



# The “ins and outs” of Job Evaluation

August 2015

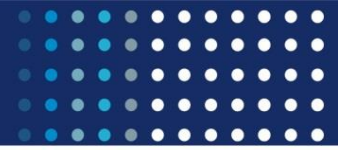
Presented by: Lionel van Schalkwijk  
PE Corporate Services SA (Pty) Ltd

Tel: 031 700 1597



# Agenda

- Summary of the Job Evaluation process
- Approaches to Job Evaluation
- Characteristics of a Good system
- Grading Bodies / Committees
- Process of grading Jobs
- General comments
- Linking to pay - Internal equity and external competitiveness



## **Job Evaluation is:**

**“The rating of jobs using consistent approach and methodology in order to determine the relative position of each job in the organisation’s structure”**

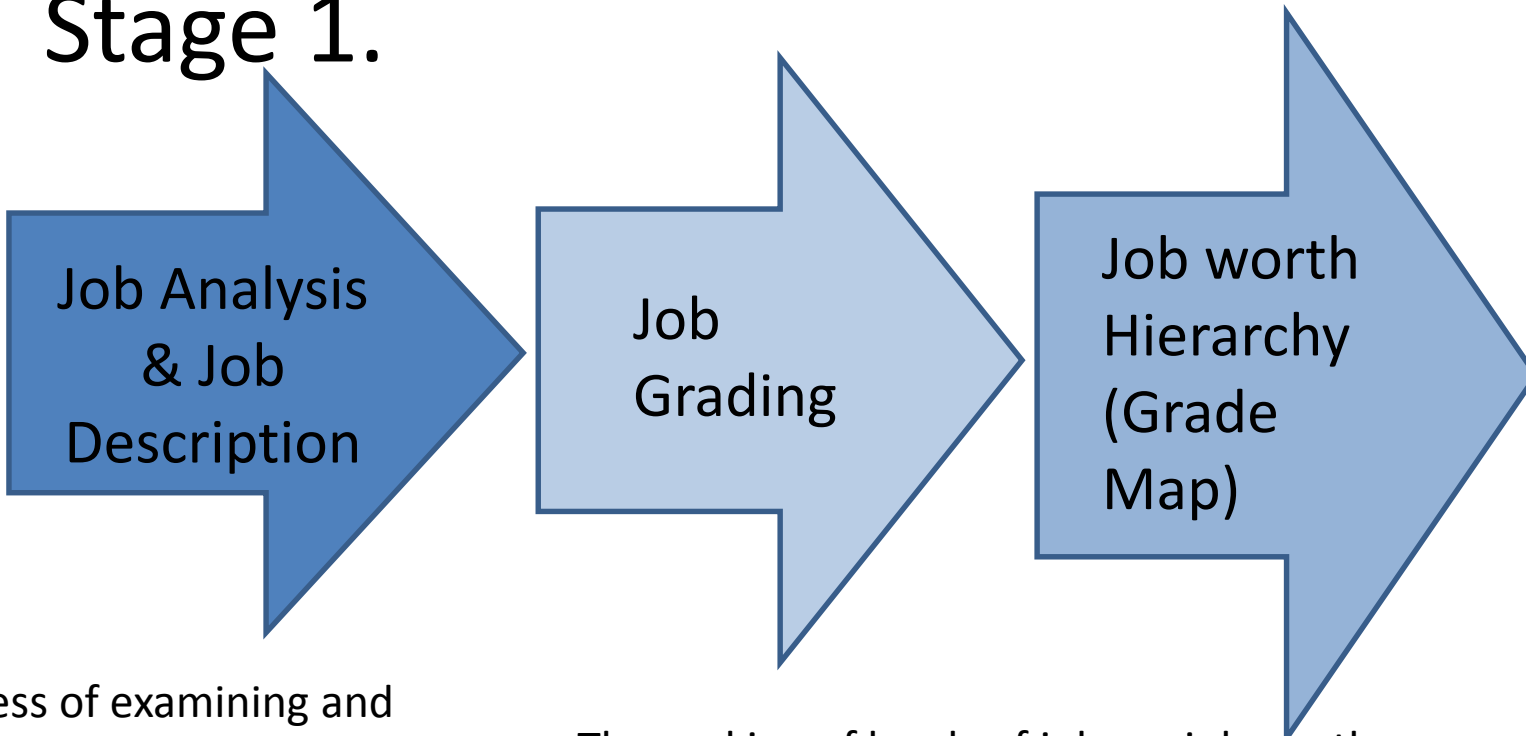
## **The Aim of Job Evaluation is:**

**“To accomplish a logical hierarchy of jobs by which a fair and just remuneration structure can be joined.”**

# Summary of Job Evaluation Process



## Stage 1.



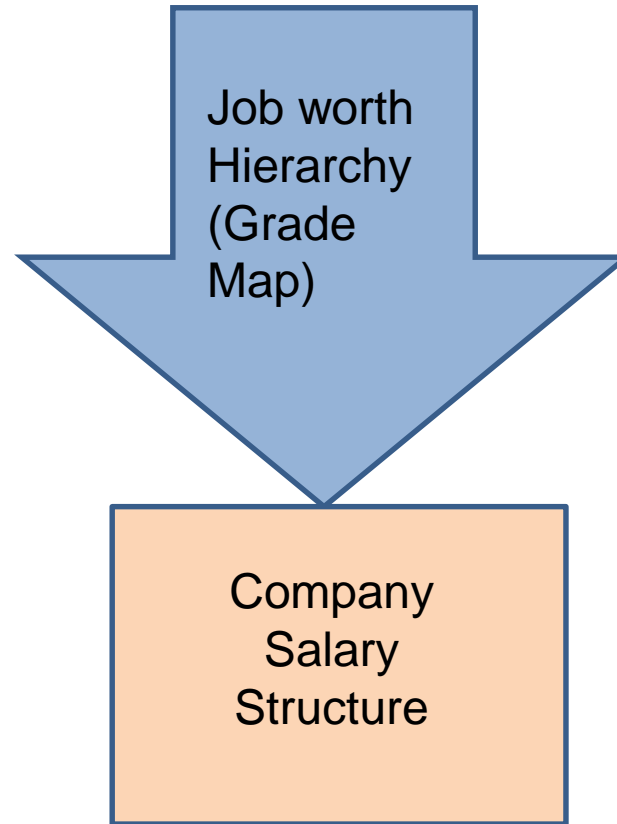
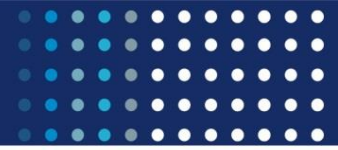
The process of examining and documenting the content of a job, breaking it down into tasks, functions, minor functions, work methods, processes, operations and elements.

Document the job analysis by writing job descriptions/profiles

The ranking of levels of jobs or job worth hierarchy using a job grading system

The final result of the job grading process.

Illustrates where each job fits relative to other jobs.

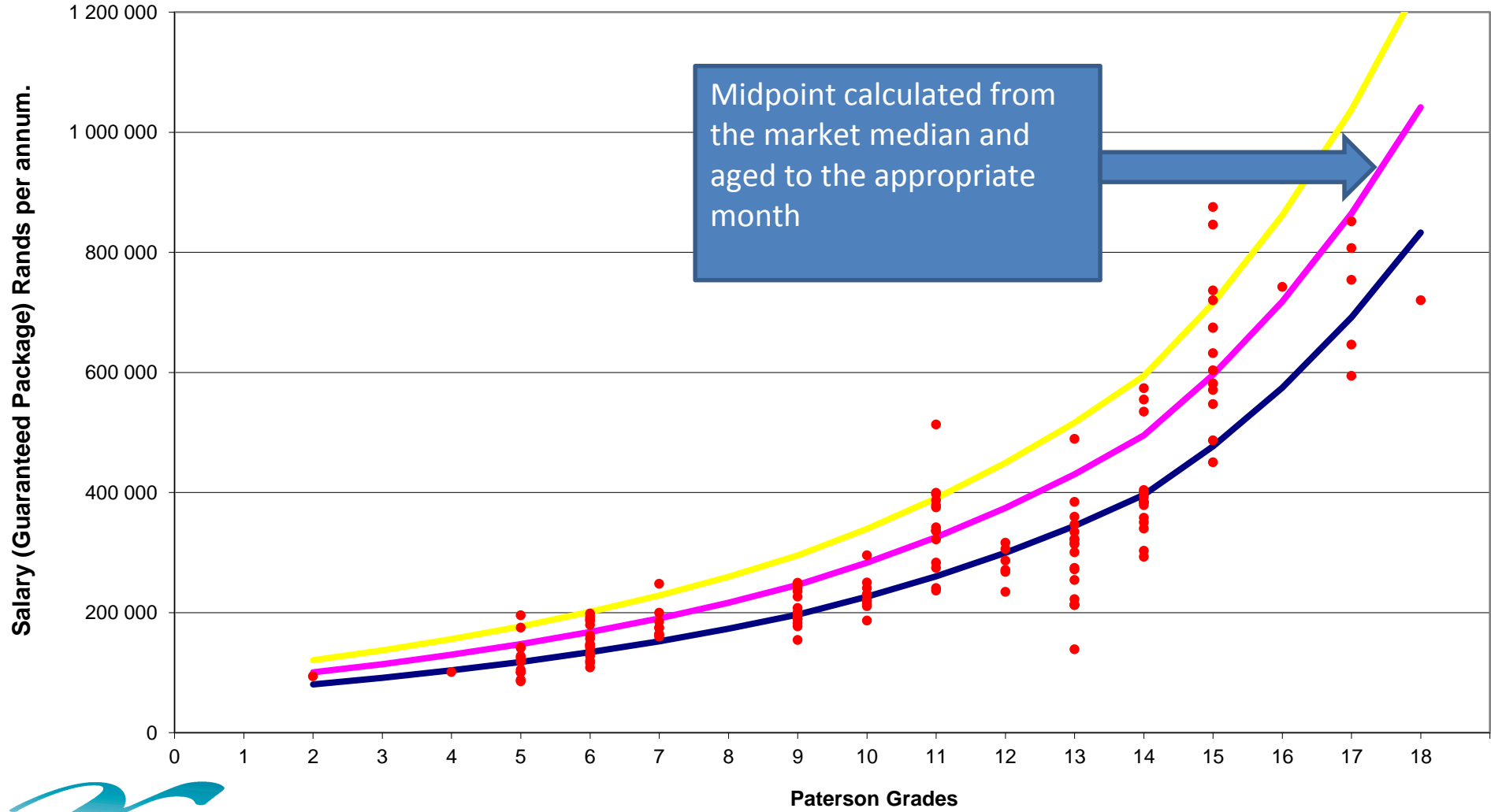


## Stage two

After the Job Worth Hierarchy is built, a Company Salary Structure is created and used as a framework for pay decisions

# Linking Grades to Market Salary Structure

Comparison of ABC Individual Guaranteed Package Salaries against proposed Guaranteed Package Pay-Scales as at .....



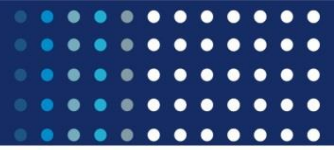


Who uses Job Evaluation?

Do you use a formal system?

Do you use the same system for all levels of employees (e.g. Execs vs General Staff vs Bargaining Unit)?

Do you use Job Descriptions?



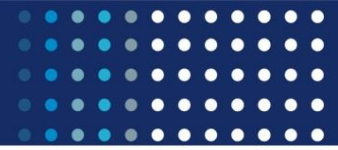
JE Systems are all systematic approaches to the establishment of the hierarchy of jobs (Pecking Order) in an organisation.

JE Systems rank the relative worth of one job to another

**Good implementation and ongoing Management are more important than the system chosen**



# Characteristics of a Good JE System

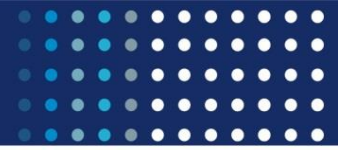


An organisation's approach to Job Evaluation should be defined as part of the Remuneration Strategy.

- Consistent
- Structured / Clear Ground Rules
- Transparent
- Easy to Understand
- Credible, Objective and defensible
- Supported by All Stake Holders
- Market salary benchmarks to support the system
- Keep records of grading sessions

# Transparency

- Do employees know their grades?
- Do employees have access to pay-scales?
- Is grading used as a management tool?



- Representative internal committee
- Internal committee assisted by expert
- External job grading - consultant only

The approach towards grading should be defined in the reward policy



## Selection of Grading Committee Members

- Multi-disciplinary membership.
- Trained and experienced
- Employee representatives / Trade Union
- Neutral Chairperson
- Internal Custodian / Core members
- External Consultants

# When Grading Jobs

- Ensure understanding of job content and any complexities that are being dealt with.
- Grade the Job not the incumbent or the Job Title
- Interviewing / observing a job representative??
- Do not make assumptions about the job
- Grade on consensus only
- Apply the grading rules consistently
- Assume competence

# When Grading Jobs

- All members must be appointed and mandated and have received training on the chosen system and regular refreshers
- Monitor objectivity – representation/presence
- Disagreement to be dealt with in the meeting
- Do not grade if you are not sure about the validity of the content
- Administration
- Approve / Sign off grades and Grade Map?

# Resolving Committee Disputes



- Keep process simple
- Do not sacrifice the integrity of the JE
- Does the non-consensus constitute a dispute vs a case of not enough information to grade effectively?
- 30 minute rule

# General Comments



When grading jobs the following should be avoided

- Unlikely or rare events or once off situations
- Responsibilities that may be added in the future
- Temporary responsibilities
- Current salary of the incumbents
- Performance and abilities of the incumbent
- Retention strategy

Make sure Job titles on Job Descriptions match Org charts and Payroll

Keep detailed records





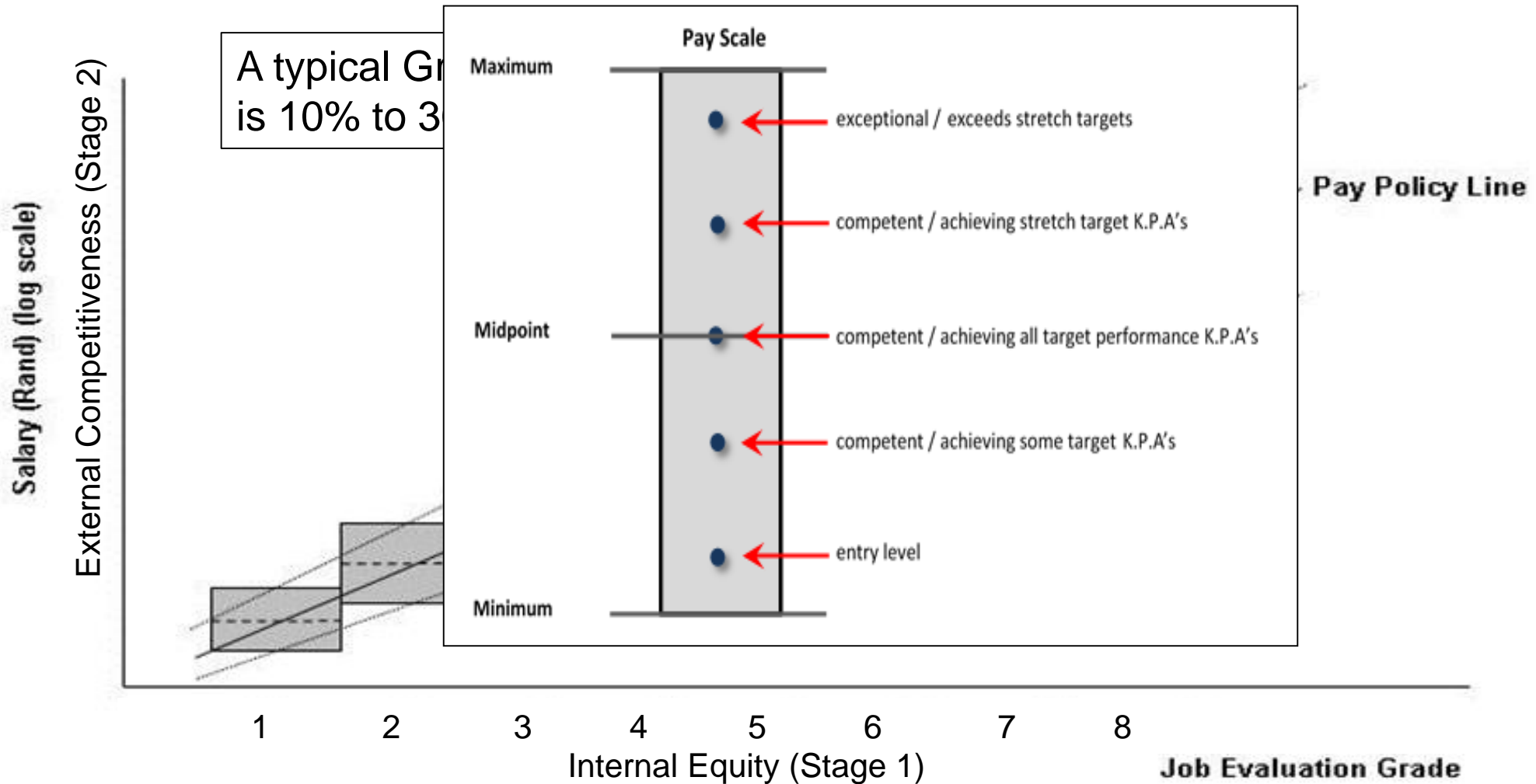
# When to conduct Job Evaluations

- New Job Created
- Significant change in Job Content
- Restructuring
- Internal equity disputes
- Request from individual?
- How often should you review grades?

# Calculating Market pay-line

- Benchmark jobs specific positions vs Graded Tables vs Industry vs Region
- Where does the Co pay relative to the market = Midpoint of scale
- Basic Salary vs Guaranteed Package vs Total Package
- Pay Slope, Grade overlap, Range Spread
- Date of Pay-line, Lead Lag principle

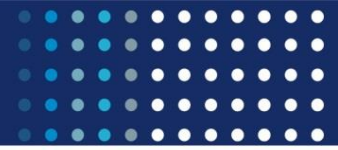
# Salary scales





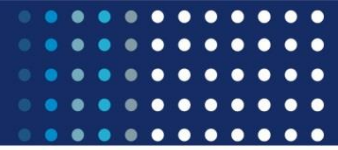
## Code of Good Practice on Equal Pay for Work of Equal Value

- Draft Code gazetted in Government notice 29 September 2014
- Written comments / submissions were requested by the end of October 2014
- Code of Good Practice gazetted in Government notice 1 June 2015



## Objective

Code seeks to promote remuneration equity in the workplace by providing practical guidance on how to apply the principle of equal remuneration for work of equal value.



## Broad Guidelines

- Defensible system of Job Evaluation
- Reasonable pay scales and midpoint differentials
- Periodic Review / Audit
- Required adjustments/plans to achieve equity
- Onus on employer

# Questions

