
UNIT 8 JOB EVALUATION METHODS

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8.0 OBJECTIVES

After reading this Unit, you should be able to :

- identify and develop an understanding of the methods of job evaluation,
- know about the steps involved in the application of various methods.
- appreciate the relative advantages and disadvantages of various job evaluation methods, and
- have a knowledge of the recent developments in job evaluation.

8.1 INTRODUCTION

Inequitable salary relationships affect adversely employee motivation and morale with severe loss to the organisation's economy and effectiveness of operations. The general principle of job evaluation, as you have been told in previous Units, should be "equal pay for substantially equal work" and its corollary of variation in rates of base pay in proportion to **substantial** differences in the difficulty, responsibility and qualifications **requirements** of the work performed. It should also be entirely compatible with prevailing economic and political philosophy.

This Unit attempts to identify and discuss various methods that have been in use in identifying job similarities and job differentials. Grouping of positions in an organisation into relatively few groups of similar positions or classes simplify the job of managing people in many respects and helps to develop a rational wage structure for different categories of employees in an organisation.

8.2 JOB EVALUATION METHODS AND JOB RANKING

After job analysis and preparation of job descriptions comes the essential stage of job evaluation, namely, the systematic comparison of jobs in order to establish a job hierarchy. The techniques which have been commonly used tend to fall into one of the two main categories:

- Non analytical, and
- Analytical

Non-analytical methods are:

- a) Job ranking;
- b) Job classification.

Analytical methods are:

- a) Point rating or assessment;
- b) Factor comparison.

The simplest and least formal of all job evaluation systems is known as the Ranking Method. Under this method no effort is made to break a job down into its elements or factors, but the aim is rather to judge the job as a whole and determine the relative values by ranking one whole job **against** another whole job. This is usually done by using a narrative position description, but in many cases even this is omitted. With or without information concerning the job at hand, an individual or group of individuals rank the jobs in the order of their difficulties or value to the Company. In order to achieve proper utilisation of the ranking system, one must also consider other facets of the job, such as :

- **Decisions** – difficulty, judgement required.
- **Complexity** – range of tasks to be carried out or skills to be used.
- **Knowledge and skills** – what the jobholder is required to know and be able to do.
- **Physical effort** required to carry out the job.

This procedure is followed for jobs in each department and an attempt is then made to equate or compare jobs at various levels among the several departments. When this is completed, grade levels are defined and salary groups formed. In **future**, new jobs can be graded or existing jobs regraded with reference to the established gradings on a job-to-job basis..

It is advisable to use the statistical technique of paired comparisons. The assumption is **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. While using the **technique** of paired comparison one must compare each job separately with every other job. If a job is considered to be more important than the one with which it is being compared, it receives two points; if it is thought to be equally important, it receives one point; and if it is regarded as less important, it receives no point. A matrix can be built showing the scores for each job against all other jobs being ranked. Finally, one can then total the scores as shown below:

Job	A	B	C	D	E	Total Score
A	–	0	0	1	2	3
B	2	–	0	2	2	6
C	2	2	–	2	2	8
D	1	0	0	–	1	2
E	0	0	0	1	–	1

In this example, Job **A** is compared with Jobs B to E. It is considered to be less important than Job B and C and received no points in both the cases; equally important to Job D and received one point; and more important than Job E and received two points. The total score is three. The same procedure is adopted for Jobs B to E. The higher the score, the higher is the rank.

1) Advantages

- a) Easily understood and easy to administer.

- b). Sets a better rate than the arbitrary rate based **purely** on judgement and experience.

2) Disadvantages

- a) The classification is in general terms and only an overall assessment is possible. There are no definite standards of judgement.
- b) In a complex **industrial** organisation, it is not possible to be familiar with all the jobs and thus general descriptions must not enable correct assessment of the relative importance of all the jobs.
- c) The grading is very much influenced by the existing salary rates.
- d) It does not indicate the degree of difference between jobs, but only indicates that one job is more or less important than another one.

8.3 JOB CLASSIFICATION OR GRADE DESCRIPTION

This method is similar to ranking as in both the methods neither points nor money values are used to classify jobs. No complicated procedures are involved; once the structure and definition of grades are fixed, the evaluation process is comparatively quick and simple.

However, classification differs from ranking as here the order of operations is reversed. First of all, the grades are **determined** and then the jobs are graded by reference to their content. Figuratively, the method may be described as a series of carefully labelled shelves in a bookcase. The primary task is to describe each of the classes so that no difficulty is experienced in fitting each job into its proper "niche". Jobs are then classified by comparing each job to the descriptions provided.

In this method the most difficult and important operation is defining the grades; it should be done so as to bring out perceptible differences between levels of skill, responsibility, etc. Before defining the requirements of the various grades it is usual to select those factors which constitute essential aspects of the jobs. Skills, knowledge, experience and responsibility required are generally used as basic factors, but the choice and number of factors depend on the nature of the organisation's activities. It should be noted, however, that whilst the classification method may rely on selected general factors, the evaluation itself is carried out on the basis of whole jobs – they are not broken down into their component elements. The factors are used to provide general guidance for the decisions but are not weighed and not scored.

The classification method has historically been the one most widely used for salaried jobs, particularly in government and service occupations, although there is also some evidence of its use in the industry.

1) Advantages

- a) Comparatively simple and easily administered.
- b) Since written job descriptions are used evaluation of jobs tend to be more accurate than under ranking system.

2) Disadvantages

- a) Classification is in general terms and only an overall assessment is possible.
- b) It is very difficult to make comprehensive class specifications for a complex organisation. **The** specifications tend to overlap specially in the case of senior jobs, and it is difficult to decide which class a particular job belongs.
- c) Placing of jobs in classes is very much influenced by the existing salary rates.

8.4 POINT RATING

Point rating is probably now the most common **method** used for job evaluation in many countries. It employs clearly defined factors and allots numerical points.

The points rating scheme is based on an analysis of separately defined characteristics or factors which are assumed to be common to all the jobs. One has to assume that differences in the extent to which the characteristics are found in the jobs will measure differences between the levels of the job. Therefore, when the factors in the points scheme are selected one should ensure that they are considered as most important in determining the relative degrees of difficulty or responsibility for the work of others working conditions, resources controlled (managerial and supervisory jobs), contacts (managerial and clerical jobs), and physical effort (manual jobs).

Each one of the above factors has a range of points allocated to it so that a maximum number of points are available. The relative importance of "weighting" of a factor can be determined by the maximum number of points given to it. Different point rating plans may select different factors **and** weigh each factor differently. For each factor, one must divide the total range of points into degrees according to the level at which the factor is present in the job. One can evaluate the jobs by comparing job descriptions containing analyses of the extent to which the factor is present in the job with the factor degree definitions. One must grade the jobs for each factor and give a factor score in accordance with the points value attached to each factor degree. Then add up the scores for each factor to produce a total score and allocate them into job grades according to the points range determined for each grade.

The points rating procedure has to be clearly defined from the very start. By and large, its steps fall into two distinct stages, namely preparing an evaluation plan and schedule (by defining and weighting factors) and grading jobs by reference to this schedule.

8.4.1 Preparing an Evaluation Plan

The preparation of the evaluation plan involves the following steps :

- i) Selecting **and** defining factors;
- ii) Dividing the factors into degrees;
- iii) Weighting the factors;
- iv) Allocating points to each degree; and
- v) Validating the factor plan.

i) **Selecting and defining factors**

While selecting factors, representative sample of benchmark jobs covering all the major occupations and levels of responsibility are covered under this scheme.

ii) **Dividing the factors into degrees**

Once the factors are selected they must be **divided** into degrees to make them operational. Prepare a preliminary definition of each factor and divide it into degrees of levels each of which is also defined. It is evident that the degree must be clearly defined and graduated, as far as the **number** of degrees is concerned, which is largely a matter of common sense. However, one must remember that too many degrees will **complicate** the evaluation process unnecessarily, and even whilst a scheme having only two or three degrees will not sufficiently differentiate jobs from each other. It **is** useful to restrict **the** number of levels to five or six. It is not always necessary for each factor to have the same number of degrees, but it is important that the degrees should enable all jobs from the highest to the lowest to be placed in an order of importance that everybody will **recognise**.

iii) **Weighting the factors**

It is unlikely that each factor will be of equal significance. If, for example, four generic factors such as skill, effort, responsibility and working conditions are chosen, the relative importance of each of them will vary a great deal depending on the work done and occupations concerned. Generally speaking, skills are more important than effort in technical occupations, and responsibility is the most important factor in managerial jobs. Therefore, the relative importance of each of the factors selected has to be determined – in other words, the factors must be weighted. One way of arriving at a preliminary weighting is to rank factors in order of importance and allot each of them a percentage **arrived** at by discussion in the evaluating committee or between the analyst and the persons involved.

iv) **Allocating 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.

The point values ascribed to the degrees may follow an arithmetical, geometrical or variable progression. **Table 1** illustrates the difference between these three forms by an example of the "skills" factor.

Table 1 : Methods of points progressions for the "skills" factor

Progression	Sub-factors	Degrees (points)				
		1	2	3	4	5
Arithmetical progression	Education	15	30	45	60	75
	Experience	20	40	60	80	100
Geometrical progression	Education	15	30	60	120	240
	Experience	25	50	100	200	400
Variable progression	Education	15	20	30	45	75
	Experience	20	30	45	65	100

The choice of a method of points progression is also a matter of preference. The advantage of arithmetical progression is that it can be simply and easily explained to the employees. Geometrical progression is sometimes preferred because it gives a wider points range at higher levels. Variable progression can be used where there is sufficient difference when moving between degrees. Experience shows, however, that employees are not easily convinced that geometrical or variable progression is fair.

v) **Validating the factor plan**

The factor plan plays a decisive role in all point rating schemes. As a general rule, once it is **officially** adopted, no major amendment may be made to it. Therefore, it is essential that proposed plans should be carefully tested on a number of **job** descriptions. These test samples must comprise a sufficient number of jobs in order to verify whether the plan **results** in the desired spread of points and an acceptable hierarchy. If necessary, the weighting or definitions of degrees must be amended and the test repeated several times until it gives a completely satisfactory result. At this stage, all the factors and sub-factors **must** be precisely defined and the meaning of all terms clarified. The tested factor **plan** is then submitted to the evaluating committee or other decision-making organ for adoption.

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, in particular the definition of the selected factors and the points allotted. This handbook, or a summary of it, is usually distributed to all staff covered by the job evaluation **scheme**.

8.4.2 Advantages and Disadvantages

The point rating method also has its advantages and disadvantages:

1) Advantages

- a) The graphic and descriptive types of rating scales used have been accepted as most reliable and valid. Agreement among rates is usually quite close.
- b) Compensable factors are not limited to any particular number. These factors which the parties decide as important can be used.
- c) Job classes, which is the aim of all job evaluation systems are easily set up. Job classes are simply determined in terms of arbitrary point ranges or on agreed point ranges.

2) Disadvantages

- a) It is difficult to develop a point-rating scheme. Defining factors and their degrees in such a fashion that all rates will have the same meaning needs considerable amount of skill.
- b) Assigning proper weightages to each factor and then assigning point values to each degree without being unfair to either the easy or the difficult jobs, requires careful and detailed study.
- c) The point system is difficult to explain. The concept of factors, degrees relative weights and points and relating points to money value **cannot** be easily interpreted to employees. If the workers do not understand the system clearly it may have adverse effect.
- d) Point rating scheme is certainly a time consuming process. Collecting job descriptions, defining degrees and factors, allocating degrees to each factor of each job, co-relating them with points and then ultimately with money value unanimously by evaluation committee is a long process. Considerable clerical work is also involved in preparing the job descriptions, final **table** of jobs evaluated, degrees assigned and points scored.

8.5 THE FACTOR OF COMPARISON METHOD

The method was originally developed in 1926 as an offshoot of point rating. This method therefore incorporates some of the principles of point rating but differs substantially from it in its use of benchmark jobs and its method of comparing jobs and fixing wage rates. Thus, the factor comparison method involves four steps:

- 1) Selecting bench-mark jobs;
- 2) Ranking bench-mark jobs by factors;
- 3) Allocating money values to factors; **and**
- 4) Ranking the **other jobs**, and wage fixing.

1) Selecting bench-mark jobs

The jobs selected as a benchmark jobs must satisfy a number of conditions. **Firstly** they should be capable of clear descriptions and analysis in **terms** of the factors used; **secondly** they must be representative of hierarchy, **thirdly** when the rates for the bench-mark jobs are to be used as the standard for fixing the wages, these rates should **be** regarded as appropriate by all concerned.

2) Ranking bench-mark jobs by factors

Once a number of benchmark jobs are chosen they are ranked successively by reference to each of the factors chosen. When the ranking is done by a committee each member must make his or her own ranking and the results then being averaged. A typical example of ranking of jobs in a hotel by factors under the comparison method is given in **Table 2**.

Table 2: Ranking Jobs by Factors Under the Factor Comparison Method in a Transport Department of a Travel Agency

Job	Skill	Mental requirements	Physical requirements	Responsibility requirements	Working condition
Cleaner	1	1	2	1	4
Desk Clerk	2	2	3	2	3
Accountant	3	3	4	3	3
Lobby Manager	4	4	5	5	2
Chef	5	5	1	4	1

3) Allocating money values to factors

The factor comparison method may also be used for fixing up salary in money units by ranking the jobs according to a procedure different from the one shown above. The salary rate for each bench-mark job is broken down and distributed among the factors in the proportions in which these are considered to contribute to the total price paid for each bench-mark job in the form of its wage rate. For example, if cleaner is a bench-mark job and its wage rate is 20 money units, it may be decided to assign nine of these to skill, five to mental requirements, two to physical requirements, three to responsibility and one to working conditions. Similarly, if the wage rate for another bench-mark job, for example that of a clerk, amounts to 18 money units, eight of these may be allotted to skill, three to working conditions, and so on. When the rates for all benchmark jobs have been divided in this way the jobs have implicitly been ranked again with respect to each of the factors. In the example given, the helper ranks above the mechanic as regards skill requirements, but below the mechanic if the jobs are ranked on the basis of working conditions.

After the results have been averaged by a committee in the manner described above, the allocation of wage rates and the ranking by factors of the jobs covered for **Table 2** might work out as indicated in **Table 3**.

Table 3: Allocation of Money Values to the Different Factors and Ranking of Jobs Under the Factor Comparison Methods

Job	Wage rate in money units	Skill		Mental requirements		Physical requirements		Responsibility		Working condition	
		Money Value Attributed	Ranking of Job	Money Value Attributed	Ranking of Job	Money Value Attributed	Ranking of Job	Money Value Attributed	Ranking of Job	Money Value Attributed	Ranking of Job
Cleaner	20	9.0	1	5.0	1	2.0	3	3.0	1	1.0	5
Clerk	18	8.0	2	4.0	2	1.0	5	2.0	2	3.0	3
Accountant	16	6.0	3	3.0	3	3.0	2	1.5	3	2.5	4
Lobby Manager	14	4.0	4	2.0	4	1.5	4	1.0	4	5.5	1
Chef	12	2.0	5	1.0	5	4.0	1	0.5	5	4.5	2

The two **rankings** of the benchmark jobs are undertaken independently of each other and need not coincide. Their respective results as illustrated by **Tables 2 and 3** are compared in **Table 4**.

It will be noted that there are differences in ranking received in **Table 4**. These differences have to be removed either by increasing or decreasing the money value of the different factors for the jobs concerned **or** by examining the job contents again. If it is not possible to reconcile the ranking of a particular job, it is eliminated from the list of benchmark jobs.

Table 4: Comparison of Rankings by Factors and Money Values under the Factor Comparison Method

Job	Skill		Mental requirements		requirements		Responsibility		Working condition	
	Ranking by Factor	Ranking by Money Value	Ranking by Factor	Ranking by Money Value	Ranking by Factor	Ranking by Money Value	Ranking by Factor	Ranking by Money Value	Ranking by Factor	Ranking by Money Value
Cleaner	1	1	1	1	2	3	1	1	4	5
Clerk	2	2	2	2	3	5	2	2	3	3
Accountant	3	3	3	3	4	2	3	3	5	4
Lobby Manager	4	4	4	4	5	4	5	4	2	1
Chef	5	5	5	5	1	1	4	5	1	2

4) Ranking other jobs

On the basis of job descriptions, each job is analysed and compared with **the benchmark** jobs in terms of each of the factors separately.

Advantages and Disadvantages

The advantages and disadvantages under the Factor Comparison Method are as follows:

1) Advantages

- a) Factor comparison method permits a more systematic comparison of jobs than the non-analytical methods,
- b) Evaluation is easier than by the point method, as a set of **similar** jobs are compared and ranked against each other,
- c) Analysis of benchmark jobs is very comprehensive,
- d) In a scheme that incorporates money values, determination of wage rates is automatic, and
- e) Reliance of the method on benchmark jobs guarantees that the scheme is tailor-made and that the ranking necessarily reflects the actual structure while eliminating anomalies.

2) Disadvantages

- a) This method is comparatively complicated to apply and it is difficult to explain to workers,
- b) The wage rates for the bench-mark jobs are presumed to be correct and definitive and all other rates are determined by reference to them, and
- c) It goes against the common belief that the procedures of evaluating jobs and fixing their wages should be kept separate.

8.6 RECENT DEVELOPMENTS IN JOB EVALUATION

The question of choosing and weighing of factors is one of the most **difficult** issues encountered in the basic qualitative methods. Some job evaluation schemes are rejected because of the factors chosen, and others categorised as vague and confused because of too many factors and sub-factors. As a result, some researchers and practitioners of job evaluation have proposed and experimented with single-factor schemes which are briefly outlined below.

1) The time span of discretion method

This method was developed by E. **Jaques** in the 1950s and early 1960s and was **tried out** in a London Engineering firm. Its special feature is that it uses only one factor viz. The "time span" at the disposal of each worker.

The time span of discretion is defined as the longest period of time for which a jobholder can exercise his or her own discretion without supervision from senior regarding the quality of work. This time span of discretion is claimed to show the worker's ability and the nature and difficulty of the job and is believed to conform to the norms of equality on which each worker bases his or her own idea of what should be the job hierarchy. This method, has, in practice, been applied only to a very limited extent and is really still in the experimental stage. It has often been rejected by employees as well as management because no formal proof is offered of any connection between the time span of discretion and the norms of equity accepted by the employees. Moreover, whether time spans can be measured accurately is also controversial.

In **Jaques'** original method, jobs are grouped into five major grades, from grade 1, in which the time span of discretion is less than one month, to grade 5, in which it is more than five years. Each grade, of course, comprises several degrees, each with its own **time-span** of discretion. **Jaques'** approach differs substantially from that of conventional methods by focussing on the individual rather than on the job requirements.

2) Decision-banding

This method has been developed by T.T. **Paterson** and his colleague T. **Husband**. This method assumes that the only factor common to all jobs whatever the work involved is "decision-making". Decisions are placed according to their level and nature in six groups known as "decision bands", as indicated below:

Band E

Policy decisions made by top management in general terms that direct and guide the enterprise.

Band D

Programming decision, taken within the limits fixed by the policy decisions in Band E.

Band C

Interpretative decisions, deciding how to do the work within the limits set at Band D; for example, the kind of machine and number of staff required to work in kitchen.

Band B

Routine decisions, concerned with carrying out Band C decisions that is how the work is to be done.

Band A

Automatic decisions, on the way the worker carries out instructions.

Band O

Defined decision, usually made by unskilled workers. The margin of discretion is very narrow at this level of decision-making.

In recognition that within each decision band there may be a **need** to coordinate work, each band, except Band O, is divided into two levels. The upper-level jobholder in any decision band coordinates the work of the persons in the lower level in that band and has structural authority over them.

In theory, the decision-banding method offers the disadvantages of **simplicity** and university but in practice it is sparingly used because employees do not readily accept any scheme that does not take into account such factors as skills, experience etc.

3) **The Hay and MSL guide-chart profile method**

This **method** was developed by a firm of consultants in the United States in 1950s. Basically, **it combines** the features of the point rating and factor comparison methods. It is used mainly for managerial, **professional** and technical jobs in about 30 countries and it is particularly widespread in the United States and the United Kingdom.

This method evaluates jobs by reference to three basic factors **viz., Know-how or skill, problem solving and accountability**. A fourth basic factor, working conditions, is also sometimes used for jobs having hazards, an unpleasant working environment and high physical demands.

The basic factors are clarified by reference to a list of 8 elements or sub-factors. Each basic factor is depicted in a guide-chart which breaks down the relevant sub-factor into different degree levels.

4) **The Direct Consensus Method**

This method, developed by the firm of **Inbucon AIC**, relies on the parried comparison technique. An important feature of this method is that members of the valuation panel record their individual assessments of while job **rankings** and these assessments are fed into a computer. In cases where the assessors do not agree on the job rankings, the computer programme establishes the best possible correlation between their assessments without the need for prolonged discussion in committee to reach a consensus.

Check Your Progress

1) What do you understand by job evaluation? Explain job-ranking method of job evaluation.

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2) List the advantages and disadvantages of job classification or grade description.

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3) Explain the steps involved in preparing an evaluation plan for Point Ranking.

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4) What do you understand by description method ?

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8.7 LET US SUM UP

Job evaluation proceeds job analysis and job description. Quite a few methods are now available for systematic comparison of jobs in order to establish a job hierarchy in an organisation. Depending on its needs and ethos, an organisation could pick up any of the available methods. It is also open to an organisation to develop a method that may combine the features of two or more than two methods. What is important is that, the chosen method should secure the **satisfaction** of all concerned, namely the management, the employees and the unions, and also ensure the supply of right skills to the organisation for carrying out its operations efficiently and effectively.

8.8 CLUES TO ANSWERS

Check Your Progress

1) The systematic comparison of jobs in order to establish a job hierarchy is known as job evaluation. The simplest and least formal of all job evaluation systems is known as Ranking Methods. Under **this method** no effort is made to break a job drawn into its elements or factors but the aim is rather to judge the job as a whole and determine the relative values by ranking one whole job against another whole job. This usually is done by using a narrative position description but in many cases even this is omitted. With or without information concerning the job at hand, an individual or group of individuals rank the job in the order of their difficulties or value to the company. Read Sec. 8.2 and answer in detail.

2) Advantages and disadvantages of job classification method are:

Advantages

- a) Comparatively simple and easily administered.
- b) Since written job descriptions are used evaluation of jobs tend to be more accurate than under ranking system.

Disadvantages

- a) Classification is in general term and only an overall assessment is possible.
- b) It is very difficult to make comprehensive class specifications for a complex organisation. The specialisations tend to overlap specially in the case of senior jobs and it is **difficult** to decide which class a particular job belongs.
- c) Placing of jobs in classes is very much influenced by the existing salary rates.

Read Sec. 8.3.

3) Preparing an evaluation plan for Point Ranking involved the following steps :

- i) selecting and defining factors;
- ii) dividing the factors into degrees;
- iii) weighting the factors;
- iv) allocating points to each degree;
- v) validating the factor plan.

Read Sub-sec. 8.4.1 and explain the above points.

4) The discretion method was developed by E. **Jaques** in the 1950s and early 1960s. Its special feature is that it uses only one factor, i.e. the "time span" at the disposal of each worker. See Sec. 8.6.