

# Does Job Evaluation Have a Future?

Graeme Stephen, Senior Reward Consultant at NorthgateArinso, discusses what the future holds for job evaluation.

Those of us who have worked in the arena of job evaluation for many years have seen numerous themes come and go. We have noted 'downturn' predictions in job evaluation before. Back in the 90's it was predicted that analytical job evaluation schemes had had their day. Organisations saw a reluctance to operate in such a bureaucratic fashion where a specialism that tends towards naval gazing took time and effort from precious resources.

## Then came the equal pay time bomb....

It has taken a long time for the public sector to get round to addressing the gender pay gap and various sectors have had good and bad experiences of dealing with it. Three key aspects have mainly driven the differentiation between 'good' and 'bad':

- Availability of funds to settle the presented gender based 'debt'
- Ability to deal with decades of unfair historical pay practices
- Political longevity of senior managers (the 'I don't care I'm retiring/not being re-elected' approach!)

Over the last decade the Higher Education sector has quietly and, mostly successfully, implemented a national framework agreement, underpinned by a significant and generous pay deal to oil the mechanics of job evaluation. Some have since taken their exercise to the next level and used it to support the development of career or competence frameworks.

However, considerable challenges still remain elsewhere in the public sector and have come from an ostrich approach to addressing the problem – such as the Local Government 'single status agreement', signed in 1997.

Apart from the early trailblazers, we have seen a significant group of Councils only now implementing their job evaluation schemes – over 10 years later and with an accompanying 5 or 6 year back pay liability.

Many mitigating factors can be quoted within this sector – at least two of the three points above for starters. However, you cannot escape the conclusion that it really has been the efforts of the 'no win no fee' lawyers that has forced the hand in this, one of the most complex sectors of the economy.

I refer to the three points above for the success/failure and add another:

- Looking beyond the equality agenda.

The proposed Equality Bill will see job evaluation scratching at the doors of the private sector in a way never envisaged in the 1990s. Of the many potential parts of this Bill one word stuck out for HR practitioners – 'transparency'. As soon as we are expected to become transparent in our reward environment this leads us down a certain path.

Organisation - structure - measurement - communication

A culture will emerge where we will need to understand our relative pay position within an organisation and also have access to information to justify our package in comparison to others. There is really only one sure-fire way of underpinning transparency – job evaluation. So does this mean that we are all heading the way of local government? Is chaos about to ensue at a time when we can ill afford internal strife?

It does not need to be this way. With a bit of forward planning and project management 'JE' exercises can contribute not only to your obligations under the Equality Bill but also to wider HR initiatives and deliver real efficiencies in how an organisation operates both internally and with reference to external pressures on the reward environment.

## A few top tips for success

### 1. Equality still underpins everything

Whether you like it or not, you mustn't underestimate the lurking equal pay issue. It may seem low priority at a time when just keeping an organisation afloat takes up all your time but should the Equality Bill become law, all government contracts awarded will require the successful organisations to have taken pro-active steps on gender pay i.e. carrying out an equal pay audit. What is the first thing an equal pay audit will look for? Appropriate schemes of job evaluation.

Furthermore, it is not just any old job evaluation scheme that will do, you may know, for example, that the Customer Services Assistant is the same value as the Assistant Accountant but you can't prove it without appropriate mechanisms for job evaluation. This means identifying and selecting a scheme of measurement appropriate to your organisation's environment. This might be one of the 'out of the box' solutions or it might be a tailor made approach to fit your needs.

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Whichever way you go, remember a fantastic review of reward based around job evaluation can fall apart if the scheme itself does not pass its own rigorous test in design and construction (which is often presented to the Equality for Human Rights Commission for comment - the ultimate 'stamp of approval!')

The strongest measure of pay equity in the Equal Pay Act is the 'work rated as equivalent' measure as defined under an analytical job evaluation scheme. Yes, there are other measures in the absence of this; 'like work' and 'equal value' but often, under challenge, this may mean a measure of job evaluation would be imposed upon you rather than controlled by you.

Overall, the whole JE exercise is aimed at achieving 'fairness' regardless of any criteria be it gender, ethnicity, age, etc. Perceived fairness and recognition of fair status is a sure fire way of improving employee morale.

## 2. Think about the end before you start

The classic project planning comes into play here. Never introduce job evaluation as a panic response to a presented problem. Take the time to consider how internal equity can be a base line for the wider reward strategy. If you have a three-year plan to introduce competence based pay throughout the organisation, the foundation scheme of job evaluation can support this initiative in its design and construction. Developing job families? Again, the content of the scheme can support such initiatives. It is important that in choosing the scheme of job evaluation, it has the capacity to support these wider aims.

The fact that job evaluation is often seen as an end in itself undermines what can potentially contribute to significant organisational change. At times of merger, acquisition or re-structure, organisational discipline can break down if appropriate mechanisms are not in place to ensure the relative position of roles against pay criteria.

The 'market' will still have a fundamental influence on pay in many cases but by far the best approach is to separate market factors from the foundation point of internal relativity. When job evaluation is designed and constructed to support the wider HR framework of job family and competence profiling it can open doors to operating transparent reward strategies.

## 3. Involve the stakeholders early

Three people are key to the success of any job evaluation project; the Chief Executive, Head of Finance and Head of HR. Measuring and placing a relative value on roles will potentially stamp on a hornets' nest of historical pay decisions and there may be a financial implication to resolving these in a measured, acceptable way.

The Chief Executive must be prepared to back the project - sometimes personally in communication forums. The Head of Finance needs to be involved in the selection or design of scheme to understand the budgetary impact and the Head of HR will no doubt have this project as their own, but it will extend to payroll, IT and even PR functions. This way, everyone knows the intended end point before you start and the project can be steered to achieve this. One thing is for sure, if anyone thinks this is purely an HR exercise - they should think again.

## 4. Resource Intensive? Maybe, maybe not...

One of the biggest issues with job evaluation is the intensity of the exercise and the black hole of time and effort that it can take. Well yes, a fair accusation in some circumstances. The options however are wider than you may think.

### Highly Intensive

A 'classic approach' means job analysts (internally trained and seconded employees) undertake individual interviews and analysis of roles across the organisation. These analysed roles are presented in a rank order for pay decisions to be made. This can take up a lot of time and resource. But sometimes the detail route is needed - especially if you operate in a complex or diverse organisation where little or no historical comparisons have been made.

### Allocation Approach

Becoming more prominent, this approach provides for a more controlled approach to job evaluation. Often steering groups gather to consider the specific organisation. Can it be broken down into job families and levels or to specific 'benchmark roles'? These roles are subject to evaluation by a panel and all employees are 'allocated' to one of the identified job evaluation profiles.

Should a unique role be identified it may revert to traditional 'job analysis'. Top tip - never refer to the 'S' word - Slotting. This is synonymous with placing employees against job profiles with a pre-designed outcome. You need to ensure that your allocation mechanism provides for a fair assessment for all employees based around agreed criteria.

Be warned though; some allocation approaches are either basic slotting exercises not fit to support equal pay or are based on manipulated schemes of job evaluation to provide the desired outcome rather than fair assessments to support reward strategies.

### Resource 'lite'

Actually there isn't a resource light approach. Well not one that any self-respecting consultant would advise when active in the arena of equal pay. Your options are to ensure that your job evaluation implementation ticks a minimum of boxes to achieve a contribution to ensuring fair foundations of pay. One of these options is some job analysis to underpin your structure. This can contribute to the identification of roles, job families, competence profiles, which all lead into the wider HR arena of appraisal, recruitment and flexible benefits.

## 5. Outputs not just inputs

In relation to job evaluation, remember 'transparency'? There is some expectation that employees should at least be informed of the evaluation activity. More commonly there will be an expectation of clarity around pay grades, relative placement of employees in these grades and information to justify how these placements have been decided. This may mean specific documents relating to both the job evaluation assessment and the placement of employees into any formal structure. It may also mean the right of appeal. Many systems can provide this detail 'automatically' as report outputs or web site references. However the exact nature of this communication can and should be tailored as required. Every case is unique.

Remember, contrary to what many think, job evaluation can actually be used to look beyond the internal relativities in organisational pay to support external salary surveys by means of job family profile content matching.

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## 6. Get the technology right

These days schemes are either internet based analytical schemes of evaluation or nowhere. Really it should be as simple as that. In effect, any scheme worth its salt is now readily accessible across the world via secure internet access. Security can be assured these days - if the NHS can operate a secure internet based JE scheme on-line, then so can your organisation. In addition; web based schemes require no internal IT infrastructure beyond a web browser - joy of joys for your IT Manager!

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## 7. Consider external expertise

I work in an area where surprisingly few experts can be drawn upon to advise in the full range of job evaluation implementation. Yes, some can design a scheme, some can design a competence approach to pay, but few can advise clients from start to finish to ensure that job evaluation can support the reward strategy in an affordable context whilst at the same time supporting equal pay- quite a balancing act. Whether it is for specific component parts or to support the whole, a little bit of external support can go a long way. An external pair of eyes can identify the pitfalls well ahead of the game and with relative experience to call upon - whether good or bad - one thing's for sure, lessons will already have been learned elsewhere!

## Summary

Job evaluation has far from had its day. These days whilst the press headlines remain sensational, at least in the public sector, the old 'work study measurement' theory has come a long way and now is in a much better shape to support the wider reward strategies of your organisation - if you have the end in sight before you start.

## About the Author:

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