

Job Evaluation and Wage Setting in the Public Sector of Israël L'évaluation des emplois et la fixation des salaires dans le secteur public en Israël

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Résumé de l'article

L'article ci-dessus traite de l'évaluation des emplois et de la fixation des salaires dans le secteur public en Israël.

L'auteur donne d'abord un aperçu du contexte historique et économique dans lequel cette entreprise s'est engagée. Après l'établissement d'Israël en 1948, on se met à l'oeuvre en vue de former un corps de fonctionnaires. Au départ, la fonction publique comprenait l'ensemble des employés de l'État, à l'exception des travailleurs manuels, des enseignants et des policiers. On met au point un système de classification des emplois qu'adoptèrent ensuite les communautés locales. À cette classification était également attachée une échelle des traitements qui, sous la pression des syndicats et des associations professionnelles, subit diverses modifications. Ce processus atteignit son point culminant vers 1961-1962, période au cours de laquelle il n'y eut pas moins de vingt-deux grèves de la part de différents groupes d'employés de la fonction publique. C'est alors que le gouvernement, pour parer à cet état de perturbation, institua la Commission Horowitz à un moment où les pressions inflationnistes et l'instabilité économique hypothéquaient lourdement le pays.

La Commission se rendit compte qu'une de ses tâches principales devait être d'éliminer les distortions, qui s'étaient accentuées au fil des années, dans les taux de salaire selon les grades, les professions et les lieux de travail. Les membres de la Commission cherchèrent des solutions à cette situation. Même si sa compétence ne s'étendait qu'aux employés de la fonction publique et des municipalités, ses recommandations devaient toucher en pratique 179,000 employés du secteur public sur une main-d'oeuvre globale de 800,000 travailleurs.

Le rapport de la Commission était fondé sur quatre principes: un traitement satisfaisant qui tenait compte des besoins des employés et des possibilités de l'économie nationale, un salaire égal pour un travail égal, la simplification de la structure des salaires, enfin l'établissement d'écart normal à l'intérieur des échelles.

Dans l'établissement de son système d'évaluation des emplois, la Commission fut aidée par un de ses membres, le professeur Louis Guttman, qui avait précédemment participé à un important travail d'évaluation des tâches dont le rapport avait été soumis en 1960. Dans ce rapport, le professeur Guttman avait tenté de s'attaquer au problème d'établir un système d'évaluation des tâches qui permettait l'inclusion de postes divers dans une échelle applicable à tous les postes d'une industrie, d'un secteur d'activité, voire de l'économie nationale dans son ensemble.

Selon le point de vue de Guttman, le choix des critères d'évaluation devait répondre à trois exigences: comporter une analyse de l'emploi, exprimer le niveau de progression dans le travail et exprimer le niveau de travail en termes qui ne reposeraient pas sur la hiérarchie de travail. À partir de ces principes, on retenait huit critères: la personnalité et l'initiative, le jugement, les relations avec le public, l'expression, l'indépendance, l'expérience, les connaissances générales et professionnelles, l'effort physique. Chacun de ces critères comprenait de quatre à sept grades dont les points étaient alloués suivant une progression arithmétique. En combinant les critères et les grades, on pouvait obtenir un moule dans lequel il était possible de couler tous les postes.

À partir de là, un comité fut chargé d'établir une échelle de salaires uniforme qui comprenait vingt échelons. Elle devait s'appliquer à tous les fonctionnaires de l'État, aux employés des municipalités et des organisations religieuses. Les taux de salaires devaient contenir quatre éléments: un salaire de base, incluant le traitement touché jusque-là ainsi que les allocations s'y rattachant, une allocation d'ancienneté, des allocations familiales uniformes, une indemnité de vie chère.

Une convention fut alors conclue entre le gouvernement et l'Histadrut dont l'objet principal était la reclassification de tous les postes de la fonction publique en accord avec l'échelle de salaires précédente après une étude objective d'évaluation des emplois. Cette tâche fut assignée à deux organismes, un comité de spécialistes qui était responsable de l'évaluation des emplois et répartit l'ensemble des emplois en quelque 600 positions-clés et des comités de six membres chargés de l'application des règles de classification dans chaque institution.

La composition des « comités des six » eut pour résultat toute une série de longues tractations au sujet du nombre de points à être accordés à chaque poste. Il s'agissait là de comités fortement politisés au sein desquels les intérêts s'entre-choquaient. Étant donné le climat d'incertitude et de tension qui existait la Commission de la fonction publique voulait procéder rapidement. Les autres représentants avaient des intérêts surtout politiques, puisqu'ils appartenaient au parti auquel leur association était affiliée et cherchaient naturellement à protéger les intérêts de leurs mandats au moment de l'évaluation de leur emploi.

Ce ne fut pas là le seul contretemps. Plus grave fut le rejet du rapport de la Commission Horowitz par les universitaires. Ceux-ci réclamaient trois choses: la reconnaissance de leur statut professionnel et la retenue de leur scolarité comme critères d'évaluation, la reconnaissance du principe de la promotion dans un même emploi plutôt que mutation, le droit de se grouper dans leurs propres associations professionnelles. Pour appuyer cette réclamation, les universitaires ont déclenché une grève d'avertissement et, comme leur syndicat était fort, l'Histadrut ne pouvait pas les obliger à renoncer à leurs demandes qui contredisaient le rapport Horowitz, ce qui conduisit à l'acceptation d'un compromis. Par suite des concessions accordées aux universitaires (professionnels) les cadres, à leur tour, demandèrent une majoration de salaire substantielle comme conséquence de leur reclassification.

C'est ainsi que le rapport Horowitz s'avéra en définitive un échec. Horowitz accusa les « comités des six » d'être les grands responsables de cet échec, mais on peut aussi reprocher à la Commission de ne pas avoir prévu les conséquences politiques de son rapport. Outre cette cause, on peut encore indiquer trois autres motifs d'insuccès: l'enjeu de l'établissement des différences de salaires, la valeur des critères utilisés et la progression des taux de salaires à l'intérieur des échelles. Le principe « salaire égal à travail égal » ne laissait aucune possibilité de récompenser le mérite et le recours à une étude objective des tâches ne pouvait pas normalement laisser la porte ouverte à la possibilité de tenir compte de facteurs sociaux. D'autre part, la valeur des critères reposait sur la méthode des points directs, chacun des huit critères comprenant un nombre égal de points, d'où il résulte que les facteurs ne différaient pas en valeur. Ceci ne pouvait que conduire à des tensions dès qu'un changement pouvait se produire dans le développement économique et dans les valeurs reconnues dans la société. Quant à la progression des taux de salaires, on voulait éliminer la possibilité de recourir aux marges dans des buts de favoritisme. La Commission n'ayant recommandé le système du salaire au mérite que, dans les changements d'emploi, cette méthode fut durement critiquée par les universitaires.

Quelle conclusion l'auteur tire-t-il de son analyse? Le rapport Horowitz avait deux buts: l'amélioration de l'atmosphère des relations professionnelles et la réduction du nombre des grèves ainsi que la simplification de la structure des salaires. D'une part, que le nombre des grèves n'a pas diminué. Quant au deuxième objectif, il faut reconnaître que le nombre des échelles de salaires a été diminué et qu'une échelle uniforme fut utilisée comme cadre de référence, mais celle-ci ne s'appliquait pas à tous les employés publics et, pour ceux à qui elle s'est appliquée, elle n'a eu que peu d'influence, d'où il ressort que le coût en fut exorbitant.

La même chose avait été entreprise aux Pays-Bas avec assez peu de succès; l'expérience d'Israël confirme ce fait.

Job Evaluation and Wage Setting in the Public Sector of Israel

Gedaliahu Harel

This paper examines the Israeli experience with spectral job evaluation and incomes policy analysis, and the causes for the abortive attempt.

Job evaluation and wage setting are common household terms in the kitchen of industrial relations. In most cases in the U.S.A. these terms are used in conjunction with a single organization and sometimes with a single industry.¹ In other countries, which are basically smaller than the United States, attempts were made to extend the job evaluation and wage setting process to entire sectors of the economy and, at times, to the economy as a whole.²

After considerable labor unrest in the public sector, the Israeli Government reached the conclusion in 1961 that a fundamental reconsideration of the wage policies in the public sector had to be undertaken in order to resolve once and for all the confusion and complications of the past twelve years in the wage system of public servants. A detailed account of these problems is given in the section on historical and economic background which follows. The Government decided then, as in most cases of national importance, that the best way to go about finding a solution was to establish a public committee which would analyze the existing situation and recommend solutions.

On November 12, 1961, a public committee headed by David Horowitz (then Head of the Bank of Israel) was appointed by the Government. The task of the committee was defined in the letter of appointment as follows:

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¹ Herbert G. ZOLLITSCH and Adolph LANGSNER, *Wage and Salary Administration*, 2d ed., Cincinnati, South-Western Publishing Co., 1970.

² Martin P. OETTINGER, «Nation-wide Job Evaluation in the Netherlands.» *Industrial Relations*, v. 4, no. 1, October 1964, p. 45-59.

- a. Examine the following matters and, if necessary, recommend changes: in wages and salary scales, grading methods, allowances and grants, rules governing promotion in job or grade.
- b. Recommend procedures for periodic re-examination of wage and salary scales, allowances and grants in the civil service as well as procedures for making changes in the above.
- c. Recommend arrangements for the co-ordination of job classification and grading in the civil service and public institutions, as well as methods of constant supervision of the proposed procedures.
- d. Make any recommendation likely to increase efficiency in matters concerning the fixing of civil service wage and salary scales, so as to prevent deviations from generally approved and agreed procedures.³

Because of considerable pressure from the National Union of Government Employees, which found in a survey conducted at that time that the average wage of Government civil servants was sixteen percent less than that of municipal employees,⁴ the Government asked the Horowitz Committee on December 24, 1961, to also undertake the examination of wage policies in the local authorities and the religious councils.⁵ On August 20, 1962, the Government decided to extend the list of employees to be examined by the Committee to include the policemen and the prison service.⁶

The Committee's deliberations were spread over a period of about a year and one half during which 142 sessions were conducted by the Committee itself; and eighty-four additional sessions were conducted by its sub-committees.⁷ On April 7, 1963, the Committee submitted its findings and recommendations in a published report, known popularly as the Horowitz Committee Report. A year later, after a series of negotiations between the Government and the Histadrut (General Federation of Labor), a collective agreement was signed by both sides to accept the major recommendations of the report. This agreement

³ *Report of the Public Committee on Wages and Salaries of Civil Servants and Employees of Local Authorities and Religious Councils*, Jerusalem, 1963, p. 3.

⁴ Yoram BARZILAI and Emanuel NAVON, «The Institutional Structure of the Government Civil Service and the N.U.G.E. (National Union of Government Employees) in Israel and its Impact Upon Labor Relations,» *International Conference on Trends in Industrial and Labor Relations*, Tel Aviv, 1972, p. 7.

⁵ *Report of the Public Committee...*, p. 3. The religious councils are in charge of supplying the religious needs and services of the citizens of every locality. These councils are under the administrative control of the Ministry of Religious Affairs, but in matters of religion are subject to the authority of the Chief Rabbinate.

⁶ *Ibid.*, p. 4.

⁷ *Ibid.*

was preceded by a compromise between the Government and the academicians (civil servants with university degrees) according to which most of the recommendations of the Report would not be applied to them. This compromise marked the direction for the failure of the whole reform in the long run, since it triggered the same old vicious circle of demands and counter demands of the different interest groups in the public sector of Israel. This paper describes the Israeli experience with spectral job evaluation and incomes policy analysis, and the causes for the abortive attempt.

HISTORICAL AND ECONOMIC BACKGROUND

In order to understand the full magnitude of the problem facing the Government at the end of 1961, a brief historical account of the major developments in wage policy in the public sector is necessary.

After the establishment of the State of Israel in 1948, action was taken to organize the civil service. Within the framework of the organizational process a uniform scale of grades, which included all Government employees other than manual workers, teachers and policemen, and which consisted of thirteen grades, was put into effect in February 1949. In October of the same year a «Jobs Book» was created which related each job to one grade only. The local municipalities and other public institutions gradually changed over from their wage scales, either completely or with certain changes, to the uniform scale applied in the civil service.

In the course of time, due to pressures from different labor unions and professional associations, certain developments took place which contributed to growing deviations from the uniform scale:

July 1950 — A decision was adopted to give an entertainment and personal allowance to top executives in the civil service.

August 1950 — A professional allowance was given to physicians.

October 1950 — A professional allowance was given to all academicians (civil servants with university degrees) as long as their education was required for the job they performed.

1951 — It was decided that academicians would receive seniority promotion which would include the years they spent studying for their degrees. As a result of pressure from the association of physicians a separate grading scale for physicians was established.

- 1953 — As a result of mounting pressure from all the professional associations five separate grading scales for academicians were established. This development aroused vigorous protests from the managerial employees and eventually a wage hike had to be given to appease them.
- 1954 — The academicians demanded and obtained a wage increase. A pattern was established whereby after every wage hike granted to the academicians, a similar demand was raised by the managerial employees, and vice versa.
- 1958 — Demands for regarding of the engineers and top managerial executives were met. Later the regrading was applied to most civil servants as a disguise for a general wage hike.
- 1959 — Overtime allowance for time not worked was approved for many managerial positions.

The culmination of this process came in 1961-1962 when no less than twenty-two strikes were undertaken by different groups of public employees with the devastating results of tens of thousands of work days lost and agonizing suffering to the public.

In addition to the deteriorating labor relations in the public sector, which the work of the Horowitz Committee was supposed to ameliorate, the Government also hoped to influence the inflationary trends and economic instability of the country through an incomes policy. Although the Horowitz Committee did not enter into detailed analysis of the economic situation of the country or of the impact of its recommendations on this aspect, it made the following declaration:

Despite the considerable increase — at an average rate of 10 per cent per annum — in real national product during the last five years... the degree of progress has not been satisfactory. Local consumption per capita has risen at an average rate of 6 percent per annum consuming almost all the growth in the net national product... The problem of Israel's ability to compete economically has become more acute owing to the trends towards regional organization of states, and in particular as a result of the creation of the European Common Market.⁸

In view of the economic situation the Committee felt that, among its important tasks, its primary one should be: «Removing the distortions in the wage and salary relationships between grades, professions and places of work, which have accumulated in the course of time in the public service sector.»⁹

⁸ *Ibid.*, p. 9.

⁹ *Ibid.*, p. 10.

With these background facts in mind, the thirteen member Committee, including members of the Government, labor unions, employer representatives and representatives of the public, proceeded to deliberate in order to find solutions to some of the more difficult problems in Israel. While officially the Committee was to deal mainly with policies that directly involved only workers in the civil service and the local municipalities — about 100,000 employees¹⁰ — indirectly, the Committee's deliberations actually affected almost all of the employees within the public sector, which at the time totaled about 179,000 out of about 813,200 in the total labor force.¹¹

The economic and political significance of any reform that might affect the income of twenty-two percent of the labor force in a small economic and political system like Israel's is self-explanatory. Yet, in the Israeli context, the political significance of the public sector employees' constituency far exceeds its sheer number (as potential voters) as it includes in its ranks most of the Israeli party functionaries and, indeed, many of the positions within the civil service are filled on the basis of party affiliation. No wonder then that the Committee's deliberations were followed very closely not only by those who might be directly affected by its findings, but also by the Israeli public in general. All this helped to make the Horowitz Committee a political issue even before the publication of its report.

THE HOROWITZ COMMITTEE REPORT: BASIC PRINCIPLES AND RECOMMENDATIONS

Due to inadequate direction and lack of general policy outlines in the letter of appointment which the Committee received from the Government, the Horowitz Committee was forced in the course of its work to formulate four basic principles. These constituted the basis on which it approached its task. The principles were:

- a. Fair pay for the public servant, taking into account the needs and abilities of the national economy, as well as the wage level in other economic sectors.
- b. Equal pay for work of equal value. This principle must provide the basis for any sound wage policy. Accordingly, in the public sector the

¹⁰ P. AZAY, «Job Evaluation and Classification of 100,000 Government and Public Service Employees,» *Ha'aretz*, February 21, 1964.

¹¹ Israel. Ministry for Foreign Affairs. Information Division. *Facts About Israel*, 1966, Jerusalem, Jerusalem Post Press, 1967? p. 125.

wage or salary payable for every post must be assessed with the aid of objective and uniform criteria. Thus every employee's pay must be determined solely by the post he is filling. The principle requires uniformity not only in pay but also in the working conditions in this sector (working hours, fringe benefits, etc.).

- c. The simplification of the wage structure, and the elimination of distortions which have resulted both from the absence of a stable system and the resorting to improvised solutions which were not commensurate with a sound wage policy.
- d. Reasonable differentials within the scale and between grades, taking into account both the demands of the work and social factors.¹²

THE METHOD OF JOB EVALUATION

In the major task of establishing the job evaluation method the Horowitz Committee was aided by the work done previously by one of the members of the Committee, Professor Louis Guttman of the Hebrew University, and the Israel Institute of Applied Research. The first major work on job evaluation in Israel was prepared by a special technical committee, appointed by Prime Minister David Ben-Gurion in 1956, and submitted in 1960. In this lengthy report Professor Guttman tried to tackle the weighty problem of how to build a job evaluation scheme which would enable the inclusion of different jobs into one scale, indeed, how to devise a viable method which would produce a scale of all the jobs in an industry, a sector and even the entire economy of a country.

The first question which such a project must answer is how to go about defining in advance what items should be used for evaluating jobs? After lengthy field work with thousands of jobs Guttman established that, in order that a criterion be included in an evaluation schedule, it should meet the following three requirements:

- a. The item must involve job analysis, i.e. describe the work being done.
- b. It should express level of advancement in work so that if one job is on a higher level according to this criterion than another, it should also be a more advanced job in the same line.
- c. The items should express level of work in terms which do not depend upon the line of work.

¹² *Report of the Public Committee...*, p. 10.

As a result of the testing of tens of criteria only seven criteria^{12a} were found to correspond with the three requirements:

1. Originality of thought and initiative required
2. Judgement required
3. The level of contact with people
4. The level of expression
5. The level of independence¹³
6. Experience
7. General and professional knowledge
8. Physical effort

The report attached from four to seven degrees to each criterion with points allocated in an arithmetic progression.¹⁴ Thus, by combining the criteria with the possible levels one obtains a matrix which can categorize any job and which will form a ranked scale in an automatic fashion. The Horowitz Committee recommended that in each authority a six member committee representing the employer and the employees organization evaluate the jobs in the authority according to the above guidelines; and alternatively, where a single grade was currently attached to the post held by the employee (i.e. there was no range of grades) the employee should be graded on the new scale in a parallel grade, according to the comparative tables of new and old grades which the Committee prepared.¹⁵

THE WAGE SETTING SYSTEM

The Committee recommended that a uniform salary scale consisting of twenty grades be established that would cover all the employees of the Government, the local authorities and the religious councils regardless of their posts or professions. The salary would consist of four components:

1. Basic salary — which would include the previous basic salary and all allowances which the employee had before the establishment of the new uniform scale.

^{12a} The last criterion was added by the Horowitz Committee as a result of a compromise.

¹³ Uzi PELED, «Principles of Job Evaluation in the Public Sector,» *Netivei Irgun Uminhal*, v. 10, no. 3, June 1964, p. 9-17.

¹⁴ Israel. Ministry of the Treasury. *14th Annual Report*, Jerusalem, 1964, p. 135-141.

¹⁵ *Report of the Public Committee...*, p. 16.

2. Seniority allowance — which would be calculated according to the number of years worked by the employee in his grade and no carrying over of seniority upon promotion allowed.
3. Family allowance — which would be uniform for all grades and all dependents.
4. Cost-of-living allowance — which would be paid on the three components listed above according to agreement between the Government and the Histadrut.

As for special allowance, an employee would qualify only in special cases where the work was done under abnormal and temporary conditions (e.g. work in the desert, work at night). Overtime work would be compensated only by special approval and only to employees in grades A to O (see Table 1). In grades P to T overtime would constitute part of the conditions of the job. Promotions would be conditional on the appointment to a new job, or a real change in the nature of the present job. Above all, only a single grade would be fixed for each job instead of the existing practice whereby a range of several grades was affixed to the same job.

THE HOROWITZ REPORT — IMPLEMENTATION AND PROBLEMS

The collective agreement between the Government and the Histadrut, emphasizing mainly the principle of reclassification of all public positions in accordance with the new uniform grading scale and on the basis of an objective job evaluation method, was signed on February 3, 1964.¹⁶ Immediately following the signature of the agreement some organizational arrangements were made in order to begin the operation of reclassification. Two bodies were assigned to execute this operation. The first was the «Experts Committee» which included three experts in the area of job evaluation, one from the Government, one from the Histadrut and one independent person agreed upon by both sides. The task of the «Experts Committee» was to prepare by March 31, 1964, a detailed analysis of a representative sample of about 600 key jobs to serve as a basis for the overall reclassification.

The second structure was a large body of committees, the so-called «Committees of Six,» that were in charge of the actual reclassifi-

¹⁶ «Special Collective Agreement for Job Evaluation and Classification of Public Service Employees,» *BaHistadrut*, v. 3, no. 4, April 1964, p. 46.

cation operation in each institution. Each committee included six members as follows: one representative from the Civil Service Commission, one from the Center of Local Authorities, one from the Civil Servants Labor Union, one from the Clerks Labor Union, one executive representing the management of the institution where the evaluation was to take place, and one representative of the employees of the same institution.

The composition of the «Committees of Six» introduced the possibility that the reclassification process would turn into a lengthy series of bargainings and internal deals over how many points were to be attached to each job. The «Committees of Six» were also highly politicized bodies in which diverse interests clashed. The Government, through its representation via the Civil Service Commission, pushed to finish the job as quickly as possible for two main reasons: (a) since the establishment of the Horowitz Committee a very damaging atmosphere of uncertainty and tension prevailed in the Service, (b) it was known that the longer it took to complete the operation of reclassification, the higher its cost would be. The representative of the institution under investigation was on the one hand very anxious to see everything return to normal, yet, on the other, he saw in this operation a great opportunity to «reclassify» the status of some positions, namely, to conduct a minor, semi-official, reorganization.

The four other representatives were clearly delegates of political interests. They represented the interests of the party of the labor union with which they happened to be affiliated, and sought to protect the positions of their functionaires while their jobs in the institution were being evaluated. One need only add to these facts the point that these bodies were expected to reach an almost unanimous agreement (only one abstention allowed) and the real complexity becomes apparent.

Still, the composition of the «Committees of Six» was not the only, nor indeed the major, problem in the process of implementing the reclassification. The crucial issue was the outright rejection of the Horowitz Report by the academicians.

The academicians basically demanded three things: (a) recognition of their professional status and the consideration of their education in their job evaluation, (b) recognition of the possibility of promotion on the basis of increased expertise at the same job rather than changes of position, (c) the right to organize themselves in separate professional unions rather than as a part of the Civil Servants Union.

TABLE 1
The Structure of the Uniform Salary Scale

<i>Grade</i>	<i>Basic Salary</i>	<i>Seniority Allowance in Grade</i>		<i>Ceiling of Grade</i>
	<i>IL/month</i>	<i>Annual Rate</i>	<i>Number of Years</i>	<i>IL/month</i>
A*	185	5	1	190
B	195	7	15	300
C	210	8	15	330
D	225	8	15	345
E	240	9	15	375
F	255	9	15	390
G	270	10	15	420
H	290	10	15	440
I	310	10	15	460
J	335	11	15	500
K	365	11	15	530
L	400	11	14	554
M	440	12	13	596
N	480	12	12	624
O	530	12	11	662
P	650	12	10	770
Q	750	12	9	858
R	850	12	8	946
S	950	12	7	1,034
T	1,060	12	6	1,132

* Transitional grade

SOURCE: Horowitz Report, p. 15.

In order to prevent any misinterpretation of the firmness of their position the academicians also conducted a warning strike which took place on November 19, 1963. The Histadrut was in a serious bind, since the union of the academicians was too strong to be pushed around and had threatened that its members would quit the Histadrut if forced to accept the Horowitz Report recommendations. Thus, the Histadrut was forced to accept their demands, a move which had two implications: (a) the Histadrut accepted demands which were in contradiction to the Horowitz Report which it had previously supported, and (b) the Histadrut found itself struggling with the Government for the rights of the academicians — a clearly discriminatory policy, benefiting a relatively well-to-do minority within its ranks.

Once the academicians had the support of the Histadrut, it became apparent that the Government would also have to give in. And, indeed,

on January 2, 1964, the Government agreed to a compromise according to which most of the Horowitz Report recommendations would not be applied to academicians. This agreement was a major blow to the implementation of the Horowitz Report and all the assumptions underlying it. Although it was true that at the time both the Histadrut and the Government saw the agreement as a step forward since it removed a major obstacle to the completion of the reclassification, in the long run it marked the direction for the failure of the whole reform since it triggered off once again the same old vicious circle of demands and counterdemands between the academicians and the managerial workers, the very thing the Horowitz Committee set out to resolve.

Immediately after the concession to the academicians, the managerial workers became very determined not to lag behind, and they pressed for a substantial automatic increase as a result of the reclassification. It then became the academicians' turn to protest the «inappropriate differentials» between the managers' salaries and their own, and they demanded an automatic increase. In short, the same old game had started all over again.

THE HOROWITZ REPORT — RIGIDITIES AND SHORTCOMINGS

In a prepared address given two and a half years after the submission of the Report the head of the Committee, David Horowitz, summarized the main reasons for the failure of the plan:

The system of evaluation of jobs was introduced to be carried into effect by parity committees with all the concomitant pressures, bargaining and distortions by pressure groups. The moment the system of classification of jobs by bargaining was introduced... the battle for the implementation of the Report was lost. The results do not reflect the slightest similarity with the recommendations of the Committee.... Most of the distortions which the Committee tried to eliminate remain in force. ... It was not the implementation of the Report, but its complete negation.¹⁷

Thus, David Horowitz pointed to the «Committees of Six» as the major cause of the reform's failure. It seems to me that someone so familiar with the Israeli political system as was Horowitz should have foreseen that such would be the case. The Committee was trapped by the technical language defining its task in the letter of appointment and did not look at the political implications involved in the recom-

¹⁷ David HOROWITZ, «Address at the Plenary Session of the World Wizo Executive,» January 25, 1966, p. 3-8. (Mimeographed)

mentations. It is surprising that the Committee did not test the political feasibility of implementing such a reform since one of a similar nature failed to work in the past (a uniform wage scale was first established in 1949). Why did the Committee not question the reasons for the failure then, and how they could be avoided in the new plan? Had anything substantial changed in the social and political conditions in which the public institutions operated to encourage the belief that success would be achieved this time?

In addition to the wage politicking that was at work and which helped bury the Report, there were three very important shortcomings in it: (a) the issue of wage differentials, (b) the weights of the criteria, and (c) wage progressions and/or pay-grade rate ranges.

(a) Wage differentials — One of the major value premises on which the Committee founded its recommendations was «equal pay for work of equal value.» This statement was based upon the slogan «equal pay for equal work,» and the Committee used them interchangeably. However, there is a serious difference between the two. The intention of the slogan «equal pay for equal work» was to prevent personal discrimination on the basis of sex, race or religion, among persons doing the same kind of work. The new version has several implications which are not at all related to the original. It implies, for instance, that there are jobs of different value, some inferior and some superior, whose status cannot be changed by any amount of personal effort or devotion. This is a total negation of the dominant conception in Israel invoked by the prevailing socialist ideology, that all labor is of value, and that man should not feel inferior as long as he performs it with responsibility and devotion. It should be noted that, according to the new version, not only were some jobs rendered inferior to others, there was no room for rewarding someone for his personal efforts.

Another implication of this value premise is that, since the differentials between grades would be assessed on the basis of an objective criterion, once they are determined they should not be influenced by «non-objective» pressures like political demands, social needs, or the conditions in the labor market. An employee who is graded low on the scale and receives low wages, should accept this inferior status since he deserves it, given the inferior value of his work. The just solution has already been established for him on the basis of an «objective criterion,» and he has no business «revolting» against the system by initiating labor struggles for equal wages or changes in job evaluation. The contention of being able to assess differentials between grades on the basis of an «objective criterion» contradicts

principle (d) (see page 8) which claims that differentials will be determined by taking into account social factors, unless the assumption is that there are crystallized and stable conceptions prevailing in the Israeli society as to what constitutes acceptable differentials, so as to serve as an undisputed basis for determining reasonable differences between grades.

In this context of wage differentials it is interesting to cite the opinion of one expert who visited Israel just before the publication of the Report.¹⁸ In explaining the principles of the national wage policy in Israel which emerged at that time, Milton Derber cited the principle of «establishing a wage structure in which occupational differences reflected differences in skill and educational requirements but did not encourage class distinctions.»¹⁹

In reference to the evaluation of the success of establishing a social consensus with regard to wage differentials Derber wrote: «The least successful component of the wage policy dealt with wage structure, as evidenced by the conflicts in the public sector generated by pressure from salaried professional and administrative employees,» and he attributed this lack of success to «the inability thus far to achieve a stable balance between the values of the traditional labor leadership (notwithstanding a healthy streak of pragmatism) and the values of the new university-trained middle-class.»²⁰

Indeed, the labor leadership at the time made its opinion clear on the issue of wage differentials. In March 1962, the General Secretary of the Histadrut, A. Becker, said:

The main argument with the professionals is that they want to increase the wage gap whilst we want to keep it the same or at least in keeping with the state's capacities.²¹

Of specific interest in this analysis is that, after all the declarations to the effect that the Horowitz Committee was set up to establish a just and sound wage policy for all civil servants, the spokesman for the Ministry of Finance revealed in a moment of truth in 1965, when most stages of the reclassification had been completed, that the Horo-

¹⁸ Milton DERBER, «National Wage Policy in Israel, 1948-62,» *Quarterly Review of Economics and Business*, v. 3, no. 3, Autumn 1963, p. 47-60.

¹⁹ *Ibid.*, p. 56.

²⁰ *Ibid.*, p. 57.

²¹ Milton DERBER, «Israel's Wage Differentials: A Persisting Problem,» *Midstream*, March 1963, p. 11.

witz Committee had really been established to correct the salary differential of the managerial workers since it had been distorted beforehand in favor of the academicians.²² All of this makes one wonder whether the real intention behind the establishment of the Horowitz Committee was not simply a medium by which to devise a disguise of impartiality behind which the political need to respond to the pressures of the managerial workers would be carried out.

(b) The weights of the criteria — From the description of the job evaluation which was introduced in the public sector in Israel it is obvious that we are dealing with a straight point method of job evaluation. Each of the eight criteria or factors has an equal number of points. Being equally weighted, the factors have no differences in value. The advocator of this method, Professor Guttman, praised it because: « There was no need for the tampering with items and weights on the part of ad hoc committees which was all too usual when other forms were used. »²³

The fact that the method which Guttman advocated is free of tampering from ad hoc committees, and the fact that the field research he conducted proved at that point in time that the factors relate to each other in an equal weight, does not necessarily prove that this method is the optimal one. It could very well be that at a different time these factors would have related to each other in a different fashion. It is very possible that with a given change in economic development, or some changes in the values of the society, some of the factors would receive more weight than others, and therefore, the rigidity of equal weights to the factors would not serve the purpose of realistic job evaluation. Indeed, as Zollitsch and Langsner point out, there is a shift from the straight point method to the weighted point method:

The straight point method is now used very little because uniformity in the number of points for each factor rarely indicates the relative importance of each factor as compared with the other factors. ... The weighted point method is widely used because, as explained before, in the majority of jobs and positions, certain factors are of much more value than others.²⁴

(c) Wage progression and/or pay-grade rate ranges — One of the basic changes which the Horowitz Committee recommended was the

²² « Academicians Will Not Get an Automatic Wage Hike as Managers Did, » *Ma'ariv*, April 25, 1965.

²³ Louis GUTTMAN, « Job Evaluation: How it Works, » *The Jerusalem Post*, January 31, 1964.

²⁴ ZOLLITSCH and LANGSNER, p. 238.

establishment of a single grade for each job instead of the existing practice whereby a range of several grades was affixed to the same job.²⁵ The main reason for introducing this change was to eliminate some inequities which were created in the civil service as a result of paygrade ranges. In addition, the Committee thought to eliminate the possibility of using the ranges for purposes of favoritism and other undesirable usages. The only performance or merit wage increases which the Committee recommended were through job changing. This recommendation drew much criticism, especially from the academicians, and rightfully so.

The theory behind having a merit progression system and/or a paygrade-wage spread is that it can serve as an incentive to motivate employees to perform at greater efficiency. It also enables the employer to grant wage increases on the basis of the individual's performance, that is, the personal contributions or demonstrated abilities of the employee. The changes which the Committee recommended introduced excess rigidity in the system, encouraged mediocrity, and were in complete negation of modern-day theory of compensation.

CONCLUSION

The recommendations and implementation of the Horowitz Report had two main purposes: (a) to improve the labor relations atmosphere and reduce the number of strikes, (b) to simplify the wage structure. As far as the first objective is concerned, it is clear to all who have followed the situation in Israel since 1965 that this objective was not achieved. Frequent strikes were perhaps the most severe disease of the Israeli economic system before the Report as well as after the attempt to implement it.

With regard to the second objective, there are some who believe that it was achieved. To me this claim seems questionable. Even if it were true that the number of wage scales was reduced considerably and that a uniform scale was established as a general frame of reference, the following is also true: it does not apply to all public servants as intended; and, for those to whom it does apply, it does so in a very minor way since most of them had acquired special allowances according to their labor union affiliation, a situation which, as a matter of fact, constituted a major deviation from the proclaimed standardization

²⁵ *Report of the Public Committee...*, p. 14.

and generality of the wage structure. Finally, the rigidities which were embodied in the uniform scale did not advance the cause of labor tranquility in the public sector.

Furthermore, even if we accept the claim that a simplification of the wage structure was achieved, the major question which arises is whether the price was not too high. Would the Government and the Histadrut have gone ahead with such a reform if they had known beforehand that this would be its only achievement? I do not think so. Even those who voiced their opinion in favor of the reform admit that its cost was far above the three percent wage increase (an estimated I.L. 30,000,000) suggested by the Horowitz Report, and approached a figure closer to I.L. 600,000,000. The foes of the reform estimated that the total increase in the wage bill was in the area of I.L. 2,000,000,000.

Since the work and ideas of the Horowitz Committee were greatly influenced by the nationwide job evaluation in The Netherlands, it is interesting to reassess Martin P. Oettinger's conclusions about the Dutch experience in the light of the Israeli trial. Oettinger argued in his article that the need for strong government intervention to implement the Dutch system made it an impossible and undesirable one to be transferred to the United States.²⁶ The Israeli experience reinforces this position; even with greater governmental intervention and a smaller economic system than that of The Netherlands, the success of such a method is doubtful.

Even more interesting is Oettinger's attack on the claims of the Dutch method as being a «scientific» method which can yield results with a high degree of accuracy. As was discussed earlier, one of the stumbling blocks in the way of smooth adaptation of the Horowitz Report was the rigid approach in its implementation caused by the delusion that the method represented the discovery of scientific truth.

In summary, it seems to me that the value of large scale job evaluation (sectoral or nationwide) is much more limited than claimed by those who have tried it, and much more experience and research are needed in order to arrive at the optimal method.

²⁶ OETTINGER, p. 57-59.

L'évaluation des emplois et la fixation des salaires dans le secteur public en Israël

L'article ci-dessus traite de l'évaluation des emplois et de la fixation des salaires dans le secteur public en Israël.

L'Auteur donne d'abord un aperçu du contexte historique et économique dans lequel cette entreprise s'est engagée. Après l'établissement d'Israël en 1948, on se met à l'œuvre en vue de former un corps de fonctionnaires. Au départ, la fonction publique comprenait l'ensemble des employés de l'État, à l'exception des travailleurs manuels, des enseignants et des policiers. On met au point un système de classification des emplois qu'adoptèrent ensuite les communautés locales. À cette classification était également attachée une échelle des traitements qui, sous la pression des syndicats et des associations professionnelles, subit diverses modifications. Ce processus atteignit son point culminant vers 1961-1962, période au cours de laquelle il n'y eut pas moins de vingt-deux grèves de la part de différents groupes d'employés de la fonction publique. C'est alors que le gouvernement, pour parer à cet état de perturbation, institua la Commission Horowitz à un moment où les pressions inflationnistes et l'instabilité économique hypothéquaient lourdement le pays.

La Commission se rendit compte qu'une de ses tâches principales devait être d'éliminer les distortions, qui s'étaient accentuées au fil des années, dans les taux de salaire selon les grades, les professions et les lieux de travail. Les membres de la Commission cherchèrent des solutions à cette situation. Même si sa compétence ne s'étendait qu'aux employés de la fonction publique et des municipalités, ses recommandations devaient toucher en pratique 179,000 employés du secteur public sur une main-d'œuvre globale de 800,000 travailleurs.

Le rapport de la Commission était fondé sur quatre principes: un traitement satisfaisant qui tenait compte des besoins des employés et des possibilités de l'économie nationale, un salaire égal pour un travail égal, la simplification de la structure des salaires, enfin l'établissement d'écarts normaux à l'intérieur des échelles.

Dans l'établissement de son système d'évaluation des emplois, la Commission fut aidée par un de ses membres, le professeur Louis Guttman, qui avait précédemment participé à un important travail d'évaluation des tâches dont le rapport avait été soumis en 1960. Dans ce rapport, le professeur Guttman avait tenté de s'attaquer au problème d'établir un système d'évaluation des tâches qui permettait l'inclusion de postes divers dans une échelle applicable à tous les postes d'une industrie, d'un secteur d'activité, voire de l'économie nationale dans son ensemble.

Selon le point de vue de Guttman, le choix des critères d'évaluation devait répondre à trois exigences: comporter une analyse de l'emploi, exprimer le niveau de progression dans le travail et exprimer le niveau de travail en termes qui ne reposeraient pas sur la hiérarchie de travail. À partir de ces principes, on retenait huit critères: la personnalité et l'initiative, le jugement, les relations avec le public, l'expression, l'indépendance, l'expérience, les connaissances générales et professionnelles, l'effort physique. Chacun de ces critères comprenait de quatre à sept grades dont les points étaient alloués suivant une progression arithmétique. En combinant les critères et les grades, on pouvait obtenir un moule dans lequel il était possible de couler tous les postes.

À partir de là, un comité fut chargé d'établir une échelle de salaires uniforme qui comprenait vingt échelons. Elle devait s'appliquer à tous les fonctionnaires de l'État, aux employés des municipalités et des organisations religieuses. Les taux de salaires devaient contenir quatre éléments: un salaire de base, incluant le traitement touché jusque-là ainsi que les allocations s'y rattachant, une allocation d'ancienneté, des allocations familiales uniformes, une indemnité de vie chère.

Une convention fut alors conclue entre le gouvernement et l'Histadrut dont l'objet principal était la reclassification de tous les postes de la fonction publique en accord avec l'échelle de salaires précédente après une étude objective d'évaluation des emplois. Cette tâche fut assignée à deux organismes, un comité de spécialistes qui était responsable de l'évaluation des emplois et répartit l'ensemble des emplois en quelque 600 positions-clés et des comités de six membres chargés de l'application des règles de classification dans chaque institution.

La composition des «comités des six» eut pour résultat toute une série de longues tractations au sujet du nombre de points à être accordés à chaque poste. Il s'agissait là de comités fortement politisés au sein desquels les intérêts s'entre-choquaient. Étant donné le climat d'incertitude et de tension qui existait la Commission de la fonction publique voulait procéder rapidement. Les autres représentants avaient des intérêts surtout politiques, puisqu'ils appartenaient au parti auquel leur association était affiliée et cherchaient naturellement à protéger les intérêts de leurs mandats au moment de l'évaluation de leur emploi.

Ce ne fut pas là le seul contretemps. Plus grave fut le rejet du rapport de la Commission Horowitz par les universitaires. Ceux-ci réclamaient trois choses: la reconnaissance de leur statut professionnel et la retenue de leur scolarité comme critères d'évaluation, la reconnaissance du principe de la promotion dans un même emploi plutôt que mutation, le droit de se grouper dans leurs propres associations professionnelles. Pour appuyer cette réclamation, les universitaires ont déclenché une grève d'avertissement et, comme leur syndicat était fort, l'Histadrut ne pouvait pas les obliger à renoncer à leurs demandes qui contredisaient le rapport Horowitz, ce qui conduisit à l'acceptation d'un compromis. Par suite des concessions accordées aux universitaires (professionnels) les cadres, à leur tour, demandèrent une majoration de salaire substantielle comme conséquence de leur reclassification.

C'est ainsi que le rapport Horowitz s'avéra en définitive un échec. Horowitz accusa les «comités des six» d'être les grands responsables de cet échec, mais on peut aussi reprocher à la Commission de ne pas avoir prévu les conséquences politiques de son rapport. Outre cette cause, on peut encore indiquer trois autres motifs d'insuccès: l'enjeu de l'établissement des différences de salaires, la valeur des critères utilisés et la progression des taux de salaires à l'intérieur des échelles. Le principe «salaire égal à travail égal» ne laissait aucune possibilité de récompenser le mérite et le recours à une étude objective des tâches ne pouvait pas normalement laisser la porte ouverte à la possibilité de tenir compte de facteurs sociaux. D'autre part, la valeur des critères reposait sur la méthode des points directs, chacun des huit critères comprenant un nombre égal de points, d'où il résulte que les facteurs ne différaient pas en valeur. Ceci ne pouvait que conduire à des tensions dès qu'un changement pouvait se produire dans le développement économique et dans les valeurs reconnues dans la société. Quant à la progression des taux de salaires, on voulait éliminer la possibilité de recourir aux marges dans des buts de favoritisme. La Commission n'ayant recommandé le système du salaire au mérite que, dans les changements d'emploi, cette méthode fut durement critiquée par les universitaires.

Quelle conclusion l'auteur tire-t-il de son analyse? Le rapport Horowitz avait deux buts: l'amélioration de l'atmosphère des relations professionnelles et la réduction du nombre des grèves ainsi que la simplification de la structure des salaires. D'une part, que le nombre des grèves n'a pas diminué. Quant au deuxième objectif, il faut reconnaître que le nombre des échelles de salaires a été diminué et qu'une échelle uniforme fut utilisée comme cadre de référence, mais celle-ci ne s'appliquait pas à tous les employés publics et, pour ceux à qui elle s'est appliquée, elle n'a eu que peu d'influence, d'où il ressort que le coût en fut exorbitant.

La même chose avait été entreprise aux Pays-Bas avec assez peu de succès; l'expérience d'Israël confirme ce fait.

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