An examination of salary compression in the department administrative services of the City of Atlanta: Implications for public personnel management

Kathy L. Springer

Atlanta University
ABSTRACT

PUBLIC ADMINISTRATION

SPRINGER, KATHY L. B.S., Florida A&M University, 1981

An Examination of Salary Compression in the Department of Administrative Services of the City of Atlanta: Implications for Public Personnel Management

Advisor: Dr. Brenda Rowe

Degree Paper dated July 26, 1985

This degree paper examines salary compression in the Department of Administrative Services of the City of Atlanta.

The primary intent of this paper is to determine whether salary compression is greatest in the relationship between the hourly subordinates and the salaried supervisors. It is also the intent of this paper to examine the impact of compression on morale, productivity, and turnover.

Survey research was employed in the analysis of the problem. Additional data were obtained through the Department of Administrative Services-Bureau of Personnel and Human Resources in the form of booklets, pamphlets, and computer print-outs. Also a wide variety of supportive materials (e.g., books, periodicals, and magazines) was used.

The findings of this study suggest that salary compression in the Department of Administrative Services is a problem that is most severe in the relationship between the salaried subordinates and the salaried supervisors. This study also revealed that salary compression lowered
morale, decreased productivity, and increased turnover in the organization.
AN EXAMINATION OF SALARY COMPRESSION IN THE DEPARTMENT OF ADMINISTRATIVE SERVICES OF THE CITY OF ATLANTA: IMPLICATIONS FOR PUBLIC PERSONNEL MANAGEMENT

A DEGREE PAPER SUBMITTED TO THE FACULTY OF ATLANTA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF PUBLIC ADMINISTRATION

BY KATHY LORAIN SPRINGER

DEPARTMENT OF PUBLIC ADMINISTRATION

ATLANTA, GEORGIA
JULY 1985
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>LIST OF TABLES</td>
<td>iii</td>
</tr>
<tr>
<td>LIST OF FIGURES</td>
<td>iv</td>
</tr>
<tr>
<td>I. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>II. THE PROBLEM AND ITS SETTING</td>
<td></td>
</tr>
<tr>
<td>1. The Internship Experience</td>
<td>3</td>
</tr>
<tr>
<td>2. The Context of the Problem</td>
<td>7</td>
</tr>
<tr>
<td>3. Definition of the Problem</td>
<td>8</td>
</tr>
<tr>
<td>III. LITERATURE REVIEW</td>
<td>11</td>
</tr>
<tr>
<td>IV. METHODOLOGY</td>
<td>14</td>
</tr>
<tr>
<td>1. Limitations of the Study</td>
<td>16</td>
</tr>
<tr>
<td>V. FINDINGS</td>
<td>18</td>
</tr>
<tr>
<td>1. Implications for Public Personnel Management</td>
<td>22</td>
</tr>
<tr>
<td>VI. CONCLUSIONS AND RECOMMENDATIONS</td>
<td>24</td>
</tr>
<tr>
<td>APPENDICES</td>
<td>26</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>30</td>
</tr>
</tbody>
</table>
# LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Hypothetical Illustration of Salary Compression</td>
<td>9</td>
</tr>
<tr>
<td>2. Background Characteristics of Survey Respondents</td>
<td>15</td>
</tr>
<tr>
<td>3. Hourly Subordinates Out-Earning Salaried Supervisors vs. Salaried Subordinates Out-Earning Salaried Supervisors</td>
<td>19</td>
</tr>
<tr>
<td>4. Bureaus Reporting Salary Compression</td>
<td>22</td>
</tr>
<tr>
<td>5. Attitudinal Effects Reported by Survey Respondents</td>
<td>22</td>
</tr>
</tbody>
</table>
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figure</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Organization Chart-Department of Administrative Services</td>
<td>4</td>
</tr>
<tr>
<td>2. Organization Chart-Bureau of Personnel</td>
<td>5</td>
</tr>
</tbody>
</table>
I. INTRODUCTION

Most managers have come to expect periodic merit increases as just reward for a job well done (i.e., for contributing successfully to organizational objectives). Virtually all salary administration policies are founded on the concept that meritorious performance should be rewarded and that higher levels of compensation should go to those who apply specialized skills or supervise the work of others.

There is a problem, however. Some workers earn substantially more than their bosses. For several decades, many managers have been watching the compensation gap between themselves and their subordinates become narrower. In some cases, when the hourly worker's overtime pay is included, the worker receives a larger paycheck than does the supervisor. The supervisor is getting caught in a crunch between rising worker's wages and his own rapidly eroding purchasing power.\(^1\) In the private sector this problem has traditionally been most prevalent between the production worker and the first-line supervisor. While the first-line supervisor may be among the hardest hit by the compression, the problem is surfacing not only between job levels, but within the ranks of the salaried employees and their supervisors in the public sector as well.

\(^1\)Roger Lopata, "Salary Compression: Are Workers Out-Earning Their Bosses?," Chilton's Iron Age 223 (October 1980), pp. 49-51.
This paper examines salary compression in the Department of Administrative Services (DAS) of the City of Atlanta. It investigates the impact of compression on such factors as morale, productivity, and turnover; discusses the implications for public personnel management; and outlines recommendations and/or solutions to resolve the problem.
II. THE PROBLEM AND ITS SETTING

The Internship Experience: Department of Administrative Services - Bureau of Personnel and Human Resources

The internship was served in one of the oldest bureaus in the Department of Administrative Services: The Bureau of Personnel and Human Resources (BPHR). As can be seen in Figure 1, there are seven (7) divisions within the BPHR: (1) Classification, (2) Recruitment, (3) Certification and Records, (4) Employee Development and Training, (5) Worker’s Compensation, (6) Evaluations and Testing, and (7) Affirmative Action.

The internship was served in two major divisions of the BPHR, Classification and Recruitment. The Classification and Compensation Division has responsibility for the continuing administration of the classification and salary program for the more than 8,000 positions in the municipal service. The Recruitment Division has a responsibility to the operating departments and to the citizens of the City to recruit people who will carry on the business of government efficiently and effectively. To this end, the recruitment staff strives constantly to increase the number and quality of applicants for employment with the City. (See Figure 2.)

In the Recruitment Division, internship duties and responsibilities were as follows:
SOURCE: Department of Administrative Services - City of Atlanta, Georgia
FIGURE 2

BUREAU OF PERSONNEL AND HUMAN RESOURCES

Director of Personnel

Administrative Assistant

Word Processor II

Secretary II

Information Officer

Recruitment Personnel Analyst IV

Evaluations Personnel Analyst IV

Classification Personnel Analyst IV

Affirmative Action Officer

Certification and Records Personnel Analyst IV

Workers' Compensation & Unemployment Personnel Analyst IV

Employee Development and Training Personnel Analyst IV

SOURCE: Bureau of Personnel and Human Resources - City of Atlanta, Georgia
(1) Posting job bulletins
(2) Receiving job applications
(3) Screening job applicants
(4) Entering employment data on the computer terminal

Though there were few apparent problems in the Recruitment Division, the lack of an effective means of allowing handicapped individuals to apply for jobs was noted.2

In the Classification Division, the intern functioned as a Personnel Analyst. Under the supervision of the Chief Analyst, the intern was assigned the following responsibilities:

(1) Conducting field audits for position classifications by interviewing, observing, and making evaluations and comparisons with existing position classes.
(2) Performing job analysis studies in classifications and pay determination.
(3) Calculating statistical analyses of salary figures or wage rates in the process of pay determination.

It was in the performance of these duties and responsibilities that several problems were recognized. These were: (1) improper maintenance of the classification and salary schedules; (2) longevity pay (the consideration of adding more pay steps to the salary schedule in order to properly reward employees who have worked for the City beyond the seventh step of the schedule); and (3) salary compression.

The problem addressed in this paper is that of salary compression.

2Handicapped persons must follow the same procedures as non-handicapped applicants (e.g., there are no special facilities available to aid the visually blind and the hearing impaired).
Context of the Problem

Salary compression may be defined as the earnings differential between supervisors and their subordinates, whereby subordinates earn more than their supervisors. The problem began to emerge during the late 1960's when the United States was experiencing an economic upsurge which lead many companies, particularly those in the production industry, to seek overtime work as a means of meeting the unprecedented demands of the organization. This increased demand for labor brought with it higher wages for the hourly worker. In addition, the overtime rates for the hourly worker is usually calculated at time-and-a-half and sometimes double rates. Consequently, while the hourly worker benefited from overtime pay, the salaried supervisor's duties and responsibilities continued even if overtime hours without overtime pay were required. Thus, overtime pay was one of the principal causes of salary compression in the private sector.

In the public sector, however, the principal cause of compression is somewhat different. Much of the compression that exists in the public sector is in the relationship between the salaried employees and their supervisors, wherein the subordinate has longer tenure in the organization than does the supervisor.

Although salary compression has existed in both private and public sector organizations for several decades, it was only recently recog-

---

nized as a major concern for compensation administration. A number of factors attributed to this occurrence. First, the increased demand for high-tech professionals in such areas as engineering and computer science caused a rise in the annual salary of these professionals. Second, the inability of merit increases to keep pace with inflation and the cost-of-living adjustments caused supervisors to lose some purchasing power when their salaries are compared to that of their employees. Third, the increased participation of unions in the negotiation of wage settlements for the hourly worker also contributed to the problem of compression. Finally, overtime pay is yet another factor that contributes to the rise of the compression problem.

Definition of the Problem

The City of Atlanta BPHR, operates its compensation system under a rate range progression plan. Under this plan, City of Atlanta employees begin at Step 1 and progress to Step 7, the maximum step. Subsequently, they receive six annual increments of approximately four percent each. In such a system, depending on the steps each has reached, the salaries of supervisors may, at some points, be less or greater than those of their subordinates. Specifically, as shown by the hypothetical illustration in Table 1, the salary of a beginning supervisor might be $25,006.80 while that of his subordinate at Step 6 is $26,007.80.

---

4William A. Evans, "Pay or Performance: Fact or Fable?," Personnel Journal Vol 49 (September 1970), pp. 726-731.
### Table 1

Hypothetical Illustration of Salary Compression

<table>
<thead>
<tr>
<th>Steps</th>
<th>Supervisor: Personnel Analyst IV (76)*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Salary $25,006.80 $26,007.80 $27,047.80 $28,139.80 $29,283.80 $30,479.80 $31,727.80</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Steps</th>
<th>Subordinate: Personnel Analyst III (72)*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Salary $21,392.80 $22,237.80 $23,121.80 $24,044.80 $25,006.80 $26,007.80 $27,047.80</td>
</tr>
</tbody>
</table>


* (76) (72) Salary Range Reference Number
Salary compression exists here because the salary scale of a beginning supervisor begins at a rate lower than that of subordinates at Step 6. The supervisor must begin at Step 1 of the salary range and over a period of 260 days progress to the next step. The problem is intensified when the subordinate is granted overtime pay for overtime hours worked and the supervisor is not.

Most often, when a pay discrepancy exists between the hourly worker and the supervisor, it will occur in areas where high-tech professionals and skilled laborers are in demand. For example, the City of Atlanta's Bureau of Motor Transport Services is comprised of mechanics, engineers, and other skilled craftsmen engaged in the maintenance and management of the motorized equipment fleet of the City. It was speculated that this bureau might be experiencing a significant amount of compression.
III. LITERATURE REVIEW

Though there is little literature on the subject of salary compression in the public sector, the significance of the problem is evidenced by some recent research in the private sector.

Steele (1982), surveying approximately six hundred (600) companies found that some 76 percent reported problems with compression. The causes mentioned are numerous: union-negotiated wage settlements; an increasingly heavy demand for engineers and data processing personnel; and the inability of merit pay to keep pace with inflation.5

Mustafa (1974), viewing salary compression as the result of built-in pay inequities due to flat, across-the-board raises, designed an escalator pay plan which sought to maintain an equitable relationship between the wages and salaries of the City of Akron municipal employees.6 The escalator functions to provide periodic adjustments of wages and salaries to correspond with the percentage change of the Consumer Price Index. In short, the escalator has helped maintain pay relationships between job categories based on the kinds of duties and levels of responsibility among similar jobs in other jurisdictions. Additionally,


the plan has widened the salary gap between workers in lower-paying jobs and top level officials.

Hill notes that,

Much of the compression problem relates to supply and demand. Skilled personnel are being paid more now. Some come into a company at almost as much in salary as their bosses are making. There's an escalation in salary requirement each year.\(^7\)

Furthermore, Wood reports that a 1980 survey of textile companies indicates that 15 to 20 percent of net sales goes to fixed costs and mainly salaries for management and supporting staff. "Salaries, including starting salaries are a big chunk of costs, so salary compression is a significant factor."\(^8\)

Equally important, salary compression creates problems for the recruitment of personnel for some supervisory positions. Lopata, for example, contends, "Workers don't want to go after first-line supervisor jobs because of the pay."\(^9\) At its most basic level, the problem is quite obvious. Who wants a promotion when it entails taking less pay? In addition to lower pay, the prospect of more aggravation, less bargaining power, and the likelihood of less frequent pay increases or cost-of-living adjustments, negate advancement desires of some workers.

---


\(^8\)Ibid.

Finally, Teague (1981), postulates that to adequately compensate supervisors for added responsibility and reasonable overtime as may be necessary, supervisory pay scales are, theoretically, set at levels sufficiently above those of the production and clerical workers they direct. However, says Teague, "What do you tell a supervisor when for the past several months a number of his employees' take-home pay has exceeded his or hers?"\textsuperscript{10}

This is the dilemma which many organizations face. What can management do to combat this problem? One suggestion offered to help resolve the problem is to simply extend overtime pay plans to supervisory personnel.\textsuperscript{11} This suggestion may be equitable, but not practical. Managers are then faced with the economical feasibility of such an approach. Moreover, the question of whether productivity and performance would be improved remains unanswered.

\textsuperscript{10}Teague, Overtime Pay Practices for Exempt Employees, p. 1.

\textsuperscript{11}Ibid.
IV. METHODOLOGY AND SAMPLE DESCRIPTION

Survey research is the method of research and data collection used to examine the problem of salary compression in the Department of Administrative Services of the City of Atlanta. A questionnaire was constructed and administered to the five (5) bureaus within the Department: (1) Labor Relations, (2) General Services, (3) Personnel and Human Resources, (4) Motor Transport Services, and (5) Purchasing and Real Estate. Specifically, a total of 50 questionnaires, ten each were distributed to supervisory personnel within these bureaus (e.g., Bureau Directors, Division Chiefs, and First-Line Managers and/or Supervisors).

The questionnaire was divided into three major sections: (1) Personal Background, designed to identify the personal characteristics of respondents; (2) Salary Survey Data, designed to pinpoint areas in which compression exists, describe the severity of the problem, and rate its impact on such matters as morale, productivity, and turnover; and (3) Recommendations/Solutions, designed to solicit respondent solutions for resolving the compression problem. (See Appendix A.)

Table 2 shows the background characteristics of survey respondents, by key variables: sex, education, and position held. Seventy-six percent are male, while 24 percent are female. These individuals are highly educated. Twenty-eight percent hold baccalaureate degrees, while 40 percent have graduate degrees. Twelve percent have only a
TABLE 2

BACKGROUND CHARACTERISTICS OF SURVEY RESPONDENTS
BY SEX, EDUCATION, AND POSITION HELD

<table>
<thead>
<tr>
<th>Background Characteristics</th>
<th>Total Sample (N=25)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. SEX:</td>
<td></td>
</tr>
<tr>
<td>Proportion Male</td>
<td>(19) 76%</td>
</tr>
<tr>
<td>Proportion Female</td>
<td>(6) 24%</td>
</tr>
<tr>
<td>2. EDUCATION:</td>
<td></td>
</tr>
<tr>
<td>Proportion with baccalureate degrees</td>
<td>(7) 28%</td>
</tr>
<tr>
<td>Proportion with graduate degrees</td>
<td>(10) 40%</td>
</tr>
<tr>
<td>Proportion with 2 year college degree</td>
<td>(4) 16%</td>
</tr>
<tr>
<td>Proportion with high school diplomas</td>
<td>(3) 12%</td>
</tr>
<tr>
<td>Other (trades and technical)</td>
<td>(1) 4%</td>
</tr>
<tr>
<td>3. POSITION HELD:</td>
<td></td>
</tr>
<tr>
<td>Proportion Division Chiefs</td>
<td>(13) 52%</td>
</tr>
<tr>
<td>Proportion Line Managers/Supervisors</td>
<td>(9) 36%</td>
</tr>
<tr>
<td>Proportion Bureau Directors</td>
<td>(3) 12%</td>
</tr>
</tbody>
</table>

x²=0.5

high school diploma, while 16 percent have completed a two-year college degree, and 4 percent have education or training in some trade or technical profession. Fifty-two percent are Division Chiefs, while 36 percent are Line Managers/Supervisors. Only 12 percent of the respondents are Bureau Directors.

Sixty percent of the respondents are between the ages of 40-45, while 20 percent are between the ages of 35-40. Twelve percent are between ages 30-35, while 8 percent are 45 years and over. Sixty-four percent of the respondents have held their positions for 1-5 years. Twelve percent of the respondents have held their positions for 10 years or more. Finally, 80 percent of the respondents earn between $25,000-$35,000 annually, while 20 percent earn $35,000 or more.

A chi-square ($x^2$) test was used to calculate the representativeness of the sample. A $x^2$ of 0.5 indicates that the survey sample is representative of the expected sample.

Limitations of the Study

While the problem of salary compression is a relatively recent concern in public management, study of the impact of salary differentials on performance, productivity, morale and worker turnover is by no means exhaustive. Investigations into the problem could address, for example, the relationship between the length of service of both supervisors and subordinates and salary differentials.
This study, however, is limited to focus on the question of whether salary compression is greatest in the relationship between the hourly rate subordinates and their salaried supervisors. There are two major constraints of the study: (1) post-internship unavailability of subordinate salary data, and (2) the scope of the survey questionnaire was designed to address managerial perceptions and concerns rather than subordinates' concerns of salary compression.
V. FINDINGS

Table 3 shows the number of hourly subordinates who earn more than salaried supervisors versus the number of salaried subordinates who earn more than salaried supervisors. Forty percent of the respondents reported that salary compression is a problem that exists primarily between the hourly subordinate and the salaried supervisor, while 60 percent of the respondents agree that salary compression is most severe in the relationship between the salaried subordinate and the salaried supervisor. This is true, according to one respondent, because "the employee has been around longer than the supervisor." Another respondent echoed this view, "Some subordinates make more money than their supervisors for short periods of time if the supervisor is new and on Step 1 of his job, and the employee is of longer tenure and on top of his step". One other respondent corroborates this view, "A person in a lower position who has been with the city for a long time can make more money than the supervisor. However, with time, the supervisor will pass him." In other words, a subordinate who has held a position for seven years or more can earn a great deal more than a supervisor who has held that supervisory position for only one year.

To support these findings, information was taken from Section Two of the survey questionnaire. Sixty-eight percent of the respondents
TABLE 3

HOURLY SUBORDINATES OUT-EARNING SALARIED SUPERVISORS VERSUS SALARIED SUBORDINATES OUT-EARNING SALARIED SUPERVISORS

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Percentage (N=25)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly Subordinates Out-Earning Salaried Supervisors</td>
<td>(10) 40%</td>
</tr>
<tr>
<td>Salaried Subordinates Out-Earning Salaried Supervisors</td>
<td>(15) 60%</td>
</tr>
</tbody>
</table>

SOURCE: Statistics compiled from Section 2 of the Survey Questionnaire, p. 27.

reported having 10-15 hourly workers in their bureau/division, while 32 percent have 10 or less employees. Moreover, 60 percent reported having
supervisory responsibilities for at least one of these hourly workers, while 40 percent reported having responsibility for three or more employees. Only forty-four percent of these hourly employees work between 5-10 hours in overtime weekly, while 52 percent work between 1-5 hours in overtime weekly, and 4 percent work some 10 or more hours in overtime weekly.

Table 4 indicates the percentage and number of Bureaus reporting salary compression. Of the respondents reporting compression, 26 percent were in the Bureau of General Services, while 23 percent were in the Bureau of Personnel and Human Resources. The Bureaus of Labor Relations and Purchasing and Real Estate did not report any compression, while the Bureau of Motor Transport Services reported a compression rate of 50 percent.

The Bureau of Motor Transport Services (BMTS) probably reports the greatest degree of compression because of its size, job classifications, and premium pay benefits. The BMTS has approximately 350 employees, most of whom are engaged in the service and maintenance of the City's fleet equipment. Many of the employees in this bureau work overtime and are granted overtime pay. Furthermore, individuals who are allowed to work shift differentials are granted shift differential pay. Shift differential pay is granted on the basis of the shifts worked. For example, if an employee is authorized to work on the evening shift (which commences after 3:00 p.m.), payment is at a grade higher than
the assigned grade for the position. Likewise, night shift employees (whose work commences after 11:00 p.m.) are paid at two grades above the assigned grade.

Table 5 shows attitudinal effects reported by the survey respondents. Forty percent of the respondents reported that salary compression lowered morale. Thirty-six percent reported that compression decreased productivity, while 24 percent reported that salary compression increased turnover.

**Implications for Public Personnel Management**

Salary compression in the City of Atlanta is a growing problem. If the remainder of the Departments within the City were to experience the compression problem that has been identified in the DAS, then the problem could increase appreciably. The problem would be greatest in areas where the subordinates have longer tenure in the organization than the supervisors, and in areas where the use of overtime and shift differential pay is authorized.

Salary compression can have a number of negative impacts on the organization as a result of low morale, productivity, to turnover problems. First, the problem lends itself to employee-management conflicts; second, it may hamper initiative and creativity on the part of managers; and third, it is costly in that employees must be rehired and retrained.
### TABLE 4

**BUREAUS REPORTING SALARY COMPRESSION**

<table>
<thead>
<tr>
<th>Bureau</th>
<th>Percentage (N=15)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor Relations</td>
<td>0</td>
</tr>
<tr>
<td>General Services</td>
<td>(4) 26%</td>
</tr>
<tr>
<td>Personnel &amp; Human Resources</td>
<td>(3.5) 23%</td>
</tr>
<tr>
<td>Motor Transport Services</td>
<td>(7.5) 50%</td>
</tr>
<tr>
<td>Purchasing &amp; Real Estate</td>
<td>0</td>
</tr>
</tbody>
</table>

### TABLE 5

**ATTITUDINAL EFFECTS REPORTED BY SURVEY RESPONDENTS**

<table>
<thead>
<tr>
<th>Attitudinal Effect</th>
<th>Percentage (N=25)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Respondents reporting decreased morale</td>
<td>(10) 40%</td>
</tr>
<tr>
<td>Respondents reporting decreased productivity</td>
<td>(9) 36%</td>
</tr>
<tr>
<td>Respondents reporting increased turnover</td>
<td>(6) 24%</td>
</tr>
</tbody>
</table>

**SOURCES:** Statistics compiled from Section 2 of the Survey Questionnaire, p. 27.
Additionally, salary compression can create an atmosphere of non-cooperation on the part of subordinates and supervisors. Also, salary compression can be responsible for the failure of some employees to aspire towards supervisory positions. Not only that, but salary compression may also create poor attendance on the part of supervisors and subordinates.

Moreover, salary compression can influence the behavior of the supervisor towards the subordinate. For example, when a supervisor has a negative attitude towards his subordinate because of his salary superiority, it can create undue tension in the environment, making it difficult to produce quality work.

Finally, salary compression can negatively effect the performance evaluation of the employee, particularly if the performance of the employee merits a salary increase and the supervisor has direct input into that decision process.
VI. CONCLUSIONS AND RECOMMENDATIONS

This study showed that two activities occurred simultaneously as it relates to salary compression. First, when the DAS was examined as a unit (i.e., incorporating all five bureaus), it was found that salary compression is greatest in the relationship between the salaried employees and their supervisors. The reason noted for the compression problem is that the tenure of employees in the organization is generally longer than that of their supervisors. On the other hand, when each bureau within the DAS was examined separately, it was found that the BMTS reported the greatest number of cases with compression. Two reasons were cited for the compression problem in this work area; overtime pay and shift differential pay.

To resolve the compression problem, a number of suggestions were offered by the survey respondents. These are:

1. Reevaluate the Performance Evaluation Program with the intent to award salary based on merit or individual accomplishments of supervisors,
2. Readjust salaries in proportion to the cost-of-living adjustments (COLA Indices),
3. Increase training and employee development programs.
4. Start supervisory level positions at a salary range higher than all non-supervisory level positions,
5. Formation of City-wide Educational/Work Incentive Program,
(6) In-depth comparative compensation/classification studies,
(7) Extend overtime pay plan(s) to supervisors.

Of the suggestions offered by the respondents to resolve the compression problems, the following three (3) are recommended as the most feasible:

(1) Restructure the salary scales of supervisors and subordinates so as to cause supervisory pay to be greater than subordinate's pay at comparative steps within the scales. This effort may improve the supervisors' perceptions of their worth, and could improve supervisory morale, productivity, and reduce turnover.

(2) The dollar value of merit increases for supervisors should be greater than the dollar value of merit increases for subordinates. For example, if a supervisor receives a merit increase of $100, then his subordinate should receive a merit increase that is significantly lower than $100. This may increase supervisory incentive and employee motivation (as the employee strives toward supervisory level positions), resulting in better employee-management relations and improved productivity in the organization.

(3) Where supervisory concerns are related to overtime pay only, it is recommended that supervisors, as well as their subordinates, be permitted to work overtime. This effort may also serve as a motivator for supervisors, resulting in improved morale, increased productivity, and decreased turnover.

Finally, if the City of Atlanta were to consider the use of these recommendations, it must first measure the cost of designing and implementing such policies on the basis of their expected outcome (e.g., improved performance and/or improved productivity, morale, and reduced turnover).
APPENDIX A
SURVEY QUESTIONNAIRE
Section I. Personal Background

Instructions: For questions 1-6, please mark an "x" in the space that best describes your answer.

1. Sex:
   - Male ______
   - Female ______

2. Age:
   - a) Between 25-30 years ______
   - b) Between 30-35 years ______
   - c) Between 35-40 years ______
   - d) Between 40-45 years ______
   - e) 45 years and over ______

3. Highest level of education completed:
   - a) High school graduate ______
   - b) 2 years of college ______
   - c) 4 years of college ______
   - d) Graduate or Professional School ______
   - e) Other (Specify) ______

4. Present position held:
   - a) Bureau Director ______
   - b) Division Chief ______
   - c) Line Manager/Supervisor ______

5. Number of years in current position:
   - a) 1-5 years ______
   - b) 5-10 years ______
   - c) 10-15 years ______
   - d) 15-20 years ______
   - e) 20 years and over ______

6. Annual salary:
   - a) $15,000 and below ______
   - b) $15,000 - $25,000 ______
   - c) $25,000 - $35,000 ______
   - d) $35,000 and above ______
Section II. Salary Survey Data

Instructions: For questions 1-9, please mark an "x" in the space provided or "write-in" the appropriate answer.

1. Does a salary discrepancy exist in your organization where a subordinate earns a salary that is equivalent to or more than that of his supervisor?
   Yes _____ No _____

2. If yes to question 1, then where specifically in the organization is this problem located?

3. What is the cause of this salary discrepancy?

4. How many hourly workers are there in your bureau/division?
   a) 10-15 ________
   b) 15-20 ________
   c) 20-25 ________
   d) 25 and over ________
   e) other (specify) ________

5. How many of these hourly employees do you supervise?
   a) 1-3 ________
   b) 3-5 ________
   c) 5-7 ________
   d) 7-9 ________
   e) 10 and over ________

6. What position classification(s) would these hourly employees fall under?

7. How many average weekly overtime hours are worked by the hourly employee?
   a) 1-5 hours ________
   b) 5-10 hours ________
   c) 10 hours and over ________

8. When the hourly subordinate works overtime, does he earn more in wages than does the salaried supervisor?
   Yes _____ No _____

27
9. If yes to question 8, then how much more?
   a) 1-5%
   b) 5-10%
   c) 10% or better

Instructions: In question 10 below, please rank the answer by order of importance (e.g., place a 1 beside the most important, a 2 beside the next most important, and a 3 beside the least important).

10. The salary discrepancy problem in your organization has the greatest impact on which of the following factors?
   a) Productivity
   b) Morale
   c) Turnover

11. What types of problems or concerns does the salary discrepancy problem have on your ability to effectively manage in the organization?

Section III. Recommendations and/or Solutions

Instructions: For questions 1-3, please "write-in" your answer.

1. What is presently being done by the City of Atlanta to ameliorate the salary discrepancy problem?

2. Do you feel that the City's effort to resolve the problem is adequate?

3. What suggestions or recommendations can you offer to resolve the salary discrepancy problem?
APPENDIX B

LIST OF ACRONYMS
ACRONYMS

DAS - DEPARTMENT OF ADMINISTRATIVE SERVICES
BLR - BUREAU OF LABOR RELATIONS
BGS - BUREAU OF GENERAL SERVICES
BPRE - BUREAU OF PURCHASING AND REAL ESTATE
BPHR - BUREAU OF PERSONNEL AND HUMAN RESOURCES
BMTS - BUREAU OF MOTOR TRANSPORT SERVICES


