JOB EVALUATION

DEFINITION:

According to ​Edwin b. Flippo, “Job evaluation is a systematic and orderly process of determining the worth of job in relation to other jobs”.

Job evaluation means determining the relative worth of a job in an organization by comparing it with other jobs within an organization and with job market outside jobs are evaluated on the basis of their content and are placed in the order of their importance. In this way, job evaluation helps in establishing job hierarchy. It is a process by which jobs in an organization are appraised. It suggests comparative importance of different jobs. A wage structure hierarchy is based on such job evaluation.

In job evaluation the jobs are ranked on the basis of their relative importance and not the job holders. They are rated through performance appraisal. Job evaluation is the output provided through job analysis.

Features:

1. It determines the relative worth of jobs in an organization. Jobs are evaluated as per their content and place in the order of their importance.

2. It is based on the analysis of the facts about the job collected through job analysis.

3. It helps to bring a balanced wage structure in an organization. This is possible as job hierarchy is established. The purpose is fixation of satisfactory wage differentials among various jobs.

Objectives:

1. To establish by impartial judgement the logical and accurate relationship of each job to other jobs within the firm.

2. To establish satisfactory wage and salary differentials.

3. To select employees more accurately and train, promote or transfer them within the firm objectively and impartially.

4. To provide them information for work organization, employees selection, placement and other similar problems.

5. To promote employee goodwill, strengthen and maintain morale and loyalty and provide an incentive for efficiency.

6. To determine the rate of pay for each job that is fair and equitable in relation to other jobs in the plant.

Advantages / Importance:

1. Job evaluation clearly indicates the relative worth of different jobs in the organization.

2. It establishes a hierarchy of jobs and evolves a graduated wage scale for employees.

3. It is useful for introducing a satisfactory, rational and balanced wage structure in an organization. It is also useful for simplifying wage administration.

4. It promotes employees goodwill, strengthens and maintains high morale and loyalty of workers and also provides incentives for raising efficiency.

5. It provides a scientific base for promotions and transfers of workers in an organization.

6. It avoids injustice to workers as regards wage payment, promotions and transfers.

7. It simplifies wage administration and facilitates merit rating and training programmes for employees.

8. It removes grievances and disputes among employees over relative wages and makes the wage system acceptable to all employees.

Methods of job evaluation:

1. The Ranking or grading method:

​This method is considered to be the simplest and the last formal of all the job evaluation methods. Here the aim is to judge the job as a whole and determine its relative value by ranking one whole job as against another whole job. Under this method, the jobs are arranged in order to their importance with the most important job at the highest end and the least important job at the lowest end. The remaining jobs are arranged as per their relative importance through suitable evaluation techniques. The ranking is conducted through a committee of experts’ job raters. The committee is supplied with the necessary information (job description and job specification) for the ranking of available jobs. The ranking is done at the departmental level and for every department, the jobs are ranked I order of importance. This creates a hierarchy of jobs within the department. In this method which is non analytical, the ranking of jobs is based on the nature and importance of the job, responsibilities involved, qualities and qualifications required and the working conditions connected with the job.

 Advantages:

1. Simplicity - it is easily understood to all the concerned and also to operate/ administer.

2. It is inexpensive.

3. It can be used conveniently in small establishments. ​

Disadvantages:

1. It does not indicate the degree of difference between the jobs. It merely shows that one job is more or less important than other job.

2. In most cases, the rankings are not based on job description but on the rater’s general knowledge of the jobs.

3. It is complex for a large firm with a complex organization structure.

2. The factor comparison or weight in money method:

​It is an analytical method. The rating process consists of delineation of common key factors of different jobs and assessment of monetary values thereto with a view to assessing their relative worth on the basis of sum total of the monetary values. Job description provides the data required for indicating the major job elements or factors found in greater or lesser degree in the activities of the entire enterprise.

​It is a qualitative method of job rating involving complicated procedure. As a result, the services of experts are required for actual job rating.

​This method begins by selecting the crucial or critical components or elements characterizing the business operations of the firm. In other words, a schedule of job factors is drawn up by careful analysis of the operations.

The factors under this method are:

1. Mental requirements

2. Skill requirements

3. Physical requirements

4. Responsibility range

5. Working conditions.

​After the key elements are selected for analyzing the jobs, the weights are applied tot job elements. Assessment of weights is done by an expert committee. As per such weights, the jobs are ranked. A monetary value is assigned to each factor of all jobs. All these values of individual jobs are weighted and then the total value of each job is arrived at or is readily available.

Advantages:

1. It is more accurate and systematic than the simple ranking method. The dissimilar jobs can be rated on the basis of common factors.

2. The services of experts are used and this makes the system realistic and accurate.

Disadvantages:

1. It is complicated, expensive, laborious and not easily explainable to employees.

2. Application of weightages and monetary values may involve the bias of experts.

3. This method is difficult to install and is not used extensively.

3. The point rating method:

​This method is one popular and extensively used method of job evaluation. In this method, each job is evaluated separately, appraising each of the factors such as skill, effort, responsibility and working conditions and combining the separate evaluations into a single point score for each job.

In this method a series of rating scales is constructed one for each of the factors which have been selected as important in the work of the position. A certain number of points are allowed for each scale. In this way, differences among jobs are reflected in the different values which are assigned to the factors. By the use of point rating method, each job is reduced to a numerical value so that similarity and differences in work and difficulty are discovered.

The straight point system in which each factor has the same number of degrees and corresponding points is indicated in the following chart:

Advantages:

1. This method is analytical in its approach.

2. It gives a quantitative value for each job. This makes it easy to explain to a worker who has some doubt in his mind about the absolute and relative wages fixed for his job.

3. The outstanding feature of this method is the use of a manual. Basis and guidelines of valuation are standardized by experts and are codified in this manual.

Limitations:

1. This method may suffer from inequities if listing and weighting of points are defective due to indifference on the part of rater.

2. The manual used for ranking the jobs needs periodical revision. If not revised it may become outmoded and evaluation based thereon would be out of tune with the changed trends.

3. It is difficult for application and may prove to be unintelligible to the workers.