

Analytical Matching – New Advances in Job Evaluation Technology

Most proprietary job evaluation systems in use today can trace their origins back to, or have in some way been influenced by, the work of Edward Hay and colleagues in the USA in the 1930s and 1940s. They put points factor systems on the workplace map, using job worth criteria (or factors), defined as successive levels, and accompanied by a mathematical model to derive a profile of factor scores and points.

Within New Zealand, points factor job evaluation systems are generally proprietary consultant-driven systems. They have been the most widely used methodology for assessing internal relativities and informing pay structures in most of New Zealand's medium to large organisations (and many smaller organisations) across the public and private sectors.

Internal relativity (or internal equity) has always been the key strength and driver of points factor systems, deriving an overall value for each job relative to other jobs within the organisation. Over time, the owners of proprietary systems developed points based databases to provide market comparisons. The Strategic Pay, Mercer and Hay databases are all job evaluated.

Points factor systems have in recent years been challenged in a number of ways:

- 1 The demand, particularly in times of skill shortage, for market data on similar types of jobs in the market has led to an ever expanding range of job match surveys, marked by capsule job descriptions and job codes assigned by clients without consultant involvement.
- 2 A questioning HR public has sprung up, demanding smarter, more nimble tools, able to be understood and deployed internally
- 3 In many businesses, HR functions such as job sizing and remuneration, have been devolved to line managers. They can understand and apply job match surveys, whereas most points factor systems require training and practice to delegate down to line manager level
- 4 There has been on-going debate between proponents of job evaluation and job matching (sometimes called "benchmarking")
- 5 The emergence and viability of broad-banded pay scales, with their emphasis on the broad similarities between jobs, has reduced the need for finely tuned, multi-factor points factor systems, which tend to make finer distinctions.

Some organisations have questioned the adequacy of traditional points factor job evaluation for valuing the work that people do. They argue that the traditional emphasis on deriving precise points values for jobs has failed to recognise the changing nature of today's organisations and the notion that "people make jobs". The requirement for greater flexibility in the way that jobs are defined, and the evolution of "roles" rather than "jobs", has added value to the traditional criticisms of conventional job evaluation – that it is cumbersome, bureaucratic, reinforces hierarchy and is time consuming.

Notwithstanding its critics, analytical job evaluation is a useful and reasonably objective basis for assessing relative job worth. It provides management with key information for identifying and establishing meaningful and dependable pay relationships between jobs, both within the organisation, and externally with the wider labour market. No other system has been found to consistently deliver this level of rigour and consistency.

Strategic Pay has vast experience in job evaluation technology, not only the SP10[®] system (the legacy PricewaterhouseCoopers system) but also SP5[®], developed by Strategic Pay to provide a five factor approach for organisations seeking a simpler, more transparent approach to points factor job sizing. Both systems have undergone evolutionary change in recent years, not only to allow correlation to each other, but to recognise gender equity considerations and incorporate better guidelines for evaluators.

The purchase of the Higbee-Schaffler business in 2008, and with it the BAND-IT[®] broad banding system, provided Strategic Pay clients with an alternative job evaluation technology – more correctly termed “analytical matching”. (see Armstrong and Cummins, *Valuing Roles*, Kogan Page 2008).

Analytical matching consists in assigning jobs to pre-defined bands, described in terms of criteria such as influence, expertise, judgement, and problem-solving. Jobs are assigned to the relevant band in a process known as “levelling” or “mapping”. This is a form of job evaluation known as job classification. It is a “whole job evaluation” approach as the job is assigned to the band on the basis of the language of that band. The proponents of such systems sometimes promote the myth that such systems are not job evaluation, using terms such as “broad banding” to dissociate themselves from traditional job evaluation.

Recognising the changing nature of today’s workplaces, and the emergence of analytical matching systems overseas as a viable and simpler approach to valuing roles, Strategic Pay has spent the past year developing an alternative approach to job evaluation, not a replacement for SP5[®] or SP10[®], but an approach to analytical matching that retains the logic and analytical rigour of points factor approaches, but is also capable of yielding practical pay bands and allowing the “mapping” of jobs to career ladders across a range of broad job families (or career pathways).

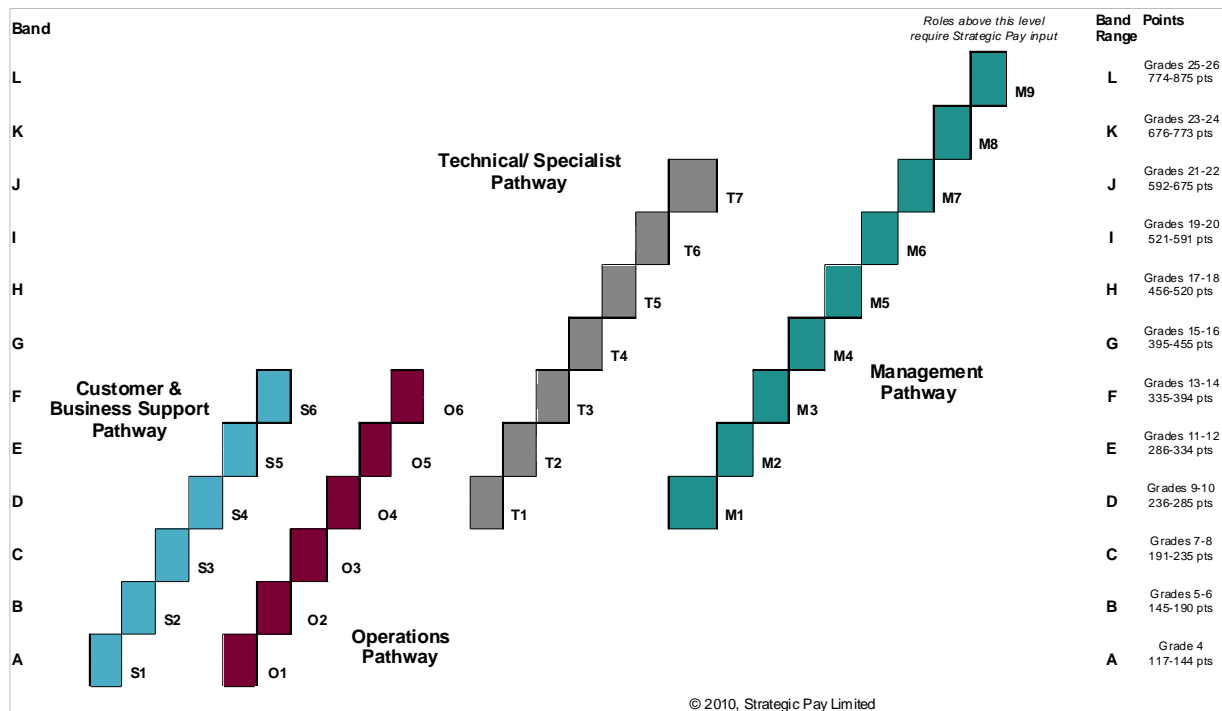
Strategic Pay’s new analytical matching job evaluation system is called JobWise[®]. It represents a unique approach to valuing roles:

- 1 JobWise[®] identifies and defines a series of levels of work that exist within an organisation. These are defined as “**bands**”;
- 2 Jobs/roles are classified according to a range of “**career pathways**” – Customer and Business Support, Technical/Specialist, Operations, Management, each set out as a series of steps or **levels**, each level corresponding to a band.
- 3 The levels are described in terms of a range of job worth criteria – accountability, complexity, interpersonal skills, and expertise.

To this point, JobWise[®] is still firmly in the job classification camp, not dissimilar to BAND-IT[®]. What makes JobWise[®] unique is in the application of job evaluation logic and structure:

- 4 Each level in each career pathway e.g. T3 Entry Level Specialist in the Technical/Specialist pathway, is underpinned by an indicative job evaluation profile, the typical factor scores that would be derived for jobs of that nature and scope if one used SP5[®] or SP10[®]
- 5 These levels and the associated bands are linked directly to Strategic Pay’s comprehensive remuneration database of over 100,000 data points from over 600 organisations throughout New Zealand, across the public and private sectors. Moreover, the database provides both job size as well as job function comparisons.

JobWise® Job Mapping – Career Pathways



Summary

Analytical matching using JobWise® provides a nimble and practical tool for organisations wishing to size roles and develop pay bands without the huge investment of time and resources of traditional job evaluation. In addition to sizing roles it provides a job architecture that supports wider HR initiatives including succession planning, career progression and employee development.

The resulting pay structure and wider reward strategy empowers organisations to differentiate high performance, aligning performance with rewards, while retaining a competitive stance in the market.

JobWise® fills a much needed gap in the remuneration world, combining the rigour and logic of conventional job evaluation with the ease, simplicity and transparency of job matching. The career pathways provide a firm foundation for talent management and career progression; a communication tool for managing employee expectations.

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