, Annual Contributions Contract, October, 1957.

Section 501.3.4 of the Low-Rent Housing Manual directs that a "schedule of salary and wage rates for local Authority employees, except maintenance and certain other employees whose wages are determined pursuant to the contract, shall be established." These rates should be comparable with compensation practices of other public bodies for positions similar in responsibility and required competence.

These are not limitations in the strict sense of the word but are guide lines along which to develop a personnel policy.
CHAPTER IV

EVALUATION OF SALARY AND WAGE ADMINISTRATION

The administration of the salary structure has been discussed in detail. The question that must be asked now is "Does the structure have any similarity to theory and practice existing in the field of salary and wage administration?" To answer the question we will compare it piece by piece to current theory and practice.

The first step to attain a sound structure when using a job evaluation method as a basis for administration is job analysis. Job analysis entails the concrete appraisal of job content. This must be an objective analysis of the duties, skills, knowledges, responsibilities, effort and working conditions of the job. These factors are existent in the job and against these can be measured the individual applicant for a job. Skillful job analysis results in accurate information about the job. It answers the question, "What the worker does?, How he does it?, and, Why he does it?" Otis

\[1\] Otis and Leukart, p. 213.
and Leukart remark that, "As refinements in the job analysis process are made, the accuracy of wage and salary payments will increase."²

From the analysis of a job, a description of the job can be written. This will identify, define, and clearly describe the job to be rated. Job specifications are written descriptions of the skill involved and the physical demands of the job. It is here that is found the basis and the justification of values that will be assigned to each job factor used in the evaluation of the job.

These three areas form the background of job evaluation. They are used in assigning values to jobs. However, the position description is all that is used in the Chicago Housing Authority in evaluating a job at the present time. Position descriptions vary both as to format and content. Otis and Leukart point out, "Careful attention to style points also will increase the accuracy of the description and will tend to make it more precise".³

Initially, when the jobs were classified overt attempts were made to place all positions in an equitable relative

²Ibid., p. 11.
³Ibid., p. 273.
standing. But, when no provision for adequate analysis as a continuing process is made, the system deteriorates. The job analyst cannot depend on supervisors to inform him of change of jobs. He must, like a reporter, search out the information himself. 4

The point rating system is one of the more commonly accepted systems of rating job. Unfortunately no one has succeeded in establishing an absolute method of wage determination through job evaluation. 5 All systems are relative based on the hypothesis that a job of great difficulty merits more pay than one of little difficulty. The point rating system as any other system of job evaluation is designed to rate jobs according their relative worth. The fact that it is the most commonly used method of job evaluation attests to its acceptance and usefulness. However, the rating scales can be no more accurate than the judgment of the evaluator in finding the correct step on the scale. 6 This does not detract from its

4Edward H. Dare, How to Pay for Work, (Privately Printed, New York, 1952) p. 36.


usefulness because with training a rater can apply his concepts consistently and arrive at consistent results.

The Personnel Officer of the Chicago Housing Authority is supposed to analyze and evaluate all jobs for reclassification. This evaluation by one person or even a committee of persons could tend toward consistency. Under the present system however, there is little possibility of consistent application of principles. The two standing members of the committee may rate consistently but the third member, the Department Director, might tend to become subjective in his rating and rate the employee rather than the job. The Deputy Director, although he may eventually rate positions consistently through practice is also far removed from the position which he is to classify. In addition, the inadequate job descriptions that are used, do not aid in arriving at an accurate understanding of the job. The Personnel Officer, therefore, is the only member of the committee who may have knowledge of the job to enable him to rate and evaluate a position. The result is inaccurate evaluation of the position.

In theory, the point rating method of job evaluation is used ultimately to apply the rated position to a grade structure which is also the basis of the salary schedule.

The grade system, is a twenty grade structure. Each
position is placed somewhere along the structure depending on its rated relative worth in the company. In outside practice, the number of grades vary anywhere from six to thirty. The City of Chicago maintains a twenty grade system. The Tennessee Valley Authority reduced their twenty grade system to a thirteen grade system, maintaining, "It permits greater flexibility in work assignments and a more efficient use of employee skills; it avoids overlapping grades and results in better understanding of the structure." Actually the establishment of grades should be done with a view to including all the jobs in the organization in the grade system so that the relative variances in difficulty and responsibility are recognized easily. The author believes that the present twenty grade structure could be utilized to accomplish this.

In discussing the schedule of pay ranges earlier, it was explained that the spread between minimum and maximum represented approximately a 4.7 per cent difference per step. A varying percentage was shown between grades from 18 per cent to 20 per cent. There is also a constant percentage difference of 7 per cent between simultaneous steps in adjacent grades.

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Benge, Burk and Hay point out that the grade schedule should be constructed in such a way that the ratio between mid-points of adjoining grades should be constant. The width of the salary range varies in industry from a minimum of 20 per cent to a maximum of 50 per cent. A range of less than 20 per cent will not provide sufficient incentive, according to Smith and Murphy. It is becoming more common for a company to allow a 20 to 25 per cent spread at the lower end of the scale and 30 to 35 per cent at the upper end. The differential between grades should be sufficient to recognize differences in the job classes.

The City of Chicago's salary structure is very similar to the Housing Authority's. The percentage differences, however, end the similarity. The range spread of the Authority is 18 to 20 per cent from lowest to highest grades, whereas in the City's structure the range spread is from 10 per cent to 21 per cent from lowest to highest. The grade differential is a constant 21 per cent as contrasted to the 7 per cent of the Housing Authority.

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8 Benge, Burk and Hay, p. 134.


10 Belcher, p. 289.
The Public Housing Administration pointed out that the Housing Authority could adopt a salary schedule not to exceed the minimum to maximum percentage spread of the City of Chicago and keep in line with the percentage difference of 21 per cent between grades.

When comparing the salary schedules we find that the Authority salary levels are higher in the lower grades but lower in the higher grades than the levels of the City. The City also has no positions classified in grades one and two. The comparable position of office boy is classified as a grade three by the City and grade one by the Authority. This position is the lowest described position in either agency. The salary of the two positions is almost the same. Therefore the starting grade salary of the two structures are about equal. The curve, then, of the resulting salary lines shows a marked difference and faster progression. This in turn makes for increased incentive on the part of the employee because when he receives a promotion, he receives a fair increase in salary. Under the Authority schedule a promotion might bring as little as five dollars a month or less than a one per cent increase. This type of increase tends to destroy initiative and induces complacency.

The structure of salaries shows a wide degree of overlap.
Normally overlap is the result of wide ranges.\(^{11}\) We have pointed out that the overlap is caused by improper classification which allows for supervisors to be closely rated to the subordinates he supervises. Not all overlap, however, concerns supervisors. In fact, overlap is most prevalent in non-supervisory positions primarily because there are more non-supervisory personnel. It is recognized that some overlap is necessary but when it extends to the area of the supervisor's relation to the one supervised, some concern is felt.

The trend of company practice is toward the reduction of overlap as much as possible.\(^{12}\) Complete elimination of overlap seems impossible unless the grade spread would be so narrow as to approximate a single rate system. Belcher says, "it would appear best to attempt to eliminate overlap not between adjacent grades, but between non-adjacent labor grades.\(^{13}\) For example, grades 1 and 2 may overlap but not grades 1 and 3, and so on.

The City of Chicago's Salary structure has done just what has been described above regarding overlap. The maximum rate for grade 1 becomes the minimum rate of grade 3. The

\(^{11}\) Belcher, p. 291.
\(^{12}\) Ibid.
\(^{13}\) Ibid, p. 292.
maximum of grade 3 becomes the minimum of grade 4, and so on. This virtually eliminates overlap where supervisors are concerned because the relative rating would not class a supervisor in the grade adjacent to the grade of any person he might supervise.

In the event of overlap existing in the upper ranges where a department director or supervisor is concerned with supervision of a person earning more than himself it seems that one or the other jobs should be analyzed to determine if it is properly placed in the structure in terms of overall relative worth.

The preceding discussion has centered around the factors that pertain to the development of a structure as a basis for Administration of a Wage Administration Program. The actual administration of the wage payment is standard once these other factors are obtained. Each person is paid according to the wage at which his position is placed on the grade structure.

To maintain up to date salary levels comparable to other local agencies, the wage survey is conducted. In this survey certain positions are checked to determine if these positions are paid the same, or about the same, salaries as paid in other places. The position description is most important in this
area because of the need for comparing most nearly identical positions in the various agencies. Recently, a survey has been conducted by the Housing Authority but the results are not available as yet. This survey may be very inaccurate in as much as poor descriptions were used. There seems to be no correlation between the time of wage adjustments and salary surveys in the Chicago Housing Authority.
CHAPTER V

WAGE ADMINISTRATION AND MAINTENANCE PERSONNEL

Wage administration of maintenance personnel is not performed within a framework of manualized procedure or policy. It has been pointed out earlier that under the terms of the Annual Contributions Contract, schedules of salary and wage rates for all employees except maintenance and certain other employees whose salaries or wages are determined pursuant to the contract shall be established. Notice the exception of the maintenance employees from the formalized personnel procedures concerning wage rates.

Maintenance employees are all active union members. In recruiting new personnel, the Chicago Housing Authority hires only personnel who are recognized members of a union of their trade. This applies to all maintenance personnel except the exterminators and janitors who join upon employment. There are at the present time personnel of twenty different unions employed.

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1 Section 501.3.4 Low Rent Housing Manual.
The building trades unions are the most numerous. Of these the carpenter’s, pipefitter’s, plumber’s, and painter’s unions contain a larger number of members than any of the other unions. Most projects have at least one member of each of the mentioned unions as permanently assigned to the maintenance staff. Bricklayers, electricians, glaziers, plasterers, plasterers helpers, ironworkers, roofers, pipe layers, and common laborers are fewer in respective numbers and, although permanently employed, are utilized on an as-needed basis in project maintenance. Boiler room engineers and firemen are members of the International Union of Operating Engineers and the International Brotherhood of Firemen and Oilers, respectively. The one truckdriver is a member of the State and Municipal Teamsters and Chauffeurs Union. Three exterminators belong to a Local of the Building Service Employees International Union but not to the same Local which represents the Administrative employees. The union with the largest single representation is the Chicago Flat Janitors Union, another Local of the Building Service Employees International Union. There is a great cross section of union membership.

There is not one agreement existing between the Chicago Housing Authority and any of the unions which represent the
maintenance personnel. There are no formal negotiations entered into by the Housing Authority. Informal negotiations are carried on by the unions and the Executive Director through the Labor Coordinator. This informal negotiation normally is concerned with grievances and jurisdictional arguments.

How are the wages of maintenance employees determined and the plan administered? Each year the Chicago and Cook County Building and Construction Trades Council publishes the wage rates per hour that have been negotiated elsewhere in the city and county. The Labor Coordinator is responsible for notifying the personnel department and the payroll department of any adjustments in hourly rates. These adjustments are then made.

Two factors enter into the Chicago Housing Authority's acceptance of the wages as set by an outside agency. One has been mentioned, i.e., Public Housing Administration's exception afforded to the maintenance employees. The second is found in federal legislation. This is the Davis-Bacon Act of 1931 which provides for the payment of the prevailing wage rates on Federal Construction Contracts in excess of $2000. In as much as the Housing Authority has its construction contracts guaranteed by the Public Housing Administration, a
Federal agency, the provision is extended to include the maintenance employees who might possibly be used in general construction. It seems that the prevailing rate of all maintenance employees in the community, as shown in the report of the Bureau of Labor Statistics, is somewhat lower than that paid by the Housing Authority to its maintenance employees. This fact again shows that the level of wages in the Authority is generally higher than the average wage rate of the community.

For job categories not represented by the building trades unions which seem to be paid lower than the prevailing rate, the representative unions direct correspondence to the Executive Director. This correspondence normally sets for the prevailing wage rates for the particular occupation and contains a request for adjustment of the present wage to the prevailing wage. The Executive Director refers the matter to the Director of Management who is responsible for all project matters. The request is then turned over to the Labor Coordinator who initiates the necessary action. This action entails a request for wage adjustment approval from the Public Housing

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2See Table IV.
This agency utilizes its own wage surveys and that of other governmental agencies to determine the accuracy of the request for a wage increase. The compiled information is then forwarded to the Housing and Home Finance Agency—Public Housing Administration, Director of the Labor Relations Branch. When the request is approved, the approval is returned directly to the Housing Authority. The Personnel Department is notified and issues a confirmation wage change order to the payroll department. The payroll department makes the necessary changes in its records to effect the adjustment.

There is no provision in this procedure for collective bargaining, nor is it absolutely needed. The trend has been for the Chicago Housing Authority to accept all wage increases that are given through the unions' negotiation with other agencies.

With respect to fringe benefits an interesting fact develops in the area of pensions. The Annual Contributions Contract in section 307 (B) provides that, "The local authority may charge contributions for participation in a retirement plan for its employees to Development costs or Operating expenses where such plan has been approved by the Public Housing Administration or is required by law". This provides
for a non-contributory type pension plan.

Through local negotiations, pension plan contributions by the employer exist in the carpenters, iron workers, painters, glaziers, pipe fitters, plumbers, and roofers union. The employees belonging to these unions receive the negotiated base rate and the company contributes an additional payment to the union pension plan. In addition to the above unions most other represented unions, receive contributions to welfare plans. In those cases where the employees union does not have a pension plan, the employee must participate in the Authority pension plan. However, in this case the employee makes the full contribution with no contribution by the Authority.

Table V shows the base rate, welfare contribution rate and pension rate per hour for the occupations listed. The janitors, exterminators, and electricians are covered by the company plan.

In discussing actual wage, the additional payment for a welfare and pension plans must be included. Mention was made earlier of some project managers receiving less compensation than some of the trades people for whom they were responsible. By looking at Table V and multiplying the actual wage rate by 2080 hours, the average annual hours worked.\(^3\)

\(^3\)Based on a 40 hour work week.
the annual actual wage rate for a carpenter is $8216.00, for
a plumber, $8715, and for a glazier, $8507. Using mid-points
as representative for manager's salaries, a manager must be
in grade 15 before he will earn more than his highest paid
tradesman. It may be argued that the mid-point may not be
a good indication of salary, but a grade 14 manager will have
to be in step 4 and a grade 13 Manager in step 5 before he
will be compensated at higher rate than his tradesman. Most
managers are in the lower managerial grades.

We must remember that the maintenance employees of the
Authority work the year round. This is not indicative of the
criteria used in negotiating wage rates for the general con-
struction trades. The average building trades employee in
general construction is hampered primarily by weather. As a
result he rarely attains a full work year of 2080 hours. This
in part accounts for the relative height of his base rate.
However, maintenance employee rates in the Chicago Housing
Authority are the same as those paid to regular construction
employees, but Authority employees enjoy full employment and
do not have to bargain in any way for their salary level.

In one case, however, extenuating circumstances have
operated to bring the level of wages paid to Electricians more
in line with the average maintenance rate as reported by the
### TABLE V

**HOURLY RATES OF MAINTENANCE EMPLOYEES BY TRADE**

<table>
<thead>
<tr>
<th>Occupations</th>
<th>Chicago Housing Authority</th>
<th>Occupational Wage Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base Rate per hour</td>
<td>Welfare Rate</td>
</tr>
<tr>
<td>Bricklayer</td>
<td>4.075</td>
<td>0.075</td>
</tr>
<tr>
<td>Carpenter</td>
<td>3.75</td>
<td>0.10</td>
</tr>
<tr>
<td>Electrician</td>
<td>3.015</td>
<td>---</td>
</tr>
<tr>
<td>Ironworker</td>
<td>4.03</td>
<td>0.10</td>
</tr>
<tr>
<td>Plasterer Helper</td>
<td>3.15</td>
<td>0.075</td>
</tr>
<tr>
<td>Common Laborer</td>
<td>3.035</td>
<td>0.075</td>
</tr>
<tr>
<td>Painter</td>
<td>3.60</td>
<td>0.15</td>
</tr>
<tr>
<td>Glazier</td>
<td>3.89</td>
<td>0.10</td>
</tr>
<tr>
<td>Pipe Fitter</td>
<td>3.95</td>
<td>0.09</td>
</tr>
<tr>
<td>Plasterer</td>
<td>3.95</td>
<td>0.23</td>
</tr>
<tr>
<td>Plumber</td>
<td>3.95</td>
<td>0.09</td>
</tr>
<tr>
<td>Engineer 1</td>
<td>3.80</td>
<td>---</td>
</tr>
<tr>
<td>Engineer II</td>
<td>3.17</td>
<td>---</td>
</tr>
<tr>
<td>Fireman</td>
<td>2.84</td>
<td>---</td>
</tr>
<tr>
<td>Exterminator</td>
<td>2.15</td>
<td>---</td>
</tr>
<tr>
<td>Janitor</td>
<td>2.25</td>
<td>---</td>
</tr>
</tbody>
</table>

*aSource: Chicago Housing Authority and The Bureau of Labor Statistics.*
Initially, electricians were hired at the "A" rate, or that rate paid to construction work electricians, and at the "B" rate, or that rate paid to maintenance electricians depending on the type of union card held.

Because of a dispute regarding the use of electricians (between the union and the Authority), the Authority was remanded to a position of being able to hire electricians only at the "B" rate, or maintenance and repair rate, regardless of the type of card the union member held. Quite naturally, only electricians with "B" cards apply for employment. In as much as the project maintenance work is of a repair nature, it is equitable that the rate of pay is that of a maintenance electrician.

Further, let us compare the rates of an "A" electrician who has limitations of time inadvertently set on his work and of a "B" electrician who can work the full year. The rate of an "A" Electrician is $4.10 per hour with an additional three per cent an hour added to his Welfare Fund. A "B" Electrician of the Chicago Housing Authority is paid at a rate of $3.015 an hour and must pay for his own welfare fund. Contrast both rates with that given in the Occupational Wage Survey of Chicago which, in April, 1959, for a maintenance electrician,
It seems more realistic to accept the Bureau of Labor Statistics reported averages in as much as it depicts average rates for tradesmen working the full year in maintenance operations, rather than those that have partial employment. 4

Some effort should be made to equate the rates of hourly paid employees to the wage rates of the community for comparable jobs as in the case of the Administrative employees. Since the maintenance personnel are employed as such, they should be compensated as such.

4See Table V.
CHAPTER VI

CONCLUSION

We have discussed the various factors affecting the compensation policy of the Chicago Housing Authority. Normally under the classification system, the company arbitrarily sets up job levels or grades. Based on executive opinion, it assigns each job to some grade.

In the Housing Authority, a number of attempts have been made to remove the executive opinion from the classification process. We have seen a system of classification dating back to 1951 evolve to a realization of a need for a more formalized attempt at equitable classification on an objective basis.

Upon objective analysis, the present classification system was installed. However, even at this point there remained traces of executive opinion as we have seen. Executive opinion has now almost completely replaced objective evaluation.

Unless objectivity is retained in classification, the basis for equitable wage administration deteriorates or regresses. It will stop regressing when there is complete
re-substitution of executive opinion.

When wages were set initially they were set by an edict of management. There is nothing wrong with this type of wage policy. The problem arises when a formal method of paying for the relative worth of the job is installed but followed only in certain cases.

Inequities arise that become unexplainable. The attempt then is to hide behind this rather formal method of job evaluation which at first sight is complex and not understandable. The answer to any question about classification leads to confusion, because of its apparent complexity to the average employee. The individual does not even remember what his question was about.

When pointing to an elaborate system that was installed primarily to forestall criticism and secondarily to equate positions, the people extolling the system should use it as it was intended. If it will not be applied in the same way to all employees, then it is worse than having no system at all, and may lead to a breakdown of morale.

If continued executive opinion is to be primary determinant for some positions in the schedule, it would be better to use executive opinion for all positions. Employees seem more willing to accept a decision if it is definite and
applies to everyone. But if indecision and unequal application exist, employees tend to react very differently. Morale may become lower, incentive stifled, and complacency set in. People with initiative tend leave to be replaced by more docile employees.

Accurate figures on the turnover ratio are not available because it is not considered to be necessary. However, in one division alone in one year there was a fifty per cent turnover not including two individuals who were promoted. This division has an operating force of seventeen people. This division is considered semi-professional. Most of these people left because of the indecision rampant in programming the work of the division and because they felt the remuneration for their work was insufficient in comparison to that received by other less trained, less specialized people.

The less tangible factor, morale, is difficult to measure. Very few people feel that the general morale is high. Those that do are in the executive positions. A vocal attempt now is being made to instill a sense of teamwork in the organization. This might possibly be an indication that the low level of morale has been noticed by the executives. Even so, teamwork cannot be achieved nor can morale be increased by merely talking about them. Plans must be made which must
include an investigation of all the factors that contribute to increasing teamwork and morale. Thus far no attempt has been made in this direction.

Adequate equitable salary is one of the prime motivations for employees to continue performing adequate work. Most assuredly, it is not the only motivating factor. But, if inequities, real or imagined, arise in this area, one of the prime concerns of the employees is jeopardised.

To sustain a growing organization and to be able to defend against internal and external criticism, certain steps must be taken. One of these might very well be to adjust the basis for the Salary Administration program. In doing so, the employees will begin to see that talk has turned to action. Internal criticism could be turned to praise which, in turn, will help offset external criticism. A growing organization needs people with initiative.

The whole structure, including salary administration, must provide for the full development of these people.

Not to realize the seriousness of the situation in this one area, means that possibly other areas are overlooked. Unless some thought is given to adjusting the basis of the salary administration, no amount of pointing to a higher comparable level of salaries will prove satisfactory to persons
becoming increasingly aware of existing inequities in the apportionment of the payroll.
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The thesis submitted by Raymond Joseph Meyer has been read and approved by three members of the faculty of the Institute of Social and Industrial Relations.

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated and that the thesis is now given final approval with reference to content, form, and mechanical accuracy.

The thesis is therefore accepted in partial fulfillment of the requirements for the Degree of Master of Social and Industrial Relations.

June 1, 1960

Date

Signature of Advisor