



TenStep Supplemental Paper

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The Position Class

Assessing corporate standing through position evaluation...

Key Learnings

- Meaning of position evaluation
- Position evaluation and organizational analysis
- Position evaluation and succession planning

Organizations have been using position evaluation as a tool for determining the compensation structure for various positions. It was initially administered through forms structured to gauge the difficulty level of a particular job vis-à-vis the skills required and the supply of the skills. Therefore, a compensation package for a job on the extreme (high) end of the difficulty continuum differed from one in the middle or lower end of the continuum.

The jobs were evaluated largely on parameters like principal job responsibilities, planning scope and level, impact on the operating budget and grant funds, revenue generation and job complexity. Further, the nature of the business and external factors like industry norms and society had an impact. Nevertheless, the tool is being used widely.

The concept of position evaluation now encompasses the entire HR fabric and has evolved to include all strategic quarters of business management. Critical functions like work efficiency analysis, organization design and development and career and succession planning are increasingly using position evaluation as a tool to justify their corporate standing. We shall study the basics of the concept before delving further.

Position evaluation - what it means

Position evaluation is a tool that helps justify a particular job in relation to the organizational mission and objectives. The justification helps companies in aligning their strategic perspectives with the overall functional objectives. In addition it offers:

- A comprehensive analysis of organizational structure
- A direction to the career and succession planning strategy
- Expatriate management and employee mobility
- An equitable, fair and validated job grading structure
- Fair benchmarking of corporate practices keeping in view the market trends

Position evaluation and corporate strategies...

A graphical representation of corporate structure differs when we incorporate position location scales that Mercer's International Position Evaluation system (IPE) specified.



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A traditional corporate hierarchy when depicted through a flowchart would only depict the reporting relationships, career progression, growth opportunities and replacements possible for a particular job with a number of functional heads at the top. It gives little or no clue about significant details like grading criteria of these positions, efficiency of the organizational structure, career moves for employees, preferable structural arrangements, difference in responsibility levels of people at the same level etc. These details drive corporate decision-making and help determine the overall efficiency of corporations.

Position evaluation presents these details with better clarity regarding the distribution of jobs, responsibilities and career opportunities in an organization. Unlike a purely hierarchical organizational chart, the relative organizational chart used in position evaluation depicts information critical to the analysis of organizational structure and grading. Position evaluation highlights:

- Job size imbalance and skewed distribution of responsibilities and duties
- Lateral transfers among jobs in the same hierarchical levels
- Promotion and advancement opportunities

In addition to these comprehensive details, position evaluation helps enhance career and succession planning. This in turn increases the overall efficiency of human resource development as a function.

Career planning and position evaluation

Position evaluation begins by defining a position class at three different stages of career and succession planning.

- Stage one:
Identifying the right person for the right job
- Stage two:
Developing a competency-based career ladder for employees
- Stage three:
Identifying company-specific “personnel issues”

Competency-profiling forms an integral part of succession planning through position evaluation. A relative organizational chart prepared for position evaluation helps in assessing the profiles of positions in one hierarchical level. This gives corporations get a better perspective of the relative values of various jobs. In addition, it gives insights into the competency fabric of employees vis-à-vis their jobs.

Position evaluation facilitates grouping of jobs in a given hierarchical level and kind to frame a template for competencies of jobs and the responsibility levels. This is critical in defining the compensation and career progression of employees. All this, however, requires one to get acquainted with the responsibility levels of job specific competency levels.



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If based on competency-profiling, position evaluation is an effective career progression tool. It helps create a transparent system of succession for employees so they can plan their careers. Competency profiling also brings into focus the skill and competency gap between what employees have and what is required of them.

Last but not the least position evaluation plays a significant role in bringing out certain “personnel” issues. For instance, the relative organizational chart can bring out the possible conflicts that may arise due to poorly-distributed responsibilities across hierarchical levels. Organizational charts based on position class display the training and development needs of employees.

Position evaluation can thus be constructively used to leverage the human resources development function as a whole.