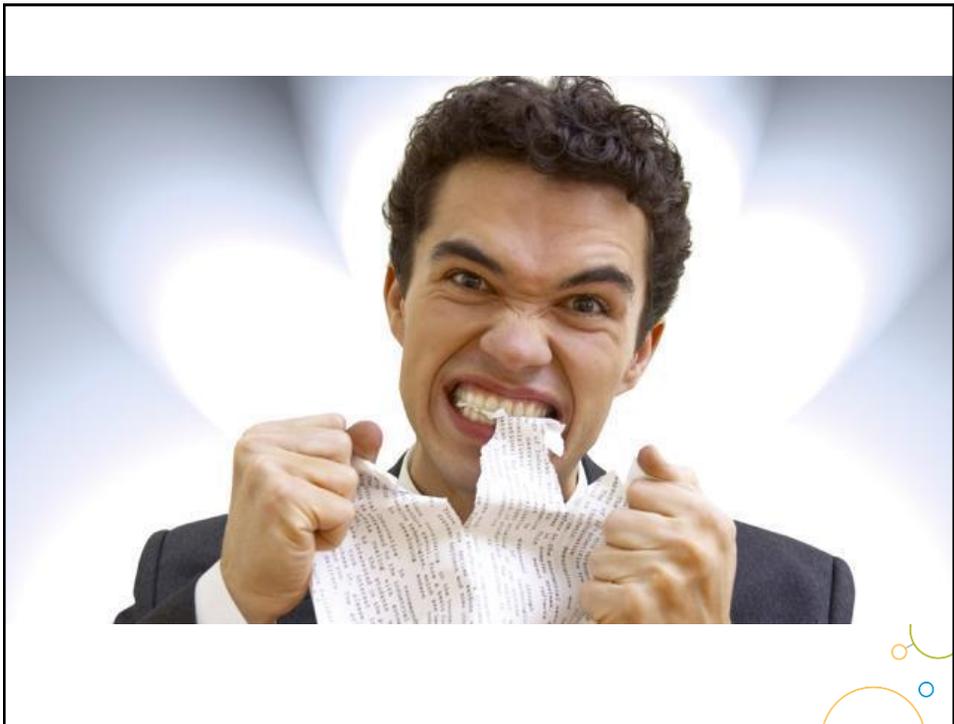
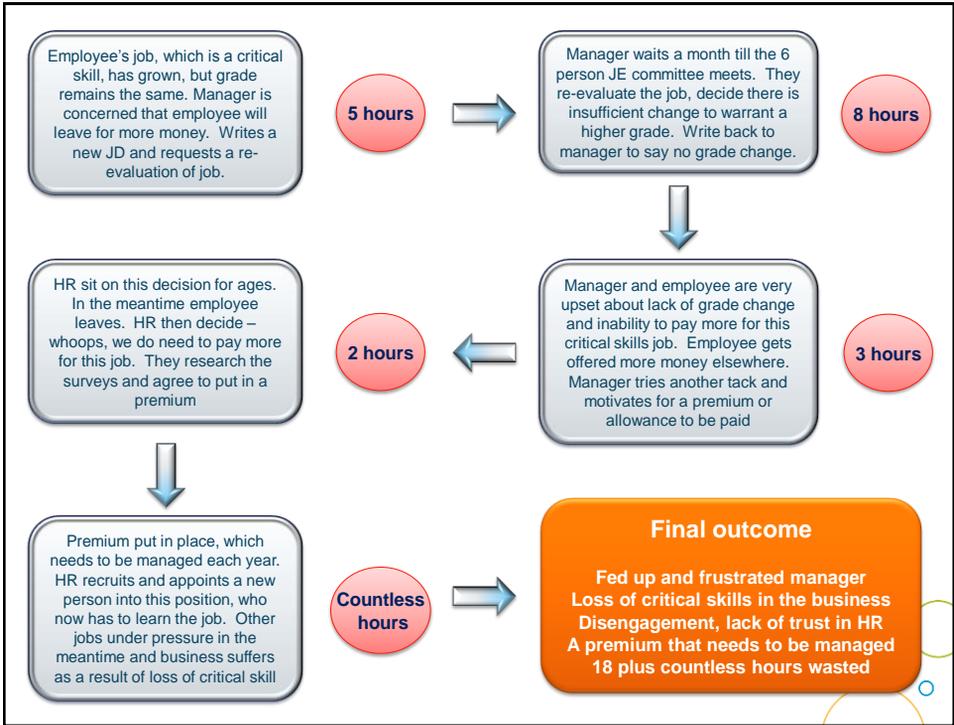


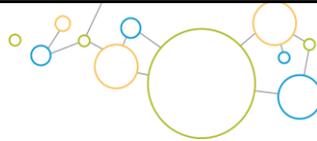
**Is it time to use Market Pricing?**  
Dianne Auld  
SARA Conference 2013



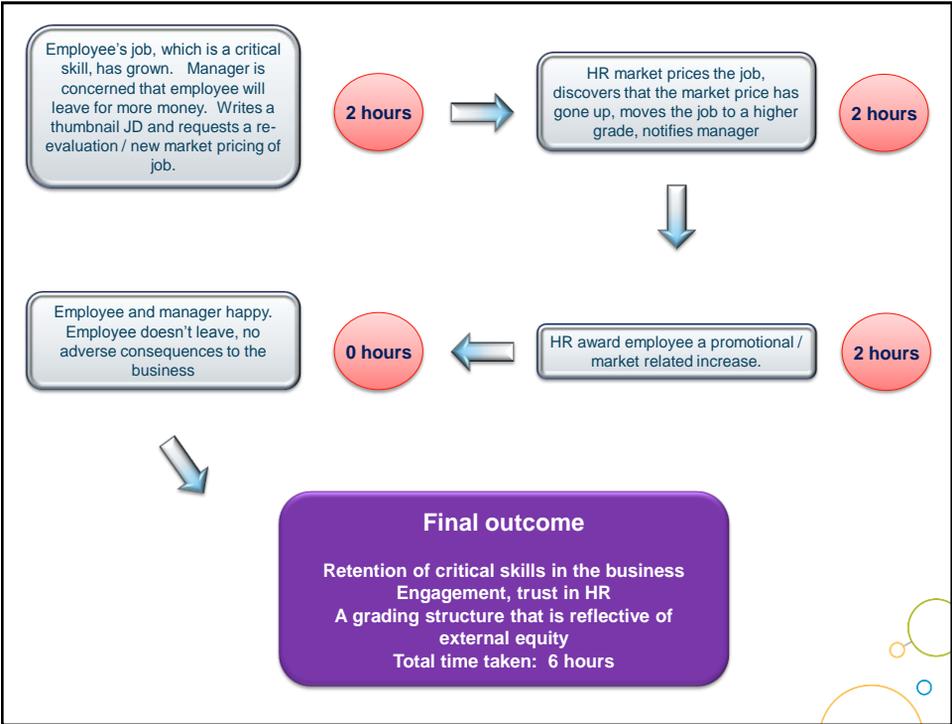
**Scenario 1**

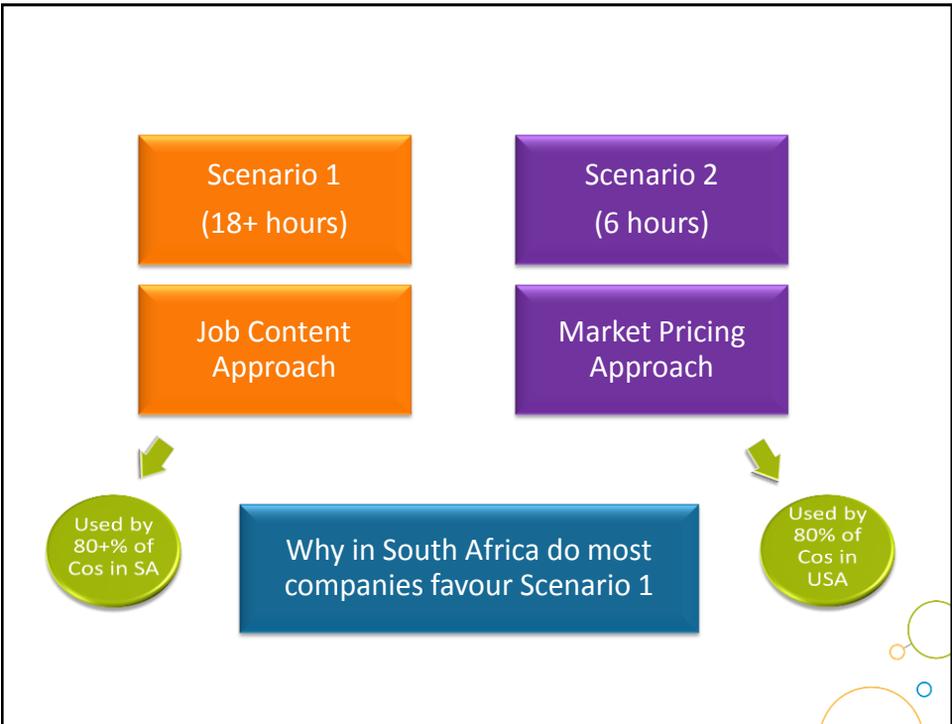






# Scenario 2





## WAW Survey – Sep 2013



Dear Dianne:

WorldatWork is updating its member survey about trends in Job Evaluation Prevalence & Market-Pricing Practices Survey. Specifically, the research is designed to measure the growing trend in the use of market pricing to evaluate job worth. This is **a survey** to address global practices and is not exclusive to U.S. organizations.

**The survey** is designed to take no more than 15 minutes of your time. Your answers will be kept strictly confidential and will only be reported in aggregate.

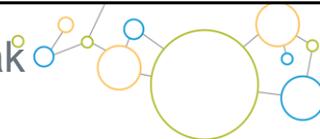
If you have already participated, thank you. In exchange for your participation, the results will be emailed directly to you. The deadline to complete **the survey** is close of business on **Friday, September 6, 2013**.

Click below to begin the survey.

[Job Evaluation Prevalence & Market-Pricing Practices Survey](#)

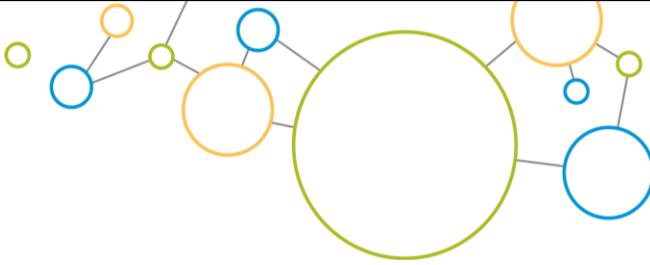


## To answer the why, need to break it down into four questions



1. How do job content approach and market pricing approaches work?
2. What are the pros and cons of each approach?
3. Are there factors in Africa and the Middle East that are different from the USA and that might necessitate our using a different approach?
4. Could we use a hybrid market pricing system in SA?

**Q1**



**How do job content approach and market pricing approaches work?**



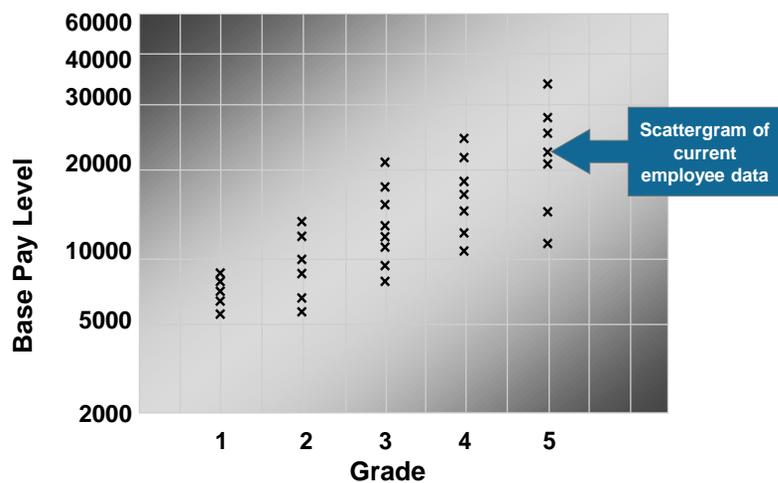
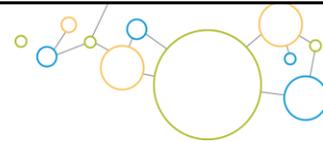
**Job Content  
Approach**

## Job Content Approach

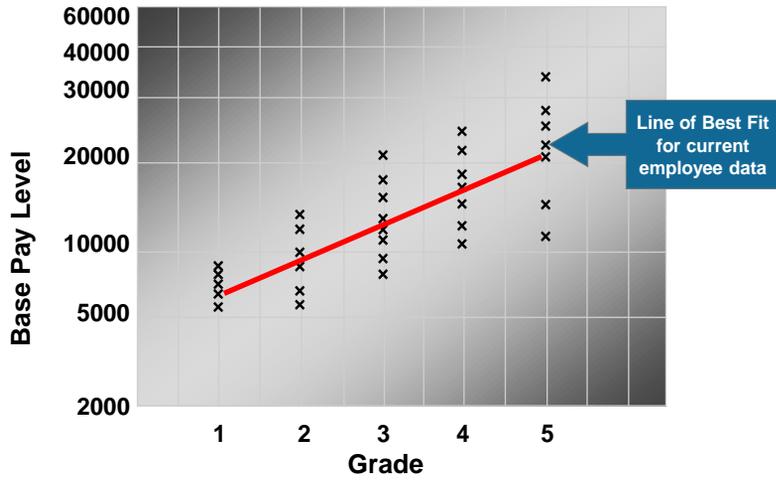


- Analyse the jobs and write job descriptions for all jobs
- Grade the jobs using a computerised interview process or a committee
- Allocate grades to individual employees and collect internal pay data for employees
- Analyse salary surveys and collect market data per grade

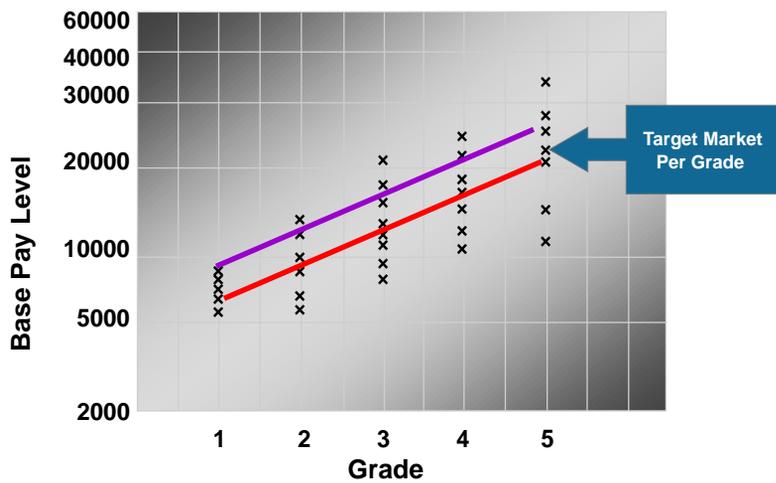
## Job Content Approach



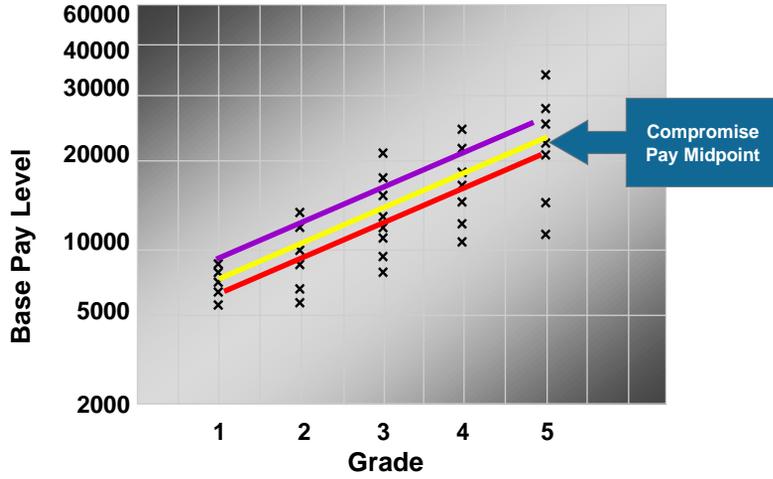
# Job Content Approach



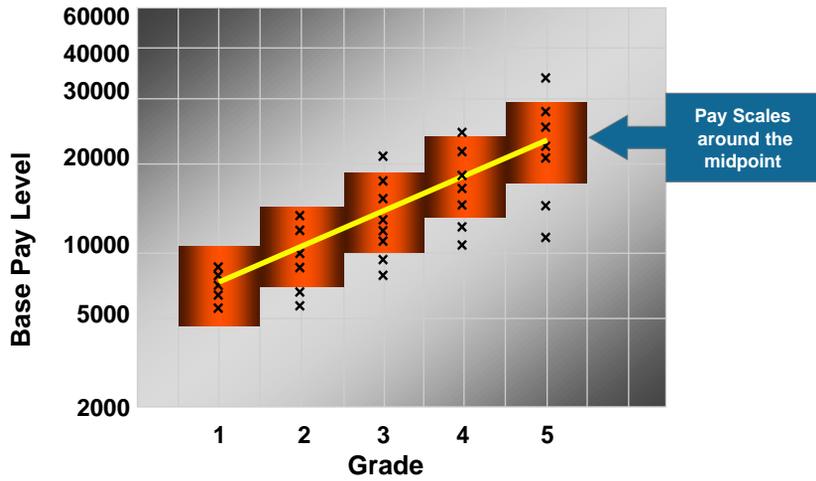
# Job Content Approach



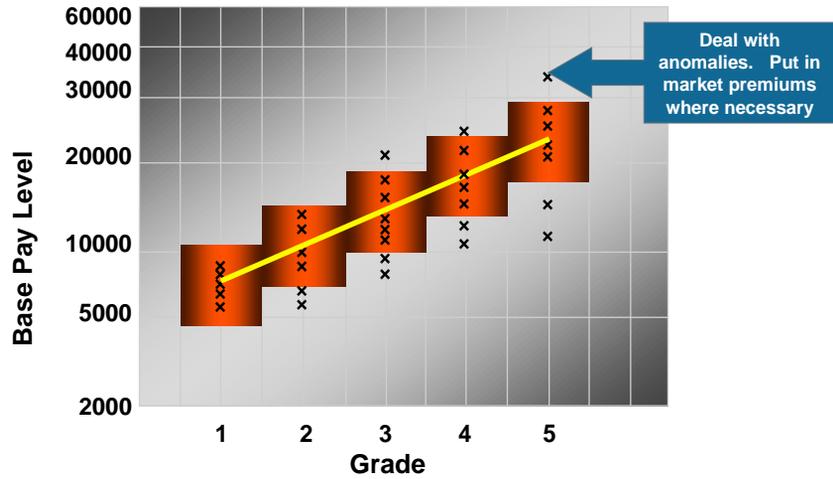
# Job Content Approach



# Job Content Approach



## Job Content Approach



## Market Pricing Approach

## Market Pricing Steps

- 1 Analyze and document job content
- 2 Identify/ select benchmark jobs
- 3 Identify / select relevant labor markets
- 4 Identify data collection options
- 5 Collect and analyze data for benchmark jobs
- 6 Develop a structure of midpoints
- 7 Assign benchmark jobs to the structure
- 8 Slot nonbenchmark jobs into the structure



Source : Worldatwork GR17

Q2

**What are the pros and cons of each approach?**

## What's good?



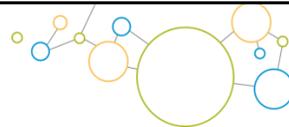
### ● **Job Content Approach**

- Takes into account internal equity
- Helps with matching to surveys, which all reflect SA grading systems
- Not dependent on good salary surveys
- Not subject to vagaries of market
- Provides global consistency

### ● **Market Pricing Approach**

- Position people where they need to be paid
- Much easier to explain to employees
- Less time consuming
- Less bureaucratic
- Lots of people hate job content evaluation systems!

## What's bad?



### ● **Job Content Approach**

- Time consuming
- Can get mired in bureaucracy
- Often very contentious
- May not reflect market value of job

### ● **Market Pricing Approach**

- Doesn't reflect internal equity, so may upset egos
- Problematic if job needs to go down because of market factors
- Very reliant on quality and consistency of salary surveys
- Does not provide consistency of level for mobility in multi-national organisations
- What's ugly? Slotting!!

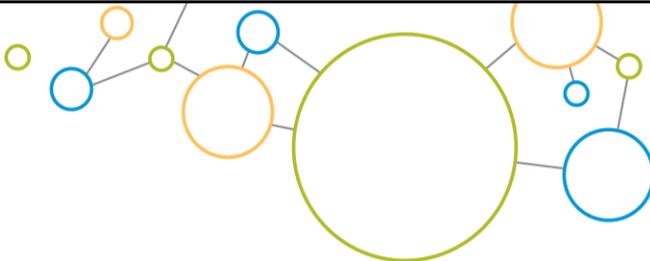
## GR17 Market Pricing Case Study



### Engineer Customer Liaison Manager

- Responsible for face-to-face, telephonic and electronic communication with customers. Will be able to discuss, evaluate and assist customer inquiries concerning the engineering of products. Responsible for taking all elevated customer service calls relating to the engineering of products.
- Masters degree in engineering
  - 10 to 15 years of experience in a mechanical or electrical engineering
- One team slotted it higher than the Director of Manufacturing Ops at a 16
- One team slotted it just above the Executive Assistant at an 8
- 8 grade variation as a result of slotting the job!

Q3



**Are there factors in Africa and the Middle East that are different from the USA and that might necessitate our using a different approach?**

## Differences that might cause us to use a different approach

### ● Africa / Middle East

- Quality of surveys is poor in many countries in Africa and Middle East – major deterrent (not in SA)
- Respect for authority may be more important and trump market factors in terms of level
- Common grading systems
- History – we've always done it this way!



### ● USA

- Plethora of salary surveys, companies that aggregate surveys for you!
- Tougher, less paternalistic approach in the US, at will employment
- Lot of hi tech industries, competing for scarce skills – market competitiveness is critical



Q4

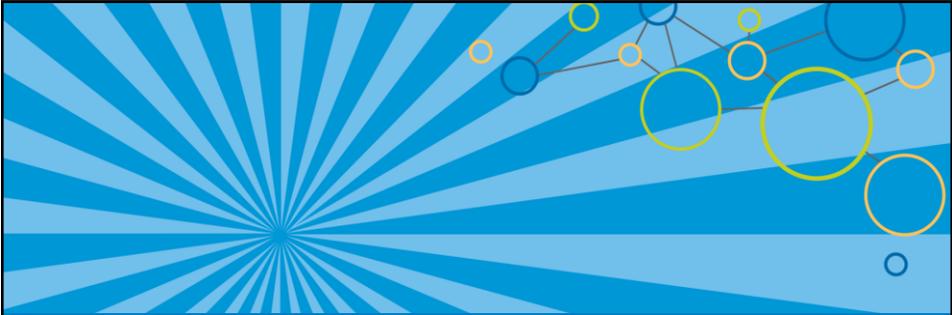
So, could we use a hybrid market pricing system in SA?

## Yes! This hybrid market pricing model could work in SA

- 1 Analyze and document job content
  - 2 Identify / select benchmark jobs
  - 3 Identify / select relevant labor markets
  - 4 Identify data collection options
  - 5 Collect and analyze data for benchmark jobs
  - 6 Develop a structure of midpts using Pat grades
  - 7 Assign benchmark jobs to the structure
  - 8 Grade non-benchmark jobs using a JE system
- Link midpoints to target market data
- Use an interview based computerised JE system for greater accuracy
- 

## When would it be appropriate to use the hybrid market pricing model?

- If you are in an industry where there is a shortage of skills, and it is critical for you to be competitive and responsive to market changes
- If you have access to good reliable salary survey data, and can match 60%+ of your jobs
- If you would prefer to do job content evaluations only when necessary (i.e. when you can't find benchmark job data)
- Where international consistency of job grading is not critical for mobility
- If you'd like to use an approach that is simple to explain, defensible and easy to communicate to your employees.
  - Who wouldn't!!



**Is it time to use Market Pricing?**

Yes, it's certainly time to consider it!