

**Question:** Our organization has been using a structured job evaluation methodology for more than 20 years to address issues related to internal equity. While still an issue for some within our organization, others feel that we should be placing more emphasis on market parity. This is starting to become a fairly big issue here and we are trying to figure out which approach is best. Can you offer any guidance or insight that will help us resolve this dilemma?

**CompDoctor™:** An interesting question. This is one of our favorite topics since virtually every organization we work with has to struggle to some degree with the conflicts between internal equity and market parity.

In the 1980s, many public sector organizations tackled the issue of comparable worth (the concept that jobs could be measured and that male and female employees doing comparable, as opposed to equal, work should be paid alike). Conceptually, job evaluation provides a formal process by which to create a job worth hierarchy within an organization. This hierarchy creates a proxy for job value when market value is not known. Clearly, they are two very different approaches (market pricing and job content evaluation). Now, some of you may use

the very sophisticated dartboard method, but that really doesn't count since it is tough to legally defend (even though you may think you are smarter than an EEOC lawyer).

Even though the two approaches are different, they do have a couple of things in common. First is the fact that you need to have a current a valid job description.

Oops, you say? You don't have such a thing? Well, without a current and accurate job description, you cannot accurately evaluate a job against any structured criteria for internal relationship assessment and you will not be able to price the job in the marketplace since you won't know what you are pricing—sort of the equivalent of wanting to determine the price of a BMW 5 series but only having information that describes a four-door sedan. The information just won't be relevant.

Now, once you have done either the internal assessment or compiled the needed market data (after you updated the job description), then you need to reconcile the internal and the external data unless you don't care whether they line up or not—something that is more common in the private sector than in the public sector.

The biggest problem we see is reaching a consensus within the organization as to which is the most important. That is why most governments take the approach that they want to blend the two approaches. Unfortunately, when you do that, some jobs may actually be paid above market while others may be somewhat below market. Then you need to have a mechanism in place to add a market premium or factor so that you can effectively recruit, motivate and retain employees in

those classes without screwing up your overall pay plan. Of course, most of your employees will claim they are underpaid and therefore deserve the market premium.

Having said all of this, which is best? Well, job content is generally accurate and reliable but requires good job descriptions and is good for organizations with lots of different functions. Market pricing is quick and market based (assuming you have the stomach to lower salaries when needed as well) since it reflects current reality but requires lots of data to be defensible.

Job content is internally focused and can be perceived as rigid. Depending on the tool you are using, it can also be time consuming and—dare we suggest—it causes supervisors, managers, and employees to play games and try to manipulate the system. Market pricing, on the other hand, can be a problem if you are the 500-pound canary in your marketplace. It can also perpetuate gender inequities for those of you who feel that is an important issue.

Determination of which is best will depend on the size of your organization, whether you are in a union or non-union environment, whether good market data is available, how competitive the market is in your area, the quality of your job descriptions, and the number of jobs involved.

Some of our friends prefer job content evaluation and others prefer market pricing. We concur with our friends.

*The Comp Doctor™ is the team of Jim Fox and Bruce Lawson of Fox Lawson & Associates LLC, a compensation and human resources consulting firm that specializes in assisting governments in fixing their compensation and classification systems. They are seriously irreverent about their specialty. You may find them on the Web at [www.foxlawson.com](http://www.foxlawson.com). If you have a question you would like to have them answer, please write to them at [jfox@foxlawson.com](mailto:jfox@foxlawson.com) or [blawson@foxlawson.com](mailto:blawson@foxlawson.com). They will try to include it in the next issue of Comp Doctor™.* —*N*

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# Comp Doctor™

## Focus on Labor

### Just Cause in Public Employment Arbitration

By Stanley Kravit

“Just cause” is a useful and necessary standard in the administration of discipline in the public sector. It is a standard of review requiring an arbitrator to determine, as a condition precedent to discipline, whether the employee involved is guilty of wrongdoing

“and, if so, to confirm the employer's right to discipline where its exercise is essential to the objective of efficiency, but also to safeguard the interests of the discharged

employee by making reasonably sure that the causes for discharge were just and reasonable and such as would appeal to reasonable and fair-minded persons as warranting discharge.” *Riley Stoker Corp.*, 7 LA 764, 767 (Platt, 1947).

This definition applies to any discipline, and “efficiency” is used in the broadest sense of the behavior, which an employer has the right to expect. In government this means, of course, the kind of

behavior citizens have the right to expect whether the employee is teaching a class, making an arrest, collecting the garbage or performing any of the myriad of public services. (Note the date on this award. Arbitrators have been citing it for 59 years.)

Just cause requires a showing by fair and sufficient evidence not only that the employee deserves discipline, but that the penalty

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