

Job Families: An integrating approach to reward and development?

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1. What are Job Families?

Job families, as the name suggests, are groupings of jobs with similar characteristics. The latter usually focus on common competencies, skills and knowledge, but they may relate to having a similar purpose or process. So, job families often represent distinct occupational or functional groups.

The concept allows organisations to treat occupational or functional groups differently from each other in terms of reward, career paths or development needs. These occupational or functional groups may or may not be linked to business unit structures. If they are, job families act as a means of vertical integration for an organisation (*eg* some organisations have a separate job family for call centres). If they do not, job families provide horizontal integration. Support or corporate functions, like HR, Finance, IT *etc.* may be distributed across the organisation in devolved management structures. A job family approach brings together these disparate groups. Thus, this type of job family is sometimes described as 'generic' – covering similar types of work across functional boundaries. Other job families may be found only in the one business unit, division or department – such as sales and marketing or production.

At the time of its merger with CGU, Norwich Union Insurance introduced a new structure 'to help staff to understand how their jobs fit within their business unit and the organisation as a whole. It also helps them develop their careers by moving up or sideways.' This was done through the creation of 19 different career families (e-reward, 2002).

One public sector agency has 17 skill groups (*eg* project management or business support), distributed across eight business units (*eg* customer services and operations). The creation of these skill groups offers more resourcing flexibility and encouragement to the development of greater professionalism.

Sometimes, the interaction between job families and pay levels is described as the former providing the columns and the latter the rows, as shown in Figure 1.1.

Figure 1.1: Representing families and levels

Family/ Level	Engineering	Production	IT	Finance	HR
1	●			●	
2	●	●	●	●	●
3	●	●	●	●	●
4	●	●		●	●

Source: IES

The National Australia Group Europe built their job family system around two concepts — the nature of the job (usually related to the functional activity) and the level of work judged by the responsibilities of the activity and the skills, knowledge and behaviours required to deliver the work (IRS, 2001).

Thus, job families may be linked to:

- functions — like IT, HR, finance
- occupations — like engineers, research scientists
- business units — like call centres or production departments.

2. Why are Job Families Used in Reward Systems?

In answer to the question why is that job families are used in reward systems, one might say that, in fact, reward driven job family approaches are not that common! Research by Michael Armstrong (2000) found that only 16 per cent of his survey respondents used job families, and that career planning was a stronger driver than pay where it was used.

Job families can produce a common language that allows discussion of remuneration and career management, critically in a way that distinguishes one occupation/function from another. This may help development within the family and, in the view of some organisations (like Hertfordshire County Council), it helps inter-departmental moves as well (Personnel Today, 2002). Moreover, job families can provide the link between the reward strategy and the wider HR strategy. There can be integration between recruitment selection and development. As one HR manager put it: 'job families offer a common currency that can be used to describe supply and demand'.

Julian Atkins, HR Manager at Coventry Building Society, talked about the 'holistic approach' to HR that offered a 'consistent' way of managing 'performance, development and reward'. All of this was underpinned by the use of a common competence 'vocabulary' (Armstrong, 2000).

The principle reason to introduce job families from purely a reward perspective seems to be the need to reflect different market values for different occupational groups. So, for example, BBC Worldwide in July 2002 increased the pay of some production/operation jobs by nine per cent, but did not increase technology jobs at all in some of the same pay bands. This left some £5,000 difference between the best and least well paid target salaries at level 1 in their pay system (IDS, 2002a). It may be that internal relativities, as established through conventional job evaluation schemes, do not reflect external market values. This is what Nationwide Building Society found (IDS, 2002b).

One company in financial services found that their existing pay system 'pigeon holed people from all walks of life in the one system'. This organisation wanted to reflect the wide variety of occupations and functions it had within its approach to reward. Its existing system did not have this flexibility, and trying to bolt on a market relationship to a performance-driven pay system did not work. There was a need to offer a market premium to certain groups but offering higher pay within the grade over the 100 per cent level was normally reserved for higher performers.

Abbey National¹ took a similar view, believing that market benchmarking helped 'staff understand the reasons behind pay differentials across the organisation'. It, too, would only pay consistently high performers above the market 'anchor' that is set for each level within each job family (IDS, 2001).

A government department saw the benefits of job families as 'the clear specification of role requirements and career structure allowing increased professionalism; and rewards for different families linked to market rates'.

Job families are often introduced alongside broad banding as part of a wider change to remuneration structures and progression. Organisations believe that such an approach offers both market alignment and pay flexibility. In truth, the former tends to constrain the latter between job families (because having different pay rates may impede mobility, certainly between higher paying and lower paying families). However, within individual job families broad banding may offer more flexible progression.

Some organisations, like the National Australia Group Europe, referred to earlier, and Norwich Union Insurance, described later, were prompted to move to job families because of the impact of a merger. Using job families may allow the bringing together of disparate groups (organised in what might have been separate companies previously) into a more coherent state. Presumably, this is why The National Australia Group Europe talked about job families bringing 'simplicity, clarity and efficiency' to their remuneration process (IRS, 2001).

¹ Abbey National has since been renamed *Abbey* as a company

3. What are the Advantages of Reward Linked Job Families?

3.1 Market alignment

Clearly, the ability to differentiate the pay of one occupational group from another is central to the benefits of the job family approach. Different occupational groups have different values in the market place and these can be reflected in internal pay rates.

Getting pay aligned with the market should assist recruitment and retention. Setting the pay levels for external recruitment can be managed via job families. In conventional pay systems, recruitment to the minimum of a pay range offers simplicity, transparency and protection against equal pay, but this method lacks the flexibility to deal with different types of applicant. These differences may well be occupationally based. Thus, it may be hard to recruit a marketing person on the same salary as a production specialist. Job families allow the organisation to set entry pay at different levels to reflect these occupational market differences.

Retention should equally be improved because, through job families, the organisation is paying market rates. This reduces the chance that an employee will leave for extra money. It does not eliminate the risk. Rivals, determined to get their man or woman, may exceed normal market rates if they think that necessary. And, of course, money is only one reason (and not always the most important reason) for resignations.

There are also practical reasons to adopt job families when trying to use market rates. As Hertfordshire County Council (*Personnel Today*, 2002) found, trying to benchmark 1,500 jobs against the market is an impossible task. Collecting information on market rates for a much smaller number of key roles within each job family is much easier to contemplate.

The Nationwide Building Society found that introducing market-related job families substantially cut the number of *ad hoc* payments that had grown up over the years to deal with

various remuneration problems. Removing these payments helped fund the introduction of the job family system (IDS, 2002b).

3.2 Reduce use of job evaluation

Many organisations of late have looked for ways to reduce the burden of what they see as the bureaucracy of job evaluation. They want greater speed and flexibility in placing jobs into pay bands. Job families offer this chance. The criteria underpinning job families can be used instead of traditional job evaluation schemes. Roles can be matched against descriptions and then slotted into the grading system. The detailed work of scoring that is part and parcel of factor based job evaluation schemes is avoided.

One financial services company maintains a connection between job evaluation and grading so that there is an underpinning logic to the distribution of jobs to grades. New jobs can either be slotted in or sized, depending upon how similar they are to existing jobs. Where job families use broad bands rather than grades, the job sizing provides background information, rather than the precise positioning of the post within the band.

3.3 Links to career paths

Another advantage of job families is that it can clearly set out the developmental path of an occupational group in a transparent manner. Vacancy filling and career choices can take place against the job hierarchy illustrated by the job family system. The requirements of the roles at different pay levels can be described. This allows both individuals to see what is required of them (usually at the next level up in their job family or possibly in another family) and for line managers to relate to role specification.

It is possible to have a job family system without attendant career paths set out, but this would be to miss many of the benefits of adopting this approach. One of them is that it gives more flexibility in moving staff within, or between, pay bands. In some systems this might mean that there is 'through' or 'soft' progression, or the use of 'linked grades' – employees only need to satisfy their manager that they are operating at the higher level; they do not have to take part in a competitive, selection process. This sort of approach is a 'push' system, where the number promoted is a function of the skills of the staff, not the number of vacancies. Push systems work in environments like research and development, where the higher the skill level, the more productive the workforce. It is

unsuitable where there is a need for greater cost control, and where 'grade drift' brings expense without benefit.

Some local authorities use the idea of 'career grades', *i.e.* grades linked together to offer more flexible pay progression. Staff can move through these linked grades on the basis of developing skills and experience. There is, though, often a check made that there is a business need for higher-graded people.

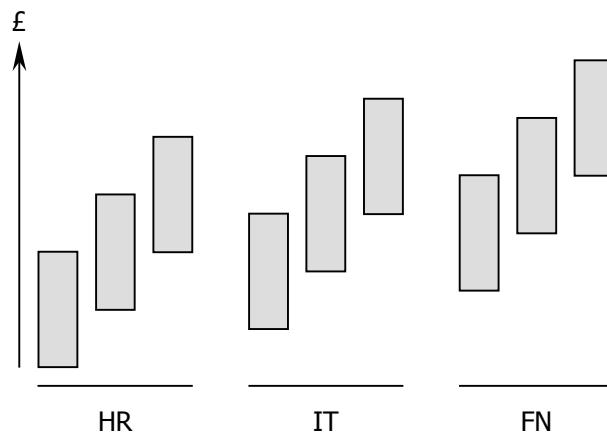
In other words, this system can be seen as akin to broad banding with competency bars instead of grade maxima.

The greater transparency in the pay system, sitting alongside career paths, may be one of the real benefits of a job family methodology.

4. What do Job Families Look Like?

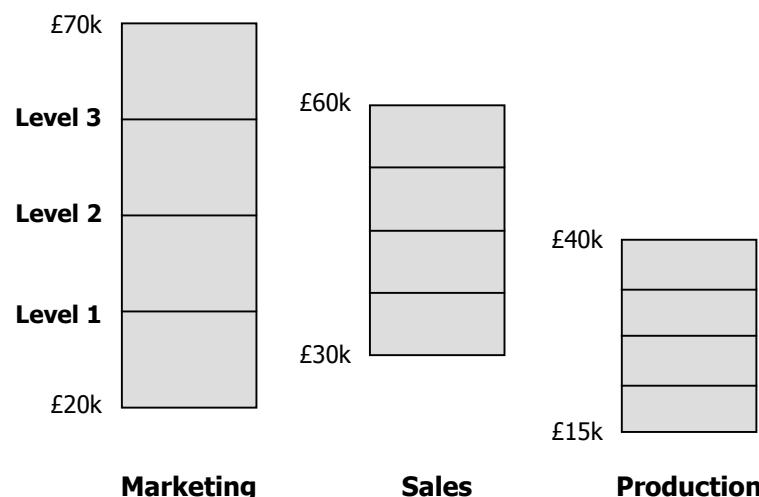
Job families may appear in either conventional or broad banded pay structures. As illustrated in Figure 4.1, job families can be represented in a series of conventional structures. The key difference between them is the asymmetrical nature of the pay levels and, in some cases, the different grade criteria used to distinguish between levels.

Figure 4.1: Job families in a conventional pay structure



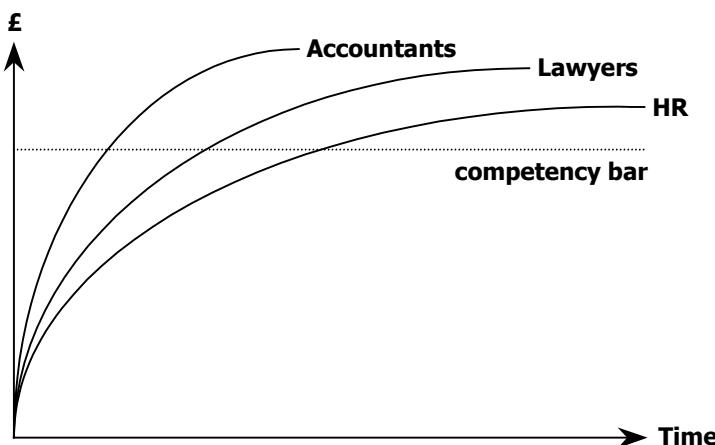
Source: IES, 2004

Figure 4.2: Broad banded job families



Source: IES, 2004

Figure 4.3: Different pay trajectories for different families



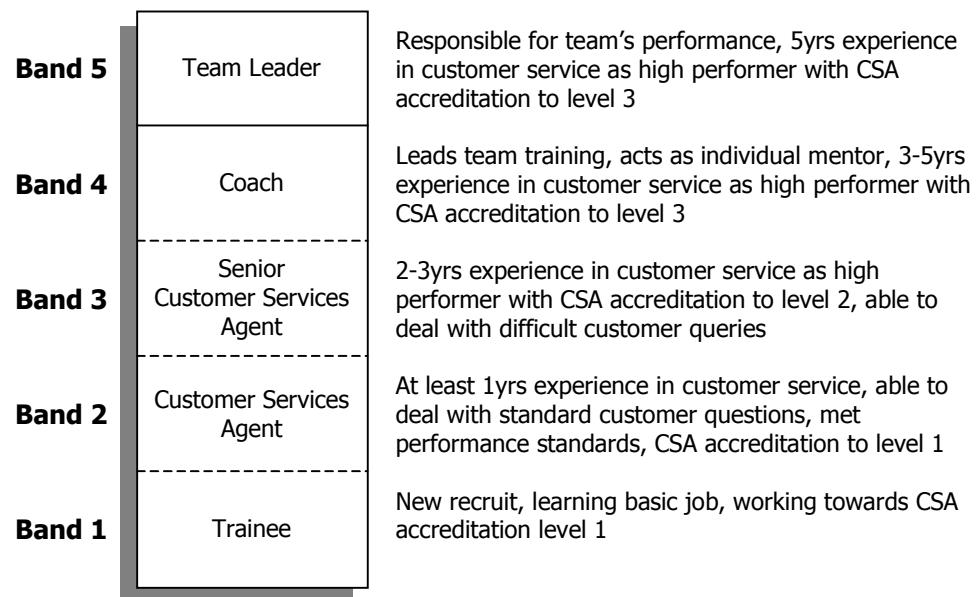
Source: IES, 2004

Job families tend to be more commonly used in broad banded structures (Armstrong, 2000). As shown in Figure 4.2, the different occupational groups may have range lengths/minima-maxima that diverge from each other.

Pay progression may vary with job families. Figure 4.3 sets out how the various occupational groups may have their own pay trajectories. Despite starting from the pay point, lawyers, for example, move faster than HR staff, and to a higher pay maximum.

Figure 4.4 shows how qualifications, experience, and skills can be linked to job families in a hierarchical manner. The example of customer services is taken, showing the possible movement through the bands from trainee to team leader. Note that there

Figure 4.4: Linking qualifications, experience and skills to job families



Source: IES, 2004

are dotted line boundaries between trainee and customer service agent (CSA), and between CSA and senior CSA. These show that such moves are easier to accomplish – they are push flows. By contrast, there is thick line boundary to team leader, indicating that only a restricted number of people can move to this position when there are vacancies – a pull flow. The position of coach is more ambiguous. There are limits to the number of coaches, but, conversely, senior CSAs are encouraged to develop the skills to take on these roles.

How another job family describes the movement through the bands could be quite different. The push and pull flows may be at other points. The skills, experience and qualification profiles could be presented in another way. There might be two strands to the family: one for technical staff, the other for managerial staff. The former could have a pay premium over the latter, or vice versa.

5. Practical Issues

5.1 The number of families

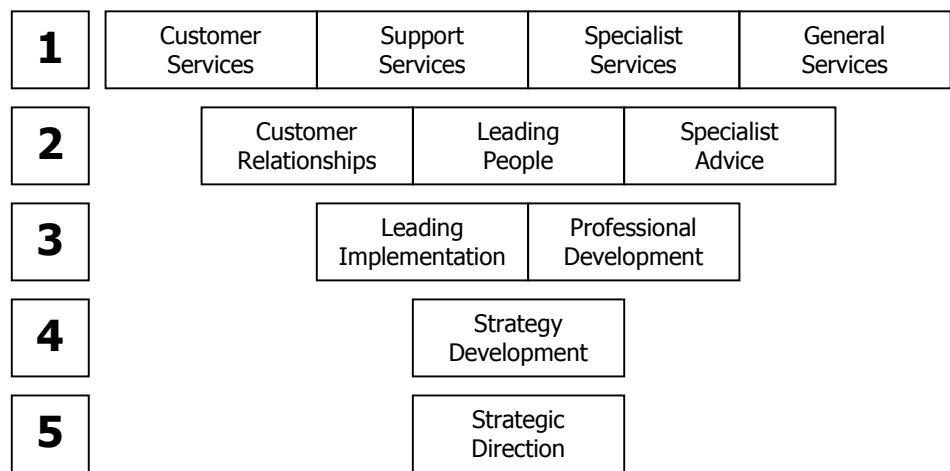
The most important issue to be tackled is the definition of the job families, and consequently their number. Some organisations try to limit the number of families to as few as possible; others opt for a more finely graded approach. Those adopting the former approach wish to reduce the boundaries between families and emphasise broad, not detailed, commonality. One public sector organisation, for example, used just three job families – business support, technical specialist and business manager. This may simplify the management process, but makes market alignment difficult. The specialist group, for example, may contain a whole range of functions and occupations, each with their own particular market.

A variation on this approach is to have one reward system for the bulk of the staff, with certain occupational groups sitting outside this structure. This acknowledges that there may be a core professional activity that determines pay levels. Exceptions, where there is difficulty in recruitment and retention for certain occupations, can then be managed on either an *ad hoc* manner (through the use of temporary allowances) or through longer-term, more structural solutions. It is questionable whether the former response merits the job families term, and even the latter may not be more than a pragmatic fix.

A government department had a variety of different functional and occupational groups and one distinct, but important, occupational group that was separately organised from the rest of the organisation. It was decided that it was not worth developing job families for each of these groups. Instead, there was a common reward structure for all but this one key group. The latter was aligned with its specific market; the rest of the organisation was benchmarked against a general basket of similar organisations.

Other organisations choose to have a substantial number of job families in order to get market precision and internal coherence. A financial services company had some 40 job families at peak.

Figure 5.1: Nationwide job families



Source: Nationwide, 2003

This is can be very demanding administratively, especially if external comparisons are hard to make.

Hertfordshire County Council described seven job families, including 'resources', care services and environmental management, though it has not yet implemented this model (Personnel Today, 2002).

IMS Health operated ten job families — information, HR, communication, marketing, sales, finance *etc.* (Armstrong, 2000).

At Nationwide, the number of job families reduces with seniority based upon a five-level decision making model. Thus, as Figure 6 illustrates, there are four job families at level 1, down to one job family at level 5. Jobs were allocated to the levels based on job evaluation. Pay is related to roles within each level based on an external market assessment.

Abbey National had 25 job families, such as banking, finance, sales and HR. There were up to a maximum of 13 evaluation levels within each family (IDS, 2001).

BBC Worldwide (IDS, 2002a) opted for nine job families with a mix of families specific to their business (*eg* shops or editorial and design) and common activities (sales or legal).

5.2 Linking to the market

If job families are to link meaningfully with the external market, it should be possible to adjust the pay ranges of the various families differentially. The pay range for each family should be fixed in the light of market conditions for that particular occupation or function.

A financial services company allows not only both the market-related, general increase to salaries and ranges to vary, but also the percentage of salary in the contribution pot for higher performers. This ensures that the external market and the profile of each job family workforce are taken into consideration.

Another issue is how do you represent market differences between the various job families. The obvious answer is to have different base pay rates. However, it is possible to represent pay distinctions in terms of pay supplements to base pay. This would be done where the organisation felt that the pay lead was temporary or that the evidence for pay variation was not as robust as you would like. In other words, supplements can be more easily removed than base pay levels changed.

5.3 Managing the job families

The management of job families needs to be addressed. Many organisations opt to have a godfather/grandparent in oversight of the families. These are usually senior business leaders who may formally be a functional head (Director of HR, Finance, IT *etc.*), the leading professional (Senior Scientist, Chief Engineer *etc.*) or the manager with the biggest population of family members in his team.

BBC Worldwide appointed 'functional champions' to monitor developments within the function (IDS, 2002a).

One government agency has created 'skill group leaders' to act as guardians of their professional groups. They are responsible for professional standards and practices. They have a key role in ensuring the long-term viability and effectiveness of the skill group. In many cases they also have a development role in ensuring appropriate training is delivered, and they may offer a mentoring service.

Professional leaders of this sort are likely to play a significant part in making promotion decisions where there is a through or soft progression system in operation.

If this role is not established, it is likely that too much of the management will fall upon HR such that it will surely have to play the 'prop and cop' role (Eisenstat, 1996).

6. Problems with Job Families

Some difficulties stem from adopting job families because it is the fashionable thing to do — the ‘latest buzzword’ according to one HR manager. Organisations have not thought through why it is that they are adopting a job family approach. For example, one public sector organisation included the creation of job families in its HR strategy, and assigned the delivery of the concept to the pay team without having thought through the business benefits or the possible downsides. In these situations, it means that many of the problems described below come as a surprise.

6.1 Equal pay

A common difficulty relates to managing pay relativities between job families, that may in turn lead to equal pay problems. These can be of two sorts: market matching and job evaluation. Difficulties with market matching can arise if either the organisation does not do a good job of finding appropriate comparators and comparing pay rates, or because there are genuinely few comparators in the external market (a particular problem in much of the public sector). Poor market comparisons for either reason can lead to the setting of differentiated internal pay rates by occupation, that fail any equal pay test. In other words, differences between groups cannot be objectively justified.

It was reported in December 2001 that Abbey National did not have ‘a major issue’ with equal pay (IDS, 2001), despite operating the job family system. It could well be that, because it is operating in the financial services industry where there are good market data, its pay benchmarking is more robust than in some sectors.

Linked to this point is that it is not easy for some organisations to vary pay levels with fluctuations in the market, especially if different job families have different base pay levels. Even pay supplements introduced on a temporary basis may get institutionalised. Staff object to seeing them withdrawn; line managers are reluctant to push the point. The consequence is

that the organisation is left with differential pay levels it cannot justify, leaving itself open to an equal pay claim.

With respect to job evaluation, the job family approach may fail because it is assumed that matching jobs to the specified grade criteria is a sufficient defence against equal pay for equal value work. It is unlikely that the defence would work. The proper defence is to have and use an analytical job evaluation system that compares elements of jobs usually against a set of common factors. The sort of 'whole job' comparison offered by job family methods are a poor substitute.

6.2 The problems of transparency

We have remarked that one of the benefits of job families is that it can offer greater transparency, especially with respect to career paths. Employees can see how they will progress in career terms and that must mean grade/band terms. This might reasonably encourage more disclosure of pay progression. In companies where the publication of pay information has not been acceptable this poses a challenge. It may be beneficial to the family members to see how their pay grows with added responsibility/challenge in their work; the difficulty may be the read across to other families. Some organisations want staff to concentrate on their own individual pay: how does it compare against the market for them? Full disclosure of pay levels inevitably means that people will look over their shoulders to what their colleagues in other families get. Greater transparency may have benefits in terms of an equal pay defence, if that is required. It means that the organisation may have to publicly defend its pay relativities. This may be uncomfortable, but it does reinforce the need for getting good quality data in the first place.

6.3 Trade union opposition

The points made above may coalesce into opposition to job families from trade union representatives. They may (and do in some organisations) object in principle to different pay rates for different occupational groups in the same grade. They reject the notion of market alignment, especially for the public sector. If their objections are overridden, this does not prevent the union representatives from encouraging or supporting equal pay claims. For an organisation to win this argument, either of principle or practice, it has to demonstrate that it has got robust market data.

6.4 Practical difficulties

At a more practical level, the creation of job families can be a very time consuming business. Naturally, how time consuming it is depends upon the number of families, the number of jobs and the ease of matching the two. At its extreme, it may mean describing each job against a common template and on the basis of the information assigning it to one of the specified families. It is possible that this will be an iterative process, allowing the number and nature of the initial list of job families to be adjusted in the light of the emerging job details.

Implementation may not be that simple. There may be arguments over the number of job families:

One government department distinguished between a professional group, operational staff and a support group. This was clear enough. The debate then centred on whether there should be one professional family or a series to reflect the professional, or specialist, groups that made up this population. The argument was between simplicity and specificity. A single group was easy to manage but blurred real differences between the professions that made up the job family. A compromise was to have a single family, but allow the use of market supplements for specific professional groups within the overall family.

and, over the allocation of roles to job families. It is not always self-evident to which families' roles should be assigned. It may be genuinely difficult to decide where hybrids might sit. You could, as one organisation does, offer 'associate status' to employees whose skills cover more than one family, but this adds complexity, even if it offers greater precision. Employees may object to the choice: they may see themselves in one family and not another. This may be a matter of status, or it could be a matter of money if they aspire to be put into a higher paid one. Managers have been known to connive in this process, sometimes playing games in re-describing jobs so that they can change their family. This forces HR into more of a policing role than they would like, unless the job family 'sponsor', 'godparent' acts to sort out these problems.

There is the problem of 'I wish I hadn't started from here' when organisations find themselves bound by previous commitments.

One research charity distinguishes between scientific staff, scientific support staff, administrative and ancillary staff. Each of these has its own pay system, with different pay levels and structures. It could not have a single approach to the whole workforce because the employment markets of the research and administrative groups are very different. Ideally perhaps, the organisation would have preferred fewer 'families' but past pay commitments made it too expensive to migrate large numbers of employees onto common (and higher) pay scales.

Then there is the question of whether the organisation has the capacity to manage the process of implementation.

One local authority decided that it was too significant a management effort to rollout all the nine (subsequently reduced to five to seven) job families they had initially identified. Instead, they decided to introduce the job families one by one. This has had the effect of growing the number of job families. This was because, in the time taken to introduce their preferred number of families they have had to absorb various manually paid groups into their harmonised pay system. They have remained distinct for job evaluation rather than pay reasons, but none the less they have complicated the picture.

6.5 Job immobility

Some organisations hope that by adopting job families they will aid internal job mobility. This is because of the increased transparency and clarity in what is necessary to do jobs in the various families. This may be true if the skill distinctions are not that great. The more common experience is that job mobility is hindered because of what develop as professional or occupational silos. Each has their own distinct entry qualification and career path. Demarcations grow between groups rather than ease, not least because movement between groups happens less. This may be caused by the very clarity that is a benefit of the system. For example, an individual in a marketing job family may wish to have experience in the production job family but is prevented from so doing because she/he does not have the necessary qualifications or experience to do the job. In more closed systems, managers may be able to facilitate such moves more easily. More transparent systems of vacancy filling might also be more rule based. Moreover, a decision has to be made about what to do with the pay premium that the marketer has, by virtue of his/her membership of the marketing family. Remove the premium? But would she/he move? Continue to pay it? How would those in production feel about extra pay being given to someone without their skills and experience? And so on...!

A government agency was made up of a series of professional groups, mainly engineers, plus a relatively small number of support staff. A job family approach looked to be a sensible way of giving the heads of the profession some freedom to describe their career path in their own way. The executive committee rejected this view because they felt that it would lead to organisational fracturing, at a time when the aim was to pull the organisation together. Introducing job families was not seen to be consistent with the message that we are all part of 'one agency'.

6.6 Pay progression

A further issue with job families relates to pay progression. As we identified earlier, one of the benefits of such an approach is that it allows easier, more transparent movement through the grades or a broad banded structure. This may be linked to performance, competency or skill development. However, if responsibility for decisions relating to career development are passed to line managers, as is widely the case, then these managers may not discharge their responsibility in the way that is expected of them, if they lack the skills and training to perform this task. In other words, organisations have suffered where inadequate preparation or managerial reluctance has inhibited the implementation of a new approach to pay progression. Conversely, managers may be too enthusiastic. They may be overly prepared to promote people through the grades, making use of their new found power and the greater flexibility of the pay system. The result is unjustified pay drift.

One local authority found in a trial of the job family approach that it produced significant grade drift. Allowing managers within one department to assign staff to one of three grade levels, depending upon their skills and experience, opted to place nearly everybody in the highest-grade category.

In another local government organisation, that opted for through progression managed by line managers, they had complaints in the opposite direction from staff: the scheme was too tightly managed. Employee concern centred on the lack of effective communication about the scheme; a feeling that the promotion criteria were too broad and woolly, difficult to interpret and measure against; that certain jobs were discriminated against, or that certain people were not given the opportunities to shine; and that managers were insufficiently trained to carry out this task.

A third organisation decided to give responsibility back to HR. Resource managers not only allocated staff to projects from the skill pool, but also performance managed them and determined their performance related pay increase.

6.7 HR becomes a 'cop' again

The role of the HR function with respect to reward has been changing. Increasingly, HR has been devolving responsibility for pay to line managers who are expected to take decisions on pay increases and manage their remuneration budget. This has been the approach in a number of the organisations reported in this paper. However, a job family approach might involve a re-think of this trend. This is because of the need to establish organisational consistency. As we have seen, equal pay requirements demand consistency, but this has a particular focus with job families. This is because in those systems where the families cut across organisational boundaries, HR may have to ensure that the reward offered is consistent within the same family but across business units.

7. Conclusion

The concept of job families suffers from the fact that it can be seen as a fad, another quick fix to solve a set of problems. In fact, it is a relatively complicated approach that can usefully be used in relation to a number of problems. Its strengths are that it offers a way of distinguishing occupational groups one from another and allowing a) the possibility of close market alignment and b) individually described career paths. The first benefit allows for effective remuneration management; the second offers a way of integrating reward with other people management initiatives, especially in career management.

However, job families often get introduced alongside broad banding, and some of the difficulties encountered in changing pay structures in that way rub off on the job families concept. For example, if you ask managers how well the job family concept is working, they frequently describe matters concerning the broad bands, unrelated to job families. Nonetheless, the four important obstacles in the way of introducing this approach do put organisations off job families. They are:

- **complexity** – agreeing the number and nature of the families
- **correct alignment with the market** – avoiding equal pay claims
- **immobility** – the risk of creating occupational silos
- **boundary management** – between the job families (especially in assigning staff to the families in the first place), and, if the organisation is using the method shown in Figure 4.4, within families.

All of these problems can be overcome, but organisations should be prepared to spend the time up front, in design and in careful implementation. Design should balance the need for precision (slicing the organisation into all its discrete parts) with ease of operation. Implementation should acknowledge likely staff unease. This is particularly the case if employee representatives are doubtful about market-related pay, either in principle or in practice. Organisations should also remember

that they will probably have to defend the pay levels publicly, as transparency of the system should be a design goal. Reducing the risk of equal pay claims might mean more central control of the management of job families than organisations had originally envisaged. Managers might not be ready to handle differences in a consistent and defensible way.

One suspects that it is easier to introduce job families in sectors where external pay references are easier to find, *eg* in financial services, and in organisations that already align functions to business units. A highly integrated organisation that has unique market characteristics might not be the best candidate for job families.

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