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Alternative Approaches
to Job Evaluation:
Determining Internal
Equity

Job evaluation must begin
with a clear definition of
the work performed

Thousands of plans being
used still fall into one of
only seven categories

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This Newsletter will address quantitative and non-quantitative approaches to job evaluation in an effort to stimulate thinking about how an agency can address internal equity issues.

What is Job Evaluation?

Job evaluation is a formal process used to establish a job worth hierarchy within an organization. It is also used as a proxy when market data is not available for some jobs. There are two, and only two, conceptually different approaches to the process: Job evaluation and market pricing. Agencies have tried a third approach which we call the SWAG or dartboard method, but which really is not a formal or defensible approach. In reality, job evaluation focuses on job content relative to other jobs while market pricing focuses on external value of specific jobs.

Job Evaluation Alternatives

Since the first formal job evaluation method was introduced in the 1930s a variety of approaches have been developed and are currently in use in both the public and private sectors. While literally thousands of different job evaluation plans are in effect, they all fall into one of seven generic categories:

Non-Quantitative Methods

- ✓ Whole job ranking
- ✓ Classification

Quantitative Methods

- ✓ Market Pricing
- ✓ Point Factor
- ✓ Factor Comparison
- ✓ Scored Questionnaires
- ✓ Decision Banding

Although market pricing is included as a quantitative method, its reliance on external factors and not internal value creates an interesting question as to whether it really is a means of job evaluation.

Substantive Differences

While the various job evaluation methods each result in a job worth hierarchy, they find their answers in different ways once job content is defined. For consistent comparison and evaluation, all methods require an understanding of the body of work performed by incumbents in the job. Following is a summary of the substantive strengths and weaknesses of each optional approach:

Non-Quantitative Methods

The major benefit of the non-quantitative systems is their simplicity. With whole job ranking, one simply ranks jobs from high to low (or low to high if preferred) based on the perceived complexity and difficulty of the job relative to other jobs in the organization. While this works well if the organization is small and the person doing the ranking has a solid grasp of the work performed by all employees, it is still very subjective and the Federal EEO has stated that use of this approach will not be a valid defense should the employer ever be challenged about either the disparate impact or disparate treatment of employees in a job classification. This is because there is typically no documentation and the evaluation is often based on the incumbent, not the job itself.

The classification method is also relatively quick and easy to use, and works reasonably well with larger organizations. An organization using the classification method must first define the levels of work within each job family. Common phrases include "under close supervision," "under general supervision," and "under administrative direction." Individual positions are then slotted into the classification level that most closely equates to the work performed. The downside of this approach is that it tends to force jobs into

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existing categories even if the definitions do not quite match the work being done.

These types of systems can also be costly to develop. While they do work well within a specific occupational group, they are less effective crossing occupational boundaries.

Quantitative Methods

The mere fact that values are quantified tends to give the impression that quantitative methods are more accurate and therefore more defensible. Of four quantitative approaches, three (point-factor, factor comparison, and scored questionnaires) require that compensable factors first be defined. The Federal Equal Pay Act outlines four useful factors: skill, effort, responsibility, and working conditions. Most other factors considered will still fall generally into these categories.

Once the factors are defined, a value for each, relative to the others, must be established. Within each factor, then, degrees of value must be determined and values assigned accordingly.

The major difference between the three approaches is how they are practically applied. Point-factor plans require that each job be rated in terms of the established factors and degrees, then the values added to arrive at a total score. Using factor comparison, jobs are compared relative to each component factor, to arrive at ratings of equal to, greater than, or lesser than, the job to which it is being compared. When all comparisons within the plan are concluded – job to job, factor to factor – scores are totaled to arrive at the hierarchy.

Scored questionnaires are essentially

automated versions of a point-factor plan. Commercially available systems, however, reflect the vendor's value system, not the organization's, in assigning the weights or values for each factor.

The fourth quantitative approach, the Decision Band™ Method, focuses on the level of responsibility and decision making in determining the level of the job. Factors present in point systems also exist but play a lesser role in the evaluation process.

While quantitative systems offer the advantage of fixed scores, they also generate challenges to the job rating formula, especially regarding why one job is rated higher or lower than another. Ease of explanation must be considered for employees and managers to reach understanding and ultimate buy-in.

How We Can Assist Your Organization:

We understand how various types of pay delivery systems work in public sector organizations and the strengths and weaknesses of the various approaches. While no single system is right for every agency, understanding of what works and does not work in varying situations is a vital component.

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