A guide to the Hay method of job evaluation and the Willis Towers Watson methodology to allocate a pay range

Reward Team
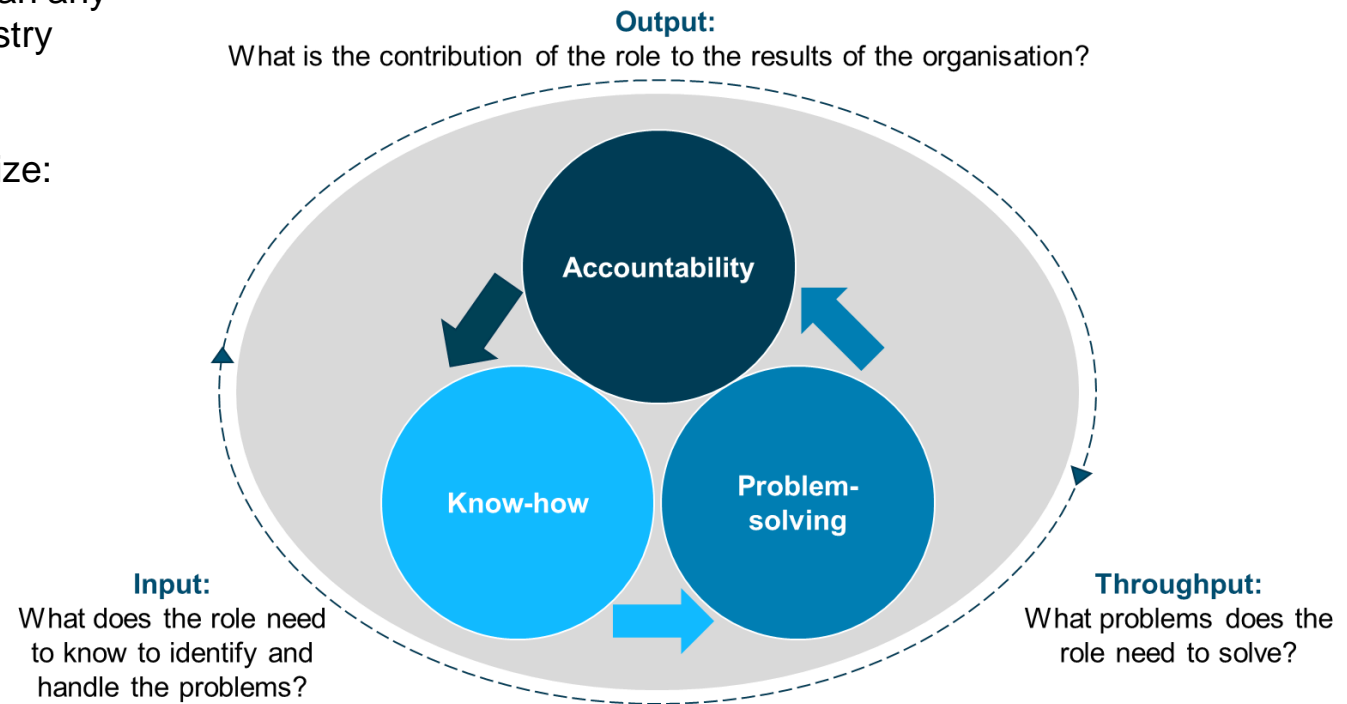**Human Resources**
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The Hay method of job evaluation

The Hay method of job evaluation is Network Rail's chosen scheme to evaluate Role Clarity (Bands 1 to 8) and executive level jobs.

The Hay method is used by more than 12,000 profit and not-for-project organisations in more than 90 countries – more than any other evaluation method. It has been used in the rail industry since the 1980s.

The Hay method assess three factors to give a total job size:

- know-how factor
- problem-solving factor
- accountability factor

Output:
What is the contribution of the role to the results of the organisation?

Accountability

Know-how

Problem-solving

Input:
What does the role need to know to identify and handle the problems?

Throughput:
What problems does the role need to solve?

Definition: know-how factor

Know-how is the sum of every kind of relevant knowledge, skill and experience, however acquired, needed for acceptable performance in a job. There are three dimensions in the know-how factor.

1. Practical/technical knowledge

This dimension is concerned with the depth and scope of knowledge. The amount of practical/technical knowledge may be very deep in a specialised field or may cover a range of subjects with differing levels of experience in each subject. The dimension recognises increasing specialisation (depth) and/or the requirement for a greater breadth (scope) of knowledge. Generally, the way in which knowledge is gained, such as through qualification, has no direct relevance.

2. Planning, organising and integrating (managerial) knowledge

This dimension is concerned with the job requirements for planning and organising activities and operations in the organisation. All forms of planning, organising, coordinating, directing executing and controlling over time. Managerial knowledge is related to the size of the organisation, functional and geographic diversity and time horizon. It may be exercised directly or in an advisory/consultative way.

3. Communication and influencing skills

This dimension is concerned with the skills needed to communicate with and influence individuals and/or groups within and outside the organisation. It is not concerned with the amount of contact with others or the level of importance of the person being influenced or with whom the jobholder communicates. It's concerned with whether communicating, influencing, persuading, negotiating, motivating, and so on are central to the role and fundamental to the achievement of objectives.

Definition: problem-solving factor

Problem-solving is the amount and nature of the thinking needed in the job in the form of analysing, reasoning, evaluating, creating, using judgement, forming hypotheses, drawing inferences and arriving at conclusions. There are two dimensions in the problem-solving factor:

Thinking environment
This dimension is concerned with the 'freedom to think' and the degree of guidance available when approaching problems. It's measured by the presence and/or absence of constraints. Thinking can be limited by direct supervision; the nature of the task, procedures, policies, standards or strategy; or existing principles of knowledge.

Thinking challenge
This dimension is concerned with complexity of the problems encountered and the extent to which original thinking must be used to arrive at solutions. The complexity of the problem faced depends on how clear cut the solution is. The more complex it becomes, the more the jobholder has to select form experience and adapt previous solutions to similar problems.

Definition: accountability factor

Accountability assesses the extent to which a job is answerable for actions and their consequences. It measures the effect of the job on the end results. There are three dimensions in the accountability factor.

Freedom to act
This dimension is concerned with the presence of discretion in taking action. Such discretion may be constrained by the need to refer decisions to others; instructions, procedures, practices and policies which define or limit action; the nature of work or the systems in which the job operates; or the hierarchy in which the job operate.

Nature of impact
This dimension is concerned with the job's influence on end-results and answerability for that influence. It considers whether the job has a direct answerability, which can be shared with others, or indirect, for example when the jobholder provides an advisory service for use by others to achieve results.

Some jobs do not have a magnitude which reflects their impact on a specific part of the organisation in a meaningful way, such as administrative jobs. In these situations, the dimension assesses the level of the impact, for example the job provides an informational service (transactional) or an advisory or diagnostic service.

Magnitude (area of impact)
This dimension is concerned with the area of part of the organisation most clearly affected by the job. Magnitude can be expressed as a descriptive measure, such as a region, a route, or a function, or as a financial measure. Magnitude is not a precise measure but an indication of the size of the part of the organisation impacted by the result.

Allocating the pay range for Bands 1 to 4

Network Rail uses data from Willis Towers Watson's compensation survey to benchmark salaries and allocate pay ranges.

The relevant career family, and any speciality discipline within the career family, is selected to benchmark the role.

The survey groups salary data by different career levels – the career level used to benchmark the role is determined by the job evaluation outcome.

The salary benchmarking data is used to allocate the pay range, checking the outcome against other roles in the business where appropriate.