aging survey data
The practice of increasing market survey data by an assumed percentage representative of wage movement to bring the data to a consistent point in time. This practice also is known as "advancing" or "trending" the data.
[C2, C17, T3]

Americans with Disabilities Act of 1990 (ADA)
A federal law that creates nondiscrimination protections for people with disabilities, similar to Title VII of the Civil Rights Act of 1964, which is extended to other minorities. Under the law, employers may not refuse to hire or promote a person because of a disability, and employers are required to make "reasonable accommodations" to allow people with disabilities to perform essential functions. Regulations are enforced by the Equal Employment Opportunity Commission (EEOC).
[B1, B3, B4, C1, C2, C4, C11, T1, T2, T4, T6]

benchmark job
A job that is commonly found and defined, used to make pay comparisons, either within the organization or to comparable jobs outside the organization. Pay data for these jobs are readily available in published surveys.
[C2, C17, T1]

benefits
Programs that an employer uses to supplement the cash compensation an employee receives. Benefits include income protection programs such as publicly mandated and voluntary private "income protection" programs that often are provided through insurance, pay for time not worked and other employee perquisites.
[B1, B3, B4, C2, C5, C12, C13, C17, T1, T4, T11, T12]

bona fide occupational qualification (BFOQ)
Typically refers to a valid job requirement. Origin of the term BFOQ is found in Title VII of the Civil Rights Act (1964) which prohibits employment discrimination on the basis of race, color, religion, sex or national origin. Under certain conditions, however, a requirement for a specific gender or religious affiliation is allowed if the requirement is a BFOQ for a given job; e.g., the requirement of Catholic affiliation for the job of Catholic priest.
[C1, C2]

broadbanding
A pay structure that consolidates a large number of pay grades and salary ranges into much fewer broad bands with relatively wide salary ranges, typically with 100 percent or more difference between minimum and maximum.
[C2, C4, T1]
Bureau of Labor Statistics (BLS)
The principle fact-finding agency for the federal government in the broad field of labor economics statistics. Useful statistics include: CPI, NCS data, labor statistics and other wage and benefits data.
[C1, C2, C4]

business life cycle
Generally accepted as a four-stage cycle used to describe the life of a product or company: threshold (or start-up), growth, maturity and decline.
[C2, C4, C6, C6A, C17, T11]

career ladder
A series of defined levels within a job family where the nature of the work is similar (e.g., accounting, engineering) and the levels represent the organization’s requirements for increased skill, knowledge and responsibility as the employee moves through a career. Parallel, or overlapping, ladders called dual career ladders are sometimes created to allow for “cross-overs” into another ladder (e.g., from engineering into management). Also called career pathing.
[C2, C4]

central tendency
In statistics, some clustering around a central value in a distribution of data usually determined by one of the measures of location; i.e., mean, median or mode.
[C2, C17, T3]

classification method of job evaluation
A nonqualitative form of job content evaluation that compares jobs to predefined class descriptions established for each job grade. Jobs are placed in whichever classification best describes them.
[C2, C17, T1]

comparable worth
The doctrine that men and women who perform work of the same “inherent value” should receive similar levels of compensation. According to this doctrine, jobs have an inherent value that can be compared across jobs of quite different content. Those accepting this position maintain that women performing jobs of comparable value to those performed by men should be paid the same as men, excepting allowable differences (for example, seniority plans, merit plans, production-based pay plans or different locations).
[C1, C2, C17]

compensable factor
Any factor used to provide a basis for judging job value to create a job worth hierarchy (job evaluation). The generic compensable factors established by the Equal Pay Act of 1963 are skill, effort, responsibility and working conditions.
[C2, C17]

compensable factor degree
In quantitative job-evaluation plans, measurement scales or “yardsticks” that identify specific levels or amounts of a compensable factor. Usually, there are five to seven degrees for each factor.
[C2, C17]

compensable factor weight
The percentage weight or “influence” a single compensable factor has in a quantitative job-evaluation plan.
[C2, C17]

compensation
Cash provided by an employer to an employee for services rendered. Compensation comprises the elements of pay (e.g., base pay, variable pay, stock, etc.) that an employer offers an employee in return for his or her services.
[C2, C5, C11, C12, C15, C17, T1, T4, T9, T11, T12]
**corporate culture**
The norms, beliefs and assumptions adopted by an organization to enable it to adapt to its external environment and integrate people and units internally. It is strongly influenced by the values and behavior of an organization's management. In turn, corporate culture influences both the behavior of the members of the organization and the quality of the work experience.

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**correlation coefficient**
A statistical index that measures the strength of linear association observed between two variables. This index sometimes is referred to as the correlation coefficient. Correlation will have a value from -1.0 (indicating a perfect negative relationship) to +1.0 (indicating a perfect positive relationship). A correlation coefficient of zero indicates no linear relationship at all between two variables.

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**Department of Labor (DOL)**

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**direct observation**
A job analysis technique that involves the direct observation of employee(s) actually performing work in order to understand job content. The method is typically used for highly repetitive production jobs.
Fair Labor Standards Act of 1938 (FLSA)
A federal law governing minimum wage, overtime pay, child labor and record-keeping requirements.

feedback
Information about the state or outcome of a system that can be used to modify or correct a system's operation. As the term usually is used with respect to compensation, it relates to the process in which supervisors give employees information about the status of their performance. Performance appraisals are an example of a feedback mechanism.

going rate
Refers to the employer's best estimate of the wage rate that is prevailing in a labor market for a specific job. Also known as market rate.

highly structured questionnaires
A job analysis technique that provides a written set of questions regarding job content that limits responses to a predetermined set of answers. Questionnaires are either behavior-based or task-based, require validation, and usually are analyzed using a computer program designed for that purpose. Also known as closed ended questionnaires.

Human Resources Information Systems (HRIS)
Computer system used within organizations that house human resources related data. The system can be as simple as containing employee addresses and position titles to calculating incentive and sales commissions.

incumbent
A person occupying and performing a job.

internal equity
A fairness criterion that directs an employer to establish wage rates that correspond to each job's relative value to the organization.

job
The total collection of tasks, duties and responsibilities assigned to one or more individuals whose work has the same nature and level.

job analysis
The systematic, formal study of the duties and responsibilities that constitute job content. The process seeks to obtain important and relevant information about the nature and level of the work performed and the specifications required for an incumbent to perform the job at a competent level.

job analysis interview
A method for gathering information about a job by conducting a question-and-answer session with a person who is knowledgeable about that job.

job cluster
A series of jobs, grouped together for job evaluation and wage-and-salary administration purposes on the basis of common skills, occupational qualifications, technology, licensing, working conditions, union jurisdictions, workplace, career paths, and organizational tradition.
job component method of job evaluation
A quantitative form of job content evaluation that uses multiple regression of market pay levels versus two or more independent variables to establish a job worth hierarchy. [C2, C17, T1]

job content evaluation method(s)
Methods that use job content as the primary determinant in developing a job worth hierarchy. With these methods, market pay levels typically are a secondary influence on the job worth hierarchy. Point factor is the most commonly used method. [C2, C17]

job description
A summary of the most important features of a job, including the general nature of the work performed (duties and responsibilities) and level (e.g., skill, effort, responsibility and working conditions) of the work performed. It typically includes job specifications that detail employee characteristics required for competent performance of the job. A job description should describe and focus on the job itself and not on any specific individual who might fill the job. [C1, C2, C4, C11, C17]

job documentation
Written information about job content typically resulting from job analysis efforts. Documentation includes, but is not limited to, job descriptions, completed questionnaires, interview notes and efficiency study reports. [C1, C2, C17, T1]

job duties
A group of tasks that constitutes one of the distinct and major activities involved in the work performed. [C2, C17]

job evaluation
A formal process used to create a job worth hierarchy within an organization. The two basic approaches are market data and the job content. [C2, C4, C11, C15, C17, T1, T9]

job evaluation committee
A committee whose membership is charged with the responsibility of (a) directing and/or conducting the process of job evaluation, and (b) assessing the success with which the job worth hierarchy has been developed. [C2]

job family
A group of jobs having the same nature of work (e.g., engineering) but requiring different levels of skill, effort, responsibility or working conditions (e.g., entry-level vs. senior engineer). [C2, T1]

job grade
One of the classes, levels or groups into which jobs of the same or similar value are grouped for compensation purposes. Usually, all jobs in a grade have the same pay range: minimum, midpoint and maximum. However, sometimes different jobs in the same pay grade have different pay ranges, due to market conditions for some of the jobs. [C2, C17]

job responsibility
One or a group of duties that identifies and describes the major purpose or reason for the existence of the job. [C2]

job specifications
A description of the worker characteristics (i.e., knowledge, skills, abilities and behaviors) required to competently perform a given job. These characteristics must be bona fide occupational qualifications (BFOQs). Specifications, which commonly are referred to as "hiring" or "background" requirements, should be written before advertising or interviewing candidates for an open position. They should support the essential functions identified during job analysis to reduce potential liabilities under the Americans with Disabilities Act (ADA). [C1, C2]
**job title**
The descriptive name for the total collection of tasks, duties and responsibilities assigned to one or more individuals whose positions have the same nature of work performed at the same level. Job titles should describe the nature and level of work performed. Titles often include the organizational function (e.g., Corporate Remuneration Analyst) or geographic responsibility (e.g., Eastern Region Sales Manager).

**job worth hierarchy**
The perceived internal value of jobs in relationship to each other within an organization. The job worth hierarchy forms the basis for grouping similar jobs together and establishing salary ranges.

**knowledge, skills and abilities (KSAs)**
Common job specifications. Knowledge refers to acquired mental information necessary to do the job (e.g., principles of nuclear physics), skills refers to acquired manual measurable behaviors (e.g., lathe operation) and abilities, to natural talents or acquired dexterity (e.g., capacity to lift 200 pounds).

**labor market**
A location where labor is exchanged for wages. These locations are identified and defined by a combination of the following factors: (1) geography (i.e., local, regional, national, international); (2) industry; (3) education, experience and licensing or certification required; and (4) function or occupation.

**lag structure policy**
This strategy dictates that the company will consciously set its pay equal to current market levels at the beginning of the year. The company will be "lagging" the market until the increase is implemented at the end of the year.

**lead structure policy**
The company has decided to "outpace" the market. Pay is not set at current market levels, but at anticipated market levels.

**lead-lag structure policy**
A salary practice that is halfway between a lag and a lead policy. An organization's structure is set at the beginning of the plan year to its anticipation of the level the competition will reach by the middle of the plan year. It leads the market during the first six months, matches the competitive pay at the middle of the year and lags the market during the past six months.

**level cutters**
Key words or phrases used in job descriptions with the same nature of work (e.g., accounting) to differentiate the level of the work performed (e.g., "complex" versus "simple").

**level of work**
Critical data about job content that reflects the job's skill, effort, responsibility and working conditions.

**linear regression**
The statistical technique of fitting a straight line to a set of (x,y) data, using the method of least squares. Linear regression assumes that the basic relationship between the two variables is linear in nature.
market adjustment
The percentage increase to organization, group or individual pay that is necessary to adjust it to the estimated market level.
[C2, C4, C17]

market cycle
See business life cycle.
[C2, C4, C5, C6a]

market index
An index computed by dividing the pay received by an individual by the market pay for that job. This figure can be computed for groups, departments and the entire organization. It is designed to provide a measure of how organizational pay compares to the market.
[C2, C4, C17, T3]

market pricing
Relative to compensation, the technique of creating a job worth hierarchy based on the "going rate" for benchmark jobs in the labor market(s) relevant to the organization. Under this method, job content is considered secondarily to ensure internal equity after a preliminary hierarchy is established based on market pay levels for benchmark jobs. All other jobs are "slotted" into the hierarchy based on whole job comparison.
[C1, C2, C4, C5, C15, C17, T1]

market rate composite
The employer's best estimate of the wage rate that is prevailing in the external labor market for a given job or occupation. Also known as market rate.
[C1, C2, C4, C15, C17, T9]

maturity curve
(1) A process of determining employees' salaries as a function of years from the time of the first degree earned. Maturity curves are most commonly used for pricing jobs in lieu of relying on job-evaluation techniques. The process assumes that years in the profession equates with more highly valued competencies. (2) A method of market survey data collection and reporting that expresses average/median pay as a function of years since Bachelor's degree.
[C2, C17]

mean
A simple arithmetic average obtained by adding a set of numbers and then dividing the sum by the number of items in the set.
[C2, C5, C17, T1, T3]

median
The middle item in a set of ranked data points containing an odd number of items. When an even number of items are ranked, the average of the two middle items is the median.
[C2, C5, C17, T1, T3]

midpoint differential
The difference in wage rates paid in the midpoints of two adjacent grades. A midpoint progression is calculated by taking the difference between two adjacent midpoints as a percentage of the lower of the midpoints. Also known as the midpoint differential.
[C2, C4, C17, T1, T3, T9]

midpoint progression
See midpoint differential.
[C2, C4, C15, T1, T3, T9]

mode
The category or value that occurs most frequently in a set of observations. In a frequency distribution, it is the category with the highest frequency. Sometimes there is more than one mode.
[C2, C17, T1, T3]
**multiple regression**
The statistical technique of creating a model of a y-variable (dependent variable) as a function of more than one x-variable (independent variable) using the method of least squares. It allows an assessment of the joint impact of several x-variables on the y-variable.

[C2, C17, T3]

**nature of work**
Critical data about a job that reflect the job's duties and responsibilities.

[C2, C17]

**nonexempt employees**
Employees who are not exempt from the minimum wage and overtime pay provisions of the Fair Labor Standards Act of 1938 (FLSA).

[C1, C2, C4, C17, T1, T6]

**nonlinear regression**
A form of statistical analysis that develops a model based on nonlinear or curvilinear relationships between variables.

[C2, C17, T3]

**nonquantitative job evaluation**
A method that creates a job worth hierarchy based on the perceived value of the "whole job(s)" but does not employ quantitative methods (i.e., assigning evaluation "points"). Examples of nonquantitative methods are classification and ranking.

[C2, C17]

**O**

**O*NET**
O*NET OnLine is an application that was created for the general public to provide broad access to the O*NET database of occupational information. The O*NET database includes information on skills, abilities, knowledges, work activities, and interests associated with occupations. This information can be used to facilitate career exploration, vocational counseling and a variety of human resources functions, such as developing job orders and position descriptions, and aligning training with current work place needs.

[C2]

**occupation**
A generalized job or family of jobs common to multiple organizations or industries.

[C2]

**open-ended questionnaire**
A job analysis technique that provides a written set of questions regarding job content, requiring a narrative response.

[C2]

**organizational culture**
See corporate culture.

[C2, C11, C17, T6]

**P**

**paired comparison**
A ranking technique that compares each job being evaluated individually to every other job in a pair-wise fashion to determine which job has a higher value. The final score for a job is the number of times it is considered the most valuable in the pair comparisons. Ranks then are created from these scores.

[C2]

**pay grade**
The grade to which a given type of job is assigned.

[C2, C4, C17]
pay range
The range of pay rates, from minimum to maximum, established for a pay grade or class. Typically used to set individual employee pay rates.
[C2, C4, C11, C15, C17, T1, T9]

pay survey
Gathering, summarizing and analyzing data on wages and salaries paid by other employers for selected key classes of jobs or benchmark jobs.
[C2, C5, C17]

percentile
A measure of location in a distribution of numbers that defines the value below which a given percentage of the data fall. For example, the 90th percentile is the point below which 90 percent of the data fall.
[C2, C17, T3]

point factor method of job evaluation
A quantitative form of job content evaluation that uses defined factors and degree levels within each factor (usually five to seven levels, which are also defined). Each factor is weighted according to its importance (to the organization). Job content descriptions are compared to definitions of the degree levels and the corresponding points assigned to the appropriate level are then awarded to the job and added for all factors to determine the total job score. The total scores are used to create a job worth hierarchy.
[C2, C17, T1]

position
The total duties and responsibilities requiring the employment of a single employee. The total number of positions in an organization equals the number of employees plus vacancies.
[C2, C17]

primary source of job information
In job analysis, the job incumbent or immediate supervisor.
[C2]

quantitative job evaluation
A method that creates a job worth hierarchy by analyzing jobs in terms of specific factors and numerical indices. Examples of quantitative methods are job component and point factor.
[C2, C17]

ranking method of job evaluation
The simplest form of job evaluation. A whole-job, job-to-job comparison, resulting in an ordering of jobs into a job worth hierarchy from highest to lowest.
[C2, T1]

reclassification
The (re)assignment of a job to a higher or lower grade or range in the organization's job worth hierarchy due to a job content (re)evaluation and/or significant change in the going rate for comparable jobs in the external labor market.
[C2, C4]

regression analysis
The statistical technique of creating a model of a y (dependent) variable as a function of one or more x (independent) variables using the method of least squares.
[C2, C4, C17, T3]

reliability
The quality of a measuring device, including human raters and evaluators, that determines how free the device is from common measurement errors, operationalized by correlating measures from two or more separate observations using the same measures on the same subjects.
[C2, C11, C12, C17]

responsibility
A duty or group of duties that describes the major purpose or reasons for the existence of a job.
[C2, C17]
salary range
See pay range.
[C2, C11, C17]

salary structure
The hierarchy of job grades and pay ranges established within an organization. The salary structure may be expressed in terms of job grades, job-evaluation points or policy lines.
[C2, C4, C11, C15, C17, T6, T9]

sampling errors
In statistics, a subset of the elementary units of the (subject) population.
[C2, C17]

scope
A set of quantifiable job characteristics that ascribe value to a job. Typical measures include sales volume, asset size of the organization, number of subordinates and size of budget managed.
[C2, C6, C6A, C12, C17]

scope measurements
In many wage surveys, specific job characteristics such as sales volume or budget are provided to help ensure an appropriate job match. On wage survey questionnaires, there is sometimes an opportunity for respondents to indicate degree of job match, resulting in a general measure of comparative job scope.
[C2, C6, C6A, C12, C17, T1]

secondary source of job information
See scope.
[C2]

Sherman Anti-Trust Act (1890)
A federal law passed to protect the public from abuses of corporate monopolies; however, in 1908, the Supreme Court ruled that it applied to unions as well. In terms of compensation, the exchange of wage information can be seen as "price fixing" wages.
[C1, C2, C17]

skill-based pay
A person-based compensation system based on the repertoire of skills an employee can perform, rather than the specific skill that the employee may be doing at a particular time. Pay increases generally are associated with the addition and/or improvement of the skills of an individual employee, as opposed to better performance or seniority within the system. Pay level generally is not dependent on whether any of the skills are utilized.
[C2, C4, C11, C12, T1]

slope
In a simple linear model, \( y = a + bx \), the coefficient \( b \) is the change in the value of \( y \), the dependent variable, for each unit change in the value of \( x \), the independent variable. Graphically, slope represents the "rise" over the "run" of a given line and directly determines a line's steepness. In a multiple linear model, \( y = a + b_1x_1 + b_2x_2 + \ldots + b_kx_k \), each \( x_i \) has a slope \( b_i \), which is sometimes called a b-weight, partial regression weight or regression coefficient. Each \( b_i \) is the change in \( y \) for each unit change in the corresponding \( x_i \) when all the other \( x_s \) are held constant.
[C2, C4, C11, C12, C17, T1, T3]

slotting
The act of placing a job into a job worth hierarchy established by some other job-evaluation method. The method involves comparing the job to one or more jobs in an already established hierarchy; consequently, it cannot be used as a stand-alone method.
[C2, C17]
survey
The gathering of information about a situation. Often, surveys consist of sampling data from a population. Examples include a benchmark salary survey that collects pay data for benchmark jobs from a defined labor market, a maturity salary survey that collects both pay and experience data from a defined labor market for benchmark jobs or jobs in a given discipline at a given degree level, and a benefits survey that collects benefits data from a defined labor market.

T

task
One or more task elements making up a distinct activity that constitute logical and necessary steps in the performance of work by an employee.

task element
The smallest step into which it is practical to subdivide any work activity without analyzing separate motions, movements or mental processes.

the work experience
See work experience.

total rewards
All of the tools available to the employer that may be used to attract, retain and motivate employees. Total rewards include everything the employee perceives to be of value resulting from the employment relationship.

U

unweighted (simple) average
See unweighted mean.

weighted average
See weighted mean.

work experience
Elements of rewards that are important to employees but may be less tangible than compensation or benefits. It includes acknowledgement or recognition of effort/performance, balance of work-life issues, cultural issues, development opportunities and environmental factors.

unweighted mean
A simple arithmetic average of individual means.

validity
The quality of a measuring device that refers to its relevance (i.e., is the device actually measuring what it is intended to measure?). This quality is extremely important for job analysis and job evaluation measures as well as for performance appraisal devices.

wage survey
A survey of a labor market to determine the going rates for benchmark jobs.