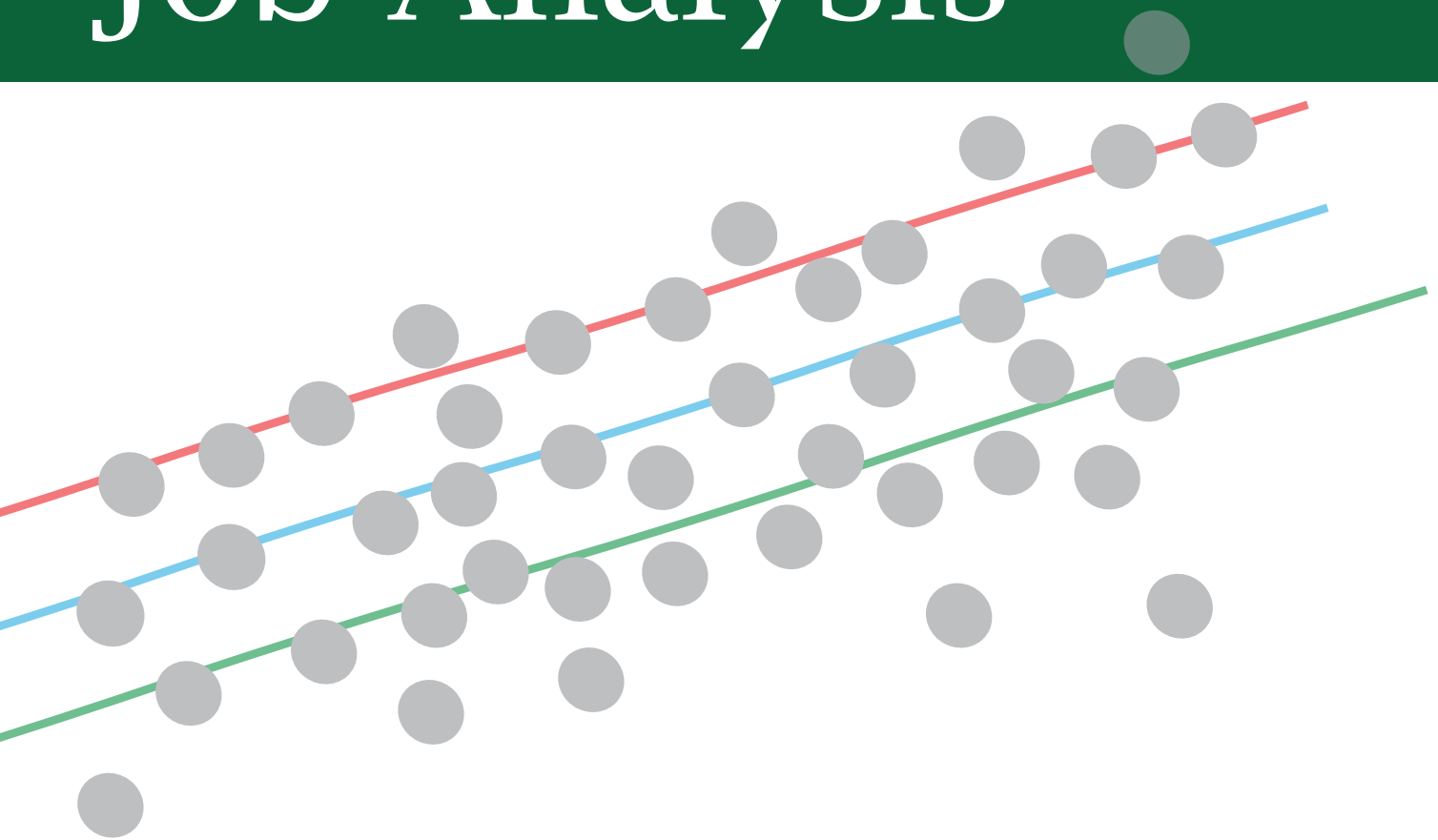


# Job Analysis Part II



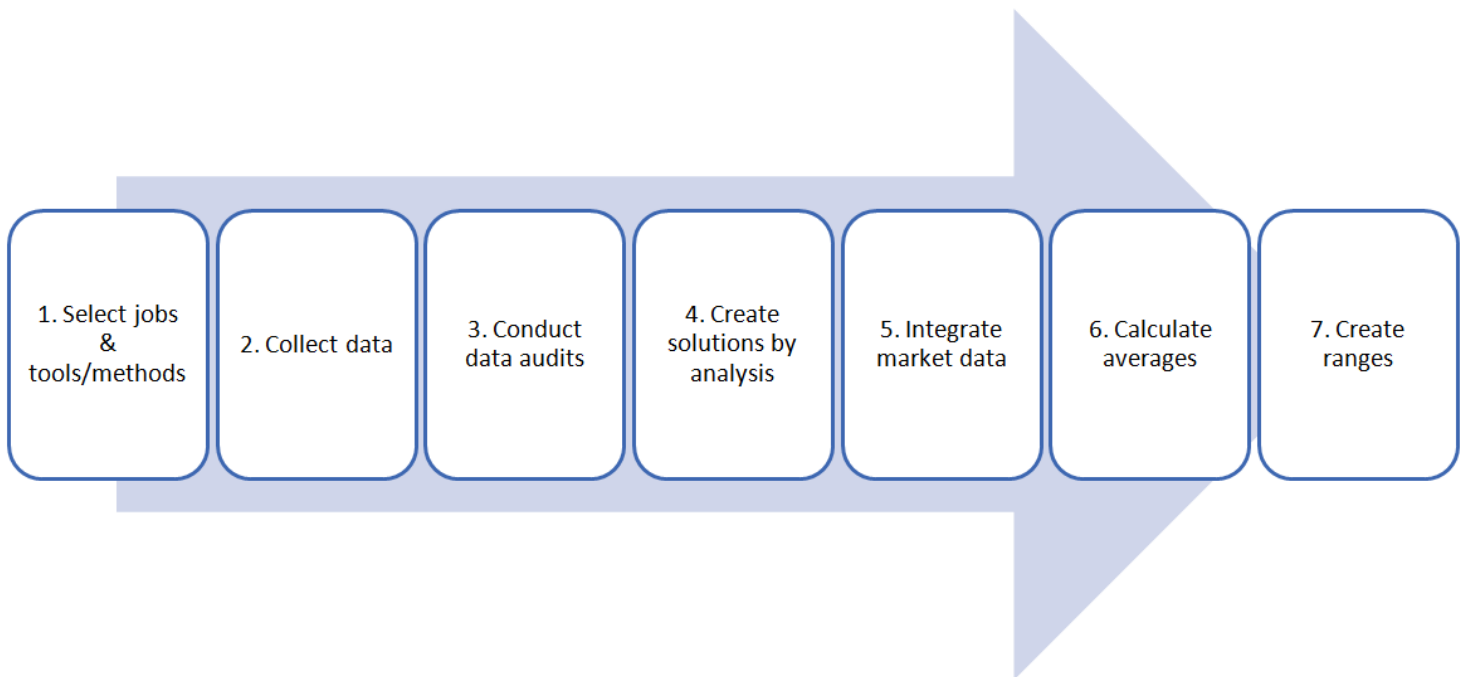
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RESEARCH**  
INSTITUTE

8575 164th Avenue NE, Suite 100  
Redmond, WA 98052  
800-627-3697  
[www.erieri.com](http://www.erieri.com)

# Job Analysis Part II

**Job Analysis Part I was a refresher for individuals who are familiar with job analysis. This follow-up paper, Job Analysis Part II, is intended to provide more insight and instruction for those new to job analysis.**

**There are 7 major steps in a job analysis approach to designing a compensation system:**

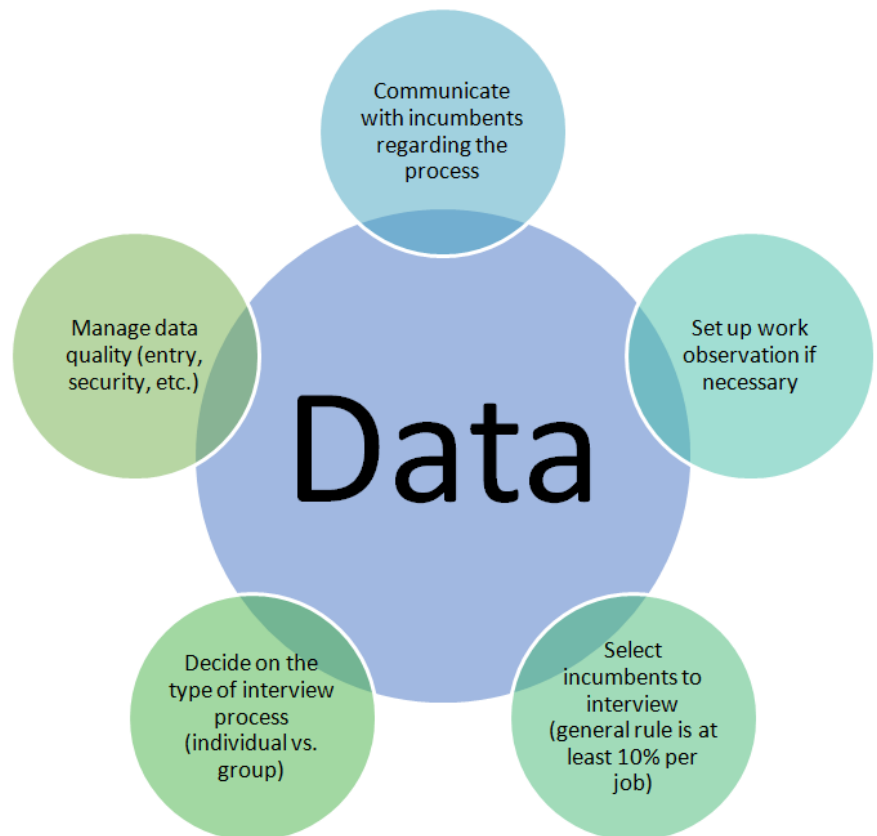


# 1. Select Jobs & Tools/Methods

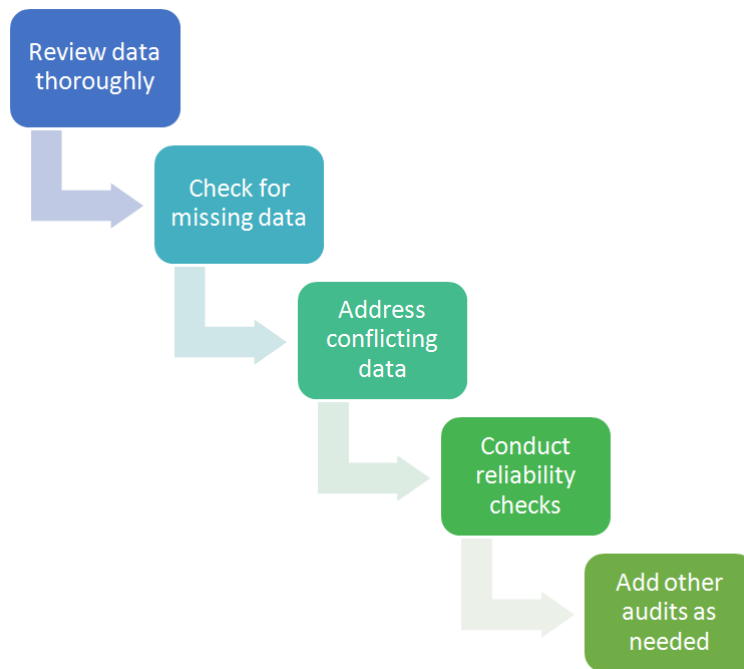
- **Select jobs to analyze and which method / tool will be used for job analysis which may include creating a unique job analysis tool from the ground up, with the advantage that it is tailored to meet specific needs. Some distinct disadvantages include the cost to develop and minimal empirical history.**
- **Identify off-the-shelf job analysis tools which are cost effective and usually have a great deal of empirical data supporting their reliability and validity. The Position Analysis Questionnaire® (PAQ) is one solution that is available.**
  - ◇ Best practice is selecting a job analysis tool or method that also provides quantitative results for the jobs. Most values are referred to as “Points” which are assigned to each job and then can be applied to further analytics. We will provide an example of the use of Job Evaluation Points (“JE Points”) shortly.

# 2. Collect Data

**Collect data using two or more of the following:**



### 3. Conduct Data Audits ✓



### 4. Create Solutions With Analysis

- Establish job specifications that generate detailed job descriptions, selection methods, training and performance appraisal systems, as well as job worth hierarchies.
- Establish job classifications grouping jobs into clusters or families via job evaluation points.
  - ◇ Map promotional progression, categorized as either lateral or vertical movement in a career ladder
  - ◇ Re-analyze jobs when career levels are not significantly differentiated which may warrant adding responsibilities to one job or eliminating that level of the promotional ladder

# Example Analysis

**Table 1**

Title	JE Points
LAN Administrator	1178
HR Generalist	1031
Accountant	1017
Foreman	997
Sales Representative	815
Administrative Assistant	726
Maintenance Mechanic	715
Secretary	572
Laborer	552
Forklift Operator	440
Materials Handler	433
Janitor	379

Table 1 shows a list of 12 jobs based on job evaluation points.

**Table 2**

Title	JE Points	Point Band
LAN Administrator	1178	1100 +
HR Generalist	1031	900 - 1099
Accountant	1017	900 - 1099
Foreman	997	900 - 1099
Sales Representative	815	700 - 899
Administrative Assistant	726	700 - 899
Maintenance Mechanic	715	700 - 899
Secretary	572	500 - 699
Laborer	552	500 - 699
Forklift Operator	440	400 - 499
Materials Handler	433	400 - 499
Janitor	379	up to 399

Table 2 shows point-based groupings with segmented ranges.

# 5. Integrate Market Data

- Pair each job in the list with corresponding market data.
- Reassign jobs to different grades based on market data if necessary.
- Table 3 shows the job list paired with market data obtained from ERI's Salary Assessor® (*data for illustration purposes*).

**Table 3**

Grade	Title	JE Points	Point Band	Market Data
6	LAN Administrator	1178	1100 +	\$64,145
5	HR Generalist	1031	900 - 1099	\$55,264
5	Accountant	1017	900 - 1099	\$54,699
5	Foreman	997	900 - 1099	\$57,227
4	Sales Representative	815	700 - 899	\$49,888
4	Administrative Assistant	726	700 - 899	\$47,010
4	Maintenance Mechanic	715	700 - 899	\$47,989
3	Secretary	572	500 - 699	\$43,125
3	Laborer	552	500 - 699	\$40,959
2	Forklift Operator	440	400 - 499	\$36,911
2	Materials Handler	433	400 - 499	\$36,750
1	Janitor	379	up to 399	\$32,007

## 6. Calculate Averages

- Averages will be used to create midpoints and differentials.
- Large differentials between grades are not desired; best practice is 12 to 15 percent differentials between grades.
- Smooth out the midpoints (averages) so differentials are fairly uniform by anchoring the structure to a grade relatively close to the calculated average, with other grades deviating based on the chosen differential.
- Choose the anchor grade that is representative of the strategic functions of the organization as well as reflecting a high payroll value. For example, Table 4, Grade 4 was chosen as the anchor point with a 15 percent differential between grades.
- Align internal and external results with overall goals of the organization if necessary by:

**Table 4**

- ◇ Adding responsibilities to a job (thus increasing its job evaluation score and bringing it more in line with market data)
- ◇ Inserting additional grades
- ◇ Modifying the grade breaks
- ◇ Verifying underpay or overpay for job(s) is aligned with business objectives

Grade	Title	Market Data	Market Average	% Diff
6	LAN Administrator	\$64,145	\$64,145	
5	HR Generalist	\$55,264	\$55,730	15%
5	Accountant	\$54,699		
5	Foreman	\$57,227		
4	Sales Representative	\$49,888	\$48,296	15%
4	Administrative Assistant	\$47,010		
4	Maintenance Mechanic	\$47,989		
3	Secretary	\$43,125	\$42,042	15%
3	Laborer	\$40,959		
2	Forklift Operator	\$36,911	\$36,831	14%
2	Materials Handler	\$36,750		
1	Janitor	\$32,007	\$32,007	15%

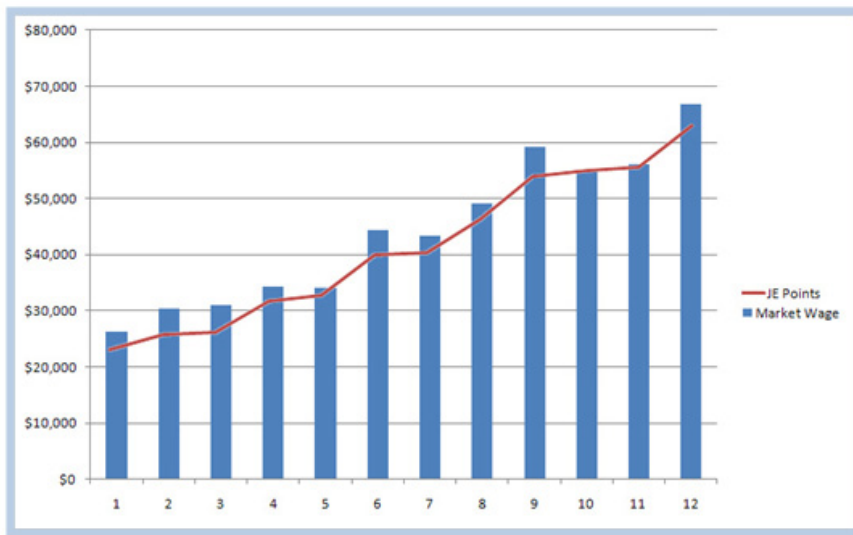
## 7. Create Ranges Which:

- Become narrower as the grades get lower
- Allow employees to move within a grade as they progress in a given job
- Reflect a percentage above and below the midpoint, and applying that percentage to the midpoint for a range minimum and range maximum. For Example, Table 5 or in Table 6 (graphical interpretation of data):

**Table 5**

Grade	Midpoints	% Diff	Average
6	\$64,100	15%	\$64,145
5	\$55,750	15%	\$55,730
4	\$48,300	15%	\$48,296
3	\$42,050	15%	\$42,042
2	\$36,700	15%	\$36,831
1	\$32,000	15%	\$32,007

**Table 6**





# Next Steps

Communicating job analysis results and how they're reflected in the compensation system has historically been a challenge for many organizations.

Having a methodical approach to job analysis can help articulate and educate your performance managers and employees. Using job analysis as a lever to manage your talent not only helps you make compensation decisions but also enhances your overall human capital strategy.

A combined job analysis and market data compensation system allows an organization to maintain levels of internal equity while remaining externally competitive. In situations where the market rate exceeds what a job analysis deems fair pay for a job, or an analysis overvalues a job relative to the market, it would be handled as "one-off" exceptions.

The advantages of a combined approach is that it allows unique jobs to be slotted where no market exists (organization-specific jobs), as well as slotting standard (new to the organization) jobs without having to consult market data.

ERI Economic Research Institute provides organizations with the tools to implement a rigorous and credible job analysis and market pricing compensation system with their ERI Assessor Series cloud-based software solutions.

For more information about ERI's products, to try a free demo, request a quote, or to schedule a personal guided tour, please contact us at [sales@erieri.com](mailto:sales@erieri.com) or Toll-Free in the U.S. and Canada at 800-627-3697 or visit us at [www.erieri.com](http://www.erieri.com).



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## ABOUT ERI ECONOMIC RESEARCH INSTITUTE

ERI Economic Research Institute has been trusted for decades to provide compensation survey data. We compile the most robust salary survey, cost-of-living, executive compensation, and job competency data available. Thousands of corporate subscribers, including the majority of the Fortune 500®, rely on ERI analytics to streamline the compensation planning process, develop compensation packages that attract and retain top performers, and provide defensible data that holds up during litigation and audit.

