

Job Evaluation

Job evaluation means systematically determining relative worth of jobs to create job structure. An attempt to identify inputs that are most valuable to the organization & to develop job hierarchy based on which jobs have more or less of those dimensions

Job Evaluation Methods:

The essence of compensation administration is job evaluation and the establishment of the pay structure. Let's now turn our attention to the topic of job evaluation. By job evaluation we mean using the information in job analysis to systematically determine the value of each job in relation to all jobs within the organization. In short, job evaluation seeks to rank all the jobs in the organization and place them in a hierarchy that will reflect the relative worth of each. There are four general job evaluation methods.

a. Ranking method:

Raters examine the description of each job being evaluated and arrange the jobs in order according to their value to the company. This method requires a committee – typically composed of both management and employee representative – to arrange job in a simple rank order from highest to lowest. No attempts are made to break down the jobs by specific weighted criteria. The committee members merely compare two jobs and judge which one is more important, or more difficult to perform. Then they compare the other job with the first two, and so on until all the jobs have been evaluated and ranked.

The most obvious limitation to the ranking method is its sheer inability to be managed when there are a large number of jobs. Other drawbacks to be considered are the subjectivity of the method- there are no definite or consistent standards by which to justify the rankings- and the fact that because jobs are only ranked in terms of order, we have no knowledge of the distance between the ranks.

b. Classification method:

A job evaluation method by which a number of classes or grades are defined to describe a group of jobs is known as Classification method. The classifications are created by

identifying some common denominator skills, knowledge, responsibilities –with the desired goal being the criterion of a number of distinct classes or grades of jobs. Once the classifications are established, they are ranked in an overall order of importance according to the criteria chosen, and each job is placed in its appropriate classification. This later action is generally done by comparing each position's job description against the classification description and benchmarked jobs. The classification method shares most of the disadvantages of the ranking approach, plus the difficulty of writing classification descriptions, judging which jobs go where, and dealing with jobs that appear to fall into more than one classification.

c. Factor comparison method:

Raters need not keep the entire job in mind as they evaluate; instead, they make decisions on separate aspects, or factors, of the job. A basic underlying assumption is that there are five universal job factors: (1) Mental Requirements, (2) Skills, (3) Physical Requirements, (4) Responsibilities, and (5) Working Conditions. The committee first rank each of the selected benchmark jobs on the relative degree of difficulty for each of the five factors. Then, the committee allocates the total pay rates for each job to each factor based on the importance of the respective factor to the job. A job comparison scale, reflecting rankings and money allocations, is developed next. The raters compare each job, factor by factor, with those appearing on the job comparison scale. Then, they place the jobs on the chart in an appropriate position.

d. Point method:

Raters assign numerical values to specific job components, and the sum of these values provides a quantitative assessment of a job's relative worth. The point method requires selection of job factors according to the nature of the specific group of jobs being evaluated. After determining the group of jobs to be studied, analysts conduct job analysis and write job descriptions. Next, the analysts select and define the factors to be used in measuring job value and which become the standards used for the evaluation of jobs. Education, experience, job knowledge, mental effort, physical effort, responsibility, and working conditions are examples of factors typically used. The committee establishes factor weights according to their relative importance in the jobs being evaluated, and then determines the total number of points to be used in the plan. A

distribution of the point values to job factor degrees is made, with the next step being the preparation of a job evaluation manual.

Hay guide chart-profile method: A highly refined version of the point method that uses the factors of know-how, problem solving, accountability, and, where appropriate, working conditions.

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