

Unit -4 JOB EVALUATION

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Meaning and Concept of Job Evaluation

- In every organization, employees perform different kinds of jobs involving varying levels of skill, effort, responsibility, and working conditions. These differences naturally create the question: **Which job should be paid more and why?** To answer this question objectively and fairly, organizations use a systematic process known as **Job Evaluation**.
- Job evaluation is a fundamental concept in **compensation management** and serves as the basis for developing a **fair and equitable wage structure**. It helps organizations determine the relative worth of jobs so that pay differences are based on job value rather than personal characteristics of employees.

Meaning and Concept of Job Evaluation

- **Job Evaluation** is a **systematic, scientific, and objective process** of assessing the relative value or worth of different jobs within an organization. It determines how much one job should be paid in relation to other jobs.
- It is important to note that **job evaluation evaluates jobs, not the people performing the jobs**. The focus is on the job content—duties, responsibilities, skills, and working conditions—rather than on individual performance, experience, or seniority.

Meaning and Concept of Job Evaluation

- **Definitions of Job Evaluation**
- According to **Richard I. Henderson**,
- “Job evaluation is a systematic comparison of jobs to determine their relative worth for the purpose of establishing a rational pay structure.”
- According to **Milkovich and Newman**,
- “Job evaluation is a process used to establish internal pay relationships among jobs.”
- These definitions highlight that job evaluation is mainly concerned with **internal equity** and **pay fairness**.

Meaning and Concept of Job Evaluation

- The concept of job evaluation is based on the principle that **jobs which contribute more to organizational objectives should receive higher compensation.** It assumes that jobs can be compared using common factors such as skill, effort, responsibility, and working conditions.
- Job evaluation attempts to answer three key questions:
 - What is the value of each job to the organization?
 - How do jobs compare with one another?
 - How should jobs be ranked for pay purposes?

Key Features of Job Evaluation

- **4.1 Job-Oriented Process**
- Job evaluation focuses on the **job itself**, not on the employee. Two employees performing the same job will receive similar pay, regardless of personal differences.
- **4.2 Systematic and Scientific**
- It follows a structured procedure involving job analysis, selection of evaluation methods, and standardized criteria.
- **4.3 Relative, Not Absolute**
- Job evaluation does not determine the exact salary amount. Instead, it establishes the **relative worth of jobs**, which is later linked to salary levels through wage surveys and pay policies.
- **4.4 Internal Equity Focused**
- The main aim is to maintain fairness **within the organization**, not to compare salaries with external markets.

Job Evaluation vs Job Analysis

Basis	Job Analysis	Job Evaluation
Focus	Collecting job information	Determining job worth
Output	Job description & specification	Job ranking/grades
Purpose	Understanding job content	Establishing pay structure
Nature	Descriptive	Analytical & comparative

Need for Job Evaluation

- Organizations adopt job evaluation to:
- Ensure **fair wage differences**
- Avoid arbitrary pay decisions
- Resolve wage-related grievances
- Provide a logical base for **salary administration**
- Support collective bargaining
- Comply with principles of **equal pay for equal work**

Job Evaluation and Compensation Management

- **Job Evaluation and Compensation Management**
- Job evaluation plays a central role in compensation management by:
 - Designing **pay grades and pay ranges**
 - Linking job value to **monetary rewards**
 - Supporting incentive and bonus plans
 - Ensuring transparency in wage decisions
- According to **Dipak Kumar Bhattacharyya**, job evaluation is the backbone of a structured compensation system and contributes to long-term organizational stability.

Importance of Job Evaluation in Modern Organizations

- **3.1 Ensures Internal Equity**
- Jobs are paid based on their **value to the organization**, not personal bias or favoritism.
- **3.2 Reduces Wage Discrimination**
- By applying standardized criteria, job evaluation minimizes **gender-based or arbitrary pay differences**.
- **3.3 Supports Compensation Planning**
- Helps in:
- Designing pay grades
- Structuring salary ranges
- Determining incentives and allowances

Importance of Job Evaluation in Modern Organizations

- **3.4 Improves Employee Morale**
- Employees perceive compensation as **fair and justified**, increasing satisfaction and motivation.
- **3.5 Helps in Career Progression**
- Clear job hierarchy helps employees understand **promotion paths**.
- **3.6 Aids in Cost Control**
- Prevents overpayment or underpayment of jobs, ensuring **cost-effective compensation**.

Limitations of Job Evaluation

- Despite its importance, job evaluation has some limitations:
- It can be time-consuming and costly
- Subjectivity may arise in factor selection
- Rapid job changes may reduce relevance
- Employees may resist evaluation outcomes
- However, these limitations can be minimized through periodic review and employee communication.

4. Process / Steps in Job Evaluation

- **Step 1: Job Analysis**
- Collects detailed information about job duties, responsibilities, skills, and working conditions
- Output: **Job Description and Job Specification**
- **Step 2: Job Classification**
- Jobs are grouped into categories (managerial, technical, clerical, operative)
- **Step 3: Selection of Job Evaluation Method**
- Choice depends on:
- Size of organization
- Nature of jobs
- Accuracy required
- Cost and time involved

4. Process / Steps in Job Evaluation

- **Step 4: Job Evaluation Committee**
- Includes HR managers, line managers, and sometimes union representatives
- Ensures objectivity and acceptance
- **Step 5: Evaluation of Jobs**
- Jobs are ranked, graded, or scored using selected method
- **Step 6: Establishment of Pay Structure**
- Jobs are placed into **pay grades**
- Salary ranges are developed
- **Step 7: Review and Updating**
- Periodic revision due to:
 - Technological changes
 - Job redesign
 - Organizational restructuring

5. Types of Job Evaluation Methods

- **A. Non-Quantitative Methods**
- (Simple, judgment-based)
- **5.1 Ranking Method**
- Jobs are ranked from **highest to lowest value**
- Suitable for small organizations
- **Merits:**
 - Simple and easy
 - Low cost
- **Limitations:**
 - Subjective
 - Not suitable for large organizations

5. Types of Job Evaluation Methods

- **5.2 Job Classification (Grading) Method**
- Jobs are classified into **predefined grades or classes**
- Common in **government and public sector**
- **Example:**
 - Class I – Senior Management
 - Class II – Middle Management
 - Class III – Clerical
 - Class IV – Workers
- **Merits:**
 - Easy to understand
 - Widely accepted
- **Limitations:**
 - Broad categories may hide job differences

. Quantitative Methods

(Scientific and point-based)

5.3 Point Factor Method

- Jobs are evaluated based on **compensable factors** such as:

- Skill
- Effort
- Responsibility
- Working conditions

Each factor is assigned:

- Points
- Weights

Merits:

- Highly objective
- Accurate and consistent
- Widely used in private sector

Limitations:

- Time-consuming
- Costly to implement

5.4 Factor Comparison Method

- Jobs are compared factor by factor with **key benchmark jobs**
- Monetary values are assigned to each factor

Merits:

- Accurate
- Combines ranking and point methods

Limitations:

- Complex
- Difficult to explain to employees

Global Information Systems Technology Pvt Ltd

Name			
Designation			
Location			
Date of Joining			
Salary Break-up			
Cost to Company			10,00,000.00
Component	Per Annum	Per Month	Taxable/Non Taxable
Basic	4,50,000.00	37,500.00	Tax
HRA	2,25,000.00	18,750.00	Tax
Medical	15,000.00	1,250.00	Non Tax
Special Allow	1,20,000.00	10,000.00	Tax
Telephon Reim.	36,000.00	3,000.00	
Conveyance Reim	75,000.00	6,250.00	Non Tax
Ex-Gratia	25,000.00	-	Paid Annually / Tax
PF Employer	54,000.00	-	
Total	10,00,000.00	76,750.00	
ESI Deduction		-	
PF Employee	54,000.00	4,500.00	
Labor Welfare Fund	60.00	5.00	
Net In-Hand Salary			72,245.00

Table 5: Pay Matrix (Civilian Employees)

Pay Band	5200-20200					9300-34800					15600-39100			37400-67000			67000-79000	75500-80000	80000	90000
Grade Pay	1800	1900	2000	2400	2800	4200	4600	4800	5400	5400	6600	7600	8700	8900	10000					
Entry Pay (EP)	7000	7730	8460	9910	11360	13500	17140	18150	20280	21000	25350	29500	46100	49100	53000	67000	75500	80000	90000	
Level	1	2	3	4	5	6	7	8	9	10	11	12	13	13A	14	15	16	17	18	
Index	2.57	2.57	2.57	2.57	2.57	2.62	2.62	2.62	2.62	2.67	2.67	2.67	2.57	2.67	2.72	2.72	2.72	2.81	2.78	
1	18000	19900	21700	25500	29200	35400	44900	47600	53100	56100	67700	78800	118500	131100	144200	182200	205400	225000	250000	
2	18500	20500	22400	26300	30100	36500	46200	49000	54700	57800	69700	81200	122100	135000	148500	187700	211600			
3	19100	21100	23100	27100	31000	37600	47600	50500	56300	59500	71800	83600	125800	139100	153000	193300	217900			
4	19700	21700	23800	27900	31900	38700	49000	52000	58000	61300	74000	86100	129600	143300	157600	199100	224400			
5	20300	22400	24500	28700	32900	39900	50500	53600	59700	63100	76200	88700	133500	147600	162300	205100				
6	20900	23100	25200	29600	33900	41100	52000	55200	61500	65000	78500	91400	137500	152000	167200	211300				
7	21500	23800	26000	30500	34900	42300	53600	56900	63300	67000	80900	94100	141600	156600	172200	217600				
8	22100	24500	26800	31400	35900	43600	55200	58600	65200	69000	83300	96900	145800	161300	177400	224100				
9	22800	25200	27600	32300	37000	44900	56900	60400	67200	71100	85800	99800	150200	166100	182700					
10	23500	26000	28400	33300	38100	46200	58600	62200	69200	73200	88400	102800	154700	171100	188200					
11	24200	26800	29300	34300	39200	47600	60400	64100	71300	75400	91100	105900	159300	176200	193800					
12	24900	27600	30200	35300	40400	49000	62200	66000	73400	77700	93800	109100	164100	181500	199600					
13	25600	28400	31100	36400	41600	50500	64100	68000	75600	80000	96600	112400	169000	186900	205600					
14	26400	29300	32000	37500	42800	52000	66000	70000	77900	82400	99500	115800	174100	192500	211800					
15	27200	30200	33000	38600	44100	53600	68000	72100	80200	84900	102500	119300	179300	198300	218200					
16	28000	31100	34000	39800	45400	55200	70000	74300	82600	87400	105600	122900	184700	204200						
17	28800	32000	35000	41000	46800	56900	72100	76500	85100	90000	108800	126600	190200	210300						
18	29700	33000	36100	42200	48200	58600	74300	78800	87700	92700	112100	130400	195900	216600						
19	30600	34000	37200	43500	49600	60400	76500	81200	90300	95500	115500	134300	201800							
20	31500	35000	38300	44800	51100	62200	78800	83600	93000	98400	119000	138300	207900							
21	32400	36100	39400	46100	52600	64100	81200	86100	95800	101400	122600	142400	214100							
22	33400	37200	40600	47500	54200	66000	83600	88700	98700	104400	126300	146700								
23	34400	38300	41800	48900	55800	68000	86100	91400	101700	107500	130100	151100								
24	35400	39400	43100	50400	57500	70000	88700	94100	104800	110700	134000	155600								
25	36500	40600	44400	51900	59200	72100	91400	96900	107900	114000	138000	160300								
26	37600	41800	45700	53500	61000	74300	94100	99800	111100	117400	142100	165100								
27	38700	43100	47100	55100	62800	76500	96900	102800	114400	120900	146400	170100								
28	39900	44400	48500	56800	64700	78800	99800	105900	117800	124500	150800	175200								