



Role and Effectiveness of Job Evaluation in Human Resources Management.

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Abstract :- Decisions about what jobs are worth take place all the time. The decisions may be made informally, based on assumptions about the value of a job in the market place or in comparison with other jobs in the organization. Or it may be a formal approach, either some type of job evaluation, as described in this chapter, or a systematic comparison with market rates. It has been asserted by Gupta and Jenkins (1991) that the basic premise of job evaluation is that certain jobs 'contribute more to organizational effectiveness and success than others, are worth more than others and should be paid more than others'. Evaluating 'worth' leads directly or indirectly to where a job is placed in a level or grade within a hierarchy and can therefore determine how much someone is paid. The performance of individuals also affects their pay, but this is not a matter for job evaluation, which is concerned with valuing the jobs people carry out, not how well they perform their jobs.

Keyword:- Job Evaluation, Job Classification, Job Description, Profile, Analytical job evaluation, Job ranking, Bench mark of job, etc.

Introduction:-

This chapter covers a definition of job evaluation, formal and informal approaches, analytical and non-analytical formal schemes, market pricing, computer-aided job evaluation, making the choice between approaches, introducing a new or substantially revised scheme and equal pay considerations. Job evaluation defined Job evaluation is a systematic process for defining the relative worth or size of jobs within an organization in order to establish internal relativities.

The last aim is important. In its Good Practice Guide on Job Evaluation Schemes Free of Sex Bias the Equal Opportunities Commission (2003) stated that: 'Non-discriminatory job evaluation should lead to a payment system which is transparent and within which work of equal value receives equal pay regardless of sex.' Approaches to establishing the worth of jobs fall broadly into two categories: formal and informal. Formal job valuation Formal approaches use standardized methods to evaluate jobs that can be analytical or non-analytical. Such schemes deal with internal relativities and the associated process of establishing and defining job grades or levels in an organization. An alternative approach is 'extreme market pricing' in which formal pay structures and individual rates of pay are entirely based on systematically collected and analysed information on market rates and no use is made of job evaluation to establish internal relativities. Extreme market pricing should be distinguished from the process of collecting and analysing market rate data used to establish external relativities, having already determined internal relativities through formal job evaluation. job evaluation survey had a formal scheme) and, indeed, its use is extending, not least because of the pressures to achieve equal pay. Although formal job evaluation may work systematically it should not be treated as a rigid, monolithic and bureaucratic system. It should instead be regarded as an approach that may be applied flexibly. Process – how job evaluation is used – can be more important than the system itself when it comes to producing reliable and valid results. Informal job evaluation Informal approaches price jobs either on the basis of assumptions about internal and external relativities or simply by reference to going or market rates when recruiting people, unsupported by any systematic analysis. There are, however, degrees of informality. A semi-formal approach might



require some firm evidence to support a market pricing decision and the use of role profiles to provide greater accuracy to the matching process. Analytical job evaluation schemes Analytical job evaluation is based on a process of breaking whole jobs down into a number of defined elements or factors such as responsibility, decisions and the knowledge and skill required. These are assumed to be present in all the jobs to be evaluated. In point-factor and fully analytical matching schemes, jobs are then compared factor by factor either with a graduated scale of points attached to a set of factors or with grade or role profiles analysed under the same factor headings.

SOURCE OF DATA

The data used for the study is secondary in nature and has been collected from Human resources Management. Bulletin annual Report of ministry of finance GOF. Report on trend and progress of banking. In India various reputed journals newspaper and website of RBI and NABARD (National Bank for Agriculture and Rural Development) and ministry of human resources management.

Aims of job evaluation

- Establish the relative value or size of jobs (internal relativities) based on fair, sound and consistent judgements.
- Produce the information required to design and maintain equitable and defensible grade and pay structures.
- Provide as objective as possible a basis for grading jobs within a grade structure, thus enabling consistent decisions to be made about job grading.
- Enable sound market comparisons with jobs or roles of equivalent complexity and size.
- Be transparent – the basis upon which grades are defined and jobs graded should be clear.
- Ensure that the organization meets equal pay for work of equal value obligations.

Classification

1. Job Classification

1. Define factor levels to produce basic factor plan
2. Identify and define factors
3. Select, brief and train design team
4. Formulate communication strategy
5. Prepare project programme

2. Job evaluation

1. Develop scoring model
2. Test basic factor plan
3. Decide on weighting
4. Test computerized scheme
5. Computerize as required
6. Select and analyse test jobs

3. Job ranking

1. Test the full factor plan
2. Produce full factor plan
3. Apply scheme to benchmark jobs

1. Job Classification

This approach is based on a definition of the number and characteristics of the levels or grades in a grade and pay structure into which jobs will be placed. The grade definitions may refer to such job characteristics as skill, decision making and responsibility but these are not analysed separately.



Evaluation takes place by a process of non-analytical matching or 'job slotting'. This involves comparing a 'whole' job description, one not analysed into factors, with the grade definitions to establish the grade with which the job most closely corresponds. The difference between job classification and role to grade analytical matching as described above is that in the latter case, the grade profiles are defined analytically, in terms of job evaluation factors, and analytically defined role profiles are matched with them factor by factor. However, the distinction between analytical and non-analytical matching can be blurred when the comparison is made between formal job descriptions or role profiles that have been prepared in a standard format, which includes common headings for such aspects of jobs as levels of responsibility or knowledge and skill requirements. These 'factors' may not be compared specifically but will be taken into account when forming a judgement. But this may not satisfy the UK legal requirement that a scheme must be analytical to provide a defence in an equal pay claim.

2 Job evaluations

Analytical job evaluation is based on a process of breaking whole jobs down into a number of defined elements or factors such as responsibility, decisions and the knowledge and skill required. These are assumed to be present in all the jobs to be evaluated. In point-factor and fully analytical matching schemes, jobs are then compared factor by factor either with a graduated scale of points attached to a set of factors or with grade or role profiles analysed under the same factor headings. The advantages of an analytical approach are that first, evaluators have to consider each of the characteristics of the job separately before forming a conclusion about its relative value, and second, they are provided with defined yardsticks or guidelines that help to increase the objectivity and consistency of judgements. It can also provide a defence in the UK against an equal pay claim. The main analytical schemes as described below are point-factor rating, analytical matching and factor comparison.

3. Job ranking

Whole-job ranking is the most primitive form of job evaluation. The process involves comparing whole jobs with one another and arranging them in order of their perceived value to the organization. In a sense, all evaluation schemes are ranking exercises because they place jobs in a hierarchy. The difference between simple ranking and analytical methods such as point-factor rating is that job ranking does not attempt to quantify judgements. Instead, whole jobs are compared – they are not broken down into factors or elements although, explicitly or implicitly, the comparison may be based on some generalized concept such as the level of responsibility. Job ranking or paired comparison ranking as described below is sometimes used as a check on the rank order obtained by point-factor rating.

Methodology

The software used in a fully computer-aided scheme essentially replicates in digital form the thought processes followed by evaluators when conducting a 'manual' evaluation. It is based on defined evaluation decision rules built into the system shell. The software typically provides a facility for consistency checks by, for example, highlighting scoring differences between the job being evaluated and other benchmark jobs.

The two types of computer-aided evaluation are:

1) Schemes in which the job analysis data is either entered direct into the computer or transferred to it from a paper questionnaire. The computer software applies predetermined rules to convert the data into scores for each factor and produce a total score. This is the most common approach.



2) Interactive computer-aided schemes in which the job holder and his or her manager sit in front of a PC and are presented with a series of logically interrelated questions, the answers to which lead to a score for each of the built-in factors in turn and a total score.

Design principles

The scheme should be based on a thorough analysis of the jobs to be covered and the

- Types of demands made on those jobs to determine what factors are appropriate.

The scheme should facilitate impartial judgements of relative job size.

The factors used in the scheme should cover the whole range of jobs to be eval-

- acted at all levels without favouring any particular type of job or occupation and without discriminating on the grounds of sex, race, disability or for any other reason – the scheme should fairly measure features of female-dominated jobs as well as male-dominated jobs.

Through the use of common factors and methods of analysis and evaluation,

- The scheme should enable benchmarking to take place of the relativities between jobs in different functions or job families.

The factors should be clearly defined and differentiated – there should be no

- double counting.

The levels should be defined and graduated carefully.

- Sex bias must be avoided in the choice of factors, the wording of factor and level
- Definitions and the factor weightings – checks should be carried out to identify any bias.

Process principles

The scheme should be transparent; everyone concerned should know how it

- works – the basis upon which the evaluations are produced.

Appropriate proportions of women, those from ethnic minorities and people

- With disabilities should be involved in the process of developing and applying job evaluation.

The quality of role analysis should be monitored to ensure that analyses produce

- Accurate and relevant information that will inform the job evaluation process and will not be biased.

Consistency checks should be built into operating procedures.

- The outcomes of evaluations should be examined to ensure that sex or any other
- Form of bias has not occurred.

Particular care is necessary to ensure that the outcomes of job evaluation do not

- Simply replicate the existing hierarchy – it is to be expected that a job evaluation exercise will challenge present relativities.

All those involved in role analysis and job evaluation should be thoroughly

- trained in the operation of the scheme and in how to avoid bias.

Job Evaluation

The design and implementation programme. The design and implementation of a point-factor job evaluation scheme can be a time-consuming affair. In a large organization it can take two years or more to complete a project. Even in a small organization it can take several months. Many organizations seek outside help from management consultants or ACAS in conducting the programme. An example of a programme is given in Figure

Activity

Prepare initial factor plan

Test initial factor plan

Prepare final factor plan



Test final factor plan
Computerize
Test computerized version
Evaluate benchmark jobs
Conduct market rate survey
Design grade and pay structure
Evaluate remaining jobs
Define operating procedures

Conclusions

It could be claimed that every time a decision is made on what a job should be paid a form of job evaluation is needed. Job evaluation is therefore unavoidable, but it should not be an intuitive, subjective and potentially biased process. The aim is to develop an appropriate scheme that functions analytically, fairly, systematically, consistently, transparently and, so far as possible, objectively, without being bureaucratic, inflexible or resource-intensive. There are six ways of achieving this aim.

Six ways of developing an appropriate job evaluation scheme

1. Use a tested and relevant analytical job evaluation scheme to inform and support the processes of designing grade structures, grading jobs, managing relativities and ensuring that work of equal value is paid equally.
2. Use analytical matching underpinned by a point-factor scheme.
3. Ensure that job evaluation is introduced and managed properly.
4. Consider using computers to speed up processing and decision making while at the same time generating more consistent evaluations and reducing bureaucracy.
5. Recognize that thorough training and continuing guidance for evaluators is essential, as is communication about the scheme, its operation and objectives to all concerned.
6. Review the operation of the scheme regularly to ensure that it is not decaying, continues to be appropriate and trusted and is not discriminatory.

Learning outcomes

The aims of job evaluation

- Analytical job evaluation schemes
- Market pricing
- Comparison of schemes
- Designing analytical schemes
- Equal pay considerations

Approaches to job evaluation

- Non-analytical job evaluation
- Schemes Computer-aided job evaluation
- Choice of approach
- Design programme