

JOB EVALUATION

Job evaluation is the rating of jobs according to a specifically planned procedure in order to determine the relative size and worth of each job. It examines the contents and requirements of jobs and measures these against a standard scale. This results in job grades, scores, levels or ratings whereby jobs can be compared with other jobs to determine their relative worth.

Why Do We Evaluate Jobs?

We evaluate jobs to determine their “fundamental” worth. We systematically assess the degree of complexity of the job content, maturity and requirements, independent of any pre-conceived standards of remuneration and without regard to the qualities and performance of the job-holder performing the job. This results in a rational rank order of jobs, and job structure based on a system that is readily understood, fair and defensible, for all stakeholders (e.g. management, job-holders and Human Resources).

Job evaluation provides rational basis for establishing competitive salary ranges that take internal equity and market forces into account. Job evaluation is just one factor in determining pay, the others including market surveys, skill and performance.

The process and results of job evaluation also provide assistance with:

- Job and organizational design
- Performance management
- Recruitment and selection
- Training and development
- Career planning and pathing
- Succession planning

When Do We Evaluate Jobs?

We evaluate jobs when:

- a job is new, before recruitment.
- a job is new, 6 months to 1 year after the job is filled.
- Substantive functions are added or removed from a job.
- Substantive functions are added or removed from a job during an ERM approved restructuring process. It is good practice to revisit the grade of a job every four years, if capacity allows. Job evaluation is never used to promote or reward or people. A job will not ordinarily be re-evaluated within one year after its last evaluation.

Criteria Used In Job Evaluations

Criteria used in job evaluations can include factors such as:

- ✓ Education
- ✓ Qualifications,
- ✓ Skills needed,
- ✓ Working conditions and
- ✓ Job responsibilities



There are four basic methods of job evaluation currently in use which are grouped into two categories:

1. Non-Quantitative/Non Analytical Methods:

- (a) Ranking or Job Comparison
- (b) Grading or Job Classification

2. Quantitative/Analytical Methods:

- (a) Point Rating
- (b) Factor Comparison

The basic difference between these two methods lies in the sense that, under non-quantitative methods, a job is compared as a whole with other jobs in the organization, whereas in case of quantitative methods, the key factors of a job are selected and, then, measured. The four methods of job evaluation are now discussed one by one.

1. Ranking Method

The ranking method is the simplest form of job evaluation. In this method, 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 to the lowest. The importance of order of job is judged in terms of duties, responsibilities and demands on the job holder. The jobs are ranked according to “the whole job” rather than a number of compensable factors. The ranking of jobs in a University, based on Ranking Method, may be like this:

Ranking order	Pay scale
Professor	60000-3500-77500
Associate professor	45000-2500-70000
Assistant professor	30000-2000-50000
Lecturer	15000-1500-42500

Merits:

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

Demerits:

- 1. 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.
- 2. It suffers from its sheer unmanageability when there are a large number of jobs.

2. Grading Method/Classification Method

Grading method is also known as 'classification method'. This method of job evaluation was made popular by the U.S. Civil Service Commission. 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 grades or classes are created by identifying some common denominator such as skills, knowledge and responsibilities. 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, laboratory assistant and so on.

Once the grades are established, each job is then placed into its appropriate grade or class depending on how well its characteristics fit in a grade. In this way, a series of job grades is created. Then, different wage/salary rate is fixed for each grade.

Merits:

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

Demerits:

1. The method suffers from personal bias of the committee members.
2. It cannot deal with complex jobs which will not fit neatly into one grade.
3. This method is rarely used in an industry.

3. Points Rating

This is the most widely used method of job evaluation. Under this method, jobs are broke down based on various identifiable factors such as skill, effort, training, knowledge, hazards, responsibility, etc. 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.

The procedure involved in determining job points is as follows:

Determine the jobs to be evaluated. Jobs should cover all the major occupational and levels of responsibility to be covered by the method. Decide on the factors to be used in analyzing and evaluating the jobs. The number of factors needs to be restricted because too many factors result in an over-complex scheme with overlap and duplication between factors. Define the factors clearly in written. This is necessary to ensure that different job raters interpret a particular factor in the same sense. Determine degrees of each factor and assign point value to each degree. Point values are assigned to different degrees on the basis of arithmetic progression. Finally, money values are assigned to points. For this purpose, points are added to give the total value of a job. Its value is then translated into money terms with a predetermined formula.

Merits:

1. It is the most comprehensive and accurate method of job evaluation.
2. Prejudice and human judgment are minimized, i.e. the system cannot be easily manipulated.
3. Being the systematic method, workers of the organisation favour this method.
4. The scales developed in this method can be used for long time.
5. Jobs can be easily placed in distinct categories.

Demerits:

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

4. Factor Comparison Method

This method is a combination of both ranking and point methods in the sense that it rates jobs by comparing them and makes analysis by breaking jobs into compensable factors. This system is usually used to evaluate white collar, professional and managerial positions.

The mechanism for evaluating jobs under this method involves the following steps:

1. First of all, the key or benchmark jobs are selected as standards. The key jobs selected should have standards contents, well accepted pay rates in the community, and should consist of a representative cross-section of all jobs that are being evaluated—from the lowest to the highest paid job, from the most important to the least important—and cover the full range of requirements of each factor, as agreed upon by a Committee representing workers and management.
2. The factors common to all jobs are identified, selected and defined precisely. The common factors to all jobs are usually five, viz., mental requirements, physical requirements, skill requirements, working conditions and responsibility.
3. Once the key jobs are identified and also the common factors are chosen, the key jobs are, then, ranked in terms of the selected common factors.
4. The next step is to determine a fair and equitable base rate (usually expressed on an hourly basis) and, then, allocate this base rate among the five common factors as mentioned earlier. Following is a specimen of base rate and its allocation scheme:

Key Jobs	Base Rate (Daily)	Mental Requirements	Physical Requirements	Skills	Working Conditions	Responsibility
Electrician	60	13	12	5	12	18
Welder	30	10	19	5	4	12
Mechanist	80	25	5	23	24	3

5. The final step in factor comparison method is to compare and evaluate the remaining jobs in the organisation. To illustrate, a 'toolmaker' job is to be evaluated. After comparison, it is found that its skill is similar to electrician (5), mental requirements to welder (10) Physical requirements to again electrician (12), working conditions to mechanist (24) and responsibility also to mechanist (3). Thus, the wage rate for the job of toolmaker will be Rs. 54 (Rs.5 + Rs. 10 + Rs. 12 + Rs.24 + Rs.3).

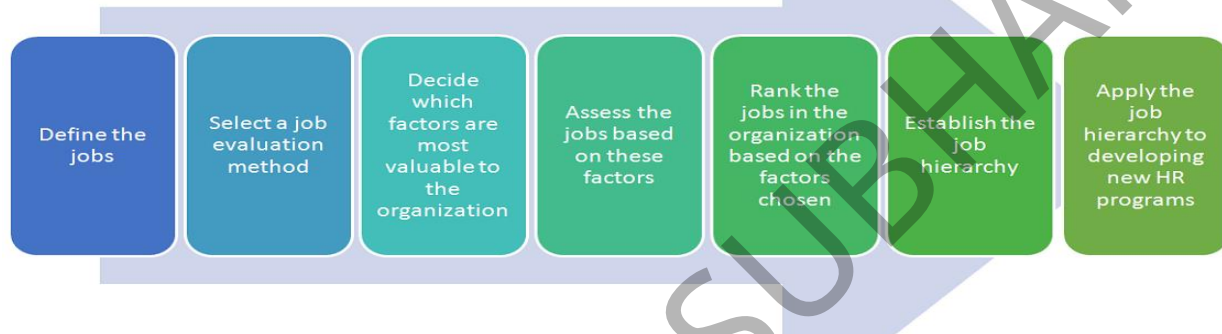
Merits:

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

Demerits:

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

JOB EVALUATION PROCESS



Step 1: Define The Jobs

The process of defining a job is called a job analysis. The information obtained in job analysis is recorded in the precise language of a job description.

Job Analysis:

- Collect information on job content
- Focus on what workers must do to perform successfully

Step 2: Select A Job Evaluation Method

There are several job evaluation methods from which to select. The most prevalent one, the Point Factor Plan, uses a quantitative approach that has been explained in above section.

Step 3. Decide Which Factors Are Most Valuable To The Organization

To implement the Point Factor method, identify which factors make one job more valuable to the organization than another. These factors are the yardsticks used to determine the relative position of jobs in the organization hierarchy and let employees know what contributions are rewarded.

Factors written into the Equal Pay Act of 1963 and used to define equal work tend to fall into four broad categories:

1. Required skills
2. Required efforts
3. Responsibilities
4. Working conditions

Step 4: Assess The Jobs Based On The Factors

Once the factors have been defined, each job is assessed based on these factors. Here is an example of a factor:

Factor: Analytical Abilities		
Gather and interpret data and find solutions to difficult and complex problems		
Definition	Degree	Points
None or little analytical ability	1	5
Some analytical ability to gather & interpret data for simple problems	2	10
Analytical ability to gather & interpret data for complex problems	3	15
High level analytical ability required to find solutions to difficult problems	4	20
Expert level analytical ability required to gather & interpret data and find solutions to unique and difficult problems	5	25

Step 5: Rank The Jobs In The Organization Based Upon The Factors Chosen

Jobs with the most points should be ranked higher than those with lesser points (once the jobs are assigned factors using a numerical scale). This step is the heart of the job evaluation process. When rigor and a systematic approach are used for job evaluations, this ranking is completed with ease as well as certainty.

Step 6: Establish A Job Hierarchy

- Choose a cross-functional team to validate the job ranking assignments
- Research and record the decisions
- Set up the job hierarchy.

Step 7: Apply Job Hierarchy To Developing New HR Programs

Once a job hierarchy is established there are many uses:

- Salary Structures for job grade and pay range assignment
- Performance standards for jobs
- Training & development of job families
- Career development ladders and paths