Grades, Rank and Status: Issues and Challenges

Introduction

There have already been two articles in this series on the link between job evaluation and organization design. This one takes a closer look at the people implications of having a system of grades, ranks and the link with status.
This linkage is often unintended but in most cases it contributes to ineffective structures, unwieldy bureaucracies, and administrative 'grade' or rank promotions. These invariably result in cost drift, hollow jobs and dissatisfied staff.

Status

Let's tackle the issue of status first. Status is often associated with the armed forces in which rank is a building block of both the organization and its culture. This is reinforced by 'rituals' such as the 'Officers' Mess, reference to 'other ranks', i.e. those below a certain, predetermined level, and so on. In fact rank is itself part of the ritualisation process, or the reinforcing of status.

In the UK Police recruitment booklet it points out that those above the rank of sergeant are referred to as "Sir or Ma'am", seemingly a leaf out of the armed forces 'handbook'.

But status is not limited to the armed forces.

Status is universal

It would seem there is not a country, or organization in which status is not an issue. Although some countries, such as Germany and India for example, might be more noticeably prone to a hierarchical culture with clear deference boundaries, they are not alone.

Take the example of the USA. The 'Land of the Free' prides itself in its robust individualism, and for good reasons. But even there status is a fixture in the organizational climate.

The issue of titles is simply one indicator of how imbedded status can become. Large, complex US companies almost universally talk of non exempt (normally unionised) and exempt categories of staff. The latter are referred to generally as managers, although more senior individuals are executives. The different tiers are typically demarcated in the junior layers as, managers, who invariably report to directors, to vice presidents, to senior and/or executive vice presidents, to a COO, to a CEO.

This is in essence a neat and tidy package of status, reinforced by different benefits, bonus plans and long term incentives.   The problem is that often the layers in which these titles reside belong to jobs that are not needed because they do not add value.

The fundamental problem with status is it tends to undermine attempts to build a genuine meritocracy. Status focuses on who you are, not how you perform. This is why most modern organizations have done away with executive car parks, special carpet and curtains for "senior" managers etc. But there is further work to be done. The current issue of CEOs and even Directors' receiving pension treatment under different rules 'that befits their status', is a good case in point.

Grades

Grading systems are widely used in both the private and the public sector. They are usually underpinned by a system of job evaluation. They aim to lay the foundations for a rational, fair and equitable system of pay or reward. The focus is on the job, not the jobholder. This is in contrast to status which is more concerned with the person, and the need to embellish his or her standing in an organization.

Systems of job evaluation enable the comparison of grades in different organizations. This becomes the basis for pay comparisons in a given market. They can then correlate their respective systems to make the capture of market pay data more easy and reliable. This could establish that grade 3 in one system is equivalent to 24 in another, and 56 in yet another. This is the basis on which the reward packages can then be assessed.

 Thus many international companies have correlated their job grading systems for market survey purposes. Reward consultants also have similar approaches with their bespoke grading systems. But as already pointed out in the first of these three articles this approach has simply spread problems stemming from having too many grades in most cases.

Although the public sector does not tend to correlate its job evaluation systems with global companies it is guilty of faulty 'internal' comparisons. For example it seems that the Civil Service grades originally were aligned to military ranks. But while the Army, for example, had 19 ranks, it had only 7 battle echelons as a rule. Furthermore the Army also had the means to flex ranks to battle echelons, depending upon circumstances, such as warfare.

It is a fairly safe bet to assert that the Civil Service had little idea where its 'battle echelons', or levels of accountability resided. The great danger, which has subsequently plagued public sector organizations, has been the assumption that grades can be aligned to layers of hierarchy. This inflationary alignment of grades and hierarchical layers has spawned public service organizations of diluted accountability that, ironically, are a byword for lack of service & lack of job satisfaction, noted more for job titles (status?) such as Deputy-This and Assistant-That. One wonders what value these jobs are adding to the mission of the organization when they are not 'deputising' or 'assisting'?

Ranks

So, is a system of ranks the answer then?

Well, not necessarily. Let's look first at the police force with its system of ranks.

The 52 police forces throughout the UK also seemed to have aligned their ranks to a military model. In which case it is intriguing to note in the current police careers booklet that "The current rank structure has not varied a great deal (*apart from adding sub-divisions to the higher ranks)* – my italics – since the introduction of Peel's New Police". These sub-divisions seem to be ranks of deputy chief constables and assistant chief constables. Yet with only 150,000 constables in total these are not large organizations so why the extra ranks and layers of bureaucracy?

It would seem the police are not too clear on where their true levels of accountability reside notwithstanding the plethora of ranks.

A project team formed to assess the effectiveness of a major UK police force concluded there were a number of 'Cornerstone problems':

- No unity of purpose

- Organization too self sustaining (*rank obsession*) – my italics
- Ill defined roles/boundaries
- Head Office strangled the organization

Among the root causes suggested, were:
- Illusion of order
- "system upon system"
- Rule-bound dependency structure.

This article is in not a criticism of police operations in the UK but this example dramatically underlines the short comings of a rank system not based upon clear 'battle echelons' or levels of accountability.

So, does that mean the armed forces have found the answer?

It would seem not.

In 1995 the Bett Independent Review suggested, in the polite language of such reviews, that the military had too many ranks and that not all of them were adding value to the mission of the 3 forces. It was suggested this situation should be reviewed. Apparently it was. The rank of Field Marshall (the five star rank) was removed (the Duke of Edinburgh is currently the only peace time Field Marshall in the UK). Thus, the rank infrastructure of the forces was not affected.

Conclusion

Many organizations, in both the private and the public sector, have developed systems of grades and ranks to differentiate jobs and in theory accountabilities. As the first article in this series showed these systems are generally flawed by overly focussing on quantitative criteria. They do not identify true accountabilities.

These shortcomings are often accentuated by issues of status. Status is the enemy of merit, but it is alive and well, as was illustrated.

The challenge for reward specialists is how to build an objective, fair and equitable system that avoids the pitfalls outlined above. The answer to this conundrum was touched upon in the second article of this series.

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