

- 10-17. Our company now uses a point method to evaluate jobs for pay purposes, and each resulting job class also has a rate range associated with it. Sales associates are now paid a salary, not based on incentive pay. List three specific things we can do to ensure

that a similar problem (inequitable pay based on gender) does not arise again, assuming they continue using the point plan.

- 10-18. What sort of compensation plan would you recommend for us, and why?

HR IN ACTION CASE INCIDENT 2

Carter Cleaning Company *

The New Pay Plan

Carter Cleaning Centers does not have a formal wage structure nor does it have rate ranges or use compensable factors. Wage rates are based mostly on those prevailing in the surrounding community and are tempered with an attempt on the part of Jack Carter to maintain some semblance of equity between what workers with different responsibilities in the stores are paid.

Carter does not make any formal surveys when determining what his company should pay. He peruses the want ads almost every day and conducts informal surveys among his friends in the local chapter of the laundry and cleaners trade association. While Jack has taken a “seat-of-the-pants” approach to paying employees, his salary schedule has been guided by several basic pay policies. Although many of his colleagues adhere to a policy of paying minimum rates, Jack has always followed a policy of paying his employees about 10% above what he feels are the prevailing rates, a policy that

he believes reduces turnover while fostering employee loyalty. Of somewhat more concern to Jennifer is her father’s informal policy of paying men about 20% more than women for the same job. Her father’s explanation is, “They’re stronger and can work harder for longer hours, and besides they all have families to support.”

Questions

- 10-19. Is the company at the point where it should be setting up a formal salary structure based on a complete job evaluation? Why?
- 10-20. Is Jack Carter’s policy of paying 10% more than the prevailing rates a sound one, and how could that be determined?
- 10-21. Similarly, is Carter’s male–female differential wise? If not, why not?
- 10-22. Specifically, what would you suggest Jennifer do now with respect to her company’s pay plan?

EXPERIENTIAL EXERCISE

Ranking the College’s Administrators

Purpose: The purpose of this exercise is to give you experience in performing a job evaluation using the ranking method.

Required Understanding: You should be thoroughly familiar with the ranking method of job evaluation and obtain job descriptions for your college’s dean, department chairperson, director of admissions, library director, registrar, and your professor.

How to Set Up the Exercise/Instructions: Divide the class into groups of four or five students. The groups will perform a job evaluation of the positions of dean,

department chairperson, and professor using the ranking method.

- 10-23. Perform a job evaluation by ranking the jobs. You may use one or more compensable factors:
- 10-24. If time permits, a spokesperson from each group can put his or her group’s rankings on the board. Did the groups end up with about the same results? How did they differ? Why do you think they differed?

ENDNOTES

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