



INTEGRATED INSTITUTE OF PROFESSIONAL MANAGEMENT

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Our Standards



JOB EVALUATION

Learning outcomes

On completing this chapter you should be able to define these key concepts. You should also know about:

- The aims of job evaluation
- Analytical job evaluation schemes
- Market pricing
- Comparison of schemes
- Designing analytical schemes
- Equal pay considerations
- Approaches to job evaluation
- Non-analytical job evaluation schemes
- Computer-aided job evaluation
- Choice of approach
- Design programme

Introduction

- Decisions about what jobs are worth take place all the time. The decisions may be made informally, based on assumptions about the value of a job in the marketplace or in comparison with other jobs in the organization. Or it may be a formal approach, as job evaluation.
- Evaluating 'worth' leads directly or indirectly to where a job is placed in a level or grade within a hierarchy and can therefore determine how much someone is paid. The performance of individuals also affects their pay, but this is not a matter for job evaluation, which is concerned with valuing the jobs people carry out, not how well they perform their jobs.

JOB EVALUATION

- **Job evaluation defined**
- Job evaluation is a systematic process for defining the relative worth or size of jobs within an organization in order to establish internal relativities.

Aims of job evaluation

- Establish the relative value or size of jobs (internal relativities) based on fair, sound and consistent judgements.
- Produce the information required to design and maintain equitable and defensible grade and pay structures.
- Provide as objective as possible a basis for grading jobs within a grade structure, thus enabling consistent decisions to be made about job grading.
- Enable sound market comparisons with jobs or roles of equivalent complexity and size.
- Be transparent – the basis upon which grades are defined and jobs graded should be clear.
- Ensure that the organization meets equal pay for work of equal value obligations

Approaches To Job Evaluation

- Approaches to establishing the worth of jobs fall broadly into two categories: formal and informal.

Formal Job Evaluation

- Formal approaches use standardized methods to evaluate jobs that can be analytical or non-analytical. Such schemes deal with internal relativities and the associated process of establishing and defining job grades or levels in an organization.
- An alternative approach is 'extreme market pricing' in which formal pay structures and individual rates of pay are entirely based on systematically collected and analyzed information on market rates and no use is made of job evaluation to establish internal relativities.

Informal Job Evaluation

- Informal approaches price jobs either on the basis of assumptions about internal and external relativities or simply by reference to going or market rates when recruiting people, unsupported by any systematic analysis. There are, however, degrees of informality. A semi-formal approach might require some firm evidence to support a market pricing decision and the use of role profiles to provide greater accuracy to the matching process.

Analytical job evaluation schemes

- Analytical job evaluation is based on a process of breaking whole jobs down into a number of defined elements or factors such as responsibility, decisions and the knowledge and skill required. These are assumed to be present in all the jobs to be evaluated.
- Examples are point-factor and fully analytical matching schemes;

Point - Factor Rating

- The basic methodology is to break down jobs into factors. These are the elements in a job such as the level of responsibility, knowledge and skill or decision making that represent the demands made by the job on job holders. For job evaluation purposes it is assumed that each of the factors will contribute to the value of the job and is an aspect of all the jobs to be evaluated but to different degrees.

Point - Factor Rating contd.

- The complete scheme consists of the factor and level definitions and the scoring system (the total score available for each factor and distributed to the factor levels). This comprises the 'factor plan'.
- Jobs are 'scored' (i.e. allocated points) under each factor heading on the basis of the level of the factor in the job. This is done by comparing the features of the job with regard to that factor with the factor level definitions to find out which definition provides the best fit. The separate factor scores are then added together to give a total score that indicates the relative value of each job and can be used to place the jobs in rank order.

Analytical Job Matching

- Like point-factor job evaluation, analytical job matching is based on the analysis of a number of defined factors. There are two forms of analytical matching. One is role profile to grade/level profile matching; the other is role profile to benchmark role profile.

Analytical Job Matching contd.

- In *role to grade analytical matching*, profiles of roles to be evaluated are matched to grade, band or level profiles. Reference is made to a grade structure incorporating the jobs covered by the evaluation scheme. This consists of a sequence or hierarchy of grades, bands or levels that have been defined analytically in terms of a set of factors that may correspond to the job evaluation factors in a point-factor scheme or a selection of them. They may also or alternatively refer to levels of competency and responsibility, especially in job and career family structures.

Analytical Job Matching contd.

In role to role analytical matching, role profiles for jobs to be evaluated are matched analytically with benchmark role profiles. A benchmark job is one that has already been graded as a result of an initial job evaluation exercise. It is used as a point of reference with which other roles or jobs can be compared and valued.

Non-analytical schemes

- Non-analytical job evaluation schemes enable whole jobs to be compared in order to place them in a grade or a rank order – they are not analyzed by reference to their elements or factors.
- They can stand alone or be used to help in the development of an analytical scheme.

There are four main types of non-analytical schemes:

- job classification,
- job ranking,
- Paired comparison (a statistical version of ranking), and
- internal benchmarking.

Job Classification

- This approach is based on a definition of the number and characteristics of the levels or grades in a grade and pay structure into which jobs will be placed.
- The grade definitions may refer to such job characteristics as skill, decision making and responsibility but these are not analyzed separately.
- Evaluation takes place by a process of non-analytical matching or 'job slotting'.
- This involves comparing a 'whole' job description, ie one not analyzed into factors, with the grade definitions to establish the grade with which the job most closely corresponds.

Job Ranking

- The process involves comparing whole jobs with one another and arranging them in order of their perceived value to the organization.
- In a sense, all evaluation schemes are ranking exercises because they place jobs in a hierarchy.

Paired Comparison Ranking

- Paired comparison ranking is a statistical technique used to provide a more sophisticated method of whole-job ranking.
- It is based on the assumption that it is always easier to compare one job with another than to consider a number of jobs and attempt to build up a rank order by multiple comparisons.

Internal Benchmarking

- Internal benchmarking means comparing the job under review with any internal job that is believed to be properly graded and paid (an internal benchmark) and placing the job under consideration into the same grade as that job.
- It is what people often do intuitively when they are deciding on the value of jobs, although it is not usually dignified in job evaluation circles as a formal method of job evaluation.

Comparison of different job evaluation methods

Scheme	Characteristics	Advantages	Disadvantages
Point-factor rating	An analytical approach in which separate factors are scored and added together to produce a total score for the job that can be used for comparison and grading purposes	As long as it is based on proper job analysis, point-factor schemes provide evaluators with defined yardsticks that help to increase the objectivity and consistency of judgements and reduce the over-simplified judgement made in non-analytical job evaluation. They provide a defence against equal value claims as long as they are not in themselves discriminatory	Can be complex and give a spurious impression of scientific accuracy – judgement is still needed in scoring jobs. Not easy to amend the scheme as circumstances, priorities or values change
Analytical matching	Grade profiles are produced that define the characteristics of jobs in each grade in a grade structure in terms of a selection of defined factors. Role profiles are produced for the jobs to be evaluated set out on the basis of analysis under the same factor headings as the grade profiles. Role profiles are 'matched' with the range of grade profiles to establish the best fit and thus grade the job	If the matching process is truly analytical and carried out with great care, this approach saves time by enabling the evaluation of a large number of jobs, especially generic ones, to be conducted quickly and in a way that should satisfy equal value requirements	The matching process could be more superficial and therefore suspect than evaluation through a point-factor scheme. In the latter approach there are factor level definitions to guide judgements and the resulting scores provide a basis for ranking and grade design, which is not the case with analytical matching. Although matching on this basis may be claimed to be analytical, it might be difficult to prove this in an equal value case

Comparison of different job evaluation methods contd.

Scheme	Characteristics	Advantages	Disadvantages
Job classification	Non-analytical – grades are defined in a structure in terms of the level of responsibilities involved in a hierarchy. Jobs are allocated to grades by matching the job description with the grade description (job slotting)	Simple to operate; standards of judgement when making comparisons are provided in the shape of the grade definitions	Can be difficult to fit complex jobs into a grade without using over-elaborate grade definitions; the definitions tend to be so generalized that they are not much help in evaluating borderline cases or making comparisons between individual jobs; does not provide a defence in an equal value case
Combined approach	Point-factor rating is used to evaluate benchmark posts and design the grade structure, and the remaining posts are graded either by analytical matching or job classification	Combines the advantages of both methods	Can be more complex to explain and administer. If job classification is used rather than analytical matching the disadvantages set out above apply, so there may be more of a need to revert to the full point-factor scheme in the event of disagreement
Ranking	Non-analytical – whole job comparisons are made to place them in rank order	Easy to apply and understand	No defined standards of judgement; differences between jobs not measured; does not provide a defence in an equal value case
Internal benchmarking	Jobs or roles are compared with benchmark jobs that have been allocated into grades on the basis of ranking or job classification and placed in whatever grade provides the closest match of jobs. The job descriptions may be analytical in the sense that they cover a number of standard and defined elements	Simple to operate; facilitates direct comparisons, especially when the jobs have been analysed in terms of a set of common criteria	Relies on a considerable amount of judgement and may simply perpetuate existing relativities; dependent on accurate job/role analysis; may not provide a defence in an equal value case

Market Pricing

- Market pricing is the process of obtaining information on market rates (market rate analysis) to inform decisions on pay structures and individual rates of pay. It is called 'extreme market pricing' when market rates are the sole means of deciding on internal rates of pay and relativities, and conventional job evaluation is not used.
- An organization that adopts this method is said to be 'market driven'.

Computer-aided job evaluation

- Computer-aided job evaluation uses computer software to convert information about jobs into a job evaluation score or grade.
- It is generally underpinned by a conventional point-factor scheme.
- The 'proprietary brands' offered by consultants are often computer-aided. Computers may be used simply to maintain a database recording evaluations and their rationale.
- In the design stage they can provide guidance on weighting factors through multiple regression analysis.

Criteria for choice

- *Thorough in analysis and capable of impartial application* – the scheme should have been carefully constructed to ensure that its methodology is sound and appropriate in terms of all the jobs it has to cater for. It should also have been tested and trialed to check that it can be applied impartially to those jobs.
- *Appropriate* – it should cater for the particular demands made on all the jobs to be covered by the scheme.
- *Comprehensive* – the scheme should be applicable to all the jobs in the organization covering all categories of staff and, if factors are used, they should be common to all those jobs. There should therefore be a single scheme that can be used to assess relativities across different occupations or job families and to enable benchmarking to take place as required.
- *Transparent* – the processes used in the scheme from the initial role analysis through to the grading decision should be clear to all concerned. If computers are used, information should not be perceived as being processed in a ‘black box’.
- *Non-discriminatory* – the scheme should meet equal pay for work of equal value requirements.
- *Ease of administration* – the scheme should not be too complex or time-consuming to design or implement.

Design and process criteria

- It is necessary to distinguish between the design of a scheme and the process of operating it in accordance with the principles set out below. Equal pay considerations have to be taken into account in both design and process.

Design principles

- The scheme should be based on a thorough analysis of the jobs to be covered and the types of demands made on those jobs to determine what factors are appropriate.
- The scheme should facilitate impartial judgments of relative job size.
- The factors used in the scheme should cover the whole range of jobs to be evaluated at all levels without favoring any particular type of job or occupation and without discriminating on the grounds of sex, race, disability or for any other reason – the scheme should fairly measure features of female-dominated jobs as well as male-dominated jobs.
- Through the use of common factors and methods of analysis and evaluation, the scheme should enable benchmarking to take place of the relativities between jobs in different functions or job families.

Design principles contd

- The factors should be clearly defined and differentiated – there should be no double counting.
- The levels should be defined and graduated carefully.
- Sex bias must be avoided in the choice of factors, the wording of factor and level definitions and the factor weightings – checks should be carried out to identify
- any bias.

Process principles

- The scheme should be transparent; everyone concerned should know how it works – the basis upon which the evaluations are produced.
- Appropriate proportions of women, those from ethnic minorities and people with disabilities should be involved in the process of developing and applying job evaluation.
- The quality of role analysis should be monitored to ensure that analyses produce accurate and relevant information that will inform the job evaluation process and will not be biased.
- Consistency checks should be built into operating procedures.
- The outcomes of evaluations should be examined to ensure that sex or any other form of bias has not occurred.
- Particular care is necessary to ensure that the outcomes of job evaluation do not simply replicate the existing hierarchy – it is to be expected that a job evaluation exercise will challenge present relativities.
- All those involved in role analysis and job evaluation should be thoroughly trained in the operation of the scheme and in how to avoid bias.

Process principles contd

- Special care should be taken in developing a grade structure following a job evaluation exercise to ensure that grade boundaries are placed appropriately and that the allocation of jobs to grades is not in itself discriminatory.
- There should be scope for the review of evaluations and for appeals against gradings.
- The scheme should be monitored to ensure that it is being operated properly and that it is still fit for its purpose.

Point-factor job evaluation scheme design sequence

- *Step 1. Decide to develop scheme*
- *Step 2. Prepare detailed project programme*
- *Step 3. Select, brief and train design team*
- *Step 4. Formulate communication strategy*
- *Step 5. Identify and define factors*
- *Step 6. Define factor levels to produce the basic factor plan*
- *Step 7. Select and analyze test jobs*
- *Step 8. Test basic factor plan*
- *Step 9. Develop scoring model*
- *Step 10. Decide on the factor weighting*
- *Step 11. Prepare full factor plan*
- *Step 12. Test the full factor plan*
- *Step 13. Computerize*
- *Step 14. Test the computerized scheme*
- *Step 15. Apply and implement*

Six ways of developing an appropriate job evaluation scheme

1. Use a tested and relevant analytical job evaluation scheme to inform and support the processes of designing grade structures, grading jobs, managing relativities and ensuring that work of equal value is paid equally.
2. Use analytical matching underpinned by a point-factor scheme.
3. Ensure that job evaluation is introduced and managed properly.
4. Consider using computers to speed up processing and decision making while at the same time generating more consistent evaluations and reducing bureaucracy.
5. Recognize that thorough training and continuing guidance for evaluators is essential, as is communication about the scheme, its operation and objectives to all concerned.
6. Review the operation of the scheme regularly to ensure that it is not decaying, continues to be appropriate and trusted and is not discriminatory.

Questions

1. What is the distinction between analytical and non-analytical job evaluation and what are the advantages and disadvantages of both approaches?
2. What is 'extreme market pricing'? Why is it used by many organizations as a basis for valuing jobs and what are the problems this approach might create?
3. How do you ensure that a job evaluation scheme is not discriminatory?

Congratulations