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# **JOB GRADING AND WAGES**



**WORKPLACE INFORMATION GROUP (WIG)**





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## ABOUT THIS BOOK

This book is about job grading. The book explains why management uses job grading. The book explains some different kinds of job grading systems. The book also talks about problems with job grading, and what workers can do to make job grading better.

## All people must get the same wages

This story is written by Elliot Sixhoso. Elliot is a worker in Cape Town. He lives in New Crossroads. He says:

*"Most black people did not go to school, because they looked after cattle. Others grew food for themselves, and they did not have enough money to go to school. So now it is very difficult when you are looking for a job.*

*You don't understand what the boss says. If you get a job you must work as a labourer and you get a low wage. I don't like that because labourers and operators struggle the same. They buy the same bread and they pay the same rent.*

*Maybe the labourer has got more children and he gets low wages. Most of the poor people get more children. He doesn't want to think about a problem. He loves his wife and at that time he gets more children. So that makes the uneducated people more poor. The labourers and operators must get the same wage.*

*The educated people get richer, like doctors, lawyers, nurses, businessmen, teachers, because they get high wages. The poor people get sick often because they do not get*



**Worker Elliot Sixhoso from Crossroads says:  
All people should get the same wages**

*enough food. So that's why doctors get richer. Labourers often give money to the doctors. I think all the people must be one level. They must get the same wage and live the same."*

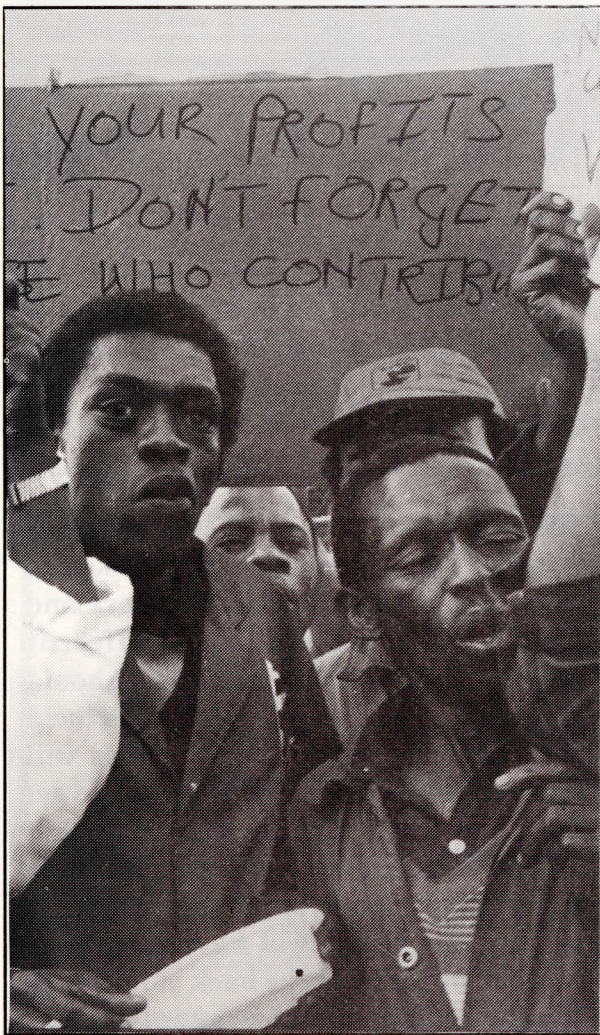
These are the ideas of Elliot Sixhoso. What do you think? Do you think it is right that labourers and operators and managers and doctors get different wages? Or do you think that they should all get the same wages? After apartheid has ended in South Africa, things will change. Do you think everyone should get the same wage? Or do you think that different people should get different wages? This is an important question, because the people will have to make a decision about it. At the back of this book you can read about the workers of Cuba after liberation in that country, and the wages they got.



## 1. WHAT IS JOB GRADING?

Job grading is a way of saying how important different jobs are for management. Job grading is a way of comparing different jobs, and saying that some jobs are very important, and other jobs are not so important.

Most job grading systems say that managers and engineers are very important, and that labourers and operators are not important. Wages are paid according to the workers' grade in the job grading system. A worker with an important job will earn higher wages than a worker with a job that is not so important.



**Worker struggle: Negotiations about job grading are also negotiations about wages**

So negotiations about job grading are also negotiations about wages.

## 2. WHY DOES MANAGEMENT USE JOB GRADING?

There are many reasons why management may want to introduce a job grading system into your factory.

**1. Management often says they want to introduce a job grading system, or negotiate a job grading system with the trade union, so that "workers and management will speak a common language and share the same values".**

What do they mean? In most factories there are often struggles and arguments between workers and management. Workers are challenging the arguments of management because they are militant. Management wants to reduce this conflict and make workers less militant.

Management may believe that one way of making workers less militant is to have a job grading system in the workplace. Management hopes that the workers will accept the grading system. Then management and workers will be **"speaking the same language"**. Management and workers will agree that certain jobs are more important than others, and of course the job of the managers and directors will be the most important of all. This means that management and workers **"will have the same values"**. Workers will then end up by accepting the hierarchy at work, and accepting the authority of management. If workers accept these values, they will not speak like Elliot Sixhoso at the beginning of this book. They will not say that everybody must get the same wages.



They will be less militant, and there will be less conflict at the workplace. They will agree with management at least about one thing. This is one reason why management may want job grading.

## **2. Management may also like job grading because it helps them to plan wages.**

If there is a job grading system management knows exactly how many workers there are in each grade. Workers in the same grade get paid the same wages. This means that when management calculate increases, they know exactly how much the increase will cost the company.

## **3. Job grading helps management to study exactly what job everyone in the company does.**

This can help management to deskill and downgrade certain jobs. For example, in a metal factory all the operators also had to check their products. The management then divided the job up. They employed only one operator to check all the products. This one was now called a "checker" and put on a higher grade. The other operators had to stop checking their products. Then management said that the operators were doing easier work, and put them in a lower grade, so they earned lower wages.

## **4. Job grading helps management organise the company better.**

Because job grading helps management study all the jobs in the company, management can easily study the **lines of communication** in the company, the **lines of control** and the **levels of authority** in the company. If there are problems, management can reorganise senior, middle and lower management so that there is better communication, control and authority in the company.

## **5. Job grading helps management to plan training courses for employees, because grading shows management the exact skills that each job needs.**

Then management can plan their training courses to develop those skills.

## **6. Many job grading systems that are used most often in South Africa such as Paterson and Peromnes do salary surveys, so management can know what wages are paid by other companies.**

The companies that use a particular job grading system get information about the wages in all companies that use their system. Then they can see what the average wages are in each grade. Management can make sure that they are not paying higher wages than other companies in the same area or the same industry.

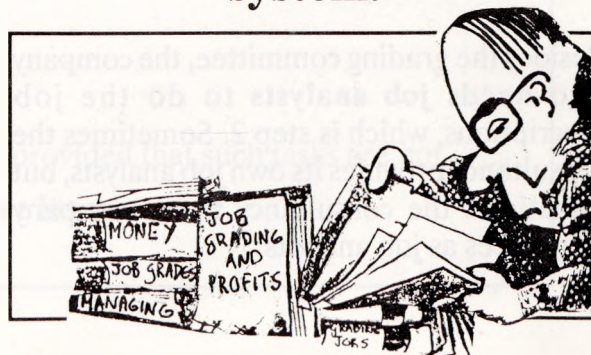
## **7. Job grading makes it easier for big companies to transfer staff from one factory to another, or from one subsidiary to another.**

For example, most companies belonging to Chamber of Mines use the Paterson job grading system. So if they transfer managers or engineers or other employees from one company to another in the Chamber, they know which grade to put him or her in.

# **3. HOW JOB GRADING WORKS**

There are four steps to introduce a job grading system into the company.

## **Step 1: Choose the grading system.**





Some companies develop their own company job grading systems, but most companies employ outside companies to introduce a system.

These outside companies are called management consultants. Some examples of management consultants are FSA and Pim Goldby.

Some consultants are prepared to introduce whichever system management prefers, other consultancies only sell one job grading system. The consultants will discuss the different job grading systems with management, and together they will decide which system they prefer.

One consultant says that management must only choose a system if the Managing Director understands it and is committed to it, and if the workers can understand it and accept it. Some managements say that the union can negotiate with management about which job grading system to choose, but most managements say that it is managements' right to choose without consulting the workers.

Once the system has been chosen, management has to establish a **grading committee**. Members of the committee will be management representatives as well as people from the consultancy if there is one.

Some managements invite trade unions to have representatives on the grading committee, but this does not happen often.

Some trade unions feel it is wrong for workers to sit on the grading committee. We will discuss this later in the book.

Besides the grading committee, the company also needs **job analysts** to do the job descriptions, which is step 2. Sometimes the consultancy provides its own job analysts, but sometimes the consultancy trains company employees as job analysts.

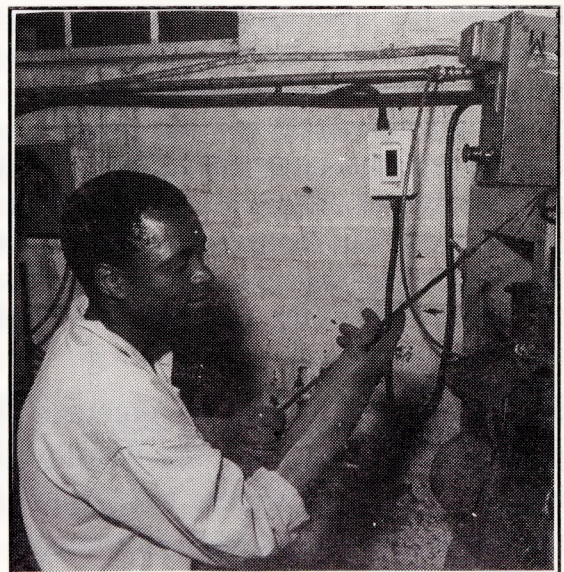
## Step 2: Writing the job description



The job description is very important for the workers. The job description tells the grading committee exactly what each worker does in his/her job.

The job analyst writes the job descriptions. The job analyst has to talk to the worker to find out what he or she does. Then the job analyst has to write the description of the job.

**The job analyst has to talk to the worker to find out what he or she does**





Joe Gumede works in a chemical factory called CDC. This is what he tells the job analyst:

*"I am a loader. My job is to feed the hopper with a bag of chemical granules. I have to carry two bags of chemicals about 30 metres every day. Each bag weighs 50 kg. The place I work in is very dusty. I have to clean up around the hopper. I also have to pack away the empty bags."*

The job analyst listened to Mr Gumede. Then he went away and wrote this job description (in box below):

Mr Gumede's job has not yet been graded, so the grade is not filled in.

Point 7 on the job description is very important. It means Mr. Gumede's

---

**The form below is a job description example:  
Mr Gumede's job as a loader**

supervisor can tell him to do another job if there is a need.

But the other job cannot be more than 2 grades below Gumede's grade. Also, it cannot be more than 2 grades above his grade. If the other job is on a lower grade, Mr. Gumede's wages must stay the same. If the job is on a higher grade, he must get the wages for the higher grade, so he must get higher wages for the time he does that job.

Not all job descriptions have point 7. Do you think that it is important?

Job descriptions do not all look the same. There is another example on the next page:

Some job grading systems allow the worker to see the job description, but some systems do not give the worker that right. The job analyst should come back and show the job description to the worker. If the worker feels that the job description is wrong, he or she can ask for it to be changed.

**COMPANY: CDC Chemicals**

**JOB DESCRIPTION:**

**JOB TITLE: Loader**

**NAME: J. Gumede**

**GRADE:**

**TASKS:**

1. Load the hopper with a bag of chemicals.
2. Push buttons to start the machine.
3. Record the amount of chemicals used.
4. Wait for the machine to finish
5. Keep the working area clean.
6. Pack empty chemical bags
7. Any other tasks which are required of him, provided that such tasks are not more than 2 grades below or 2 grades above his own grade.

Once the worker is satisfied, he or she has to sign the description to show that it is right.

Other systems are different. The job analyst does not have to bring the job description back to the worker. The worker does not

have the right to question the way the analyst writes the job description.

Usually the job analysts do not speak to all the workers in the company. For example, if there are 10 drivers in the company, the analysts might speak to 2 drivers and write their job descriptions. Then they check to see if both the descriptions are the same.

The form below is another example of a job description

**BENNEX ENGINEERING (PTY) LTD**

**JOB DESCRIPTION**

**DATE: 12 August 1986**

**JOB TITLE: DRIVER**

**GRADE: B1**

**DIVISION: R**

**SITE: KRUGERSDORP**

**WRITTEN BY:.....**

**SIGNATURE:.....**

**APPROVED BY:.....**

**SIGNATURE:.....**

**MAIN PURPOSE OF JOB:**

To fetch and deliver post and goods as required.

**TASKS:**

1. To fetch and deliver post and goods as required.
2. To transport persons as required.
3. To perform a daily maintenance check for fuel, oil, water, battery levels, tyres, lights, etc.
4. To keep his vehicle in a clean and roadworthy condition.
5. To report any visible or physical defects to his supervisors.
6. To ensure that he understands the company policy to be followed should his vehicle be involved in an accident.
7. To ensure his appearance is of a satisfactory standard.
8. To ensure that he drives in a safe and courteous manner.
9. To distribute internal mail.
10. Note: An employee may be allocated other tasks on a temporary basis should there be insufficient work for him in his own position, irrespective of reason. Such allocated tasks may not be more than 2 subgrades below or above his own grade. In cases where he is working at tasks above his own grade he will be paid the difference between his own pay rate and the minimum for the higher grade.

**EDUCATION:** Std. 8 and/or related experience.

**TRAINING:** Lawful driver's licence.



Then that becomes the job description of the job of **driver**. All the 10 drivers are covered by that job description.

### Step 3: Grading the job.



Different job grading systems measure jobs in different ways - joining a union is one way workers can question grading and wages

Once the job descriptions for all the jobs have been written, the grading committee meets to discuss the job descriptions. The grading committee tries to "measure" the importance of each job, and so put it in the right grade. Different grading systems measure jobs in different ways. They use different **factors** to measure the jobs.

For example, Paterson uses one main factor to measure the importance of different jobs. This factor is **decision-making**. This means that the grading committee tries to decide whether the person doing the job has to make a lot of decisions or a few decisions, or whether he/she has to make big or small decisions. The jobs with a lot of big decisions go to the highest grades, while the jobs with a few small decisions go into the bottom grade.

The Peromnes system, on the other hand, has 8 factors. The grading committee measures each job according to the 8 factors. The committee gives the job a certain number of points for each factor. Then it adds up the points for all 8 factors to get a total score for the job.









Management decides what wage it wants to pay. If there is a union organised at the company, management has to put this offer on the table. The union will put the demands of the workers. At the end of the negotiations there will be a new set of wages for each grade.

All grading systems aim to **grade the job not the worker.**

This means that the grading committee only measures the importance of the job. It does not measure whether the worker is good or bad, or whether he/she has been working for a long time or a short time. So all workers who are doing the same job will be in the same grade, whether they have been there for a long time or not. Each grade will have a **basic rate** which is the same for all workers in that grade. If the company has a policy of paying extra for **long service**, the long service is usually a bonus that is added on to the basic rate. It is the same with a merit bonus.

The other way a company can pay extra for long service is to have a sliding rate for each grade. For example, they might say the wage rate for grade B2 is R4.20 - R4.60. Then a grade B2 worker who has been in the company for 1 or 2 years will earn R4.20 per hour. One who has worked for the company for 3 years will earn R4.30, and one who has worked for 15 years will get R4.60.

## 4. SOME DIFFERENT KINDS OF JOB GRADING SYSTEMS

In the early 1980s 56% of the companies that were using job grading, were using the Paterson job grading system. 27% were using the Peromnes job grading system, and 20%

were using their own company grading systems. In this section of the book we will explain the **Paterson** system and the **Peromnes** system. We will also explain the way **Industrial Councils** use job grading.

### Paterson job grading system

Paterson uses one main factor to measure the importance of different jobs. This factor is **decision-making.**

This means that the grading committee tries to decide whether the person doing the job has to make a lot of decisions or a few decisions, or whether he/she has to make big or small decisions. The jobs with a lot of big decisions go to the highest grades, while the jobs with a few small decisions go into the bottom grade.

The Paterson system has 6 grades. The grades are called bands. The table on the next page shows you the 6 bands. It also shows you the kind of decisions people make in each band.

Remember the job description of Mr. Gumede which we described earlier. How does the Paterson system grade Joe Gumede's job? The Paterson system only looks at the decisions Mr. Gumede makes. This is because the Paterson system uses the factor of decision-making to measure how important a job is. It does not look at Mr. Gumede's experience, the bad working conditions, or the heavy physical work he has to do.

The Paterson system says that Mr Gumede does not have to make any decisions in his job. He does what the supervisor tells him and he has to fit in with the time of the machine. So the grading committee puts Mr Gumede in Band A. This is the bottom band of the Paterson system. Most workers are in Band A or Band B. Paterson says that workers in Band A do not make any decisions. It says workers in Band B only make small decisions.



## Paterson job grading system

BAND	KIND OF DECISION	WHO MAKES DECISION
Band F	Policy decision on how to run the company	Top management
Band E	Decisions about how to plan and carry out the policy decisions made by top management	Senior management
Band D	Decisions about planning and organising work in a particular section of the company	Middle management
Band C	Decisions about how to do a number of different jobs	Skilled workers
Band B	Decisions about how to carry out one job	Semi-skilled workers
Band A	Does not make any decisions, carries out decisions of supervisor	Unskilled workers, labourers

So in the Paterson system these bands are at the bottom.

The Paterson system then divides the grades into parts called subgrades. Band A has 3 subgrades: A1, A2, A3. A3 is the highest subgrade in Band A.

Band B has 5 subgrades: B1, B2, B3, B4, B5. B5 is the highest subgrade in Band B. All the other Bands also have 5 subgrades.

The Paterson system uses other factors besides decision-making to grade jobs into these subgrades. Paterson usually uses 5 of these factors:

1. Does the worker supervise other workers?
2. How many different tasks does the worker do in his/her job?
3. How detailed is the work?
4. How much pressure is there to do the job?
5. How much training and experience does the worker need to do the job?

The grading committee now looks at the four factors to see which part of Band A Mr Gumedede's job will fit into.





**Because the main factor in the Paterson job grading system - decision-making - favours management the majority of workers stay at the bottom**

The grading committee says that Mr Gumedede does not have to do many different things in his job. The committee says that he only needs two weeks training to do the job. The committee also says that Gumedede's job does not have detailed work and that he is not under much pressure.

But Mr Gumedede must know how to read and write in his job. He also needs training. So the committee puts him into the highest subgrade in the A band. The committee puts him into A3. But because he does not make decisions in his job, he is still graded in the lowest **band** of the Paterson system.

### **Good points and bad points about the Paterson system**

The main factor in Paterson is decision-making. This factor favours management. The majority of workers will always be at the bottom because they do not make such big decisions. The factor of decision-making puts the worker in a

particular band. The other sub-factors like pressure of work, experience and training can make a worker higher or lower **inside** the band, but they cannot put a worker in a higher **band**

For example, Mr Gumedede was put in Band A because he makes no decisions. But he does need some education and training, so he was put in the highest grade in A Band, grade A3. But his education and training can never take him out of A band and into B Band, because he makes no decisions. Lots of people think it is wrong to use just one factor to grade jobs.

Paterson is quite a simple and clear system. This makes it easier for workers to understand, and it is more difficult for management to trick or confuse workers.

But the problem is that it is very difficult to say how much decision-making there is in the job. It is also impossible to measure the other sub-factors. So it is easy for there to be disagreements or arguments between management and workers.



## **Peromnes job grading system.**

We said that the Paterson system uses one factor to measure how important a job is. The Paterson system uses the factor of decision making. Peromnes is different. The Peromnes system uses **8 factors** to grade jobs. This means that the job grading committee measures each job according to 8 factors.

Each factor can get 36 points. The job grading committee decides how many points the job will get for each factor. The committee then adds up all the points for the job. Then the job is placed in its grade according to the points it gets.

### **1. Problem solving**

This factor claims to measure how big the problems are in the work, and how difficult it is to solve them. It is similar to the factor of decision making in the Paterson system. (0 - 36 points)

### **2. Cost of mistakes**

This factor claims to measure the cost to the company if the worker makes a mistake. If the cost of the mistake is big, Peromnes says the job is important and gives it more points. (0 - 36 points)

### **3. Pressure of work**

This factor claims to measure how much stress a job causes, but it does not give points for pressure from the supervisor, for fast work, or overtime.(0 - 36 points)

### **4. Knowledge**

that is necessary to do the job. (0 - 36 points)

### **5. Job impact**

This factor claims to measure how much influence or effect the job has inside or outside the company. For example, a manager has more influence on a company than a cleaner.(0 - 36 points)

### **6. Level of understanding of reading and writing**

This factor measures how good your reading and writing must be, and if you need to know special or difficult language or words. For example, a doctor needs to understand special words.(0 - 36 points)

### **7. Educational qualifications**

This factor measures what educational qualifications a worker needs for the job.(0 - 36 points)

### **8. Training and experience**

This factor measures how much training and experience you need to do the job, beside the educational qualifications in point 7.(0 - 36 points)



Let us look at how the Peromnes system grades Mr Gumede's job.

The job analyst gives points to Mr Gumede's job. See the example below:

Then the grading committee adds up all the points that Mr Gumede scored and gets the total number of points. He scores  $1 + 9 + 0 + 2 + 2 + 4 + 6 + 6 = 30$  points.

There are 19 grades in the Peromnes system. Jobs are graded according to the number of points they score. The more points a job scores, the higher the grade.

#### MR GUMEDE'S SCORE

$$1 + 9 + 0 + 2 + 2 +$$

$$4 + 6 + 6 = 30 \text{ points.}$$

## Example of how Peromnes job grading system grades Mr Gumedes job

FACTOR	MR GUMEDE'S JOB	POINTS
1. Problem solving	Gumede does not have any problems to solve	1
2. Cost of mistakes	If Gumede makes a mistake, a whole shift of production could be lost. This is quite serious	9
3. Pressure of work	Gumede is under no pressure	0
4. Knowledge	Gumede needs very little knowledge	2
5. Job impact	Gumede has no impact on anyone inside or outside the company	2
6. Reading and writing	Gumede needs to know a little English, and how to write the amount of chemicals used	4
7. Educational qualifications	Gumede needs a Std 4 to do the job	6
8. Training and experience	Gumede needs 2 weeks on the job training	6



## Peromnes table: No. of points per grade

GRADE	POINTS	WHO FITS IN THIS GRADE
1 + +	271 - 288	Most senior executives and specialists
1 +	259 - 270	
1	249 - 258	
2	231 - 248	Other top management and senior specialists
3	216 - 230	
4	201 - 215	Senior management and high-level specialists
5	187 - 200	
6	173 - 186	
7	158 - 172	Middle management, low-level specialists, superintendents
8	143 - 157	
9	128 - 142	
10	113 - 127	Supervisors, very skilled workers, and high-level clerical staff
11	99 - 112	
12	85 - 98	
13	73 - 84	Skilled and semi-skilled workers, and clerical staff
14	61 - 72	
15	49 - 60	
16	37 - 48	
17	27 - 36	Low-skilled and unskilled workers
18	17 - 26	
19	0 - 16	

This table shows the grades and the number of points.

Remember that Mr Gumede scored 30

points. You can see that 30 points is very low down on the Peromnes system. 30 points puts Mr Gumede in **Grade 17** with other low-skilled workers.



## Good points and bad points about the Peromnes system

A good thing about the Peromnes system is that it has more factors than Paterson. So if a worker gets no points for one factor, he or she may get points on another factor.

The problem is that all of the factors favour management rather than workers. There are no points for heavy work, dangerous work, bad conditions, or stress. Factors like **problem solving, knowledge, understanding of reading and writing, educational qualifications, and training and experience** all clearly give management lots of points. Factors like cost of mistakes, pressure of work, and job impact also clearly give the jobs of management much more points.

Another problem with Peromnes is that the worker does not usually get a chance to read the job description. So the worker does not get a chance to challenge or question the job description. Also the rules that tell the grading committee how many points to give the job for each factor are difficult to understand. The rules are written in very difficult English, and they are not very clear. This makes it difficult for workers to challenge the grading.

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**What do you think? Do you think job grading systems like Peromnes and Paterson favour management instead of the majority of workers in the factory? Could you describe to someone else how the Paterson system works? Could you describe how the Peromnes system works? What are the differences between Peromnes and Paterson? Why do managements not make any attempts to explain the systems in simple ways to workers? Could you apply the examples to the situation in your own factory?**

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## Industrial Council job grading systems.

Industrial Councils, such as the metal industries Industrial Council, often have their own job grading systems. Industrial Council job grading is very different from systems like Paterson and Peromnes. There are no factors or points.

The Industrial Council itself decides which jobs go in which grades. How does the Industrial Council decide?

Generally, the Industrial Council grades the jobs according to skills, training and experience. But the grades are also negotiated with the trade unions in the Industrial Council. In the past there were no black trade unions in the Industrial Council until MAWU joined in 1983.

So only the white unions were bargaining with the employers. The white unions pushed for the jobs of their members to be graded higher. So the black workers in the metal industries stayed on low grades, while the white workers were pushed into higher grades.

That is why you might find a black welder and a white welder doing slightly different jobs. There may be no difference in skill and training for the job, but you find the job of the white welder graded higher than the job of the black welder.

The jobs and grades for the metal industry are in the Industrial Council Main Agreement. By law there has to be a copy of the Main Agreement available to the workers at every workplace.

The Main Agreement is divided into a number of **schedules**. Each factory is registered under a certain schedule, or more than one schedule, at the Industrial Council. For example, all factories that make pipes fall under schedule D20.

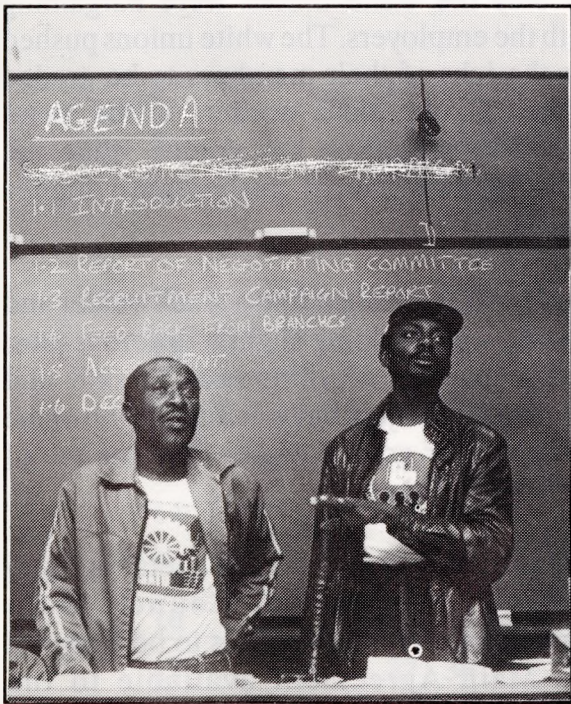


All foundries are registered under schedule D6. The management is supposed to display the schedule somewhere in the factory, usually at reception.

Workers can look up their jobs under the particular schedule of the Main Agreement, and see what grade they are in. So they can check whether management has put them in the right grade.

Every year the employers and the trade unions bargain about minimum wages at the Industrial Council. Once an agreement is reached, these wages become the minimum wages for each grade for the next year. No company is allowed to pay less than the minimum wages.

Lots of companies in the metal industry use job grading systems like Peromnes and Paterson. If they do this, they have to give the



**Every year the employers and trade unions bargain about minimum wages at the Industrial Council - it is very important that workers discuss progress of the negotiations**

worker two grades. They have to give the worker an Industrial Council grade as well as the Paterson or Peromnes grade. They are not allowed to pay the worker below the

minimum wage for the Industrial Council grade, no matter what grade he or she is under the Paterson or Peromnes system.

If the workers think management is grading jobs wrongly, they have the right to call an inspector from the Industrial Council.

## 5. IS JOB GRADING SCIENTIFIC?

Management often says that workers cannot argue about job grading because job grading is **scientific**. They say that job grading measures the importance of a job in the same way that litres measures the amount of petrol. 5 litres of petrol is 5 litres of petrol, no-one can argue about that. A labourer is in the bottom grade, and no-one can argue about that. That is what management sometimes says.

By saying that the job grading is scientific, management wishes everyone to accept the system. They also want workers to believe that the system is neutral, that it does not favour anyone. They want to prevent workers from challenging the system

They want all workers to accept that management is the most important and gets the most pay, and that the workers on the shopfloor are less important and get less pay. They want workers to accept that on the shopfloor skilled workers and supervisors are more important and get more money than operators and labourers.

### Job grading is not scientific

Job grading is not scientific. There are many arguments that you can put forward to show



### 1. Job grading rewards the employees who are most important to the "profit" of the firm.

As one job grading consultant put it: "*The main purpose of job grading is to measure and compare the different jobs in the company so that their contribution to profit and growth can be fairly rewarded.*"

It is not scientific to reward the contribution to profit. Workers might argue that their lives and health and needs are more important than profit, and that they should be rewarded for heavy work, boring work, work that causes stress, or that they should be rewarded according to their needs.

### 2. There is no scientific way of deciding what factors to use.

The Paterson system says it is scientific to measure decision-making. But there is no reason why decision-making should be more scientific than training, skills, responsibility, heavy work, or stress. Different people will have different ideas about what factors are important. Workers and management will have different views on this. This can be something to **negotiate**.

### 3. There is no scientific way of measuring the factors.

For example, in Paterson there are no rules or points for measuring the sub-factors. The grading committee has to decide which subfactors are more important, and which grade to put the job in.

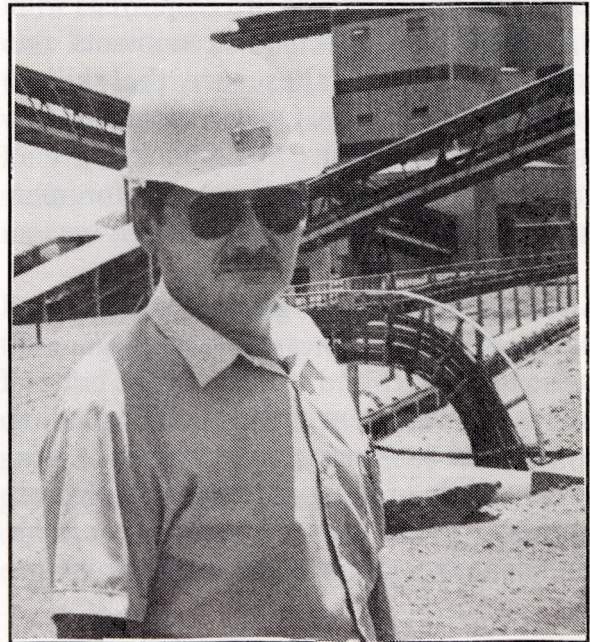
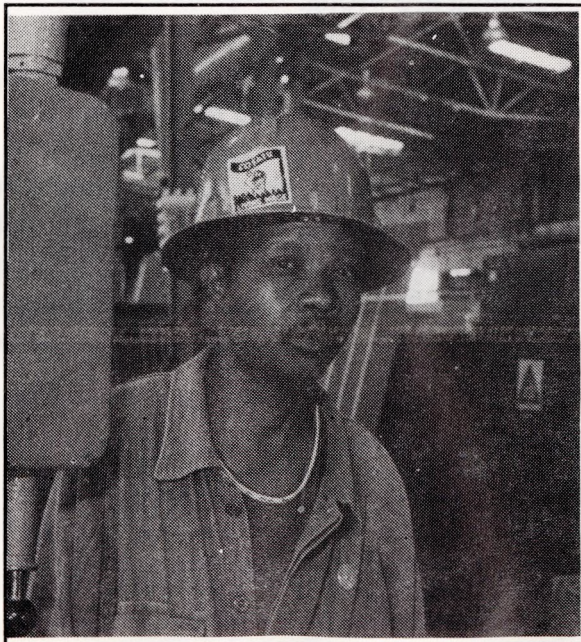
The Peromnes system allows each factor to score 36 points. It has rules for how to score the job in each factor. For example, it gives 24 points for a university degree, and 16 points for a matric, and 12 points for a standard eight. But these rules are not scientific. Another person might argue that a university degree should only get 20 points. There is nothing that can prove he is wrong.

Another example is the AECI job grading system. The AECI system does give points for hard work and bad working conditions.

But these factors get very few points compared with factors like mental requirements, and education and training.

There is no scientific reason for giving hard work and bad conditions so few points.

**All capitalist companies have more or less the same structure. So job grading systems all put management in the top grades and workers in the bottom grades**





# METAL WORKERS UNITE

## Abolish the wage gap



**Abolish the wage gap: Numsa bargaining poster showing the differences in wages**

Management and workers will have different views on how to measure the factors, so this should be open to negotiation.

#### **4. All capitalist companies have more or less the same structure.**

Management is at the top, controlling the company. In the middle are employees with a lot of training, such as accountants and engineers. Below these are the skilled workers, like artisans. Operators and drivers are below the artisans, and labourers are at the very bottom. Supervisors and foremen get more money than other workers.

All job grading systems grade jobs in more or less the same way. They all put management in the top grades and workers in the bottom grades. Management claims that job grading proves that jobs must be graded like this, because job grading is scientific. So job grading proves that the structure of the capitalist company is the scientific structure.

But this is not true. Job grading does not show that the capitalist company is scientific. Rather, job grading is **based on the structure of the capitalist company**. In other words, job grading assumes that the structure of the capitalist company is the best. It assumes that the ideas of Elliot Sixhoso we read at the beginning are wrong.

If we look at the way the Paterson method was developed we can see this very clearly.

Professor Paterson developed his method 30 years ago. He wanted to develop a job grading system that was easy and quick to use. The problem with systems like Peromnes that used many factors was that they were difficult and slow to use.

So Professor Paterson thought that if he could find one factor that would be better. But the one factor had to produce the **same results as the job grading systems with many factors**.



Otherwise capitalist companies would not accept it. So Paterson tested various factors to find which one would grade jobs roughly the same as all the other job grading systems. In the end, he found that **decision-making** graded jobs in roughly the same way as the other job grading systems with many factors.

If Paterson wanted to be scientific he should have been independent from the other job grading systems. But it is clear that he relied on the other grading systems to check if his system was right.

The next step for Paterson was to study the structure of a number of companies. He found that most companies in a capitalist economy have **different levels**. The different levels are:

- top management
- senior management
- middle management
- skilled workers
- semi-skilled workers
- unskilled workers

Professor Paterson then gave a name to the kind of decision made at each level:

Top management -**policy-making decisions**

Senior management -**programming decisions**

Middle management - **interpretive decisions**

Skilled workers -**routine decisions**

Semi-skilled workers -**automatic decisions**

Unskilled workers -**defined decisions**

It is very clear that Paterson took the structure of the normal company as his starting point. His system is a **reflection of the normal company in a capitalist economy**.

Management cannot argue that the Paterson system is scientific proof that the structure of

a normal company is the best one.

## The development of the capitalist system

We have seen that all job grading systems grade the people who make decisions, the people with power, the people with education, in the top grades. They grade the workers who make small decisions, who have very little education and skills, in the bottom grades.

But if you look at history, you see that it was the capitalists who took people's skills away. Before capitalism developed in Europe, craftsmen had many skills and a lot of knowledge. For example, a carpenter knew how to use many different kinds of wood. He could make different kinds of furniture, and so on.

But when capitalists started to take over control of production, they changed the way people worked. They made each worker concentrate on one small job. All the small jobs together made one big job. Now the carpenter only knew how to cut the wood. He did not know any of the other jobs, because other workers did those jobs.

Later, as capitalists introduced more and more machines, so the workers lost more and more of their knowledge and skills. Now they only knew how to operate the machines. All through history capitalism has made sure that workers need less and less skills and knowledge. Capitalists have concentrated skills and knowledge in the hands of management and engineers and accountants.

For example, in South Africa the people used to do many things before capitalism started. People used to hunt, build houses, make clothes and pots and tools and weapons, and grow food and look after cattle. Now each person only knows one thing at work, how to operate a machine or drive a truck. So capitalism took away people's skills.





**The beginnings of capitalism in South Africa: building railways**

At the same time, the capitalists need to control the company and the worker. So they prevent the workers from participating in any decisions. If workers claim the right to make decisions, management says that decisions are the right of management. If trade unions demand more participation in decision-making, and more training for the workers so that they can challenge management, management refuses. But more recently, capitalists are trying to involve workers in participation schemes.

So management has created the situation where the mass of workers have no responsibility, no decision-making, few skills and little knowledge. They have created the situation where managers and engineers have all the responsibility, control, skills and knowledge. Then they introduce job grading which says that it is right that people with little knowledge and skills and decision-making must get less money. History shows that job grading supports the present system, it does not challenge it.

## **6. TRADE UNION VIEWS ON JOB GRADING**

Generally, trade unions in South Africa see advantages and disadvantages in job grading.

### **Advantages of job grading**

1. If there is a job grading system, all workers get paid according to their grade. Management cannot just choose to pay one worker more and another less simply because he likes the one worker more. Job grading prevents victimisation and favouritism.
2. If there is a job grading system, each worker knows exactly what his or her grade is. He or she knows exactly what his or her wage rate is. This prevents any cheating. Also, if the worker is dissatisfied with the grade, he or she can usually appeal.
3. Job grading systems grade the job not the colour of the worker. This means equal pay for equal work. Job grading can help to overcome racial discrimination in the workplace. It also means equal pay for women if they do the same job as men, so it helps to overcome discrimination against women.

### **Disadvantages of job grading**

1. Job grading can encourage divisions amongst workers. Workers can become more interested in improving their own position than improving the position of all workers.



2. Job grading systems favour management more than workers. The majority of workers are in the lowest grades which earn low pay, so the company pays less in wages. This increases the profits of the company.

3. It is very difficult to change the job grading system to suit workers. Management will not accept a system which challenges the structure of the company. Unions can fight to improve the system in small ways, but this takes quite a lot of time.

4. Many unions believe it is wrong for unions to be involved in job grading, because it seems as if the union is grading its members.

5. Some unions believe that job grading creates ideological problems, because it encourages workers to accept that the structure of the company is scientific and it cannot be different.

Job grading can encourage workers to accept the values and hierarchy of capitalism. This means workers will accept that the more education and power you have got, the more important you are. Whereas unions are trying to encourage equality.

## Strategies and issues

In this section of the book we discuss different problems that unions have experienced, and the demands some unions have made.

### 1. The right to negotiate the job grading system at all stages

Sometimes management introduces a new job grading system without discussing with the union. Sometimes management says the choice of which system to use is non-negotiable, while everything else is negotiable.

One company in Durban which gave the union the **right to be consulted** but not the **right to negotiate**. The workers refused to accept this.

Most unions demand the right to negotiate at every stage. But sometimes they decide not to push on the right to negotiate over which system to use, because it takes a lot of time and training, and other issues facing the workers may be more important.

If management imposes a new job grading system without negotiating, and then tries to change wages, they could be charged with an unfair labour practice.

### 2. Should unions participate on the grading committee?

This is a very difficult question. Some managements do not invite the union to sit on the grading committee, because they do not want to negotiate job grading. Other more sophisticated managements want the union or shop stewards to sit on the grading committee. They want worker representatives to sit on the committee because they want workers to feel that job grading is acceptable.

Some shop steward committees have decided to have representatives on the grading committee, because they believe this will give workers the most say over the job grading system. Other shop steward committees have decided not to sit on the grading committee. They believe that job grading will always cause some dissatisfaction amongst workers.

They fear that if workers are dissatisfied, management will say, "Go and speak to your shop stewards. They sat on the grading committee so complain to them." They believe that if they sit on the grading committee they will be doing management's job for them, and this could create divisions between the workers and the union.

If the shop stewards decide not to sit on the committee, they can still demand the right to negotiate and put workers demands and problems to the grading committee. But they will be independent from the committee.



And they will not have responsibility for the committee's decisions.

### 3. Job descriptions

Lots of workers have problems with job descriptions. Some workers never see their job descriptions. Other workers never get a chance to challenge the descriptions. Sometimes the job descriptions do not describe the job properly. Sometimes the job description is not clear.

In some job grading systems the worker has the right to see the job description and challenge it. In Paterson, for example, the job analyst is supposed to bring the written job description to the worker. If the worker agrees with the description, he or she signs it.

Some job grading systems do not give the worker this right. But there is no good reason for this. The shop stewards can still demand it as a right. Most shop stewards demand:

- the job analyst must bring the written job description back to the worker
- the worker can keep the written job description for a period of time, for example 3 days, before signing it
- during this time the worker has the right to consult his or her shop steward, because the shop steward probably know more about the job grading system. The shop steward knows the factors, and can make sure that every aspect of the job that is relevant to the factors is in the job description.
- during this time the worker should also discuss the job description with other workers doing the same job, because the job description will affect their grade too.
- after he or she has signed the job description, he or she should be given a copy, so he or she can refer to it at any time.

The job description can be a protection for the worker, so that he or she knows what his/her job is. He or she can refer to the job description if the foreman tries to make

him/her do all sorts of different jobs. But most job descriptions say that the worker can be told to do other jobs as well as his or her own job. Some job descriptions say the worker can do any other job if necessary. Other job descriptions say the worker can do another job **on a temporary basis if there is not enough work in his own job**. This is very important, because it stops management from using a worker to do other jobs all the time.

Workers should put forward demands to limit this clause. Workers should only be asked to do other work if

- there is not enough work in his or her own job
- he or she is given other jobs on a temporary basis
- the other job is not more than 2 grades below his/her job, or not more than 2 grades above his/her job
- if the other job is on a lower grade, his or her pay must not be less
- if the other job is on a higher grade, the worker should be paid the rate for the higher grade (in the metal industry the worker must get the higher rate for the whole shift, even if he/she only does the higher job for one hour)

### 4. Check that the job grading system is applied properly

Lots of companies started job grading when there was no union among the workers. Often they did not use the job grading properly, because the knew workers would not question them. Sometimes you find workers doing the same job, but being on different grades. If there is an Industrial Council in your industry you can check if workers are in the wrong grade.

Even if you do not think the job grading system is a good one, you can check to make sure management uses the system properly. You can use the job grading system to make sure that everyone who does the same job gets the same grade and the same pay.






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**MAWU workers on strike: Wages are more important than grades**

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bottom grades should be joined into one grade, and management agreed.

NUMSA was pushing at the Industrial Council to reduce the number of grades in the Industrial Council system, and especially to join the two bottom grades into one grade.

sure management uses the system properly. You can use the job grading system to make sure that everyone who does the same job gets the same grade and the same pay.

### 5. Demanding less grades

Often management likes to have lots of different grades in the job grading system. Many shop stewards are against this. The shop stewards say that if there are lots of grades it increases the divisions and competition amongst workers. It also makes a bigger gap between workers in the higher grades and workers in the lower grades.

These shop stewards think workers should demand less grades. Their aim is to close the gap between the wages of the workers on low grades and the workers on high grades.

For example, shop stewards at a FAWU factory forced management to reduce the number of grades in each Band of the Paterson system.

Now they have A1 and A2 rather than A1, A2, A3. They have B1, B2 and B3 instead of B1, B2, B3, B4 and B5.

PPWAWU members demanded that the two

This helps to close up the wage gap between workers.

All of these unions are pushing for more equality in wages, and less differences. Wages are more important than grades. If a union has a wage policy, for example to close the gap on wages, it can put pressure on the grading system to make it correspond to the wage policy. Never let the grading system control your wage demands.

### 6. Grading up and grading down

Sometimes, as described at point 4. above, the job grading system is in a mess because management never applied it properly.

When management realises it is in a mess, they may decide to re-grade all the jobs. This means that some workers will be in a higher grade than before, and others will be in a lower grade.

Sometimes management decides that another grading system is better. Sometimes the workers demand a different grading system. A different grading system will mean all the jobs need to be graded again.



If management tries a different system some workers may be in a higher grade than before, and other workers may be in a lower grade.

If some workers are in higher grades, and others are in lower, management may try to change their wages. Management may try to pay lower wages to those whose grade has dropped, while paying higher wages to those whose grade has improved.

This is not acceptable. When negotiating the regrading or the introduction of a new system, shop stewards should make it clear that no worker will get lower wages, even if he or she is graded into a lower grade. That worker should stay on the higher wage rate until he or she leaves the factory or retires. This is called red-circling the rate. Only new workers who are coming into the job should start at the lower rate.

At the same time, workers who are graded into a higher grade should get the higher rate of pay. In one PWAWU factory, management argued that such workers should be paid at a lower rate for the first 3 months, as if they were promoted. The workers disagreed, saying the workers have been doing the job all the time. They are not new to the job, they have not been promoted to a new job. Therefore they must immediately get the higher rate.

In the same factory, management said that they would only increase the rates of those who were graded higher, if the workers who were graded lower accepted lower wages. Workers refused. They said you cannot bargain one worker's wages against the wages of another worker.

If management wants to introduce a new job grading scheme, workers should be careful not to accept the system until they see its results.

Then if the new grading system puts lots of workers into lower grades or onto lower rates of pay, workers can reject it.

## 7. Appeal procedure

Shop stewards should make sure the job grading system has got an appeal procedure. Then if a worker is dissatisfied about the grade for his/her job, he or she can appeal for a regrading. Shop stewards can use the existing grievance procedures to appeal

## 8. Changing the job grading system to suit workers

We have already discussed one example of this, under point 5., where we discussed demands for less grades. But some shop steward committees have made the demand that other factors should be included in the job grading system. They demand that factors which favour workers should be included. Factors like heavy work, boring work, stress, uncomfortable working conditions, danger, etc.

Management will respond to such demands by saying that you cannot change the job grading system because it is scientific. We have already seen that this is not true.

There is no reason why extra factors cannot be included. In Peromnes, for example, you could add a factor for heavy work. Or you could take out a factor such as "job impact" and put a factor for "heavy work" in its place.

If the additional factor or factors put an operator in the same grade as a department manager, management will not accept it. But factors such as heavy work or stress may improve the score of the lowest workers. So it may close the wage gap between workers on the shopfloor. If workers want this management might accept it.

In some factories workers get a bonus for heavy work, danger, or bad conditions. Workers will have to decide if they are satisfied with this, or if they want to try to include these factors in the grading system. There is one point to be careful of. Sometimes workers demand extra pay for dangerous conditions, whether as a bonus or as a factor in the grading system.



But it is workers' right to have a safe and healthy workplace. If workers are getting extra pay for dangerous conditions, they may be reluctant to demand a safe workplace, because then they will lose their extra pay.

### **9. Designing a new job grading system that favours workers**

Sometimes when workers complain about a job grading system, management says, "Well, make a proposal about a job grading system that you like, and we can discuss it." Then workers are stuck, because none of the job grading systems favour workers.

Some organisers and shop stewards have suggested that workers design their own job grading system and try to get management to accept it. As far as we know, no factory has yet succeeded in doing this. But it may well be possible. We would like to make a few points about this idea.

Shop stewards and organisers need to be clear what the purpose of such a job grading system is. We have already seen how job grading systems reflect and support the structure of the capitalist firm. Job grading systems support the different levels of power, control and money in the company. Management will not accept a job grading system that challenges this structure of power and control.

For example, if the workers' proposal grades a truck driver and machine operators higher than the personal manager and the production manager, management will not accept it. If the workers' proposal makes all shopfloor workers equal, management will not accept it. If the workers' proposal makes foremen and supervisors equal to other workers, management will not accept it.

But management may accept a proposal that closes the gap between unskilled workers and skilled workers. If the proposal includes factors for heavy work, boring work, stress and bad conditions, then it may increase the score of the unskilled workers and bring

them closer to the skilled workers.

A job grading system designed by workers would have the advantage that workers would understand it and control it. Workers would be able to put forward their views about what is important in their jobs.

But a job grading system designed by workers could have disadvantages. As we have stated above, such a system would not be able to challenge the overall structure of power and control in the company. In other words, it would have to accept this structure and work within it. If workers were very involved in designing the grading system, it might result in the workers accepting the structure of the company.

Workers might come to accept the values of the company, and believe that a person should be more important because he/she has got education or power. Organisers and shop stewards will have to ask themselves if these are the values, ideas and beliefs that unions are fighting for?

Another point to think about is that to design a grading system and negotiate it with management will take a lot of time and work.

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## WAGES IN CUBA AFTER LIBERATION.

The people of Cuba were oppressed by a dictator called Batista. But there were organisations struggling for the freedom of the people, and in 1960 the people won their liberation.

Before liberation there were many poor people, and a few rich people. The new government, led by Fidel Castro, wanted everyone to be equal. They had the same beliefs as Mr. Sixhoso at the beginning of this book.

So the new government took control of most of the factories and farms in Cuba. Now the factories and farms belonged to the government. The government introduced a

new policy on wages. Most wages would be the same. There would be very little difference between wages.

In 1969 an American visitor was speaking to a Cuban factory manager. The American asked how much money the Cuban manager earned. The manager said,  
*"That is not an important question. I do not do the job for money. I am proud to be chosen for the job of manager, I am proud to serve my people. But if you want to know, I earn 142 pesos a month. That comrade who sweeps the factory, he earns 138 pesos."*

But in 1970 the government changed its wage policy. There are now bigger differences between the wages of different workers, and between the wages of workers and managers. Why did they change the policy?

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**Cuban workers: everyone gets a month's paid holiday every year**





A trade union leader, Francisco Travieso, explained it like this:

*"Before 1970 there was very little difference in the wage scales between workers. Often a worker with very little skill or training would earn the same as someone with 3 years training. Also, a lazy worker, or a worker who only came to work for some days, could earn nearly the same as one who came every day and worked hard. This was upsetting. The one who worked hard would ask himself, Why do I work so hard, when other workers are so lazy? People became demoralised. So we decided to introduce differences in wages."*

Now the people with more training or more responsibility are paid more. Someone who works harder also earns more. Although there are now differences in wages, they are still not such big differences as you find in many other countries.

Also, the Cuban people do not have to pay for everything. They pay low rent, they get free health care, free education, 6 months maternity leave with full pay, proper pensions, and so on. Every Cuban has a right to these things, no matter what his or her wage.

But as another Cuban said,  
*"We made a mistake at the beginning, because we thought all Cubans would be prepared to serve the nation. Now we have corrected the mistake. But there is a danger of making the opposite mistake. There is a danger that some officials and leaders could use this policy to increase their privileges. Then we could lose sight of our aims. But the top leadership is aware of the danger, and so are the people. At all times we try to place commitment and discipline at the forefront. Our heroes and our important people are not those who earn more. Our heroes and important people are those who do more and sacrifice more, who go to teach and help people in other countries, people who are committed to the struggle."*

The Cuban still believes that one day everyone will earn the same as everyone else. But they say that first they must develop the country so it is rich enough for all to satisfy their needs.

And secondly, they say that each child must be educated to work for the people, rather than to improve his or her own position. They say that the foundations for future equality have to be laid now.

## THE MONDRAGON CO-OPERATIVES

The Mondragon co-operatives are situated in the Basque territory of Spain. They are probably the best known and most successful producers co-ops in the world.

The first co-op started in 1952, and was called ULGOR. It manufactured electrical goods and today is one of the biggest exporters of home appliances in Spain. The number of co-ops grew rapidly until in 1959 the co-op bank (Caja Labore Popular) was set up to provide credit to the new co-ops as well as training in how to manage a co-op. By 1986 there were 111 co-ops with 20 000 worker members.

There are a number of basic principles which apply to all the Mondragon co-operatives. Firstly, all workers have to be members. This means that all the workers collectively own the co-op in which they work and have a say in running it. Workers have to make a joining contribution of about R4000 which they can pay off in installments over two years.

Secondly, the co-ops have to be democratic organisations which means that the managers are elected and are accountable to all the members. The General Assembly of all workers elects a board to



manage the co-op. It also elects a Social Council which looks after shopfloor grievances, personnel and social welfare issues. There is also a "Watchdog" Council which checks that the wishes of the General Assembly are being carried out by the management bodies.

The third principle is that profits are distributed in a fixed way: 20% gets reinvested in the co-op and 10% is paid into the Social Fund and used for community projects like schools. The rest is divided up amongst the worker-members - some is paid out in cash and the rest goes into the workers' capital accounts which is paid out to them in full when they leave or retire from the co-op.

Worker-members also get monthly wages (which are really advance payment of their profit-share). The highest paid member may not earn more than three times the amount earned by the lowest paid members. This means that if the lowest paid earned R700 per month, then the highest paid could not earn more than (3 x R700) R2 100. Wage levels are worked out according to a job grading system which is based on the points system.

It uses the following factors to evaluate jobs:

- training and experience
- decision-making responsibility
- social relation skills
- physical and mental demands
- special hardships (eg danger, noise)

So the co-ops still have a job grading system which they use as a basis for deciding how to pay salaries and profit earnings.

But it is a system which looks at conditions which affect the jobs of manual workers and it is also linked to the 3:1 ratio so that the wage gap between high and low paid members is very narrow.

.....  
**What do you think? Do you think the Cuban people can succeed in their aims?**

**What are your opinions of the Mondragon co-operatives?**

**After apartheid has ended in South Africa, what do you think the wage policy of the People's Government should be? Do you agree with the ideas of Elliot Sixhoso at the beginning of this book? Or do you think he is wrong?**  
 .....

## **FURTHER INFORMATION:**

**IF YOU WISH TO KNOW MORE ABOUT JOB GRADING SPEAK TO YOUR TRADE UNION.**

**These service organisations assist trade unions with job grading:**

**WIG (Workplace Information Group),**

**6th floor, Merchandise Centre, 350 Bree St, Johannesburg, P O Box 5244, JHB, 2000**

**Tel: 402-5363/4/5/6**

**LERC (Labour and Economic Research Centre)**

**Pasteur Chambers, 191 Jeppe St, Johannesburg, P O Box 157, JHB, 2000**

**Tel: 23-0437, 23-2308**