

A group of business professionals in an office setting. A woman in a grey blazer is holding a smartphone and looking at it. Another person is holding a tablet displaying a document. There are coffee cups on the table. The scene is overlaid with a blue gradient.

JOB EVALUATION

INTEGRATED INSTITUTE OF
PROFESSIONAL MANAGEMENT

Session Objectives

Explain

Explain the concept of job evaluation;

Describe

Describe the steps and phases in job evaluation;
and

Elaborate

Elaborate on job evaluation methods.

Introduction

In an organization's employment structure, job evaluation plays an intricate role in ensuring pay equality.

It is a complex but vital process.

The evaluation process is systematic in that it breaks down and evaluates the relative worth of various tasks in a company or organization.

The primary goal of the job evaluation process is to put jobs against each other to rank them in terms of intensity, qualitative and quantitative methods.

This evaluation results in creating a payment structure that promotes fairness, equity, and consistency for all employees in an organization.

Moreover, the requirements for each job must be outlined in a clear way, with everyone getting paid what they deserve.

Introduction 2



The essence of compensation administration is job evaluation.



By job evaluation, we mean using the information in job analysis to systematically determine the value of each job with all jobs within the organization.



Organizations consist of many jobs, and all jobs are important, but all are not equally important. The relative importance of jobs is not the same.

Definition of Job Evaluation

Job evaluation is the process of analyzing and assessing various jobs systematically to ascertain their relative worth in an organization.

Job evaluation is an assessment of the relative worth of various jobs based on a consistent set of job and personal factors, such as qualifications and skills required.

Features of Job Evaluation

The primary objective of job evaluation is to find out the value of work, but this is a value which varies from time to time and from place to place under the influence of certain economic pressure, not least of which is the worth of money itself.

The main features of job evaluations are:

- To supply bases for wage negotiation founded on facts rather than on vague intermediate ideas.
- It attempts to assess jobs, not people.
- Job evaluation is the output provided by job analysis.
- Job evaluation does not design wage structure, it helps in rationalizing the system by reducing number of separate and different rates.
- Job evaluation is not made by individuals rather it is done by group of experts.
- Job evaluation determines the value of job. Further the value of each of the aspects such as skill and responsibility levels are also related and studied in connection with the job.
- Job evaluation helps the management to maintain high levels of employee productivity and employee satisfaction.



Objectives of Job Evaluation

To establish an orderly, rational, systematic structure of jobs based on their worth to the organization.

To justify an existing pay rate structure or to develop one that provides for internal equity.

To assist in setting pay rates that are comparable to those of in similar jobs in other organizations to compete in market place for best talent.

To provide a rational basis for negotiating pay rates when bargaining collectively with a recognized union.

To ensure the fair and equitable compensation of employees in relation to their duties.

To ensure equity in pay for jobs of similar skill, effort, responsibility and working conditions by using a system that consistently and accurately assesses differences in relative value among jobs and

To establish a framework of procedures to determine the grade levels and the consequent salary range for new jobs or jobs which have evolved and changed.

To identify a ladder of progression for future movement to all employees interested in improving their compensation.

To comply with equal pay legislation and regulations determining pay differences according to job content.

To develop a base for merit or pay-for-performance.

Advantages of Job Evaluation



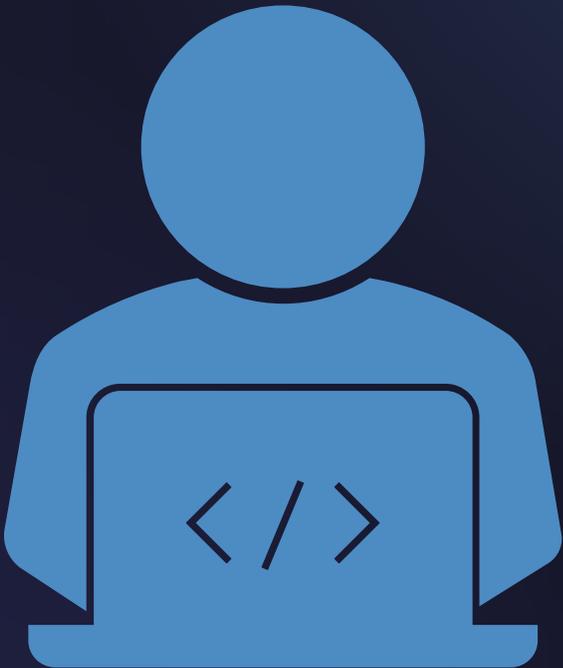
- Job evaluation is a process of determining the relative worth of a job. It is a process which is helpful even for framing compensation plans by the personnel manager. Job evaluation as a process is advantageous to a company in many ways:
 - **Reduction in inequalities in salary structure** – It is found that people and their motivation is dependent upon how well they are being paid. Therefore, the main objective of job evaluation is to have external and internal consistency in salary structure so that inequalities in salaries are reduced.
 - **Specialization** – Because of division of labor and thereby specialization, many enterprises have got hundred jobs and many employees to perform them. Therefore, an attempt should be made to define a job and thereby fix salaries for it. This is possible only through job evaluation.

Advantages of Job Evaluation Cont'd



- **Helps in selection of employees** – The job evaluation information can be helpful at the time of selection of candidates. The factors that are determined for job evaluation can be taken into account while selecting the employees.
- **Harmonious relationship between employees and manager** – Through job evaluation, harmonious and congenial relations can be maintained between employees and management, so that all kinds of salaries controversies can be minimized.
- **Standardization** – The process of determining the salary differentials for different jobs become standardized through job evaluation. This helps in bringing uniformity into salary structure.
- **Relevance of new jobs** – Through job evaluation, one can understand the relative value of new jobs in a concern.

Limitations:



- Though there are many ways of applying job evaluation in a flexible manner, rapid changes in technology and in the supply of and demand for skills, create problems of adjustment that may need further study.
- When job evaluation results in substantial changes in the existing wage structure, the possibility of implementing these changes in a relatively short period may be restricted by the financial limits within which the firm has to operate.
- When there are a large proportion of incentive workers, it may be difficult to maintain a reasonable and acceptable structure of relative earnings.
- The process of job rating is, to some extent, inexact because some of the factors and degrees can be measured with accuracy.
- Job evaluation takes a long time to complete, requires specialized technical personnel and is quite expensive.

Job Evaluation Process

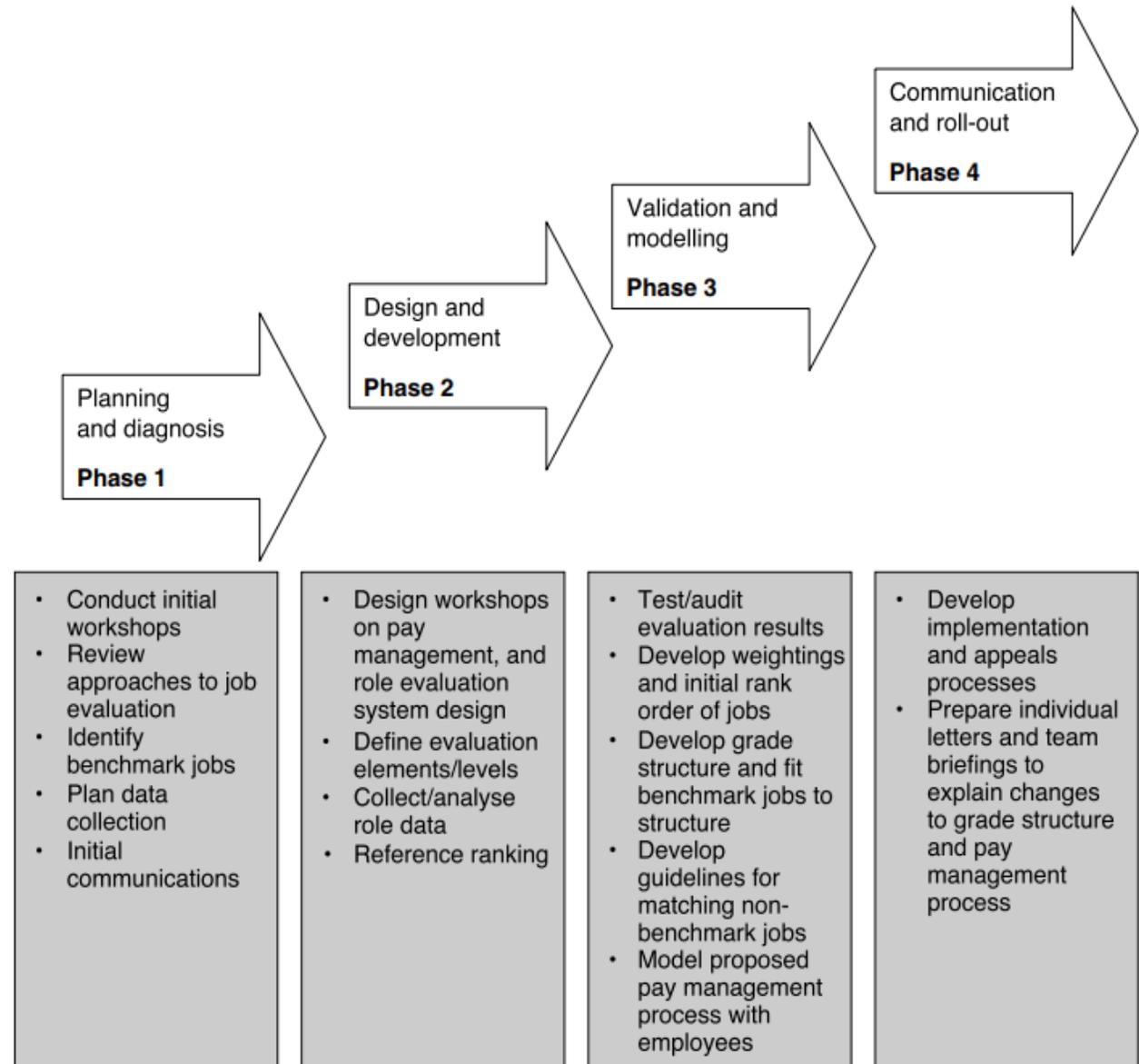
- In the job evaluation process flowchart, the first step is gathering all information and facts necessary for the job description.
- From the information collected about varied tasks, you derive what value a job adds to an organization.
- Determining job value is followed by the addition to the organization's job structure.
- Individual evaluation of tasks also promotes the equal distribution of work, encompassing minorities and all genders in the company structure.

Steps In Job Evaluation Process

A background image showing a group of business professionals in a meeting. They are gathered around a table, looking at documents and using devices like tablets and smartphones. The lighting is dim, with a bright light source from the side, creating a professional and focused atmosphere.

- Job Analysis
- Compensable Factors
- Developing the method
- Job structure
- Wage Structure

Job Evaluation Phases



Job Evaluation Methods - Categorization



Qualitative Vs Quantitative Methods

- Qualitative evaluations focus on the qualities of job performance that can be observed but not measured, such as communication skills or teamwork.
- Quantitative evaluation, on the other hand, look at job performance in terms of issues that can be measured, such as sales figures.
- Qualitative performance evaluations are more common than quantitative evaluations because job success in many fields can't be measured with quantifiable data alone.
- Sometimes quantitative data is used in a qualitative evaluation.



Quantitative Evaluation Methods

01

Job Ranking

02

Job Grading

Job Ranking

- The ranking option is a job classification method that evaluates jobs based on how the tasks relate to each other, value-wise. Here are some aspects of the ranking method of job evaluation and basic job analysis options.

Ranking of an office in an organization

Rank	Monthly salary range
Manager	8000 - 11000
Assistant Manager	6000 - 8000
Superintendent	5000 - 7000
Assistant	4000 - 6000
Clerk / Typist	3000 - 5000
Peon	2000 - 3000

The cons include:

- The ranking method has no regard for compensation rates in the existing market
- This method will not work for large organizations unless jobs are categorized into job families, e.g., professional levels. However, it is better applicable to smaller entities

Job Classification or Grading Method



- This encourages grouping according to general job characteristics.
- This grouping is done while considering pre-established grade classifications, thus reflecting skill levels and individual responsibility at handling tasks.
- This classification method is straightforward and does not waste time.
- However, the system is bound to inflate job grades since some of them get pushed to higher levels than they deserve to be.

Downfalls include:

- It compares and classifies individual jobs in job families with predetermined characteristics
- One size fits approach pushes some tasks into job grades that they do not fit in. This approach presents a significant challenge since organizations are diverse

Job Classification or Grading Method Cont'd

Following table is a brief description of such a classification in an office:

Grade	Description of Job-Classification
I. Grade Unskilled	This generally covers the jobs of clerical nature, which requires accuracy, reliability etc. So special training is required.
II. Grade Skilled	This also covers the job with the nature of clerical work. But under this personnel require training programmes. This may include: <i>draftsman, ledger man, laboratory assistant etc.</i>
III. Grade Interpretative	This requires a special skill to perform the jobs. These may be of clerical or non-clerical nature. This includes: <i>foremans, layout draftsman etc</i> . This is also of non-supervisory nature.
IV. Grade Creative	This involves a high degree of creativity and special knowledge. This covers <i>engineers, salesman, staff supervisor, designers etc.</i>
V. Grade Executive	This is related to the supervisory and creative jobs category. This generally covers the <i>managers of all different departments.</i>
VI. Grade Administrative	This is related with a little bit policy formulation and implementation. They have to work with great sense of responsibility. This may include: <i>division manager, district sales managers, works engineers and treasurer etc.</i>
VII. Grade Policy	Their position is of the top in a concern. They have to formulate the policies of a company. This cover the top management posts like <i>directors, managers etc.</i>

Qualitative Job Evaluation Methods

- Factor Comparison
- Point Ranking



Factor Comparison Method

- This job evaluation method permits job factor identification under five primary groups with expertise, personal drive, responsibilities, and working conditions in mind.
- As opposed to assigning a point value, each factor gets valued according to monetary value.
- (i) mental requirement (ii) skill (iii) physical requirement (iv) responsibilities and (v) working conditions.

Cons of the factor comparison method are:

- It is a complicated system that countable organizations use
- The process complicates communication with employees
- Subjectivity is unavoidable to a substantial degree

Table: Ranking Jobs by Factor Comparison

Job	Skill	Mental Requirement	Physical Requirements	Responsibility Requirements	Working Conditions
Toolmaker	1	1	2	1	4
Mechanist	2	2	3	2	3
Electrician	3	3	4	3	5
Assembler	4	4	5	5	2
Janitor	5	5	1	4	1

Table: Allocation of Money Value to the different factors and Ranking of Jobs under the Factor Comparison Method

Job	Wage rate in money units	Skill		Mental Requirement		Physical Requirement		Responsibility		Working Conditions	
		Money value attributed	Ranking of the job	Money value attributed	Ranking of the job	Money value attributed	Ranking of the job	Money value attributed	Ranking of the job	Money value attributed	Ranking of the job
Toolmakers	20	9.0	1	5.0	1	2.0	2	3.0	1	1.0	4
Mechinist	18	8.0	2	4.0	2	1.0	3	2.0	2	3.0	3
Electrician	16	6.0	3	3.0	3	3.0	4	1.5	3	2.5	5
Assembler	14	4.0	4	2.0	4	1.5	5	1.0	5	5.5	2
Janitor	12	2.0	5	1.0	5	4.0	1	0.5	4	4.5	1

The Point– Factor Method

- This evaluation method singles out all job evaluation factors, which add merit to an employment position. Classification of job factors is in groups, according to; skill, responsibility, and effort. The elements are then given a point value (numerical/weighted). The individual factor points are consolidated to derive a specific value for a complete task or job.

The point-factor method has the following downfalls:

- It does not portray the value of jobs in the existent market
- It formulates a hierarchy, although it lacks components of external nature

Steps In Point Rating



Listing of Jobs:

The jobs have to be determined first which are to be evaluated. They are usually clustered. This should cover all the categories of jobs: skilled, unskilled, semi-skilled, professional, executives etc.

Selecting and defining factors:

Identify the factors common to all the identified jobs such as skill, effort, responsibility, job conditions etc. There should be sufficient number of factors to evaluate all aspects of the jobs. The number of factors will depend upon the nature of the jobs.

Dividing the factors into degree:

Once the factors are selected they must be divided into degrees to make them operational. The point method generally uses from four to six degrees for each factor. It is advisable to an even number of degrees in the development of point method and the same number of degrees should be used for each factor in order to maintain consistency in the job evaluation plan.

Weighting the factors:

The relative importance of each factor selected has to be determined. In other words, the factors must be weighted. There is no scientific or readymade method for weighting factors. It is generally done pragmatically and will depend upon the knowledge of the work of the enterprise. Weighting will also depend on the firm's objectives and policies.

Allocations points to each degree:

Once the relative importance of the factors has been determined in a preliminary way and the factors suitably divided into degrees, each degree must be assigned a numerical value. These are the values that will be used in determining the total point values of jobs.

Evaluation of Jobs:

Once the factor plan is adopted, it is usual to prepare an evaluation handbook explaining the procedure to be followed and summarising all the elements required for evaluation.

Assign money value points:

For this purpose points are added to give the total value of a job; its value is then translated into terms of money with a pre-determined formula.



Other Job Evaluation Methods

The Competitive Market Analysis Method

- The competitive market analysis approach focuses on external data.
- To make possible the right market price, you must conduct job evaluation.
- It forms the foundation for arriving at accurate market prices.
- Job descriptions are used in job comparison through side-by-side comparison to similar positions in the marketplace.
- Information on pay is collected, and the determination of the position's relative worth in the market occurs.

The Competitive Market Analysis Method Cont'd

EMPLOYEE EVALUATION METHODS



The Competitive Market Analysis Method Cont'd

This approach is best method yet due to the following:

- This approach appreciates the organization's goals for market visibility (compensation philosophy)
- The competitive market analysis method evaluates an organization's internal value compared to the market data.



Market Pricing Goals

Updated pricing in the market is vital as several organizations utilize it to determine:

- Worth of individual employment positions within an organization
- How a company ranks in the external market
- An organization's structure of pay against its philosophy on compensation
- The proficiency of pay programs in achieving compensation objectives
- Equity in the internal workplace

Summary

Job evaluation process is unavoidable.

It contributes towards creating an efficient working and employment system.

Every member of your organization feels appreciated according to what is required of them.

Lack of a job evaluation structure hinders the growth and progress of an organization and its employees.

Upon proper use of the job evaluation process, organizations are assured of obtaining happy staff.

All roles are outlined, payment structures are well defined, and available designs back up existing systems.

As a result, value is added to the entire company.

A close-up photograph of a classic blue alarm clock. The clock has two bells on top, one of which is slightly tilted. The clock face is white with black numerals for 11, 12, and 1. The background is a soft gradient from light pink to light blue. Overlaid on the right side of the image is the text "Thank You For Your Time and Attention." in a white, serif font.

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