

Fundamentals of HRM

Unit III

Que : Define the term Job Evaluation. Explain its methods.

Meaning of Job Evaluation :

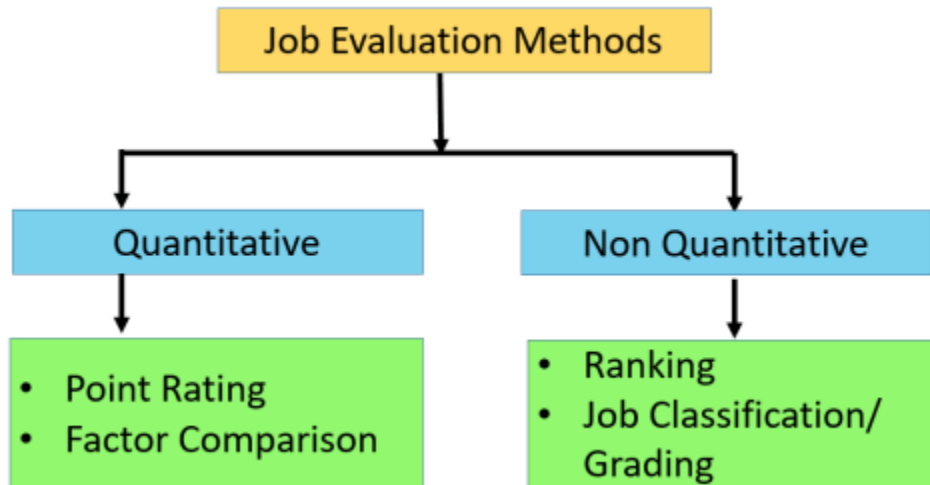
Job evaluation is a systematic technique which aims at determining the worth of a job for fixing their remuneration. Job evaluation rates the job and not the man. It considers the demands of job in terms of efforts and abilities but does not take into account individual abilities and efforts. Once the worth of the jobs is determined, it becomes easier to fix the wage structure that will be fair and remunerative.

Definition :

According to Edwin Flippo,

“ Job evaluation is a systematic and orderly process determining the worth of a job in relation to other jobs.”

There are four basic methods of job evaluation which are grouped into two categories:



The basic difference between these two methods lies in the sense that, under non-quantitative methods, a job is compared as a whole with other jobs in the organization,

whereas in case of quantitative methods, the key factors of a job are selected and, then, measured. The four methods of job evaluation are now discussed one by one.

Ranking Method:

The ranking method is the simplest form of job evaluation. In this method, each job as a whole is compared with other and this comparison of jobs goes on until all the jobs have been evaluated and ranked. All jobs are ranked in the order of their importance from the simplest to the hardest or from the highest to the lowest.

The importance of order of job is judged in terms of duties, responsibilities and demands on the job holder.

The application of the Ranking Method involves the following procedure:

1. Analyse and describe jobs, bringing out those aspects which are to be used for purpose of job comparison.
2. Identify bench-mark jobs (10 to 20 jobs, which include all major departments and functions). The jobs may be the most and least important jobs, a job midway between the two extremes, and others at the higher or lower intermediate points.
3. Rank all jobs in the organization around the bench-mark jobs until all jobs are placed in their rank order of importance.
4. Finally, divide all the ranked jobs into appropriate groups or classifications by considering the common features of jobs such as similar duties, skills or training requirements. All the jobs within a particular group or classification receive the same wage or range of rates.

Merits:

1. It is the simplest method.

2. It is quite economical to put it into effect.
3. It is less time consuming and involves little paper work.

Demerits:

1. The main demerit of the ranking method is that there are no definite standards of judgment and also there is no way of measuring the differences between jobs.
2. It suffers from its sheer unmanageability when there are a large number of jobs.

Grading Method:

Grading method is also known as ‘classification method’. Under this method, job grades or classes are established by an authorised body or committee appointed for this purpose. A job grade is defined as a group of different jobs of similar difficulty or requiring similar skills to perform them.

The grades or classes are created by identifying some common denominator such as skills, knowledge and responsibilities. The example of job grades may include, depending on the type of jobs the organisation offers, skilled, unskilled, account clerk, clerk-cum-typist, steno typist, office superintendent, laboratory assistant and so on.

Once the grades are established, each job is then placed into its appropriate grade or class depending on how well its characteristics fit in a grade. In this way, a series of job grades is created. Then, different wage/salary rate is fixed for each grade.

Merits:

1. This method is easy to understand and simple to operate.
2. It is economical and, therefore, suitable for small organizations.

3. The grouping of jobs into classifications makes pay determination problems easy to administer.

4. This method is useful for Government jobs.

Demerits:

1. The method suffers from personal bias of the committee members.

2. It cannot deal with complex jobs which will not fit neatly into one grade.

3. This method is rarely used in an industry.

Points Rating:

This is the most widely used method of job evaluation. Under this method, jobs are broken down based on various identifiable factors such as skill, effort, training, knowledge, hazards, responsibility, etc. Thereafter, points are allocated to each of these factors.

Weights are given to factors depending on their importance to perform the job. Points so allocated to various factors of a job are then summed. Then, the jobs with similar total of points are placed in similar pay grades. The sum of points gives an index of the relative significance of the jobs that are rated.

The procedure involved in determining job points is as follows:

Determine the jobs to be evaluated. Jobs should cover all the major occupational and levels of responsibility to be covered by the method.

Decide on the factors to be used in analysing and evaluating the jobs. The number of factors needs to be restricted because too many factors result in an over-complex scheme with overlap and duplication between factors.

Define the factors clearly in written. This is necessary to ensure that different job raters interpret a particular factor in the same sense.

Determine degrees of each factor and assign point value to each degree.

Merits:

1. It is the most comprehensive and accurate method of job evaluation.
2. Prejudice and human judgment are minimised, i.e. the system cannot be easily manipulated.
3. Being the systematic method, workers of the organisation favour this method.
4. The scales developed in this method can be used for long time.
5. Jobs can be easily placed in distinct categories.

Demerits:

1. It is both time-consuming and expensive method.
2. It is difficult to understand for an average worker.
3. A lot of clerical work is involved in recording rating scales.
4. It is not suitable for managerial jobs wherein the work content is not measurable in quantitative terms.

Factor Comparison Method:

This method is a combination of both ranking and point methods in the sense that it rates jobs by comparing them and makes analysis by breaking jobs into compensable factors.

This system is usually used to evaluate white collar, professional and managerial positions.

The mechanism for evaluating jobs under this method involves the following steps:

1. First of all, the key or benchmark jobs are selected as standards. The key jobs selected should have standards contents, well accepted pay rates in the community, and should consist of a representative cross-section of all jobs that are being evaluated—from the lowest to the highest paid job, from the most important to the least important—and cover the full range of requirements of each factor, as agreed upon by a Committee representing workers and management.
2. The factors common to all jobs are identified, selected and defined precisely. The common factors to all jobs are usually five, viz., mental requirements, physical requirements, skill requirements, working conditions and responsibility.
3. Once the key jobs are identified and also the common factors are chosen, the key jobs are, then, ranked in terms of the selected common factors.
4. The next step is to determine a fair and equitable base rate (usually expressed on an hourly basis) and, then, allocate this base rate among the five common factors as mentioned earlier.
5. The final step in factor comparison method is to compare and evaluate the remaining jobs in the organisation.

Merits:

1. It is more objective method of job evaluation.
2. The method is flexible as there is no upper limit on the rating of a factor.

3. It is fairly easy method to explain to employees.
4. The use of limited number of factors ensures less chances of overlapping and over-weighting of factors.
5. It facilitates determining the relative worth of different jobs.

Demerits:

1. It is expensive and time-consuming method.
2. Using the same five factors for evaluating jobs may not always be appropriate because jobs differ across and within organisations.
3. It is difficult to understand and operate.