

Job evaluation

What does it means?

- Job evaluation is a systematic way of **determining the value / worth of a job in relation to other jobs in an organisation.**

Internal equity and external equity

- **Internal equity** is how one employee's pay package compares to others inside the same organization.
- **External equity** compares a pay package to others outside the organization.
- In this case the word “**equity**” refers to “fairness” or “equivalence” and has nothing to do with share-based (**equity**-based) compensation.

Key features of job evaluation

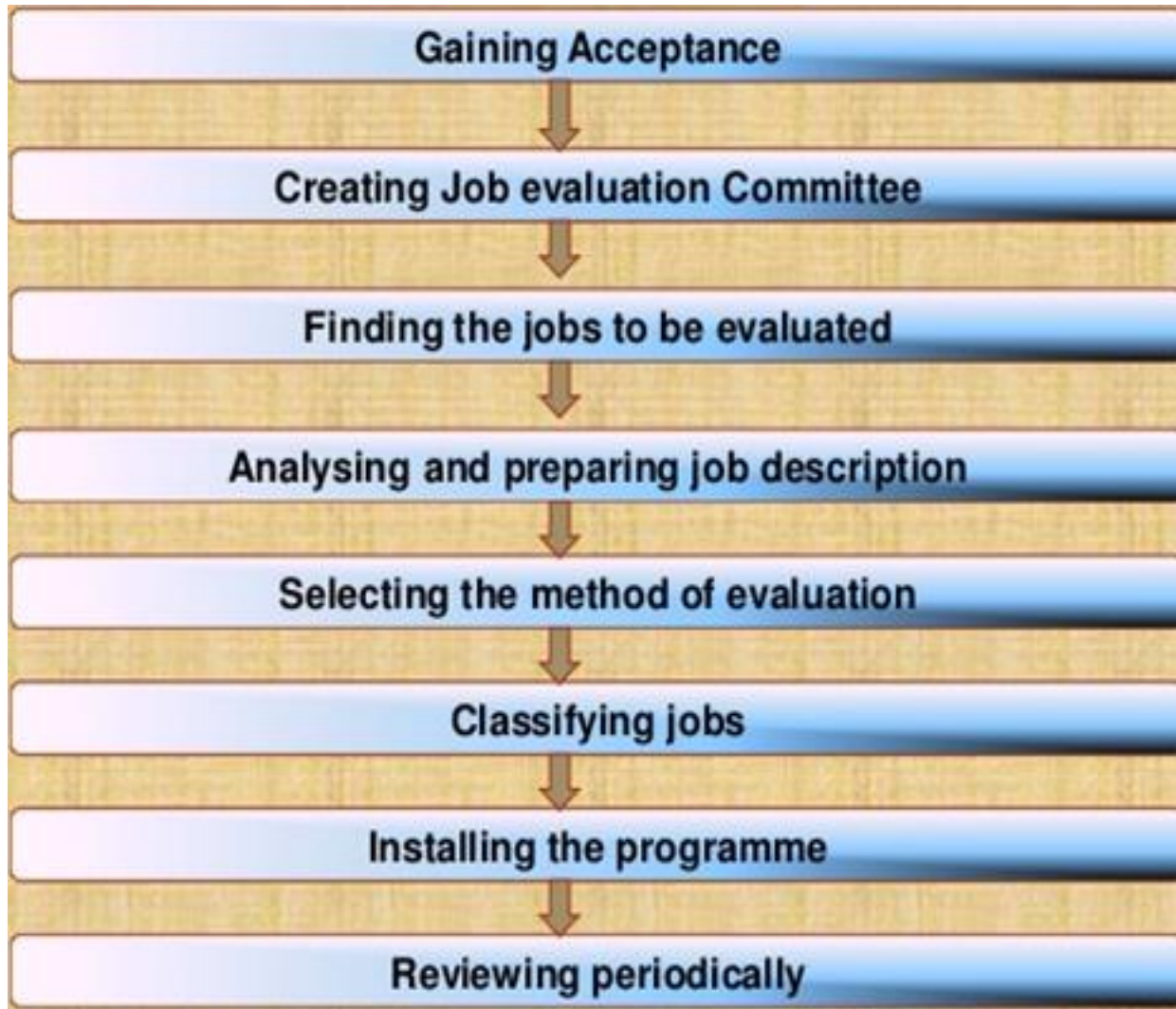
- Tries evaluate the job, not people
- Basis of job evaluation is job analysis
- Job evaluation always done by group, not individual

Job analysis Vs. Job evaluation

Job analysis: A systematic way of gathering information about job.

Job evaluation begins with job analysis and ends at the point of determination of worth of a job.

Process of Job Evaluation



Job evaluation method

1. Ranking
2. Classification
3. Factor comparison
4. Point method

Ranking method

- Jobs are arranged from **highest to lowest in order of their value or merit.**
- Also arranged according to the **relative difficulty in performing them.**
- Job at the top is having highest value vice versa.

Rank	Monthly salaries
1. Accountant	10000
2. Accounts clerk	7000
3. Purchase assistant	5000
4. Machine operator	4500
5. Typist	3500
6. Office boy	3000

Classification method

- Jobs are determined by established job classes.
- Grouping of several jobs in to one job grades.
- **Example:**
- **Class I: executives** (office manager, deputy office manager, office superintendent, departmental supervisor)
- **Class II: skilled workers** (purchasing assistant, cashier)
- **Class III: semi-skilled worker** (steno typist, machine-operators, switch board operator)
- **Class IV: unskilled worker** (file clerks, office boy)

Factor comparisons method

- In the ranking method we have rank the job on the basis of their merit in the organisation.
- But in factor comparison method, instead of ranking complete jobs, each job is ranked according to the factors.
- Example of factors in a job = mental effort, physical effort, skill needed, responsibility, supervisory responsibility, working condition, problem solving.

Steps involved in factor comparison method

1. Select the key jobs
2. Find the factors in terms of which the jobs are evaluated
3. Rank the selected jobs under each factor
4. Assign money value to each factor and determine the wage rate.

Example

Factors Key job	Daily wage rate	Physical effort	Factors mental effort	Skill	Responsibility	Working condition
Electrician	60	11(3)	14(1)	15(1)	12(1)	8(2)
Fitter	50	14(1)	10(2)	9(2)	8(2)	9(1)
Welder	40	12(2)	7(3)	8(3)	7(3)	6(3)
Cleaner	30	9 (4)	6(4)	4(5)	6(4)	5(4)
Labourer	25	8(5)	4(5)	6(4)	3(5)	4(5)

Point method

- This method now-a-days used .
- Here the factors of the job prioritise according to its importance.
- Then **points are summed up to determine the wage rate for the job.**
- The only difference between factors comparison and point method is , in **first one the factors are belong ranked** and in the second one **the factors are being allocated points.**

Steps

1. Select the key job
2. Find out the factors associate to job. find the maximum number of points assign to each factor. (minimum1 and maximum 6). Relative weight has to be decided.
3. once the worth of a job in terms of total points is expressed, the points are converted into money value.
4. Example- **Area Sales Manager – decide his salary.**

Sl. no	Compensable factors	Definition	Relative weight	Levels within factors	Total points
1	Education	Factor measure the minimum level of formal education	15	6	90
2	Work experience	Minimum amount of job-related experience	20	6	120
3	Leadership	Measures the degree of responsibility for other employees and direct control	20	6	120
4	Independent judgement	It measures the extent of independent authority for making decision	15	6	90
5	Computer skill	It measure the scope and perfection in computer skills required to perform the job	10	5	50

Maximum total points of all factors depending on their importance to job = 560

More elaborative way

Sl.no	Compensable factors	L1	L2	L3	L4	L5	L6
1	Education	15	30	45	60	75	90
2	Work experience	20	40	60	80	100	120
3	Leadership	20	40	60	80	100	120
4	Independent judgement	15	30	45	60	75	90
5	Computer skill	10	20	30	40	50	60
	Total	80					

Multiplication of point with relative (minimum weight).

Job Evaluation : Point Method

- Example – Characteristics of Point Job Evaluation method, Factors, Scaled Degrees, Weights -

Weights	Compensable Factors	Degrees				
(3)	(1)	(2)				
40%	Skills Required	1	2	3	4	5
30%	Effort Required	1	2	3	4	5
20%	Responsibility	1	2	3	4	5
10%	Working Conditions	1	2	3	4	5

Here in this example, a Job 'X's **240** total points may result from:

- **2 degrees** of skills required = **2 X 40** = **80**
- **3 degrees** of effort required = **3 X 30** = **90**
- **3 degrees** of responsibility required = **3 X 20** = **60**
- **1 degree** of working conditions = **1 X 10** = **10**

- **TOTAL** = **240**

Finally conversion of job grade points to money value

Point range	Daily wage rate	Job grade Sales Department
400-500	2000-3000	3. Manager I scale (SM)
500-600	3001-4000	4. Manager II scale (ASM)
700-800	4001-5000	5. Manager III scale (RSM)