# **JOB EVALUATION**

Ms. Harmanpreet Kaur Assistant Professor Department of Commerce Shivaji College

#### BASIC CONCEPTS

- For good industrial relations, each employee should
  - i. Receive sufficient wages or salaries to sustain himself and his dependents
  - ii. Feel satisfied with the relationship between his wages and the wages of other people performing the same type of work in some other organization
- **Primary objective** of wage and salary administration program is that each employee should be **equitably compensated** for the services rendered by him to the enterprise on the basis of:
  - i. Nature of job
  - ii. Present worth of that type of job
  - iii. Effectiveness with which individual performs the job

#### DETERMINATION OF WAGES



#### CONCEPT OF JOB EVALUATION

- In simple worlds, job evaluation is the rating of jobs in an organization. This is the process establishing the value or worth of jobs in a job hierarchy and compares the relative intrinsic value or worth of jobs within an organization.
- Formal system of determining the base compensation of jobs.
- According to the International Labour Organization (ILO), "job evaluation is an attempt to determine and compare the demands which the normal performance of a particular job makes on normal workers, without taking into account the individual abilities or performance of the workers concerned".

#### CONCEPT OF JOB EVALUATION

- The British Institute of Management defines "job evaluation as the process of analysis and assessment of jobs to ascertain reliably their relative worth using the assessment as the basis for a balanced wages structure".
- Edwin B.Flippo defines job evaluation as "a systematic and orderly process of determining the worth of a job in relation to other jobs".

#### **OBJECTIVES OF JOB EVALUATION**

- equitable wage for a job and reasonable wage differentials between different jobs in a hierarchical organization
- Consistent wage policy
- Eliminate wage inequalities
- Rational basis for incentive and bonus schemes
- Framework for periodic review and revision of wage rates
- Reduce grievances and labour turnover
- Basis for wage negotiations with employee union
- Guage and control payroll costs

## PROCESS OF JOB EVALUATION



#### PRINCIPLES OF JOB EVALUATION

- Consideration of Job
- Clarity of Job Information
- Pooling of knowledge
- Grouping of Jobs

#### • ADVANTAGES

#### • LIMITATIONS

### METHODS OF JOB EVALUATION



#### **RANKING METHOD**

- Simplest method
- List the jobs in order from highest to lowest worth to the company
- Jobs are not split up into component parts
- Comparison is made on the basis of whole jobs

- 1. Utilizing Job descriptions
  - Evaluating and analyzing Job descriptions
  - Differences in jobs are noted with respect to duties, skills, responsibilities etc.
  - Each job is ranked as per its relative significance
  - Each rater ranks the job independently
  - Final rank is calculated on the basis of majority vote or average

#### 1. Utilizing Job descriptions

JOB	RATER-1	RATER-2	RATER-3	RATER-4	AVERAGE
SPECIALIST	5	3	4	3	3.75
MANAGER, PAYROLL	4	5	2	5	4
ADMINISTRATOR	2	1	3	1	1.75
CLERK	6	6	5	6	5.75
MANAGER, FINANCE	3	4	2	4	3.25
DIRECTOR	1	2	1	2	1.5

#### 1. Utilizing Job descriptions

- Rater is required to keep in mind all the jobs being ranked.
- Not possible when the number of jobs are large.
- Rater may overlook significant differences
- Largely subjective

#### 2. Paired comparisons

- Each job is paired with every other job in the series.
- More difficult job in each pair is identified.
- Rank is assigned on the basis of number of times a job is rated more difficult.

For example: Job A is difficult than Job B= Assign 2 points to Job A

Job B is less difficult than Job A= Assign 0 point to Job B

Job A is equivalent to Job B= Assign 1 point to both the Jobs

#### 2. Paired comparisons

REFERENCE	DIRECTOR, FINANCE	MANAGER, FINANCE	MANAGER, AUDIT	SECRETARY, FINANCE	TOTAL POINTS
DIRECTOR, FINANCE	-	2	2	2	6
MANAGER, FINANCE	0	-	1	2	3
MANAGER, AUDIT	0	1	-	2	3
SECRETARY, FINANCE	0	0	0	-	0

- 3. Ranking along a number line
  - Extension of job descriptions and paired comparison method.
  - Ranks obtained from them are spread along a number line
  - Highest ranked job is placed at one end and other jobs are spaced as per their closeness to highest ranked job.



#### JOB GRADING OR CLASSIFICATION METHOD

- 1. Establishment of job classes or grades
  - Group of jobs that are similar in terms of their tasks, duties, responsibilities.
- 2. Definition of each grade -broad descriptions
- 3. Classification of individual jobs according to how well their characteristics match those of the different grade definitions.

Most prevalent in government jobs or public sector undertakings

#### JOB GRADING OR CLASSIFICATION METHOD

#### **Example: Grades or class for administrative workers**

GRADES	DESCRIPTION
A-1	Engage in special projects without supervision, provide personal administrative assistance to management level personnel and may have supervisory responsibilities over A-2 and A-3 personnel.
A-2	Clerical work with no supervision and may be assigned simple special projects. The job typically requires an associate level or vocational degree and requires the same knowledge as an A-3 as well as intermediate knowledge of word processing and spreadsheets
A-3	Clerical work under close supervision. The job typically requires a high school diploma and a general knowledge of office procedures, equipment, etiquette and the ability to follow instructions. There are no supervisory responsibilities.

## POINT METHOD

- Most widely used method of job evaluation
- It is a method in which number of compensable factors are identified and then the degree to which each of these factors is present on the job is determined.
- Assign different number of points to each degree of each compensable factor
- Determine the degree to which each compensable factor is present in a job
- Total point value for the job can be calculated by adding up the corresponding degree points for each factor.

- 1. Choose Benchmark Jobs- representative jobs from each job category
- 2. Select Compensable Factors-
  - Skill (Education, experience, training, judgement)
  - Effort (Physical and mental)
  - Responsibility (Quality of output, raw materials, machinery and equipment, safety of others)
  - Working Conditions (accidents, hazards, discomfort etc.)
  - Other factors can also be added keeping in mind strategic and practical considerations

3. Define the factors - clear and written description regarding factors and sub-factors

#### 4. Determine the degrees-

- same no. of degree should be used to maintain consistency,
- usually four to six
- Depends upon judgement

DEGREE	DEGREE DEFINITION- 'SKILL'
1	Simple knowledge on routine task. Required no training
2	Basic knowledge. Required moderate degree of experience
3	Standard knowledge. Required training
4	Technical or special knowledge. Required judgement and follow standard or specialized procedures
5	Extensive knowledge. Independent judgement required

- 5. Assign weights to factors -
  - determine relative importance (or weighting) of each factor depending upon their significance to job.
  - Assume we have 100 percentage points to allocate for each job, then assign % weights of say for example 45% for skills, 25% for the effort, 20% responsibility and 10% working conditions.
- 6. Convert percentages to Points for each factor
  - Assume total of 1000 points are there, multiply the % weight for each compensable factor by 1000 like 1000\*45%= 450 points for skill, 1000\*25%= 250 points, 1000\*20%= 200 points and 1000\*10= 100 points

- **7. Assign point value to Degrees-** assign point values to each degree of each compensable factor
- For example we have 5 possible degrees of skill and skill factor have 450 points maximum. Point values may be decided on the basis of arithmetic progression.

#### Assignment of Point Values to Degrees

DEGREES FACTORS	1	2	3	4	5
SKILLS	90	180	270	360	450
EFFORT	50	100	150	200	250
RESPONSIBILITY	40	80	120	160	200
WORKING CONDITIONS	20	40	60	80	100

#### 8. Evaluation of Jobs-

- Review of each job description and job specification
- Determine the degree to which each compensable factor is present in each job

#### **Example:** Job of Master Mechanic

- This job requires fourth degree level of skill point, the second degree level of effort, third degree level of responsibility and first degree level of working conditions.
- Finally, we add up these degree points for each job to determine each job's total number of points.
- Thus, master mechanic job gets 360+100+120+20= 600 points

- 8. Assign money values-
  - A standard unit of money be assigned to each point so as to convert point scores into monetary

10000					
values.	Point Range	Daily Wage Rates			
	200-300	₹ 150-250			
	301-400	₹ 250-350			
	401-500	₹ 350-450			
	501-600	₹ 450-750			
	And s	so on			

## FACTOR COMPARISON METHOD

- It involves ranking of benchmark jobs in relation to each other on each of several factors.
- Select and define the factors
- Select key Jobs
- Rank key jobs by factors
- Decide rates for key job
- Apportion the wage rate
- Evaluate the remaining jobs

# FACTOR COMPARISON METHOD

KEY JOB	WAGE RATE (DAILY)	SKILL	PHYSICAL EFFORT	MENTAL REQUIREMENTS	RESPONSIBILITY	WORKING CONDITIONS
TOOL MAKER	80	25(1)	5(5)	23(1)	24(1)	3(5)
WELDER	75	20(3)	15(2)	14(3)	11(4)	15(2)
MACHINIST	70	22(2)	7(4)	17(2)	20(2)	4(4)
PAINTER	65	13(4)	12(3)	10(4)	12(3)	18(1)
LABOURER	50	10(5)	19(1)	5(5)	4(5)	12(3)