

THE JOB EVALUATION – PRACTICAL GUIDE

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ABSTRACT

The paper presents a practical guide for the job evaluation process, focused on the analytical schemes. Although the trend is to enhance the value of human resource and to minimize the weight of structured work environment, the job evaluation is a fundamental process for reward management and performance appraisal system. The main steps of the point-factor rating scheme, as the most frequently used method are: critical factors determination, levels of factors determination, point allocation to subfactors, point allocation to levels, point manual development and point system application.

Job evaluation founds the strategic decisions regarding the reward and performance appraisal systems. It is necessary to know the value of each job within organisation in order to take decisions about rewarding strategy and the key elements of individual performance. Although the trend is to enhance the human resource value, in many companies the job approach founds the business philosophy. Even in unstructured and dynamic environment the weight of each job has to be determined. Job evaluation is an analytical process that compares jobs, not employees, in spite of the fact that, in reality, the separation is very difficult to be done. Using job evaluation procedures we can systematically determine for each job its value or rank, comparatively with the others. The process consumes resources and is usually costly to install and maintain, but there are advantages that establish an equitable balance.

The job evaluation process involves three standard steps: data collecting (usually made by job analysis), point factors identification (main factors that describe the job, such as: responsibilities, skills, working conditions and efforts), and finally the establishment of the relative value of the job in the organisational frame. There are two types of job evaluation scheme: non-analytical schemes which contain job ranking, paired comparison, job classification, internal benchmarking, and analytical schemes which contain point-factor rating. The entire process is based on analysts' subjectivity, frequently being argued that job evaluation is more *an art* than *a science*. Although there are serious questions about the methodological accuracy, the specialists give a positive answer to the question: "Is job evaluation necessary?"

The non-analytical schemes compare whole jobs with one another without any difference between the factors within the jobs. For example, job ranking determines the positions of the jobs in a hierarchy, job classification compares whole jobs to a

scale and internal benchmarking compares jobs with key-jobs (considered well defined and properly paid).

Analytical schemes are considered more precise than factor comparison schemes because the methodology is more accurate, requiring only few subjective judgements. To this end, the point system (point-factor rating) is the most common approach, but it is rarely used in its traditional form because of the model's complexity and rigidity

The point factor method is based on the breaking down of jobs into factors and subfactors [1]. The system requires six steps and is usually implemented by a job evaluation committee or an individual analyst [3].

The first step involves the critical factor identification, as shown in Figure 1. Usually, point-factor schemes have between three and twelve factors, but there are no strict rules, this numeric interval being imposed by practice. The good practice standard establishes six factors as a proper approach of this aspect. Over twelve factors and subfactors generate a high level of complexity and can be extremely difficult to handle. The process of factors identification is the most sensitive and subjective level of job evaluation process. It is necessary that the committee or the task-force team to properly analyse the job descriptions, the critical incidents history and organisational business strategy because this factors are derived from those main elements. The pilot test of factors and subfactors can reduce the biases in this stage.

Factors	Levels			
	Minimum I	Low II	Moderate III	High IV
1. Responsibility (output)				
1.1. Safety of others	25	50	75	100
1.2. Equipment and materials	5	20	30	50
1.3. Product/service quality	50	75	100	125
2. Skills and knowledge (input)				
2.1. Professional knowledge	45	90	135	180
2.2. Interpersonal skills	20	40	60	80
2.3. Manual skills	25	50	75	100
3. Effort				
3.1. Physical effort	20	40	60	80
3.2. Mental effort	25	45	65	85
3.3. Problem solving	25	45	65	85
3.4. Creativity	25	45	65	85
3.5. Judgement and initiative	25	45	65	85
4. Working conditions				
4.1. Unpleasant conditions	20	40	60	80
4.2. Hazards	20	40	60	80
	Total points			1000

Fig. 1. A point system matrix (adapted after W. B. Jr. Werther and K. Davis)

The second step is the levels of factors determination. The levels are different degrees of the factors' presence and their contribution to job design. This can vary according to the job diversity to be covered and the amount of accuracy expected. In Figure 1 we have only four levels, but most schemes have up to six or seven levels,

though there are no precise limits. The number of levels makes possible the fine discrimination between the amount of each subfactor, i.e. its contribution to the organisational success.

The third step refers to the points' allocation to subfactors, starting with the higher level. The analyst/committee subjectively assigns the maximum possible points to each subfactor. For example, if manual skills (100) are twice as important as responsibility for equipment (50), they get twice as many points. The main error that can occur is the overweighting or underweighting of the factors, with important negative effects for the entire process. Furthermore, the overweighting of a factor such as physical effort may generate discriminatory consequences, because this factor is mainly applied to male job holders.

In the fourth stage there are allocated points to levels. The operation is performed across each row in order to reflect the importance of the different levels. Point progression is usually arithmetic, but the point differences between levels can be also variable.

The fifth step refers to the point manual development, which is a written explanation of each job element, as shown in Figure 2. This document assures the transparency of the process and gives clear instructions about how the system works. In this context every employee can understand the job evaluation process and the main reason for the final score of his job.

3. Effort

3.3. Problem solving. This factor assesses the application of knowledge to the analysis and resolution of problems. It is a measure of the difficulty and complexity of the work.

Level I. Requires some analysis of problems for which solutions can be identified through the application of existing procedures, policies and precedents.

Level II. Requires analysis of varying problems as well as judgement in the identification of solutions which are not always easily found. Solutions are generally guided by procedures, policies and precedents. Investigation is sometimes required to modify methods and procedures.

Level III. Requires in-depth analysis of complex and variable problems as well as critical thinking and judgement to identify solutions that are often difficult to find. Solutions require the interpretation, evaluation and adaptation of procedures, policies and precedents. Investigation and innovative thinking are required to develop new methods and procedures.

Level IV. Requires in-depth analysis of complex and unique problems as well as creative and strategic thinking to arrive at solutions that are unanticipated. Extensive investigation is required to conceive new methods, procedures and policies.

Fig.2. A point manual description of "Problem solving", University of Victoria, Canada, Job evaluating process, HR Department

In the final step - the point system application - the relative value of each job will be determined. The job description is compared with the standard point manual description and the level and points for the jobs are assigned. When the total points for each job are known, the jobs are ranked

It can be easily seen that the point-factor method has not only strengths but also many weaknesses. The most important advantages of this method are closely related with the objectivity that apparently has a higher level in this case. While the evaluators are forced to consider a range of factors, we can say that we have an important premise for eliminating oversimplified judgements. The defined yardstick that the analytical scheme provides is a valuable instrument which increases the level of objectivity. On the other hand, the perceived objectivity can contribute to enhancing employees' and evaluators' trust in the process's fairness.

The main disadvantage of the job evaluation analytical scheme is the complexity that makes the process difficult and costly to develop, install and maintain. In addition to this, the system can create unrealistic expectations regarding the level of objectivity, because the numerical approach generates a false perception of accuracy. In fact, the system involves, like other non-analytical methods, judgements, subjective evaluations and decisions. And not in the last place, the relative weight attached to a job is very difficult to estimate, because there is an enormous variety and complexity of job structures.

All these disadvantages have led to the conclusion that job evaluation is not a scientific process. Furthermore, some researchers [2] argue that job evaluation was originally developed to support traditional bureaucratic management and also that the theoretical basis of the system has not changed since it was first developed in the 1990s by scientific management. From this point of view, job evaluation depersonalizes people, being centred on a set of duties, not on the human potential.

The system limits underscore the necessity to take into account a broad category of organisational factors. Trying to reduce the negative impact of the job-centred approach, alternative methods were developed, such as: skill-based evaluation, competence-based evaluation and market pricing. The first two methods value people rather than jobs and they are associated with skill/competence reward systems. The market pricing method is more an additional method that compares the internal rates of pay with the market rates. The base assumption for the market-oriented vision is: "A job is worth what the market says it is worth".

In conclusion, job evaluation is a necessary procedure for the reward system design and the analytical methods can significantly contribute to enhancing the process's methodological accuracy.

REFERENCES

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