

# **Salary as a management tool**

Rules and guidelines for salary setting

Karolinska Institutet, 01/01/2016

Replaces Salary Policy 01/10/2012, ref. 5344/2012-200



**Karolinska  
Institutet**



# Salary as a management tool

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**Publisher:**  
Karolinska Institutet  
Central Administration

# **1 Salary structure and salary setting at Karolinska Institutet**

## **1.1 Salary as a management tool**

Karolinska Institutet's staff are its most important resource and its biggest investment. Salaries and other terms of employment must be used in a way that best benefits operations.

An effective operation uses its resources in the best way. The link between salary, motivation and work results is a driving force for individual employees, and builds commitment.

## **1.2 Starting points for working with salary setting**

The central pay and benefit agreement (Framework Agreement on pay, etc. for Swedish state employees, RALS) sets the framework for local salary setting. Together, this agreement, operational requirements, financial conditions and the need for skills provision constitute the starting points for successful local salary setting work.

*“Salary structure and salary setting shall contribute towards operational objectives being achieved and operations being run in an effective and rational manner”.*  
(RALS, § 5)

Salaries should be individual, differentiated and objective. Factors such as responsibility, degree of difficulty, performance and results should guide the process. External factors such as market sensitivity and the recruitment situation must also be assessed.

# **2 The employee-manager dialogue**

Managers are responsible for contributing towards objective salary setting which motivates employees and ensures skills provision. A great deal of knowledge is required about employees' performance and results, linked with both operations as a whole and objectives at individual level.

Managers who hold regular, structured discussions with their employees about work tasks and performance create a good working climate centred on the best interests of operations.

A manager's ability to communicate objectives and salary setting criteria linked to performance and results is essential for objective, differentiated salary setting. This dialogue should lead to the salary that is set in the salary review being seen as confirmation of what has been highlighted in the dialogue, and should inform employees of what they can do to influence their salaries. Ultimately, this means that employees who do not do what has been agreed in this dialogue cannot expect to receive a salary increase.

Salary setting shall take place on objective grounds based on KI's salary criteria and with reference to applicable discrimination legislation. Conflicts of interest may not occur under any circumstances. Where, due to a close relationship with an employee, a manager who sets salaries risks being in a conflict of interest or other situation that might influence the ability to set the employee's salary on objective grounds, a superior shall be notified in good time before the salary review.

You can find out more about this dialogue by reading “Medarbetarsamtal vid KI” (“Performance management dialogues at KI”, leadership document).

### **3 When salaries are set**

Employees' salaries are set at various times.

This always occurs in the event of

- New recruitment
- Salary review

A new instance of salary setting may occur in the event of

- Trial employment being transferred to permanent employment
- A new position that involves significantly different work content.  
A change in an employee's work tasks or placement within the same position at KI does not result in a salary review if this does not involve significantly different work content and/or a link to increased responsibility and increased authority.
- Returning after a longer period of leave.

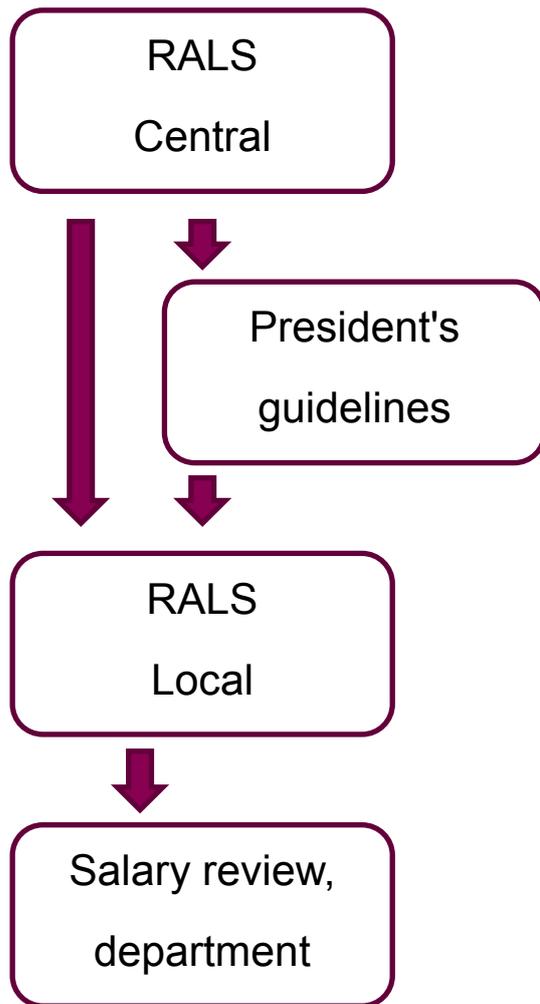
A change in salary must only occur during an agreement period under exceptional circumstances.

- Market situation – salary matching.  
In cases where an employee's expertise is crucial to KI and the employee in question is considering leaving KI for new challenges, salary matching may be applied. This may only take place following consultation with Human Resources.

#### **3.1 New recruitment**

New employees are to be offered a salary in accordance with KI's salary criteria – see point 4.1.

### 3.2 Salary review



The salary review process begins with RALS (Framework Agreement on pay, etc. for Swedish state employees between the Swedish Agency for Government Employers and employee organisations), which is negotiated between the main parties in the labour market, i.e. the Swedish Agency for Government Employers and the Swedish Confederation of Professional Associations (Saco-S), the Public Employees' Negotiation Council (OFR/S,P,O) and the Swedish Union for Service and Communications Employees (SEKO). Three framework agreements currently exist, and are somewhat similar. The President has ultimate responsibility for salary setting at KI and issues alignment directives to Human Resources, which negotiates a local agreement.

Employees who are employed as at the review date contribute to “the pot” (the salary amount to be distributed). If an employee will not be included in the review, the employment contract shall state that the employee “is not included in the next salary review”.

### 3.4 Individual salary setting

Individual salary setting takes place on the basis of the salary criteria in chapter 4.1.

Individual negotiations take place at departments or equivalent, with the following exceptions:

- Salaries for professors and senior lecturers are set by the President following suggestions from the head of department.
- SEKO arrangements with fewer than ten members per department are negotiated centrally. Proposals and justifications for these proposals are submitted by the department.

The head of department or equivalent decides on the salary for non-union employees, except for professors and senior lecturers for whom the President approves proposals first.

Remuneration in accordance with local collective agreements such as doctoral student increments, inconvenient hours supplements, on-call supplements, minimum salaries for additional staff, etc. that must be the same regardless of the department are negotiated centrally by Human Resources.

### 3.5 Trial employment

In the case of trial employment, the salary can be set in the lower interval for what is regarded as normal for the position if certain factors that affect salary cannot be graded. When trial employment is transferred to permanent employment, the final salary can be decided on if there are special reasons.

### 3.6 Returning after a longer period of leave

A salary review should be carried out when an employee has been away from work for several years, in order to ensure that the salary is set at the correct level.

Employees on parental leave shall not fall behind in terms of salary. They are entitled to receive the same salary increase during parental leave as they would have received if they had been working.

## 4 Salary setting

It is important that managers who set salaries at KI do so using the same starting points. The following chapter – together with the templates – is intended to be used as a tool for ensuring a sound basis before making salary proposals.

KI's salary criteria are detailed below, and there is a description of assessment levels to make it easier to assess employees' performance and results.

The appendices contain example templates in which salary criteria can be assessed using the assessment levels.

For certain teaching and research positions, there are also examples of assessment criteria in the employment arrangements and the application regulations.

#### **New salary - not new salary increase**

The salary review sets new salaries in accordance with the employer's needs regarding

- a competitive salary that ensures opportunities to recruit and retain skilled employees;
- performance management by rewarding requested results and the employee's proficiency;

A salary review sets a *new salary* for each employee. This new salary might involve a greater or lesser salary increase or none at all. It is therefore important in a salary review that both manager and employee think in terms of new salary instead of focusing on the size of salary increase. A salary increase is a measure of how much or little a salary needs to be adjusted in order for the salary to reflect the overall valuation of the employee's work contribution. The salary increase itself is not a measure of the value of the employee's work contribution.

## 4.1 Salary criteria

### 4.1.1 Salary criteria for all employees

Salary criteria clarify what should be assessed when setting salaries. The criteria provide support for managers and employees in the dialogue regarding salary, and constitute a tool that allows managers to carry out an objective assessment of their employees' results and performance.

In order for individual salary setting to have the intended operational effects and not be perceived as arbitrary, it is extremely important that those managers who set salaries consider matters in a thorough and objective manner when doing so.

Individual salary setting is based on an assessment of the following criteria:

- Work tasks, responsibility and working conditions
- Performance, results and personal qualities
- Market sensitivity

**Work tasks, responsibility and working conditions** are assessed on the basis of factors including:

- ***The content and degree of difficulty of the work tasks.***  
“Degree of difficulty” means the requirements in terms of knowledge, authorisation, experience and ability in order to carry out the work tasks within the scope of the employment.
- ***Responsibility at work.***  
“Responsibility” means responsibility for teaching, supervision, staff management, finances and administrative duties.
- ***Working conditions.***  
“Working conditions” means demands in terms of physical and mental effort, as well as concentration/attentiveness.

**Performance, results and personal qualities** are assessed on the basis of factors including:

- ***Ability to deliver/perform in accordance with operational requirements.***  
This refers to the ability to focus and define work on the basis of operational objectives, to achieve results linked to operational objectives, and to meet deadlines.
- ***Ability to cooperate.***  
This refers to the ability to work together with people at different levels both within and outside the university, to build and maintain relationships and networks, to share one's knowledge and experiences, and to communicate.
- ***Ability to contribute towards the development of operations.***  
This refers to the ability to identify new solutions/working methods, to focus on solutions, to carry out external monitoring, and to stay up-to-date.
- ***Ability to encourage colleagues to make good work contributions and to contribute towards a good atmosphere in the workplace.***  
This refers to the ability and desire to help colleagues develop, to give positive responses and highlight colleagues' work contributions, and to treat colleagues and managers in a positive and respectful manner.
- ***Desire to develop and take on more demanding duties that require more responsibility.***

This refers to the ability/desire to take on new work tasks, to develop one's own expertise and to adapt according to changing circumstances.

- ***Driving force and initiative.***  
This refers to the employee's ability to take the initiative and to be an active driving force in his or her work.
- ***Professional skills, quality of work results.***  
An individual may be productive, effective and fast, but the quality of the work performed and its results are also of interest. How skilfully does the employee carry out his or her work, and what is the quality of the results?
- ***Productivity.***  
A measure of the employee's productivity. Does the employee deliver results, or is it mostly a matter of planning and discussions? Is the employee's productivity satisfactory, or is greater effort needed?
- ***Independence/ability to take responsibility.***  
The individual's ability to carry out his or her work tasks independently. The degree to which the employee needs support, stated directives and precise information. The extent to which the individual takes the initiative and is self-driven.

**Market sensitivity** is assessed on the basis of factors including:

- ***The employee's exposure to competition.***  
"Market sensitivity" means the labour market's valuation of a certain competence.
- ***The employee's replaceability.***  
"Replaceability" means how easy or hard it is to replace a certain employee. Replacing an employee relates to both the employee's actual expertise and the time taken for training at KI.

#### **4.1.2 Specific salary criteria for teaching staff and researchers**

KI's core operations are research and education. In addition to the general salary criteria that apply to all employees, there are also a number of specific and relevant criteria for assessing performance and results for this group. See also the instructions for employment arrangements for teaching staff and researchers at Karolinska Institutet.

**Teaching skills** are assessed on the basis of factors including:

- The ability to implement, develop and lead high quality teaching.
- The ability to create commitment to and an interest in the subject.
- Capacity for educational development work and producing teaching materials.
- Teaching at other educational institutions, both within Sweden and internationally.

**Research work** is assessed on the basis of factors including:

- The degree of national and international publication, measured in both qualitative and quantitative terms.
- The number of citations in national and international articles/publications, measured in both qualitative and quantitative terms.
- The ability to apply for and obtain external research funding.
- The ability to supervise research students to doctoral degree level.
- The scope of commissions in external research organisations.

- The scope of visiting research at other educational institutions, both within Sweden and internationally.

**Administrative work and “the third task”** are assessed on the basis of factors including:

- The scope of management commissions or commissions in university bodies.
- The ability to convey research information, popular science lectures and appearances in the mass media.
- The scope of assignments as an expert, faculty opponent or member of a grading committee for thesis defence.
- The scope of collaboration with external partners.

#### **4.1.4 Specific salary criteria for managers**

Managers at all levels have an important task in creating an organisation in which operations are characterised by overall objectives and guidelines, and in which employees feel an affinity with the university. Inspiring enthusiasm, creating motivation and making use of employee’s initiative and ideas are an important part of management.

The competence requirements for managers vary depending on duties and responsibilities. Leadership practice must be constantly adapted according to operational and situational changes. Ultimately, this relates to managers’ ability to use the right knowledge and attitude at the right time, in order to achieve good results.

Specific salary criteria are based on KI’s three fields of knowledge for leadership: strategic, operational and personal leadership, in which communication (i.e. the ability to influence and be influenced) is a common theme and has many dimensions. Find out more by reading Karolinska Institutet’s leadership guidelines, which are available on the intranet.

##### **Decision-making ability**

- The ability to make one’s own management decisions in accordance with KI’s values.

##### **Operational development**

- The ability to develop operations.
- The ability to carry out long-term planning.
- The ability to cooperate and communicate with others, both within and outside KI.

##### **The ability to create commitment to and interest within one’s team**

- The ability to inspire enthusiasm within one’s team.
- Does the team generate results?
- The ability to develop employees.
- The ability to create a good working climate and job satisfaction.

**Work management abilities**

- The ability to delegate.
- The ability to communicate.
- The ability to prevent and/or resolve conflicts.
- The ability to lead and control.
- The ability to recruit employees.
- The ability to make good use of talents and differences.

**Administration**

- The ability to understand, communicate and follow guidelines and rules within administration (finances, staff, etc.).

**Representing the employer**

- Representing KI as an employer in the correct manner.

**Representing one's team**

- Representing one's team in the correct manner in relation to management, without compromising the role of employer.

## 4.2 Assessment levels for performance criteria

The employee's performance in relation to the salary criteria can be assessed in accordance with the following levels: unsatisfactory, good, very good and excellent.

The aim of these assessment levels is to make it easier for managers to carry out an objective, overall assessment of work performance. The levels are intended to act as a starting point for an objective justification of new salaries.

**Unsatisfactory**

This describes work performance that is unsatisfactory in relation to the work tasks and the operational objectives. The employee lacks the will and/or ability to develop.

**Good**

This describes the work performance that the manager expects from the employee. The employee carries out satisfactory work in relation to his or her position. The employee has the necessary knowledge, ability and will to develop.

**Very good**

This describes work performance and an attitude that brings added value to operations. The employee performs well and demonstrates a great desire to develop and the ability to deliver.

**Excellent**

This describes the way in which the employee develops operations and has a positive effect on others. The employee's efforts are clearly reflected in operational objectives being achieved by a significant margin. The employee's attitude brings added value both within and beyond operations.

### **4.3 Tools – managers who set salaries**

Before a salary review, complete the appropriate template(s) for all employees. This provides an overall view in which all performance and results are valued in the same way, thus encouraging objectivity. It also provides good awareness of each individual employee's performance and contribution towards results, which then forms the basis for the actual proposal.

This data is suitable for use in discussions with individual employees in order to give a clearer picture of the employer's view of efforts and results linked to operations, or purely as working material for managers who set salaries.

## Example template – technical/administrative staff

### Assessment of employee's work tasks and market sensitivity

Name: \_\_\_\_\_

*Place a cross in the appropriate box, with 1 being the lowest and 4 the highest.*

<b>Work tasks</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Degree of difficulty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Working conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Market sensitivity</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
The employee's market sensitivity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The employee's replaceability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### Assessment of employee's performance

<b>Performance</b>	<b>Unsatisfactory</b>	<b>Good</b>	<b>Very good</b>	<b>Excellent</b>
Ability to deliver/perform in accordance with operational requirements				
Ability to cooperate				
Ability to contribute towards the development of operations.				
Ability to encourage colleagues to make good work contributions and to contribute towards a good atmosphere in the workplace				
Desire to develop and/or adapt according to changing circumstances.				
Driving force and initiative				
Professional skills, quality of work results				
Productivity				
Independence and responsibility				

## Example template – teaching staff and researchers

Assessment of teaching staff's and researchers' teaching skills, research work and administrative work

Name: \_\_\_\_\_

Place a cross in the appropriate box, with 1 being the lowest and 4 the highest.

<b>Work tasks</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Content and degree of difficulty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Working conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Market sensitivity</b>				
The employee's market sensitivity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The employee's replaceability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>Performance</b>	<b>Unsatisfactory</b>	<b>Good</b>	<b>Very good</b>	<b>Excellent</b>
Ability to deliver/perform in accordance with operational requirements				
Ability to cooperate				
Ability to contribute towards the development of operations.				
Ability to encourage colleagues to make good work contributions and to contribute towards a good atmosphere in the workplace				
Desire to develop and take on more demanding duties that require more responsibility.				
Independence and responsibility				

State distribution of work (= weighting)

	<b>Distribution of work, %</b>
<b>Education</b>	
<b>Research work</b>	
<b>Other/administrative work</b>	
<b>Manager (see Example template – manager)</b>	

Place a cross in the appropriate box.

<b>Education – teaching skills</b>	<b>Unsatisfactory</b>	<b>Good</b>	<b>Very good</b>	<b>Excellent</b>
The ability to implement, develop and lead high quality teaching				
The ability to create commitment to and an interest in the subject				
Educational development work and producing teaching materials				
Teaching at other educational institutions, both within Sweden and internationally				

<b>Research work</b>	<b>Unsatisfactory</b>	<b>Good</b>	<b>Very good</b>	<b>Excellent</b>
Bibliometrics – the degree of national and international publication. Quantity.				
Bibliometrics – the degree of national and international publication. Quality (impact)				
Citation – quantity				
Citation – quality (impact)				
Commissions in external research organisations				
The ability to apply for and obtain external research funding				
The ability to supervise research students to doctoral degree level				
Visiting research at other educational institutions, both within Sweden and internationally				

<b>Administrative work and “the third task”</b>	<b>Unsatisfactory</b>	<b>Good</b>	<b>Very good</b>	<b>Excellent</b>
Management commissions or commissions in university bodies.				
Conveying research information, popular science lectures and appearances in the mass media.				
Assignments as an expert, faculty opponent or member of a grading committee for thesis defence.				
Collaboration with external partners				

## Example template – manager

Assessment of managers' ability to lead, assign, create an undisturbed working environment and generate results, and to represent KI in the role of employer

Name: \_\_\_\_\_

### Management level (assumes responsibility for staff and budgets)

Management level 1, President (not relevant here)

Management level 2, Head of Department, University Director or Library

Manager

Management level 3, Section, division or unit manager

Management level 4, Unit manager, research team leader, etc.

Staff responsibility for \_\_\_\_\_ employees, of whom \_\_\_\_\_ are managers

Budget responsibility for SEK \_\_\_\_\_ million

Place a cross in the appropriate box.

Performance	Unsatisfactory	Good	Very good	Excellent
Decision-making ability				
Operational development				
Ability to create commitment and interest				
Work management abilities – delegating, communicating, etc.				
Administration				
Representing the employer				
Representing the team in relation to the employer				