

Chapter 12

Single Factor Analysis in Grading Jobs: The How-to Retain Talent

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ABSTRACT

Although human resources management is important in organization, its tenet of job evaluation is significant. Job evaluation is a management approach that enables employers to grade and reward jobs in comparison to what they are worth in the company in an equitable manner. The company will be able to craft a compensation plan aligned to performance. The Paterson derived job evaluation is a systemic way of determining the worth of a job in relation to other jobs in the organization using one single factor: decision making. This single factor is juxtaposed along the attributes of a selected multiple factors to progress the structuration of grades and compensation. Paterson defines six kinds of decisions or levels of work which are strategic intent, strategic execution, tactical management, advanced operational, operational and primary. These are found in any company and applied in the design and implementation of competitive conditions of employment to retain talent. There are more businesses floundering because of the failure to control costs. The single factor job evaluation system enables the firm to design and implement a sustainable performance strategy to retain talent in advancing the competitive advantage.

INTRODUCTION

Professor Thomas T. Paterson designed the job evaluation approach that carries his name at Strathclyde University in Scotland in 1972. The technique uses a single factor of decision making, to differentiate jobs from one another. It identifies six decision bands in organization. A rewards structure that accommodates the six levels of decision making bands can be developed to suit each organization and grade jobs according to the level of decision making each one of them may fall under. Paterson (1972) propounded that decision making factor was inherent in most jobs and fluid at all levels in a hierarchical structure in organization. Paterson postulated that jobs could be graded accurately and an equitable compensa-

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tion plan put into place on a sliding scale where the top decision makers received the highest rewards compared to those at the bottom of the hierarchy.

Background

The ACAS (Advisory, Conciliation, and Arbitration Services) was created by the Labor Party administration in the mid-1970s in the UK to improve organizations and working life through the promotion and facilitation of effective industrial relations practices. Today ACAS is an independent and international organization that does not side with a particular party, but rather will help firms in designing and implementing of highly productive labor relationships. It offers organization development services such as workforce education and training and job evaluation, among many others. The ACAS (2016) handbook suggested that there are many job evaluation methods and techniques available in different industries and different countries. ACAS suggested that job evaluation takes time and a lot of patience to implement successfully. But a good job evaluation scheme can form the basis of a fair pay system. It's also a way for getting a hierarchy of jobs on which to base a grading system.

Reasons for Implementing Job Evaluation

Many employers carry out job evaluations when deciding on pay and grading, ensuring that there is a fair and equal pay system, determining on benefits such as bonuses or healthcare insurance coverage, comparing pay against other companies and reviewing all jobs after a major change within the company. At Ford Motor Corporation headquarters in Dearborn, the human resources organizational infrastructure includes recruiting procedures, job descriptions, job analysis, job evaluation of the classification type and other methodologies that change from plant to plant to accommodate different collective bargaining agreements or merely closed or open shops.

An international consulting company, Hay Group Inc., has developed a unique job evaluation system referred to as the Profile Method which is based on three factors, each of which has sub-factors (Hay Group, 2010). The methodology starts from the premise that all jobs exist to achieve a purpose---to create value in the business and evaluates this by analyzing what is the value that is created---(accountability), how it is created (problem solving) and what the job requirements are that the incumbent has to meet in order to deliver the value (know-how). These factors and sub-factors included under each are defined as follows:

Accountability

Every job exists to add organizational value by delivering some set of results or throughputs. Accountability measures the type and level of value a job can add. It has three dimensions:

1. **Freedom to Act:** The degree of empowerment to take action within the framework of guidance provided to focus on decision making
2. **Scope:** The business measure(s) the job is designed to positively impact.
3. **Impact:** The nature of the job's influence on business results (defined in scope) ranging from degrees of direct to indirect (Hays Group, 2010).

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