
UNIT 8 JOB EVALUATION: CONCEPTS AND METHODS

Objectives

After going through this unit, you will be able to understand:

- the concept of job evaluation and its objectives,
- the various job evaluation methods and its significance to pay policy, and
- the recent developments in job evaluation system.

Structure

- 8.1 Introduction
- 8.2 Job Evaluation
- 8.3 Objectives of Job Evaluation
- 8.4 Assumptions in Job Evaluation
- 8.5 Methods of Job Evaluation
- 8.6 Recent Developments in Job Evaluation
- 8.7 Summary
- 8.8 Self-Assessment Questions
- 8.9 Further Readings

8.1 INTRODUCTION

Productivity of any organisation or enterprise to a large extent, depends, on the morale and motivation of its employees. One of the principal factors affecting this is the “pay policy” and “pay structure” of the organisation. Paying employees less than the work they perform generates dissatisfaction leading to low morale. Additionally, the hidden cost of paying employees more than necessary also is not desirable. It is wasteful on a common-sense level, but it is even more harmful because of its impact on employees who see other employees doing jobs with less responsibility and being paid more than what is perceived as fair. This feeling could lead to frustration and lowering of morale and hence loss of productivity. An organisation needs a system, which will attempt to prevent such situations when developed and to resolve them to the satisfaction of all concerned.

1. External Equity

External equity means that the organisation’s levels of pay compare favourably and competitively with the salaries offered by comparable organisations for similar jobs. External equity is achieved by making certain that positions are being paid at levels that salary surveys and other data indicate are going rates in the marketplace from which employees are recruited. Maintaining external equity appears relatively simple. For example, when position such as Registered Nurse are advertised with salary scales, an organisation can use this information to determine the salary that they should pay to nurses employed by it. It has the following advantages:

- a. It helps organisations to maintain external equity.
- b. It makes it necessary to have a sound corporate compensation program.
- c. It provides necessary support in attracting new employees,
- d. It helps in retaining key employees.

2. Internal Equity

A cornerstone of good employee relations is the payment of salaries that each employee believes reflects his or her level of responsibility and value as compared to other employees. When employees believe that management is not recognising their contributions, external equity drops in importance. More significant is the fact that even if there is sound external equity, an employee who believes his or her salary is not "fair" will find fault with the organisation's overall pay structure. Hence it is necessary that organisations maintain internal equity as it helps in –

- a. Maintain high motivation and morale,
- b. Reduces possibility of turnovers, absenteeism and accidents,
- c. Ensures punctuality,
- d. Enhances quality and quantity of product & services,
- e. Assists in retaining qualified employees,
- f. Keeps the firm's costs under control,
- g. Reduces frequency of grievances, strikes and other disruptive behaviour

8.2 JOB EVALUATION

The job evaluation is a set of systematic procedures to determine the relative worth of jobs within the organisation. It aims at establishing pay structures that are fair and equitable and rewards appropriately the greater efforts and hardships involved in some jobs as compared to others.

Job Evaluation is the process by which the content and contribution (value added) of a role in an organisational context is measured, using a common set of factors to arrive at a well reasoned, defensible and equitable pay. It is the process by which work at various levels is compared within an organisation. The process further provides a means by which internal roles may be linked to the salaries as provided by competitive organisations. From this linkage organisations may make decisions on their remuneration framework and policies, eventually leading to individual pay decisions.

Job evaluation is the process of analysing and appraising the content of jobs, set in the family of other jobs, so as to put them in a suitably evolved rank order which can then be utilised for installation of an acceptable wage structure in an organisation. In short, Job evaluation concerns itself with the pricing of jobs in relation to other jobs on the basis of concern, that is consistent, fair, logical and equitable and not on the basis of arbitrary, variable judgments dictated by short-term expediency or arrived at through rule of thumb methods. While one may get the impression that as a technique, job evaluation possesses precision of a scientific variety, it is not so in practice; for, in the ultimate analysis, it is essentially a way of applying judgment. Since no evaluatory process can eliminate the need to exercise judgment; however systematic it is or may be, it will always remain captive to human judgment. Additionally so because the technique is to be administered by people and for people, in the live organisation.

The ultimate goal of job evaluation is the establishment of a hierarchical structure of jobs based on a common set of criteria. These evaluation criteria are generally expressed in the form of "compensable factors":

In general, most organisations use following four broad categories of compensable factors (components of job content or work demands that are felt to provide the basis for compensation):

1. Skill needed to perform the job,
2. Effort required to complete the job,
3. Responsibility that goes with the expectation, and
4. Working Conditions under which jobs are performed.

8.3 OBJECTIVES OF JOB EVALUATION

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

Nevertheless, the value of work at a specific time and place is absolute, governed by supply and demand, and related to the value of all other work. The aim of job evaluation is not to create a rate, but to discover what that rate is at that time and in that place.

Another aim of job evaluation is to supply bases for wage negotiations founded on facts rather than on any vague ideas. Wages are always under pressure of one kind or another and some wages are influenced more than the others by such pressures - resulting in anomalies in rates of pay. It is the function of job evaluation to reveal these anomalies, rather than create them. When job evaluation is used in the design of a wage structure, it helps in rationalising or simplifying the system by reducing number of separate and different rates.

The technique of job evaluation can also be used to determine not only what the job is worth but also the value of each of the aspects such as the skill and responsibility levels. Such information could be useful for devising measure for improving labour productivity.

8.4 ASSUMPTIONS IN JOB EVALUATION

Job evaluation is based on certain basic postulates, It assumes the following:

1. The work must have some intrinsic worth when judged against certain criteria, but that whatever this worth may be it will not necessarily be the same as the wage. Implicit in this assumption is that these criteria can be identified, specified and quantified. These criteria are in terms of the human characteristics or qualities that are required to do the work satisfactorily.
2. It is logical to pay the most for jobs which contribute most to attaining the organisational objective(s).
3. The enterprise goals are better served and furthered by installing and maintaining a job-cum-pay structure based on relative job worth.
4. People 'feel fair' if two men at the opposite ends of the conveyor belt (one putting on the raw material and the other unloading the finished article) get the same pay. Hence wages must be based on relative worth of job. The 'relative worth of jobs' is not easy to gauge. By far, the most important element in job price is the content factor. The content factor consists of duties and responsibilities of the post, the difficulty level (s) encountered by the incumbents, demands that are made by the post on job holder in terms of mental, intellectual, physical and environmental requirement for discharge of the duties attached to the post. These obviously are central points related to the post and, hence, are basic to the determination of the base rate for the job. Pay or salary structure may thus be seen to consist of the following:
 1. The job rate which is related to the importance of the job, the responsibilities involved in it, skill levels and pattern of experience needed for adequate job performance, and the mental and physical demands made on the job incumbent.
 2. Special or personal allowances connected with long service, skill scarcity, and compensation for personal or social inconvenience.

3. Fringe benefits, holidays with pay, pensions, life insurance, car, etc.
4. Payments associated with reward according to performance (payment by result scheme, merit rating or profit sharing schemes, share of production plan, etc.)

Though the wage structure is contingent upon the functional inter-relationships amongst these components, the job base rate constitutes the cornerstone of a sound remuneration system. In evaluating jobs, all the relevant factors have to be taken into account, and the total job cost evolves through interplay of the following factors:

1. It is worthwhile finding out what is the worth of work and that the knowledge thus acquired can be put to some use. It can be argued that unless there were some tangible advantage to be gained from what is a fairly costly exercise it were better left alone.
2. Job evaluation also assumes that if the correct factors are chosen and valued correctly in relation to each other and if the work is properly evaluated in terms of these factors, then the job value should be proportionate to the current wage rates.
3. While the economic pressures affect the wages they do not affect the basic evaluations of the work. The evaluation depends upon the criteria and so long as the criteria do not change, the evaluation should remain as it were.

Like everything else job evaluation decays. It might begin to decay even before it is completed and can be kept in good order only by careful maintenance. But once a system has begun to collapse the best maintenance possible will not restore it and it will need to be replaced by another system.

8.5 METHODS OF JOB EVALUATION

The next step in the job evaluation process is to select or design a method of evaluating jobs. Four basic methods have traditionally been mentioned. These are ranking, classification, factor comparison, and the point plan methods. These four basic methods are pure types. In practice there are numerous combinations. Also, there are many ready-made plans as well as numerous adaptations of these plans to specific organisation needs.

Following three dimensions distinguish these methods:

1. Whether they are qualitative versus quantitative,
2. Whether they vary from job-to-job versus job-to-standard comparison, and
3. Whether it considers of total job against separate factors that make up the job.

These four methods as listed below:

A. Job Ranking

The simplest and least formal of all job evaluation systems is known as the Ranking Methods. 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 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.

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 a great many

instances, the **rankings** are not based on job descriptions but on the raters' general knowledge of the position. It is difficult to group together jobs that are similar or to separate jobs, which are dissimilar, unless carefully prepared, job descriptions have been developed.

This method might serve the purposes of a small organisation with easily defined jobs but would probably be most unsuitable for a large company with a complex organisation structure. Developing job ranking consists of the following steps:

1. The first step in job evaluation is job analysis. Job descriptions are prepared, or secured if already available.
2. Raters who will attempt to make unbiased judgments are selected **and** trained in the rating procedure.
3. Although ranking is referred to as a “**whole-job**” approach, different raters may use different attributes to rank jobs. **If judgments** are to be comparable, compensable factors must be selected and defined.
4. **Although** straight ranking is feasible for a **limited number of jobs** (20 or less), alternate Ranking or paired comparison tends to produce more consistent results. **Straight ranking** involves ordering cards (one for **each** job) on which job titles or short job briefs have been written. **Alternate ranking** provides raters with a form on which a list of job titles to be ranked are recorded at the left and an equal number of blank spaces appear at the right. The raters are asked to record at the top **of the** right-hand column the job title they adjudge the highest, and cross out that title in the list to the left. Then they record the lowest job in the bottom blank and the remaining jobs in between, crossing out the job titles from the left-hand list along the way.
5. It is advisable to have several raters rank the jobs independently. Their **rankings** are then averaged; yielding a composite ranking that is **sufficiently** accurate.

Although job ranking is usually assumed to be applicable primarily to small organisations, it has been used in large firms as well. Computers make it possible to use paired **comparison** for any number of raters, jobs, and even factors. But the other disadvantages remain. Unless job ranking is based on good job descriptions and at least one carefully defined factor, it is difficult to explain and justify in work-related terms. Although the job hierarchy developed by ranking may be better than paying no attention at all to job relationships, the method's simplicity and low cost may produce results of less than the needed quality.

Following are some of the advantages and disadvantages of this method:

Advantages

1. Easily understood and easy to administer.
2. Sets a better rate than the arbitrary rate based purely on judgment and experience.

Disadvantages

1. The classification is in general terms and only an overall assessment is possible.
2. In a complex industrial organisation, it is not possible to be familiar with all the jobs and thus general descriptions will not enable correct assessment of the relative importance of all the jobs.
3. The grading is very much influenced by the existing wage rates.
4. It does not indicate the degree of difference between jobs, but only indicates that one job is more or Less important than another one.

B. Job Classification

This method received widest recognition in 1922 when the US Congress passed the Classification Act, which made this system applicable to all clerical, administrative, professional and **managerial** civil service positions.

The method is similar to ranking in that in both 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 in that 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 risk 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 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 while the classification method may rely on selected general factors, the evaluation itself is carried out on the basis of whole. The factors are **used** to provide general guidance for the decisions but are unweighted and **unscored**.

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 industry.

Steps in Job Classification

Classification method customarily employs a number of compensable factors. These factors typically emphasise the difficulty of the work but also include performance requirements. The terms used in grade descriptions to distinguish differing amounts of **compensable** factors necessarily require judgment. For example, distinguishing **between** simple, routine, varied, and complex work and between limited, shared, and independent **judgment** is not automatic. While the judgment involved in such distinctions may produce the flexibility just cited as an advantage, it may also encourage managers to use inflated language in job descriptions and job titles to manipulate the classification of jobs. Developing a job **classification** system requires following steps:

1. **Obtain Job Information:** Classification, like all other job evaluation methods, must start with job analysis. A description is developed for each job. Sometimes key jobs are **analyzed** first and their descriptions used in developing grade descriptions; then the other jobs are analyzed and graded.
2. **Select Compensable Factors:** Job descriptions are reviewed to distill factors that distinguish jobs at different levels. This is often done by selecting **key jobs** at various levels of the organisation, **ranking** them, and seeking the factors that distinguish them. Obviously, the factors must be acceptable to management and employees.
3. **Determine the Number of Classes:** The number of classes selected depends upon tradition, job diversity, **and the** promotion policies of the organisation. Organisations tend to follow similar other organisations in this decision. Those

favouring more classes argue that more grades mean more promotions and employees approve of this. Those favouring fewer classes argue that fewer grades permit more management flexibility and a simpler pay structure. Obviously, diversity in the work and organisation size increases the need for more classes.

4. **Develop Class Descriptions:** This refers to defining classes in sufficient detail to permit raters to readily slot jobs. Usually this is done by describing levels of compensable factors that apply to the jobs in a class. Often, titles of benchmark jobs are used as examples of jobs that fall into a grade. Writing grade descriptions is more difficult if one set of classes is developed for the entire organisation, than if separate class hierarchies are developed for different occupational groups. More specific class description eases the task of slotting jobs, but also limits the number of jobs that fit into a class. A committee is usually assigned the writing of class descriptions. It is often useful to write the descriptions of the two extreme grades first, then those in the middle.
5. **Classify Jobs:** The committee charged with writing grade descriptions is often also assigned the task of classifying jobs. This involves comparing job descriptions with class descriptions. The result is a series of classes, each containing a number of jobs that are similar to one another. The jobs in each class are considered to be sufficiently similar to have the same pay. Jobs in other classes are considered dissimilar enough to have different pay. Classification systems have been used more in government organisations than in private ones. Most are designed to cover a wide range of jobs and are based on the assumption that jobs will be relatively stable in content. Although classification tends to produce more defensible and acceptable job structures than ranking, it may substitute flexibility for precision. It is easy to understand and communicate, but its results are non-quantitative.

Following are some of the advantages and disadvantages of this method:

Advantages

1. Comparatively **simple** and easily administered;
2. Since written job descriptions are used evaluation of jobs tend to be **more** accurate than under ranking system.

Disadvantages

1. Classification is in general **terms** and only an overall assessment is possible,
2. It is very difficult to make comprehensive class specifications for a complex organisation. The specifications tend to overlap and it is difficult to decide which class a particular job belongs, and
3. Placing jobs in classes is very much influenced by the existing wage rates.

C. Factor Comparison Method

This method, as the name implies, compares jobs on several factors to obtain a numerical value for each job and to arrive at a job structure. Thus it may be classified as a quantitative **method**. Factor comparison method itself is not widely used: it probably represents less than 10 percent of the installations of job evaluation plans. But the concepts on which it is based are incorporated in numerous job evaluation plans.

Factor comparison involves judging which jobs contain more of certain compensable factors. Jobs are compared with each other (as in the ranking method), but on one factor at a time. The judgments permit construction of a comparison scale of key jobs against which other jobs may be compared. The compensable factors used are usually

1. Mental requirements,
2. Physical requirements,
3. Skill requirements,
4. Responsibility, and
5. Working conditions.

These are considered to be universal factors found in **all** jobs. This means that single job-comparison scale for all jobs in the organisation may be constructed. However, separate job-comparison scales can be developed for different functional groups, and other factors can be **employed**.

The Factor Comparison Method involves the following methods:

1. **Selecting bench-mark jobs:** The jobs selected as benchmark jobs must satisfy a number of conditions. Firstly, they should be capable of clear descriptions and analysis in terms of factors used; secondly, they must be representative of the hierarchy and thirdly, when the rates for the benchmark jobs are to be used as the standard for fixing the wages, these rates should be regarded as appropriate by all concerned.
2. **Ranking benchmark jobs by factors:** Once a number of benchmark jobs are chosen, they are ranked successively by reference to each of the factors chosen. **When** a committee does the ranking, each **member** must make his own ranking and the results are then averaged.
3. **Allocating money values to each factor:** The factors comparison method may also be used in fixing up wages in money units by ranking the jobs. The wage 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 **the** wage rate. For example, if tool making is the example of the of 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.
4. **Ranking other jobs:** On the **basis of job** descriptions, each job is analysed and compared with the benchmark job in **terms** of each of the factors separately.

Following are some of **the advantages** and disadvantages of this method:

Advantages

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

Disadvantages

1. This **method** is comparatively complicated to apply and difficult to explain to workers.
2. The wage rates for the benchmark jobs are presumed to be correct and definitive and all other rates are determined by reference to them.
3. It goes against the common belief that the procedures of evaluating jobs and fixing their wages should be kept separate.

D. Point-factor method

The point-factor method, or point plan, involves rating each job on several compensable factors and adding the scores on each factor to obtain total points for a job. A carefully worded **rating** scale is constructed for each compensable factor. This rating scale includes a definition of the factor, several divisions called degrees (also carefully defined), and a point score for each degree. The rating scales may be thought of as a set of rulers used to measure jobs.

Designing a point plan is complex, but once designed the plan is relatively simple to understand and use. While numerous ready-made plans developed by consultant; and associations exist, existing plans are often modified to fit the organisation.

The steps in building a point-factor plan are as follows:

1. **Analyze Jobs:** As in all other job evaluation methods, this step comes first. All jobs may be analysed at this point, or merely a sample of **benchmark** jobs to be used to design the plan. A job description is written for each job analysed.
2. **Select Compensable Factors:** When job information is available, compensable factors are selected. Although the yardsticks on which jobs are to be compared are important in all job evaluation methods, they are especially important in the point-factor method. Because a number of factors are used, they must be the ones for which the organisation is paying.
3. **Define Compensable Factors:** Factors must be defined in **sufficient** detail to permit raters to use **them** as yardsticks to evaluate jobs. Such definitions are extremely important because the raters will be referring to them often during their evaluations. When the factors chosen are specific to the organisation, the task of defining **them** is less difficult. Also, it is often argued that definitions may be more precise when the plan is developed for one job family or function.
4. **Determine and Define Factor Degrees:** The rating scale for each factor consists of divisions called degrees. Determining these degrees would be like determining the inch marks on a ruler. It is necessary first to decide the number of divisions, then to ensure that they are equally spaced or represent known distances, and **finally** to see that they are carefully defined. The number of degrees depends on **the** actual range of the factors in the jobs. If, for example, working conditions are seen to be identical for most jobs, and **if jobs** that differ from the norm have very **similar** working conditions, **then** it is sufficient to have no degrees. If, on the other hand, seven or even more degrees are discernible, that number of degrees is specified. A **major** problem in determining degrees is to make each degree equidistant from the two adjacent degrees. This problem is solved in part by selecting the number of degrees actually found to exist and in part by careful definition of degrees. Decision rules such as the following are useful in determining degree:
 - a) Limit degrees to the number necessary to distinguish between the jobs.
 - b) Use terminology that is easy to understand.
 - c) Use standard job titles as part of degree definitions.
 - d) Make sure that the applicability of the degree to the job is apparent.

5. **Determine Points for Factors and Degrees:** Compensable factors are rarely assigned equal weights because some factors are more important than others and should bear more weight. Factor weights may be assigned by committee judgment or statistically. In the committee approach, the procedure is to have committee members.
- Carefully study factor and degree definitions,
 - Individually rank the factors in order of importance,
 - Agree on a ranking,
 - Individually distribute 100 percent among the factors.
 - Reach** agreement.

The result is a set of factor weights representing committee judgment. The weights **thereby** reflect the judgments of organisation members and may contribute to acceptance of the plan. The committee may then complete the scale by assigning points to factors and degrees. Next a decision is usually made on the total points possible in the plan. Applying the weights just assigned to this total yields the **maximum** value for each factor.

6. **Write a Job Evaluation Manual:** A job evaluation manual conveniently consolidates the factor and degree definitions and the point values (the yardsticks to be used by raters in evaluating jobs). It should also include a review procedure for cases where employees or managers question evaluations of certain jobs. Usually the compensation specialist conducts such re-evaluations, but sometimes the assistance of the **compensation** committee is called for.
7. **Rate the jobs:** When the **manual** is complete, job rating can begin. Raters use the scales to evaluate jobs. Key jobs have usually been rated previously in the **development of the plan**. The **others** are rated at this point. In smaller organisations, a **compensation** specialist may do job rating. In larger firms, **committee** ratings developed from independent ratings of individual members are usual. As jobs are rated, the rating on each factor is recorded on a substantiating data sheet. This becomes a permanent record of the points assigned to each factor and **the** reasons for assigning a particular degree of the factor to the job. Substantiating data come from the job description.

Following are some of the advantages and disadvantages of this method:

Advantages

- The graphic and descriptive types of rating scales used have been accepted as most reliable and valid. Agreement among rates is usually quite close
- Compensable** factors are not limited to any particular number. These factors, which the parties decide as important can be used.
- Job classes, which are 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.

Disadvantages

- It is difficult to develop a point rating scheme. Defining factors and their degrees in such a fashion that all the raters will have the same meaning needs {considerable amount of skill.
- Assigning proper weightages to each factor and then assigning point values to **each** degree without being unfair to either easy or difficult jobs, requires careful **and** detailed study.

3. The point factor system is **difficult** to explain. The concept of factors, degrees relative to 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.
4. 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.

Activity A

Briefly explain, **what** are the job evaluation methods being followed in your organisation or any organisation you are familiar with. Give reasons for using these methods.

Activity B

An individual hired for a position finds out that the work he was asked to do was not the work he was hired to do. Is it possible? Discuss.

8.6 RECENT DEVELOPMENTS IN JOB EVALUATION

The question of choosing and weighing factors is one of the most difficult issues encountered in basic qualitative methods. **Some** job evaluation schemes are rejected because of the factors chosen, and others **categorised** as vague and confusing 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 scheme which is briefly outlined next.

The Hay Guide Chart-Profile Method

Undoubtedly the best-known variation of factor comparison, **Ray Guide Chart-Profile Method** is reportedly used by more than 4,000 profit and nonprofit organisations in some 30 countries. It is described by the **Hay** Group (a team of **management** consultants) as a **form** of factor comparison for the following reasons: it uses universal factors, bases job values on **15 percent** intervals, and makes job-to-job comparisons. The plan is tailored to the organization. Profiling is used to adjust the guide charts **and** to check on the evaluation of jobs. The plan may be used for all types of jobs and is increasingly **used** for all jobs in an organisation.

The universal factors in the Hay plan are **know-how**, **problem solving**, and accountability. These three factors are broken **down** into eight dimensions. Know-how involves (1) procedures and techniques, (2) breadth of **management** skills, and (3)

person-to-person skills. The two dimensions of **problem solving** are (1) **thinking environment** and (2) **thinking challenge**. **Accountability** has three dimensions: (1) **freedom** to act, (2) **impact on results**, and (3) **magnitude**. A fourth factor, **working conditions**, is **sometimes used for jobs** in which hazards, environment, or physical demands are deemed important.

The heart of the Hay Plan is its guide charts use of 15 percent intervals. Although these charts appear to be two-dimension point scales, the Hay Group insists that, except for the problem-solving scale they may be expanded to reflect the size and complexity of the organization. It also states that the definitions of the factors are modified as appropriate to meet the needs of the organisation.

Profiling is used to develop the relationship among the three scales and to provide an additional comparison with the points assigned from the guide charts. Jobs are assumed to have characteristic shapes or profiles in terms of problem-solving and accountability requirements. Sales and production jobs, for example, emphasise accountability over problem solving. Research jobs emphasise problem solving more than accountability. Typically, staff jobs tend to equate the two.

Hay Guide Chart-Profile Method consists of the following:

1. Studying the **organisation** and selecting and adjusting guide charts,
2. Selecting a sample of benchmark jobs covering all levels and functions,
3. **Analysing** jobs and writing job descriptions in terms of the three universal factors,
4. Selecting a job evaluation committee consisting of line and staff managers, a personnel department representative, often employees, and a Hay consultant, and
5. Evaluating benchmark jobs and then all other jobs.

Point values from the three guide charts are added, yielding a single point value for each job. Profiles are then constructed and compared on **problem solving** and **accountability**, as an additional evaluation.

8.7 SUMMARY

The job evaluation is a set of systematic procedures to **determine the** relative worth of jobs within the organisations. **Job evaluation** is the process of analysing and appraising the content of jobs, set in the family of other jobs, so as to put them in a suitably evolved rank order which can then be utilised for installation of an acceptable wage structure in an organisation.

The primary objective of job evaluation is to find out the value of work, but this value which varies from time to time and from place to place under the influence of certain economic pressures. Another aim of job evaluation is to supply bases for wage negotiations founded on facts rather than on any vague ideas. The technique of job evaluation can also be used to **determine not only what the job is worth** but also the value of each of the aspects such as the skills and responsibility levels.

The next step in the job evaluation process is to select or design a method of evaluating jobs. Four basic methods have traditionally been mentioned. These are: ranking, classification, factor comparison, and the point plan methods. Depending on its needs and ethos, an organisation to develop a method that may combine the features of two or more than two methods, chosen method should secure the satisfaction of all concerned, namely management, the employees and the unions.

8.8 SELF-ASSESSMENT QUESTIONS

1. Explain the various job evaluation methods and its objectives.
2. Briefly describe the recent developments in job evaluation system.
3. **Define** job evaluation and explain the uses of job evaluation methods.

8.9 FURTHER READINGS

Bradley, Katherine, (1979), *Job Evaluation: Theory & Practice*, Northants. British Institute of Management.

Byars, L.L. and Rue, L.W (1997), *Human Resource Management*, Homewood, Ill. Irwin.

Dessler, Gary (2000), *Human Resource Management* (8th Ed). New Delhi: **Pearson** Education.

Elizur, Dove. (1987), *Systematic Job Evaluation and Comparative Worth*, Hempsshire. Gower.

Henderson, R. (1994), *Compensation Management and Rewarding Performance*. New Jersey ;**Prentice** Hall.

ILO, (1986), *Job Evaluation Vol 2*, ILO, Geneva.

Patten, Thomas, H. (1988), *Fair Pay: The Managerial Challenge of Comparable Job Worth and Job evaluation*, London Jossey-Bass.

Peterson, T. T. (1972), *Job Evaluation* (Vol. 2), *A Manuel for Peterson Methods*, London, Business Books.

Thomson, George, F. (1980), *Job Evaluation: Objectives and Methods*, London Institute of Personnel Management.

Trieman, Donald, J. (1980), *Job Evaluation: Analytical Review*, New York, National Academy of Sciences.

Walker J. Morris, (1973), *Principles and Practice of Job evaluation*, London, Heinemann Halley Court.