

## Lesson - 10

# JOB EVALUATION

### 10.0 Objective:

After studying this lesson, the student is able to understand :

- \* the meaning of Job Evaluation
- \* explain criteria of Job Evaluation
- \* understand process of Job Evaluation
- \* advantages and problems of Job Evaluation
- \* discuss the methods of Job Evaluation

### Structure:

- 10.1 Introduction
- 10.2 Meaning and Definition of Job Evaluation
- 10.3 Objectives of Job Evaluation
- 10.4 Principles of Job Evaluation
- 10.5 Process of Job Evaluation
- 10.6 Advantages of Job Evaluation
- 10.7 Limitations of Job Evaluation
- 10.8 Essentials for successful Job Evaluation Programme
- 10.9 Methods of Job Evaluation
- 10.10 Summary
- 10.11 Key Words
- 10.12 Self - Assessment Questions
- 10.13 Reference Books

### 10.1 Introduction:

In every organisation good employee and employer relations, depends upon a proper wage and salary structure. In order to develop such a structure, it is necessary that, pay must be related with the nature and worth of the job. It is necessary to maintain proper differentials between compensation for various jobs. Pay differentials need to be related with differentials in the value of different jobs. The relative worth of a job can be judged with the help of job evaluation.

### 10.2 Meaning and Definition:

Job evaluation is the process of establishing the value of jobs in a job hierarchy. Job

evaluation is a formal and systematic comparison of jobs in order to determine the worth of one job relative to another, so that a wage or salary hierarchy results. It is a process by which jobs in an organisation are appraised. Job evaluation begins with job analysis and ends up with the classification of jobs according to their worth. The purpose of job evaluation is to determine the basic wage rates for different jobs.

Following are some of the important definitions of job evaluation.

The ILO defines job evaluation as “an attempt to determine and compare demands which the normal performance of a particular job makes on normal workers, without taking into account the individual abilities or performance of the workers concerned”.

According to **Edwin B. Flippo** ‘Job Evaluation is a systematic and orderly process of determining the worth of a job in relation to other jobs’. He further said that the objective of this process is to determine the correct rate of pay. It is therefore not the same as job analysis. Rather it should follow the job analysis process, which provides the basic data to be evaluated.

**Kimball and Kimball** define job evaluation as “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”.

According to **Wendell French** “Job evaluation is a process of determining the relative worth of various jobs within the organisation, so that different wages may be paid to jobs of different worth”. The relative worth of a job means relative value produced. The variables which are considered for value produced are responsibility, skill, effort and working conditions etc.

According to **Dale Yoder** “Job evaluation is a practice which seeks to provide a degree of objectivity in measuring the organisation value of jobs within organisation and among similar organisations”.

From the above definitions, it becomes very clear that job evaluation is a method of finding out comparative worth of various jobs in the organisation, for fixing of wage rates to be paid for performing them. The important characteristics of job evaluation may be summarised as follows:

- i) It tries to evaluate jobs, not people.
- ii) Job analysis information is the basic criteria for job evaluation.
- iii) Standards for job evaluation are relative and not absolute
- iv) Job evaluations are carried out by groups of individuals.
- v) Job evaluation is done to provide a basis for developing a sound wage structure.

### 10.3 Objectives of Job Evaluation:

The objectives of job evaluation are as follows:

- i) To secure and maintain accurate descriptions of each job in the firm.
- ii) To eliminate wage inequalities.
- iii) To establish a standard procedure for determining the relative worth of each occupation or job in the firm.
- vi) To eliminate wage inequalities

- v) To develop a constant wage policy.
- vi) To ensure the fair and equitable wages/salaries are paid to qualified employees.
- vii) To provide a basis for wage negotiations with trade unions.

#### **10.4 Principles of Job Evaluation:**

In order to make the job evaluation programme more effective, there are certain principles to be taken into consideration while evaluating the job of employee. According to **Kress**, the following are the job evaluation principles.

##### **i) Principle of Job Rating:**

Rate the job not the man. Each element should be rated on the basis of what the job itself requires.

##### **ii) Principle of Clarity:**

The elements of job evaluation should be clearly defined and properly selected.

##### **iii) Principle of Uniformity:**

Any job rating plan should be applicable to all kinds of employees i.e, foremen and employees.

##### **iv) Principle of Requisites:**

The job evaluation purposes should be easily explainable at all levels without any overlapping.

##### **v) Principle of Cooperation:**

Job evaluation should obtain the maximum co-operation from employees when they themselves have an opportunity to discuss the job ratings.

**vi) Principle of Participation:** Foremen should participate in the rating of jobs in their own departments.

##### **Vii) Principle of Work Value:**

While discussing to foremen and employees, any discussion of money value should be avoided. Only point values and degrees of each element should be discussed.

#### **10.5 Process of Job Evaluation:**

The process of job evaluation involves the following steps.

##### **1) Gaining Acceptance:**

The first step in job evaluation is to gain the co-operation and support of top management, employees and trade unions, through communication and participation. The objects of job evaluation should be communicated in the form of conferences, letters and booklets.

##### **2) Job Evaluation Committee:**

A committee consisting of experienced and respected representatives of management,

workers and outside experts should be constituted. Employees participation in job evaluation will reduce their doubts and suspicion about the job evaluation programme.

### **3) Selecting jobs to be evaluated:**

Some key jobs may be selected in each department for job evaluation taking into consideration the time and money constraints.

### **4) Describing the jobs:**

A written description of each job is prepared to indicate the duties and responsibilities in the job. The acceptance of the employee performing the job should be obtained. Job description should be thoroughly checked to ensure that there are no omission and duplication in it.

### **5) Selecting the method of evaluation:**

Out of several methods available for evaluating the jobs, the most appropriate method suitable to job and organisation is chosen. If necessary some times more than one method may be used to increase the accuracy of evaluation.

### **6) Weighting Job Factors:**

A job is compared with other jobs in terms of significant factors. Which may be as follows:

- (a) Skill-mental and manual
- (b) Experience
- (c) Efforts and initiative
- (d) Working conditions
- (e) Responsibilities to be undertaken
- (f) Supervision required.

Weights are assigned to each job factor and total weights for a job indicate its relative value. Different jobs are arranged in the order of relative worth to the company.

### **7) Assigning Money Values:**

Each job is priced in terms of its worth. The sequence of jobs in terms of their relative worth is related to a money scale.

### **8) Periodic Review:**

A periodic review and revision of job descriptions will help to assuage the feelings of employees, who believe that their work was not properly evaluated. It will help the management to update job description in the light of technological and other changes.

## **10.6 Advantages of Job Evaluation:**

The following are the advantages of job evaluation:

- i) Job evaluation is an objective method of ranking jobs. It is helpful in developing an equitable, rational and consistent wage and salary structure.

- ii) Job evaluation reduces the doubts and grievances of employees relating to wages and improve industrial relations.
- iii) Job evaluation helps in fixing new jobs also in the existing wage structure.
- iv) Job evaluation helps in improving selection, transfer and promotion procedures on the basis of comparative job requirements.
- v) Job evaluation simplifies wage administration by making wages more uniform.
- vi) Job evaluation helps to solve the disputes relating to wage and salary problems.
- vii) Job evaluation is very much useful to fix a basis for formulating and implementing bonus schemes.
- viii) The data generated in job evaluation is very much useful in selection, placement and training of employees.
- ix) Job evaluation is a realistic basis of wage fixation in the days increasing mechanisation and automation.
- x) Job evaluation helps in job classification and work simplification.

### **10.7 Limitations of Job Evaluation:**

Job evolution is not free from limitations. The following are some of the problems of job evaluation:

- i) Job evaluation is not fully objective and scientific. There is every possibility for subjective judgement and human error.
- ii) In case of job evaluation the weights given to different factors may not be correct thus making their reliability questionable.
- iii) The value of job evaluation depends upon appropriate selection of key jobs, job factors and assignment weightage points. Any mistake committed in this regard will adversely effect the usefulness of the system.
- iv) Jobs, job content and job factors do not remain static. They do change overtime because of technological changes. Hence, job evaluation is a never ending process. It is a continuous programme, because the factors selected for job evaluation to-day may not remain valid for tomorrow.
- v) Job evaluation takes long time to formulate and implement. So it requires the services of specialized technical personnel.
- vi) Introduction of new job evaluation programme may require considerable changes in the present setup. These changes are costly and some times the concern may not bear this cost.
- vii) Job evaluation is suitable to big concerns only because it is very expensive.
- viii) Job evaluation introduces inflexibility. The demand and supply of labour is the main reason for wage differentials.

### **10.8 Essentials for Successful Job Evaluation Programme:**

The following steps are essential to make the job evaluation programme successful:

- i) The support of the top management people is the basic essential for job evaluation programme.
- ii) All the employees should be provided with complete information about the objectives, programmes and techniques of job evaluation.
- iii) Particularly the operating manager should be given training in fixing and revising the wages on the basis of job evaluation.
- iv) Clear and accurate job descriptions should be prepared and jobs should be standardised before starting job evaluation programme.
- v) The techniques used for job evaluation should be simple and easy to understand for employees.
- vi) The factors selected for job evaluation should be measurable and should represent the job content.
- vii) Job evaluation programme should not result in high cost of installation and administration.
- viii) In job evaluation process the emphasis should be on rating the job but not the job holder.
- ix) Job evaluation should not adversely affect the terms and condition of existing employment.
- x) The acceptance and support of the trade union is another essential factor for successful job evaluation programme.

## 10.9 Methods of Job Evaluation:

Job evaluation involves the evaluating of various jobs in terms of certain factors like skill, experience, initiative, responsibility, supervision needed etc. Infact there is no standard classification of factors to be considered for job evaluation. There are four basic methods of job evaluation.

- 1) The Ranking System
- 2) The Grading or Job Classification System
- 3) The Points System
- 4) The Factor Comparison System.

The first two methods are popularly known as the non-analytical or non-quantitative systems of listing jobs. The last two systems are called the analytical or quantitative systems; because they use quantitative techniques in listing the jobs.

### 1. Ranking System:

Under ranking system all the jobs are arranged or ranked in the order of their importance from the simplest to the hardest, or in the reverse order, each successive job being higher or lower than the previous one in the sequence. It is not necessary to have job descriptions. In this method, a series of grades or zones are established and all the jobs in the organisation are arranged accordingly. A more common practice is to arrange all the jobs according to their requirements by rating them and then to establish the group or classification. The usually adopted technique is to rank the jobs according to "the whole job" rather than a number of compensable factors:

#### Merits:

Ranking method has the following advantages:

- i) this method is simple and easy to understand and easy to explain to employees (or a union).
- ii) Ranking method is very economical and less time consuming.
- iii) It involves little paper work.

**Demerits:**

This method has the following disadvantages:

- i) It does not indicate the degree of difference between different jobs. It merely reveals that one job is more important than others.
- ii) It involves subjective judgement, because a job is not analysed and key factors are not considered.
- iii) The system merely produces a job order and does not indicate to what extent, it is more important than the one below it.

**2. Job Classification (Or) Grading Method:**

Under this system, a number of pre-determined grades or classifications are 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 job analysis. After formulating and studying job descriptions and 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.

Grading or classification method involves the following five steps:

- i) The preparation of job descriptions, which gives us basic job information usually derived from job analysis.
- ii) The preparation of job descriptions, so that different levels or grades of jobs may be identified. Each grade level must be distinct from the grade level adjacent to it. After establishing the grade level, each job is 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. Class, Junior Officers in a higher class; and the top executives in the top class.

**Merits:**

- i) This method is easy to understand and simple to operate
- ii) It is more accurate and systematic than ranking method.

- iii) It provides an opportunity to develop a systematic organisation structure
- iv) It is economical and suitable for small organisations also
- v) Pay grades can be compared with those of other concerns. Grouping of jobs into grades simplifies wage administration.
- vi) This method is used in government offices.

**Demerits:**

- i) It is very difficult to write accurate and precise descriptions of job grades.
- ii) Some jobs may involve tasks which overlap more than one grade. It is very difficult to classify such jobs in a particular grade.
- iii) The system is rigid and personal judgement is involved in deciding job classes and assigning jobs to specific classes.

**3) The Points System:**

This method is most widely used type of job evaluation plan. It requires identifying a number of compensable factors (i.e. various characteristics of jobs) and then determining degree to which each of these factors is present in the job. A different number of points are usually assigned for each degree of each factor. Once the degree of each factor is determined, the corresponding number of points of each factor are added and an overall point value is obtained. The point system is based on the assumption that it is possible to assign points to respective factors which are essential for evaluating an individual's job. The sum of these points gives us an index of the relative significance of jobs that are rated. The procedure involved in point method is as follows:

- i) Determine the job to be evaluated
- ii) Select the factors (skill, efforts, responsibility, wage conditions etc) and sub-factors (education, experience, quality of output etc).
- iii) Define the factors. The selected factors and sub-factors are defined clearly in writing.
- iv) Determine the Degrees. Different degrees of each factor are decided and defined clearly.
- v) Determine relative values of job factors. The relative value of various factors depends upon their significance to the job.
- vi) Assign point values to degrees.
- vii) Find point value of the job.
- viii) Assign money values. Once the worth of a job in terms of total points is known, these are connected to money values keeping in view the prevailing wage rates.

**Merits:**

- i) Point method is most comprehensive and accurate
- ii) Assignment of point scores and money value is consistent, it minimises bias and human judgement.

iii) Point method facilitates systematic wage differentials.

**Demerits:**

1. Point method is complicated and an average worker cannot understand it easily.
- ii) It is time consuming and expensive.
- iii) Errors may occur if assigned point values are not realistic.

**4. Factor Comparison Method:**

Under this method, jobs are evaluated by means of standard yard sticks of value. It entails deciding which jobs have more of certain compensable factors than others. The evaluation committee selects some 'key' or 'benchmark' jobs for which there are clearly understood job descriptions and counterpart in other organisations and for which pay rates are such as are agreed upon and are acceptable, to both management and labour. Under this method, each job is ranked several times - once for each compensable factor selected. For example jobs may be ranked first in terms of the factor 'skill'. Then they are ranked according to their mental requirements. Next they are ranked according to their 'responsibility' and so forth. Then these ratings are combined for each job in an overall numerical rating for the job.

The major steps in this system consist of the following:

- i) clear cut job descriptions and specifications are developed.
- ii) the key jobs under study are selected.
- iii) Ranking of 'key' jobs
- iv) The basic pay for each 'key job' is allocated to each factor.
- v) Comparing all jobs with key jobs.
- vi) Establishing the monetary unit value for all jobs.

**Merits:**

- i) It is a more analytical and objective method.
- ii) This method is more flexible as there is no upper limit on the rating of a factor.
- iii) It is more reliable and valid
- iv) Money values are assigned in a fair and objective manner depending on factor rankings.

**Demerits:**

- i) It is difficult to understand and operate.
- ii) It is time consuming and expensive one.
- iii) The use of present wage rates for key jobs may lead to error in the beginning. As the contents and values of key jobs change over time, errors may arise in future.

**10.10 Summary:**

Job evaluation is a systematic technique of ascertaining the relative worth of different jobs in

an organisation. Job evaluation uses the information in job analysis to determine the value of each job in relation to all the jobs within the organisation. It helps to design a rational wage and salary structure. Ranking Method, Grading Method, Point Method and Factor Comparison method are the various basic methods of job evaluation. Job evaluation has certain limitations also.

### 10.11 Key Words:

Job Evaluation	- Systematically determine the value of each job in relation to all jobs within the organisation by using the job analysis information.
Equity	- A situation in which no one has an unfair advantage over the other.
Equitable	- Treating everyone in equal way.

### 10.12 Self - Assessment Questions:

1. Define job evaluation and explain its objectives?
2. Explain the process of job evaluation?
3. Discuss the importance and limitations of job evaluation?
4. Explain the various methods of job evaluation?
5. What are the essentials for successful job evaluation program?

### 10.13 Reference Books:

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