

# Job Evaluation and Market Pricing Practices Survey

February 2020



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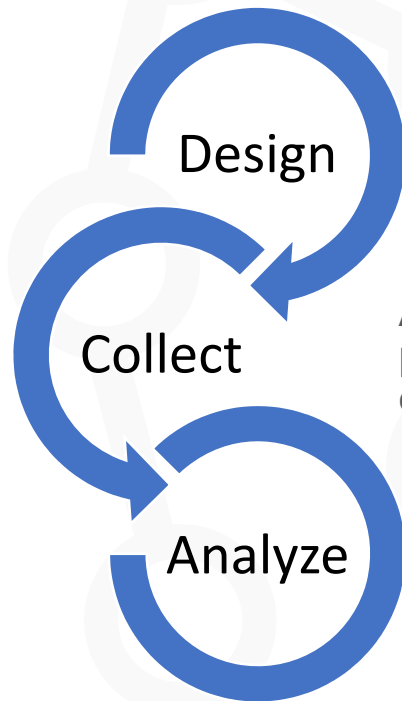


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# Methodology



Design

WorldatWork, with underwriting support from gradar, designed a survey focused on trends in job evaluation methods (internal and external) and provide useful information about the most common market pricing practices today.

Collect

A random sample of WorldatWork members were invited to participate in the survey via email, resulting in a final sample of 587 respondents.

Analyze

Analysis of the end sample verified that study respondents are a representative mix of the WorldatWork member community.

Sample sizes vary by question. Please note that statistical reliability will fluctuate based on sample sizes. A list of participating organizations can be found [here](#).



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# Key Findings

- Documented compensation philosophy statements remain important
- Keeping updated job descriptions is best practice
- Market pricing is the dominant form of job evaluation, particularly for executive jobs
- Executive job evaluations leverage outside consultants significantly more often than other jobs
- The majority of companies consider their job evaluation methods to be very or extremely effective
- The use of job codes and “smart” job codes are increasing with the advancement of technology
- The use of multiple survey data is common
- Evaluation methodology is considered important in supporting pay equity



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# Compensation Philosophy



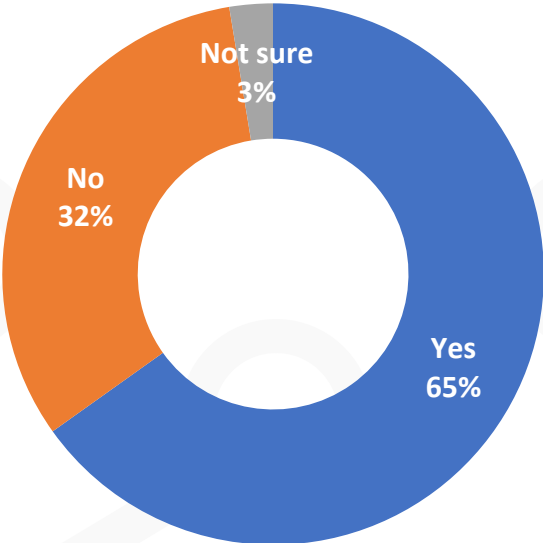
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# The majority of organizations have a written compensation philosophy in place driving their practices

*Does your company have a written compensation philosophy?*



n = 586



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# Job Documentation

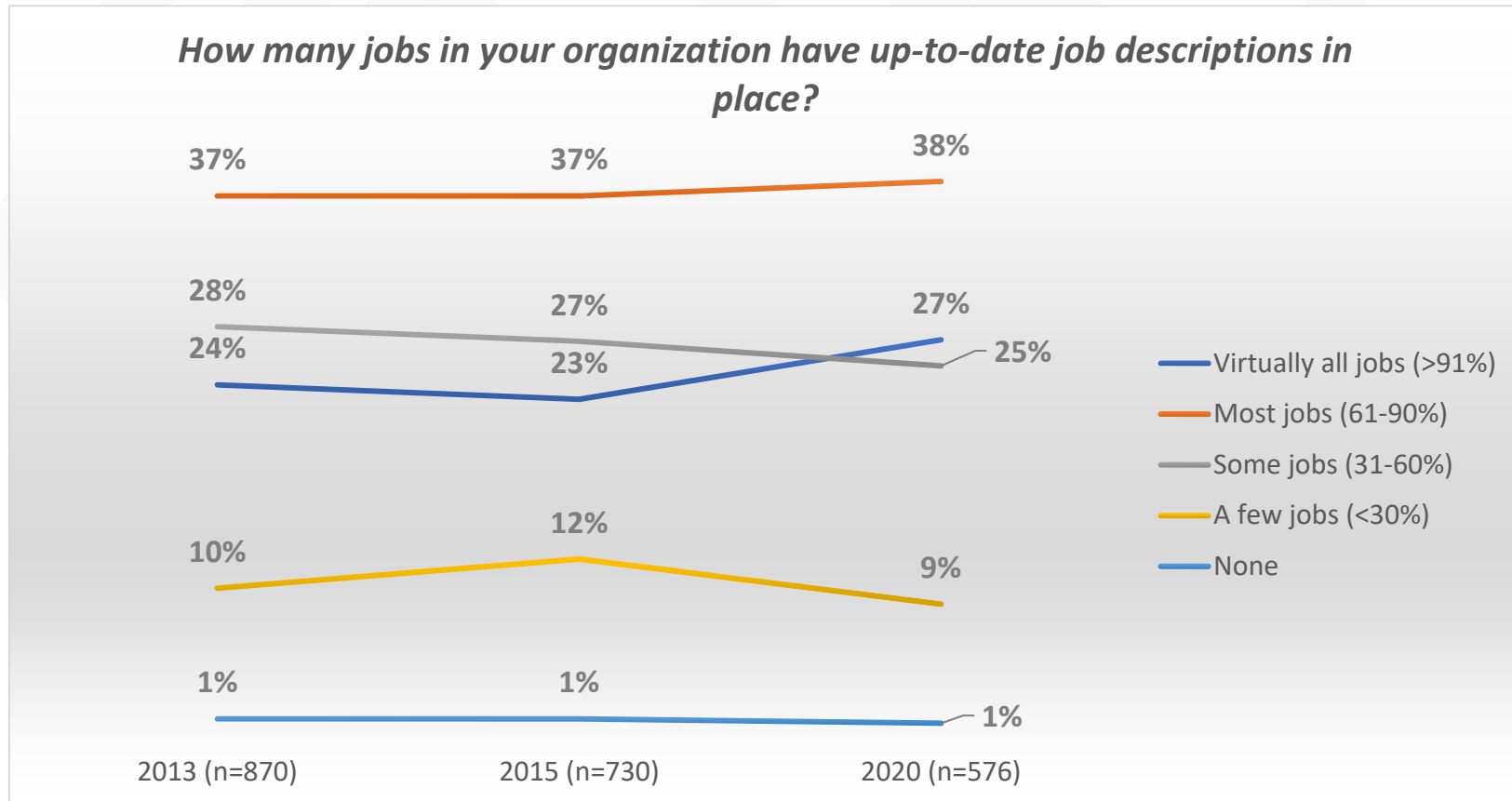


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# 65% of respondents have up-to-date job descriptions for most or all jobs



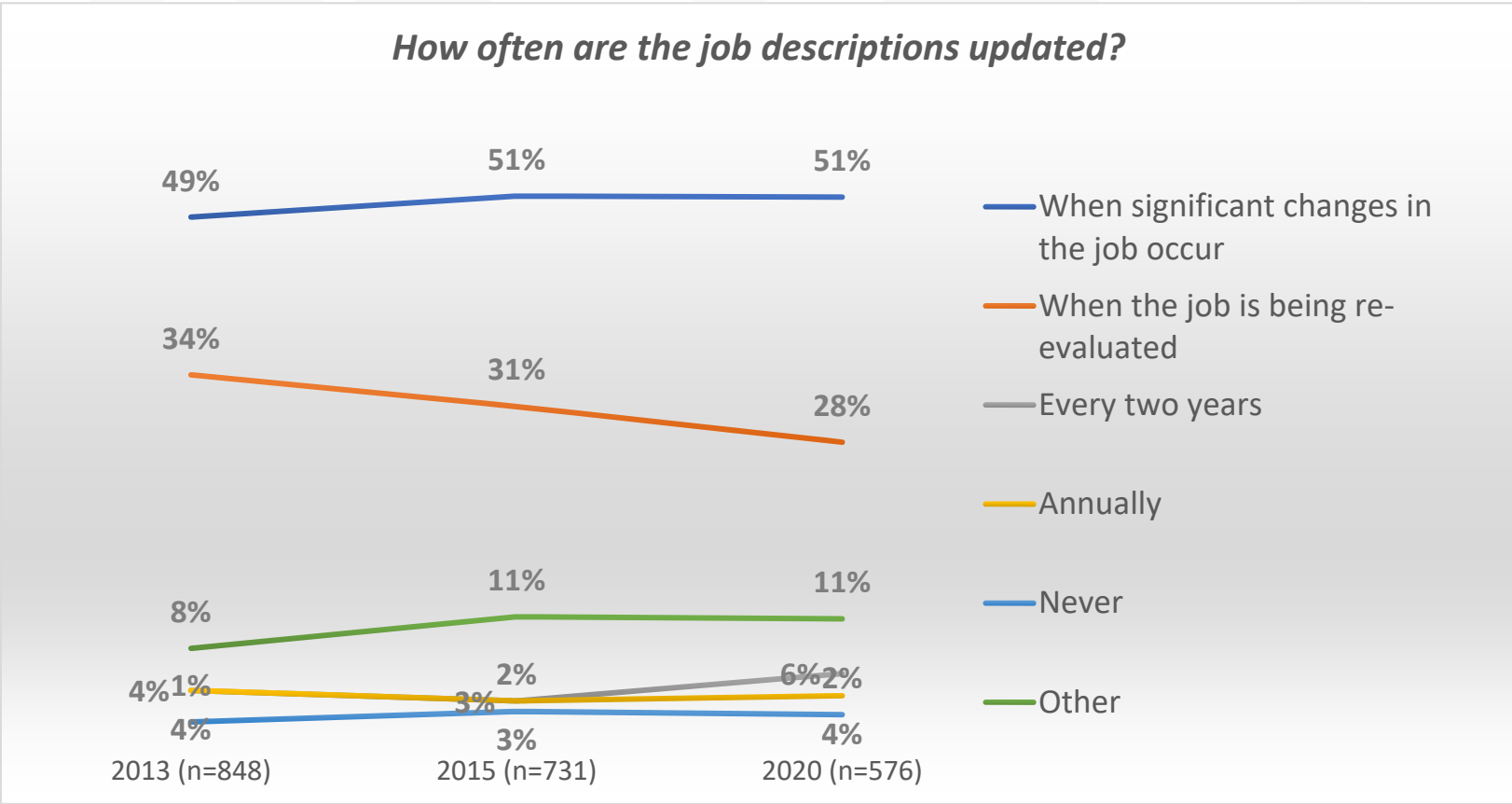
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# 79% of organizations update documentation when there is a significant change in the job or when jobs are re-evaluated



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# Job Evaluation

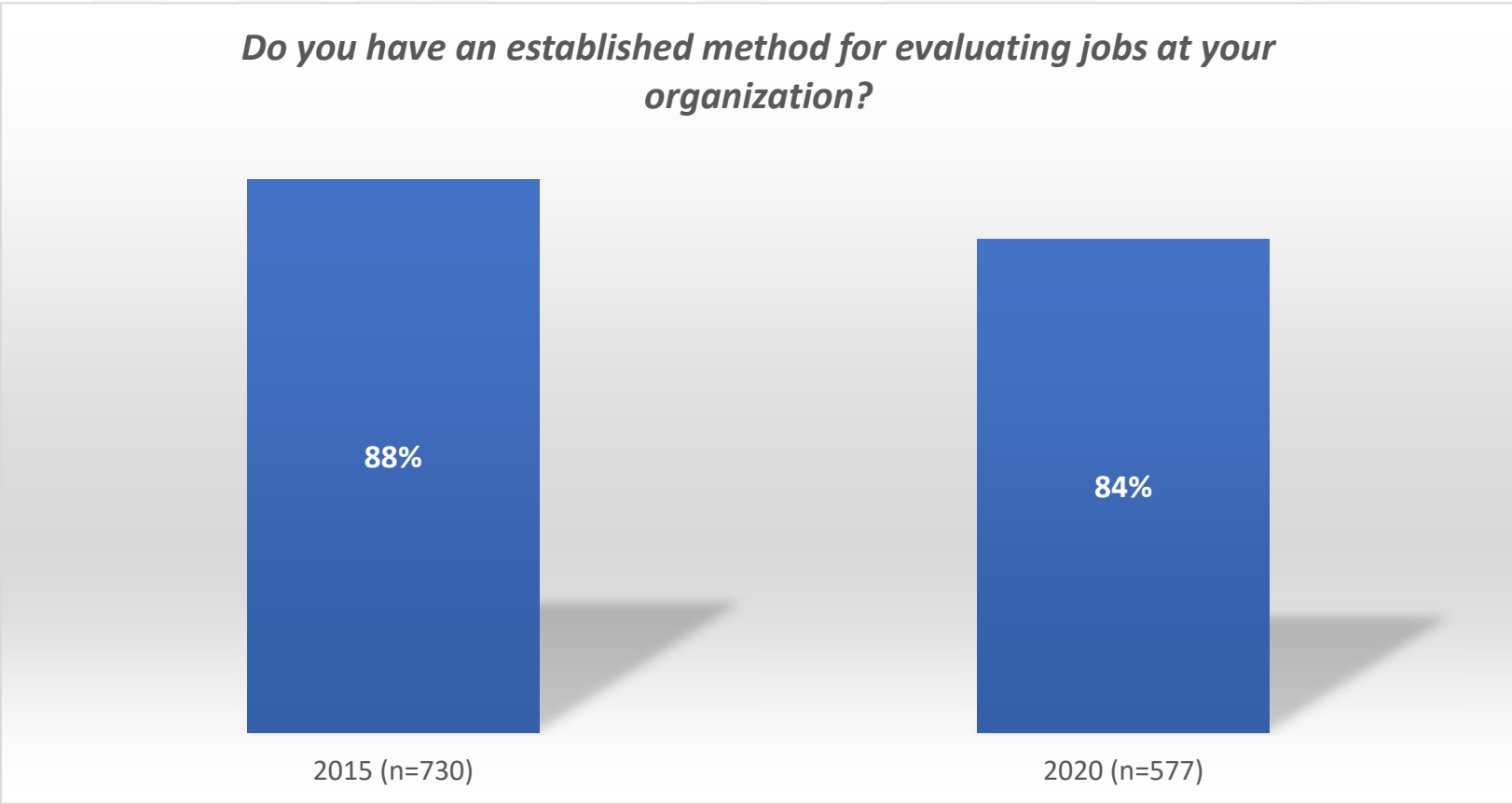


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# 84% of organizations have an established method for evaluating jobs



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# Market pricing continues to outpace all other methods as the dominant form of job evaluation

*What is the primary method of job evaluation used by your organization?*

	Ranking	Classification	Point factor	Job component	Market pricing
Executives	3%	5%	16%	5%	72%
Senior Mgt.	2%	6%	19%	5%	69%
Middle Mgt.	1%	7%	21%	5%	67%
Professional	1%	7%	21%	5%	66%
Sales	1%	5%	18%	5%	71%
Administration	1%	9%	19%	4%	67%
Production	2%	9%	17%	5%	66%

n = 472



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# While compensation staff primarily conduct job evaluation of all categories ranging, 27% of executive evaluations are conducted by consultants

*For each type of job listed below, please indicate who typically conducts the evaluation.*

	Compensation staff	Employee committee	Consultant	Senior management or manager
Executives	56%	4%	27%	14%
Senior Mgt.	83%	4%	7%	6%
Middle Mgt.	88%	5%	3%	4%
Professional	87%	5%	3%	5%
Sales	87%	6%	3%	5%
Administration	88%	5%	3%	4%
Production	86%	6%	3%	6%

n = 341



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# Job evaluation is often prompted by a newly created job, followed closely by significant changes in the job

*What typically prompts the evaluation of a job?*

	Newly created job	Broad-based review of department/unit/org. as a whole	By request (e.g., perceived inequity by manager or pay equity issues)	Significant change in job (e.g., job responsibilities evolve)	Promotion and/or transfer	Fixed schedule	Other
Executives	83%	37%	50%	70%	35%	15%	4%
Senior Mgt.	86%	46%	70%	81%	37%	10%	3%
Middle Mgt.	86%	50%	76%	84%	37%	10%	3%
Professional	86%	53%	80%	85%	37%	10%	3%
Sales	69%	41%	58%	65%	26%	7%	3%
Administration	84%	50%	75%	82%	35%	10%	4%
Production	62%	37%	53%	57%	24%	9%	5%

n = 286



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# About half of organizations characterized their job evaluation system as “very effective”

*In your opinion, how effective is your organization's primary job-evaluation method — including who conducts the evaluation and the timing of the evaluations for each job type — in carrying out the compensation philosophy and/or the purpose of your job-evaluation method?*

	Extremely effective	Very effective	Moderately effective	Somewhat effective	Not effective at all
Executives	16%	50%	25%	8%	1%
Senior Mgt.	13%	51%	28%	7%	1%
Middle Mgt.	13%	50%	29%	7%	0%
Professional	13%	51%	28%	8%	0%
Sales	11%	44%	33%	10%	2%
Administration	13%	53%	25%	9%	1%
Production	13%	45%	30%	11%	1%

n = 342



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# Most organizations use a numeric or alphanumeric job code within their HR/payroll system and 42% of those codes are “smart”

91%

*Use numeric or alphanumeric codes to represent jobs within organization’s HR/payroll system*

42%

*Codes are “smart” (i.e., certain digits or characters have meaning such as division or location)*

n = 346

n = 320



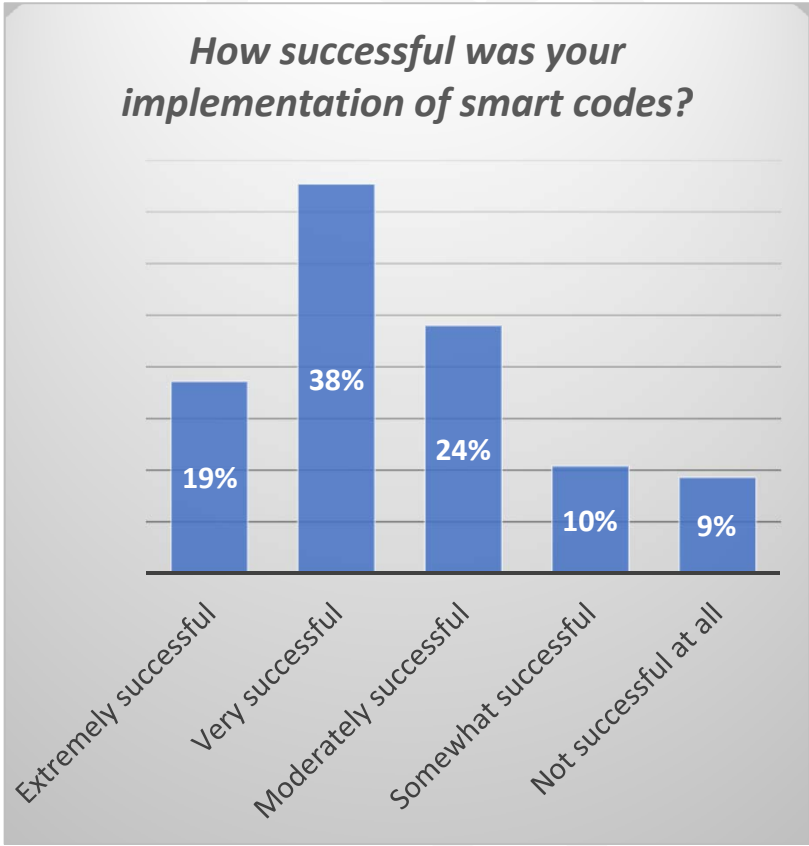
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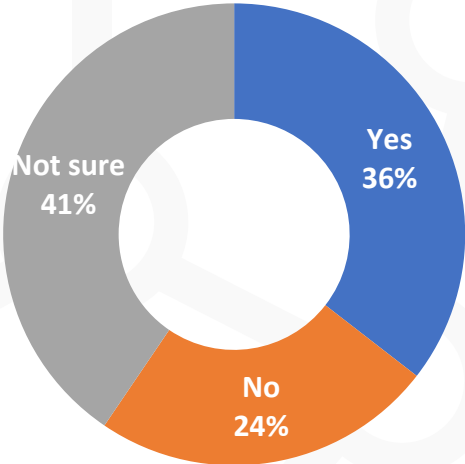
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# 38% of organizations agree their smart code implementation was very successful, although 36% given the opportunity would start fresh with a different scheme



*If you had the opportunity to start fresh and try again with a different smart code scheme, would you take it?*



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n = 183

n = 242

# Market Pricing



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## National, industry and revenue salary survey data cuts continue to be preferred at higher-level positions, while the use of local surveys is more prevalent for lower-level positions.

*What type of salary survey data cuts do you typically use to benchmark jobs relative to your competitive labor market?*

	National	Industry	Regional	State	Local	Company size	Revenue	Other
Executives	75%	70%	24%	16%	18%	52%	64%	7%
Senior Mgt.	72%	74%	32%	22%	26%	43%	51%	5%
Middle Mgt.	60%	70%	39%	28%	35%	35%	35%	5%
Professional	55%	67%	39%	30%	42%	30%	29%	4%
Sales	45%	54%	28%	18%	27%	22%	28%	4%
Administration	44%	50%	33%	29%	54%	24%	23%	3%
Production	28%	39%	22%	23%	47%	18%	16%	3%

n = 319

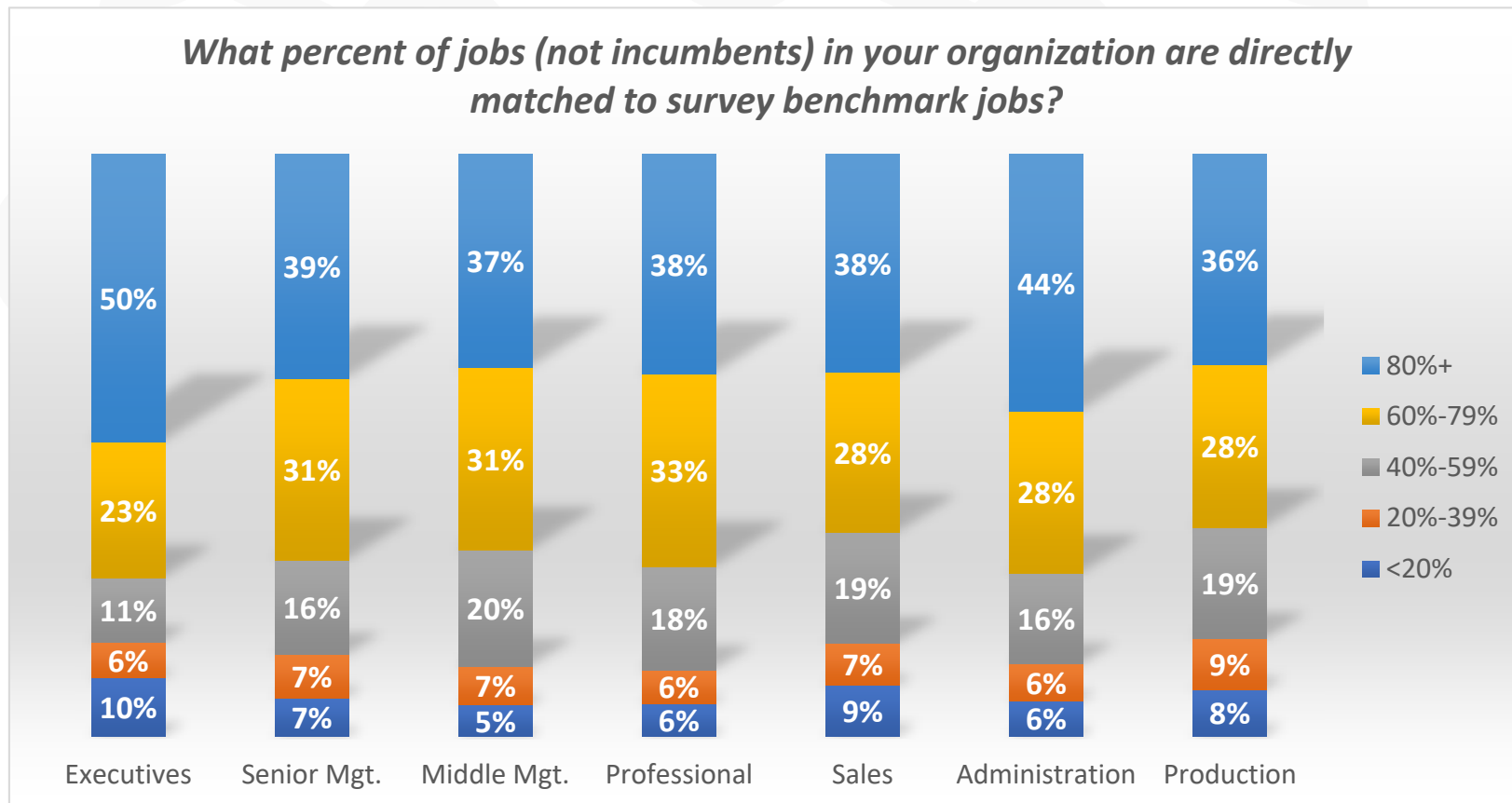


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# More than one-third of companies market price at least 80% of their jobs



n = 413

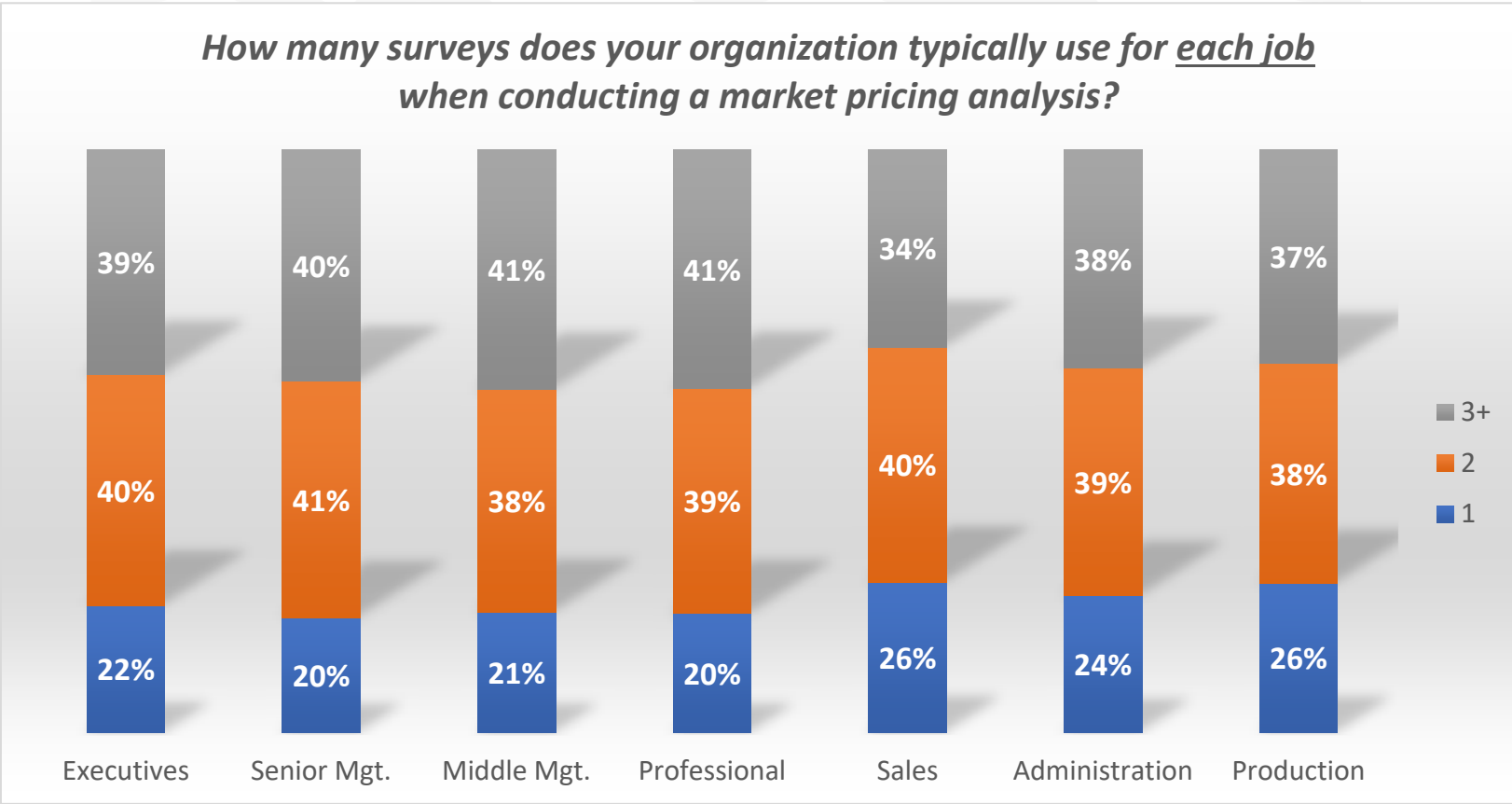


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# Sales positions, more than others, are less likely to use three or more surveys when conducting market pricing analysis



n = 416



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# For organizations using multiple surveys per job, most often there is a 5%-10% difference of median values

*If you use multiple surveys per job, do you find that the results per survey are different?*

	No, they are roughly the same	Usually a 3%-5% difference of median values	Usually a 5%-10% difference of median values	They are very different, especially for certain roles
Executives	9%	29%	36%	25%
Senior Mgt.	9%	35%	43%	13%
Middle Mgt.	13%	36%	45%	6%
Professional	15%	38%	43%	5%
Sales	17%	33%	40%	9%
Administration	27%	37%	31%	4%
Production	25%	38%	32%	5%

n = 318



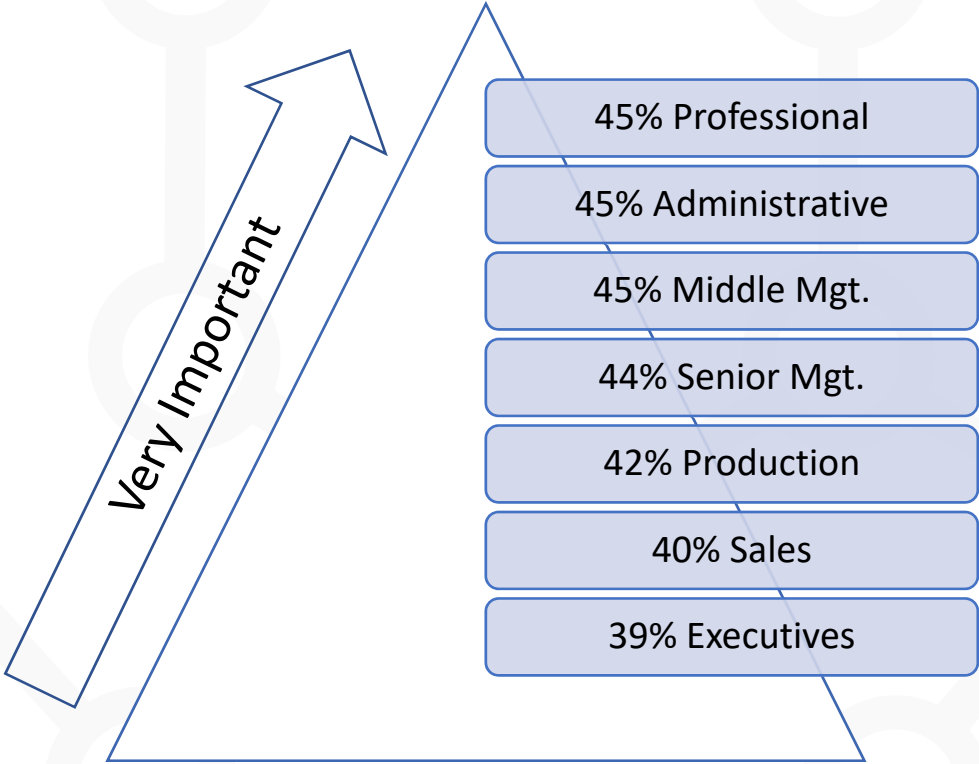
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# Evaluation methodology is important in avoiding job leveling/pay bias across job types

*How important is the job evaluation methodology in avoiding job leveling/pay bias?  
(i.e. supporting pay equity)*



See details [here](#).

n = 411



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# Respondent Profile



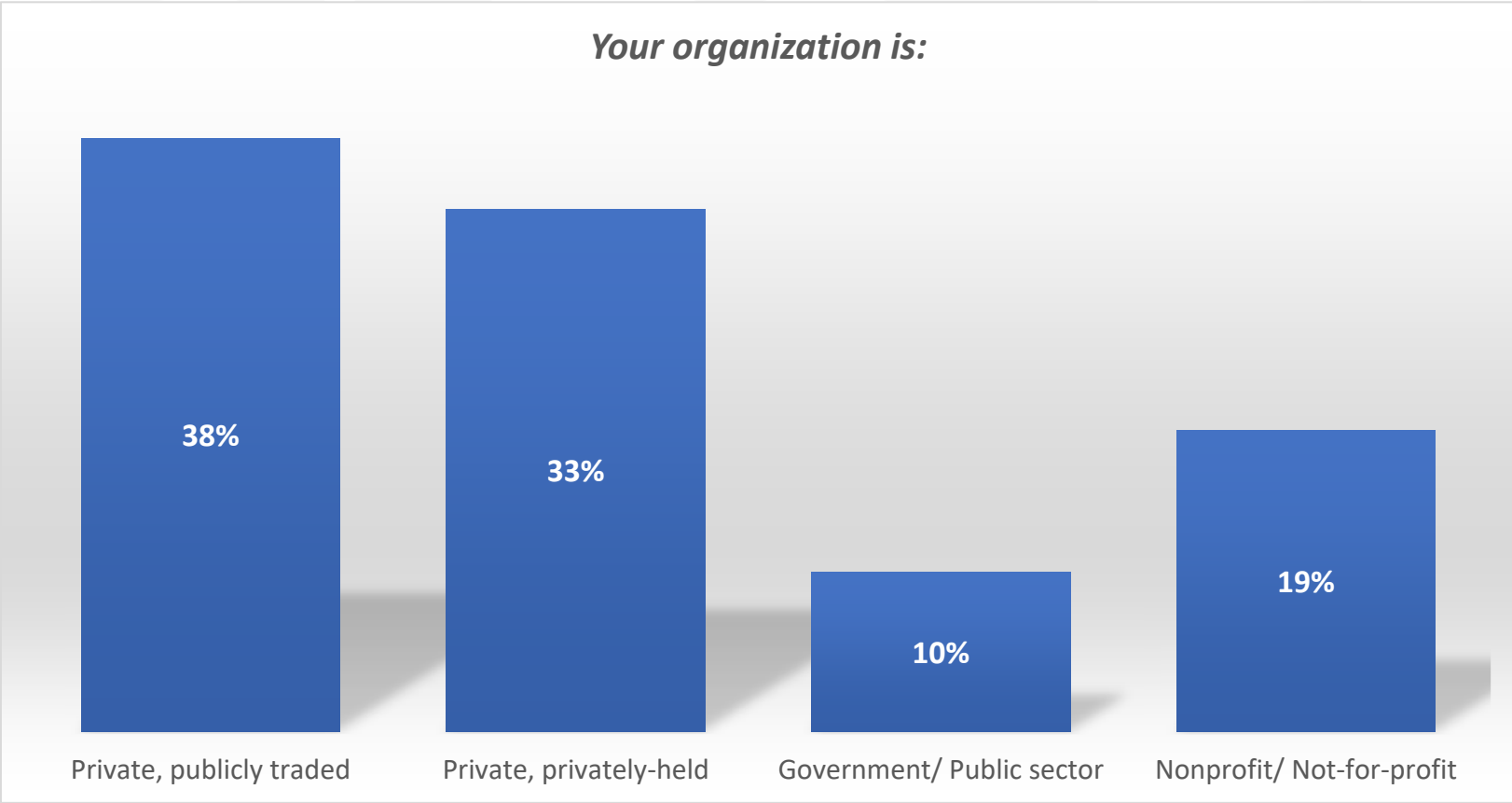
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# Company Sector



n = 534

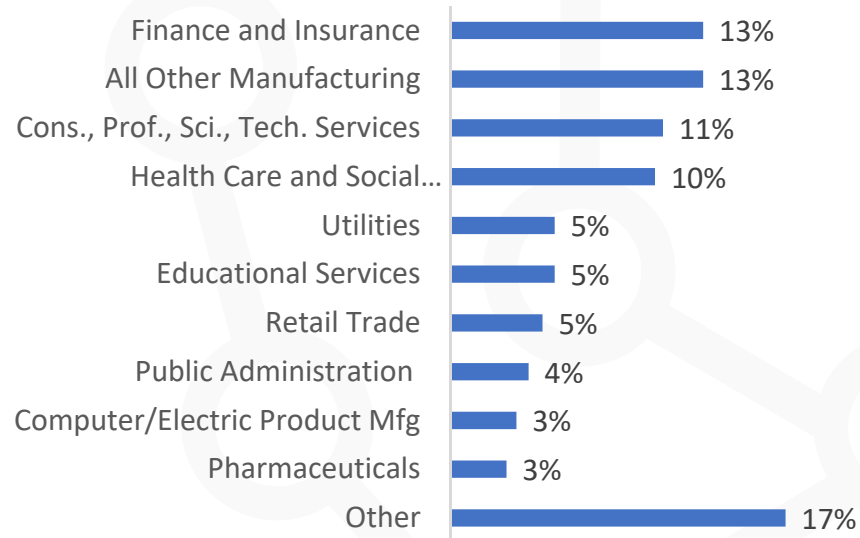


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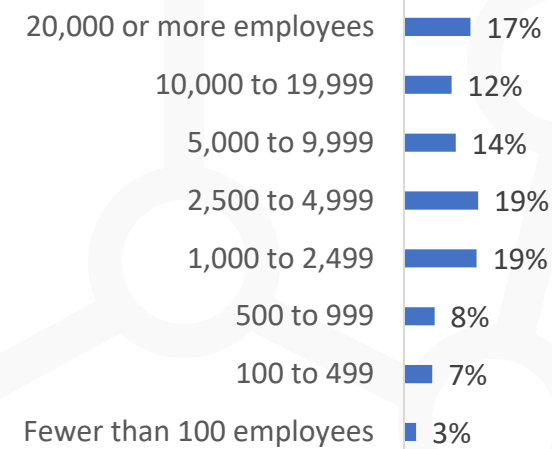
# Company Industry and Size

*Under which industry does your organization fall?*



n = 539

*How many full-time equivalent (FTE) employees does your organization have?*



n = 539



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# Appendix



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# Evaluation methodology is very important and important in avoiding job leveling/pay bias

*If you use multiple surveys per job do you find that the results per survey are different?*

	Very important, a non-bias methodology is critical for pay fairness	Important	Somewhat important	Not important, we have other ways to ensure pay fairness	I don't know
Executives	39%	33%	11%	8%	9%
Senior Mgt.	44%	34%	10%	6%	6%
Middle Mgt.	45%	34%	10%	5%	6%
Professional	45%	34%	10%	5%	6%
Sales	40%	32%	12%	8%	8%
Administration	45%	31%	11%	7%	6%
Production	42%	31%	10%	10%	8%

n = 411



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