

Job Description

A formal summary of a role's responsibilities, qualifications, and reporting structure.

Job Family

A structured grouping of roles within an organization that share a common functional focus, professional discipline, technical expertise, or business purpose. Jobs within the same family typically require related knowledge, skills, competencies, and career capabilities, even if the scope, seniority, or responsibilities differ substantially.

Career Ladder

A structured progression framework that defines how employees can advance within a particular job family or organizational function over time. It outlines a sequence of increasingly complex, responsible, and higher-impact roles that employees may move through as they develop skills, experience, expertise, and leadership capability.

Job Evaluation

A systematic process used to assess and determine the relative value of jobs within an organization.

Point Factor

A job evaluation approach assigning numerical point values to specific compensable factors like educational requirements, communication, effort, impact, etc. It is one of the most widely used approaches to job evaluation in modern compensation management.

FLSA Classification

Designation of a role as exempt or nonexempt under the U.S. Department of Labor Fair Labor Standards Act, the primary federal law governing minimum wage, overtime pay, timekeeping, and certain labor standards in the United States.

Exempt Employee

An employee not eligible for overtime pay under the Fair Labor Standards Act. Exempt employees are typically paid on a salaried basis and fall into the Professional employee group.

Nonexempt Employee

An employee eligible for overtime pay or compensatory time under federal wage-and-hour laws. Non-exempt employees are typically paid an hourly rate and fall into the Staff and Service employee groups.

Salary Survey

A collection of validated market compensation data used to evaluate the competitiveness of compensation programs and make informed pay decisions. This data can be evaluated based upon region, industry, employer size, etc.

Compensation Philosophy

An organization's guiding principles that define its approach, principles, and objectives for employee compensation. It serves as the guiding foundation for how the organization designs, administers, and governs pay programs across the workforce and often takes benefits into account.

Percentile

A market positioning reference point.

Base Pay

Fixed compensation paid to an employee, usually expressed as an annual salary or hourly wage, excluding stipends, overload pay, shift differential, etc.

Total Compensation

The complete value of an employee's pay package, including salary, retirement contributions, and benefits.

Total Rewards

A broader concept than compensation that includes pay, benefits, career development, work-life balance, recognition, and culture.

Pay Grade

A grouping of jobs with similar value or responsibility levels within an organization. Each pay grade is associated with a specific pay range.

Pay Range

The minimum, midpoint, and maximum compensation levels assigned to a pay grade.

Pay Range Minimum

The lowest salary normally paid within a pay range.

Pay Range Midpoint

The midpoint (50th percentile) of the pay range

Pay Range Maximum

The highest salary typically paid within a pay range.

Compa-Ratio

A comparison of an employee's pay to the midpoint of the salary range.

Formula: Employee Salary divided by the Pay Range Midpoint.

Range Penetration

Measures where an employee's pay falls within the full salary range.

Market Pricing

The process of evaluating jobs against external validated labor market compensation data.

Benchmark Job

A commonly found role used for salary survey comparisons because duties are stable and comparable across organizations.

Internal Equity

The fairness of pay relationships among employees within the same organization.

External Equity

The competitiveness of pay relative to the external labor market.

Pay Compression

A situation where newer employees earn salaries close to or higher than experienced employees.