UNIVERSITY OF GOTHENBURG

The Valuation of Work

A study of individual salary setting practices for white collar workers

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Author: Mirjam Damsma

Supervisor: Bengt Larsson

Examiner: Bertil Rolandsson

ABSTRACT

With pay-for-performance system becoming a common reward strategy, the salary setting criteria are based on a valuation of the employee's work. This indicates that it is not merely the market that sets the price, as suggested by economist who claim that the market sets the price of goods and services. Rather, it is a combination of values that set the price, and therefore, determine the employee's worth.

To gain understanding of the valuations made during the different parts of salary setting, a mixed method case study among white collar workers at Company X was conducted. Company X is a company in the vehicle industry in Sweden. The study is based on policy documents, interviews and a survey, including all actors part of salary setting. By using the valuation theory from Boltanski & Thévenot and the justice theory, it was possible to analyse the underlying valuation logics.

Main results of this study is the complexity of the salary setting process, and with that a complex multidimensional valuation framework of determining the employees worth. Four steps of valuation are detected, of which the organisation is responsible for the first three parts, and the employee's interpretation of the previous steps is the fourth step. Further, conflicts in the process mainly arise from previous steps in the process putting up restrictions for later steps in the process.

An important finding is that the valuation framework created by Boltanski & Thévenot does not cover all values when determining the employee's worth. It seems that there are other valuations in place, perhaps due to the fact that the subject to valuation is a person, therefore needing a more nuanced set of valuation categories.

Key words: pay-for-performance, annual salary review, white-collar, valuation theory, values, justice theory

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

1. INTRODUCTION

"Individuals who offer their labour power for hire in the market commonly do so to support themselves, in the absence of other means of subsistence paid employment represents a crucial option to earn a living." (Furåker, 2005:99)

An organization buys work power by hiring employees, and in return the worker is compensated economically in the form of salary. In contrast to a product that can be purchased, labour as a product is only of temporary nature, only for the time the salary is paid the company can claim the employee's time. The characteristics of labour make it a fictitious commodity, it can be bought and sold. Or rather, a worker can be hired and fired. (Furåker, 2005)

Salaries are a compensation for the time an employee offers to the workplace, time they were not able to spend in another way. Employers choose to reward some more than others for the work they do, resulting in salary differences (Pfeffer & Davis-Blake, 1990). What are the determinants of these dispersions in salaries? Individual salary setting practices have contributed to higher pay and higher pay distribution among employees, as it focuses more on the individual characteristics of the employees (Granquist & Regnér, 2008).

Sweden has shifted in the past 40 years from an equality driven, centralized salary setting system towards a system where salaries are individually set (Granquist & Regnér, 2008). Today, individual wage setting is practiced in most sectors of the Swedish labour market and it has a strong support among employers, trade unions and employees (Eriksson et al., 2011: 125, Carlsson & Wallenberg, 1999; Karlsson 2011: 57). Swedish employer organizations encourage further individualization of wage setting, since they believe it increases the commitment and motivation among the employees, but also gives a fairer "mirror" of their differences in experience and knowledge and contribution to the company's performance (Svenskt näringsliv, 2012).

Organizations are looking for ways to gain and retain committed employees, and see pay as an important way to create a motivated and engaged workforce (Scheurs *et al.*, 2013). Salary in relation to employee performance has been researched extensively (Armstrong *et al.*, 2011; Widener, 2006; James Jr., 2005). Field research has shown the importance of salary to motivation, however, the connection between salary and motivation is not straight forward (Rynes et al, 2005).

Besides compensating an employee for his work, salary has also been identified as the basis for the employee's understanding of status and value to the organization (Rogers *et al.*, 2003). This makes it important to understand what is being valued when determining one's salary, as the salary is a representation of the employee's worth to the organization.

1.1 PURPOSE

To motivate employees and to acknowledge the top-performers, organizations have used different strategies to reward their employees. In the recent years the focus has become more on pay-for-performance salary systems, translating the contribution the employee makes to organization in a matching salary. The question then arises what sort of contribution is acknowledged by the organization and why? Further, who determines what contribution is important, and how are these valuations perceived by the employees? And are there other aspects that can contribute to new insights on salary setting practices?

The purpose of this study is to get a deeper understanding of the valuations that are made during the annual salary review process in a big production company, and see how these valuations are made and re-evaluated by different actors in the organization. Further, this study aims to get insight into the legitimacy of managers to evaluate the employee. This means that not only the employee's work is being valued and evaluated; also the employee evaluates the salary review process itself.

The study is performed as a mixed methods case study at Company X, including analyses of policy documents, interviews with HR, line-managers and employees, and a survey targeting employees. Data was collected during the implementation of a new salary setting process and performance rating at the company. This process applies to the white-collar workers in Sweden only, and the study is consequently limited to this category of employees.

The valuations of goods or services on markets is not always performed in a structured and explicit way. The annual salary setting process in a big company like Company X though allows the study of valuations in a very structured and formalised environment. Studying valuations in this environment thereby contributes to our overall understanding of valuations of work, and shows what discrepancies that may exist between explicit (i.e. policy) and more implicit valuations (i.e. actual practice).

Setting up its annual salary setting process, the organization has made many choices in what to value in work, and tried to bring a certain clarity to how this is done. However, previous valuation studies has shown the existence of concurrent and conflicting values (Boltanski & Thévenot, 1999; Kjellberg et al, 2013; Karpik, 2010; Bateman & Snell, 2004; Jagd, 2011), and this study aims to give a more detailed view on what these conflicting values are in the context of salary setting practices, and how different actors in the organization deal with them.

1.2 RESEARCH QUESTION

In order to achieve the purpose of this study, the following research questions have been formulated:

Through what valuation processes is the value of the individual employee set?

What does the organization value in work, and why?

How do employees experience the valuation process?

These research questions will be answered by performing a case study at Company X. This company was chosen as they are a big organisation with a formalised salary setting process. As will become clear later, many actors are involved in the practice of setting salaries. The conflicts between actors and stage of the salary setting process, this makes this organisation an interesting place to study valuations of the employee's worth.

1.3 THE CASE COMPANY

The case company is a manufacturing company in the vehicle industry, located with its headquarters in Sweden. In this report, the organisation will remain anonymous and further on be referred to as company X. The company has manufacturing and assembly facilities in Europe, North America and Asia. This study is focused on the white-collar workers situated in the headquarters in Sweden.

Company X has recently adopted a new annual salary review process for white-collar workers, shifting from a monologue to a dialogue process, giving employees the opportunity to express their expectations. Part of this new process is a new performance rating, on which the annual salary setting criteria are based. Both the role of the employer and how this influences the employees' perceptions of the salary they receive, are of interest.

At the same time, the information that employees receive about salary setting, compensation, and benefits has changed. During the different salary talks, the manager has the responsibility to inform the employee about the new process and about the salary setting criteria. Company X has launched a new website on the intranet, where employees can find information about their compensation and benefits. This website not only shows the employee's earnings, it also gives insight in all other benefits the employer pays for the employee, including pension, insurances and company car. The changes in the performance rating, annual salary review process and compensation website are in place to be inform better about compensation and benefits, and be more transparent during the process of setting salaries.

2. PREVIOUS RESEARCH

Rewarding employees for their efforts and performance seems to be an important motivator for employees (Lawler, 2003), making it important to acknowledge one's performance and reward accordingly. Individual salary setting is in Sweden, as in many other countries, increasingly based upon the principals of pay-for-performance (Schuldes et al., 2006), and this system is discussed widely in research about employee compensation strategies (Glassman et al., 2010). However, pay for performance does not seem appropriate to all positions and organisations. In sales and manufacturing it has been found to be an appropriate rewarding strategy, but it is less likely to be efficient in non-profit organisations, health care and governments, where performance is not easy to measure and the motivation is more intrinsic (Glassman et al., 2010).

Research about the link between performance appraisal, job satisfaction (Brown et al., 2010) and pay satisfaction (Duchame et al., 2005) is important, as employers seek ways to motivate employees and increase pay and job satisfaction. Performance appraisal is a type of evaluation of an individual's performance at work, often the basis for pay-for-performance salary systems. Pay satisfaction is the contentment of an employee's salary for accomplished work. Duchame et al. (2005) conclude that it is important to communicate an employee's performance pay in relation to the results of the performance appraisal in order to reach pay satisfaction. Further, if performance appraisal is not connected to pay it is still contributing to pay satisfaction, since the employee feels that the company cares about its employees and treats them fair. When individuals do not receive performance appraisal they tend to be less satisfied with salary, no matter if they have performance pay or not.

Some studies report a strong increase in productivity after adopting pay for performance (Glassman et al., 2010). However, it is usually at times of performance issues that the pay for performance is introduced, since the organization has identified the need to improve performances. Simultaneously, pay for performance leads to more defined goal setting and trainings are offered that improve (management) performance, making it hard to attribute the improvements solely on the pay for performance itself. For this type of reward system to be efficient, employees need to have defined goals and the job position must fulfil the characteristics of performance measurement (Glassman et al., 2010). The system tends to fail when employees do not feel that they get rewarded for their performance.

Salary and compensation packages in relation to employee performance have been researched extensively (Armstrong *et al.*, 2011; Widener, 2006; James Jr., 2005). Gerhart & Rynes (2003) argue, however, that organizations need to get a better understanding of compensation and benefits in terms of what leads to feelings of pay-level satisfaction, and what practices that can contribute to pay-level satisfaction. The concept of pay-level satisfaction is important, since research has showed a positive relationship with performance, commitment, turnover intention and absenteeism

(Heneman & Judge, 2000; Scheurs *et al.*, 2013; Day, 2011). Increase in salary, on the other hand, does not automatically mean higher pay-level satisfaction (Scheurs *et al.*, 2013). The question thus remains; how can higher levels of pay satisfaction be achieved?

Previous studies conducted in Australia and in the US show that employee's choice of salary setting criteria would be based upon education and age (Mirabella, 1999). The study showed that older workers preferred the salary setting criteria experience and tenure, opposed to a performance based pay. Further, employees with higher levels of education wanted to have criteria based on education included in salary setting. However, other studies show that salary should be based upon performance (Rynes et al, 2005). Rewarding performance gives employees the feeling that they are able to influence their salary, and shows them that their effort is being acknowledged and appreciated.

Most studies (Scheurs *et al,* 2013; Widener, 2006; James Jr., 2005) in the compensation and benefits domain see wage setting practices, salary negotiations and other pay-level practices from a top-down perspective – meaning that the employer has the responsibility for adopting those practices that contribute to higher pay-level satisfaction (Wardell, 1992). Armstrong *et al.* (2011) argues that most salary review processes are business focused, and lost the connection with employees' needs. This is in line with findings from Gerhart & Rynes (2003), who suggest that it is important to consider the individual's needs to make compensation and benefits relevant for the employee.

Pay has been identified as the basis for employees' understanding of status and value to the organization (Rogers *et al.*, 2003), making it important for employees to understand this process of salary setting and valuation. Pfeffer (1997) emphasises that in order for individualised pay systems to be effective, employees need to be well informed about the salary setting criteria and need to feel that they can influence their pay levels, considering the salary criteria that are in place. However, Rogers et al. (2003) notes that many employees are generally not well informed about their pay. More specifically, employees have little information how individual salaries are determined and how differences in pay are distributed among co-workers. Day's study (2011) shows that pay communication can predict pay-level satisfaction. Not only does it have a direct effect on pay-level satisfaction, it enhances the perception that pay practices are fair, and such perceptions of justice have a positive effect on pay-level satisfaction (Day, 2011). This underlines the importance of knowing how the salary is constructed and having knowledge of what you are being valued for.

Gerhart & Rynes (2003) argue that rewards systems are not the primary influencer on employee performance, as compensations and benefits are often standardised and do not meet the individual's needs. In other words, when compensation and benefits do not fit with the individual's situations, the motivational effect is limited. This leads to

the question if it is pay-level satisfaction, and not pay-level itself, that leads to higher motivation and improved employee performance.

This study will focus on two aspects described above, which are important to salary satisfaction when adopting a pay-for-performance salary system. The pay-for-performance system is an individual reward system, giving room to hear, and perhaps even meet, the individuals need. Another aspect of the new salary review system at Company X is the transparency and communication with the employees. This could address the problem that is highlighted by several researchers (Pfeffer, 1997; Day, 2001; Rogers et al, 2003) that employees need to know what they are being paid for, in order to understand their value to the organization.

3. THEORETICAL FRAMEWORK

3.1 VALUATION THEORY

The dimensions that are used to assess employees' performances and subsequently to determine salaries are complex (Bateman & Snell, 2004), and it is often unclear how different factors are weighed together in a joint valuation. The valuation theory provides the framework to unravel these different factors that determine the employee's worth. In addition to the different valuation, difficulties arise when performance in different occupational groups should be measured in a similar way. Moreover, it is a challenge to identify good performance and to determine what theright tools for measuring performance are. Further, there are also other factors that cannot be measured that are part of the valuation process. The question that needs answering is; what aspects of performance should be rewarded?

3.1.1 HOW IS VALUE CONSTRUCTED?

The basis on which we determine a good's value has become of greater interest, both in the academic world and in society, not least in the growing field of research called valuation studies (Kjellberg et al, 2013). The focus of this approach is that it is not merely the market that determines the worth of something, many other dimensions contribute to a product's worth. Another aspect making the valuation more complex is the role of the buyer, as the worth of a good can be unique in relationship with the buyer (Aspers & Beckert, 2011). The price holds information about the value the good has, but the criteria that lead us to make the decision can also tell us something about what kind of value the product holds to the buyer, and how that value relates to other products (Aspers & Beckert, 2011).

Not only the price determines if we buy something, illustrated by the fact that we do not always by the cheapest product, other dimensions that can be considered are for example quality, aesthetics, emotional, moral or investment value. The complexity of this multidimensionality and how they interrelate, make it difficult to determine worth, and lead to differentiations in the perceived value (Aspers & Beckert, 2011). It becomes particularly difficult to determine the worth of singulraities – i.e. unique goods and services – as they carry some uncertainties and the incommensurable character of these goods or services (Karpik, 2010).

The uncertainty is explained by Karpik (2010) as arising from the fact that different people value different things and that the quality is at least partially unknown. When you buy a TV, there are many sources of information that can contribute to the assessment of the quality. You could begin with the specifications the manufacturer provides, consult comparing websites on the Internet and ask people in your surrounding who you regard as technically competent. Still an uncertainty remains, but the information gathered can provide a good basis for making the decision to buy or not buy. When it comes to singularities, such as labour, it is not so easy to look up the specifics, compare capabilities with other workers and make a cost-benefit analysis. The worker will be part of a network, co-operating, co-creating and

developing over time. Additionally, the organisation in which the labour is performed will also change, making it insecure what the most productive performance is. Past performance is usually seen as the best indicator of future performance, and therefore, used as a measure to reduce the insecurity.

When relating the perspective of valuation studies to salary setting practices, the individual salary setting criteria can be seen as a valuation of the employee's worth. The salary setting criteria give insight into what the organisation values in the work, and in a pay for performance system the salary is thus a reflection of one's worth to the organisation. To gain insight in what is being valued in the work and how worth for the organisation is being constructed, the valuations made by the different actors will be analysed according to the orders of worth described by Boltanski and Thévenot (1999).

The valuation theory is an abstract theory about how things are valued in society. This study does not focus on the value of things or goods, but at people and their performance in an organization. By using this different value concepts, I try to make the hidden valuations and logic that create value for the assessor more concrete and visible.

3.1.2 ORDERS OF WORTH
The categories of valuation that Boltanski and Thévenot (1999) suggest are guides in which everyday situations are given worth and, therefore, lead to a justified decision. One could say that these orders are systematic and coherent principles of valuation. These multiple orders can coexist at the same time, during the same valuation. When conflict arises between different actors during the valuation process, Boltanski and Thévenot (1999) recognise the role of differing orders of worth during the valuation process. When both parties use differing orders of worth, it is difficult to assess the legitimacy of the other actor's valuation, as the underlying logic is not in accordance with the own logic to determine the value. However, if both actors are oriented towards a common good, a compromise can still be made.

In the current study, the different orders of worth are ways of assessing the employee's worth to the company and with that, justifying the reward that the employee receives for the work he has done. The different orders of worth will be used as an analytical tool to give insight into the underlying logic of the valuations that are being made during the annual salary review process, and by whom these valuations are made. This is not only done for how HR values work and the line-manager evaluates the employee's performance, also, how for how the employee perceives the valuation of his performance and how he values the salary setting process itself. First, the six 'Orders of Worth' by Boltanski and Thévenot (1999) are described. The justice theory, that is explained later, will add an extra category of valuations to analyse the employee's evaluation of the practice of setting salaries.

The following description of the 'Orders of Worth' are based on the work from Boltanski and Thévenot (1999), and studies from Jagd (2011) and Cloutier and Langley (2013) using the valuation theory.

The inspired world

This order focusses on the individual's creativity, passion and originality. The worth is related to the creative accomplishments of the individual person, and about the spontaneous and emerging character of the creative process. Important logics of the inspired worlds are that of creativity and originality, in contrast to others. Other expression part of this order are holiness, imagination and artistic sensibility.

The domestic world

Derived from the traditional family roles, this logic can be applied to other settings, i.e. an organisation. In this order of worth, generation, tradition and hierarchy are important. The basic logics of this order are the traditional superior role of the father, as well as the value of tradition. But also other values of the family order are part of the domestic world, expressed by esteem and reputation.

The world of fame

This is about the logic of the public opinion, the fame and dignity one receives from their surroundings. In other words, popularity and prestige. The underlying logic is determined by others giving recognition and attention, and therefore this person holds value.

Civic order of worth

Importance and value is created in the group, it is not part of an individual. People have universal rights, this order is based on logics of solidarity, unity and respect. The fact that one is part of the collective, makes him worthy. This order of worth can be seen as counteracting the fame and domestic order of worth.

Market order of worth

Peoples' actions are driven by the desire to have the same rare goods others possess. This order is based on a logic of profit, competition and commercial relations between individuals. Important aspects are objectiveness, non-emotional and gain.

Industrial order of worth

This order of worth relates to the logic of technical performance, measurable, efficiency and functionality. In a production environment it also includes standardization of the operating procedures. The worth is based on technical objectives and scientific methods.

3.2 JUSTICE THEORY

Boltanski and Thévenot (1999) argue that the evaluation criteria will only be seen as the correct way to value a good or a service, when it is based on justice and legitimacy. A mutual agreement between the actors is not the objective, rather a justified agreement that can be criticised, and is perceived as a legitimate agreement. This means that for the salary review process to be accepted, the criteria that it is based upon should be perceived as just and fair. The valuations by which this is done are described by the justice theory. Thus, the legitimacy category described here forms a valuation mechanism for the employee to evaluate the salary setting process itself.

A particular feature of the valuation of work, is related to the fact that it is humans that are being valued. The implication of that is that the distribution of monetary rewards among employees tends to be evaluated in terms of fairness and justice. The distribution of scarce resources is often evaluated in terms of fairness or justice (Vermunt & Törnblom, 2007). These feelings of fairness affect our social interactions in important ways; perceived fairness has been linked to satisfaction with decisions, job satisfaction, task performance, commitment, and more (Heneman & Judge, 2000; Vermunt & Törnblom, 2007).

Perceptions of fairness seem to be particularly important in the work place (Sweeney, 1990), and has been used to explain different factors leading to pay-level satisfaction (Scheurs *et al.*, 2013), where the perceptions of justice (and fairness) contribute to higher levels of pay satisfaction (Folger & Konovsky, 1989). Moreover, when employees perceive the procedure op setting salaries to be fair, they tend to be more satisfied with their salary (Day, 2011). In the study by Day (2011) the influence of different forms of justice on pay-level satisfaction has been researched, and have been found to contribute to higher levels of pay-level satisfaction. Day (2011) emphasizes the important role of open communication and information availability about how the salary is determined, as this information is needed to determine if the process is fair.

Justice value

According to justice-theory, allocating goods (pay) can be based upon different rules; equality, equity or need. The evaluation of distributive justice can also be based upon various justice rules (Vermunt & Törnblom, 2007). For instance, all employees get the same fixed salary, the variable salary is divided based on performance. This is an example of a combination of equality and equity distribution. The valuation theory adds categories upon which the distribution can be based, such as productive, domestic, knowledge, behaviour or market value. To evaluate the perceived fairness of these evaluations, the different concepts of justice can be used to see if the valuation mechanism is perceived as fair and just, making the justice value a mechanism to determine if the way of evaluating employee's work is fair.

The distributive justice theory finds its origins in Blau's 1964 social exchange theory and Adams's 1965 equity theory (Scheurs *et al.*, 2013). The equity theory is an input/output ratio, not only compared with one's own aspiration, but also in comparison to others. If the ratio is lower, employees perceive inequality, leading to feelings of undervaluation and unjust treatment (Scheurs *et al.*, 2013; Sweeney, 1990).

Most justice distribution research has focused on the normative approach, focusing on what is a fair distribution. When the focus is more on the procedure, one can also speak of procedural justice (Vermunt & Törnblom, 2007). Procedural justice looks at the rules the allocator (employer) uses when distributing the goods (salary) amongst the receivers (employees). In this study the justice theory will provide the framework to analyse the employees' evaluations of the annual salary review process and its outcome. That is, not only the outcome of the salary review process is discussed, also the process itself and the role different actors have in the process.

After reviewing literature on both the valuation theory and the justice theory, it becomes clear that both theories can be used as justification mechanisms and can be used to determine the legitimacy of an actor. There is an overlap in the theories, but at the same time the use different concepts and aspects of justice. This makes it an interesting combination that has not been previously used in valuation studies.

4. METHODS

4.1 METHODOLOGICAL APPROACH

As the aim of this study is to get a holistic understanding of the case of the salary review process and the valuations that are being made at Company X, it is important to gain insight in the perspectives of all people involved (Eriksson & Kovalainen, 2008). For such an exploratory research, a mixed method research design would be an appropriate choice (Teddlie & Tashakkori, 2011), this allows collecting information from different actors, and data from both qualitative and quantitative nature. To represent the findings from the all perspectives and giving a rich description of the phenomena of valuation, the case study provides the appropriate data (Somekh & Lewin, 2005). In this specific study the phenomena was the valuation of work and employees' perceptions of these valuation practices.

This study involves data collected from employees, line managers involved in the annual salary reviews, an HR specialist from the compensation and benefits department, trade union representatives, and documents describing the annual salary review process. Data is collected through interviews with different actors in the organisation, a collection of policy documents, written information on webpages and a survey held amongst employees and line-managers.

4.1.1 INTERVIEWS

In total 17 interviews have been conducted, with a duration of 45 to 60 minutes per interview. These semi-structured interviews were held with one HR Specialist, three trade union representatives, five line-managers, and eight non-managerial employees. Interviews were held at the café near the offices or in a meeting room. The interviews were done at a place where managers/employees could speak freely about their experiences and views regarding the annual salary review. Interviews were held in the period February to March, when employees had not yet gone through the whole salary review process. All employees had done a first salary talk, however, the outcome of the process was not yet known.

The five strategically selected line-managers came from different departments, in order to get a population representative for the organisation. As the group was relatively small, risk of a skewed research population was well possible. Therefore, both women and men, employees from different ages, international workers, years at the organisation, and years as manager were selected. All line-managers were leading teams of non-managerial employees. This was important, as managers received different information about the annual salary review process than non-managerial employees. Managers were not informed which of his employees would be interviewed, giving the employees the opportunity to speak more freely.

The interviews covered the following topics: the procedure of the annual salary review, valuations, communication and justice. These topics were chosen after reviewing the policy documents, to ensure that the most important topics were

covered. A pilot interview with the HR specialist confirmed that this. The guideline for interviews with the employees (Appendix A) was adapted for interviews with managers and trade union representatives, the topics covered remained the same.

Most interviews were recorded and transcribed afterwards, only one interviewee did not want the interview to be recorded. In this case notes were made during the interview. One interview was held in Dutch, the other 16 were held in English, only for 2 interviewees English was the native language.

The interviews were transcribed verbatim and then analysed according to the thematic approach (Justesen & Mik-Meyer, 2012). The theoretical framework provided the primary codes during the analysis of the data, in order to answer the main research questions. The advantage of this approach is that data from both qualitative and quantitative sources could be included in this analysis. The interviews were an important first step in the analysis.

4.1.2 POLICY DOCUMENTS

Before starting the interview process, documentation and policy document regarding the annual salary review process were collected. This included documents about the new performance review, the salary setting criteria, description of the annual salary review process for managers, the manager's guide in how to do the salary review and documentation regarding the position evaluation from Mercer. This also included a review of the information that was available to managers and employees on the intranet, the internal web-sharing platform.

These documents were studied and used as an initial guideline for the interviews. During the analysis, they provided the main input for describing the process from the policy and HR perspective. Later, when analysing the interviews, the policy documents were compared to management practice and employees' perceptions.

4.1.3 SURVEY

The survey (Appendix 2) was an online survey sent out to 610 randomly selected employees. The survey tool surveymonkey.com was used and invites were sent to employees in April, when all employees had done a second salary talk with their manager. In some cases a reinforced salary talk had already taken place, in other cases these had yet to be done, but in most cases this step in the process was not applicable.

The survey was sent out to both managers and employees. After two reminders, sent one and two weeks after the initial invitation to take part in the study, 296 people had started the questionnaire. 30 people had not completed the survey, and were therefore excluded in further analysis. This resulted in 266 valid questionnaires. Employees from all departments had taken part in the survey, and the ratios were equal to the different department sizes. Also people with different educational levels, ranging from elementary school to PhD, had taken part. In table 1 additional background information about the participants in the study are provided. The ratios are a reflection of the working population at Company X.

Table 1. Demographic information participants of the survey

Total	266 participants	
Gender	Male	78,6%
	Female	21,4%
Age	<20 years	0%
	21-30 years	6,4%
	31-40 years	20,7%
	41-50 years	42,5%
	51-60 years	26,3%
	>60 years	4,1%
Years of employment at Company X	<1	3,4%
	1-5 years	18,1%
	6-10 years	9,4%
	11-15 years	21,8%
	16-20 years	12,0%
	>20 years	35,3%
Position	Non-managerial	81,2%
	Team-leader	4,9%
	Manager	13,9%

The survey included 16 questions encompassing personal information, the salary setting criteria, perceptions regarding the salary review process, access to information about the process, justice, and salary satisfaction. The questions about job and salary satisfaction and justice were based on previous research (Scheurs et al, 2013; Day, 2011). An overview of all questions and answers can be found in Appendix 3. Most questions included statements about salary, job satisfaction or justice, i.e. "My job is enjoyable". Participants then had to indicate to what extent they agreed with the statements. 50% of the statements were formulated negatively, i.e. "Raises are too few and too long time between". The given answer options were usually ranging from 'I strongly disagree' to 'I strongly agree', according to the Likert-scale (Allen & Seaman, 2007).After collecting all the data, the survey tool provided the summary data, meaning that it is not presenting individual responses, rather collated data is illustrated in the graphs and tables (Appendix 2). The responses to the negated questions were then recoded into positive formulated questions, for the purpose of adding responses on several questions that made up one factor. These factors were built by doing factor analysis in SPSS. For the questions in the survey answer options were be given, ranging from 'I strongly disagree' to 'I strongly agree', according to the Likert-scale (Allen & Seaman, 2007). The data provided by the survey are therefore ordinal data, and allowed statistical analysis, for which SPSS was used.

In 2012 a survey was held among 5000 white collar workers in Sweden. Some questions from the global people survey in 2012, were repeated in the current study. This made it possible to compare how employees answered before the implementation of the new salary setting process and after. However, as the previous study only includes 266 responses, a compared based on statistical analysis could show a distorted view of how indicators have changed over time. Instead, the comparison between 2012 and 2014 is

4.2 ETHICAL CONSIDERATIONS

Participants in the study have been informed about the purpose, how the information will be used, the respondents' anonymity and their contribution to the research. In this study this was particularly important, as many people are not used to speaking about their salary openly and ensuring them confidentiality made them more prone to speak about this delicate matter. After receiving instructions, participants were asked for consent to use the data provided by them solely for the purpose of this study. In addition to this, the specific Swedish ethical guidelines concerning research, and the University of Gothenburg research standards were followed throughout the study. (Eriksson & Kovalainen, 2011)

5 THE FIRST VALUATION: THE VALUES OF THE EMPLOYEES' COLLECTIVE WORTH

This chapter will give an overview of the collective salary setting process at between trade unions, employer organisations and Company X. These steps that are part of the salary setting process, result in the total collective salary budget for the given year. As will become clear, this is the first part of setting up the framework of all further salary setting practices.

Before moving on to the description of the annual salary setting process, I would like to clarify the structure of this and the coming chapters. The report will follow one of the main findings of this study; the salary setting process is a complex process, containing many sub-processes. This can be divided into four comprehensive steps; valuation of the employees' collective worth, valuing the jobs themselves, valuing the performance of the employee and (e)valuing the valuation process.

Every step will be described, explained and analysed in a separate chapter. In each step I will focus on the process, the valuations that are made and the actors that are involved. Moreover, every step is influenced by the valuations made in earlier steps. The relation between the steps and how the previous valuations influence later steps in the process will be shortly explained in the chapters, and discussed further at the end in the conclusion.

The steps from national collective bargaining, local level bargaining and setting the budget in the organisation, result in a collective budget. In other words, *the values of the employees' collective worth*. The second step is to determine how much a job contributes to the organization, and how much the job is worth compared to the market. This second step I refer to as *the values of the jobs themselves*. The third step includes the performance review and the individual salary talks between manager and employee. This is part of *the values of the individual employee's performance*. The last step in the valuation process is not part of setting the salary, but rather, it is the employee making his own valuation of the previous steps. This is *(e)valuing the valuation process*, including a description of the perceptions of employees and feelings related to justice and fairness. This is how the rest of the report has been structure, a schematic overview of these valuations is illustrated in figure 1.

Figure 1. The first three steps of valuing the employee's worth.
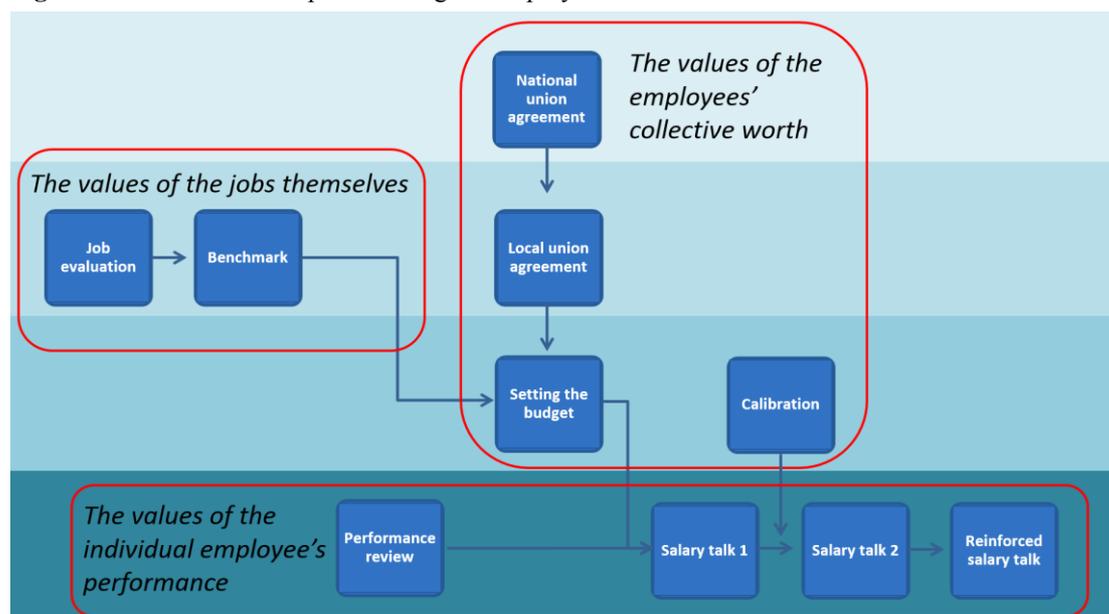
5.1 DETERMINING THE SALARY BUDGET

Before individual salary negotiations can commence at Company X, several other processes are in place to ensure individual salary settings are done in a fair, equal and constructive manner. First of all, negotiations between employers and trade union representatives on national level take place. This is followed by negotiations between the two parties on organisational level. The budget per section becomes final after department management determines if there are any special focus areas.

Once the salary budget is determined, HR processes are in place to provide a structure for the distribution of the salary budget. This includes job evaluation, market research, benchmarking, and a performance review. The first three processes are on organization level, meaning that HR is responsible for these processes, and this is the same for all white-collar workers. The latter is, similar to the individual annual salary review, a process between the manager and the employee. HR has provided the manager with a guideline for how to execute the performance review, but in the end it is up to the manager to determine exactly how to do the performance review. To give an overview of the process and the levels on which they take place, I have created figure 2.

Figure 2. Overview of the salary setting process including the operating levels
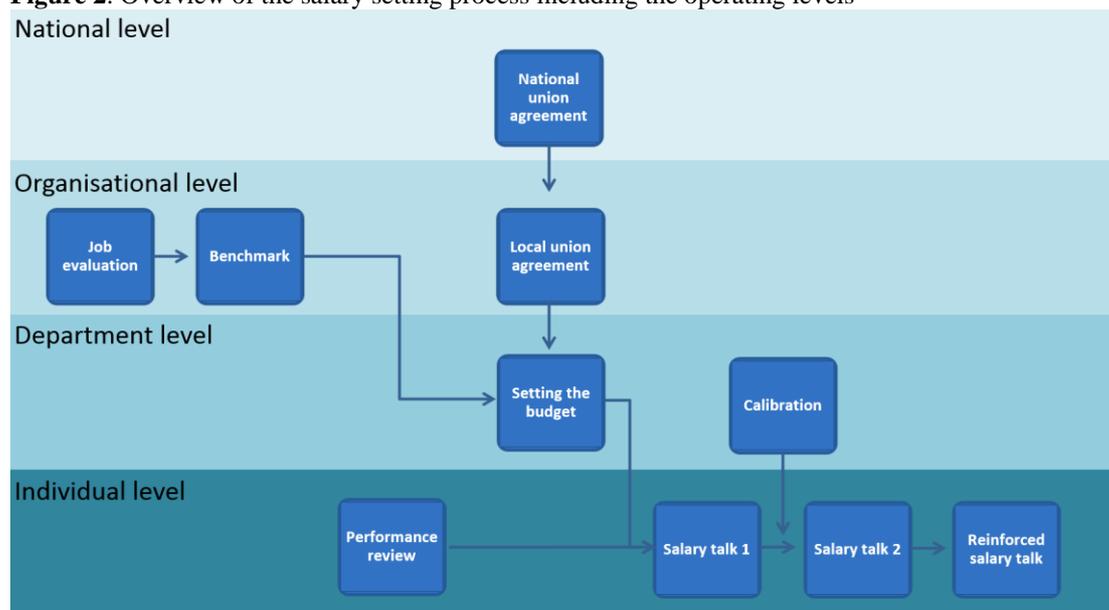
In Sweden, collective bargaining on salary setting takes place on both national level, between employer organisations and trade unions, and on local level between the employer and the trade unions. The unions have a strong bargaining position and government influence in bargaining and resolving disputes is kept to a minimum (Hammarström, 2004). On national level, the collective agreement for Teknikföretagen includes a salary increase and covers a fixed time-span of two years. Before the previous collective agreement expires, both parties come together for new salary negotiations (Interview with Trade Union 2). The intention of these agreements is to come to a long-term agreement (Hammarström, 2005). The collective agreement that is in place today, states an increase of the salary budget of 4.6%, and this agreement is for the duration of two years (Interview with HR Specialist).

After collective bargaining on national level, representatives from the local trade unions and a negotiation committee representing the company come to an agreement on how the budget should be distributed, and if additional increase of the salary budget is necessary (Interview with HR Specialist). The trade unions involved in the negotiations for white-collar workers are Unionen, Ledarna and Akademikerna. Unique for this year's negotiations is that the same agreement has been made with all unions (Interview with HR Specialist). The 4.6% increase negotiated on national level was kept unchanged, meaning that on average all employees from the different union should receive a salary increase of 4.6%. More important was the agreement on how to distribute the budget and proceed with individual salary setting (Interview with Trade Union 1).

Once the local budget is determined and the board has given its approval, the budgets are given to the department managers. A decision is made per division or unit if there are any competences or special issues that need extra money from the budget. It could

be that a group of key employees have lower salaries than the market is willing to pay, the managers in the line could then decide to allocate more money to these workers, by taking away some budget from the other employees in this division. Another problem that has been addressed in a similar manner is the salary gap between salaries for female and male employees. Previous studies done by Company X have showed that women were paid less than males in similar positions, and this year an agreement was made to narrow the gap. Further, some money from the budget is set aside as a request budget. If a manager cannot adjust an employee's salary during the salary review because he has not enough room in the budget, the manager can request money from the extra budget.

Previous years, trade unions were involved in distributing the budget, and employees were not part of individual salary negotiations. Only after individual salaries were set, the employees would be informed about the salary for next years. With the salary review process change in end of 2013, the employees are offered the chance to talk with their manager about their salary before the decision is made. How this works will be explained in chapter 7.

5.2 THE VALUES OF THE COLLECTIVE WORTH

The main actors that are part of determining the collective worth are the trade unions and the representatives of the company. The company representatives consist of the employer organization on national level, HR, the salary setting committee and the department managers. In the interviews with trade union representatives and the HR specialist it becomes clear that the two group of actors, on the one hand the trade unions and on the other hand the employer, have separate ways of valuing the collective worth of the employees.

The trade unions strive for a salary setting process that promotes equality between workers, equality in salaries, but also other benefits and working conditions. Closing the gap between men and women has been an important standpoint for the trade unions. This was the first year that the same agreement is in place for members of the different trade unions. For this agreement to be accepted by all unions, an agreement that the salary increase should be, on average, the same for all unions. Salary equality between all employees, with special attention for gender equality, and having the same process for all employees is important to the trade unions. The logic behind the valuation seems to be that of justice, and particularly the distributive justice. This can also be seen categorised as part of the civic order, as equality and being part of the group is being promoted. The underlying logic is equality for all group members.

In addition to the justice value, trade unions on local levels are looking at the salaries and salary increases in comparison to other organisations. The market value of the employees is a way of the trade unions to ensure that the employees at Company X get, at least, as much as workers in other organisations.

To be able to answer the first to research questions, it is important to understand who in the organisation are involved in this part of the valuation process, what they value and why. The employer representatives are mostly concerned with the legal issues, compliance, and to be seen as a legitimate actor. This is part of the justice value, but attention is much more on the procedural justice. The employer needs to make the agreement with the local unions, and follow the agreements that are made on national level.

Where it is the trade unions aim to get as much as possible for the employees, the employer is looking for a way to "pay the right amount", which does not necessarily mean that they pay more than other organisations. The kind of market worth that the employer includes in its valuation is not that of paying more than others, but rather how much salary increase to follow the market. The market value lies in the valuation by determining the collective worth compared to other companies in the area, and not over-value the collective worth compared to others.

When the budget is divided on department level, it is not equality that is the main valuation mechanism anymore. Here, some departments get a bigger part of the budget than others, this is done to be able to prioritise the strategic need for the organisation. This is thus based on the industrial value the department holds for the organisation, as this department can contribute more to the organisation, they receive more funds. When referring this to the market order of worth, it can be said that this department then holds more value compared to other departments. This means that the industrial value is also part of determining which department receives a bigger part of the budget, as this department is deemed to be able to contribute more.

When the actors involved use different logics or orders of worth to determine the collective worth this is where conflict arises, according to Boltanski & Thévenot (1999). During the negotiation process, this is undoubtedly the case. However, at the end of the negotiation process, both parties have common good that they strive for; a collective agreement for all workers. In line with the valuation theory (Boltanski & Thévenot, 1999), the difference can be overcome and result in a compromise.

As will be explained later, this part of the process sets the framework for the rest of salary setting process. Therefore, determining the collective worth of the employees is an important step in valuing the worth of the individual employee.

6 THE SECOND VALUATION: THE VALUES OF THE JOBS THEMSELVES

"Job evaluation – A structured process to evaluate the relative contributions of jobs and to rank them within an organization, providing a systematic basis for HR decision making and employee communication." (Mercer, 2013b, pp. 1)

The goal of job evaluation is to ensure equity among jobs in the organization, illustrated in figure 1, and at the same time provide employees with a competitive salary compared to the market   (Company X HR, 2013a). The job evaluation can be seen as a way of determining the importance of a position to the organization, relative to other positions (Mercer, 2013a). This means that it is not the position holder, but rather the job tasks and the requirements to do the job that are evaluated. The job evaluation is important to the salary structure, as it sets out the range for compensation for new employees, as well as providing a guideline for salary increases for existing employees (Company X HR, 2013a).

To assess the content and complexity of the job, relative to other positions, Company X makes use of International Position Evaluation (IPE) system. This system ranks positions on several pre-defined categories and offers a consistent measurement for the importance of the position, allowing internal and external comparison of jobs across industries and countries (Mercer, 2013b). The IPE claims to provide transparency and consistency in salary setting, and objectivity when it comes to identifying differences between positions in the organization (Ericsson, 2008). Further, it is an internationally used system and is said to be accepted and fair (Mercer, 2013a).

A trained HR Specialist evaluate the jobs according to the IPE systems, this is done together with the position holder's manager. The HR Specialist makes use of a structured interview, containing questions about the nature and complexity of the work, regarding the four categories that are assessed; impact, communication, creativity and knowledge. (Company X HR, 2005)

When the IPE system was introduced in 2007, a big project ran for three years to evaluate all jobs in the organization. After 2010 re-evaluations of positions have been made upon manager's request or when new positions have been created. The aim is to have a job library for all jobs that are needed in the organization. If a person does not fit the job anymore, it is better that the person changes position than the other way around. The job library provides a structure for all positions in the organization. (Interview with HR Specialist)

"So we look at four factors, subdivided into 10 dimensions, and then we form some kind of value there. This is based on an interview with the manager, the manager described the job, and then I calculate some kind of value that the job has."
(Interview with HR Specialist)

6.1 IPE: THE JOB EVALUATION SYSTEM

The IPE system structures the calculation of the value. All categories have an own scale, and not all scales have the same range. For example, the impact category has a maximum score of 705 points, while communication scale only goes up to 115. This means that the impact category weighs much more heavily than all other factors. The combined scores on all categories then lead to an overall score. A higher overall score leads to a higher the IPE class and a higher salary level. The IPE class is the measure for comparing different jobs across organizations, industries and countries. (Company X HR, 2005; Ericsson, 2008)

6.1.1 IMPACT

The impact factor is made up of three dimensions, 'type of impact', 'contribution' and 'size of the organization'. The impact evaluation includes the nature of the impact, the contribution the position makes within the context of impact, and the size of the organization. The nature of the impact is operational, tactical, strategic or visionary (Company X HR 2005). The first type of impact leads to the lowest score, and the latter leads to the highest impact score. As contributions made on an operational level are valued less than for instance the strategic level, it means that the complexity of the contribution weighs heavily in the valuation. The further up on this scale, the broader the view that the position holder needs to adopt.

Next, the contribution is calculated, ranging from limited to major, here an increase in contribution is followed by an increase in score. The majority of employees will fall in the categories 'limited' to 'direct'. The 'direct contribution' is a group manager or could also be a senior engineer, depending on the size and scope of the project. The contribution is calculated within the context of the impact the position has, meaning that major contribution with tactical impact is equal to some impact on strategic level. (Company X HR, 2005)

To enable comparison of employees in different sub-organizations, the size of the department is also included in the impact assessment. The size does not directly refer to the number of employees working in this department, but rather the budget, the assets and range of activities for this particular department. High impact in a smaller organization can thus have the same weight as a position with medium impact in a bigger organization. An HR Specialist together with a consultant from Mercer recalculates the size of the sub-organizations every year. (Company X HR, 2005; Interview with HR Specialist)

6.1.2 COMMUNICATION

The two dimensions that make up the factor communication are 'type of communication' and 'communication frame'. In later years the 'frequency of communication' has been added to the measurement. This is not an additional scale, however, when frequent communication is needed in the job, points are added to the type of communication scale. (Company X HR, 2005)

The type of communication assesses the communication abilities required in that position. The score ranges from 1 to 5 points, following the complexity of the communication that is part of the job. A table indicates several positions and the awarded points for those positions, for example a group manager scores 3, while an administrative assistant receives 2 points. More advanced skills required lead to a higher rating.

Frame of the communication refers to nature of interests of the communication contacts. The communication contacts can be mainly internal or external, and the interest can be shared or divergent. An HR Manager is an example of someone dealing with mostly internal contacts that have conflicting interests, while a salesman is in general dealing with externals having common interests. In this case the HR Manager with internal divergent interests is valued higher than the salesman with external shared interests.

6.1.3 CREATIVITY

The creativity factor assesses the requirements for innovation and the complexity of the improvements that are made. The first dimension, innovation, identifies the level of innovation that the position holder would be involved in. It could be that it is to merely follow the status quo, or that an employee has to check and make a report of problems in the (production) process. The range of level of innovation goes from follow, check, modify, improve, create and conceptualize to scientific breakthrough. This last level is typically awarded to R&D scientists. The first two levels are mainly used for blue-collar workers, whereas white-collar workers usually have to be able to make modifications, or more. (Company X HR, 2005)

The level of complexity that the position holder must deal with is indicated as simple, difficult, complex or multi-dimensional. The complexity of the innovation includes the time frame of the innovation and on what level the innovation is made. The financial innovations are usually on short-term. To make innovations in the operations usually take longer time and can affect both people and the equipment or processes. The most complex innovations are the long-term innovations, affecting the human capital and focuses on competencies (Company X HR, 2005). A head of the division deals with multi-dimensional difficulty, as innovations made in this position include the workforce and are long-term changes. A designer has to deal with difficult complexity, while the technical side is complex, the innovation affects the production process but not the workforce.

6.1.4 KNOWLEDGE

The knowledge factor is made up by three dimensions, nature of knowledge, application of knowledge and the breadth. The first dimension measures the level of knowledge that is required *"to accomplish objectives and create value"* (Company X HR, 2005:16). The level of knowledge ranges from limited job knowledge to broad and deep practical experience, awarding 1 to 8 points to the different levels of knowledge. Level 4, expertise, could be a design engineer or a purchaser. These jobs

usually require a university degree, 10 years of work experience or more can then lead to higher rankings. The head of division would score 7, because of the broad practical experience that is required for the position.

When the application of this knowledge is assessed, two dimensions are in place. If the position concerns leading others, a higher score is awarded. This is done in three levels, a team member, a team leader and a leader of team leaders. Further, the geographical scope of the position is accounted for. The lowest score is given to employees working in one country or several countries with similar cultures. When part of the job tasks is taking responsibility for a region, i.e. Europe or Middle East, a higher evaluation is given. The highest score is for those positions that have responsibility for at least than two continents.

6.1.5 Market value and Benchmarking

Once all dimensions and factors have been scored, an IPE certified HR Specialist enters all sub-scores in a data file, calculating the overall IPE score (Interview with HR Specialist). This IPE score is translated into an IPE class, ranging from 40 to 87 (Ericsson, 2008). An increase of 25 points on the evaluation leads to a higher IPE class. For example, a score between 351 and 375 on the position evaluation gives IPE class 53, a score between 376 and 400 corresponds to IPE class 54.

The IPE class can be compared to others, both internal and external, which is the market value of the position. The internal market value is thus a ranking of your worth to the company, compared to the other employees. As the salary is derived from the IPE evaluation, the salary could be seen as a reflection of one's status and importance.

The external comparison is facilitated by Mercer, they collect data from organizations all over the world that use the IPE system (Mercer, 2013a). The collected data includes information about IPE class, salary, industry and geography. Mercer provides Company X with suggested salary ranges for organizations operating in the same area, West Sweden, but across industries. This market valuation is important to Company X as this guides them to offer a competitive salary to the employees. Company X does not want to pay the highest salaries in the market, but rather uses this to pay *"the right amount to the right people"*.

The position class corresponds to a suggested salary range (Mercer, 2013b). The relation between these two is not strict and HR has the possibility to deviate from the guideline. For example, when a position is re-evaluated and the position class turns out higher, a salary review is not implied if this is not in accordance with the compensation and benefits policy (Company X HR, 2005). Further, in some cases HR can also adjust the salary range for a certain function group. If it seems that in a certain function group the salaries at Company X are higher than what the market is paying, the salary range can be moved up in order to retain these employees.

6.2 THE VALUES OF THE JOBS' WORTH

As is obvious from this presentation, the job evaluation is an utterly complex valuation process, creating specific values for specific jobs, in relation to both other jobs in the company and the external labour markets. The IPE system is an evaluation system that assesses in what way the specific job contributes to the organization. While there are different aspects of making a contribution, not all forms of contribution are weighed in the same way.

In this case, the *creativity factor* refers to the ability to make improvements in the working processes or technical advancements, and to innovate the products or the work itself. The word creativity is easily mistaken for being part of the inspired order of worth, in the IPE however, creativity is not a personal trait or referred to as a skill, rather it is something an employee has to be when holding a specific position. Creativity is described in terms of improving the production process, making work more efficient and skills to handle a complex situation. Although the factor is named creativity, the valuation logics are mostly in accordance with the industrial order of worth.

The *knowledge factor* is made up of two valuations, one refers to the knowledge and experience that lead to value for the company. The experience and knowledge that someone has, can be seen as having the skills and competencies to be able to be a more productive worker. Industrial value is thus created by having the possibility to perform, however, this does not mean that this person will perform. This could indicate that it is not the industrial worth, but rather a value that has the potential to lead to industrial worth. A possible valuation category could be a knowledge value, based on logics of competence, experience and potential.

The second part of the knowledge factor looks at the seniority and hierarchical position of the employee, both the managerial position and the geographical scope of the position is considered. The domestic order of worth explains value in terms of status and loyalty. These managerial position gain value by having more responsibilities and having bigger influence on the organization. It can be argued that only when it adds value to the organization, the knowledge of the position holder contributes to a higher IPE rating. This means that the industrial value is again an important factor, however, domestic value recognises the educational level, similar to the knowledge factor in the IPE rating. Part of the knowledge factor is that certain positions are said to 'usually be fulfilled by people with a higher educational level' (Mercer, 2013).

The *communication factor* evaluates the knowledge and capabilities necessary for the job. These communication skills are requirements to be able to perform in this position, but similar to the knowledge factor, it is rather the industrial order of worth that is valuated than the skill level itself. And also, the domestic order of worth is part of this valuation, as the higher up one goes in the hierarchy, the bigger the

communication influence the position holder has. It is not merely one value category that is part of this evaluation of communication.

When performance does not contribute to the organizational productivity, the performance is not recognized in the *impact factor*. This factor refers to the sort and size of the contribution and *"how much money you influence"* (Interview with HR Specialist), and is the most important factor to the overall score on the IPE. The valuations are based on the productivity of an employee's work, described by Boltanski & Thévenot (1999) as industrial order of worth. However, the industrial order of worth is a very broad order of worth, in this case it is only the productivity and contribution logics that contribute to the valuation.

In contrast to valuating the employees' collective worth, this valuation step is performed by one actor, namely HR. There is no conflict between actors, however, the complexity of the IPE does show some conflicts in itself. For instance the knowledge factor that only values the domestic order of worth when it also contributes to the industrial order of worth.

To conclude, the IPE valuation system is a kind of valuation heavily based on the industrial logics, though it itself is based upon multidimensional set of values giving worth. This becomes clear by the fact that the other values are only contributing to the overall IPE score if it directly contributes to the production of the organisation. Perhaps there are other valuation logics besides the order of worth, that contribute to the valuation of work. Further, the market value is way to ensure that Company X can match the market price. This is however not job-specific, it is rather based on position level.

7 THE THIRD VALUATION: THE VALUES OF THE INDIVIDUAL EMPLOYEE'S PERFORMANCE

The third valuation to determine the employee's worth is performed on individual level between line-manager and employee, see figure 1. This is part that is done on individual level, and where both line-manager and employees can determine the outcome. That is why this chapter is named '*The values of the individual employee's performance*'. Here, I focus on the management practice, and difference between this practice and the policies described earlier. It will become evident that there is not only conflict of interest between managers and employees during the valuation process, also a tension between policy and practice, and a conflict in values between this third valuation step and the previous two steps. The frames in which the line-manager has to operate have already been set in the previous valuation process, having consequences for the influence the manager and the employee have. However, most emphasis of the annual salary review process is on this third valuation process, and only this part is communicated with the employees.

The annual salary review process is a new process introduced in fall 2013, and implemented in December 2013 to April 2014. Aim of the process is to be more transparent to employees in how salaries are set, giving employees the chance to have a dialogue about their salary with the manager. Another reason for this change is to give managers the responsibility to determine salary setting, as they are closest to the employee and can best set priorities in the business. One of the Company X values is "designed around you", which means that compensation should be flexible in order to better optimize the value for the employee. The remuneration principles are: performance driven, market aligned and affordable.

> *"This process is a timely process, we see it as an investment in employee understanding. The aim is to get better measurements in the global people survey. I'm not sure what the next measurement will be. In some form, we need to have answers about pay questions, how the employees think they understand how the salary is set. If they get enough information about salary, and how well connected the salary is to the performance. That is also important to us. So the perception from the employees about these questions is important, and we need to increase that knowledge. That the employees think they have enough information and good information. And hopefully that this connection between salary and performance is cleared out." (Interview with HR Specialist)*

This illustrates that Company X aims to get a better understanding of their salary and how it is determined. The global people survey is an organisation review tool, which has previously indicated employee's having a low understanding of the construction of compensation and benefits. By getting better numbers in the global people survey, in other words, by getting better reviews from the employees, the organisation is aiming to be seen as a legitimate actor.

7.1 PREPARING THE MANAGER TO DO THE VALUATIONS

As managers are the main way of communicating the procedure with the employees, good knowledge of the salary setting process for manager is of key importance. All managers were trained and they received policies and document helping them to do the different talks.

"Now, when we changed the system, we have given trainings to all managers about this new salary process and the new performance rating. All new manager receive an ITM, initial training for management, they have a lot of discussion about how to set goals and how to work with employees during the year, and how to follow-up, and how to talk to them, etc." (Interview with HR Specialist)

Manager 4 reported that *"in the beginning I felt a bit insecure"* as she was getting questions from her employees, however, she didn't know the answer either. It was a process that was difficult in the beginning and demanded a lot of preparation. This manager mentioned that *"it takes a while before the employees understand"* and it would be good if they would also be given a course.

"We received several documents from HR. And we had a briefing or a training, if you would like to call it that. That was about how we had to do the annual salary review process and have the discussions with the employees. Every step of the process was described in detail, and it stated what the goal was of the different salary discussions." (Interview with manager 5)

In general, manager thought that information provided was good, illustrated by the previous comment. However, the short implementation time and information given to employees made it for managers important to take time to explain it to employees, but the managers did not feel that they had all the answers to employees' questions.

"The information we received was good. All managers had an one-hour training on the new salary setting criteria and having the three talks. However, there were a lot of questions, and there wasn't really time for that. I think they could have taken more time for this." (Interview with manager 1)

"I have been a manager for 20 years, but I don't have that much experience with having salary talks with my employees. In the beginning the information looked complicated, but that is how the HR policies always look like. They are described in a very formal way." (Interview with manager 5)

The above statements made by the managers show that it was a difficult process to do, and that they would have liked to have some more training or opportunity to ask questions. The managers with smaller teams had some more time to prepare, but managers with 15 employees or more, had a difficult time to really understand the process and have enough preparation time for all their employees.

7.2 THE PERFORMANCE RATING

While the main goal of the performance rating is to engage employees in obtaining the company's objectives and take responsibility for their own development, the performance rating is also important to the salary review process (Company X HR, 2013c). The performance rating is the main salary setting criteria during the annual salary review, making this a pay-for-performance system. The aim of this connection between performance rating and salary review is to recognise and motivate employees for their performance. At the same time, the performance review also aims at identifying competence gaps and making a development plan (Company X HR, 2013c).

At the beginning of the year, employees and manager set up targets for the coming year. These target are connected to the department goals, they help prioritize the work and are revised during the year as focus might shift. Further, there are also goals regarding personal development, this could be about gaining new knowledge or broadening work experience. Evaluations of objectives should not wait until the end of the year, but this could take place in smaller meetings throughout the year. During these occasions, the objective and performance leading to obtaining the goals could be discussed, and if needed, prioritisations and objectives can be adjusted.

At the end of the year, before salary talk 1 is performed, the performance review must take place. This is again a meeting with the manager and the employee, and leads to a summary of achievements, which results in the overall performance rating. This overall rating exists of an evaluation of the sustainable performance, objective fulfilment and aspired culture behaviours. The guidelines are made by HR, and in the interviews it becomes clear that it is the manager who interprets the guidelines and makes an own assessment of the employee's performance, resulting in different interpretations between managers.

7.2.1 THE DETERMINANTS OF THE PERFORMANCE REVIEW

The first aspect of the performance review is the *objective fulfilment*. The HR specialist refers to this as the short-term performance, regarding the past year's focus areas. The short-term performance is an evaluation of to what extent the targets that were set in the beginning of the year have been fulfilled. This is an evaluation of one's production and effectiveness over the past year. The objective fulfilment is easily objectified and measurable, it is a valuation of the industrial order of worth.

Another factor is the sustainable performance, which is *"how well you fulfil the job requirements that you have"* (Interview with HR Specialist). In addition, the guidelines include evaluation of the employee's ambition and drive to develop and the job over time (Company X HR, 2013c). The sustainable performance is also about engagement and having a long-term perspective on performance and contribution. This is in a way similar to the knowledge factor in the IPE valuation, it is not performance or contribution itself that is valued, rather the competence and skills that enable you to perform. According to the order of worth, this would be part of the

industrial worth. However, this could also be an example that there are other value categories present.

Aspired behaviours are role model behaviours connected to the three core values of the organisation (Company X HR, 2013c). One example of an aspired behaviour, that is connected to the value 'Real challenge and respect', is 'I share knowledge and experience with others'. Most employees and managers agree that it is good that behaviour and soft skills are part of the performance rating, they indicate that it is difficult to make this explicit. The aspired behaviour relates to the 'soft skills' (interview with HR) and is reported to be difficult to measure and not always clear how to interpret this (interview with manager 3). While the short-term performance is 'more objective' (interview with employee 1b) and easier to compare employees (interview with manager 5). Several managers report that this, like the sustainable performance, needs to be in order for an employee to be able to perform. Both one of the managers and a trade union representative related to the aspired behaviour as ´a hygiene factor'. The valuation logic underlying is the civic order of worth, as teamwork, being a member of projects and living the values of Company X are keywords in the description of this value.

The combination of these three aspects of work lead to a performance rating that goes from under performance, to developing performance, solid performance, strong performance, and highest ranking is high performance. HR recognises that a solid performer is someone 'who is in the right place, having the right competences for the job' (interview with HR specialist). To have a good balance in the workforce, most employees should be solid performers. With too many top performers it would mean that people are not in the right place, they should be promoted or be given more tasks.

The values of the performance rating are again strongly connected to the industrial order of worth. But where the IPE only focuses on the measurable aspects of performance, the performance rating includes the more soft sides that enable the employee to perform. It seems that there are different valuations present within in the domain of the industrial order of worth. The civic order of worth contributes by valuing the behavioural aspects of being a good colleague and a contributing Company X employee.

7.3 THE ANNUAL SALARY REVIEW PROCESS

7.3.1 SALARY TALK 1

During the first salary talk, held in November or December, the manager has a meeting with the employee to explain the annual salary review process and the salary setting criteria. During this meeting the employee is informed about the connection between the performance rating and the annual salary review, what the procedure will look like and what the salary range for the position looks like.

An important part of this first salary talk is the employee's expectations regarding the salary. This is the first time that all managers and employees are discussing this, and

also the first time that employees see their salary range. The given salary range is based on the IPE valuation of the position and market data provided by Mercer. The current salary and the desired salary, in combination with the performance rating, can then be the starting point of an open discussion about rewarding the employee for his work. How the salary range and the performance rating are connected, is illustrated in figure 3. At the same time, this can also be used as an opportunity to see if the expectations are realistic, and if necessary, give some explanations why someone will likely not be getting the desired salary increase. Focus of this discussion is that the person *"understands what he is rewarded for"* (Interview with HR specialist).

Figure 3. Working with the salary range and the performance rating

Managers reported that this process created expectations and that they had to work with closing the gap between the current salary and what was indicated by the salary range. Employees who receive the rating 'solid performer' expect to get the average percentage increase, however, as from the salary budget gaps needed to be closed, most solid performers got an increase that was lower than the average percentage communicated.

"For some employees the salary gap become very visible with the salary range and their performance rating, and an average 4% salary increase could never make up for that gap. They expected to get 6 or 8% increase. It is not always possible to bridge this gap. … By doing it in this way you perhaps also provoke conflict." (Interview with manager 2)

"Of course we had to work with gap closing, but that is what you do for the strong performers. You sort of start with those. When you look at the market range, most strong performers have a gap, which they maybe didn't have so clear before. Then you didn't know what you should have with a strong performance." (Interview with manager 4)

These quotes illustrate that it is not merely a matter of rewarding employees for their performance, acknowledging their industrial worth. In practice it turns out that managers need to compensate for the difference between the current salary and the indicated salary. In other words, they have to close the gap between the current value and the value the employee has compared to the market, adjusted for performance.

After having done the first salary talk with all employees in his team, the manager does a preliminary salary setting. Then the manager and the manager's manager do a calibration of salary setting between the different teams in that department. This calibration is in place to create more consistency across teams in how the salary is divided.

"This is to see that they meet the requirements they have on the budget; we can't exceed budgets and we can't give women less than men. This year we also need to be quite equal per union, because we have one budget and one promise to all unions."
(Interview with HR Specialist)

7.3.2 SALARY TALK 2

The salary talk 2 is the outcome of the salary review process. Between salary talk 1 and salary talk 2 the manager does a calibration illustrated in figure 1 and discussed in section 5.1. Part of this calibration is to make sure that the salary gap between men and women gets smaller, and ensure that members from the different unions get on average a similar increase. This is related to the civil order of worth, but also the justice values. Underlying logics are fairness and equality.

In this salary discussion 2, it is more from the manager to explain the salary setting, it is not really an opportunity to negotiate. The salaries have already been set. It is more to try to explain that based on the salary setting criteria's, the budget that we have, and the focus and priorities we have in the organization, this is the result. From that we, hopefully, have some form of understanding that you know why you got the salary that you have got. (Interview with HR Specialist)

While manager 2 said that asking employees about their salary expectations can *"provoke conflict",* some managers used this discussion as an opportunity to explain what needs to be done to be able to get the desired salary. In some cases that meant that the person should perform better and show more rapid development. In other cases the desired salary was not possible to achieve in that position, only by obtaining a higher position with more complexity or responsibilities, a higher salary would be possible. Managers who had made the connection between employee's expectations and the development need, reported that this was well received by employees. It gave employees guidance and a better understanding of what needs to be done to increase their salary.

"By putting much work into the first salary talk, the second salary talk went smooth. I didn't have any reinforced talks, so I guess everyone accepted the outcome. I did have a few who said that it was not in accordance with their expectations, but that they could see that I tried to do something for them. For others we have to start with new objective setting for the next year to develop their performance, and develop their salary in that way." (Interview with manager 5)

This shows that by making a connection between current salary and performance and future performance, employees were more readily to accept the outcome of the salary setting.

After salary talk 2, managers and their employee sign off on the new salary if they are aligned. If this is not the case, the employee has the opportunity to do request a reinforced salary talk.

7.3.3 REINFORCED SALARY TALK

If an employee has the feeling that the process has failed, i.e. the process has not been followed, a reinforced salary talk can be requested. During this meeting employees get the opportunity to talk with the manager, the manager's manager and a union representative, about the salary review and if mistakes have been made. After this discussion, the salary setting for that year will usually not be adjusted, only when legal standards have not been met. The aim of the reinforced salary talk is then more on how to handle this situation next year, and to make sure that in following years this employee will receive extra attention during the salary review.

The organisation has incorporated the reinforced salary into the annual salary review process to give employees the feeling of transparency and having influence. Further, in case of any wrong doing, the employee can do something about it. This should contribute to the feeling of transparency and fairness of the process.

7.4 CONFLICT BETWEEN HR POLICY AND LINE-MANAGER'S PRACTICE

7.4.1 APPLYING SUSTAINABLE PERFORMANCE DURING THE PERFORMANCE RATING

The sustainable performance, or the long-term performance, is a new part of the performance review. How this is weighed compared to the objective fulfilment and the aspired behaviours, is up to the manager to decide. In the interview with HR and from policy documents, it becomes clear that the focus is shifting from a short-term performance rating to a more long-term view, valuing sustainable performance. When managers and employees were asked about the salary setting criteria, often only the objective fulfilment and the aspired behaviours were mentioned. Targets, objectives and deliverable were held as the most important aspects, and were usually first to be mentioned when I asked about the salary setting criteria. Only after specifically asking about the sustainable performance during the interview, managers told something about this criteria as well. However, how it was applied or how the manager assessed this was not always clear. They described it in vague terms and indicated it was difficult to measure and compare employees on this criteria. This indicated that both managers and employees are not well aware of this factor. Therefore, the sustainable performance has probably not been weighed into the performance rating as HR intended this.

7.4.2 DELEGATED RESPONSIBILITY

This process has been presented to the managers as part of the delegated responsibility, giving managers more control in how to set salaries. This is important

for the business, as this gives the department managers and line-managers the ability to better prioritise certain competencies. However, most managers report that do not feel that they have more influence.

"I do feel that I have more influence with setting the salaries. The risky cases I did discuss with my manager and asked his opinion. But it is not that I can now better prioritise certain competence or business needs." (Interview with manager 5)

"My wish, which I told HR, is that they delegate the benefit setting of overtime negotiation and company car to the manager, as that is still part of the line-managers budget. It is still within my responsibility, as I am responsible for the budget. ... I do not have the feeling that I have much influence on employees' salary, because of these things. The budget is inflexible and is totally controlled." (Interview with manager 1)

Manager 5 says he has more influence and with that he refers mostly to the actual salary talks; how does he work with the expectations and how does he cope with salary gaps. At the same time, it is clear that he cannot better prioritise competencies. This is similar to manager 1, who does not feel he has much influence at all.

One aim of this process is to give more responsibility to the line to set salaries. At this moment, managers feel that not much has changed for them. Of course the communication with the employee has changed, and they recognize this as a good opportunity to have these discussions with employees. The actual setting of the salary has not changes, they still have a budget and they have to make several adjustments within that budget. The considerations they have to make within that budget give them the feeling that there is not so much for them to make a difference.

The valuation of the collective worth and the jobs itself already set up quite strict frameworks for this third valuation of the individual employee. The manager has a budget and a salary range per job function. This, together with the performance rating does not give that much room for the manager to make other prioritisations than closing the salary gap for the high performers. A quote from manager 4 is representative for the feeling of several managers regarding this:

"I had to explain my top performers with a salary gap that if I give them 10% increase, then I have to give a few others in the team a very small increase or no increase at all. I think it is difficult to really reward someone for his performance, as there are many things we have to take into account." (Interview with manager 4)

7.4.3 EXPECTATION MANAGEMENT

Managers report that a big change for them has been that this process creates high employee expectations regarding salary, and that it was important to manage these expectations. When reading policy documents and in the interviews with managers and employees, it became clear that the manager was not to respond to the salary expectations the employees had. Employees indicated it felt *"strange and insecure"* to give an indication, but not to receive feedback on this. Several managers report to

have actively worked with "expectation management" and really argue what was reasonable for that person in the current position with the performance rating they had received earlier.

"For some employees I had to explain what I meant with expectations, because some saw this as a chance to put an asking price on the table as if they were applying for a new position." (Interview with manager 5)

The statement above shows that it was important for the manager to really clarify how the employee had come to that expectation. Was it really the employee thinking it was realistic, or was it rather a bidding process where it is good to start with a high bid?

"Everyone (all employees) starts the talk with the idea that he is a strong performer. That is why I started to explain that both top performers and under performers are not desirable in a business, as they both don't do what you want them to do. This also helped later, when the salaries were set, it made it easier to explain and get accepted" (Interview with manager 4)

Again, this example shows that the manager used expectation management at an early stage to later in the process get more acceptance for the choices made. In some instances by openly discussing the expectations and clarifying what was realistic for this position, managers opened op the discussion for the development talk.

"It is difficult to really give people a list with the things they need to do to become a better performer and to get that higher salary. However, I felt that it was important to show employees what they should work with next year to be able to influence their salary. I think this was a positive way to talk about salary growth on a more long-term base." (Interview with manager 4)

7.5 THE VALUATIONS OF THE INDIVIDUAL WORTH

The main actors part of the valuation on individual level are the manager and the employee, however, HR sets the guidelines for both the process of the valuation as well as the guidelines for the criteria. The manager has the role of communicating the process, assessing performance, setting the salary based on the pre-determined criteria and dividing the budget in a fair manner. The employee contributes by giving the manager input to the salary discussion, talking about salary expectations and providing the manager with arguments for a certain salary setting.

Managers fulfil an important role in informing the employees about the process of setting salaries and what the valuations are based upon. This last part is important for employees to know '*why they get what they get*' and determining their own worth. The first part of their communicating role refers to employees' insecurity about '*what is going to happen*', and this problem was not always addressed by managers. It seems that the insecurity was not only experienced by the employees, managers did not themselves feel they were fully equipped to inform the employee. The offered training was short, and in that time it was not possible to address all topics

thoroughly. A suggestion from managers is therefore that the company should also provide the employees with trainings, initiated by HR.

The manager determines the performance rating based on a performance indicators that emphasise the industrial order of worth, but which to some degree also includes civic order of worth valuations and values based on skill and competence. The salary setting, based on this performance rating, therefore includes these values as well. Additional valuations are added as the manager has to divide his/her budget among the team, a process which thereby adds valuations based on civic order of worth and justice value. Managers were very aware of their role in making the process fair for employees.

Conflicts between managers and employees were mainly in the salary talk 1, when employees were asked to talk about their salary expectation. Managers acknowledged that they could not meet everyone's' expectations, and therefore already during the first salary talk tried to get aligned using expectation management. This took a lot of time and preparations, but most managers saw that it 'paid off' in the later stages of the salary setting process.

The aim of this process is to give line-management more responsibility when setting salaries. In general, managers did agree that they had more influence, as they could determine better how to do the talks and what topics to cover in the talks. However, the previous steps in the salary process sets the frameworks in which the manager can operate. The managers clearly noted the restrictions and felt that they could not influence the salary itself more, compared to the previous salary setting process. This also means that the influence of the valuations based on the individual, mainly industrial worth and the skills and competence values, were restricted. The manager did not always feel capable of truly being able to reward an employee for his performance.

8 THE FOURTH VALUATION: (E)VALUING THE VALUATION PROCESS

The previous three chapters described the process how the employer valued the employees' worth. These were formalised, explicit steps, from a top-down perspective. The last part valuation is about how the employee evaluates the process itself. This is a hidden process; it is not documented, nor is it organised in any way. However, it is a process all employees take part in, individually or in informal discussions. This will form the last chapter of the analysis, as the employees '*own valuation of the process*' is important for their understanding of worth (Day, 2011, Pfeffer, 1997).

The presentation of the (e)valuation of the valuation process is divided into two parts. First, I will use the concepts from the justice theory to analyse the perceptions of employees regarding the process. The procedure itself and the relationship with the manager have been identified as the main topics that employees take into account during their evaluation. The second part is related to the salary setting criteria. This is about the employee's understanding of *"why I get what I get"* and if they agree upon these salary determinants. The questions is, in other words, if the organisation values the same in the employee's work that the employees' thinks is important to value.

8.1 PERCEPTIONS OF THE NEW SALARY REVIEW PROCESS

When I asked people what they thought about the salary review process, I heard many different stories, but a few general comments are "it was nice to have this talk with my manager", and "otherwise it doesn't happen that often that we have a one-on-one talk about expectations". To the question in the survey *"to what extent are you satisfied with the different meetings?"*, almost 70% indicated to be slightly satisfied to satisfied with the performance rating. 65% and over 60% is slightly satisfied to satisfied with salary talk 1 and 2, and more than 50% with the outcome of the process (see appendix 3). This shows that both in the survey and during the interviews, in general employees were positive about the performance rating and the annual salary review process.

8.1.1 COMMUNICATION AND TRANSPARENCY

From the interviews it became clear that most employees had difficulties to understand the process and get a clear picture of what determines the salary, although they all reported to have been informed by either their manager or trade unions. For example, employees talked about salary boxes, which was part of the previous salary process but not of the current. Another example of information not being available to the employee was that they expressed confusion concerning the timeline. When I interviewed the employees between salary talk 1 and salary talk 2, several employees were wondering when they would receive the outcome of the new salary review.

"*I haven't really thought about it, but I haven't received any information about the new salary. My manager hasn't set up a meeting or anything. I think it would be good*

if we get some kind of timeline for the process. Now we don't really when what is coming and what we can do." (Interview with employee 3b)

The survey shows that employees feel they get enough information about their pay (table 2), and this has shown to have increased since the global people survey done in 2012. However, when asked about their understanding of how the pay changes are determined, employees agree less (table 3). In addition, this shows not the same kind of increase compared to 2012 as in the question regarding the information. Although there has been more communication, this seemingly has not lead to a better understanding of how salaries are set.

Table 2. Information about pay

I get enough good information about pay					
	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree
2012	5%	11%	19%	29%	30%	6%
2014	5%	4%	12%	27%	44%	7%

Table 3. Understanding of pay changes

I understand how pay changes are determined					
	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree
2012	6%	11%	17%	27%	30%	8%
2014	8%	11%	8%	27%	34%	9%

When evaluating the statement, 'I get enough good information about pay' a good progress has been made since the previous survey in 2012. People feel better informed and especially have been informed on more occasions. However, this has not changed the understanding of how pay changes have been determined. This could be explained in several ways, one is that the process of salary setting is complex. Another is that understanding of the salary setting criteria has not improved. Although people have indicated to agree upon them when given the salary setting criteria, they have difficulties explaining the salary setting criteria themselves.

When taking a closer look at how the new salary review process has been communicated with employees, it becomes clear that only a few steps part of salary setting are communicated with employees, which may explain the lack of increase in the understanding of the salary setting. These steps are marked orange in the figure 4.

Figure 4. Communicating the annual salary review process with employees
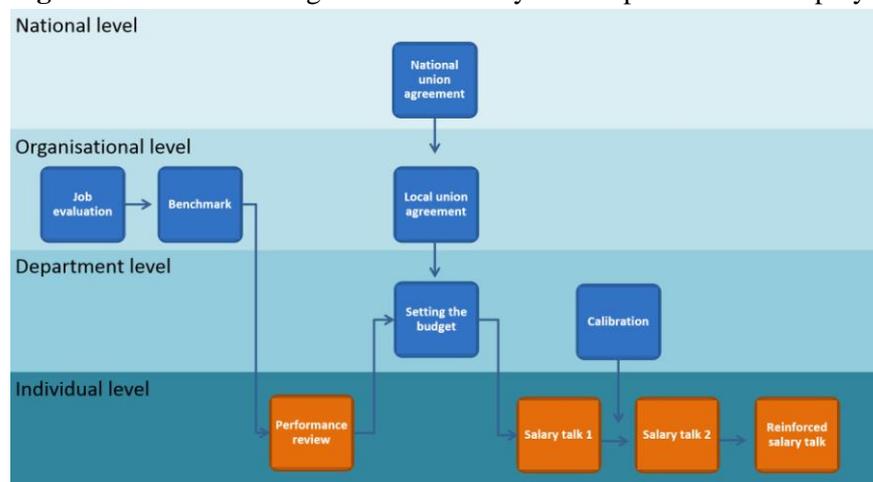
By communication the bigger picture of the steps that contribute to salary setting, and by informing employees about the timeline of the individual salary setting process, the employees would probably get a better understanding of how their salary is constructed, and how they can influence their salary.

8.2 THE VALUES OF THE SALARY SETTING CRITERIA

What employees think they should be valued for is in accordance with what the process has as its salary setting criteria. In the survey I summed up the salary setting criteria, and then asked them to which degree they agreed with them. 45% said to a high degree and 40% said to agree to some extent with the salary setting criteria, shown in table 4. This means a big majority of the employees agree at least to some extent with the salary setting criteria. In the interviews the employees agreed that it was good to not only base the performance rating on objectives, as behaviour and skills are necessary to be a good and contributing employee.

Table 4. Employee agreement with salary setting criteria
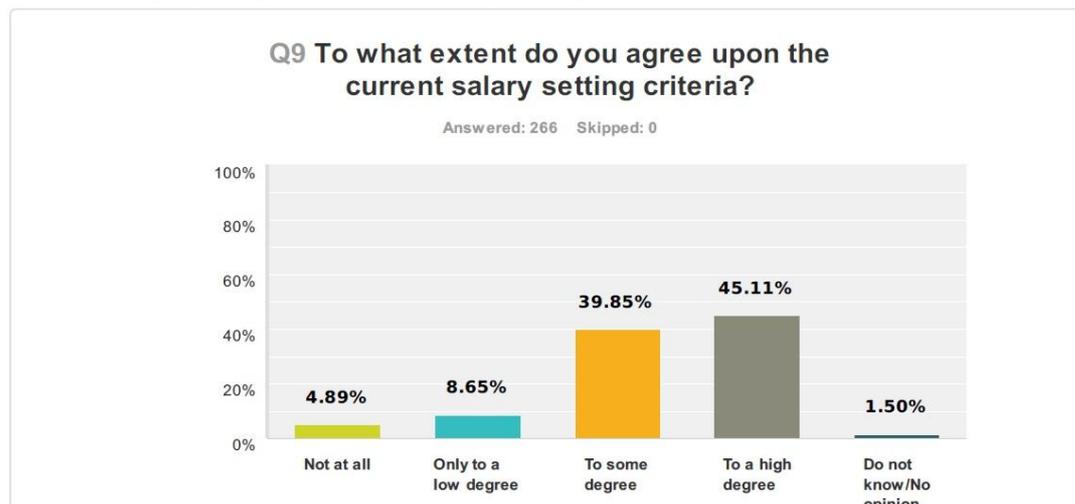
In the survey, employees were also asked to what extent certain criteria should be included when determining the salary, illustrated in figure 5. There are eight criteria that have a mean above 3.5, meaning that these are rated between 'to some degree' and 'to a high degree', leaning more to the 'to a high degree'. Both 'objectives' (3.84) and 'job tasks' (3.74), marked in blue in figure 5, are indicated by employees as important to include in salary setting. Both these are aspects of the industrial order of worth. This is in line with the results in previous chapter, based on interviews and the policy documents, in which the industrial aspect has also come forward as the most important factors for salary setting: both in the performance rating, which determines the salary, and the job evaluation that precedes the salary setting.

Two aspects that are also related to performance, but to group performance rather than individual performance, are ranked a lot lower: 'company performance' (2.76) and 'group performance', which are not as important to employees when it comes to determining the salary. So, the industrial order of worth should mainly be about individual performance, and not including collective logics of valuation.

Also 'behaviour' (3.65) and 'teamwork' (3.63) are, according to the employees, important to include in salary setting. These values are both part of the civic order of worth, together with the 'loyalty to the company' (2.88), but the scores of these criteria are lower. Loyalty is therefore not seen as important as other values in the civic order of worth. The behaviour relates to being a good colleague, loyalty does not necessarily mean that too. However, a loyal employee who has much experience in different positions or part of the company, can have a lot of 'knowledge & experience' (3.16) in the company. Perhaps this can indicate that it is not loyalty, but knowledge that should be valued in a loyal employee.

Again there are several criteria that are difficult to place in one of the others of worth, as they do not construct value in the same way that Boltanski and Thévenot (1999) describe it. 'Skills and competence' (3.83), 'complexity' (3.76) and 'potential and development' (3.58) are all related to the industrial order of worth, but they do not

directly reflect performance or efficiency. It is a tool or a means by which the employee is able to perform and contribute to the organisation. While the components of the industrial worth are short-term, that can fluctuate from year to year, the concepts of this additional value can be seen as more long-term and contribute to sustainable performance. Therefore they belong to the industrial order of worth.

Figure 5. Employee rating importance of salary setting criteria
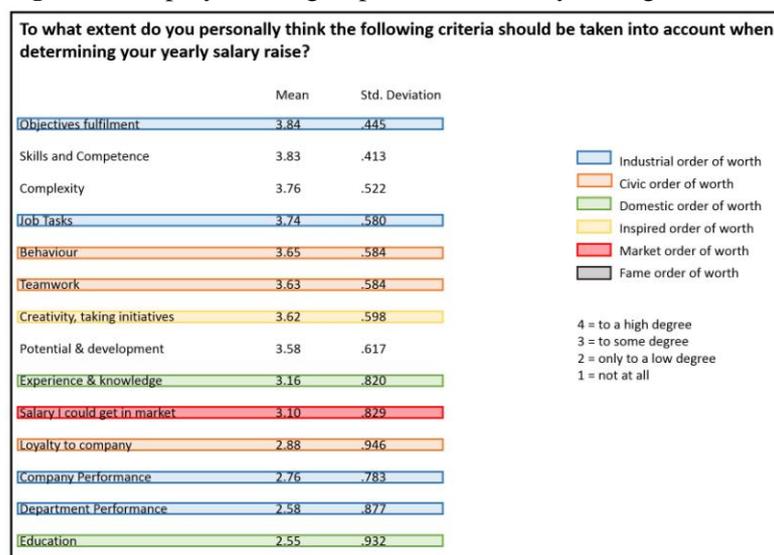
The criteria and the corresponding orders of worth are in accordance with the valuations described in the performance rating and the job evaluation. The most emphasis is on the industrial order of worth. Figure 5 also shows that employees see the importance of the sustainable performance, or competence and skills that lead to performance. This is maybe where there is a difference between management practice and employee perceptions. However, this does not seem to lead to any big conflicts, according to the interviews in this study.

8.3 THE EMPLOYEE'S INFLUENCE ON SALARY

The new salary review process is aimed to give both managers and employees a bigger role and more influence. This is for the first time that employees formally have a talk with the manager about salary and their expectations regarding salary, before the actual salary is set. Previously, not all managers did a salary talk, and usually this was after the salaries for the next year had already been determined. Another way of employees having influence on their salary is by their performance. If they perform better, they are rated as strong or high performer, which then leads to a higher salary. Both changes are meant to give the employee more influence.

When, in n the 2012 survey, employees were asked what they thought about the impact of their performance on their salary 7% strongly agreed with 'performance has a significant impact on my pay', and 27% agreed. In the current study this was respectively 5% and 23%. These and the other results in table 5 suggest thus that the employees feeling of having an influence has not improved, but rather on the

contrary. One reason for the perceived weaker connection, is that the emphasis now is on the performance salary setting criteria, whereas, as noted earlier, the valuations in earlier steps set the general framework in which the individual salary setting happens, which implies that the performance has quite little effect on the actual outcome.

Table 5. Impact of performance on pay

My performance has a significant impact on my pay						
	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree
2012	8%	12%	18%	28%	27%	7%
2014	13%	21%	14%	24%	23%	5%

8.4 FAIRNESS AND JUSTICE

During the interviews, employees reported that this process of salary setting seemed fair and objective. The manager plaid an important role for employees' justice perceptions, and most said to '*trust their manager to do a good job*'. Employees saw the manager as the main assessor and were usually satisfied with that role, especially in combination with the performance rating guidelines, as these were seen as '*contributing to the objectivity of salary setting*'. Many employees said they felt listened to, and that they saw this as a good opportunity to talk with the manager about salary and future career paths. This indicates that the relationship between employee and manager is important to consider for how the employee perceives the whole process of setting salaries.

In the survey, the employees had to rate to what extent they agreed with several statements relating to the different forms of justice. A factor analysis (see appendix 3) showed that it is not possible to empirically differentiate between different forms of justice, which is often done in theory, but that was only one factor of justice. This justice factor showed that people rated the process as 4.2 out of 6 (where 1 was strongly disagree and 6 was strongly agree). This valuation was, thus, based on all aspects of justice, including distributional, procedural, informational and interpersonal justice.

During the interviews, taking place before the salary review process, employees indicated that it would be good to have the reinforced salary talk. They thought that that would contribute to the fairness of the process and give the opportunity to also talk with other people in the organisation about salary setting – if for instance they had felt that the manager treated them unjust by during the process. Table 6 shows

that 47% of the participants had no problems requesting the salary talk. There is also a group that thought it could be harmful for their career or the relationship with the manager. The 21% that answered 'other' indicated in the comments that it was of "*no use anyway*" and "*my manager said it would not change my salary, so it is a waste of my time*".

It thus seems that the response to the reinforced salary talk during the interviews was much more positive contributing to feelings of justice, in comparison to the survey results after the whole salary setting process was completed. Comments made in the survey also indicate that the positive perceptions during the interviews subsequently were turned into a more negative perception, from the experience that this part of the process was '*only for show*' and not contributing to feelings of justice.

Table 6. Requesting the reinforced salary talk

If you would be dissatisfied with the salary review process of the outcome, would you feel comfortable requesting a reinforced salary talk? (more than one answer possible)	
Yes	47
No, might affect relationship with manager	32
No, might affect my future career opportunities	23
Other, …	21

8.5 THE VALUATIONS OF THE PERCEIVED WORTH

The main employee valuation of the whole salary review process is based on the perceived justice and fairness of the process, the justice value. In addition, the employee has his own perceptions of his performance and how this should influence the salary. The valuations that the employee bases this '*evaluation of own performance*' include the same the valuations made during the third valuation process, determining the employee's individual worth. Important to the perceptions of justice is the relationship with the manager and information provided. The transparency both enables the valuation of the process in terms of just and fair, as well as it helps to understand what the employee is being valued for.

Employees find it difficult to understand the salary setting criteria, but analysis of the manager's valuation and what do employee think they should be valued for, who that these two valuations are aligned. This is important, as this makes it easier for the employees to accept the salary setting process and this in turns leads to higher salary satisfaction (Pfeffer, 1997; Scheurs et al., 2006; Schuldes et al., 2013).

9 CONCLUSION

The aim of this study has been to get a deeper understanding of the valuations that are made during the annual salary review process at Company X. Moreover, the focus was to see how these valuations were made and re-evaluated by different actors in the organisation. Further, this study aimed to get insight into the legitimacy of managers to evaluate the employee. Last, providing an overview of the conflicting values that are present in the context of salary setting practices. This purpose was then translated into three research questions, which I will provide and answer to in the below sections.

Through what valuation processes is the value of the individual employee set?

What does the organisation value in work, and why?

How do employees experience the valuation process?

With this study, all research questions have been answered and a view from different standpoints and actors has been provided. The vast amount of empirical material collected has been reduced into 4 main chapters, addressing the different steps of valuation. The red lines throughout the data have given a clear picture of how employees are being valued for their work and how employees perceive this.

9.1 THE VALUATION PROCESSES

The valuation process is made of many different sub-processes that value different things and the valuations are performed by different actors. This makes it a difficult process to get an overview of. To enhance our understanding, I created a framework, illustrated in figure 2, including all the sub-processes and illustrated the levels on which they are performed in the organisation.

Further analysis of the sub-processes revealed that the process of valuing the employee's worth can be divided into four steps, illustrated in figure 1. Each step is in a different level in the organisation, and different actors take place in these steps. This makes the valuation of employee's worth a difficult and complex process to understand. Every step in the valuation process sets restraints for the next step in how the employee's worth can be determined. It seems that the most important decisions are made by collective bargaining on national and local level, as this determines the collective salary budget to a large extent. In this pay-for-performance salary process, the emphasis is put on the thirds step of the valuation, valuing the individual.

9.2 THE VALUATION OF WORK

Many economists have previously suggested that the worth of labour is determined by the market. This study illustrates that it is a set of complicated, interconnected, social processes of mostly internal valuations which determines the employee's worth. This suggest that is not only the market´, but rather a combination of social and economic factors that sets the price of labour. In the case of Company X the main categories of valuation are industrial value, market value and justice value. The justice value

provided a way of justifying why certain choices had been made, to be seen as a legitimate actor, and to be compliant.

The empirical material also showed that there was an additional value category, encompassing skills and competence, which is not included in the orders of worth from Boltanski & Thévenot (1999). This can be interpreted as a precondition for employees to be able to perform, but it is not directly translated into performance, or industrial worth, itself. Also, other value categories seem to need some adjustment to better fit the valuation of employees in this specific case. However, this does not mean that this must also be the case in other valuation-processes, or even in other salary setting practices. Based on the empirical material, I suggest that an adaption of the orders of worth would be a better fit for valuing employees' worth in this particular case:

Productive value

This category reflects the contribution the employee makes to the organization in terms of deliveries and objectives. It encompasses measurable performance that can be easily be objectified, making it possible to compare employees' performance. The productive value, described by Boltanski & Thévenot (1999) as industrial value, is about work and activities that have a strong functional link. Work that does not have a direct link to "contributing to the organisations objectives" is not part of this value. The name productive reflects better the narrow scope of this valuation, namely, the contribution that the employee makes.

Domestic value

The domestic world is described by Boltanski & Thévenot (1999) as status, seniority and hierarchical position. In this study it is not only a question of valuing status and seniority, but includes factors that are related to status, for example, loyalty with the organization. Among employees it is often those who have been employed at the company for many years that have already have earned status and respect. But not only the loyal employees are given extra privileges, also high potentials or employees with higher levels of education can be seen as extra valuable.

Knowledge value

The knowledge dimension of the employee's value includes the valuation of knowledge specific to the position, and skills and competence needed to do the job. Where the productive value looks more at the short-term performance, the knowledge value is about long-term contribution by having the right education, gathered skills in the job and knowledge about the organisation. Skills and knowledge are difficult to measure, as knowledge requirements for a position are not always explicit. Not all employees develop in the same way, therefore, two employees holding a similar position can have different knowledge value. This knowledge value is related to the sustainable performance that is part of the performance rating.

Behaviour value

The behaviour value of the employee is related to the interpersonal skills, contribution to teamwork and willingness to help others. Also, the attitude towards work and the willingness to develop can be a part of the behavioural value. Whereas the performance value is often measured on individual level, the behaviour value is focussing more on how is this employee is performing in the group and taking part in teamwork. This can be part of the work, but the factor 'being a nice colleague' and 'nice to work with' is thus important to this value as well. This value category is based on the civic order of worth, but emphasises the importance of behaviour in the group and contributing to the group. This is in contrast to civic order of worth, were being part of the group itself gives worth.

Market value

The market value is the more traditional understanding of economist of what determines the value of a good or service. This value is not just a compensation of one's time spent at work, it is rather related to the employee's potential value for other firms and in comparison to similar services or employees available on the labour market. When valuing labour, this means that the market value an employee is depending on the value others hold. This can be both internal and external comparison, both of salaries and of performance – meaning that when salaries outside the organisation increase, the organisation is willing to pay more. The internal market value is the comparison of different productive value of employees and their compensations.

9.3 THE EMPLOYEE'S (E)VALUATION OF THE VALUATION PROCESS

In general the employees were satisfied with the new salary setting process. They found the salary setting criteria difficult to understand, but they trusted their manager. This indicates a strong link between employees' perception of the process and the relationship with the manager. Analysis of what the manager values in the employee's work and what employees thought they should be valued for, are aligned.

HR, managers and employees all stress the importance of the industrial value, or rather the productive value, for setting salaries. The knowledge value is closely related to the productive value, and employees see that this knowledge is key to be able to perform., otherwise performance is only a short-term contribution and that does not benefit the organisation in the long run. HR agrees with this, however, managers still seem to find it difficult to translate the knowledge value into measurable (performance) indicators. For HR the justice value is important in the process of valuation for it gives them legitimacy for the process of setting salaries and valuing the employees' worth. Compliance is a strong driver in considering justice and fairness throughout the process. Managers acknowledge their role in making the process fair and just, but at the same time feel a tension between justice value and

rewarding employees for their performance. Employees reported that this process of salary setting seemed fair and objective.

This evaluation of the process seeming fair and objective was made in spite of the lack of information available to the employees. The organisation only communicates about this third step of valuation with managers and employees, and focuses on the influence that they have on salary setting, illustrated in figure 4. Even though this process is in place to give both the manager and the employee more influence in salary setting, both do not feel that they have much influence on the salary they get. Employees do not perceive that there is a strong connection between their performance and the salary they get, and therefore, they are not able to influence their salary. One reason for the perceived weaker connection between performance and salary is that the emphasis in the communication is on the performance rating as a salary setting criteria. However, as noted earlier, the valuations in earlier steps set the general framework in which the individual salary setting happens, which implies that the performance has quite little effect on the actual outcome. This can be seen as another example of the high expectations that employees have of this salary setting process.

This in turn is related to the complexity of the process of setting salaries. By creating a better overview for managers and employees in how salaries are set, employees can get a better understanding of how they can influence their salary and '*why they get what they get*'.

9.4 FUTURE RESEARCH
The study of valuations within the context of salary setting and valuing work has provided an interesting new perspective of setting salaries. It helped show were conflicts and tensions arise and why these tensions exist. Further research in other companies and in workers in different, sectors, industries and occupations, could add to our understanding of the value of work. This would give an opportunity to test the proposed valuation framework, and further adapt this to other contexts.

Valuation studies have mainly been done in unstructured and implicit valuations. This study illustrated that putting it is in this new context of explicit valuations, the valuation theory can contribute to our knowledge of why we value what we value. Other work situations, for example the recruitment process, could be an interesting field to study to utilise the valuation framework. A lot of research done in recruitment is process focused, the valuation approach can give a new angle to the topic, as demonstrated in the current study.

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APPENDIX 1. INTERVIEW GUIDELINE

Interview guideline Thesis Construction of Salary and Pay Satisfaction (for employees)

Ethics & Informed Consent

This project is about taking a closer look at how pay and the total employee offer is awarded. What matters to the salary someone is given? And what is appreciated in the total employee offer? The study is part of my master thesis, part of the master program Strategic HRM at the Gothenburg University.

This project will be conducted in accordance with the Swedish research-ethical principles for social science research, as stated by Vetenskapsrådet. I would like to emphasise that participation is voluntary. If there are any questions that you do not want to answer, or think you cannot answer, you do not have to answer the question. The interview will only be used for the purpose of this study, your name will not be included in the written texts, and in the report I will not use material that could lead back to you. Your manager, or others at Company X, does not have access to the interview material. I would like to record the interview, so the interview can be transcribed and analysed. If you want I can send you the transcribed interview, feel free to read through it, perhaps there is something you would like to add or clarify.

General information

1. Please tell me briefly about your education and career
2. What is your current job here and since when?
3. Age & tenure (I can find that in the employee database)

Salary review process

1. Can you generally describe the pay review process from your perspective?
2. How does it work – what stages/phases are there? Which step are you at?
3. In what way have you been informed about this? How did you gather information about the salary review process?

Salary valuation

1. If it is up to you, what should be looked at when determining the height of the raise? Why? Specify.
2. On what criteria is the individual salary is set? What are the things they look at when determining your salary? (skills/competencies/behaviours/education/traits/market value)
3. What do you think has the biggest influence on the height of your salary/pay raise/benefits you receive?
4. Performance rating: objectives, job fulfilment and behaviours. What has been important in the rating?
5. What do you think is most appreciated in the work you do? Why do you think that?
6. Do you agree upon the salary setting criteria?

7. Do you agree upon the assessment your manager made during the performance rating?
8. What are the difficult criteria to assess in the performance rating?
9. Do you feel you could influence the salary setting? Were you listened to?

Total employee offer valuation

1. What kind of compensation and benefits do you currently receive?
2. What kind of benefits do you appreciate most? (Financial and non-financial rewards, job opportunities, development, etc.)
3. What kind of benefits should be offered?
4. How do you consider benefits should be (flexible, adaptable to individuals, same for all)?

Distributive, procedural and interactional justice

1. Do you think your salary is set in a fair manner? (unbiased, consistent, comprehensive procedure, following procedure, opportunity to redress)
2. If you could change anything about the salary review process, what would that be?
3. Have you at any occasion experienced an unfair distribution between colleagues when it comes to compensation and benefits? Do you think salaries are fairly distributed in the organization?
4. Do you feel you have been well informed about how the salary is constructed? (during salary talk 1/Your benefits website)
5. How do you look back on salary talk 1 with your manager? Are you satisfied with how the salary talk went?
6. Are you satisfied with the influence you have on your salary/pay raise? And your manager's influence?

Pay satisfaction

1. Do you think that your salary is satisfactory for the work that you do?
2. Do you feel rewarded for the work you do and/or your accomplishments?
3. How do you perceive the company's compensation and benefit package today? Is it attractive?
4. Do you feel you can sufficiently influence your salary?
5. What do you think of your pay compared to colleagues?
6. Compared to the market, do you think your salary is satisfactory?
7. In what way do you believe that compensations have an impact on how you experience your work? And for benefits, how does this influence you?

Do you have anything to add? Do you have any questions for me?

APPENDIX 2. SURVEY

Salary review process

Hej!

Thank you for participating in this study. The survey will take approximately 15 minutes. I am interested in how you experienced this year's salary review process, so please try to think of this when answering the questions.

I would like to emphasize that your answers are confidential, and information resulting from this survey will only be used for the purpose of this study. The results will be analysed and described in general terms, before they will be shared with HR Compensation and Benefits at Volvo Cars. Individual responses are not shared.

If you would like to know more about the purpose of the study, or if you would like to be informed about the outcome, please send an email to

Thank you!

Med vänliga hälsningar,
Mirjam Damsma

Thesis student at HR Compensation and Benefits

General Information

*1. What is your gender?

◯ Female

◯ Male

*2. Which category below includes your age?

◯ 20 or younger

◯ 21-30

◯ 31-40

◯ 41-50

◯ 51-60

◯ 61 or older

Salary review process 58

*3. What department do you work in?

◯ Design

◯ R&D

◯ MSS

◯ Purchasing

◯ Manufacturing

◯ PS & VLM

◯ Corporate Communications

◯ Human Resources

◯ Finance

◯ Legal

◯ IT

◯ Quality & Customer Satisfaction

◯ Other

Other (please specify)

[   ]

*4. For how long have you been working at ▮▮▮▮▮▮▮?

◯ Less than 1 year

◯ 1 to 5 years

◯ 6 to 10 years

◯ 11 to 15 years

◯ 16 to 20 years

◯ more than 20 years

*5. What is the highest level of education you have completed?

◯ Elementary

◯ High School (Gymnasiet)

◯ Vocational education (KY or similar)

◯ University/College (no degree)

◯ University/College (Bachelor degree or similar)

◯ University/College (Master degree or similar)

◯ PhD

Other (please specify)

[   ]

Salary review process

* 6. Are you a manager with direct reports?

- ◯ No, I have no direct reports.
- ◯ Yes, but I have no salary setting responsibilities
- ◯ Yes, and I am responsible for salary setting

Salary setting criteria

* 7. To what extent do you personally think the following criteria should be taken into account when determining your yearly salary raise?

	Not at all	Only to a low degree	To some degree	To a high degree	Do not know/No opinion
Your job tasks	◯	◯	◯	◯	◯
Complexity of my job tasks	◯	◯	◯	◯	◯
How well I fulfill objectives (meeting targets, keeping deadlines, prioritize)	◯	◯	◯	◯	◯
Job fulfillment, and my skills and competencies	◯	◯	◯	◯	◯
My behavior and attitude towards work	◯	◯	◯	◯	◯
My potential and willingness to develop	◯	◯	◯	◯	◯
My contributions to teamwork and how well I help other team members	◯	◯	◯	◯	◯
My educational background	◯	◯	◯	◯	◯
Experience and knowledge I have (about the company/department/years at ▮▮▮▮▮)	◯	◯	◯	◯	◯
Creativity, taking initiatives and openness to change	◯	◯	◯	◯	◯
The potential salary I could get at from other employers/My value compared to others	◯	◯	◯	◯	◯
The company's performance	◯	◯	◯	◯	◯
The department's performance	◯	◯	◯	◯	◯
My loyalty to the company and/or superiors	◯	◯	◯	◯	◯

8. Are there other salary setting criteria that should be considered? Which and why? (optional)

Salary review process   60

Salary setting criteria

Currently, the salary level is determined by market data for the job, the existing offer compared to the market data and the performance rating. The overall performance rating is based on how well you fill the job, how well you fulfill objectives/targets and how well you behave in accordance to the company's culture and values.

*9. To what extent do you agree upon the current salary setting criteria?

( ) Not at all

( ) Only to a low degree

( ) To some degree

( ) To a high degree

( ) Do not know/No opinion

Comment

[   ]

Information about the process and satisfaction with the process

*10. Which of the following meetings have you been part of/which steps of the process did you go through? (More than one answer possible)

[ ] Setting target (for 2013)

[ ] Performance review

[ ] Salary talk 1 (expectations and market range)

[ ] Salary talk 2 (salary for coming year)

[ ] Reinforced salary talk (with manager and union representative)

Comments

[   ]

*11. In what way(s) have you been informed about the new salary review process? (More than one answer is possible)

[ ] By my union

[ ] The intranet and/or HR portal

[ ] I received information from colleagues

[ ] My manager sent me information by email

[ ] The team was informed during a team meeting

[ ] My manager informed my during the first salary talk

[ ] I have not been informed at all

[ ] Other (please specify)

[   ]

Salary review process

*12. To what extent are you satisfied with te new salary review process?

	Dissatisfied	Slightly dissatisfied	Slightly satisfied	Satisfied
The performance review	◯	◯	◯	◯
Salary talk 1	◯	◯	◯	◯
Salary talk 2	◯	◯	◯	◯
The outcome of the salary review process	◯	◯	◯	◯

*13. If you would be/are dissatisfied with the salary review process or the outcome, would you feel comfortable requesting a reinforced salary talk? (More than one answer possible)

☐ Yes

☐ No, it could disturb the relationship with my manager

☐ No, it could affect future career opportunities

☐ Other (please specify)

[_____]

Salary and job satisfaction

Salary review process

*14. To what extent do you agree with the following statements?

	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree	Do not know/no opinion
I feel I am being paid a fair amount for what I do.	○	○	○	○	○	○	○
There is really too little chance for promotion in my job.	○	○	○	○	○	○	○
I am not satisfied with the benefits I receive.	○	○	○	○	○	○	○
When I do a good job, I receive the recognition for it that I should receive.	○	○	○	○	○	○	○
I sometimes feel my job is meaningless.	○	○	○	○	○	○	○
Raises are too few and too long time between.	○	○	○	○	○	○	○
Those who do well on the job stand a fair chance of being promoted.	○	○	○	○	○	○	○
The benefits we receive are as good as most other organizations offer.	○	○	○	○	○	○	○
I feel that the work I do is not being appreciated.	○	○	○	○	○	○	○
I like doing the things I do at work.	○	○	○	○	○	○	○
I feel unappreciated by the organization when I think about what they pay me.	○	○	○	○	○	○	○
People can grow in their career in this organization as fast here as they do in other organizations.	○	○	○	○	○	○	○

Salary and job satisfaction

Salary review process

*15. To what extent do you agree with the following statements?

	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree	Do not know/no opinion
The benefits package we have is equitable (awarded in a fair and unbiased manner).	○	○	○	○	○	○	○
There are few rewards for those who work here.	○	○	○	○	○	○	○
I feel sense of pride in doing my job.	○	○	○	○	○	○	○
I feel satisfied with my chances for salary increase.	○	○	○	○	○	○	○
There are benefits we do not have that we should have.	○	○	○	○	○	○	○
I don't feel my efforts are rewarded the way they should be.	○	○	○	○	○	○	○
I am satisfied with my chances for promotion.	○	○	○	○	○	○	○
My job is enjoyable.	○	○	○	○	○	○	○
I feel sense of pride to be part of the ▮▮▮▮ organization	○	○	○	○	○	○	○
My performance has a significant impact on my pay	○	○	○	○	○	○	○
I get enough good information about pay and benefits	○	○	○	○	○	○	○
I understand how pay changes are determined	○	○	○	○	○	○	○

Your perception of the salary review process

Salary review process

*16. To what extent do you agree with the following statements?

	Strongly disagree	Disagree	Slightly disagree	Slightly agree	Agree	Strongly agree	Do not know/no opinion
I have been able to express my views and feelings during the salary review process.	◯	◯	◯	◯	◯	◯	◯
The individual salary increase contribute to a more fair distribution of the salaries in the organization.	◯	◯	◯	◯	◯	◯	◯
My manager has treated me disrespectful during the salary review process.	◯	◯	◯	◯	◯	◯	◯
My pay does not reflect the effort I put into my work.	◯	◯	◯	◯	◯	◯	◯
My manager has treated me in a polite manner during the salary review process.	◯	◯	◯	◯	◯	◯	◯
The procedures did not uphold the ethical and moral standards (ethical and moral standards were violated).	◯	◯	◯	◯	◯	◯	◯
I do not feel I was listened to during salary talk 1.	◯	◯	◯	◯	◯	◯	◯
I am satisfied with the explanations my manager gave me.	◯	◯	◯	◯	◯	◯	◯
The procedure was free from biases.	◯	◯	◯	◯	◯	◯	◯
My manager was not open in his/her communications during the salary review process	◯	◯	◯	◯	◯	◯	◯

Tack!

Thank you for participating! If you have any questions or comments about the survey, please contact me via email

Tack!
Mirjam Damsma

APPENDIX 3. SURVEY SUMMARY DATA

Q1 What is your gender?

Answered: 266   Skipped: 0

Answer Choices	Responses	
Female	21.43%	57
Male	78.57%	209
Total		**266**

Q3 What department do you work in?

Answered: 266   Skipped: 0

Answer Choices	Responses	
Design	1.13%	3
R&D	42.48%	113
MSS	7.89%	21
Purchasing	7.89%	21
Manufacturing	15.41%	41
PS & VLM	3.76%	10
Corporate Communications	0.75%	2
Human Resources	5.64%	15
Finance	4.51%	12
Legal	1.13%	3
IT	3.38%	9
Quality & Customer Satisfaction	4.14%	11
Other	1.88%	5
Total		**266**

Q4 For how long have you been working at ▉▉▉▉▉?

Answered: 266   Skipped: 0

Answer Choices	Responses	
Less than 1 year	3.38%	9
1 to 5 years	18.05%	48
6 to 10 years	9.40%	25
11 to 15 years	21.80%	58
16 to 20 years	12.03%	32
more than 20 years	35.34%	94
Total		266

Q5 What is the highest level of education you have completed?

Answered: 266   Skipped: 0

Answer Choices	Responses	
Elementary	1.13%	3
High School (Gymnasiet)	24.06%	64
Vocational education (KY or similar)	5.64%	15
University/College (no degree)	13.16%	35
University/College (Bachelor degree or similar)	18.42%	49
University/College (Master degree or similar)	36.47%	97
PhD	1.13%	3
Total		266

Q7 To what extent do you personally think the following criteria should be taken into account when determining your yearly salary raise?

Answered: 266   Skipped: 0

	Not at all	Only to a low degree	To some degree	To a high degree	Do not know/No opinion	Total
Job tasks	1.50% 4	2.63% 7	16.17% 43	79.70% 212	0.00% 0	266
Complexity	0.75% 2	2.26% 6	16.92% 45	80.08% 213	0.00% 0	266
Objectives fulfilment	0.38% 1	1.88% 5	11.28% 30	85.34% 227	1.13% 3	266
Skills and competencies	0.00% 0	1.50% 4	13.53% 36	83.46% 222	1.50% 4	266
Behaviour	1.13% 3	2.26% 6	26.69% 71	69.55% 185	0.38% 1	266
Potential & development	0.75% 2	4.51% 12	30.45% 81	63.91% 170	0.38% 1	266
Teamwork	0.38% 1	4.14% 11	27.44% 73	67.29% 179	0.75% 2	266
Education	15.04% 40	30.45% 81	38.35% 102	15.79% 42	0.38% 1	266
Experience & knowledge	3.76% 10	15.41% 41	41.73% 111	38.72% 103	0.38% 1	266
Creativity, taking initiatives and openness to change	0.75% 2	3.76% 10	28.20% 75	67.29% 179	0.00% 0	266
Market value	3.76% 10	17.67% 47	40.98% 109	34.59% 92	3.01% 8	266
Company's performance	6.02% 16	27.07% 72	51.13% 136	15.41% 41	0.38% 1	266
Department's performance	11.65% 31	32.33% 86	40.98% 109	14.29% 38	0.75% 2	266
My loyalty to the company and/or superiors	9.40% 25	23.31% 62	37.59% 100	29.70% 79	0.00% 0	266

Q9 To what extent do you agree upon the current salary setting criteria?

Answered: 266   Skipped: 0
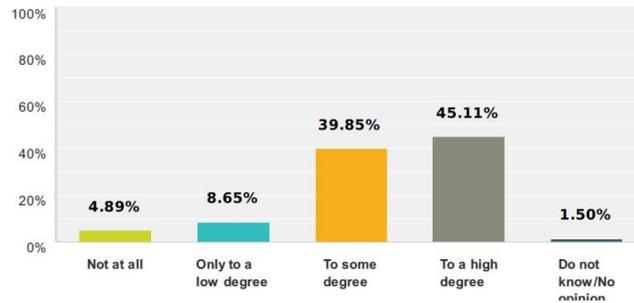
Answer Choices	Responses	
Not at all	4.89%	13
Only to a low degree	8.65%	23
To some degree	39.85%	106
To a high degree	45.11%	120
Do not know/No opinion	1.50%	4
Total		266

Q11 In what way(s) have you been informed about the new salary review process? (More than one answer is possible)

Answered: 266   Skipped: 0

Answer Choices	Responses	
By my union	52.63%	140
The intranet and/or HR portal	51.13%	136
I received information from colleagues	16.92%	45
My manager sent me information by email	38.35%	102
The team was informed during a team meeting	46.99%	125
My manager informed my during the first salary talk	57.89%	154
I have not been informed at all	1.88%	5
Other (please specify)	7.52%	20
Total Respondents: 266		

Q12 To what extent are you satisfied with te new salary review process?

Answered: 266   Skipped: 0

Q13 If you would be/are dissatisfied with the salary review process or the outcome, would you feel comfortable requesting a reinforced salary talk? (More than one answer possible)

Answered: 266   Skipped: 0

Answer Choices	Responses	
Yes	**46.62%**	124
No, it could disturb the relationship with my manager	**31.58%**	84
No, it could affect future career opportunities	**22.56%**	60
Other (please specify)	**21.43%**	57

Total Respondents: 266

| #	Other (please specify)
1	Det känns inte som det leder någon vart
2	High achievers are held back by employees with "wrong" salary so it does not matter how your rating is if there is no room to connect high achievements with high rating in salary review
3	No, I understand the outcome of salary process, I need a higher salarybox/position to increase my salary
4	Now, I know to never rais my sallary ideas. I'm very disapointed of the reinforced salary talk, sorry.
5	Wouldn't help at all I am to old. So my thinking about Volvo is not so good. I do what I have to and nothing more. 36 years of experience is not worth anything. Sad for that
6	Manager declared that a reinforced salary talk would NOT benifit the salarylevel.
7	Pointless.
8	No, it would not make any difference.
9	No, I would tell my manager and be confident that he has the best intentions with reg to my salary level
10	No, i think it would have little effect.

11	I dicided to end my employment at █
12	Have not been in the situation and don't now how I would act if it would be the case
13	The problem is not enough with money is put into to the process to secure that we have correct salary. I recive information that the salary should be 44 ksek but we can only offer you 37 ksek...
14	it's not the outcome (money) but the principles and leadership I disagreed with
15	Yes, but only if the outcome was very far off my expectation
16	.
17	I haven't been informed about the process...
18	No, it is hopeless
19	Could distrub relationship with manager om higher level
20	I would probably ignore potential bad feelings if I thought it would give any results.
21	No, no use, no process for handling deviations
22	I am dissatisfied that volvo is not looking at normalized wages. The process is good.
23	Hard to judge...
24	The ranking of our jobb is to Low.
25	no, wouldnt change anything
26	No, it would not result in anything different
27	I think the biggest problem with the salary review process is that when you have managed to get to the correct salary level and make use of your competence by changing position but stays on the same level you will start to fall behind again since there are nobady (or very few) having too much salary and a lot of colleagues having too low salary and you have to give away some percentage to the managers for re-balancing the salary levels within the group or department...
28	Not Applicable
29	It does not help to increase the salary.
30	No, I can spend my time on more important things
31	No, It would probably not help anyway.
32	Not at the moment.
33	can not see how it would change things or benefit me...
34	I would feel comfortable. But I don't expect any change, so it's a waste of time.
35	I did do a reinforced salary talk, did not do any difference to the outcome
36	I have to accept the salary I got
37	it seems useless.
38	With present manager, I have no issue. But this is highly dependeing on the nearest manager one has. Personally, I would not be comfortable requesting this, with some of the previous managers I have had.
39	I did not take the reinforced salary talk because i did not think it would help to raise my salary.
40	No, the interest from my manager seems non-existing
41	no use
42	I made a written negative comments, but in the end the salary setting presented for me is practically unchangeable.
43	The whole process and the budget are very tight. If I should have an increase a college needs to get less. It feels like there is not much room for discussions.
44	vet inte
45	I realised that a reinforeced salary talk will not get me more, acc. to a union represantant
46	unfortunately it doesn't change anything
47	?
48	The managr tell there is no more money to raise the salary even if I want it and according to your performance
49	don´t see the point in doing that :(
50	NO
51	No, Its considered a waste of time
52	No, if I shoudl use this opportunity it really should be something in the process or judement that I think I could understand better if I had more people involved. In that case I wouldn´t connect it to the salary process but to a deeper work trying to understand why I and my manager sees things so differently.
53	No, whats the point? Doesnt change anything only extra work!
54	Doesn't help. The system is a game to supress employees.
55	But there is always a rsik for point 2 & 3.....
56	No idea, sinnce the jobs are in different boxes i need to change job if i want more than 0% salary raise
57	But it was a general comment from "everyone" including managers that a reinforced talk would NOT lead to any improvement of the salary.

STATISTICAL ANALYSIS FOR JUSTICE VALUE

Descriptive statistics for the Justice questions.

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Justice	265	1.00	5.83	4.21	0.86
Valid N (listwise)	265				

Factor analysis is appropriate for our data as Kaiser-Meyer is over .700, and Bartlett's Test is significant.

KMO and Bartlett's Test

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.838
Bartlett's Test of Sphericity	Approx. Chi-Square	597.543
	df	45
	Sig.	.000

The Total variance explained shows that two Eigenvalues are above 1. This would then lead to the suggestion that there are two factors. However, the scree plot shows a clear 'elbow' after 1 factor. Therefore, in this study the justice value is used as one item.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	3.438	38.196	38.196	3.438	38.196	38.196	2.815
2	1.037	11.527	49.723	1.037	11.527	49.723	1.746
3	.930	10.330	60.053	.930	10.330	60.053	1.675
4	.911	10.122	70.175	.911	10.122	70.175	1.785
5	.658	7.309	77.484				
6	.602	6.684	84.168				
7	.577	6.407	90.575				
8	.475	5.277	95.852				
9	.373	4.148	100.000				

Extraction Method: Principal Component Analysis.

Scree Plot
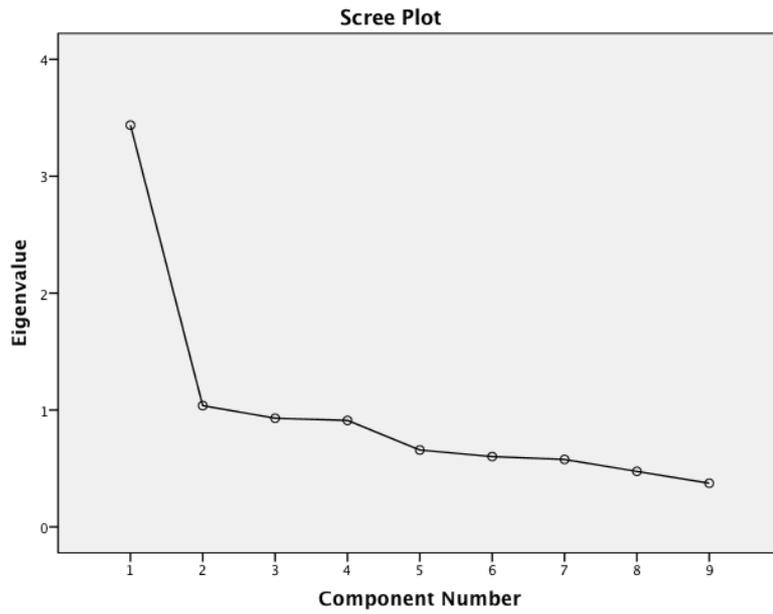
Component Matrix[a]

	Component
	1
Justice7_Recoded	.735
Justice8_Recoded	.722
Justice5_Recoded	.717
Justice10_Recoded	.698
Justice1_Recoded	.626
Justice6_Recoded	.602
Justice4_Recoded	.509
Justice2_Recoded	.452
Justice3_Recoded	.394

Extraction Method: Principal Component
Analysis.

a. 1 components extracted.