

INTERNAL JOB MARKET

The place of a given job's rank within an organizational value system is reflected in the position's compensation, particularly in the form of a base rate or range of pay. With local governments existing in competitive labor markets, systems that establish the relative value of positions are important to both employees and management, as they establish the basis for equity, at least in a traditional sense.

Within public organizations, job hierarchies and organizational structure are used for more than simply determining compensation. Both serve as general guides in recruitment and selection of employees; further, establishing job evaluation systems related to hierarchy and organizational structure can be an important tool in:

- Redesigning organizational processes.
- May assist management in career planning, training and professional development; and
- May provide guidance in job assignments and during times of reductions in force.

The essence of internal job evaluation is the rating or ranking of jobs by their relative worth to the organization and is composed of a variety of job evaluation factors. Technically, these factors need to:

- Be present in varying degree relative to individual jobs,
- Be minimized in number,
- Be discrete in meaning in order to avoid double weighting, and
- Be known (to some degree) for all positions in the system.
- Finally, each identified factor must measure individual aspects of the position itself, rather than the incumbent holding the position within an organization.

Some of the most commonly used factors include:

- Job requirements,
- Responsibility,
- Working conditions,
- Physical demands,
- Difficulty of work, both intellectually, physically, and emotionally,
- Nature and degree of required personal relationships, and
- Leadership and management requirements.

GRADE & STEP SYSTEMS

Most compensation plans designed by the Institute are based on a standard format utilizing a grade and step system (presented on the next page), which helps to provide stability in an organization's overall compensation system. The plan itself is based upon the premise of providing the current minimum wage at Grade One Step One; all other grades and steps are calculated from this base level. An increase in grade represents a ten percent (10%) increase in compensation, while an increase to a higher step within each grade represents a three percent (3%) increase in compensation.

Positions are placed on a grade within the plan using data returned through internal and external data collection; each position is placed so that its compensation is appropriate for the "rank" of the position with the organizational structure. Individual employees are assigned to a specific step within the grade associated with their current position, based upon their current annual wage and the length of their tenure with the organization. Proposed salaries are never lower than the employee's current rate of pay; each position receives at least a small increase to properly assign the employee to an exact step on the pay scale. Every effort is made to maintain internal pay equity between comparable positions, and further, to standardize wages among similar positions to the greatest extent possible.