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A Conceptual Study of Job Evaluation

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Abstract: Job evaluation is the systematic process of determining the relative value of different jobs in an organization. The goal of job evaluation is to compare jobs with each other in order to create a pay structure that is fair, equitable, and consistent for everyone. In simple worlds, job evaluation is the rating of jobs in an organization. This is the process establishing the value or worth of jobs in a job hierarchy and compares the relative intrinsic value or worth of jobs within an organization. According to the International Labour Organization (ILO), "job evaluation is an attempt to determine and compare the demands which the normal performance of a particular job makes on normal workers, without taking into account the individual abilities or performance of the workers concerned". In this article, we will focus on the process of Job Evaluation and the methods of Job Evaluation analytical and non- analytical methods along with their managerial implications.

I. INTRODUCTION

Once a right candidate is placed on a right job, the person needs to be duly compensated for the job he/she performs. In the pursuit of equal payment, there should be established a consistent and systematic relationship among base compensation rates for all the jobs within the organizations. The process of such establishment is termed "Job evaluation". Different jobs in an organization need to be valued to ascertain their relative worth so that jobs are compensated accordingly and an equitable wage and salary structure is designed in the organization. This is necessary for sustaining cordial relations within and between employees and employer. Hence, there is a need for appreciation of intricacies of the job evaluation in the modern organizations. This lesson, as a first steps, dedicated to discuss the various fundamental aspects of job evolution. In the area of job evaluation study, a certain amount of technical terminology is used in order to facilitate communication. It is therefore desirable to list and understand allied terms in the job evaluation, as well as some terms that are related to and often confused with job evaluation

Position: A position is a group of tasks assigned to one individual. There are as many positions in a firm as there are personnel.

Job: Edwin B.Flippo describes job as a group of positions that are similar as to kind and level of work. In some instances only one position may be involved, simply because no other similar position exists. For example, in the typical firm the position of human resource manager also constitute a job since there is only one human resource manager in the organizing

Job Analysis: It is the process of studying and collecting information relating to the operations and responsibilities of a specific job. The immediate products of this analysis are job descriptions and job specifications. Motion study: This also involves study of the job.

Motions study is one of the ways of studying job. It is a process of analyzing a job to find the easiest, most effective, and most economical method of doing it. As such, motion study is a part of the job design function. Job description: It is an organized, factual statement of the duties and responsibilities of a specific job. In brief, it should tell what is to be done, how it is to be done, and why. It is a standard of function, in that it defines the appropriate and authorized content of a job.

Job specification: It is a statement of the minimum acceptable human qualities necessary to perform a job properly. It is a standard of personnel and designates the qualities required for acceptable performance.

Evaluation: Wigley explains evaluation as a data reduction process that involves the collection of large amounts of data which are analyzed and synthesized into an overall judgment of worth or merit. The implication here is that the judgment of worth can be supported by the data. In her review, Foxon found similar definitions referring to judgments of value or worth.

Job Evaluation: It is a systematic and orderly process of determining the worth of a job in relation to other jobs. The objective of this process is to determine the correct rate of pay. It is therefore not the same as job analysis. Rather it follows the job analysis process, which provides the basic data to be evaluated.

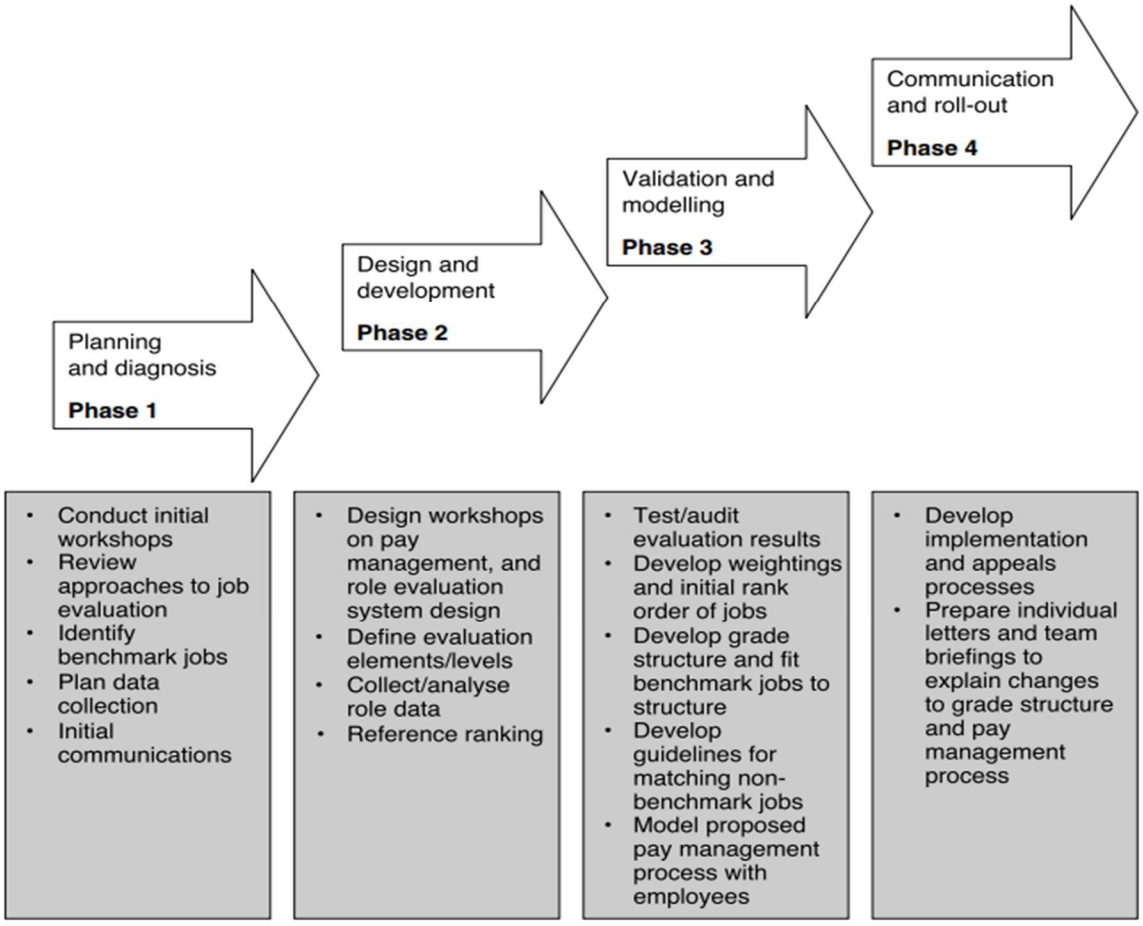
A. Objectives of the Paper

1) To study the process of Job Evaluation.
2) To understand the methods of Job Evaluation.

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II. PROCESS OF JOB EVALUATION



A. Phase 1. Planning & Diagnosis

In this phase, the job evaluation project is started with an initial workshop. During this workshop, the evaluation is scoped and approaches for evaluation are decided on.

In terms of scope, decisions need to be made on cost, time constraints, the degree of rigor applied, administration, tooling & software, how much external help is required, how to build on previous projects, and how job evaluation will be used to support equal pay.

The organization also needs to decide on their job evaluation scheme. There are multiple schemes with different degrees of customization.

1) *Proprietary:* This is an existing framework, created by consultants. It has been tried and tested, is easy to implement, and requires low internal effort. The con is that it may not suit every organization and creates dependence on the supplier.
2) *Customized:* This builds upon an existing framework like an (outdated) job framework that is already in place and builds on top of that. This provides a good starting point, leads to faster implementation, and helps to create employee buy-in. Its biggest con is that the framework needs to be sufficiently revised as it may otherwise not suit the organization.
3) *Tailor-made:* This is a fully customized scheme, developed in-house with the help of external advisors. It leads to a great fit with the organization, the participatory process leads to buy-in and enables alignment with a competency framework. The drawback is that the process will take longer and is a costly exercise.

Next, benchmark jobs are identified, data collection is planned, and a communication plan is created.

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B. Phase 2. Design & Development

In the next phase, the evaluation elements and levels are determined. This often happens through a workshop. In this phase, it is important to identify elements that are relatively timeless. Keep in mind: the job scheme is relevant for as long as the elements it is based on are relevant. Because of the cost and effort to create a job scheme, they could stay relevant for well over 25 years. In our article about job classification, I give the example of Russian organizations that still work with the frameworks provided by the state during the USSR.

Once this is all done, data on the different roles in the organization is collected.

C. Phase 3. Validation & modeling

In the third phase, the results from the data collection are analyzed and the weightings of the different elements are discussed. This may require some fine-tuning as initial definitions may skew the results.

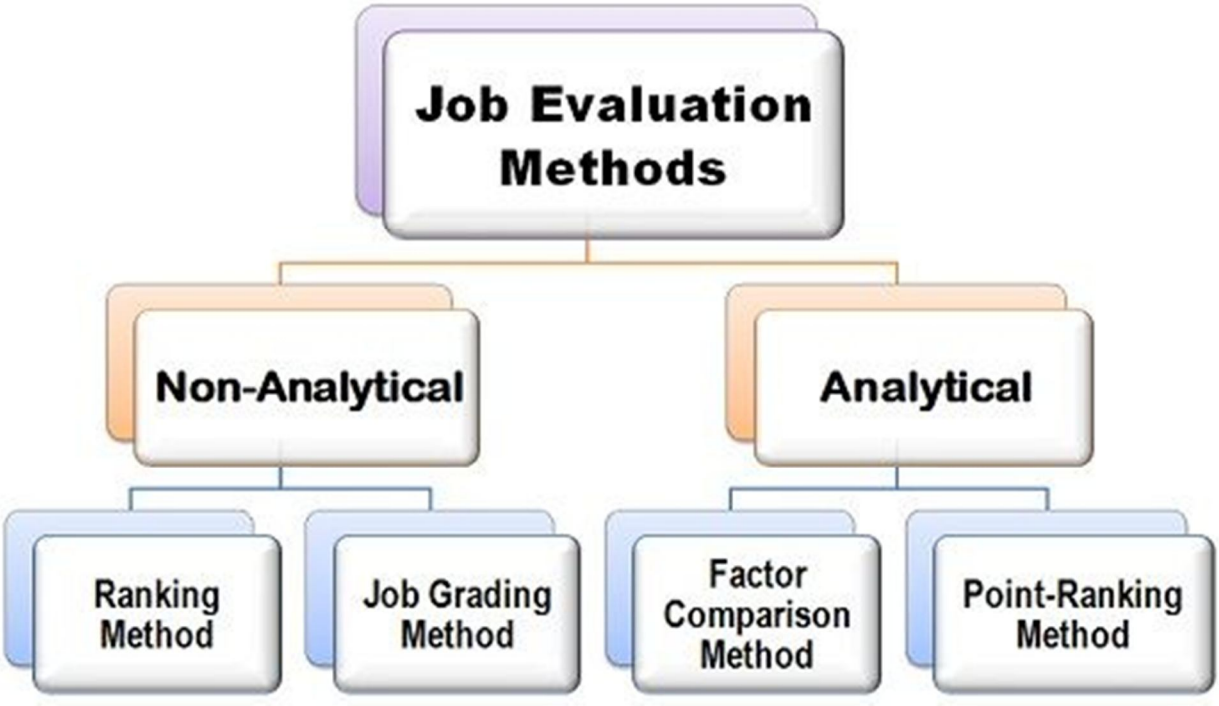
Next, a pay grade structure is drafted, and jobs are categorized. There will always be a set of jobs that do not match the pay grade structure. An example could be specialist roles in artificial intelligence and machine learning that are very scarce while crucial for the company's future. These may have to be put on a different salary scale. The risk here is that these jobs may be much more abundant in say 10 years, so by then they may be overcompensated so this may have to be revised later.

D. Phase 4. Communication & roll-out

In the final phase of the job evaluation process, the structure is implemented. Best practices are to explain everyone affected why their pay grade structure may have changed. There should also be an opportunity to appeal decisions that are perceived as unfair. Here it is important to hear and investigate what employees have to say.

This phase will be easier if there is buy-in from the organization. Also note, lowering salaries for workers may not be possible as wages could be protected under national labor laws or it may prompt people to leave the organization. Taking all of this into account will be an administrative challenge.

III. METHODS FOR JOB EVALUATION



There are non-analytical and analytical job evaluation methods that are employed by the organizations to realize the worth of a set of jobs.

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IV. NON-ANALYTICAL JOB EVALUATION METHODS

A. Ranking Method

This is simplest form of job evaluation method. The method involves ranking each job relative to all other jobs, usually based on some overall factor like 'job difficulty'. Each job as a whole is compared with other and this comparison of jobs goes on until all the jobs have been evaluated and ranked. All jobs are ranked in the order of their importance from the simplest to the hardest or from the highest the lowest. The importance of order of job is judged in terms of duties, responsibilities sand demands on the job holder. The following steps are involved in ranking jobs.

1) *Obtain job Information:* The first step is job analysis. Job descriptions for each job are prepared and these are the basis on which the ranking s is made. The job ranking method usually ranks jobs according to 'the whole job' rather than a number of compensate factors.
2) *Select Raters and Jobs to be Rated:* Ranking all the jobs, at a time, is usually not possible. The more usual procedure involves ranking jobs by department or in 'clusters' i.e. factory workers, clerical workers and so on. This eliminates the need for having to compare directly, say, factory jobs and clerical jobs.
3) *Select Compensate Factors:* In the ranking method, it is common to use just one factor, for instance job difficulty, and to rank jobs on the basis of 'the whole job'. Regardless of the number of factors you choose, it is advisable to carefully explain the definition of the factor(s) to the evaluators so that they evaluate the jobs consistently.
4) *Rank Jobs:* Next, the jobs are ranked. The simplest way to do this involves giving each rater a set of index cards, each of which contains a brief description of a job. These cards are then ranked from lowest to highest.
5) *Combine Rating:* It is usually to have several raters rank the jobs independently. Finally, divide all the ranked jobs into appropriate groups or classifications by considering the common features of jobs such as similar duties, skills, or knowledge required. All the jobs within a particular group or classification receive the same wage or range of raters. Then, once this is accomplished, the rating committee can simply average the ranking.

a) Merits

Ranking method has the following merits in terms of its procedure, resources involvement and operatational mechanisms.

- It is the simplest method
- It is quite economical to put it into effect
- It is less time consuming and involves little paper work.

b) Demerits

The ranking method has the following demerits in terms of validity and reliability.

- The main demerit of the ranking method is that there are no definite standards of judgment and also there is no way of measuring the differences between jobs.
- It suffers from its sheer manageability when there are a large number of jobs.

B. Classification or Grading Method

This is a simple, widely used method. This method of job evaluation was made popular by the U.S. Civil Service Commission. In the ranking system there is no re-determined yardstick of values. In the job grading approach there is one such yardstick constituting of job classes or grades. Jobs are measured as whole jobs. Under this method job grades or classes are established by an authorized body or committee appointed for this purpose. A job grade is defined as a group of different jobs of similar difficulty or requiring similar skills to perform them. Job grades are determined on the basis of information derived from job analysis. The example of job grades may include, depending on the type of jobs the organization offers, skilled, unskilled, account clerk, clerk-cum typist, steno-typist, office superintendent, and laboratory assistant and so on. There are several ways to categorize jobs. One is to draw up 'class description' and place jobs into classes based on their correspondence to these descriptions. Another is to draw up a set of classifying rules for each class and then categorize the jobs according to these rules. The usual procedure is to choose compensable factors and then develop class or grade descriptions that describe each class in terms of amount or level of compensable factor(s) in jobs.

Such factors are:

1) Difficultly and variety of work.
2) Supervision received and exercised.

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3) Judgment exercised.
4) Originality required.
5) Nature and purpose of interpersonal work relationships.
6) Responsibility.
7) Experience.
8) Knowledge required

The following five steps are generally involved in the process of job classification.

- Prepare job description for basic information about the job.
- Prepare job grading description for identification of different levels of jobs. Each grade level must be distinct from the grade level adjacent to it. After establishing the grade level, each job is assigned to an appropriate grade level on the basis of the complexity of duties, nonsupervisory responsibilities and supervisory responsibilities
- Select grades and key jobs about 10 to 20 jobs, which include all the major departments and functions and cover all the grades
- Grade the key jobs. Key jobs are assigned to an appropriate grade level and their relationship to each other studied.
- Classify all the jobs on the basis of grade definitions. All the jobs in the same grade receive the same wage or range of rate. For instance, menials may be put into one class; clerks in another; junior officers in a higher class; and the top executives in the top class.

a) Merits

The job classification method has several advantages.
The major merits of the method are:

- This method is easy to understand and simple to operate.
- It is economical and, therefore, suitable for small organizations.
- The grouping of jobs into classifications makes pay determination problems easy to administer.
- This method is useful for Government jobs.

b) Demerits

The job classification method also has some disadvantages.
The major demerits of the method are:

- The method suffers from personal bias of the committee members.
- It cannot deal with complex jobs which will not fit neatly into one grade.
- This method is rarely used in industries.
- It is difficult to know how much of a job's rank is influenced by the man on the job.
- The system is rather rigid and unsuitable for large organizations or for very varied work.

V. ANALYTICAL JOB EVALUATION METHODS

A. Factor Comparison Method

This is a combination of both rating and point rating methods. It means rates jobs by comparing them and makes analysis by breaking jobs into compensate factors. This system is usually used to evaluate white collar, professional and managerial positions. The mechanism for evaluating jobs under this method involves the flowing steps.

1) *Determine the Compensable Factors:* Analysts must first decide which factors are common and important in a broad range of jobs. The critical factors like responsibility, skill, mental efforts, physical effort and working conditions are most commonly used. Some organizations use different factors for managerial, professional, sales, and other types of jobs.
2) *Determine key Jobs:* Key jobs are those that are commonly found throughout the organization and are common in the employer's market. Common jobs re sleeted because it is easier to discover the market rate for them. Ideally, these benchmark jobs should be accepted by employee as key jobs and should encompass a wide variety of critical factors to be evaluated. Typically, 10-25 key jobs are selected by the committee.
3) *Allocation Present Wages for Key Jobs:* The job evaluation committee then allocates a part of each key job's current wage rate to each critical factor. The proportion wage assigned to each of the different compensable factors depends on the importance of the factor. The base rate agreed upon by the company.

4) *Place key Jobs on a factor Comparison Chart:* Once the wage rates are assigned to the compensable factors of each key job, this information is transferred to a factor comparison chart. Key job titles replaced in the factor columns according to the rate of wages assigned to the job for each critical factor.
5) *Evaluate other Jobs:* The titles of key jobs in each column of the factor comparison chart serve as benchmarks; other non-key jobs are then evaluated by fitting them in the rate scale under each factor column.

a) Merits

The factors comparison has several advantages. The major merits are:

- It is more objective method of job evaluation
- The method is flexible as there is no upper limit on the rating.
- It is fairly easy method to explain to employees.
- The use of limited number of factors (usually five) ensures less chances of overlapping and over-weighting of factors.
- It facilitates determining the relative worth of different jobs.

b) Demerits

The factors comparison method also has some disadvantages. The major demerits of the method are:

- It is expensive and time consuming method.
- Using the same five factors for evaluating jobs may not always be appropriate because jobs differ across and within organization.
- It is difficult to understand and operate.

B. Point-Ranking Method

This is most widely used system of job evaluation. The method evaluates the compensable factors of each job. It involves a more detailed, quantitative and analytical approach to the measurement of job work. Under this method jobs are broke down based on various identifiable factors such as skill, effort, training, knowledge, hazards,responsibilities and so on. Thereafter, points are allocated to each of these factors. Weights are given to factors depending on their importance to perform the job. Points so allocated to various factors of a job are then summed. Then, the jobs with similar total of points are placed in similar pay grades. The sum of points gives an index of the relative significance of the jobs that are rated.

This system requires six steps and is usually implemented by a job evaluation committee or by an individual analysist.

1) Determine Critical Factors: The points rating method includes the following job factors for allocation of points:
a) Safety of other;
b) Equipment of materials;
c) Assisting trainees;
d) Production or service quality.

2) *Determine the Levels of Factors:* Since, the amount of responsibility or other factors may vary from job t job, the point rating method rates several levels associated with each factor. These levels help analysts reward different degrees of responsibility, skill, and other critical factors.
3) *Allocate Points to Sub-factors:* With the factors listed down one side and the levels placed across the top, the result is a point method matrix. Starting with highest level, the job evaluation committee subjectively assigns the maximum possible points to each sub-factor. The allocation allows the committee to give very precise weights to each element of the job.
4) *Allocate Points to Levels:* Once the total points for each job element are assigned under highest level, analysts allocate points across each row to reflect the importance of the different levels.
5) *Develop Points Manually:* Analysts then develop a point manual. Ti contains a written explanation of each job element. It also defines what is expected for the various levels of each sub-factor. This information is needed to assign jobs to their appropriate levels.
6) *Apply the Point System:* When the point matrix and manual are ready, the relative value of each job can be determined. This process is subjective. It requires specialists to compare job descriptions with the point manual for each sub-factor. The match between the job description and the point manual statement reveals the level and points for each sub-factor of every job. The points for each sub-factor are added to find the total number of points for the job. After the total points for each job are known, the jobs re ranked.

a) Merits

The point rating has several advantages.

The major merits of the method are:

- It is the most comprehensive and accurate method of job evaluation.
- Prejudice and human judgment are minimized. The method cannot be manipulated.
- Being the systematic method, workers of the organization favor this method.
- The scales developed in this method can be used for long time.
- Jobs can be easily placed in distinct categories

b) Demerits

The points rating method also has some disadvantages.

The major demerits of the method are:

- It is both time-consuming and expensive method.
- It is difficult to understand for an average worker.
- A lot of clerical work is involved in recording rating scales.
- It is not suitable for managerial jobs wherein the work content is not measurable in quantitative terms.

VI. MANAGERIAL IMPLICATIONS OF JOB EVALUATION

Job evaluation has assumed greater significance in organizations currently due to its multifaceted usefulness in human resource management. It establishes worth of a job in comparison to other jobs and indicates hierarch of jobs in organization. The job evaluation is also useful for human resource department for structuring organizational activities as well as developing relationship among all jobs. It avoids industrial relation problems between employees and employer by designing commensurate compensation without any inequality in wage and salary structure. Human Resource Mangers when launching job evaluation exercise must take note of:

1) Job that should be evaluated and not the person performing it.
2) Defining clearly purpose of evaluation.
3) Adoption of one of the four job evaluation methods based upon organization size, internal needs and organizational culture.
4) Allocation of sufficient resources for the exercise.

VII. CONCLUSION

After reading the paper, some of the important points regarding job evaluation process and methods would be learn. First, as the name implies job evaluation process and job evaluation methods that can be viewed as two categories - quantitative methods and non-quantitative methods. Non-quantitative methods are job ranking and job classification/grading, whereas, quantitative methods are point rating and factor comparison. The basic difference between these two categories lies in the sense that, under non-quantitative methods, a job is compared as a whole with other jobs in the organization. In case of quantitative methods, the key factors of a job are selected and, then measured. The summary is organized by the learning objectives expressed in the beginning of the lesson. Ranking method is simplest form of job evaluation method. It involves ranking each job relative to all other jobs, usually based on some overall factor like ‘job difficulty’. Evaluating job not jobber is the major principle job evaluation. Job classification is simple and widely used method. In this method jobs are measured as whole jobs. Under this method job grades or classes are established by an authorized body or committee appointed for this purpose. Point Rating method is most widely used system of job evaluation. The method evaluates the compensable factors of each job. It involves a more detailed, quantitative and analytical approach to the measurement of job work. Factor Comparison Method is a combination of both rating and point rating methods. It means rates jobs by comparing them and makes analysis by breaking jobs into compensable factors.

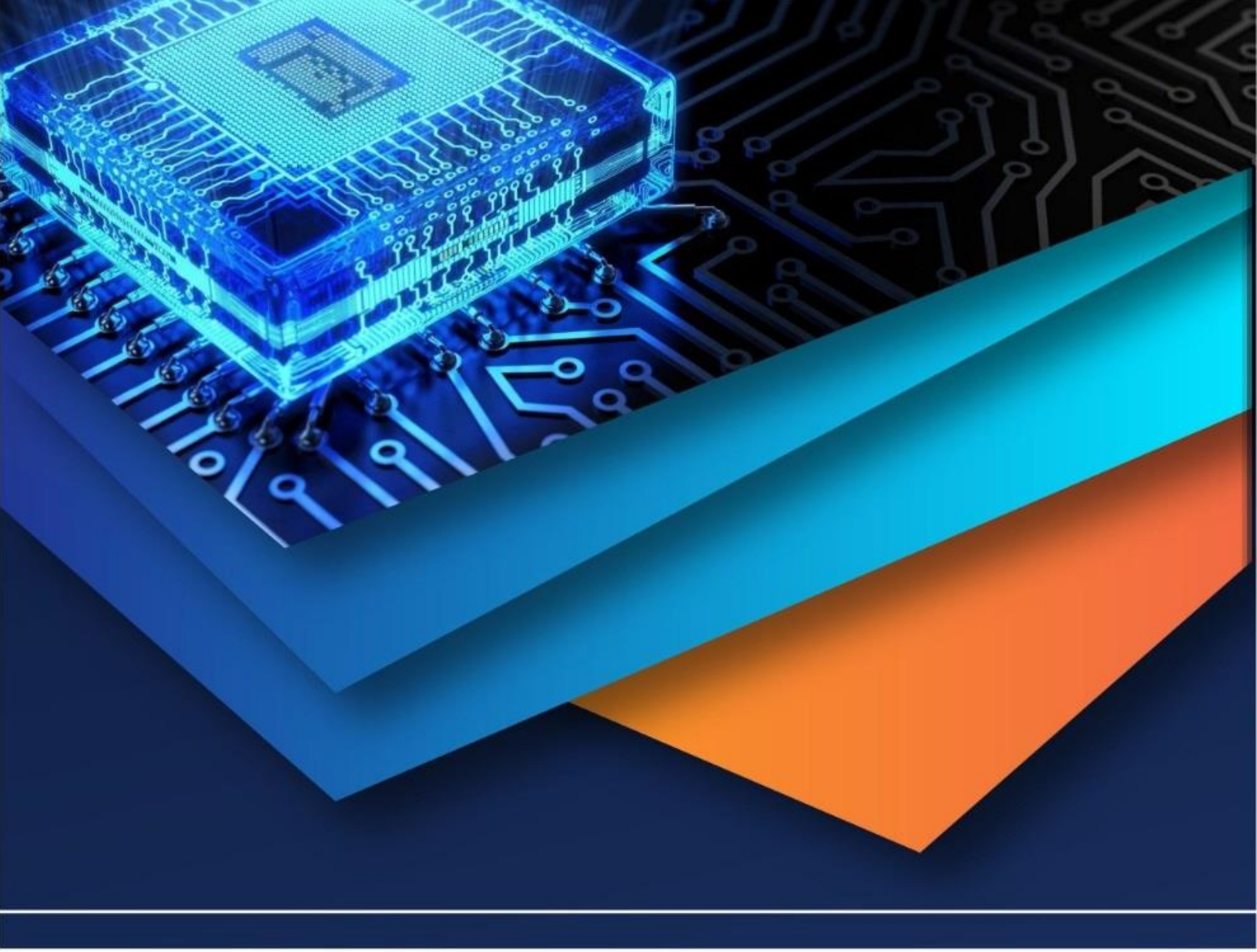
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