



Beyond the Pay Rise

Rethinking reward through careers,
skills and structure



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Introduction

As organisations navigate a period of economic uncertainty, rising employment costs and constrained pay budgets, many are questioning whether traditional reward strategies are delivering lasting value. Pay rises alone are an increasingly expensive and short-term solution to challenges around retention, engagement and motivation. Employees, particularly younger generations, are looking beyond pay towards purpose, development and visible career progression.

Career pathways have therefore emerged as a critical lever for both retention and reward return on investment.

When employees can clearly see how they can grow, move laterally and build new skills within an organisation, they are significantly more likely to stay, engage and perform. Internal mobility not only reduces hiring costs but helps organisations make better use of the talent and capability they already have.

Technology and data, particularly skills-based and AI-enabled solutions, are now making it possible to bring these pathways to life in a way that is personalised, dynamic and scalable.

Career Pathways

However, visible career pathways cannot exist in isolation. They depend on strong underlying structures that create clarity and consistency. This is where modern job architecture plays a defining role. Traditional, hierarchy-led models are increasingly misaligned with the realities of modern work, evolving skills and flexible career journeys.

To support meaningful progression, organisations must rethink how roles are grouped, levelled and evaluated, and how skills are recognised and rewarded.

Complimentary Perspectives

This whitepaper brings together two complementary perspectives. The first explores how career pathways and internal mobility can be leveraged to retain talent and maximise reward ROI, supported by emerging technology. The second focuses on the strategy and policy foundations of updating job architectures, offering practical guidance on how to create structures that are agile, market-relevant and skills-aware. Together, they present a cohesive view of Job Architecture 2.0, one that places careers, skills and opportunity at the centre of reward strategy.

Beyond the pay rise:

Leveraging career pathways to retain talent and maximise Reward ROI

The current macro climate we operate in is challenging. Low employer confidence, subdued hiring intentions and rising employment costs are combining to create a tough business environment, against a backdrop of geopolitical tension and economic uncertainty.

As a consequence, many organisations are taking steps to decrease spend on compensation to manage costs.

Looking Beyond Pay

While pay increases may create a small ripple of appreciation, they are usually an expensive short-term fix to a problem that doesn't go away. Increasingly, employees are attracted to companies who can show personal growth and career progression.

This becomes even more pronounced among the younger generation: according to a Deloitte survey, almost half of Gen Z and millennials have left jobs they felt lacked purpose, often shifting roles or industries to find better alignment with their beliefs, greater flexibility and most powerful of all, a visible career pathway.

The Business Case for Internal Mobility

Replacing workers is not cheap, in fact it is 2.5 times more expensive to hire a new employee than to reskill one. Where internal mobility is a priority focus for businesses, employees are 60% more likely to stay for longer (LinkedIn).

Many companies know the benefits of internal progression but lack the systems or frameworks to achieve it. The same LinkedIn research found that only a third of organisations had internal mobility programmes, and only 20% of employees were confident an internal move was possible.

In all, 63% of staff turnover in 2024 was deemed 'preventable', because of companies failing to leverage the potential of their existing skills and capabilities.

Facing up to the Career Path Challenge: Job Architecture 2.0

One of the biggest challenges organisations face is creating clarity for employees about career opportunities. Even when job levelling is in place, many employees don't understand the difference between levels, or which roles exist outside their own function. Remote working often exacerbates this lack of visibility, increasing worker isolation and reducing motivation.

Managers, for their part, are often too busy or lack the training to enhance that 'career' understanding and typically focus most on junior level roles or top talent, leaving a large cross-section of mid-level, mid-career professionals overlooked and untapped.





Redesigning work to be task-based, rather than job-based is one of the mindset shifts we are now seeing. This is also coinciding with an AI evolution that's enriching the quality of data available to employers looking to personalise the employee journey. Some examples of companies adopting a skills-based way of working include:

Unilever

When Unilever redesigned their job architecture five years ago, they moved from rigid job descriptions to more flexible 'skills clusters', allowing them to quickly resource or re-resource projects across functional areas and geographic spreads. For the business, the approach unlocked gains in productivity, and for employees it was transformative in helping them grow and learn new things.



Having implemented technology that matches employees to project-specific roles, workers now have 'skills passports' allowing them to gain skills and unlock more opportunities and career options.

Traditionally, the building blocks of a robust job architecture have included defined career levels or grades, meaningful job families, role descriptors and an understanding of relevant skills and competencies. That view is starting to evolve - in the same way that Waze has replaced an atlas in finding the best route, AI and algorithms now allow us to identify and manage careers more dynamically by considering skills and capabilities rather than just hierarchical relationships.

Enduring Return on Investment

When employees can visualise internal career growth and take greater ownership of their own journey, the payback is multi-layered: improved retention rates mean lower turnover-related costs; more internal movement means roles are filled faster; higher employee engagement means better cultural buy-in and an overall boost in productivity.

Let's stop believing that pay is the only answer to talent retention. Take stock of the people you already have and change the way you engage with them around the notion of 'career'. If you present them with a visible, tangible career pathway, not only are you more likely to hold onto them, but you'll also benefit your organisation in the long term.

Sources:

Deloitte (2025): Gen Zs and millennials at work: Pursuing a balance of money, meaning, and well-being

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LinkedIn Learning: Talent Development's Internal Mobility Playbook (Accessed January 2026)

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Unilever (2020): An exciting new normal for flexible working

<https://www.unilever.com/news/news-search/2020/an-exciting-new-normal-for-flexible-working/>

Finextra (2024)

<https://www.finextra.com/newsarticle/44744/standard-chartered-uses-skills-passport-to-match-employees-to-projects>

Pathfinder (2025)

<https://www.innectopathfinder.com/>



Pathfinder

The career Sat Nav that makes progress visible

Working with our clients, we have developed Pathfinder, a simple solution that brings career pathways to life. Pathfinder is like a career Satnav, helping employees to visualise potential career pathways that exist within their organisation. Pathfinder can be implemented with minimal foundational elements, allowing you to develop your structures iteratively so you can realise the value quickly and open up visibility for your employees now. The benefits of Pathfinder are multiple:

Illustrating potential career paths

The tool system allows employees to explore lateral and vertical career options, view skill requirements, and understand how roles connect across departments

Setting target roles

Starting from an employee's current role or aspirational role, AI-powered tech lays out the 'perfect' career path

Skill gap analysis

Where new skills are needed to progress, these are highlighted and itemised

Real-time HR insights

HR can identify where skills do and don't exist, track workers' aspirations and progress, and adapt to strategic priorities

Empowering managers

Managers can use Pathfinder to have better conversations around careers and encourage employees to explore their interests and goals

Bloomsbury had a strong desire to have a single structure that would create alignment across the organisation and prepare for further expansion. The main reason for this was employees asked for transparency, clarity, and career development. The framework provides a well-considered approach to progression.

Karl Burnett, Group Director of People and Engagement, Bloomsbury



Top tips for updating job architectures

In today's dynamic business environment, the way organisations design and manage roles is evolving fast. In many sectors, traditional hierarchy-based models are giving way to more flexible, agile frameworks that reflect the realities of modern workforces and life.

Done well, a job architecture provides clarity for both the organisation and its people: it explains how roles fit together, supports consistent reward practices, and underpins decisions on pay, progression, and career pathways. But the landscape is changing. Market pressures, technology advances and a sharper focus on skills are all forcing a rethink. If you are thinking about refreshing your existing structures, here are five top tips for updating job architectures:

1. Gain clarity with job families

Grouping roles into job families is one of the most effective ways to simplify structures and create agility. By separating out business-critical or in-demand roles, you can flex pay strategies without inflating ranges across the board. For example, technical or digital roles may need market premiums, while other functions remain aligned to median benchmarks.

Top Tip:

Too many families create complexity, while not having enough will fail to reflect real differences in the market. You need to strike a balance that enables your reward strategy, not hinders it.

2. Get job levelling right

One of the biggest challenges in job architecture is deciding how many levels to include. Too few, and progression feels blocked. Too many and you'll pave the way for status cultures. A robust job evaluation methodology provides a transparent and defensible way to distinguish between roles.

- **Take inventory** - assess your jobs, titles, responsibilities, and reporting lines
- **Group roles** - create logical clusters of similar work
- **Define job levels** - establish a consistent set of levels across the company
- **Write role summaries** - focus on responsibilities, scope, and qualifications.

Top Tip:

Employees need to understand what differentiates one level from another, so make sure each level has a clear description of the value it brings.

3. Consider shifting the focus from jobs to skills

AI and digital transformation are reshaping work, making some roles redundant, reinvigorating the importance of others, and creating others from scratch, many of which we don't even know about yet.

To cater for this, many organisations are moving from role-based to skills-based approaches, putting more of an emphasis on the skills that enable progression and mobility, rather than the name of the job itself. Skills-based frameworks give employees more control over their careers and support both vertical and lateral movement.

Top Tip:

Try to build a 'skills marketplace' mindset where employees are encouraged to identify, develop, and showcase their skills, creating more flexible career journeys.

4. Connect job architecture with career pathways

Retention is no longer about holding people down and in place, it's about enabling them to explore options, grow and thrive. Employees want visibility of the opportunities available to them, autonomy to explore what they might be, and clarity on the skills needed to progress.

Top Tip:

Enabling employees to visualise potential careers through visible career maps helps give them actual line of sight between roles, pathways and progression.

It may seem onerous upfront, but investing in career pathways pays off: internal movers are more likely to stay and companies keep valuable IP and knowledge in-house.

5. Leverage new technology

Making all of this possible can't just be about frameworks and theory, it must be about the tools that can make it all possible and tangible. Platforms like Evaluate can streamline job evaluation, and emerging solutions like Innecto Pathfinder go further by giving employees a digital interface to visualise their career path and take ownership of their upskilling and progression.

Top Tip:

Tech cannot be an add-on. Choose solutions that can integrate with your current or aspirational architecture and reward strategy.

Updating your job architecture may seem daunting but it is a crucial opportunity to realign your people with your business reality. If you go about it in the right way, it can infuse your organisation with a sense of fairness, transparency and agility, while bringing the clarity you need to lead and the flexibility to grow your business in a changing landscape.

Sources:

Evaluate (2026)

<https://www.innecto.com/hr-tech-tools/evaluate>

Conclusion: From structures to systems that unlock potential

Taken together, these insights reinforce a simple but powerful truth: pay alone is no longer enough, and structure alone is not sufficient. Organisations that succeed in the coming years will be those that connect robust job architecture with meaningful, visible career pathways, underpinned by technology that makes progression tangible and personalised.

Updating job architecture is not just an exercise in tidying frameworks or redefining grades. It is an opportunity to create fairness, transparency and agility, enabling differentiated reward strategies while giving employees clarity on where they fit and how they can grow. When this is combined with skills-based thinking and tools that surface opportunity across the organisation, career development becomes a shared, dynamic process rather than a closed conversation.

The return on investment is compelling. Stronger retention, faster resourcing, better use of internal skills and higher engagement all reduce cost and increase organisational resilience.


More importantly, employees feel seen, valued and empowered to take ownership of their careers

The challenge for HR and Reward leaders now is to move from intent to execution. By aligning job architecture, career pathways and technology into a coherent system, organisations can shift the narrative away from "what can we afford to pay?" towards "how do we help our people progress and our business thrive?"

REWARD STRATEGY | INTERNATIONAL REWARD
EXECUTIVE COMPENSATION | CAREER PATHWAYS
EMPLOYEE ENGAGEMENT | PAY BENCHMARKING
GENDER PAY AUDIT & CONSULTING
JOB EVALUATION | REWARD COMMUNICATIONS
PAY FRAMEWORKS | VARIABLE PAY | SALES BONUS
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