

# For an Effective Job Levelling Approach, Follow These Five Steps

Job levelling is an important component for managing rewards structures. But many firms try to force a method rather than adapting the process for what fits the needs of their business.

There is a change in how organisations are approaching their job levelling strategy. A bigger focus on pay equity means that analytical job evaluation — in one form or another — is still on the agenda. However, the changing nature of jobs and fluidity of job responsibilities means that leading organisations are now focusing on a streamlined and transparent process rather than a traditional "black box bureaucracy" approach that is based on a complex points-based system.

Easily understood methodologies, such as career levels, job slotting, and job mapping, are increasingly favoured by companies over complex points-based models because it allows for more flexibility. Typically, points-based models are more rigorous, formal, and quantitative; they require detailed analysis of the specific responsibilities and accountabilities of a job. Factor-based models allow for a broader view on the key elements of a role. As we noted in our prior articles, *Job Architecture and Agility* and *Managing the Balance*, what works well in one organization may not work so well in another.

There is no dominant approach to job levelling in the market, but we do see a shift from traditional, rigid approaches to more flexible job levelling. Our current European clients are split in their approach to job levelling, with about half using a more flexible factor-based approach and half opting for the traditional points-based approach. However, the vast majority of our new clients are opting for the factor-based approach.

When assessing whether your organization would benefit from a change in your job levelling approach, we recommend following these five key steps.

# #1. Do Your Pre-Implementation Homework

Answering the following questions will help determine the job levelling approach that fits your business needs:

- What is the primary purpose for introducing job levels? Is it career shaping, compensation design, pay equity concerns or a combination of all three?
- Who will use the system? Will it be controlled by experts or regularly used by business managers?



- What is the employee population affected by the job levelling (e.g., nature of the work, how many roles, location of those roles, etc.)?
- What are the culture and values of the organization (e.g., hierarchical or centralized, cost-focused, etc.)?

Answering these questions at the start of the process helps determine the right job levelling approach. For example, a technology startup with fewer organizational layers will benefit from implementing a job levelling structure that is more flexible and fluid with fewer layers while a large manufacturing company with a hierarchical system would benefit from a more rigid, points-based system.

# #2. Involve the Business in Implementation

The most successful job levelling implementation is one that has business representation from the outset. However, involving business leaders, managers and other employees runs the risk of slowing implementation, and contradictory opinions make it hard to determine a clear path forward. The right balance of involvement will differ by organisation, but some considerations are:

- Buy-in from business leaders. Involving key business leaders in decisions around calibration of key
  roles may take time, but it will ensure senior level support for the model once it's rolled out.
- Educating line managers. Training key line managers and involving them in job evaluation sessions can serve the two-fold purpose of ensuring sufficient knowledge of the roles during the design phase and having key advocates of the system in advance of roll out.
- Involving employee representatives. Involving employee representatives in the design process can allay concerns and provide faith in the system. However, it also runs the risk of unnecessary noise and distraction. The decision to do so should align with your organisation's culture.

# #3. Establish Effective Governance Systems

A lack of clear governance is the single most common complaint we hear from clients who have experienced problems with introducing and maintaining consistent job levels, particularly companies with complex global operations. The right style and degree of governance depends largely on your organisational profile. Some businesses will tend toward centralised control whilst decentralised organisations tend to be more locally driven in their governance approach. Effective governance should fit your company culture. That said, there are universal key principles for implementing a strong, trusted governance process, which include:

- Accountability with clear responsibilities for all players
- Division of responsibility to allow checks and balances
- Appropriate level of involvement from all stakeholders
- Clarity and openness of decisions
- Effective use of resources
- Active questioning and auditing

Promote fairness by applying rules equally, or if not, rationale is clearly explained

# #4. Utilise Online Management Tools

Alignment with HRIS systems is often a critical part of any job levelling project and may even be the primary driver for introducing consistent job levels. However, HRIS systems tend to be focused on the outcomes of the levelling rather than running the process itself. This means whether your business has a sophisticated HRIS or not, you need a simple, user-friendly job evaluation management tool to support the maintenance, governance and reporting of outcomes.

Utilising an online job evaluation management tool provides instant access to organisational data, such as charts, role profiles and job descriptions. The right tool can reduce administrative costs, improve efficiency of the evaluation and grading processes, and increase data accuracy whilst allowing for improved centralization and governance. To ensure alignment, it's important that deliverables are finalised in an HRIS-consumable format and that governance and maintenance protocols align with the HRIS requirements.

It is critical that the dynamics of the online platform are evaluated independently of the evaluation methodology. Key questions to consider are:

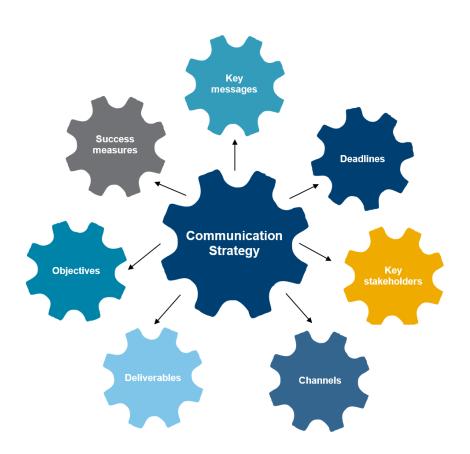
- Does the platform add value to the process?
- Does it support governance?
- Does it improve process flow?
- Can it integrate appropriately with your HRIS?
- Will it allow you to make data-driven decisions and provide insights?

# #5. Strike the Right Level of Employee Communication

A lack of employee understanding is one the major problems reported with job levelling systems, but too much communication is not necessarily a good thing in a world where employees are bombarded with information. Ensure your communication is relevant, timely and value adding.

We recommend developing a clear stakeholder engagement and communications plan to ensure a successful outcome. Time spent on communication at the outset is never wasted time and it will add significant value to implementation and roll-out processes. Your communications strategy should account for a variety of factors, including your overarching objectives for the new organizational change, key stakeholders you will reach with your communication plan and core messages you want to convey, as illustrated in Figure 1.

Figure 1
Key Elements of a Strategic Communication Plan



# **Next Steps**

The workforce is changing, and it might be time for your job levelling structure to change as well. Employees are demanding more exposure to different work experiences. At the same time, companies are adding new types of jobs to their organization as they leverage technology to grow their business. There's never been a better time to ask yourself if your company's current job levelling approach is still meeting the needs of your business. A transparent job levelling structure that accommodates more individually-driven and diverse career paths will produce a more engaged, agile and higher performing workforce.

Aon's proprietary job evaluation methodology, JobLink™, strikes a balance between consistency and flexibility and is designed to reflect the changing nature of jobs. For example, JobLink™ places a significant focus on skills and outcomes, rather than detailed position responsibilities, and allows for its language, descriptions and outcomes to be fully tailored to specific businesses.

To learn more about how we help companies implement job levelling systems, please write to <u>rewards-solutions@aon.com</u>.

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