

# Standard Operating Procedure (SOP) - Job Evaluation and Market Analysis



**Validated for use by**

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CERTIFIED HUMAN RESOURCE  
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## Purpose:

The purpose of this Standard Operating Procedure (SOP) is to outline the process for conducting job evaluations and market analysis to ensure fair and competitive compensation for employees.

## Introduction:

Job evaluation and market analysis are critical components of compensation management that help organizations establish equitable pay structures and attract and retain top talent. This SOP outlines the guidelines and best practices for conducting these evaluations and analyses.

## Scope:

This SOP applies to all employees, managers, and HR personnel involved in job evaluation and market analysis.

## Definitions:

- Job evaluation: The process of determining the relative value of different jobs within an organization based on factors such as job duties, responsibilities, and required qualifications.
- Market analysis: The process of analyzing external compensation data to determine the competitiveness of an organization's pay structures.
- Compensation: The total package of rewards and benefits that an employee receives for their work.

## Responsibilities:

- HR personnel are responsible for conducting job evaluations and market analyses in accordance with this SOP.
- Managers are responsible for providing accurate and comprehensive job descriptions and performance evaluations for their employees.
- Employees are responsible for providing input and feedback on their job duties and responsibilities.

## Best practices:

- Conduct job evaluations and market analyses on a regular basis to ensure that compensation remains fair and competitive.

- Use multiple sources of external compensation data to ensure accuracy and comprehensiveness.
- Consider non-monetary factors, such as benefits and work-life balance, when evaluating and analyzing compensation.
- Ensure that job descriptions accurately reflect the duties and responsibilities of each position.

## Steps:

1. Develop a comprehensive job description for each position.
2. Conduct a job evaluation to determine the relative value of each position.
3. Conduct a market analysis to compare the organization's pay structures to external compensation data.
4. Adjust compensation as necessary to ensure fairness and competitiveness.
5. Communicate changes in compensation to employees.

## Risks:

- Failure to conduct regular job evaluations and market analyses can result in unfair and uncompetitive compensation, which may lead to low morale and high turnover.
- Relying on a single source of external compensation data may result in inaccurate or incomplete analyses.

**Disclaimer:** This SOP is intended to provide guidelines and best practices for job evaluation and market analysis. It is not intended to be a comprehensive guide and should not be relied upon as legal or professional advice. Organizations should consult with legal and HR professionals to ensure compliance with applicable laws and regulations.