

# WAGE AND SALARY STRUCTURE IN ASIAN CONTEXT (2)\*

By MASUMI TSUDA\*\*

## I. *Wage Structure in Private Undertakings*

### 1. Uniformity of Wage Structure

In many of Asian countries, it is found that there are very few company-wide, inter-company or inter-industry uniform wage structure. In Hongkong, for example, it is observed that most wages are customarily fixed by individual verbal agreement with employers and wage levels are probably affected to a greater extent by the supply and demand of labour than by systematic collective negotiations on the basis of productivity or claims of unsatisfactory wage relationships with other establishments, trades, or industries. It is then concluded in Hongkong that uniform wage structures exist in only a limited number of trades.<sup>1</sup> This description may be applicable to many other Asian countries, and it may be observed that wage rates in many of Asian countries are not fixed for jobs but are determined for each individual worker, and thus the term of "personalized wage rates" may be appropriate to represent the nature of wage rates as such.

However, in large scale undertakings, especially in foreigner-own undertakings, some kinds of uniform wage structure are found under uniform personnel management policy, since their equipment, accommodations, and technology need qualified workers for fulfilling their jobs. They often develop training schemes for employees.

As far as the concept of wage is concerned, the personalized wages belong to early stage of industrialization, and industrial development helps wage determination impersonalize. Through what process may that institutionalization develop?

Two different approach may appear at least. One of them, found in the Western countries, is to set up a logical job structure based on job evaluation method, work measurement, or any other "scientific" principle, and to form a uniform wage structure corresponding to the job structure. The process has been dealt with by the former section.<sup>2</sup> Another of them is different. It tries to institutionalize a traditionally personalized wage rates. The latter is the case of Japan and will be elaborated in a moment.

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<sup>1</sup> Yeung Chi-Kin, *Salaries and Wages in Hong-kong*, 1971. p. 1, in *Country Statements of Asian Regional Seminar on Salaries and Wages, International Labour Organization*, Bangkok, 1971. Individual country statements submitted to the Seminar are hereafter referred to as *ILO-ARSSW-CS*.

<sup>2</sup> Masumi Tsuda, *Wage and Salary Structure in Asian Context (1)*, in *Hitotsubashi Journal of Arts & Sciences*, Vol. 13, 1972.

## 2. Japanese Practices

The reader may be familiar with Japanese custom that employees are secured life-time employment in a particular firm, and they secure annual increment of wage rates based on length of service, starting at entering base wage (different rates based on formal educational career).<sup>3</sup> This custom was at first formed in the public sector at the Meiji Restoration and was transplanted in the large private undertakings in the turn of the 20th Century. The custom has gradually prevailed in all other parts of industry. The custom was originally initiated by employers who intended to secure qualified and loyal employees establishing their own firm as one big family. Life-time employment security was desired to establish family relationship or blood relationship between employers and employees, with which the employer played the role of family-head. Wage structure based on length of service represents brother or sister relationship, or senior-junior relationship in a family with which older employees are recognized superior in position and base wage rates, regardless of jobs or even of capability. As long as employees observe employer's web of rules, their status was secured by management. When they fail to obey them or they stand against management, they were refused to promote, were demoted, were cut wage rates, or were even expelled from employment. Those practices were customized or even institutionalized as time passed, but many parts of them were still arbitrarily personalized by the hand of employers.

After World War II, many of the traditional practices, especially the life-time employment security and the seniority-based wage increase have come to the vested rights of employees protected by the newly revised labour standard law and the new trade union law. Employers mostly lost their arbitrary management on them. What has happened then?

Employers reached an idea that they had better institutionalize their old practices. Let's show an idea of such an institutionalization. Take the Company A, for example, which gave the amount of 10,000 Yen of the starting monthly base-wage to junior-high school male graduates and gave annual increment of base-wage rates by 1,000 Yen. The rate of 10,000 Yen of the starting wage is determined by the supply and demand of labour in labour market which has been formed separately by formal educational school graduation level. In distributing 1,000 Yen of annual increase of base wage to individual employees, the Company A includes great extent of arbitrary evaluation on individual employees by their length of service, attendance record, past year performance, loyal obedience to the superior, latent ability and so on. Now the Company A divides many of the components into independent factors and allocates a part of annual increase of base wage: for example, 500 Yen to each year length of service, 100 Yen to the full attendance, average amount of 300 Yen to the position of individual employees, and average amount of 100 Yen to performance record. The amount of allocation to each factor is negotiated between management and trade union, and they are thus clearly stated in collective agreement. The amount allocated to the increase of length of service and attendance record are fixed as such, and the exact amount distributed to individual employees pertaining to the factors of position and performance record are determined by the evaluation of management. As time has passed, the latter has been also gradually institutionalized and the arbitrary evaluation of management has to a greater extent diminished. However, the component of factors determining wage rates are still tradi-

<sup>3</sup> Masumi Tsuda, Japanese Wage Structure and Its Significance for International Comparison, *British Journal of Industrial Relations*, Vol. III, No. 1 (London School of Economics, 1966).

tional and are almost different of the Western system.

This may seem an unusual practice of wage structure in the world and the people with the Western experience rarely understand the Japanese wage structure. The Institute for International Labour Studies, for example, recognizes this Japanese practices as one of the nine ideal type of industrial relations systems in the world when it conducts an extensive studies. This is the first time for an international organization to identify the Japanese system an independent model in the world, but it only places the Japanese system on one of the transient models.<sup>4</sup> I would like to emphasize that every country has its own social custom and wage structure reflects them. We do not need to follow the Western system for the final or ideal goal of wage structure and we cannot forget that every country has to find its own uniform wage structure adaptable to both traditional, social custom and modern industrialization.

### 3. Wage Differentials in Internal Wage Structure

We will here deal with internal wage structure and later proceed to broader area of wage structure. The internal wage structure merely concerns wage differentials in an organization such as an establishment, a plant, or one undertaking. When we study an internal wage structure, we find that the internal wage structure expresses various kinds of wage differentials. We will examine some important components of them.

Firstly, wage differentials between classes, categories, or functional sectors are important. One of the most notable ones is the wage differentials between management and employees. The term of management here referred to concerns middle-management and supervisors. Wage differentials between management and employees are expressed not only in wage differentials but also in other kinds of treatment, for example, in payment method, working conditions, fringe benefits, and so on. Educational background, ability or knowledge, and somewhat social conditions may contribute to widen differentials between them.

Wage differentials between manual workers and non-manual workers, or between blue-collar workers and white-collar workers are large in many of Asian countries. In developed countries, the differentials between them have been also large, but some changes are recognized as industrialization goes on. One of the notable changes is the emergence of an intermediate category of workers which is often called grey-collar workers. This category has emerged from production and maintenance workers, however, they do not conduct manual work any more, but do, for example, watching or controlling work of switchboard of automatic production process, or conducting desk work in production plant. Wage structure of them primarily belongs to manual workers' scales, and partly belongs to technical employees. Emergence of such a bridging category affects the category of technical employees who are losing the former better treatment. This may explain a part of the aspects that more of white-collar workers are joining trade unions.

Against those general trends, wage differentials between those categories have become narrow in Japan. Based on an extensive survey of the Public Personnel Authority in 1971, for example, when the base salary of plant-gate guard at the age of 49 is 100, the division head

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<sup>4</sup> Robert W. Cox, *Approaches to a Futurology of Industrial Relations on a Global Scale*, The Japan Institute of Labour, *Social and Cultural Background of Labor-Management Relations in Asian Countries*, (Tokyo, 1971).

who stands the highest under the director of the organization carries only 252 at the age of 48. The department head, who reports to the division head carries only monthly salary of 173. From the same survey on average monthly base pay in manufacturing plants which employ more than hundred workers, we see that plant manager, who has the highest position in the plant, carries 209 when the average rate of production workers is 100. "Equalization" has been one of the basic ethics prevailing in the post-war Japanese industrialization.

The second aspect of the wage differentials of internal wage structure is the occupational differentials. The comparison primarily concerns differentials among broad job-clusters such as production workers, office workers, sales employees, technical and professional employees, middle-management, and so forth. The problem area of this kind of differentials may seem in the following two: differentials among occupational clusters and differentials within one cluster. Formation of differentials among occupational clusters may be justified by several reasons. Firstly, it may reflect class structure of the society which may be maintained by differentials of family property, formal educational opportunity, or even of national policy. Secondly, it may be brought about by personal capability or proficiency of man usually brought up by training and education. Thirdly, differentials may be necessary for employers to attract employees of higher categories of occupations.

As industrialization develops, occupational differentials tend to become narrow because of refining quality of industrial man at all the occupational clusters. However, on another side, emergence of newer occupations is necessary for more industrialisation, and the problem of the occupational differentials become much complex.

Pertaining to differentials within the same occupational cluster, we have to keep in mind that job evaluation method is less applicable to other occupations than production and office workers. Application of job evaluation method to professionals, technicians, supervisors, and so on, is not impossible, but, because of difficulty and responsibility of those occupations, performance mainly depends on individual capability. Therefore, salary scale of those categories tends to be composed of grades based on educational career and length of experience, and then, individual employees of the same educational career and with the same length of experience are offered different salaries within range rates in the same grade.<sup>5</sup>

The third aspect of wage differentials of internal wage structure is skill differentials. It seems a testified hypothesis that wage differentials based on skill are very large at early stage of industrial development owing to scarcity of skills, and as the number of workers with skills grows, the gap is expected to become narrower. In Thailand, for example, we learn that skilled workers receive 2-4 times wage earnings of unskilled workers.<sup>6</sup> Beside scarcity of skilled workers, we know other aspect which contributes to increase skill differentials. Craft trade unionism is one of them since its major wage policy is to keep up or widen wage differentials. Industrial trade unionism, on the contrary, has tried to narrow them since the majority of its membership are composed of semi-skilled and unskilled workers. Simplification of work has helped growth of industrial trade unionism.

The Denmark Seminar of 1967 refers to the narrowing tendency of wage differentials based on skills and shows such a trend emerges in developing countries.<sup>7</sup> In the Philippines,

<sup>5</sup> Masumi Tsuda, Wage Structure, in *Working Paper of ILO-ARSSW*, 1971.

<sup>6</sup> Salaries and Wages in Thailand, *ILO-ARSSW-CS*, 1971, p. 6.

<sup>7</sup> *Report*, ILO-Inter-Regional Seminar on Salaries and Wages, Højstrupgard, Denmark, 1967.

for example, wage differentials based on skill tend to be less distinguishable as minimum wage rates have raised.<sup>8</sup> However, one thing seems important here to be mentioned, that is, the concept of skilled trades. In some of Asian countries, the concept of skilled trades is not clear. In developed countries, skilled trades are clearly recognized or are even authorized by social organizations such as trade associations, trade unions, public authorities, and so on. Those skilled trades carry specific apprenticeship course through which the qualification is provided, or such a qualification is acquired through formal trade or occupational school. Operative work of any semi-skilled trades is not recognized skilled work even if very difficult work are involved there. In Japan, for example, carpenters, bricklayers, watchmakers, and other traditional skilled occupations are recognized special occupations but are not officially recognized "Skilled Trades." Electricians, truck drivers, or any other trades in private undertakings are not recognized skilled trades. Here is one example. When an American union official came to see a plant of the Sony Electric Company where transistor radios are assembled, he was so surprised at observing one part of work of young girls that he shouted, "No ! No ! That kind of work should not be done by such young girls. It belongs to a skilled trade in the United States !" From this example, we may say that handling skill differentials may be dealt with in a different way of the Western countries, by virtue of late-comers of industrialization where newer technology may be more easily applicable so that skilled trades may be less favored.

How to treat the skill differentials may vary with countries, in which opposite approach are found. The first one is to promote the differentials. In Ceylon, for example, the recommendation of the Cabinet Sub-Committee on establishing a new uniform wage and salary structure says, "One feature worthy of mention is that the salary proposals make the skilled category of jobs even more attractive than the clerical category thus encouraging the acquisition of useful technical skills in the interest of development in Ceylon."<sup>9</sup> The second one is to diminish the differentials. In Indonesia, for example, it is one of the wage policy of Indonesia that the difference between the minimum and maximum wage should not be too big so that it can bring about narrow skill differentials.<sup>10</sup>

The fourth aspect of wage differentials is the differentials by sex. Whatever social custom are kept in traditional society, industrialization draws out women as labor from house, and places them in labour market. In the early stage of industrialization, jobs and wages of women were low-graded, since women's earnings were considered supplementary for worker's family life. Even in mature stage of industrialization, employers feel disadvantageous of utilizing women's labour because of their physical strength or of their short stay in employment. The wage differentials by sex may be partly explained by the fact that the jobs between male and female workers are different, so are they paid differently. On many occasions, even at the same jobs, female workers are less paid. The same rate for the same job for both of sex has been the well established principle for long years but it has not been fully attained.

The fifth aspect of the wage differentials in internal wage structure is the differentials based on length of service. A part of justification for this kind of wage differentials is based

<sup>8</sup> Minimum Wage Fixing in the Philippines, *ILO-ARSSW-CS*, 1971, p. 5.

<sup>9</sup> S.E.G. Perera, *Wage Payments in Ceylon to Categories of Employees Outside Government Service*, *ILO-ARSSW-CS*, 1971, p. 14.

<sup>10</sup> J.M. Situmorang, *Wages in Indonesia*, *ILO-ARSSW-CS*, 1971, p. 8.

on the idea that there found a kind of normal increase of individual proficiency with increase of length of service. The Denmark Seminar of 1968 refers to the treatment of length of service in payment, and, in its report, it says that many of participating countries deal with remuneration for length of service by the type of bonus payment.<sup>11</sup> The Denmark Seminar of 1967 deals with payment for length of service in a different way, and its report refers to such a kind of payment in annual increase of base wage.<sup>12</sup>

In some of Asian countries, annual increments based on length of service are found in private undertakings, especially in large-scale firms. In India, for example, many of trades carry a package of the starting or minimum wage rate and the maximum rate, with the rate of annual increments. In Japan, annual increment of wages based on length of service are widely found regardless of kinds or size of industries. The Denmark Seminar of 1967 quite argued this kind of differentials and its report concludes, "On the one hand, it was recognized that it was desirable to give workers a feeling of a progressive rise in income over a long period. On the other, it was felt that the system militated against mobility of labour failed to provide incentive to work and that it was difficult to use it together with piece rates or other systems based on productivity."<sup>13</sup> Concerning the latter part of the quotation, which deals with disadvantages of the differentials, the existence of this kind of differentials definitely decreases mobility of labour from a company to another. It may be regarded as undesirable for effective industrialization since it may decrease possibility for mobilizing appropriate workers to appropriate industrial place. However, we also quite usually find that even in developed countries, workers are protected by seniority or are offered company-wide pension and welfare plans, so that inter-firm labour market partly tends to close. Desirable or undesirable on this subject is not easy to conclude.

Another disadvantage which the Denmark Seminar referred to is its less applicability of incentive system. However, when we observe remarkable increase of productivity of Japanese industries since 1950, we cannot come to such a hurry conclusion.

From my personal view, a defect of the wage structure based on length of service, if it is widely used, really rises in its closed nature. Under such a structure, workers become less interested in the wage structure outside their undertakings. They tend not to care much of industrial differentials, regional differentials, or trade differentials. This feature brings about tremendous amount of disadvantages for trade union movement, for development of employers' federations, or for establishing the government policy, since workers and individual employers find very difficult to reach a general agreement in a wage scheme.

There are many other factors which we have to take in account. One of them is a system of wage protection against inflation. In many of Asian countries, cost of living allowance is woven into wage payment method and it plays an important role on the protection of workers' life. The amount of cost of living allowance paid to individual employees may vary with their status or position, and where it is determined by flat rate, cost of living allowance tends to play a role of narrowing wage differentials.

Another important factor may be wage differentials based on race or nationality of workers. Many of Asian countries are actually composed of the complex of different races, and wage differentials are to some extent influenced by racial difference. It is easy to

<sup>11</sup> *Report*, ILO-Inter-Regional Seminar on Salaries and Wages, Bakkerne, Denmark, 1968, pp. 25-26.

<sup>12</sup> *Report*, op. cit.

<sup>13</sup> *Report*, op. cit.

shoot the problem area of this difference but is very difficult to solve the problem itself.

Finally, I would like to cite the suggesting remarks of the Denmark Seminar of 1968 referring to which factors should be rational for influencing wage differentials. The report says that educational difference, qualifications, both academic and technical, long experience in trade, the complexity of work and the degree of responsibility entrusted to the individual, and social attitudes of certain groups where special increased wages are paid to regard loyalty and continuous service, are necessary to take into account for forming wage differentials.<sup>14</sup>

Other factors such as industrial, size-oriented, geographical, will be dealt with later, and before going in them, we will concern wage structure in public service.

## II. *Wage Structure in Public Service*

### 1. Common Feature of Public Service

On the contrary of the feature of wage-structure comparison in Asian countries, wage and salary structure in public service has a fairly common nature in many of Asian countries. This may be an outstanding characteristic we have to carefully observe.

Although it is so, we have to go in more in detail, and have to examine the system of public service at first. In most of Asian countries, public service is composed of the central and local governments, and public corporations. Since many of workers are involved in public service, the wage structure of public service likely serves as a model or guide-line to that of the private sector in many of Asian countries. In Malaysia and Hongkong, for example, the wage level of public service really serves either as a model or a guide-line for that of public corporations and private undertakings.<sup>15</sup> Similar nature is found in the Republic Korea and in the Philippines as well.<sup>16</sup>

One of the striking features of the wage structure of public service is that it reflects class or categorized structure of the job structure. The identification of the class structure of course varies with different countries. The Joint Committee on the Public Service of the ILO observed this fact in 1970. The report of the Committee recognized that a very large number of countries adopted a three-step (or sometimes four-step) class structure in public service, namely, the administrative, executive and support, the last one being sometimes divided into the clerical and the manipulative. Each of the classes is divided into a number of grades corresponding to the levels of skill and responsibility, and the pay scales attached to each grade comprises a number of increment steps.<sup>17</sup>

The application of this system varies from one country to another, but some of the examples may be interesting in referring to. Under the British system, the Treasury Class, in which more than half of the non-field public personnels are involved, is composed of the following four classes: the administrative, the executive, the clerical, and the clerical assistant classes. Beside them, the typist and the stenographer-typist class is added to the regular

<sup>14</sup> *Report*, op. cit. p. 24.

<sup>15</sup> Yeung Chi-Kin, op. cit., p. 3; Chin Yur Lint, Certain Determinants of Salaries and Wages in West Malaysia, *ILO-ARSSW-CS*, 1971, p. 2.

<sup>16</sup> Won Chan, Chang, Introductory Report on Salary and Wage System of Republic of Korea, *ILO-ARSSW-CS*, 1971, pp. 4-5.

<sup>17</sup> *Report III*, International Labour Organization, Joint Committee on the Public Service, General Report: General Review of Conditions of Employment of Public Service, 1970, p. 39.

public personnel. As for technical and professional personnel, the government of the United Kingdom has established a separate cluster called the Scientific Class whose sub-classes roughly correspond to the Treasury Class.<sup>18</sup>

The French system is more complex than the British system, though the number of sub-classes are the same of four as the British system, called from the class A to the class D. A group of similar posts having the same status and covering one or more grade, is known as a *corps*. In the public service as a whole in France, there are 786 corps in total, in which only 23 are interministerial in character. The number of grades is not fixed, varying from one corps or government department to another.<sup>19</sup>

There are still another type of the dominant system, which is known as the American system. In the public service of the United States, the classes in an European context do not exist, and the classification is done into a number of grades to which pay scales are assigned. Every grade has a number of step ranges inside.

Many of Asian countries have followed those three systems, for example, India, Pakistan, Malaysia, Ceylon, Singapore, Hongkong, Australia, and New Zealand follow the British system, and the Republic Vietnam, Laos, and Cambodia take the French system. The system along the same line as the American system is found in the Philippines, the Republic of Korea and Japan.

In the European-type classification structure of public service which are followed by the majority of Asian countries, we find a unique feature of the career service. The principle or the concept of the career system is well summarized by the report of the ILO Joint Committee. It says, "(A) Access to the public service is open to all who possess the required qualifications, standards of entry being applied impartially, (B) appointment is to a post or position or grade within a clearly defined hierarchical structure or establishment, (C) once appointed, the public servant enjoys a very high degree of security of employment until retirement, (D) it is possible to advance to the top of the hierarchical structure of the posts on the basis of merit, but in any case a public servant may expect regular advancement, at least within his grade, subject to satisfactory performance of his duties, (E) a uniform personnel policy is laid down and applied to all members of the career service, (F) this uniform policy includes established procedures for dealing with all normal career incidents, including discipline, and (G) a public service is assured of an adequate pension or retirement."<sup>20</sup>

From the foregoing summary, we may notice at first that the qualification required for entry into the public service is educational in character, and the service is divided into classes corresponding to levels of responsibility, and for acquiring each of those classes, a certain level of educational achievement is prescribed as the condition. Secondly, we recognize that the feature of employment in public service lies in the high degree of security in tenure, and from public opinion, the public servant secures life-time employment. Many of the foreigners feel unusual when they observe the Japanese practice of life-time employment, but in reality, most of the countries have the same practice in the public service.

## 2. Salary Structure of Public Service

The basic salary of public servant depends on the category, grade, and a step when they

<sup>18</sup> See M. Tsuda, *Working Paper*, op. cit., pp. 40-42.

<sup>19</sup> *Report III*, op. cit., pp. 39-40.

<sup>20</sup> *Report III*, op. cit., pp. 3-4.



are placed in, or, when he is recruited for a specific job, depends on the qualification required. The amount of the basic salary corresponds to a rate or an index number of a magnitude which is generally fixed by regulations, and for whose enforcement, an independent body, such as the Civil Service Commission or the Public Personnel Authority is established. Generally speaking, each post starts with a minimum salary, rising to a maximum. The basic minimum amount is generally not lower than the statutory minimum wage. The influence of the career concept finds its expression in the fact that the salary corresponds to a position and not to the provision of a specific service. There is usually an over-all official salary scale applicable to all the public servants in different ministries, departments, classes, and grades.

The first aspect of wage differentials in public service is the wage differentials between status or occupations. The concept of the status here referred to concern whether public servants are permanently employed or not. Generally speaking, conditions are less favorable for non-permanent staff, and conditions are less favorable for manual workers than for salaried employees. The wage differentials between occupations are widely found in many countries. Skill differential and differentials among scientific and technical employees are worthwhile to refer to. In public service, it is generally true that remuneration of skilled trades is far less favorable against private sector. The scientific and technical servants are also provided less favorable salary payment than in private sector. Those differentials have been one of the most important adjustment problems in many of Asian countries.

The second aspect of the wage structure in public service is the wage differentials between the central and local governments. In Syria, for example, the lowest salary rate for the local government personnel is 150 Syrian pounds per month, while for the central government personnel, the minimum rate is 180 Syrian pounds. Where one country is composed of federal structure, the salary structure which are provided for the constituent states or the autonomous regions cannot be favourably compared with the salaries paid by the federal government. In India, for example, salary scales vary with the federal units and the federal government offers the best salary level.<sup>21</sup>

One of the corollary differentials pulled from this aspect is the wage differentials between public corporation and public service. In Malaysia, for example, salary structure is more favourably provided for public service personnel than for the quasi-government sector, while the fringe benefits provided for the latter is better than the former.<sup>22</sup>

The third aspect of the wage differentials, in public service is hierarchical inequalities in scales. Differentials between the highest and the lowest salaries vary according to countries. If we examine the differentials in Asian countries based on the report of the ILO Joint Committee, however, we find a fairly common differential between 1 to 10 and 1 to 12. The differentials in public service between the minimum and maximum salary rates carries 1 to 13 in Thailand, 1 to 12 in the Republic Vietnam and Ceylon, 1 to 11.5 in Japan, 1 to 10 in India, Hongkong and the Republic of China. Cambodia is rather exceptional since the differentials shows 1 to 5.5. Iran shows 1 to 5.<sup>23</sup> Quite a lot of arguments may be risen pertaining to how much percentage ratio will be adequate between the differentials of the minimum and maximum salary rates. For example, for the minimum rates, the need for a minimum living

<sup>21</sup> *Report I*, International Labour Organization, Joint Committee on the Public Service, General Report: General Review of Conditions of Employment of Public Service, 1970, p. 53.

<sup>22</sup> Chin Yur Lint, *op. cit.*, p. 2.

<sup>23</sup> *Report I*, *op. cit.*, p. 52.

wage is often taken as an argument in favour of priority for the lowest categories. On the other hand, it will be argued that if the maximum rate is low, less favourable salaries for public servants than for private sector's employees will lead to the loss of competence.

The third important aspect of the wage differentials in public service is the differentials based on length of service. Successive automatic increment of individual pay may contribute to them. In Pakistan and Malaysia, between the minimum and maximum salary, intermediate salaries are determined based on length of service. Since the minimum and maximum salary vary with grades, difficulties may particularly rise with a lack of coordination pertain to increments based on promotion. In Japan, increments are given every year at periodically fixed rates. In certain Asian countries, salaries vary according to the date of recruitment. In India, for example, salaries of recently recruited public personnel may be lower than those of them before Independence.<sup>24</sup>

The fourth aspect of the wage differentials in public service is the differentials based on sex. Separate rates are established in certain countries or for certain jobs which are considered as essentially feminine such as typists, telephonists and punch-card operators. Even though equality of remuneration regardless of sex exists in principle, there are in fact prejudice attached to certain types of jobs which are considered "feminine," and discrimination in promotion especially distorts the principle in its practical application.

### 3. Problems of Wage Structure in Public Service

One of the most important problem of the wage structure in public service may pertain to the comparison with private sector. Such a comparison should be conducted not only on basic salary but also on total remuneration including fringe benefits. Two kinds of comparison method may be worthwhile to suggest. Firstly, the comparison for jobs which exist in both sectors. While diversity of remuneration is found at one job in both of public service and private sector, this method seems less effective. Secondly, comparison consists of taking identical levels of training of persons comparable in age and qualifications rather than their respective duties. This method may be more applicable than the former.

While more favourable salary structure for public service is found in some of Asian countries such as Singapore and Malaysia, many of Asian countries show reverse such as in Thailand, Republic of Vietnam, Republic of Korea, and Japan.<sup>25</sup> The report of the ILO Committee of 1970 says that at the level of senior or intermediate posts, salary difference between them exists or is partially obvious in Ceylon and Cambodia. In Ceylon, however, at the lower categories, the outcome of the comparison shows more favourable for public service with the exception of bank employees.<sup>26</sup>

In many countries where salary structure is less favourable for public service, complaints are commonly expressed about the difficulty of attracting specialists. While special provisions have been implemented for checking their exodus, or encouraging them to enter public service, it seems more to be done. One of the key solution may be brought out by reexamining the class and career system of the position hierarchy of public service. One of the solution is suggested by the report of the ILO Joint Committee stating that the solution involves some

<sup>24</sup> *Report I*, op. cit., p. 53.

<sup>25</sup> *Report I*, op. cit., pp. 47-48; Won Chan, Chang, op. cit., pp. 4-50; Truong Cong Long, *Determination of Wages in Vietnam, ILO-ARSSW-CS*, 1971, p. 3.

<sup>26</sup> *Report I*, p. 47.

dilution of career system by increasing mobility between public service and outside employment, and by making age limitation for entering public service more flexible. The report states further that salaries and other conditions in public service should be sufficiently attractive to ensure that suitable candidates from outside will accept appointments. Thus, in the United Kingdom, the Fulton Committee, though stating that it should remain a career service in the sense that most civil servants should enter at young ages with the expectation but not the guarantee of a lifetime employment, and that the great majority of those who come to occupy top jobs will in practice be career civil servants, proposed the abolition of all classes, both general service and departmental, and their replacement by a single unified structure.<sup>27</sup> The Government accepted this abolition of classes in 1970. A similar recommendation appeared in India made by the Administration Reforms Commission in its report on Personnel Administration published in 1969. It proposed the abolition of various classes, and a considerable reduction in the number of distinct grades and categories of public servants.<sup>28</sup> The idea of such a unified system of classification is somewhat similar with improvement toward the American system. Whether the American system is better than the European system seems a different problem.

Before closing this section, some remarks may be appropriate pertaining to the salary structure of public service in Thailand since the problem appeared there may be in common in many of Asian countries. The McCrensky report, which released in December of 1970, covers various aspects of recommendation of improvement on the salary structure of public service in Thailand.<sup>29</sup> First, it reveals that current pay scales and other financial incentive for public personnel have been corroded by failure of the pay plan to meet rises in the cost of living and other changes in the national economy, and recommends the specific increase to restore present salary levels to a greater parity with the cost of living increases. Second, it refers to the difficulties of recruitment and retention of needed specialized personnel because of less favourable salaries in the public sector, and it proposes the provision of additional financial allowance scheme for their solution. Third, because of the difficulties of recruitment and retention of necessary professional, scientific, engineering, medical, and other technical personnel for the appointment outside of the Bangkok Metropolitan area, it proposes the provision of another additional financial allowance scheme for their solution. Fourth, for incorporating the principle of generally equal pay for equal work and for representing progress towards a modernised personnel system in harmony with national Third Plan, it proposes the position classification program developed by the Civil Service Commission in which career planning involving better personnel utilization be expected.

Establishment of more effective occupational structure and of more attractive salary structure in public service is not only the concern of developed countries, but also the necessity of developing countries as well. This subject is coming to a common important problem in the world of 1970's.

(to be continued)

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<sup>27</sup> *Report III*, op. cit., p. 40.

<sup>28</sup> *Report III*, op. cit., pp. 40-41.

<sup>29</sup> *Public Administration Aspects of Development in Thailand*, prepared by Edward McCrensky, Inter-Regional Adviser in Public Administration, United Nations, mimeographed, 1970.