

## Reasons for a complete compensation and classification study

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**A** compensation and classification study is an objective process in which an organization reviews its entire compensation and classification plan. It involves job analysis and updating of job descriptions.

Employees have an opportunity to complete position analysis questionnaires and meet with a consultant; this provides input on essential functions.

The analysis promotes internal equity, equal pay for equal work, and gender equity. Differences in pay grade should be based on significant differences in education, knowledge, abilities, and skills.

The organization can ensure that it is in compliance with the Fair Standards Labor Act (FLSA), Americans with Disabilities Act (ADA), Equal Employment Opportunity (EEO) laws, and other state and federal laws.

The analysis allows the organization to update its classification plan using an objective position evaluation process.

The analysis provides a total review of internal equity and external equity at the same time.

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Source: Adapted from Human Resources Services, Inc.