



Job Evaluation and Compensation

By Judy Kroon

Job evaluation is a topic that emerges often amongst administrative staff.

This article provides general principles supporting job evaluation programs.

Judy Kroon, Partner, The Avalon Group Limited is a consultant to the College Compensation & Appointments Council on matters of compensation and job evaluation for administrative staff. Judy will also be providing a job evaluation workshop for administrators at the OCASA Annual PD Conference, June 23-25, in Ottawa.

Job evaluation is alive and well in the broader public sector, with many larger organizations having and maintaining contemporary compensation programs that emphasize **internal equity** and **market competitiveness**. These are two key principles that should not be confused when talking about job evaluation.

Internal equity is based on the principle of equal pay for work of equal value.

Internal equity is achieved when all jobs that are “substantially similar” in terms of their total value are paid within the same salary range. By “substantially similar” we mean that there may be some differences in the composite of skill, effort, responsibility and working condition requirements, but on an aggregate basis these are not considered significant enough to warrant a difference in pay treatment. Internal equity focuses its comparisons entirely within the organization, since the purpose is to determine the internal value hierarchy. Job evaluation is the mechanism for achieving internal equity.

Market competitiveness is about how an organization’s pay practices compare to an external labour market.

There is no one single labour market that is universally defined by organizations (such as “all Ontario”). Rather, each organization defines its labour market based on who it competes with for resources and who influences its salary practices. Public sector organizations tend to avoid comparisons with private sector organizations because of fundamental differences in pay philosophy. That is, public sector tends to focus on security through higher base salaries, attractive benefit plans and defined benefit pensions. Private sector tends to focus on performance and pay-at-risk with lower base salaries but higher total cash compensation opportunities, more limited benefit plans and defined

2

“Job evaluation is about job content as defined by the organization; it is not about individual employee performance or contribution.”

contribution pensions. The market for community colleges in Ontario is defined as “broader public sector”, comprised of municipalities, school boards, universities, hospitals, large not-for-profits and the Ontario Public Service.

Compensation tools are used to assess this market and align the CAAT Paybands at or around the median (50th percentile) of the market. What this means is that we look at the salary range maximums for the administrative salary schedule and ensure these are positioned around the middle of the broader public sector market.

Job evaluation is a methodology for determining the relative value of jobs within an organization, using a set of measures that assesses responsibilities, knowledge, skills and other work-related demands.

These measures are called “compensable factors” because they look at aspects of work that an organization values and pays for. All jobs within a defined group (such

as administrative staff at the colleges) are evaluated using the same measures, with the assumption that the employees in the jobs are performing at a fully proficient level. Job evaluation *is* about job content as defined by the organization; it *is not* about individual employee performance or contribution. Job evaluation is the basis for determining the appropriate payband for a particular job. Employee performance influences how quickly an individual moves through the salary range assigned to that payband and whether they are eligible for an annual incentive award. This can be a difficult notion for employees to fully grasp, but job evaluation must be as neutral/objective as possible and not be biased by how well or poorly an employee performs the various responsibilities to which they are assigned.

The internal value hierarchy that is arrived at through job evaluation is often not perfectly aligned with the external market.

Sometimes jobs that are valued highly within an organization are not valued as highly externally, and vice versa. Certainly within the broader public sector, the internal value hierarchy typically prevails; that is, jobs are not downgraded because the external market may compensate at a somewhat lower rate. The exception occurs with jobs that are said to be “market sensitive”. From time to time, certain job functions experience a skill shortage in the market and it becomes challenging to ensure qualified resources are recruited and retained (remember Y2K?). In this case, it may be necessary for an organization to respond to pressure from the market by applying special compensation practices that are beyond what is provided for through the job evaluation/internal equity process. There are a variety of mechanisms that are available to address this type of compensation issue, and there are advantages and disadvantages to each. What we do not recommend is that organizations address market pressures by inflating the job evaluation results so that the job moves to a higher payband. Ultimately, this will create greater inequities within the organization and compromise the integrity of the job evaluation program.

No one model of job evaluation works in all organizations.

In terms of best practice, there are a variety of processes that appear prevalent in broader public sector non-unionized environments. While a representative employee committee continues to be one option, organizations are seeking other ways to ensure they maintain their job evaluation program. These include the use of a dedicated HR specialist to carry out the day-to-day work, with a vetting and approval process that may involve the use of an employee review committee. Some organizations outsource some or all of their evaluations to a third-party consultant. Regardless of the approach, we recommend that it be documented and communicated to affected staff, and that there is also a process in place for resolving issues related to job evaluation outcomes.

There is no doubt that job evaluation continues to be a core human resources program in the broader public sector. It may take different forms, depending on organizational needs, but the objective is always the same, to ensure fairness and consistency in how employees are compensated for the work they do. [c|A](#)

Protect your association and ensure your peace of mind.

We offer specialty insurance programs for associations

ENCON's insurance programs are marketed through independent insurance agents and brokers.

Professional indemnity programs for

- Directors and Officers of Non-Profit and Profit Corporations
- Combined E&O and D&O
- Associations and Affinity Groups
- Miscellaneous E&O
- IT Professionals

ENCON Group Inc.
500 - 1400 Blair Place
Ottawa, Ontario
K1J 9B8
Tel: 613-786-2000
Fax: 613-786-2001
Toll Free: 800-267-6684
www.encon.ca

encon

Get experience on your side