

# THE CASE FOR JOB EVALUATION

## *Job Evaluation as it exists in the local market:*

- Many companies in Trinidad and Tobago have a formal Job Evaluation system. The most commonly used is the Hay Guide Chart© - Profile Method of Job Evaluation .
- Formal job evaluation systems are prevalent in the Energy and Banking Industries, but also can be commonly found in the Financial Services, Manufacturing, Education, and Utilities Sectors.
- There is a fairly even mix of Public and Private-Sector organisations that use the Hay Guide Chart© - Profile Method of Job Evaluation locally.
- Many multinational companies also use the Hay Guide Chart© - Profile Method of Job Evaluation.

## **The best Job Evaluation methodologies have the following characteristics:**

- Determine the intrinsic value of work to the organisation using a methodology containing measurement scales of common compensable factors
- Provide a language with which you can understand and discuss similarities and differences in work and jobs
- Establish the *relative rank order* of jobs
- Establish the *relative distance* between jobs within the ranking
- Focus on the content of the job as currently designed

## **WHAT IS JOB EVALUATION?**

A **Job evaluation exercise** is a systematic and scientific way of determining the value/worth of a job in relation to other jobs in an organisation. During the job evaluation process, criteria or “weightings” are applied to each distinct job to assess their relative worth and to establish internal and external equity. Allied with a proper compensation survey, job evaluation provides input and informs a rational and optimum pay structure.



## **WHAT ARE THE ADVANTAGES OF JOB EVALUATION?**

1. **Reduction in inequalities in salary structure** – one of the key benefits of job evaluation is to ensure have external and internal consistency in salary structure thereby reducing irregularities and inconsistencies in pay. Overpaying someone to perform a particular job is an unnecessary cost while underpaying increases the risk of losing good talent.
2. **Standardisation** - The process of determining the salary ranges applicable to different jobs are standardised through job evaluation. This helps build in objectivity and uniformity into the salary structure.
3. **Definition and Documentation** - a job evaluation process also encourages companies to define each distinct job as it currently exists in the organisation structure. Jobs evolve over time, especially if the organisation expands or goes through restructuring, job documentation must be kept up to date. The quality of a Job Evaluation exercise is directly related to the quality of the job documentation.

## **Why choose the HRC for Job Evaluation?**

For the past 25 years, HRC Associates has been assisting local and Caribbean clients in implementing Job Evaluation systems. A long-standing and exclusive strategic alliance with the internationally-renowned HayGroup (now the Korn Ferry HayGroup) offers a tried and proven job evaluation methodology in the Hay Guide Chart© - Profile Method of Job Evaluation. This system has been adopted by over 7,000 public and private organisations, governments and NGOs spanning the globe from North America to the Caribbean to Asia. Major organisations that currently use this Hay Methodology include:

BP	NIB
Caribbean Airlines	NIHERST
C'Bean Gas Chemicals	PALIG
Central Bank of J'ca	RBC
Central Bank of T&T	Republic Bank
CXC	GRENTEL
First Citizens Bank	Toyota
Guardian Group	TSTT
IPSL	T&TEC
Nestlé	Unit Trust Corp.

In addition to our extensive experience undertaking Job Evaluation projects in Trinidad and the wider Caribbean region, some important reasons for choosing us for job evaluation are:

**Job Evaluation Experts** – job evaluation performed by an objective and expertly-trained team of staff using the best method available.

**Databases** – HRC Associates and Korn Ferry HayGroup provide access to the largest specialised job evaluation and compensation databases in Trinidad and the Region.

**Job Documentation** – updating of job descriptions and organisational charts is of immense added-value to our clients.

**Communication & Transparency** – continuous information provided to staff and other important stakeholders (e.g. Board of Directors, Unions) as to the process and outcomes.

**Ongoing Process** – the transfer of technology and establishment of internal capability means that jobs can be re-evaluated in the future as they change or new ones are added. Continuous market monitoring ensures that HRC/Korn Ferry HayGroup clients are always informed first of market movements and trends.

4. **Improved relationship between Employees, Management, and Union (if applicable)** – applying an integrated and transparent job evaluation exercise can lead to better relations between employees and management as job evaluation promotes working together in an orderly and open way to achieve results. This is especially true in unionised environments where there may be issues of trust and where relations can sometimes be tense.
5. **Relevance of new jobs and/or Changes in the organisation structure** – Organisations naturally evolve over time, through the job evaluation methodology the relative value of new jobs can more easily be determined and understood.

## **WHAT IS THE IMPACT OF NOT HAVING A FORMAL JOB EVALUATION SYSTEM?**

1. Incorrectly placing positions in the wrong job grade, along with a lack of (accurate) market pricing could lead to an organisation paying too much. Simply placing 20% of jobs in the wrong grade and pricing the pay ranges 5% too high can easily cost a company an **additional 8% of payroll per year, every year**.
2. Conversely, the organisation can also be paying too little for specific jobs, greatly compromising its ability to attract and retain important talent for those roles.
3. Under-grading jobs and/or underpricing entire pay grades can lead to high turnover, poor morale, and disappointing performance and productivity. All of which can be detrimental to the organisation.



***Job Evaluation and accurate market pricing of jobs SIGNIFICANTLY minimises these negative business consequences!***

Job evaluation also provides unique insight into the organisation and how it works:

- Which jobs are overstretched
- Where there are gaps or overlaps in accountabilities
- Where accountabilities have been compiled illogically
- Whether job size relationships between managers and direct reports make sense
- Where career paths are disjointed and limiting career progression
- Where the organisation is exposed to succession risk

