Four Reasons Why Companies Should Revisit Their Job Architecture Today
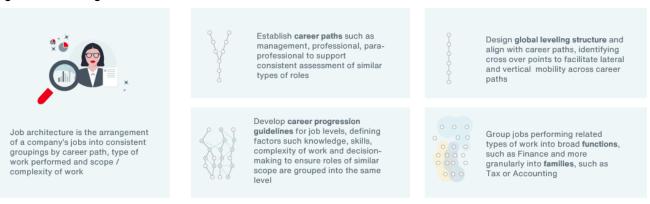
Maintaining a strong job architecture helps address emerging business demands — from rising shareholder scrutiny to combatting issues like pay equity, skills shortages and the Great Resignation.

With the constantly evolving demands of today's market, there are many new opportunities to rethink the way people work. As a result, companies are visiting their job architecture — the basic construct for aligning jobs within your firm — to help with tasks such as mapping out future skills, increased M&A activity, high growth and building a more agile workforce. Yet, finding and retaining people with specialized skills to keep up with the future of work can be challenging. HR leaders are asking:

- What are the skills and people we need to compete now and in the future?
- How do we legally and socially protect ourselves from risks associated with inequity?
- Do we have the right job structures in place and are we sufficiently flexible to adapt our workforce as needed?
- Where do technology-related jobs fit into our company?
- How do we provide our employees with meaningful work and career development opportunities?

Having a well-functioning job architecture can assist in answering these questions and improve your company's overall HR programs. Figure 1 shows the core components of this process, including career pathing, defining the scope of a job, and creating a global leveling and grouping structure.

Figure 1 — Defining the Elements of Job Architecture

Job architecture is the arrangement of a company's jobs into consistent groupings by career path, type of work performed and scope / complexity of work

Establish **career paths** such as management, professional, para-professional to support consistent assessment of similar types of roles

Develop **career progression guidelines** for job levels, defining factors such knowledge, skills, complexity of work and decision-making to ensure roles of similar scope are grouped into the same level

Design **global leveling structure** and align with career paths, identifying cross over points to facilitate lateral and vertical mobility across career paths

Group jobs performing related types of work into broad **functions**, such as Finance and more granularly into **families**, such as Tax or Accounting

Source: Aon

This article shares four reasons why revisiting your job architecture should move to the top of your "to-do" list this year, with maintenance and review becoming an annual activity.

1. There's an increased focus on pay equity — from legislation to stakeholder scrutiny.

With increased legislation around pay equity across various regions, it's important for firms to ensure their jobs and pay levels are aligned before delving into a full pay equity analysis. Job architecture explicitly reduces risk by providing an objective point of view as to what contribution and value a role brings to the organization.

Across the globe, both legislative pressure and stakeholder scrutiny on equitable pay have increased. In many European countries it is mandatory to disclose gender pay gaps. There is talk that this could further extend to include ethnicity pay gaps, with some companies already voluntarily supplying this information. Following suit, the United States also has a growing number of pay equity laws, including bans on asking candidates for their salary history and an increased focus on compensation and social impact disclosures (e.g., how many females or racial minorities are in senior levels of the organization and how pay is determined).

Setting and disclosing clear and objective reasons behind someone's compensation, also referred to as pay transparency, is proposed as one of the key solutions to this issue. Here, job architecture can provide an audit trail or evidence as to why roles are paid a certain way in the organization. Therefore, the need for a structured approach to job management is rising in importance and visibility around the world.

Today, the volatile and active talent market is already raising pay equity concerns. High attrition rates indicate that:

- Firms are willing to offer more money to attract new hires, and
- Candidates are in the driver's seat in this talent market to request the higher end of a salary range.

But this comes with a major risk. If businesses are not careful, they may hire talent on much higher salaries than current employees in the same role. This could not only have negative consequences from a legal standpoint, but also motivationally for the existing workforce. If organizations have guardrails in place in the form of a solid job architecture, they will be less likely to overpay new hires and risk pay inequity in the turbulent talent market.

2. Retention is key, especially in a competitive market.

Job architecture provides a roadmap and direction for employees to determine their career progression. This comes in the form of using a common language associated with each level within the job framework. It also lays the foundation for a job family or competency framework, allowing organizations to list specific expectations for each level.

Job architecture can additionally help employees identify where they can move across functions versus up levels on the career ladder. This reinforces the importance of workforce agility and the types of opportunities many young professionals want when searching for a new job. In a recent pulse survey,

Aon found that 76 percent of firms were focusing on upskilling and reskilling programs to cope with attrition challenges.[1]

Employees that are overburdened with repetitive work and no clear path to grow within an organization are a large contributing factor to the Great Resignation. That's on the heels of the coronavirus (COVID-19) pandemic, causing many individuals to rethink what they want from their career. This presents an opportunity for businesses to re-evaluate job architecture in light of what growth paths employees see for themselves in the way that jobs, and the organization as a whole, are structured. This knowledge then provides motivation to employees as they think about their future at the firm.

Ultimately, effective job architecture translates to more career direction, a more satisfied workforce and improved employee retention.

3. Knowing what skills you need will help future-proof your workforce.

According to Aon's Global HR pulse survey findings, replacing an employee can cost 10 times as much as reskilling a current employee. Job architecture can help enhance retention and boost motivation by forcing companies to think about their link to certain in-demand skills such as the need for digital capabilities. Competitors are no longer traditional industry peers and talent is becoming more transversal. Therefore, job architecture can be used to shift your firm's focus to attaining certain skills to hire and retain the right talent in roles that may be relatively new to the organization.

Today's workers typically have higher expectations regarding visibility into not only compensation and how it is determined, but also flexibility and the purpose of a company. It is useful for organizations to include skills in their job architecture and value them based upon their contribution to business success. Compensation for certain skills may flex as innovative and new capabilities are needed for emerging technology, but the focus should always remain on the how a job is contributing to overall growth.

4. Being prepared for growth and rapid changes to business models is essential.

Pivots and shifts in strategy are becoming more common and complex due to the intricacy and pace of change in the world. Organizations that truly know their job structure and levels can mobilize and mitigate impending threats, while also scaling their workforce and operations to embrace new opportunities and dramatic changes.

For example, T3 Expo is a company that originally planned trade shows and corporate events[2]. During the pandemic, however, the firm pivoted and transformed a convention facility into a COVID-19 hospital. This is a prime case of an organized company using overlapping and existing foundations and skills to work towards a different outcome and service. Job architecture allows companies to shift their business models with little notice. When you have a strong understanding of what jobs, skills and levels are available at your firm, making fast-paced decisions and changes that support new business strategies becomes that much easier.

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[1] Aon Client Insights: Over 800 companies responded in Dec. 2021: Aon Global HR Pulse Survey, all industries response

[2] https://www.forbes.com/sites/oracle/2020/07/23/how-three-companies-adapted-as-covid-19-changed-their-sectors/?sh=5e96e9a2570d

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Next Steps

Having a robust job architecture helps lay the foundation for effective management of human capital —
a company's most valuable asset — and prepare your business for the road ahead. More and more we
are seeing companies prioritize this work in today's fast-changing environment. If done correctly, job
architecture can result in significant benefits for both the business and its employees.

To speak with one of our human capital experts about how we can help organizations develop effective
job architectures to support the future of work, please write to humancapital@aon.com.

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