

Career Ladders

Created by Amy Jantz, CCP, WorldatWork
December 2005

Career ladders can be great tools for both recruitment and retention purposes. But what are they? How do they work?

Formal Career Ladders

In a formal process, the progression from one position or title to the next is based on pre-established criteria related to the job competency level required for the next pay level in the market. (The “market” can be internal, external or a combination of both.) Progression occurs based on individual performance and successful accomplishment of the established criteria for promotion, which could include tenure with the company or years of experience either in or outside of the organization. For example, in the information technology department, there may be an established career ladder for programmers such as:

- Entry-level Programmer — Grade 8
- Junior Programmer — Grade 9
- Programmer I — Grade 10
- Programmer II — Grade 11
- Programmer III — Grade 12
- Programmer IV — Grade 13
- Senior Programmer I — Grade 14
- Senior Programmer II — Grade 15

This career progression allows employees to advance from one position to the next without the need for a position opening. There can be formalized career ladders that limit the number of employees on any one “rung” or level in the ladder, but that is based more on budgetary requirements than anything else.

Dual Career Ladders

Used frequently in the past in technical settings, organizations would establish two separate ladders or paths in which employees could choose to move through their careers. This would allow for technically competent and valued employees to continue growing in their careers and increase their opportunities for pay without taking on management responsibilities that may not fit their personality profile. In this example, there may be four or more levels of manager:

- Manager I — Grade 12
- Manager II — Grade 13
- Senior Manager — Grade 14
- Senior Manager II — Grade 16
- Senior Manager III — Grade 17

- Department Director — Grade 19
- VP, Technology — Grade 22

In this example, some of the lower level manager positions may have multiple incumbents in the positions and the company may even choose to advance the individual from one level to the next without a position opening. When looking at the higher management levels (i.e., Senior Manager III, Department Director and VP, Technology), those positions may not be filled unless there is a position vacancy or expanded budget approval due to the high salary grades to which those positions are assigned.

As shown in this example, there could be nonmanagement career ladders that have salary grades ranging from 8 to 15, with eight rungs in the ladder and one salary grade progression per title and management career ladders that have salary grades ranging from 12 to 22. There are even situations in which the nonmanagement career ladder has rungs/levels that are higher than that of the managerial career ladder because of the market demands for the individual at the top of the nonmanagement ladder. This allows the company to create different career paths for different individuals that can provide better alignment for individuals, thereby contributing to the business success.

Informal Career Ladders

In other cases, the career ladder is informal. An example of this may be found in a Human Resources Department:

- Human Resource Representative — Grade 8
- Analyst (compensation or benefits) — Grade 10
- Senior Analyst (compensation or benefits) — Grade 12
- Supervisor (compensation or benefits) — Grade 13
- Manager (compensation or benefits) — Grade 14
- Department Director — Grade 16
- VP, HR — Grade 19

In this example, the progression from one job to the next usually is not based on the mastering of the pre-established criteria for the next position in the job family. Typically, it is based on an opening for the department and the individual skills and abilities the employee can bring to the position.

Application

As shown in the examples, there are many opportunities to develop career ladders on both a formal and informal basis. This also can be used in global organizations that are looking for continuity, attraction and retention tools. Based on geographic market conditions, positions may have dramatically different values though they have the same progression in the career ladder.

When looking at developing career ladders, it is important to seek input from those in the organization who will help develop the specific criteria necessary for movement from one level to the next while also providing insight on motivators.

Note: WorldatWork provides no guarantee that this document has received legal review, or that it conforms to local, state and federal laws. Nothing herein is to be construed as legal, accounting, actuarial or other such professional advice. WorldatWork is not responsible for the availability or content of external Web sites, nor does WorldatWork endorse, warrant or guarantee the products, services or information described or offered at other Web sites.

Copyright © 2005 WorldatWork. No part of this article may be reproduced, excerpted or redistributed in any form without express written permission of WorldatWork. Contact the WorldatWork Copyright Department at blaurie@worldatwork.org or 480/922-2008.