

# **Job Evaluation: Concept, Process and Significance**

## **Meaning**

Job evaluation is a generic term covering the systematic methods of determining the relative worth of a job. In other words, Job Evaluation measures the worth of each job in terms of money. Job evaluation system came into common use during the World War II.

Every business enterprise should establish a wage policy, which could adequately compensate the workman in relation to the nature of the job handled by him. That is wages are to be based on the relative role of each job. The relative role of each job should be assessed on a scientific basis.

Thus, job evaluation is a method, which aims to provide the basis for ascertaining the relative worth of each job with reference to the amount of skill and effort required, the extent of training and experience necessary. This involves the assignment of currency value to each job.

## **Definitions**

- According to Bethel, Atwater and Smith et al, "Job evaluation as a personal term has both a specific and genetic meaning specifically, it means job rating or the grading of occupations in terms of duties ; generally it means the entire field of wages and salary administration along modern lines"
- According to International Labor Organization, "Job evaluation may be defined as an attempt to determine and compare the demands which the normal performance of particular job makes on normal workers without taking account of the individual abilities or performance of the workers concerned."
- In the words of Dale Yoder, "Job evaluation is a practice which seeks to provide a degree of objectivity in measuring the comparative value of jobs within an organization and among similar organizations."

## **Objectives of Job Evaluation**

Job evaluation has certain broad objectives. They are as under:

## **1. Elimination of Evaluation**

The foremost, perhaps the only factor which creates dissatisfaction in a job is the inequality of wage rates for comparable works. Job evaluation techniques aim to eliminate such inequalities by assuring fair and proper wages for the work done by each position throughout the organization.

## **2. Solving Wage Controversies**

By reducing inequalities, job evaluation techniques provide a relatively objective basis for resolving wage controversies involving comparative rates.

## **3. Elimination of Personal Prejudices**

Favoritism in respect of certain employees in wage rate setting creates personal prejudices and dissatisfaction in the minds of the employees. In job evaluation, only the job is rated and not the employees. Therefore, if the wage rate is established on the basis of job evaluation, there will be no ground for favoritism and personal prejudice.

## **4. Facility for Comparison and Survey**

The job descriptions, which provide the basis for job evaluation, provide the necessary data for comparison of wages and salaries for the same categories of jobs in other enterprises. Besides, necessary information needed for community wage surveys can be obtained.

## **5. Definite Plan for Wage Administration**

When wage rates for various jobs are established on a scientific basis, they will constitute a valuable guide for the management to evaluate the performance of the employees in terms of the job. This helps in promotion and transfer of employees. All these factors help to manage the wage department properly.

## **6. Standardization**

Job evaluation enables the business enterprise to maintain a high degree of standardization in wage levels in all its plants. It is possible even if the plants are situated in different areas.

## 7. Simplification of Wage Structure

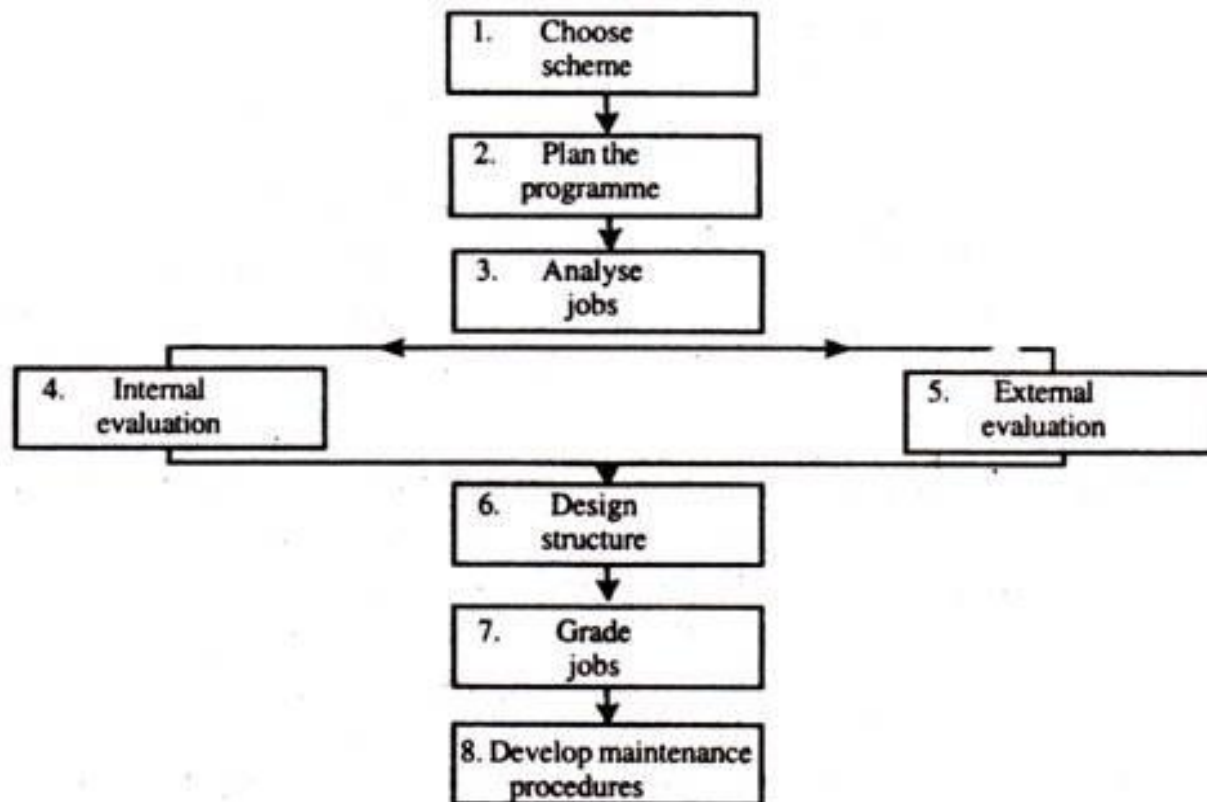
The job evaluation techniques divide each job into various elements. Then the job elements are graded and the wage rates are established. Maximum and minimum rate ranges are also established. Provision is also made for the periodical review of the wage structure. All these factors simplify the wage structure.

### Procedure of job evaluation

Though the common objective of job evaluation is to establish the relative worth of jobs in a job hierarchy, there is no common procedure of job evaluation followed by all organizations. As such, the procedure of job evaluation varies from organization to organization.

#### 1. Preliminary Stage:

This is the stage setting for job evaluation programme. In this stage, the required information's obtained about present arrangements, decisions are made on the need for a new programme or revision of an existing one and a clear cut choice is made of the type of programme is to be used by the organization.



## **2. Planning Stage:**

In this stage, the evaluation programme is drawn up and the job holders to be affected are informed. Due arrangements are made for setting up joint working parties and the sample of jobs to be evaluated is selected.

## **3. Analysis Stage:**

This is the stage when required information about the sample of jobs is collected. This information serves as a basis for the internal and external evaluation of jobs.

## **4. Internal Evaluation Stage:**

Next to analysis stage is internal evaluation stage. In the internal evaluation stage, the sample of bench-mark jobs are ranked by means of the chosen evaluation scheme as drawn up at the planning stage. Jobs are then graded on the basis of data pending the collection of market rate data. Relative worth of jobs is ascertained by comparing grades between the jobs.

## **5. External Evaluation Stage:**

In this stage, information is collected on market rates at that time.

## **6. Design Stage:**

Having ascertained grades for jobs, salary structure is designed in this stage.

## **7. Grading Stage:**

This is the stage in which different jobs are slotted into the salary structure as designed in the preceding stage 6.

## **8. Developing and Maintaining Stage:**

This is the final stage in a job evaluation programme. In this stage, procedures for maintaining the salary structure are developed with a view to accommodate inflationary pressures in the salary levels, grading new jobs into the structure and regarding the existing jobs in the light of changes in their responsibilities and market rates.

## **Principles of Job Evaluation**

Job evaluation, as a scientific approach, is based upon certain sound principles. According to A.R. Kress, there are eight principles of job evaluation. They are:

### **1. Rate the Job and Not Man**

Job evaluation deals with the job and not with the employee holding the position. Each job has certain definite and fixed elements. These elements should be rated on the basis of what job itself requires.

### **2. Elements of Job should be Definite**

Each job, as stated already, should be divided into small elements. These elements should be fixed, definite and easily explainable. Besides, these elements should be very few in number. This will avoid any overlapping.

### **3. Uniformity in Understanding**

Success in job rating is absolutely dependent on uniformity of understanding with regard to the definition of the elements and consistency in the selection of the degrees of those elements.

### **4. Explained to the Employees**

Any job evaluation plan if implemented should be clearly explained to the foremen and employees. Clear-cut explanations and illustrations of the plan shall avoid misunderstanding and frustration.

### **5. Participation of the Foremen**

The foremen should participate in the rating of the job in their own departments.

### **6. Co-operation from Employees**

The co-operation from the employees is another condition precedent for the success of any job evaluation plan. The broad features can be discussed with the employees but the basic secrets should not be disclosed to them.

## **7. Talk only in Point Values**

The purpose of discussion with the foremen and employees is to secure their confidence and to achieve this, avoid discussions of money value. Talk only point values and degree of each element. Discussion on money values will lead to juggling.

## **8. Avoid too many Occupational Wages**

Too many occupational wages (or rate ranges for given labor grades) should not be established. It would be unwise to adopt an occupational wage for each in terms of point values.

## **Significance of Job Evaluation**

Job evaluation is a process of determining the relative worth of a job. It is a process which is helpful even for framing compensation plans by the personnel manager. Job evaluation as a process is advantageous to a company in many ways:

- 1. Reduction in inequalities in salary structure** - It is found that people and their motivation is dependent upon how well they are being paid. Therefore the main objective of job evaluation is to have external and internal consistency in salary structure so that inequalities in salaries are reduced.
- 2. Specialization** - Because of division of labor and thereby specialization, a large number of enterprises have got hundred jobs and many employees to perform them. Therefore, an attempt should be made to define a job and thereby fix salaries for it. This is possible only through job evaluation.
- 3. Helps in selection of employees** - The job evaluation information can be helpful at the time of selection of candidates. The factors that are determined for job evaluation can be taken into account while selecting the employees.
- 4. Harmonious relationship between employees and manager** - Through job evaluation, harmonious and congenial relations can be maintained between employees and management, so that all kinds of salaries controversies can be minimized.

- 5. Standardization** - The process of determining the salary differentials for different jobs become standardized through job evaluation. This helps in bringing uniformity into salary structure.
- 6. Relevance of new jobs** - Through job evaluation, one can understand the relative value of new jobs in a concern.

According to Kimball and Kimball, "Job evaluation represents an effort to determine the relative value of every job in a plant and to determine what the fair basic wage for such a job should be."

Thus, job evaluation is different from performance appraisal. In job evaluation, worth of a job is calculated while in performance appraisal, the worth of employee is rated.