What is job evaluation and how to do it well?

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Job evaluation refers to the process of establishing the relative value of jobs in an organization. The process of job evaluation focuses on the job and not the ability or any characteristics of the job holder. It does not focus on the volume of work being done. It does not focus on how competently the job is being done. The purpose of undertaking a job evaluation is to establish a relative rank order of jobs within the organization. After job evaluation, jobs are ranked normally from the job of the highest value to the organization to the job of the lowest value. The jobs considered to be of equal value in the organization are grouped in one grade. You must note that even in cases where the same job evaluation is used, jobs with the same title but in different organizations can end up in different grades. Again I want to emphasize that jobs are evaluated based on relative value to the organization. As an example, you can find a Human Resources Manager in a big mining company falling in a different grade from another Human Resources Manager role in another mining company or a manufacturing company.

To undertake a credible job evaluation process you would need to make sure that you have accurate and credible job descriptions. I will explain this in detail in the next sections. This is such an important process. You need to understand how to do proper job descriptions for you to come up with credible results from a job evaluation process.

It is important to realize from the onset that a job evaluation process should ultimately lead to the development of a pay structure and benefits structure. If the job evaluation process is flawed, which is a common outcome, the whole process of pay structuring will be flawed. Instead of addressing equity

issues, a flawed job evaluation process can lead to more equity complaints. I urge you based on my experience covering over 20 years, that you pay attention to the proper way to carry out a job evaluation process. I will share the process you require to undertake to carry out a credible job evaluation process.

Advantages and disadvantages of job evaluation

Here are the major advantages and disadvantages of a job evaluation process. Pay attention to these as they would help you understand the importance of job evaluation.

Advantages of job evaluation

1. It provides a credible framework for justifying pay differentials between jobs
2. It is the basis for developing a credible pay structure
3. It addresses common equity issues raised by employees
4. It promotes internal equity
5. Can be used as a basis for ensuring external equity when internal grades are used to benchmark market salaries.
6. The job descriptions produced as part of this process can be used to bring role clarity across functions and roles
7. It can be used as a basis for designing a benefits structure
8. The grading structure can be used as a basis for promoting people into higher grades when they deserve a promotion
9. It promotes transparency in the management of remuneration
10. With the support of a pay structure (broadband) a grading structure can be used to reward good performers through the implementation of a merit-based salary adjustment system.
11. When the job evaluation has been done properly it can be used as a means to manage remuneration costs as it becomes easy to monitor remuneration related cost
12. Job evaluation takes away the bias likely to emerge in making pay decisions by showing the compensable factors.

Disadvantages of job evaluation

1. The dynamic nature of jobs and work environment means jobs are changing more rapidly giving rise to a need for frequent re-evaluations
2. Job evaluation is not an exact science hence, reliability is compromised which can lead to misclassification of jobs
3. There is a tendency by job evaluation committee members to evaluate people instead of focusing on the job. This is why it is important to use external consultants to evaluate jobs

4. There is a tendency by employees to equate job evaluation to salary adjustments. Whenever job evaluation is done employees expect that the results of a job evaluation should lead to a salary adjustment. This has led to many employees being disappointed at the end when they fail to get salary adjustments. In some instances, they discredit the process simply because it did not lead to the outcome they expected.
5. Some organizations end up not implementing the results of a job evaluation exercise due to cost implications especially pay structure implications and this has led to poor industrial relations.
6. When doing job descriptions job incumbents tend to profile themselves instead of putting the requirements of the job. Should this happen in your job evaluation project, there is a good chance that the job evaluation process will not lead to good outcomes.
7. The job evaluation results may be resisted by unionized staff due to influence from the Unions. In some cases, internal job evaluation results may be contrary to some parts of a standing Collective Bargaining Agreements drawing resistance from the unions.
8. When job evaluation is done in a situation where there was another job evaluation system there is a challenge in dealing with those that end up being downgraded. It is very difficult to manage those that are going to make losses from the job evaluation process. Some have created what is now called “Person to Holder Roles”. These are roles in which a person whose job was in a higher grade but end up being downgraded. In such an instance the person will hold on to their salary and benefits even if the grade has been downgraded. Remember the whole purpose of job evaluation is to give relative value to jobs. The person-to-holder scenarios can be too costly to an organization when it ends up paying higher salaries for roles that do not deserve such recognition.
9. Because of the importance of job evaluation to employees, if the job evaluation is done by an internal team there is a very high likelihood of extreme bias in the evaluations.

The multiplicity of job evaluation systems, using different factors to evaluate jobs has created problems in terms of consistency on the comparability of jobs

Job Evaluation Methods

There are several job evaluation methods available on the market. My experience shows that what tends to vary among them is the level of sophistication but the results are the same; a rank order of positions within the organization. Sometimes I think organizations will choose a particular system over the other simply because that is what is fashionable at that particular time.

Here are the various job evaluation methods:

1. Rank Method – In this method you compare jobs against each other and rank them. There is no specific factor to consider here. Based on the subjective judgment of the importance of the job, jobs are ranked in a particular organization. It is one of the simplest methods but also one of the most controversial methods. What is important is that you need to understand the job very well to be able to do a rank order of jobs. One way to make this process better is to make sure the people ranking the jobs have a full understanding of each job. They need to read the job descriptions in greater detail to be able to rank-order all the jobs. This process of rank ordering jobs is done until all the jobs are done. Remember when using this method, you use the whole job as a basis for ranking and not any particular factor. Once all the jobs have been ranked you can broadly group them into groups. You can choose where to cut – off and create different groups. That will effectively lead to grades of your choice. The advantage of this method is that is less expensive and if done well it can serve the same purpose as the more sophisticated methods. The system is less time-consuming and can be done even by people who are not sophisticated. The disadvantage is that it can be perceived as haphazard as it does not have standard procedures.

2. The Point Factor Method – This method works based on specific factors considered important across jobs and these factors are given points. These factors could be weighted or not weighted. As an example, you may find a job evaluation system or approach based on factors such as :

1. **Decision making**
2. **The consequence of Error of judgment**
3. **Qualifications/Education**
4. **Experience required in a particular role**
5. **Skills**

For me, this is one of the best job evaluation methods available as it leads to some total points for each job and the jobs are ranked based on these points. This approach has very high face validity with employees and managers as they can see how you arrive at the total points for a particular role.

One of the advantages of using this method is that is more reliable when compared to other methods. It is one of the most popular methods available on the market at the moment. The point system allows for easy classification of jobs into grades based on pre-established cut-off points.

The downside of this method is that it can be very complicated for ordinary employees to understand. The people grading the jobs need a good understanding of each factor and the cut-off points per factor. In some instances, people find it difficult to see the differences between the various cut-off points. Employees sometimes have complained about this system on the basis that it is too quantitative and ignores the qualitative aspects of the job.

Despite the above disadvantages, my experience using this system of job evaluation shows that it produces the most acceptable rank order of jobs often accepted by both employers and unions.

3. Market Pricing

This method starts by getting market data for all your jobs. This data can be in the form of the market average, 25th percentile, 50th percentile, or 75th percentile. As can be seen from the table below three clear bands emerging from the market data below;

Job Title	Market Median
Marketing Executive	32,000
HR Manager	31,456
Banking Executive	33,156
Supply Chain Manager	32,541
HR Officer	18,632
Accountant	22,000
Account Clerk	5,220
Back Office Assistant	4,956
Creditor Clerks	4,856

This is one of the easiest ways to come up with job evaluation grades. The challenge is that it is more technical and would require a person who understands the concept of pay structuring. It is less costly and can be used when you require a quick way to come up with grades.

The job evaluation process

Embarking on a job evaluation exercise is a tough choice. If you fail to plan properly for the whole process you may end up with more problems than you want to solve. Before you embark on a job evaluation exercise you need to be clear about why you are doing this project. In many cases, I have seen people going for a job evaluation process for reasons I would consider to be trivial. As an example, you may find that an organization is embarking on a job evaluation process because they have used the other current system for too long. Such a reason is not good enough as it leads to wastage of resources.

Justification for a job evaluation exercise

Below I outline some of the key reasons that are good enough to trigger a job evaluation process. It is always important to embark on a job evaluation process if any of the following conditions exist in your organization:

1. When the job grades have been abused to such an extent that managers end up moving people into grades instead of jobs. This means that managers are no longer respecting the original grades and as a result of lobbying by individual employees they end up upgrading individuals without a sufficient basis for doing so
2. When the number of jobs submitted for regrading is increasing. This could simply mean that the organization and jobs have changed significantly to warrant a fresh job evaluation process
3. When there are too many complaints related to grades. When people complain that they are in the wrong grades or they feel their jobs are under graded, it could signify that jobs have significantly changed.
4. When you started as a new organization and the organization has now grown significantly to warrant the grading of jobs.
5. When there has been a big restructuring exercise affecting the scope of individual job roles

I consider the above reasons to be good enough to embark on a fresh job evaluation exercise. Do not be tempted to engage in a job evaluation exercise for political reasons e.g. to fix a few jobs and individuals targeted for downgrading.

Job evaluation and stakeholder buy-in

Once a good reason for a job evaluation exercise has been established, move on to get the necessary buy-in from the key stakeholders in your organization. The stakeholders, in this case, include your employees, union members, and senior management. All these should have a clear understanding of why the job evaluation process is necessary and the expected outcome from such a process. As part of this process, you need to embark on roadshows to educate the stakeholders in small groups on the reason why the job evaluation process is necessary and what they will benefit from the process. Make it clear as part of this process that the job evaluation process does not imply automatic salary adjustments, although some may end up with adjustments. A major concern I have noted with many job evaluation projects is that employees in general link the job evaluation process to salary adjustments. Although a job evaluation process does lead to a pay structure, there is no automatic salary alignment for all employees.

Selecting a job evaluation system

Once your stakeholders are aligned to your goals for the job evaluation project, you now need to select the right system to address your needs. As previously explained all job evaluation systems lead to some form of a rank order of jobs within an organization. Your choice on which system to use must be guided by the following factors:

- Simplicity – how easy is it for the stakeholders to understand how the system works
- Coverage – is the job evaluation system comprehensive enough to cover the major factors people often look at when comparing jobs. These factors include education level, experience, skills, decision-making, working conditions, etc.
- Cost – Job evaluation projects are very expensive. The more sophisticated your system is there more expensive it will be. However, remember sophistication does not mean that the system is better. A balance between costs, coverage, and simplicity is important.

Job evaluation Project Team

You would need to put together a multi-disciplinary project team to supervise the whole job evaluation project. The purpose of this team is not to evaluate jobs but to deal with all policy-related issues that

may arise as you progress with this project. The team must be made up of senior people in the organization who have a say on policy issues. Others prefer to include one or two worker representatives in this team, and there is nothing wrong with that. The only criteria that matter is that the project team members must have a full understanding of the business and how it operates.

Job Descriptions

If the project is managed by internal people, who in this case are led by a senior HR professional they need to make sure that they put together a team to prepare job descriptions. The team must be trained in the techniques for preparing credible job descriptions. The internal team doing the job descriptions must have a clear understanding of the business. Major challenges with job descriptions are that incumbents tend to inflate their jobs including qualifications and education. This can make the whole process unreliable. In jobs occupied by more than one individual, it makes sense to involve all the concerned incumbents where possible. That makes the job profiles more reliable. A very clear protocol for preparing job descriptions must be developed by the HR team or the Consultant leading such a project.

Poorly done job descriptions will lead to disputes when results are presented to employees. Managers and supervisors need to cross-check all job descriptions submitted by their subordinates for accuracy and validity.

The Job Evaluation Committee

Once the job descriptions have been done and signed by the incumbent, supervisor, and manager, the Consultant or lead HR Professional can proceed to constitute a Job Evaluation Committee. One thing to remember when selecting job evaluation committee members is that the committee is not a bargaining committee, it is a team put together to deal with a specific organizational problem. Give the committee very clear terms of reference. The membership of this committee must be cross-cutting covering all key areas of the business and cutting across various levels of the business. Managers and employees and various professional groups must be represented in this committee. Here is the sample of Terms of Reference for the Job Evaluation Committee;

- To grade jobs based on parameters set out in the job evaluation manual. A copy of the job evaluation manual should be provided to each member after extensive training on the job evaluation system
- When grading jobs each member must first read the job descriptions and privately grade the job as per the job evaluation form and guidelines in the manual. After grading the job the member must sign the completed job evaluation form and submit it to the Chairman
- The Committee will have a Secretary who will be responsible for taking minutes and tabulating and summarizing job evaluation results from each member and consolidating results from committee members per job.
- The Secretary on receipt of each job evaluation form from a member must record the scores allocated by the member for each factor, including the total for all the factors. This must be done for all the jobs.
- For each job, the Secretary will come up with the average grading score and the subsequent grade and share with the Chairman before proceeding to another job.
- Once all jobs have been evaluated as per instructions above the Chairman based on results from the Secretary must present the final results including average factor scores for each job and the

grades to the whole committee.

- Where anomalies are observed Committee members may be asked to regrade the job again privately and individually before submitting their scores to the Secretary or Chairman.
- Once all the job evaluation results are approved by the Committee members, the Chairman should prepare a report of the overall results and the process followed in the grading of jobs.
- The Chairman must present the results to the Project Committee for final approval
- All proceedings of the job evaluation committee are private and confidential and should never be discussed with anyone outside the formal Job Evaluation Committee Platform.

Presentation of Job Evaluation Results to Stakeholders

Once the Job Evaluation Committee completes the evaluation of jobs, the results should be presented first to the Job evaluation project team. Once the project team approves the results, the Human Resources department and the whole job evaluation committee must embark on a roadshow to present the results. The results must be presented to employees in small groups, and then to union members and groups of managers. Feedback from these sessions is very crucial for the job evaluation committee. The feedback could signal the acceptance or non-acceptance of the job evaluation results. As part of that presentation, the committee must let employees know that they have a right to appeal if they are not happy with the grade. The only acceptable basis for appeal is that the committee may have missed some important information that the incumbent(s) would like to add. Giving employees the right to appeal increase the transparency and subsequent acceptance of the job evaluation results. Give employees 2 weeks to submit their appeals, after which the Job Evaluation Committee must meet to consider such appeals. Once jobs have been submitted for an appeal, they can only go up or remain where they are. Once the appeal process is completed and the final grading structure approved the next step is to prepare a pay structure. A pay structure is prepared by technical experts and it is not for the job evaluation committee.

How to link job evaluation results to pay structure

The ultimate for a job evaluation exercise is to end up with a new pay structure. The process of designing a pay structure requires higher-level technical skills which are not often found in general HR practitioners, hence the reliance on Consultants to carry this process. See this article for a detailed pay structuring process.

How to maintain a job evaluation system

Maintaining a job evaluation system is a crucial process. For the new grading system to last it would need to be maintained. Below I list some of the job evaluation system maintenance hints that you can use in the management of your system.

- Only entertain jobs for regrading when there are justifiable significant changes in job content which must be confirmed by the incumbent and their supervisor. HR should also verify to see if there has been a significant job content change before approving a job for regrading.
- Never link regrading to promotion. Remember job evaluation evaluates the content of the job and not individual performance or capacity. It is therefore not prudent to change a person's role into a higher grade as part of a promotion. Only jobs move into higher grades provided the job content has significantly changed to warrant a change in grade.
- People in the same grade should have the same benefits to avoid feelings of inequity
- Once a pay structure has been established with the minimum, midpoint, and maximum for each grade, never pay any employee outside these parameters no matter what the reasons are. This will keep the job evaluation or grading structure relevant for a very long time, as no employee will feel they are being disadvantaged.
- No job should be placed in any grade without a formal job evaluation process having been carried out
- Once a pay structure has been developed you should start new employees and less competent employees close to the minimum of the grade, pay your average performers around the grade midpoint and your top performers slightly above the grade midpoint.
- Use compa- ratios and range penetration metrics to manage your pay structure. This will ensure that the movement of people within the pay range is justifiable and controllable.
- Never allow arbitrary salary allocations to old or new employees as they progress through their careers. Put together very clear pay movement guidelines, to guide managers as they manage

their subordinates.

- Do periodic grade and pay structure audits preferably once a year. This will ensure that you are adhering to the tenents of the job evaluation process as envisaged when the project started.
- Train managers and supervisors on how they should use the grading structure and the pay structure as they manage their staff.

Conclusion

Job evaluation is probably one of the most important human resources processes that add significant value to the organization if done properly. The process outlined in this paper should assist everyone new to job evaluation and those experienced in job evaluation who are seeking to enhance their system. In summary, this job evaluation paper is for every HR professional and every manager charged with managing people in the workplace.

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