

QUICK READ

How Job Architecture drives compensation strategy

Designing value-based organizational success

Evolving markets, new technologies, and shifting customer demands represent only a fraction of the forces that illustrate why organizations must continuously adapt and evolve. In many cases, however, as organizations scale, transform, or adjust their strategies, the rapid and complex nature of change requires management to expand its role in organizational design.

This challenge is often compounded by organically grown roles and structures that lack flexibility, consistency, and scalability. At this point, Job Architecture becomes a critical

What is Job Architecture?

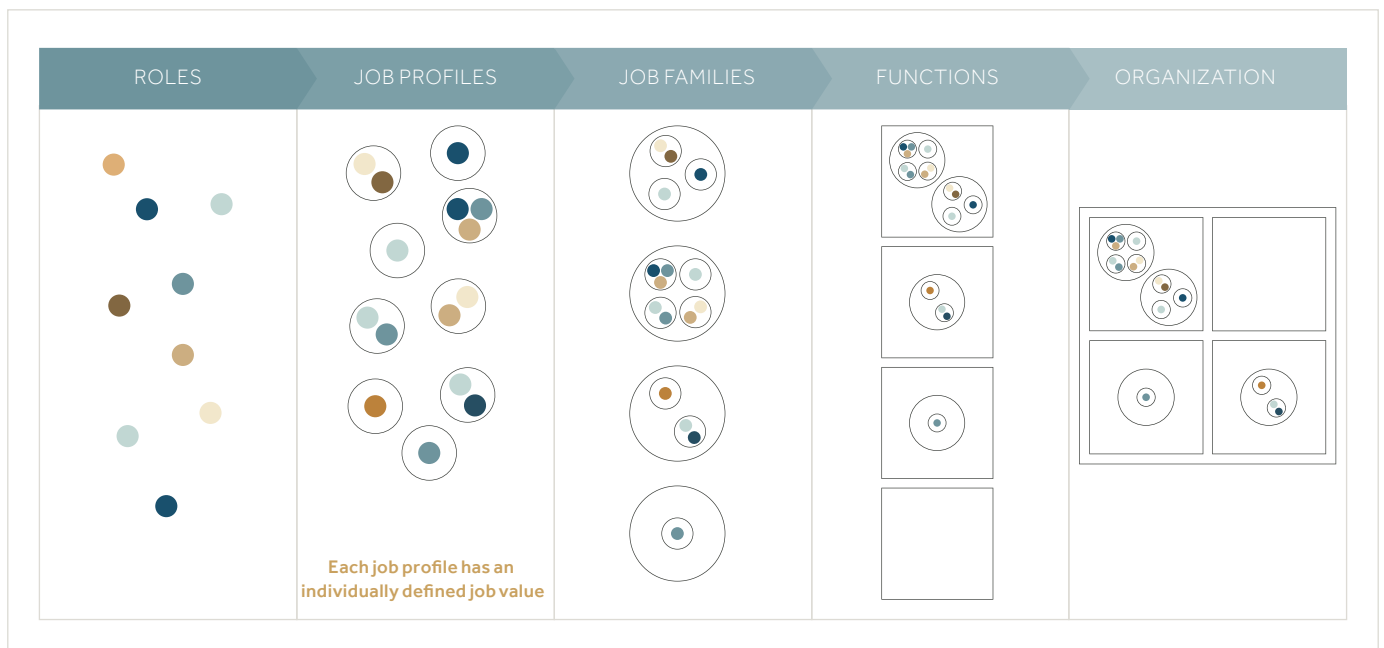
Job Architecture is the organizational framework that defines all job profiles within an organization, what they contribute and how they fit within a robust job structure.

In short, it creates clarity by defining roles, job profiles, job families, and functions as well as evaluating jobs based on their "job value" (see figure 1). This establishes an objective and consistent foundation for the strategic analysis and proactive management of the workforce, addressing both current and future needs.

cornerstone of future proofing and transformation, elevating it from an HR activity to a core executive leadership mandate. Its ultimate purpose is to enable proactive organizational steering rather than reactive adaptation.

FIGURE 1

Illustrative and simplified representation of a Job Architecture



What is the value of Job Architecture for the organization?

Building on the conceptual framework outlined above, Job Architecture extends far beyond a single strategic domain. It serves as the foundation, comparable to the structural footing of a wall, enabling executive leadership to address critical forward-looking questions, including:

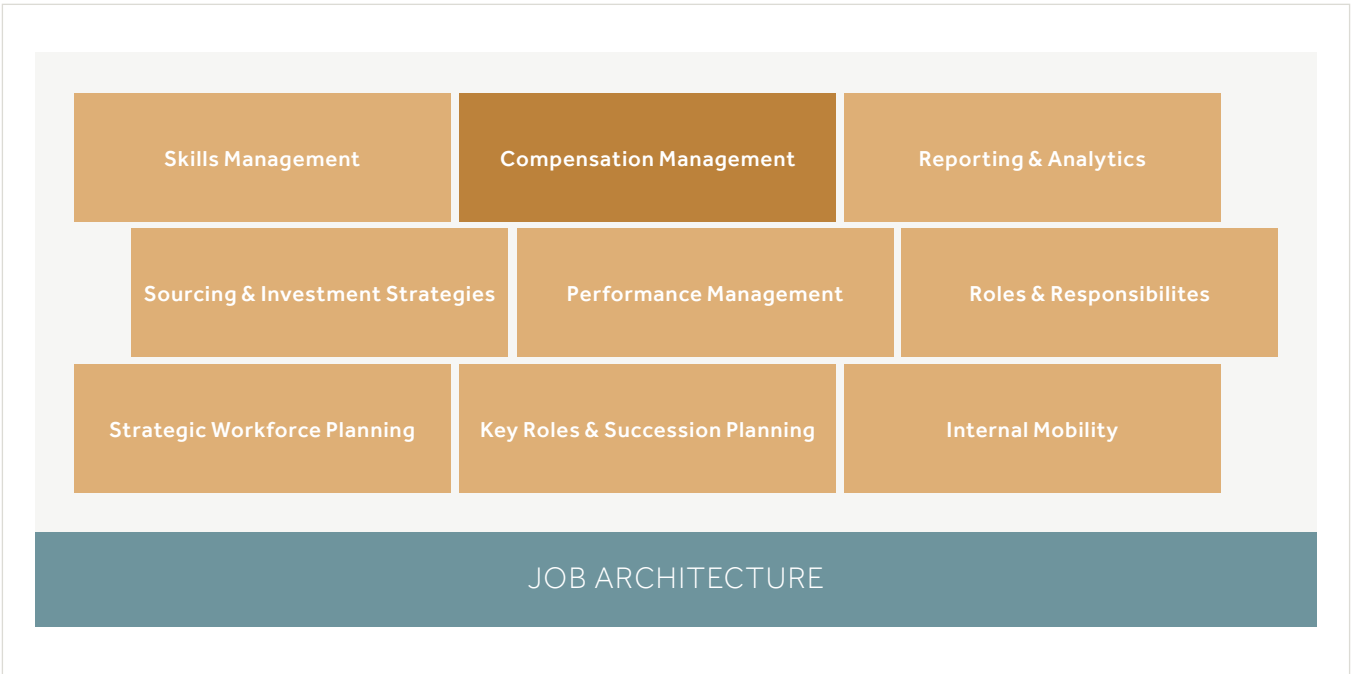
- Are our roles and jobs aligned with our future business model?
- Are we structurally set up to scale profitably?
- Will we remain competitive in the years ahead?
- Are we compensating jobs in line with the value they create?
- Are we funding strategy or maintaining complexity?

Following this analogy, Job Architecture comprises a set of strategic elements that are designed and interconnected like building blocks, as illustrated in figure 2. These building blocks can only function as intended when the foundation, Job Architecture, is robust and firmly in place.

Among the various building blocks built on the foundation of Job Architecture, one stands out as particularly closely linked and as one of its most tangible applications: **Compensation Management.**

From an executive leadership perspective compensation typically constitutes one of the largest cost drivers in most organizations. Job Architecture therefore provides a critical foundation for steering people costs, supporting that compensation reflects a deliberate and appropriate exchange between organizational value and financial investment. From an employee perspective, Job Architecture is the framework that provides structural clarity and translates into market-aligned, transparent, and comprehensible compensation schemes.

FIGURE 2
Strategic topics built on Job Architecture as the foundation



Key Concepts

Role

Describes a distinct set of accountabilities and expected outcomes within the organization, independent of individual incumbents or contractual arrangements. The same role may be represented across multiple job profiles.

Job profile (job)

Defines a specific, hireable position within the organization, including scope, key responsibilities, required skills, experience, and qualification criteria. A job profile may encompass one or multiple roles, which may evolve or change over time.

Job value

Results from job grading and defines the relative importance and value creation of a job profile within the organization. It is independent of the individual performing it and not driven by performance, tenure, or market scarcity.

Job family

Groups related job profiles that share similar expertise, skill sets, and career logic.

Function

Represents the broader organizational capability area (e.g., finance, technology, sales) within which job families are embedded and aligned to the business strategy.

But how can we conceptualize the link between Job Architecture and Compensation Management?

By defining roles, job profiles, and job families, the contribution and positioning of each job within the organization become clearer and more comparable. As a result, the "value" of a job shifts from something subjective or historically grown to something that can be understood, described, measured, and priced. In practical terms, this clarity can underpin pay ranges, bonus structures, target setting, and ultimately total compensation.

Taking a step back, the link becomes clear: Job Architecture defines the structure and job value within the organization, while Compensation Management translates that value into financial terms, supporting fair and competitive reward outcomes (see figure 3).

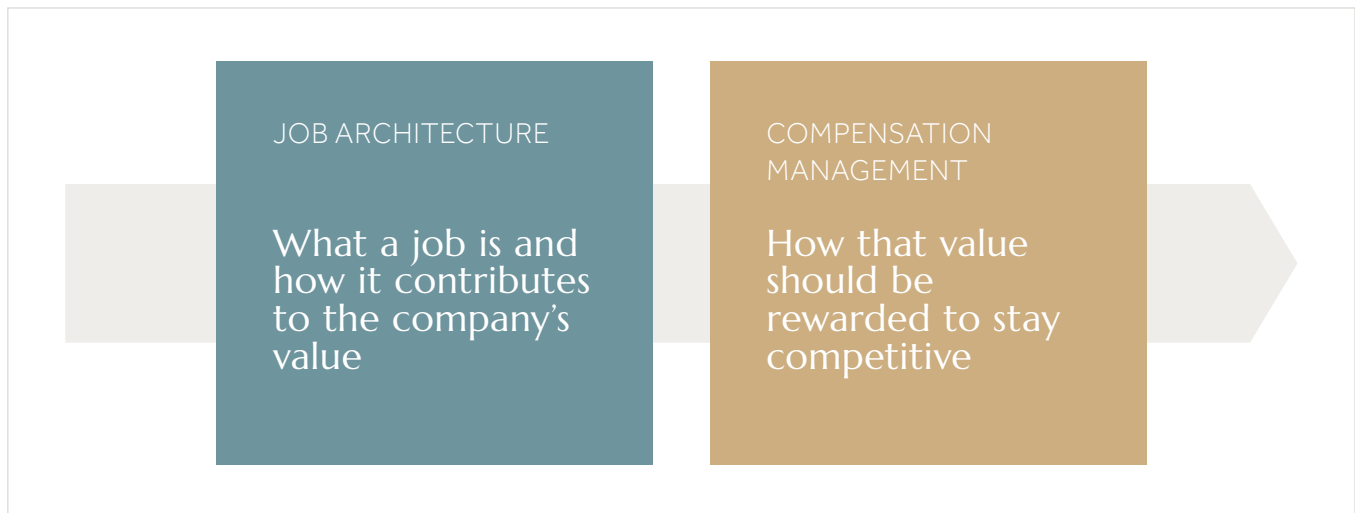
Without a consistent and objective system such as Job Architecture, compensation decisions may become fragmented, resulting in misaligned pay ranges, weakened internal equity, and an unclear link between career and pay progression. This limits transparency and comparability across roles and geographies and can undermine employee trust in the compensation system.

From an executive leadership steering perspective, it can lead to inefficient people costs and compensation investments that are dispersed broadly rather than deliberately directed toward critical skills, key roles, and areas of highest value creation. Thereby positioning Job Architecture as a deliberate management instrument rather than an administrative outcome.

On the other hand, where a robust Job Architecture is in place, it enables executive leadership to achieve consistency and strategic control over pay structures, aligning compensation with job value. This strengthens cost discipline as well as the quality of people investments. At the same time, it reinforces confidence in the fairness of the reward system, strengthening employee trust and employer attractiveness, factors that are increasingly critical for long-term competitiveness and organizational resilience. Ultimately, Job Architecture provides the structural foundation for value-based compensation and effective executive steering, supporting both current competitiveness and future readiness.

FIGURE 3

Conceptualization of the link between Job Architecture and Compensation Management



Johanna Kaffanke

Consultant focusing on corporate governance, particularly in the areas of Compensation Management, Sustainability and Job Architecture.

johanna.kaffanke@hcm.com



Dagmar Fresenius

Partner at HCM and expert in Compensation Strategy, Job Architecture, and Workforce Transformation.

dagmar.fresenius@hcm.com

ABOUT

HCM International

HCM International AG, founded in 2002, is a leading independent management consultancy specializing in remuneration, leadership and corporate governance. With 25 employees, HCM draws on cross-industry experience with a client portfolio of over 450 companies, ranging from start-ups, family businesses and public institutions to large, listed corporations. HCM is also a founding member of the GECN Group, giving it global reach and international expertise across five continents.

HCM International Ltd.
international@hcm.com
hcm.com

Mühlebachstrasse 54
8008 Zürich
+41 44 560 33 33

Rue du Commerce 4
1204 Genève
+41 22 339 88 50