LESSON: 10

Job Evaluation

Learning Objectives:

1. To know basic approach to Job Evaluation.
2. To importance of Job Evaluation and its effectiveness.
3. To know the important methods of Job Evaluation.

Now friends we will discuss about how jobs used to be evaluated in an organization; if somebody having any idea about it please start explaining it; this can be explained in the following way.

Job evaluation is the process of analyzing and assessing the various jobs systematically to ascertain their relative worth in an organization. Job is evaluated on the basis of their content and is placed in the order of their importance.

It should be noted that in a job evaluation programme, the jobs are ranked and not the jobholders. Jobholders are rated through performance appraisal.

“Job evaluation is a process of finding out the relative worth of a job as compared to other jobs”

Now, who is going to explain the objectives of job evaluation?

The following objectives are derived from the analysis of the above-mentioned definitions: -

1) To gather data and information relating to job description, job specification and employee specifications for various jobs in an organization.
2) To compare the duties, responsibilities and demands of a job with that of other jobs.
3) To determine the hierarchy and place of various jobs in an organization.
4) To determine the ranks or grades of various jobs.
5) To ensure fair and equitable wages on the basis of relative worth or value of jobs. In other words equal wages are fixed to the jobs of equal worth or value.
6) To minimize wage discrimination based on sex, age, caste, region, religion etc.

How many of you know the principles of job evaluation programme?

Job evaluation programme should be implemented carefully. The following principles help in successful implementation of the programme:

1. Rate the job but not the employee. Rate the elements on the basis of the job demands.
2. The elements selected for rating should be easily understood.
3. The elements should be defined clearly and properly selected.
4. Employees concerned and the supervisors should be educated and convinced about the programme.
5. Supervisors should be encouraged to participate in rating the jobs.
6. Secure employee cooperation by encouraging them to participate in the rating programme.
7. Discuss with the supervisors and employees about rating but not about assigning money values to the points.
8. Do not establish too many occupational wages.

For, better understanding let us look at the flowchart given below:

**Job Evaluation Process**

- Objectives of Job Evaluation
- Job Analysis
  - Job Description
  - Job Specification
- Job Evaluation Programme
  - Wage Survey
  - Employee Classification

**Job Evaluation Process:**
The job-evaluation process starts defining objectives of evaluation and ends with establishing wage and salary differentials.

The main objective of job evaluation, as was stated earlier, is to establish satisfactory wage and salary differentials. Job analysis should precede the actual program of evaluation. Job analysis, as was discussed earlier, provides job-related data, which would be useful in drafting job description and job specification.

**A job-evaluation program involves answering several questions:**

The major ones are:

- Which jobs are to be evaluated?
- Who should evaluate the jobs?
- What training do the evaluation need?
- How much time is involved?
- What should be the criteria for evaluation?
- What methods of evaluation are to be employed?

Which jobs are to be evaluated in any exercise, where there are more than 30 or 40 jobs to be evaluated, it is necessary to identify and select a sample of benchmark jobs, which can be used for comparisons inside and outside the organs. The benchmark jobs should be so selected to achieve representative sample of each of the main levels of jobs in each of the principal occupations.

The size of the sample depends on the number of different jobs to be covered. It is likely to be less than about five percent of the total number of employees in the organization and it would be difficult to produce a balanced sample unless at least 25 percent of the distinct jobs at each level of the organization were included.

**Staffing the Evaluation exercise:**

A committee, which consists of Head of several of department’s, as was pointed out earlier, does representatives of employee unions and specialist drawn from the National Productivity council Job evaluation. HR specialists will be normally the chairmen of the committee.

Responsibility for the overall coordination of the job-evaluation programme should be in the hands of a senior executive who can then report its progress to the board, and advise it on ensuring wage and salary development.

**Training for the Committee:**
Members of the job-evaluation committee should be trained in its procedure so as to make the program successful.

**Time Factor:**

Job evaluation should not be conducted in haste. Any rushing through will lead to appeals against the grading of jobs. Eight jobs in a day can be the ideal pace. After this, the quality of evaluation tends to drop, and more time has to spend later in checking and assessing the validity of the grading. The final review of all the time should be allowed for re-evaluation, if necessary.

**Isolating Job-evaluation criteria:**

The heart of job evaluation is the determination of the criteria for evaluation. Most job evaluations use responsibility, skill, effort and working conditions as major criteria. Other criteria used are difficulty, time-span of discretion, size of subordinate staff, and degree of creativity needed. It needs no emphasis that job evaluation criteria vary across jobs.

*So friends you must have got a fair idea what is job evaluation; now we will discuss what are the methods involved in job evaluation,*

**Methods of Job Evaluation:**

Job-evaluation methods are of two categories-Analytical and Non Analytical

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**Analytical:**
1. Point Method
2. Factor Comparison Method

**Point Method**

The system starts with the selection of job factors, construction of degrees for each factor, and assignment of points to each degree. Different factors are selected for different jobs, with accompanying differences in degrees and points.

Let us discuss the different factors with an **example:**

The National Electrical Manufacturing Association (NEMA), USA has suggested the factors, degrees and point for hourly rated and salaried jobs. The job factors taken into consideration by NEMA for hourly rated jobs are:

**Skill**
- Education
- Experience
- Initiative & ingenuity

**Effort**
- Physical demand
- Mental and / or visual demand

**Responsibility**
- Responsibility for equipment or process
- Responsibility for materials or product
- Responsibility for safety of others
- Responsibility

**Job Conditions**
- Working conditions
- Hazards

**NEMA – Manual for salaried jobs**

**Factors:**
- Education
- Experience
- Complexity of duties
- Monetary responsibility
- Working Condition
- Contacts
- Types of Supervision
Extent of Supervision

**Factor-Comparison Method:**

The factor-comparison method is yet another approach for job evaluation in the analytical group. Under this method, one begins with the selection of factors; usually five of them is assumed to be constant for all the jobs. Each factor is ranked individually with other jobs. For example, all the jobs may be compared first by the factor ‘mental requirements.’ the skills factor, physical requirements, responsibility, and working conditions are ranked. The total points are then assigned to each factor. The worth of a job is then obtained by adding together all the point values.

**Non-Analytical:**

1. Ranking Method
2. Banding Method
3. Job-Grading Method

**Non-analytical methods:** Ranking and job classification methods come under this category because they make no use of detailed job factors. Each job is treated as a whole in determining its relative ranking.

**Ranking method:** this is the simplest, the most inexpensive and the most expedient method of evaluation. The evaluation committee assesses the worth of each job on the basis of its title or on its contents, if the latter is available. But the job is not broken down into elements or factors. Each job is compared with others and its place is determined.

The method has several drawbacks. Job evaluation may be subjective, as the jobs are not broken into factors. It is hard to measure whole jobs.

Ranking is the most straightforward method of work evaluation. Jobs, people, or even teams can be ranked from the ones adding most value to least value to the organization. Criteria for the ranking are not made explicit. Jobs rather than people are easier to rank when there are a large number of people in jobs. Teams can be ranked in a team-based environment as a substitute for or addition to the ranking of jobs and people. When a larger number of jobs, people, or teams are to be ranked, the method of paired comparisons can be used. With this approach each entity is compared to every other entity in terms of value to the organization.

Overall value of the entity is determined by the number of times that the entity is evaluated as being of greater value then the entity being compared against. If an extremely large number of comparisons need to be made, statistical formulas are available to reduce the number of comparisons required using sampling theory.
Advantages:

1. Simple to use if there is a small number of jobs, people, or teams to evaluate
2. Requires little time
3. Minimal administration required

Disadvantages:

1. Criteria for ranking not understood
2. Increases possibility of evaluator bias
3. Very difficult to use if there is a large number of jobs, people, or teams to evaluate
4. Rankings by different evaluators are not comparable
5. Distance between each rank is not necessarily equal
6. May invite perceptions of inequity

Banding

A banding procedure takes place when jobs are grouped together by common characteristics. Characteristics used to group jobs follow: exempt versus nonexempt, professional versus non professional, union versus non union, key contributor versus non-key contributor, line versus staff, technical versus non-technical, value-added versus non-value-added, and classified versus non-classified. Often these groups are then rank ordered and each group is then placed in a pay band.

Advantages:

1. Quick and easy procedure
2. Has initial face validity to employees
3. Allows for organizational flexibility
4. Minimal administration required

Disadvantages:

1. Subtle, but important, differences between groups ignored
2. Subtle, but important, differences within groups ignored
3. May invite inequity perceptions

Classification:

Classification systems define the value of jobs, people, or teams with written standards for a hierarchy of classification level. Each classification level may be defined by a number of factors that need to be present for a job, person, or team to be slotted into a
particular classification level. These factors are usually blended together resulting in one standard for each classification level.

**Advantages**

1. Jobs, people, and teams can be quickly slotted into the structure
2. Classification levels have face validity for employees
3. Standards to establish value are made explicit

**Disadvantages**

1. Many jobs, people, or teams do not fit neatly into a classification level
2. Extensive judgment is required because standards used to define each factor are blended together
3. Differences between classification levels may not be equal
4. Creates status hierarchies within organizations
5. Extensive administration required

**Job-grading Method:**

As in the ranking method, the job-grading method (or job-classification method) does not call for a detailed or quantitative analysis of job factors. It is based on the job as a whole. The difference between the two is that in the ranking method, there is no yardstick for evaluation, while in the classification method, there is such a yardstick in the form of job classes or grades. Under the classification method, the number of grades is first decided upon, and the factors corresponding to these grades are then determined.

The advantages of the method are; I) job grade descriptions are vague and are not quantified; ii) difficulty in convincing employees about the inclusion of a job in a particular grade because of vagueness of grade descriptions; and iii) more job classification schedules need to be prepared because the same schedule cannot be used for all types of jobs.

*Let us now discuss the few important measures to improve Job Evaluation.*

**HOW TO IMPROVE JOB EVALUATION:** -

Following measures and steps for improving the work of evaluation programmes;

- A job evaluation scheme should be chosen cautiously. It should be devised and administered on the basis of employment market, demand for labour, bargaining power of the parties & job conditions.
• The details of the scheme should be drawn up in such a way that they do not conflict with other provision of a collective agreement.
• The scheme should be sold to all concerned and suggestions sought.
• Give major importance that the number of job titles and classification be kept to a minimum.
• Any anticipated changes in methods should be carried out before a scheme is installed and all modifications in it should be resisted until it becomes fully established.
• In preparing job descriptions it is a sound practice to emphasis in them the things which makes one job different from another rather than to find a comprehensive statement of all the duties of the job.
• The better the state of industrial relations the easier it is to introduce a job evaluation scheme.

Essentials for the success of a Job Evaluation Programme
Following are the essential for the success of Job Evaluation:

1. Compensable factors should represent all of the major aspects of job content.
   Compensable factors selected should:
   • Avoid excessive overlapping or duplication,
   • Be definable and measurable,
   • Be easily understood by employees and administrators,
   • Not cause excessive installation or admin cost and
   • Be selected with legal considerations in mind.

Operating managers should be convinced about the techniques and programme of evaluation. They should also be trained in fixing and revising the wages based on job evaluation

All the employees should be provided with complete information about job Evaluation techniques and programme.
All groups and grades of employees should be covered by the job evaluation.

The results of job evaluation must be *fair* and rational and unbiased to the individuals being affects.

**Summary:** A job evaluation scheme should be chosen cautiously. It should be devised and administered on the basis of employment market, demand for labour, bargaining power of the parties & job conditions.