

JOB EVALUATION

. **Definition:** The **Job Evaluation** is the process of assessing the relative worth of the jobs in an organization. The jobs are evaluated on the basis of its content and the complexity involved in its operations and thus, positioned according to its importance.

In the words **of Kimball and Kimball** "Job evaluation is an effort to determine the relative value of every job in a plant to determine what the fair basic wage for such a job should be".

Now, we may define job evaluation as a process used to establish the relative worth of jobs in a job hierarchy. This is important to note that job evaluation is ranking of job, not job holder. Job holders are rated through performance appraisal. Job evaluation assumes normal performance of the job by a worker. Thus, the process ignores individual abilities of the job holder.

The objectives of job evaluation, to put in a more orderly manner are to:

1. Provide a standard procedure for determining the relative worth of each job in a plant.
2. Determine equitable wage differentials between different jobs in the organisation.
3. Eliminate wage inequalities.
4. Ensure that like wages are paid to all qualified employees for like work.
5. Form a basis for fixing incentives and different bonus plans.
6. Serve as a useful reference for setting individual grievances regarding wage rates.
7. Provide information for work organisation, employees' selection, placement, training and numerous other similar problems.

METHODS OF JOB EVALUATION

There are four types of job evaluation methods:

There can be divided into two categories:

(I) Non-Quantitative Methods:

- (1) Ranking or job comparison
- (2) Grading or job classification

(II) Quantitative Methods:

(3) Point rating

(4) Factor comparison.

1. Ranking Method:

The job ranking method is the simplest of all the methods. A committee of several executives is constituted which evaluates the job descriptions and ranks them in order of importance beginning with the most important job to the least important job in the organisation. No specific factors are used for consideration.

The purpose of ranking is to determine whether a job involves the same level of duties, responsibilities and requirements as others in the series or a higher or lower level than they do. By comparing the jobs, the rank order of importance of each can be determined.

In this method, jobs are not split up into their component parts. Instead, comparison is made on the basis of whole jobs.

Three techniques are generally used for ranking purpose, namely:

- (a) Utilizing job descriptions:
- (b) Making group comparisons; and
- (c) Ranking along a number line.

Merits of Ranking Method:

- (i) It requires less time, fewer forms and less work, unless it is carried to a detailed point used by company.
- (ii) The system is simple, easily understood, and easy to explain to employees (or a union). Therefore, it is suitable for small organisation with clearly defined jobs.
- (iii) It is far less expensive to put into effect than other systems, and requires little effort for maintenance.

Demerits of Ranking Method:

- (i) Specific job requirements (such as skill, effort and responsibility) are not normally analysed separately. After a rater's judgment is strongly influenced by present wage rates.
- (ii) The system merely produces a job order and does not indicate to what extent it is more important than the one below it. It only gives us its rank or tells us that it is higher or more difficult than another, but it does not indicate how much higher or more difficult.

2. Job Classification or Grading Method:

Under this system, a number of pre-determined grades or classifications are first established by a committee and then the various jobs are assigned within each grade or class. Grade descriptions are the result of the basic job information which is usually derived from a job analysis. After formulating and studying job descriptions and job specifications, jobs are grouped into classes or grades which represent different pay levels ranging from low to high.

Common tasks, responsibilities, knowledge and experience can be identified by the process of job analysis. Certain jobs may then be grouped together into a common grade or classification. General grade descriptions are written for each job classification, and finally these are used as a standard for assigning all the other jobs to a particular pay scale.

Mechanism of Grading Method:

The following five steps are generally involved:

(i) Preparation of Job Descriptions:

The Preparation of Job Descriptions, which gives us basic job information, usually derived from a job analysis.

(ii) Preparation of Grade Descriptions:

The Preparation of Grade Descriptions, which has different levels or grades of jobs, may be identified. Each grade level must be distinct from the grade level adjacent to it; at the same time, it should represent a typical step in a continuous way and not a big jump or gap. After establishing the grade level, each job is assigned to an appropriate grade level on the basis of the complexity of duties, non-supervisory responsibilities and supervisory responsibilities.

(iii) Selection of Grades and Key Jobs:

About 10 to 20 jobs are selected, which include all the major departments and functions and cover all the grades.

(iv) Grading the Key Jobs:

Key jobs are assigned to an appropriate grade level and their relationship to each other studied.

(v) Classification of All Jobs:

Jobs are classified by grade definitions. All the jobs in the same grade receive the same wage or range of rates. For example, menials may be put into one class; clerks in another; junior officers in a higher class; and the top executive the top class.

Merits of Grading Method:

- (i) The use of fully described job classes meets the need for employing systematic criteria in ordering jobs to their importance. Since many workers think of jobs in, or related to, clusters or groups, this method makes it easier for them to understand rankings.
- (ii) It is used in important government services and operates efficiently; but it is rarely used in an industry.
- (iii) This method is simple to operate and understand, for it does not take much time or require technical help.
- (iv) If an organisation consists of 500 people holding to different jobs, the jobs might be broken up into perhaps 5 classes, arranged in order of importance from high to low, and described class by class. This class description broadly reflects level of education, mental skill, profit impact or some combination of these.
- (v) The grouping of jobs into classifications makes pay determination problems administratively easier to handle. Pay grades are determined for, and assigned, to all the job classification.

Demerits of Grading Method:

This system suffers from the following defects:

- (i) The system is rather rigid and unsuitable for a large organisation or for very varied work.
- (ii) It is relatively difficult to write a grade description. The system becomes difficult to operate as the number of jobs increases.

3. Point Score Method (Point System):

Point system is perhaps the most widely used job evaluation method. In order to measure the job worth, point system backed by the factor comparison system is an effective tool.

The point system can be utilised in the following five steps viz.:

- (a) Select job factors or characteristics;
- (b) Setting up a manual or yardstick;
- (c) Drawing up job specifications;
- (d) Assigning points; and

Six steps suggested by Flippo are- Select job factors or characteristics, construct a scale or yardstick of values for each job factor, evaluate all jobs in terms of the yardsticks, conduct a

wage survey for selected key jobs, design the wage structure, and adjust and operate the wage structure.

(a) Select Job Factor:

The point system, being an analytical approach, is more concerned with job factors or components. A job factor, according to Flippo, is “**a specific requirement levied upon the job holder, which she or he must contribute, assume, or endure**”.

He has identified four major job factors viz., skill, and responsibility, effort and working conditions. “These are the values for which an employer pays money”. Actually speaking, there are many factors like knowledge, commitment, interpersonal capabilities, achievement motivation, physical capabilities, and so on, which influence individual performance.

(b) Setting Up a Manual:

A Manual or yardstick provides a set of standards against which each job can be compared. When the various factors, on which each job can be rated (each factor can be broken down into a number of degrees and each degree is worth specific points) are listed together it becomes a manual. Yardstick is a scale on which the assigned points of the relevant sub-factors of a specific factor are marked. It means that a manual may have a number of yardsticks portraying various factors relating to a specific job.

As the factors and their grades are assigned in a subjective manner, there is possibility for the job evaluation manual to suffer from ambiguity. However, each factor which represents a certain characteristics of the job which management feels is worth compensating, can be selected with maximum care so that ambiguity can be minimised.

Generally speaking, such factors are more useful in evaluating executive or supervisory jobs than in evaluating manual jobs or clerical jobs. Selecting degrees, and assigning weights to factors and degrees, come under manual setting.

It necessitates proper evaluation of every job. Once the job specifications are available and the scales are constructed, evaluation of jobs becomes easier. In large organisations, it is the responsibility of a committee to make evaluation. Detailed job specifications facilitate the accuracy of rating.

(c) Drawing Up Job Specifications:

Next step is to draw up job specifications for evaluating the performance in comparison with the specifications made. It is here that the job evaluation moves from general to the specific. In this process the aspects like job titles, job descriptions and job specifications are important.

A job title mainly considers two aspects viz., what does a particular job consist of? And how should one draw the boundaries around a specific job title? It enables to make clear-cut

demarcation of every specific job. Actually speaking, every individual executive would like to stick to the tasks specifically associated with the job title.

Of course, some Indian companies give very respectable job titles like business development executive, market development executive, territorial sales executive, and so on, while their actual task is only of a salesman. Generally speaking, job titles go with what each job is expected to do. The duties, responsibilities and details of every job must be described and a detailed list of all such jobs must be prepared as job description at this stage.

(d) Assigning Points:

In the point score system, assigning points is an important step. This is nothing but a method of rating each job by assigning a certain number of degrees to each factor. Then these points are computed and added together. Of course, rating is totally a matter of judgment and it is subject to human bias and limitations. Job specifications and job evaluation manual would, however, be instrumental to make rating systematic and easier.

Since job evaluation is a process of determining relative standing of every job, the rater must be equally considerate to each job. Consistency must be the most essential characteristic of point determination. Strauss observed, **“Seemingly irrational decisions that are consistent with each other may be better than more rational decisions that are inconsistent”**.

4. Factor Comparison Method:

Thomas E. Hitten was the first to originate factor comparison method of job evaluation. This method determines the relative ranks of the jobs to be evaluated in relation to monetary scale. It is often used for evaluating white collar, professional and managerial positions, although it is equally suitable for grading other jobs as well. It is essentially a combination of the ranking and point systems.

Like rank order method, it rates job by comparing one job with another and, like the point system, it is more analytical in the sense of subdividing jobs into compensable factors.

In this method, five factors are generally evaluated for each job. These are comparatively fewer than the point system but are nevertheless sufficient, because each factor is defined broadly. The number of factors may be more than five also. The five factors which are customarily used are mental requirements, skills, physical requirements, responsibilities and working conditions.

The evaluation of job under this method consists of following steps:

(a) Select the factors and define them clearly.

(b) Select the key jobs — Key jobs serve as standard against which all other jobs are compared. A key job is one whose content has become stabilized over a period of time and whose wage rate is considered to be presently correct by the management and the union.

(c) Allocate wage for each key job to different factors.

(d) Develop a job comparison scale and insert key jobs in them. When all of the key jobs have been evaluated and wages allocated in this manner, a job comparison scale can be constructed.

(e) Evaluate the job in question factor by factor in relation to key jobs on job comparison scale. Then each job is to be evaluated and compared to other jobs in terms of each factor.

(f) Design, adjust and operate the wage structure.

The advocates of factor comparison method point out that it usually results in accurate job evaluation because it is relatively more objective because weight are not selected arbitrarily.

Advantages of Factor Comparison Method:

(i) It has the ability of handling a large number of jobs and enjoys stability as long as the factors remain relevant.

(ii) The workers acceptance of the system is favourable because it is more systematic and objective than other job evaluation methods.

(iii) Prejudice and human judgment are minimised, i.e., the system cannot be easily manipulated.

(iv) It gives us a numerical basis for wage differentials; by analysis a job by factors it is usually possible to obtain a high measure of agreement on job value.

(v) Once the scales are developed, they can be used for a long time.

(vi) Jobs can be easily placed in distinct categories.

(vii) Definitions are written in terms applicable to the type of jobs being evaluated, and these can be understood by all.

Demerits of Factor Comparison Method:

The drawbacks of the system are:

(1) The task of defining job factors and factor degrees is a time consuming and difficult task.

(2) The development and installing of the system calls for heavy expenditure.

(3) It is difficult to determine the factor levels within factors and assigned values to them. It is difficult to explain to supervisors and employers. Workers find it difficult to fully comprehend the meaning of concepts and terms, such as factors, degrees and points.