

The Time to Build a Skills-Based Job Architecture is NOW!

Moving from Chaos to Clarity



Agenda

- 1** | **The why:** the world is changing and H.R. needs to keep up
- 2** | **The what:** a framework to organize jobs by nature and level of work
- 3** | **The how:** link skills to the architecture to drive speed, agility and consistency
- 4** | **The who:** benefits for both the employee and the employer
- 5** | **The when:** the time is now to conduct a pay equity analysis based on organized framework



The Why: The world is changing



Employees today are looking for something different...

Not long ago...

...Today

Work hard now

Gain resources

Attain well-being
in the future

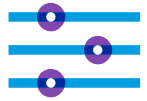
Prioritize
well-being now

Work in a way that
works for me

Live life now



Advances in AI and Technology have now made skills at scale attainable



AI-Driven Data

AI has enabled mass production of market-driven skills data and intelligence around how skills are evolving across organizations and industries



AI-Mapping of Skills to Jobs

AI has enabled organizations to rapidly link skills to their jobs in either a top-down or bottoms up approach



Explosion of skills technology

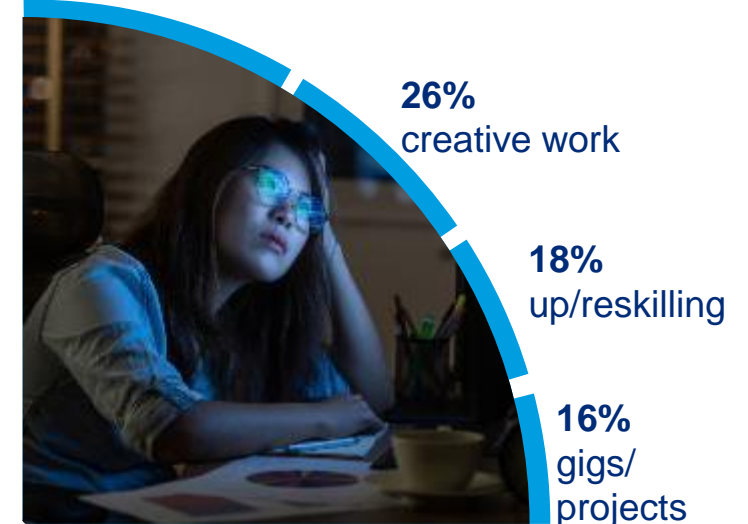
AI-driven skills data has driven an infusion of skills into the HR tech ecosystem, including:

- Integration of skills into HCMs as a system of record
- AI-driven talent marketplace and career mobility platforms
- Integration of skills into HR process technology (i.e., ATS, LMS, performance/talent management, etc.)

Only 1 in 3 workers believe their org will reskill them if their job changes due to AI

Time spent today on:

34%
repetitive tasks



New way of connecting talent to work



Fixed

“I’m a finance manager with ownership for financial reporting processes”

Work structured by:

Job



Flex

“I’m a HR manager but a critical portion of my role is driving HR strategic initiatives”

Job + Project



Flow

“I’m a data scientist and work on projects across all functions, based on my capacity and skills”

Projects or Gigs

Accountabilities

Fixed

Fixed + Fluid

Fluid

Skills required:

Stable

Unique

Evolving and Specialized

Work defined and managed through:

Job Architecture

Combination

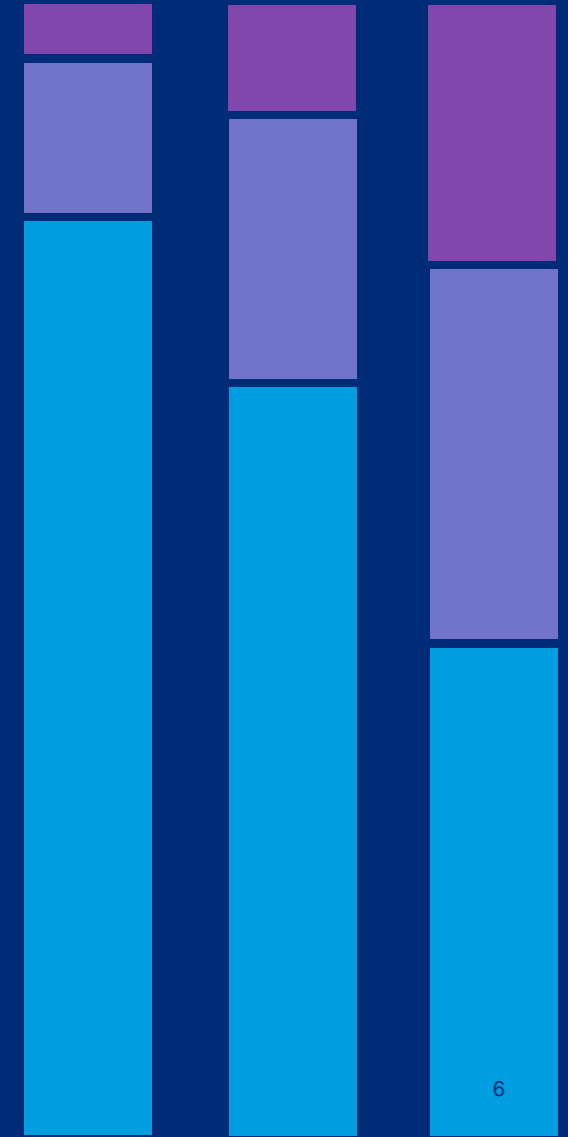
Talent Marketplace

The evolution of work

Pre-Pandemic

Today

Tomorrow

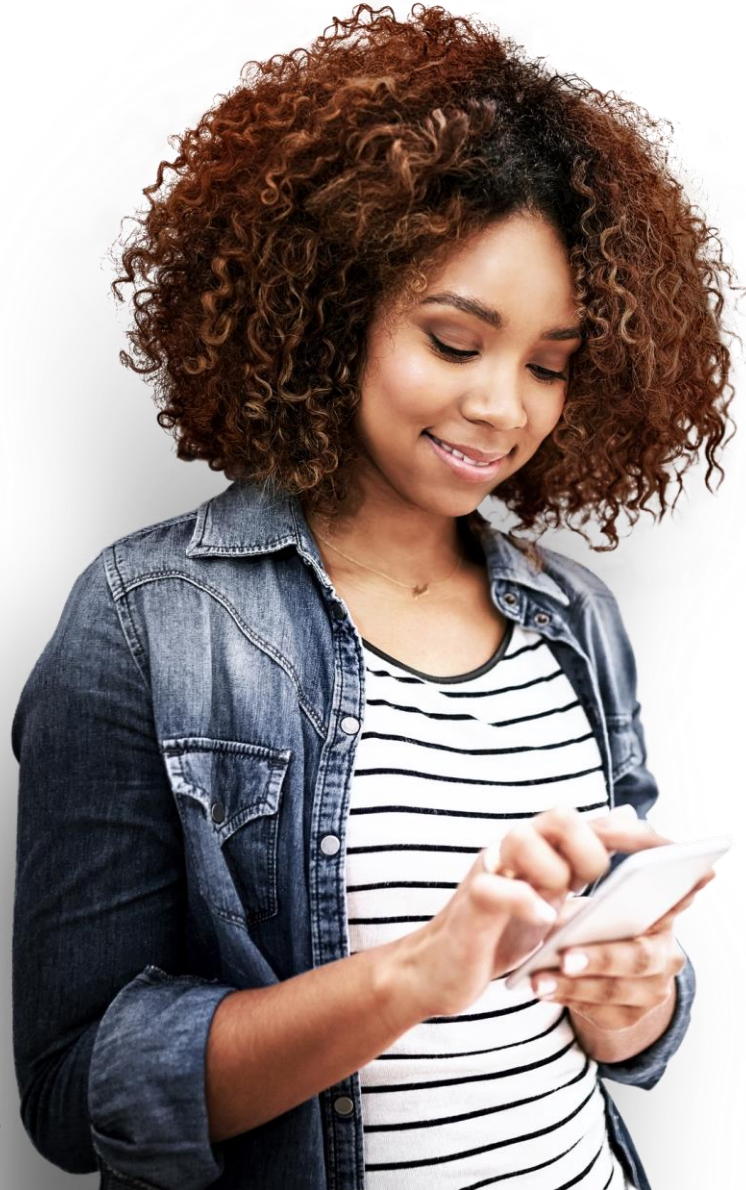


The What: Job Architecture



Job Architecture

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The Framework: Job Architecture

Overview

Fundamentally, a job architecture is a way to organize and structure jobs based on consistent criteria

What It Is

- **Consistent framework** for organizing jobs by **nature of work** (job families and job sub-families)
- Job hierarchy based on **impact to the organization and scope of responsibility** (career streams and career levels)
- A **common understanding of jobs** across the organization
- Foundation for **clearer career paths, talent mobility, expectations by role and success profiles**
- **Consistent baseline** to facilitate pay equity and rewards program eligibility and opportunity

Why It's Important

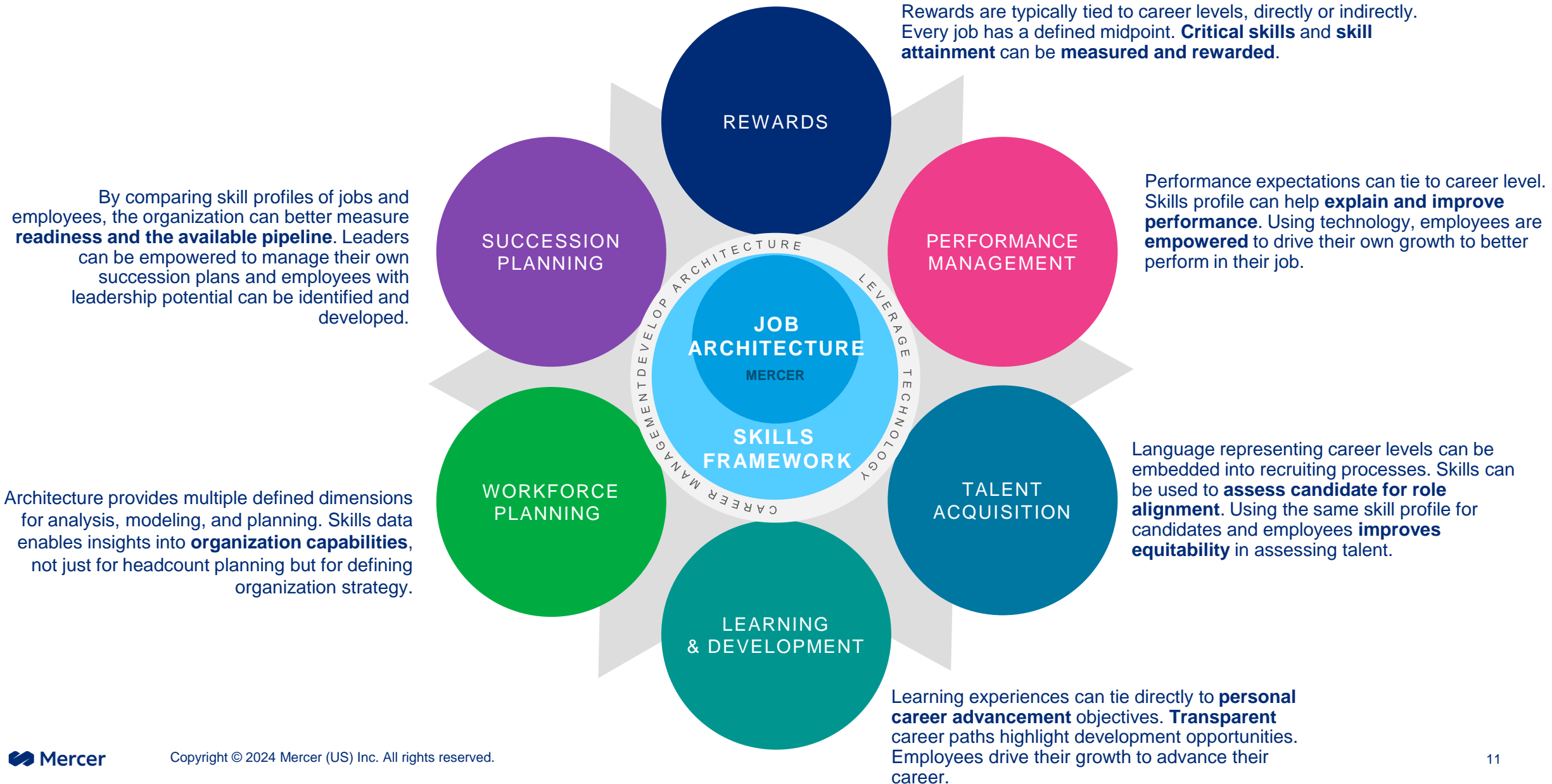
- Consistent job definition
- Common language for jobs
- Foundation for HR Technology optimization
- Guide for external rewards data matching
- Understanding of job hierarchy for employee development and program eligibility and opportunity
- Connecting job level and responsibilities to competencies and skills
- Foundation for workforce analytics

Signs you might need a more robust architecture

- The **organization of our jobs** is in complete chaos
- We're about to implement/upgrade our **HRIS system**, and this will reveal just how bad our data is
- Recent **acquisition** was incredibly painful to integrate
- Our **levels** across functions or geographies are vastly inconsistent
- **Career paths and promotion criteria** are nonexistent or at best confusing
- We have little confidence in our compensation and rewards **benchmarking**
- We want to do more effective **workforce planning**
- We are struggling with **title inflation**



How Does Job Architecture Connect the Talent Framework?



Compensation Data & Job Profiles Link, including skills



Definitions, titles, and skills

Talent Acquisition (Strategy & Recruiting) – Senior Professional – HRM.08.001.P30



Talent Acquisition (Strategy & Recruiting) includes work across multiple areas of staffing/recruiting including:

- Talent evaluation and screening (e.g., analyzing resumes for relevant skills, knowledge, and qualifications, conducting screening interviews, assisting managers with interviews, testing/ranking candidates, checking references and providing feedback to unsuccessful candidates)
- Job advertising and posting (e.g., developing job descriptions, posting on internal and external sites, providing specifications to external recruiting agencies, etc.)
- Talent prospecting (representing the organization at employment fairs, participating in campus recruiting activities, building sourcing pipelines/networks for targeted talent pools)
- Talent staffing and planning (e.g., forecasting future hiring needs, aligning hiring strategy to longer term workforce plans, analyzing market trends that impact labor supply & demand, etc.)



A Senior Professional (P3) applies advanced knowledge of job area typically obtained through advanced education and work experience. Responsibilities typically include:

- Managing projects/processes, working independently with limited supervision
- Coaching and reviewing the work of lower level professionals
- Problems faced are difficult and sometimes complex



Typical Titles: Talent Acquisition Professional, Talent Acquisition Analyst, Staffing & Recruiting Professional, Staffing & Recruiting Analyst

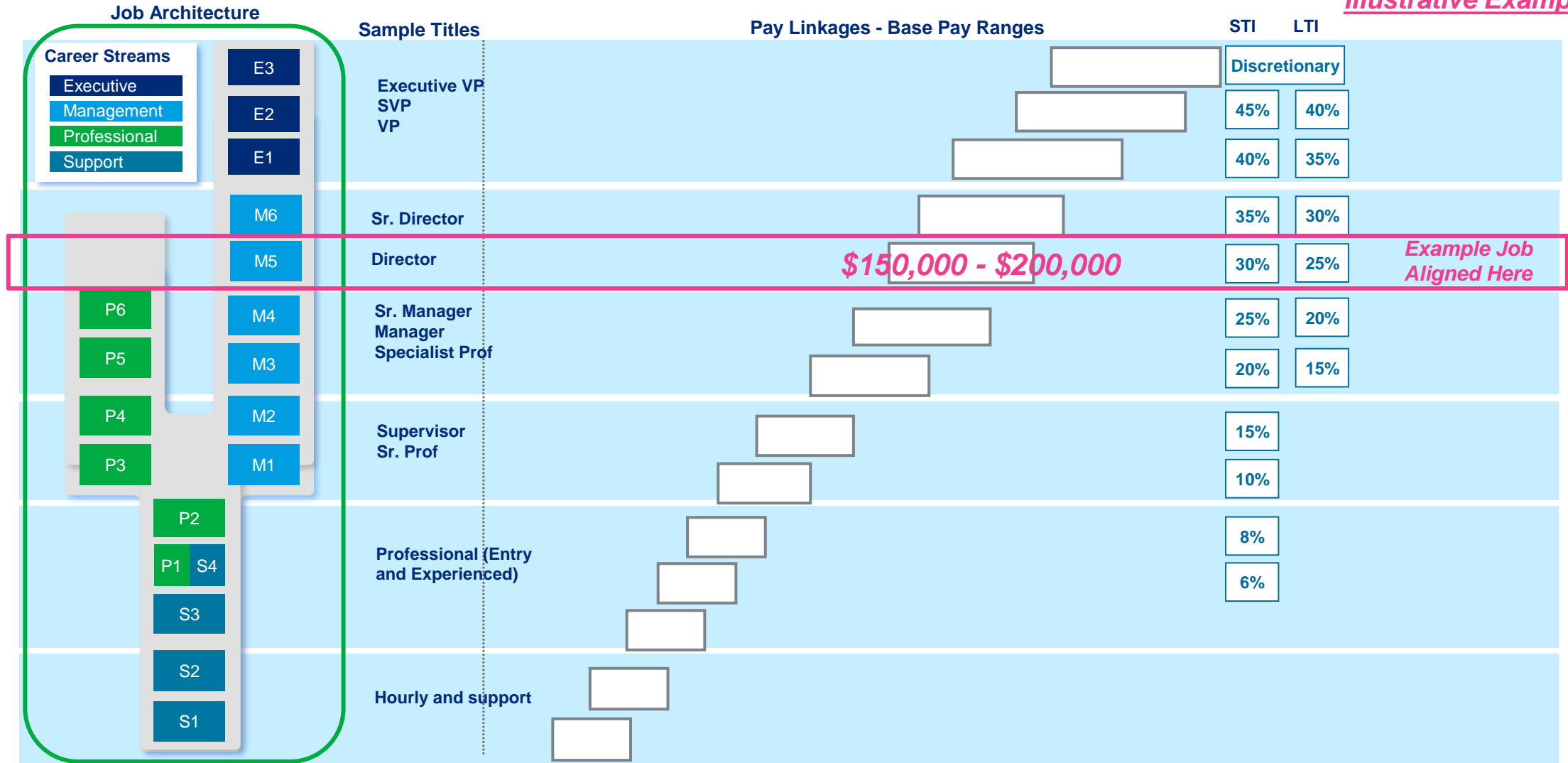


Skills: Advising, Applicant Tracking Systems, Behavioral Interviewing, Branding, Cold Calling, Detail Oriented, Employer Branding, Executive Search, Human Resources Information System (HRIS), Influencing Skills, Negotiation, Onboarding, Persuasive Communication, Professional in Human Resources, Relationship Management, Sourcing, Talent Sourcing, Taleo, Workforce Planning, Written Communication

Linking Compensation to a Global Job Architecture

The job levels created can link to pay ranges to create consistency in pay practices within markets

Illustrative Example



Skills have become an integral part into how jobs are designed and defined



Work Categories

Job Families, Subfamilies & Skill Families

Job Family: Information Technology

- Job Subfamily
- Software Engineering
 - Information Security
 - Application Development
 - User Support
 - Business Analysis

Skill Families

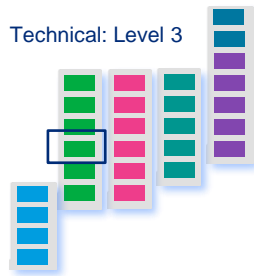
- Application Security
- Cloud Infrastructure
- Mobile Applications
- Software Testing
- Web Applications
- R&D Software Development

- Job families and sub-families represent **require a set of functional skills** that are transferable across the job family
- **Skill families or specializations** reflect a more narrow set of functional skills required for a ladder of jobs, where necessary



Level Framework

Career Steams & Levels



- Career streams represent major career types requiring a **unique set of core behavioral skills**
- Levelling structures reflect the value to the organization based on the scope and contribution defined by the org design



Accountabilities

Responsibilities and Tasks

ACCOUNTABILITIES
• Assists in developing, testing, deploying, and maintaining software. Follows best practices established by the organization and participates in improvement conversations. Consistently helps the team achieve results, even under tough circumstances.
• Learns through successful and failed experiment when tackling new problems. Actively seeks ways to grow and be challenged using both formal and informal development channels.
• Builds partnerships and works collaboratively with others to meet shared objectives. Collaborates with other team members in agile processes. Relates openly and comfortably with diverse groups of people.

- Job accountabilities define **key areas of focus and the outcomes** expected based on the org design
- Tasks define the **specific activities** to fulfil responsibilities, ultimately enabling the redesign of work



Skills & Proficiencies

Knowledge and Abilities

R&D SOFTWARE DEVELOPMENT

Developing in:

- Software Development Life Cycle
- Systems Engineering
- Firmware
- Troubleshooting

- Skills are the **knowledge and abilities** required to deliver on accountabilities successfully, driven by the skill family
- Proficiencies define the **level of expertise** required for a given skill, based on the level of the job

For the employee...

Where else can I leverage my **SKILLS** and experience within the organization?

How can I **PROGRESS** my career as I grow my skills within the organization?

What are the **EXPECTATIONS** for the work that I do, and how are they achieved?

What are the capabilities I need to be **SUCCESSFUL** to perform the work?



All elements intersect to form a Job

Software Development Engineer – T3

Senior R&D Software Engineer		Product Software Engineering - Development - T3	
Overview: R&D Software Engineer	Accountabilities	Skills	Proficiencies
<small>Overview: R&D Software Engineer</small>	<small>Accountabilities</small>	<small>Skills</small>	<small>Proficiencies</small>
Sub-Family: Product Software Engineering	Learning Information: T3	Skills	Proficiencies
<small>Sub-Family: Product Software Engineering</small>	<small>Learning Information: T3</small>	<small>Skills</small>	<small>Proficiencies</small>

- Job is the intersection of all elements of the architecture, defined by a distinct set of accountabilities, tasks and skills
- Provides clarity and structure for the work to be performed

What is the basis for how my work is **MEASURED**, and **VALUED** within the organization?

The How: Skills

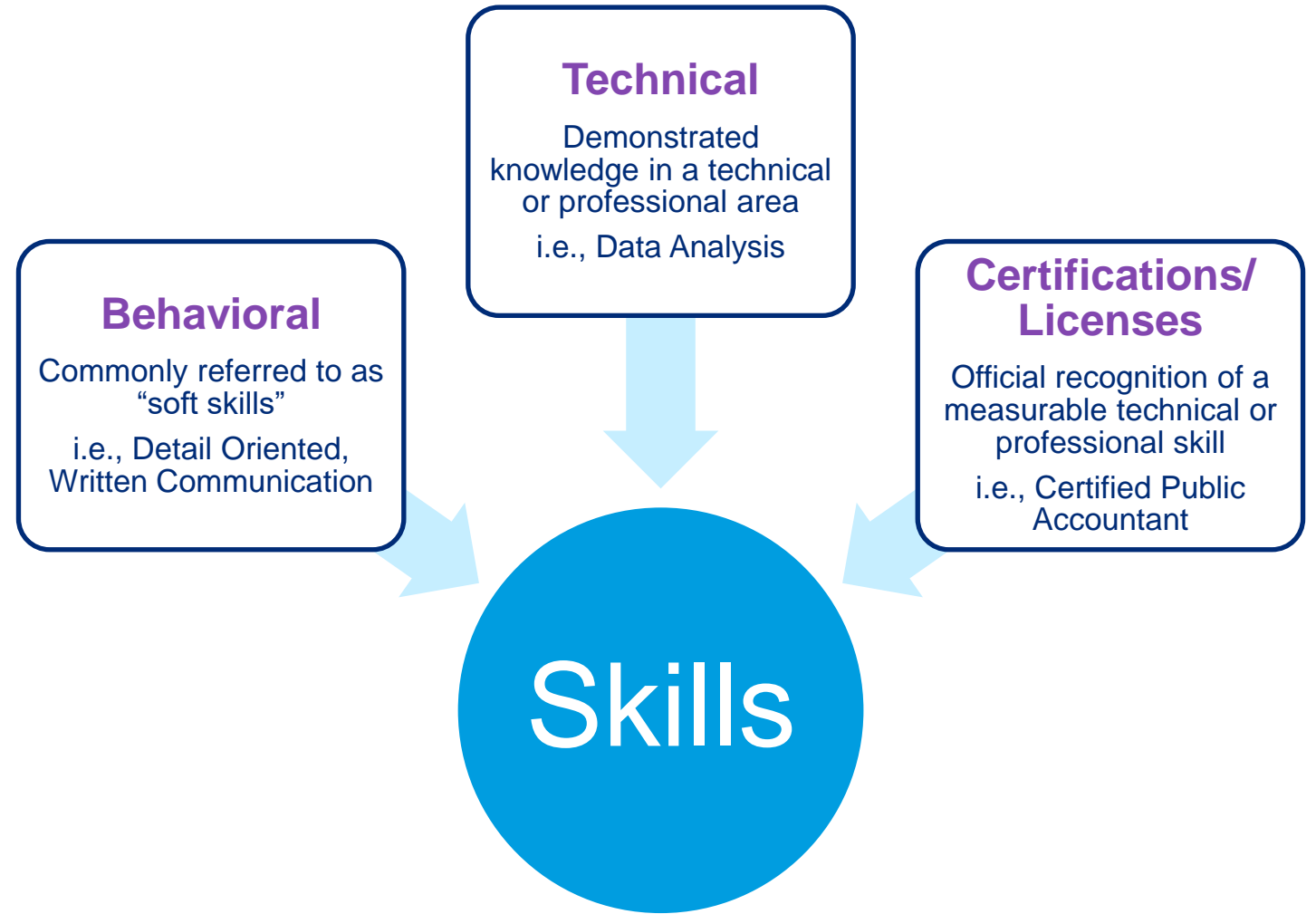
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What is a Skill?



A **skill** is an ability or knowledge possessed by a person, which may be required to perform a task, assignment, gig, job, or role.

Skills are usually developed through experience, practice, training or education.



Why Skills, Why Now?

Increases workforce productivity

C-Suite

Top challenges that will impact business in 2024

- ▶ #1 Rising labor costs
- ▶ #3 Skills shortages
- ▶ #4 Difficulty in attracting talent with vital digital skills
- ▶ #5 Knowledge loss when experienced workers leave
- ▶ #11 Difficulty in scaling

HR Leaders

- ▶ #1 investment that has increased productivity is **employee training and up/reskilling**
- ▶ 52% of HR leaders would focus investment in personal growth to give their people abundant opportunities to learn a new skill
- ▶ 41% of HR are **hiring new talent with required skills and/or experience**

Employees

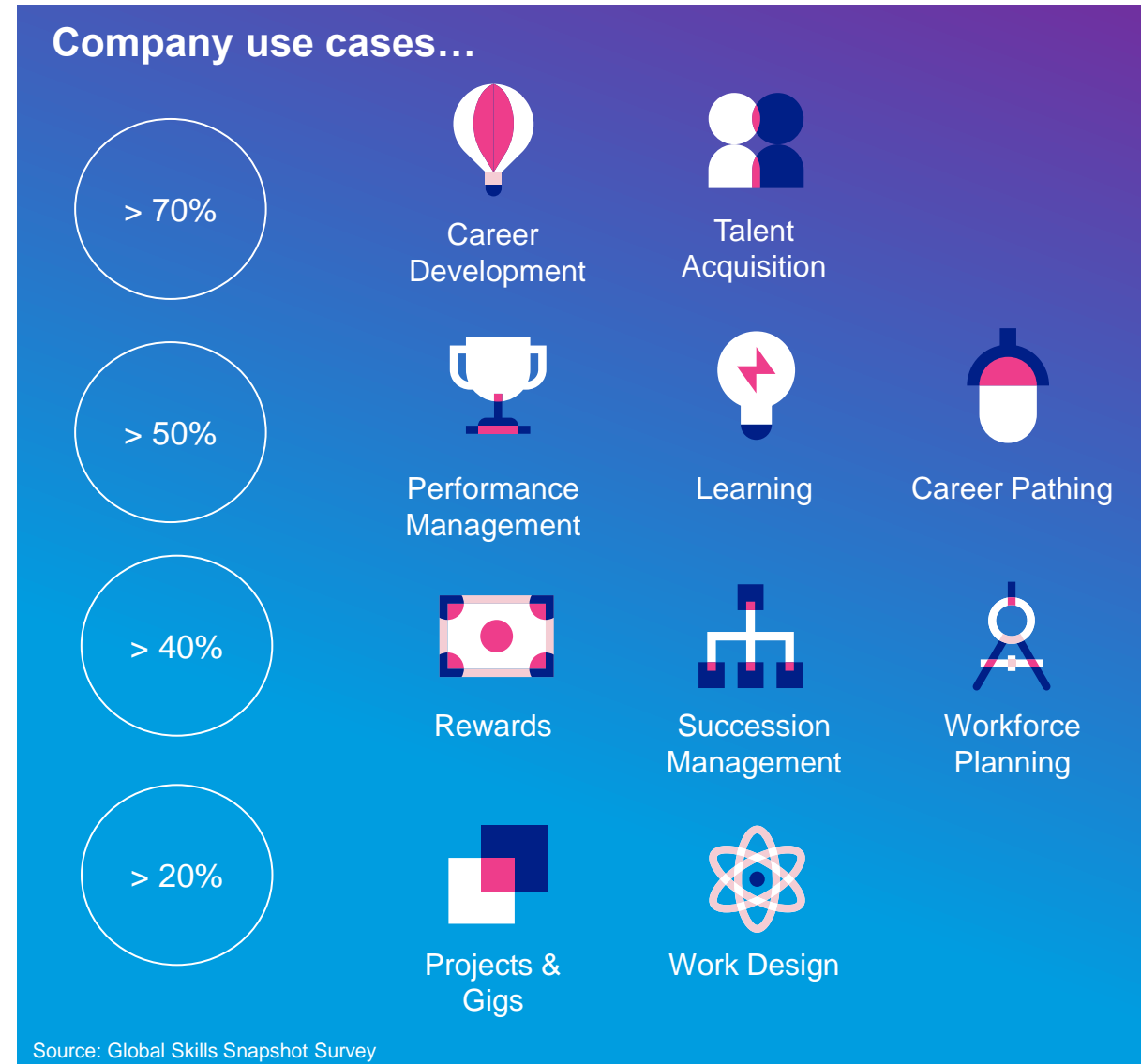
- ▶ 35% of **employees are considering leaving** because career advancement is not available / takes too long
- ▶ 66% of **employees don't know which skills they need** to develop at their organization
- ▶ Only 36% of employees feel they know the skills they need for future roles

45% of companies **have a skills taxonomy** in place that covers all or a portion of their organization.

The Why: Use cases for a skills-powered investment

According to Mercer's Global Skills Snapshot Survey, organizations are leveraging skills for most for Career Development and Talent Acquisition.

More than half of respondents are using them in Performance Management, Learning, and Career Pathing.



Skills

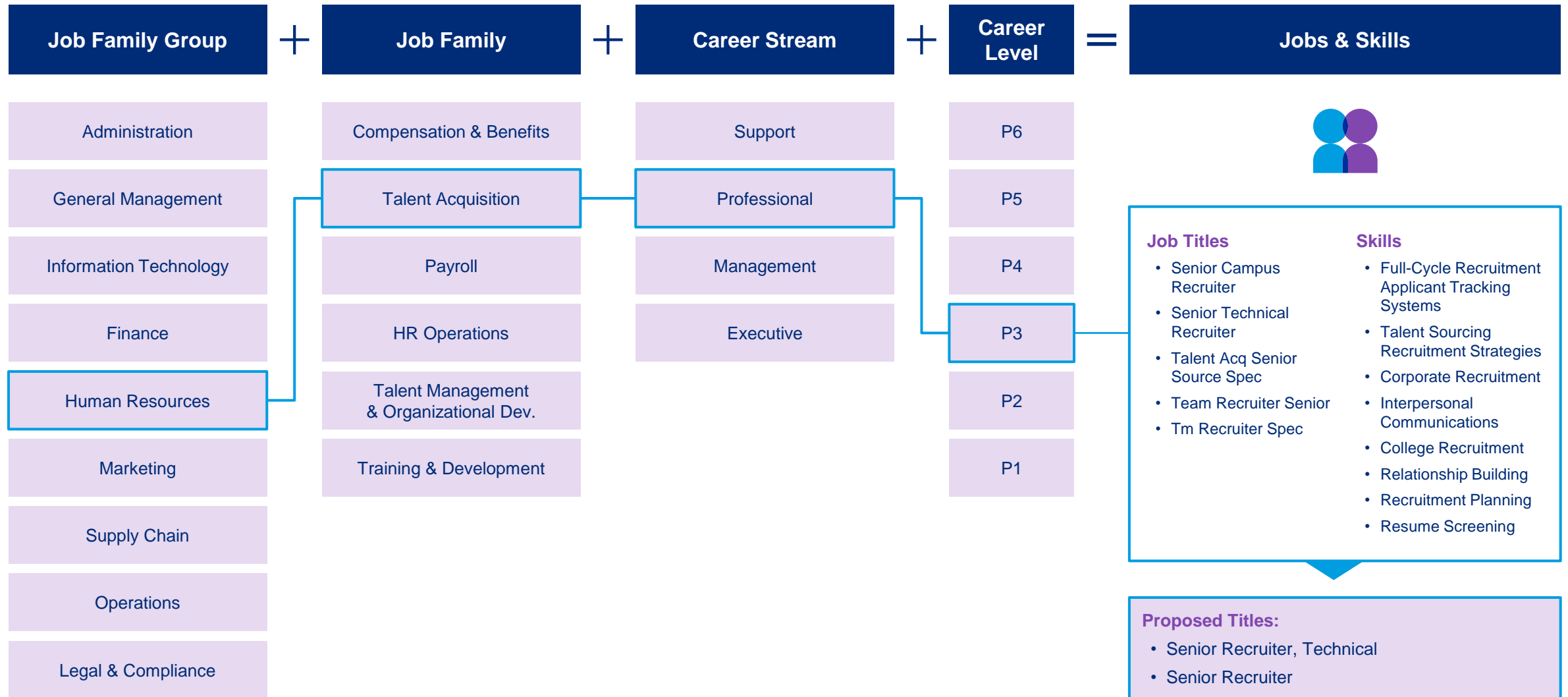
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The How: Pathway to a Skills-Powered Organization



Skill Groupings

All of the following groupings are critical to a skills strategy. When developing an enterprise wide **skills foundation**, you can first focus on the **Core and Job Skills**.

Unique

Skills that an employee has, which might include skills that are above, beyond, and outside those required for the job they hold today

Job

Skills that are mapped to a job (type of work + career level of work)

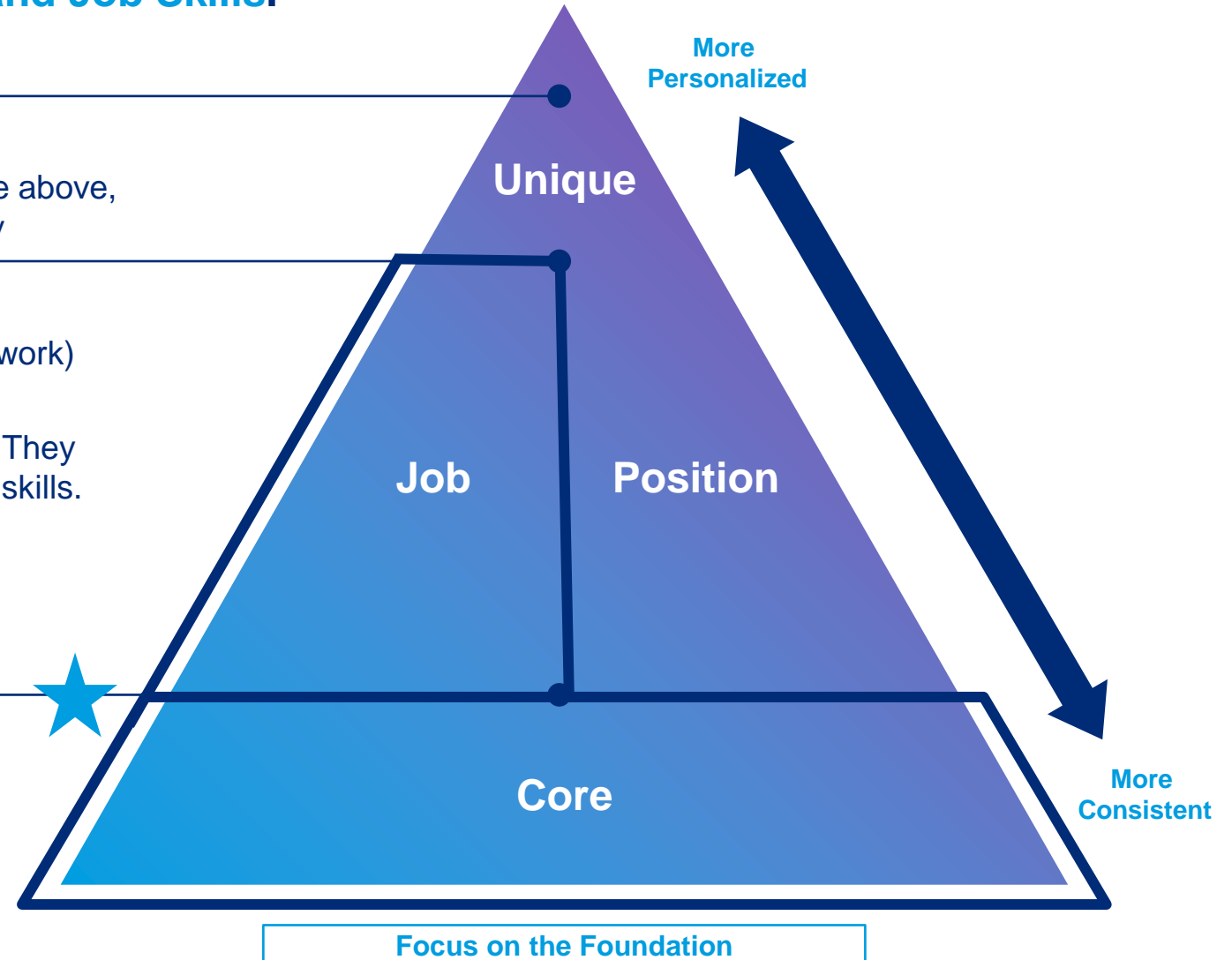
- Ex. HR Business Partner

Skills that are needed for a specific position at a point in time. They should include the Job Skills but might also include additional skills.

- Ex. HR Business Partner within Technology
-

Core

Skills that apply to all (or most) jobs within a career level or career stream (*i.e.*, *Individual Contributor, People Manager*), regardless of the type of work



Defining jobs is critical to providing clarity – but it's also essential for optimizing work

Skills based job architecture comes together in the job profile

Overview

Outlines the core responsibilities, scope and impact of the role

Accountabilities

Top 5 – 10 core responsibilities the role is accountable for delivering on

Sub Family Definition

The definition of the overarching professional area of work that the job falls within

Leveling Information

The scope of contribution the job provides to the organization, within the overarching hierarchy

Senior R&D Software Engineer																													
Product Software Engineering – Development – T3																													
<p>Overview: R&D Software Engineers</p> <p>The Senior R&D Software Engineer plays a pivotal role in our organization's success by leading the development of innovative software solutions that will be sold to our customers. With a focus on research and development, this role involves designing and implementing cutting-edge software applications, leveraging the latest technologies and methodologies. As a senior member of the team, the engineer will collaborate with cross-functional teams, provide technical guidance, and contribute to the growth and profitability of the organization through the creation of high-quality software products.</p>	<p>Accountabilities</p> <ul style="list-style-type: none"> Lead the research and development efforts to identify and evaluate new technologies, frameworks, and methodologies to enhance software development processes and improve product performance. Design and implement complex software systems, ensuring adherence to coding standards, best practices, and architectural guidelines. Collaborate with product managers and stakeholders to define project requirements, scope, and deliverables, and provide technical expertise to drive successful project outcomes. Conduct thorough code reviews and provide constructive feedback to ensure code quality, maintainability, and scalability. Mentor and guide junior engineers, providing technical leadership, knowledge sharing, and fostering a collaborative and innovative work environment. 																												
<p>Sub-Family: Product Software Engineering</p> <ul style="list-style-type: none"> The product software engineering job family is responsible for designing, developing, and testing software products for sale to external customers including activities such as: <ul style="list-style-type: none"> Conducting requirements analysis and high-level design/modeling to convert external customer needs into software solutions Designing and specifying the overall software structure, core elements, and properties by analyzing the software requirements, constraints, interfaces, and dependencies Using programming, scripting, and/or database languages to write the software code Planning and conducting software testing, performing analysis of test results, and tracking/reporting risk levels during test execution 	<p>Leveling Information: T3</p> <ul style="list-style-type: none"> Responsibility: Works on complex issues where analysis of situations or data requires an in-depth evaluation of variable factors. Exercises judgment in selecting methods, techniques and evaluation criteria for obtaining results. Networks with key contacts outside own area of expertise. Determines methods and procedures on new assignments and may coordinate activities of other personnel. Capability: Having wide-ranging experience, uses professional concepts and company objectives to resolve complex issues in creative and effective ways. 																												
<table border="1"> <thead> <tr> <th>Core Skills</th> <th>Skill Level</th> </tr> </thead> <tbody> <tr> <td>Detail Oriented</td> <td>Advanced</td> </tr> <tr> <td>Self Motivation</td> <td>Advanced</td> </tr> <tr> <td>Teamwork</td> <td>Advanced</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Functional Skills</th> <th>Skill Level</th> </tr> </thead> <tbody> <tr> <td>Innovation</td> <td>Advanced</td> </tr> <tr> <td>Troubleshooting</td> <td>Advanced</td> </tr> <tr> <td>Agile Methodology</td> <td>Intermediate</td> </tr> <tr> <td>Software Development Life Cycle</td> <td>Intermediate</td> </tr> <tr> <td>Algorithms</td> <td>Advanced</td> </tr> <tr> <td>C++</td> <td>Advanced</td> </tr> <tr> <td>Machine Learning</td> <td>Intermediate</td> </tr> <tr> <td>R</td> <td>Advanced</td> </tr> <tr> <td>Python</td> <td>Advanced</td> </tr> </tbody> </table>		Core Skills	Skill Level	Detail Oriented	Advanced	Self Motivation	Advanced	Teamwork	Advanced	Functional Skills	Skill Level	Innovation	Advanced	Troubleshooting	Advanced	Agile Methodology	Intermediate	Software Development Life Cycle	Intermediate	Algorithms	Advanced	C++	Advanced	Machine Learning	Intermediate	R	Advanced	Python	Advanced
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Machine Learning	Intermediate																												
R	Advanced																												
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Core Skills

Skills important for every job in the organization (or every job within the career stream), and their expected proficiency level based on the job's level

Functional Skills

Includes all skills applicable to performing the job's core functions, including behavioral skills applicable to the job family (e.g., relationship management for sales) or technical skills applicable to the sub-family or skill family

Immediate Outcomes:

Identify skills within a function that exist **across disciplines within that function**

For example, skills that most are most frequently identified as highly important within all disciplines

This helps to answer the question:

How can I grow my career using the skills I have in order to experience other areas of the department?

Human Resources												
Skills	Benefits & Wellness	Comp	DE&I	Employee Relations	HR Analytics	HRBP	HR Ops	Labor Relations	Mobility	Talent Acq.	Talent Mgmt.	Count
Consulting	x	x	x	x	x	x		x			x	8
Change Management			x	x		x	x					4
Investigation				x		x		x				3
Conflict Resolution				x		x		x				3
Employee Engagement			x	x		x						3
Program Management	x		x						x			3
Labor & Employment Law				x			x					2
Complex Problem Solving				x			x					2
Mediation				x				x				2
Advising								x	x			2
Project Management	x		x									2
Storytelling			x		x							2
Relationship Management									x	x		2

Immediate Outcomes:

Identify skills within a function that exist in other functions

For example, skills that exist in multiple areas (Labor Relations, Contract Management, Legal Counsel, Property Development, Revenue Management, and Procurement)

This helps to answer the question:

How do I utilize the skills I have (e.g., negotiation) in my current job to expand into other areas of the organization?

Legend





Skills that show up across sub-families

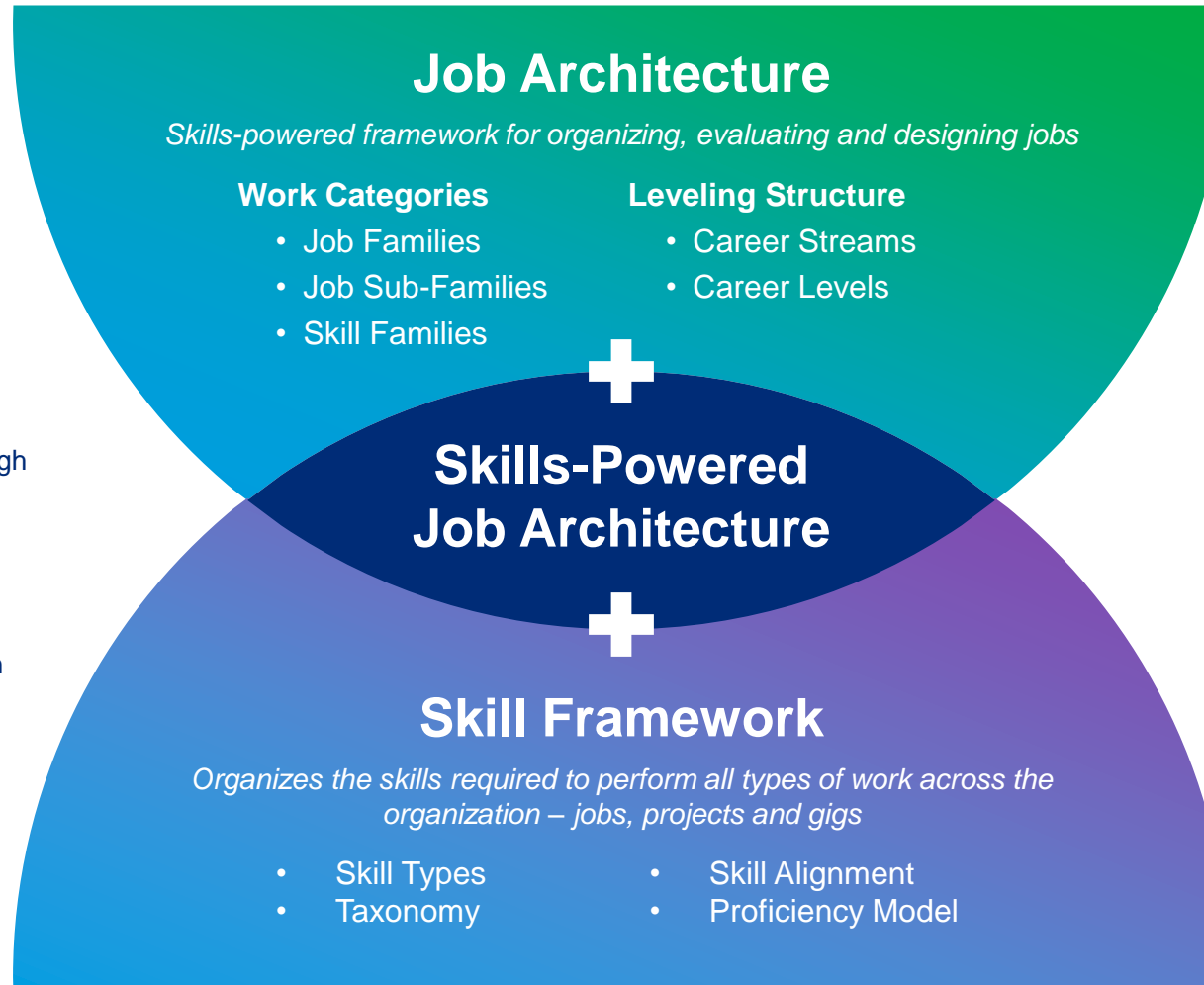
Skills that are unique to a sub-family

	Human Resources	Legal & Regulatory Affairs	Legal & Regulatory Affairs	Real Estate & Facilities	Revenue & Network Strategy	Strategic Sourcing & Procurement
Rank	Labor Relations	Contract Management	Legal Counsel	Property Development	Revenue Management	General Procurement
1	<u>Negotiation</u>	<u>Negotiation</u>	Trademarks	<u>Negotiation</u>	Economics	<u>Negotiation</u>
2	Employee Relations	<u>Procurement</u>	Patent Applications	Budgeting	<u>Negotiation</u>	Supplier Performance Management
3	Collective Bargaining	Acquisition Processes	<u>Procurement</u>	Due Diligence	Financial Modeling	Request For Proposal
4	Arbitration	Auditing	<u>Negotiation</u>	Project Management	Tableau (Business Intelligence Software)	Strategic Sourcing
5	Investigation	Contract Negotiation	Advising	Mergers And Acquisitions	Financial Analysis	Contract Management
6	Labor Law	Economics	Patent Prosecution	Financial Analysis	SQL (Programming Language)	Forecasting
7	Industrial Relations	Corporate Finance	Juris Doctor	Property Management	Strategic Thinking	Budgeting
8	Mediation	Consulting	Auditing	Strategic Planning	Business Acumen	<u>Procurement</u>
9	Contract Management	Subcontracting	Patent Infringement	Feasibility Studies	Request For Proposal	New Product Development
10	Advising	Risk Mitigation	Intellectual Property Laws	Financial Modeling	Mathematical Optimization	Material Requirements Planning
11	Conflict Resolution	Quantitative research	Risk Analysis	Market Analysis	Forecasting	Vendor Management





To adapt, job architectures must be underpinned by skills provide agility and fuel performance as organizations transform

Organizational Performance

-  **Function and Job Design**
Provides a **framework for assessing effectiveness** of functional structures and **optimizing job design**
-  **Work/Talent Deployment**
Enable the **deployment of talent across jobs, projects and gigs** through the identification of skills
-  **Workforce Planning**
Foundation for **qualitative and quantitative workforce planning** driven by skills
-  **Work Design**
Provides a **foundation for redesigning work** based on tasks and skills required



Talent Performance

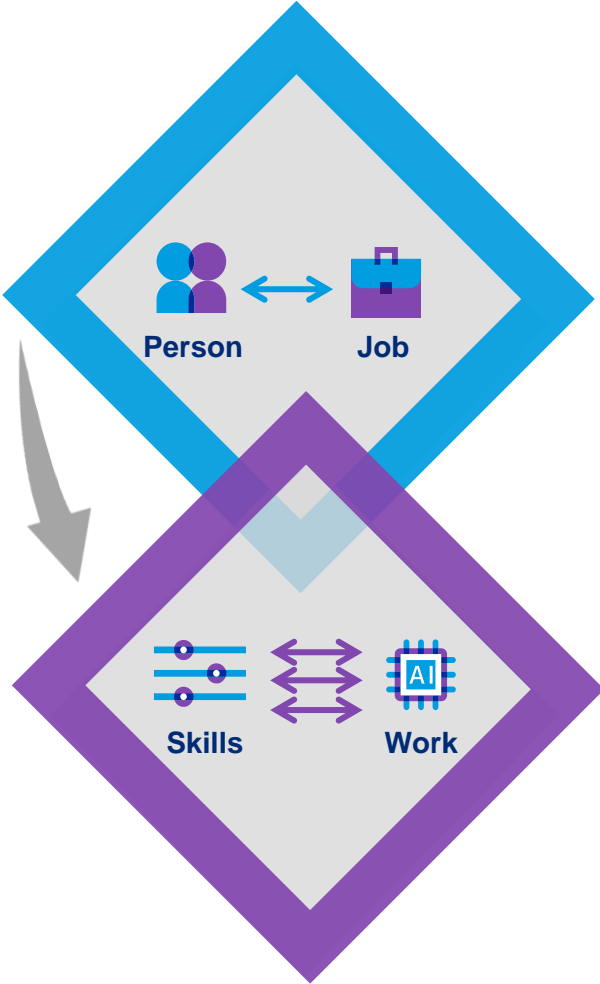
-  **Talent Acquisition**
Ensures that TA has insights to **source and assess candidates** with the right skills and experiences
-  **Learning and Development**
Design **learning offerings and paths** aligned to the both the organization and individual's needs
-  **Talent Management**
Provides **clarity to performance expectations** and visibility to skills driven career pathing
-  **Rewards**
Provides foundation for assessing and enabling **pay equity and transparency and differentiating pay based on** business criticality of skills and jobs

**The Who: benefits for both
the employee and the
employer**



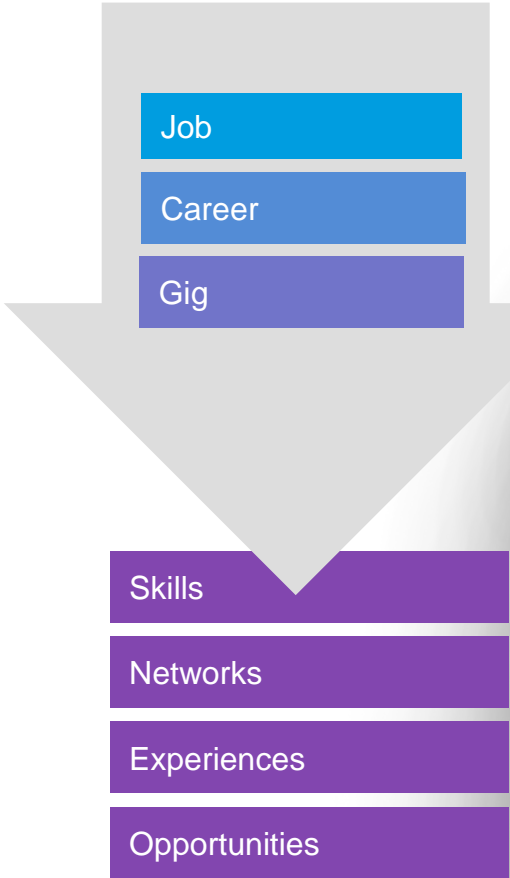
These changes are transforming how we think about work, for both the employer and employee

For the employer...

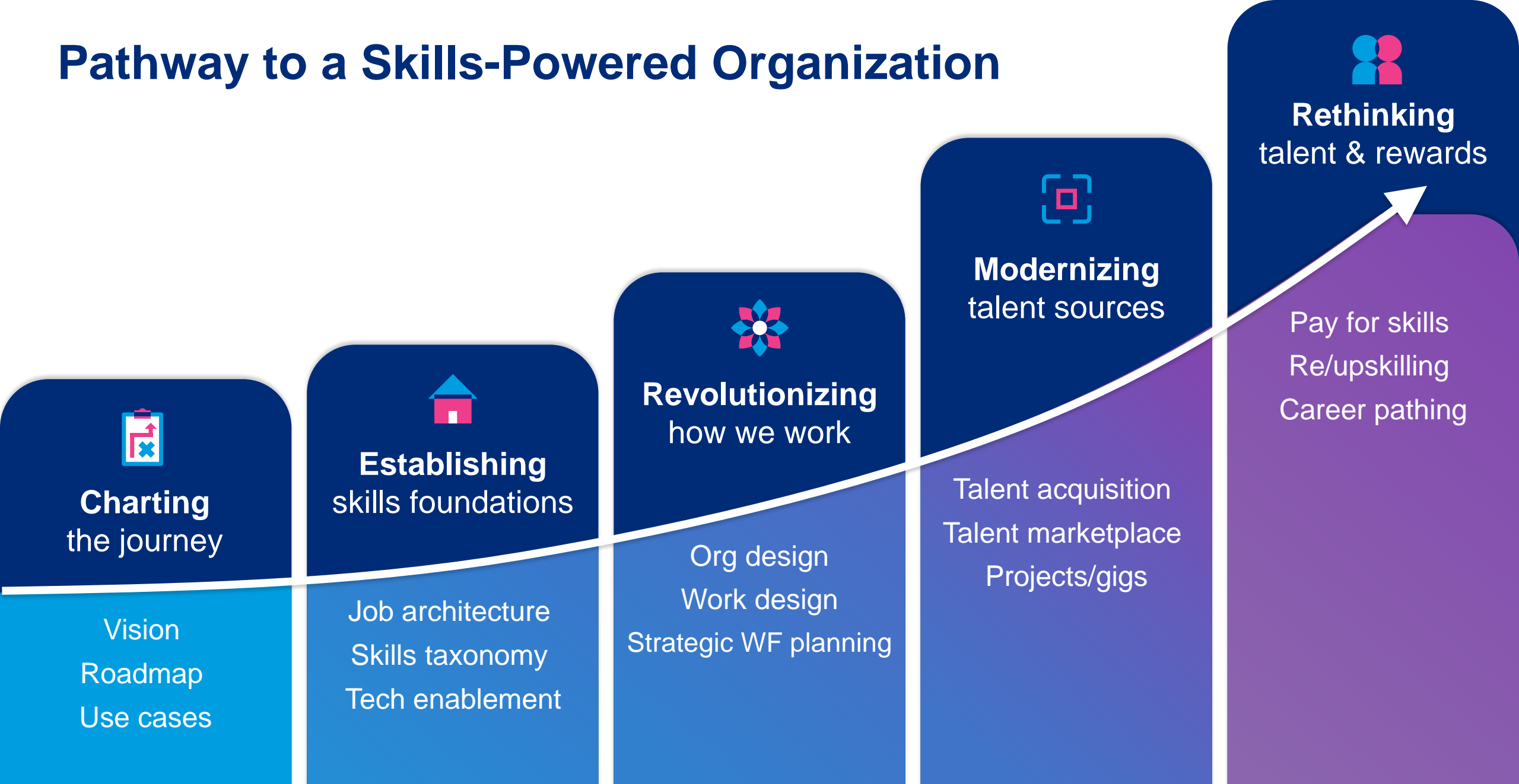


- Employees
 - Jobs with fixed accountabilities
 - Linear career paths
 - Technology built to support people in jobs
-
- Internal and external talent
 - Jobs, projects and gigs
 - Career experiences driven by networks, opportunities and skills
 - AI as a “work partner”

For the employee...



Pathway to a Skills-Powered Organization



Enable Digitally

Change Activation - Digital Strategy - Governance & Sustainability

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Discussion: Topics to use with your teams



What use cases should be first on the roadmap where we gain ROI right away?



What skills do we need, and how will we incorporate a skills taxonomy into our job architecture?



What skill level do we expect for each career stage (support, professional, management)?



How do we assess the skills that will drive our business forward?



How will we operationalize our skill-based strategy? (governance, technology, employee experience)



What metrics will we monitor to measure progress?



How will we reward for top skills?

**The When: the time is now
for pay equity**

5

What do we mean by Pay Equity Analysis?

**“Raw”
pay gap**

=

**“Explained”
pay gap**

+

**“Unexplained”
pay gap**

How average or median pay differs between women and men (or other demographic groups)

How pay differs because women and men are in different roles, have different amounts of labor market experience, and other differences that legitimately impact pay

Residual pay gap between women and men that cannot be explained by legitimate factors and may be due to pay inequities

Employers are taking action to prepare for transparency

Build confidence in (or defense of) your compensation programs by solidifying foundational elements

 **Pay equity spotlighted via pay transparency**
68% of employers are now conducting pay equity analyses on a regular basis

Pay Philosophy

Majority (57%) of organizations are assessing the competitiveness of their pay levels and compensation structures



Pay Equity

Organizations (52%) are proactively conducting pay equity studies to identify outliers

Salary Structures

Almost half organizations (48%) are developing or updating their compensation structures and ranges

Job Architecture

While some (47%) are enhancing their job architecture for greater consistency and alignment

Mercer's Pay Equity Process Overview

1

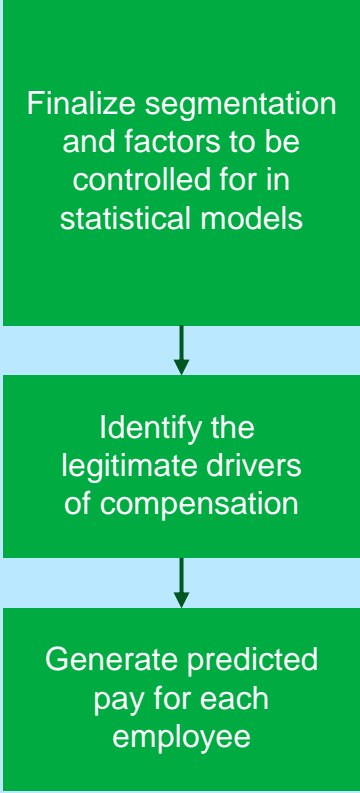
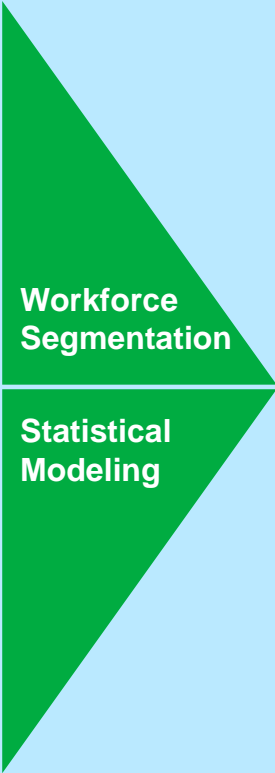
Data Preparation

(sample elements)

Employee Characteristics
<ul style="list-style-type: none">• Compensation• Gender, race/ethnicity*• Experience (tenure)• Prior experience• Time in job• If new hire
Job Factors
<ul style="list-style-type: none">• Employee/Pay Type• Career level• Skills• Promotion/Demotion
External Conditions
<ul style="list-style-type: none">• Work city and country

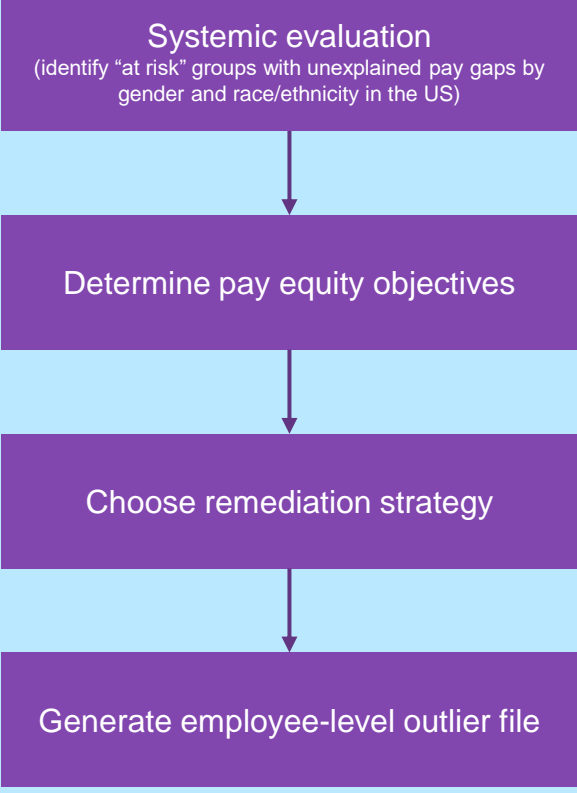
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Model Development



3

Pay Equity Assessment



* Note: Data are collected on gender and race/ethnicity in US, though such factors are not legitimate drivers of pay and are therefore not represented here. Their impacts on pay are ultimately examined in Phase 3.

What is PayAI®?

PayAI® is tool that will help you set pay for individual employees, whether they be new hires or employees being promoted or moved into new roles.

How does PayAI® work?

- PayAI® learns from your own data and compensation philosophy to develop custom algorithms.
- It provides a tool for recruiters or compensation professionals to move faster and make confident recommendations.

Using PayAI® is easy

- Enter a few key details about the person and the role into the tool.
- PayAI® calculates a specific recommended salary that ensures consistency and fairness.

What are the benefits of using PayAI®?

By facilitating fast, simple, consistent, and equitable pay decisions, PayAI® will allow you to achieve several organizational goals.



Risk Mitigation

Ensure consistent and unbiased pay decisions, compensation governance, and documentation with minimal overhead.



Spend Optimization

Pay the right amount for the right candidate and role to maximize your personnel budget.



Process Efficiency

Streamline pay decisions around new hires, promotions, job changes, and end-of-year merit.



Employee Engagement

Prepare for a world of pay transparency by ensuring fair and consistent pay decisions across your organization.

