

Chapter MP3 script 48

Job Evaluation

In this recording we summarise the content of chapter 48 Job Evaluation.

Studying this chapter should help you explain what is meant by job evaluation; contrast job evaluation methods; .

Introducing the chapter, the authors start with 1. In this chapter we continue with the theme of performance management and employee retention by turning our attention to reward management- salary structures in particular. HR practitioners want to ensure that salary (reward) systems are seen to be fair, administered accurately and professionally. In previous chapters we have discussed job analysis, roles and job descriptions along with person specifications. We recognised that roles require different knowledge, skills, abilities and competences and now discuss the means to determine how much each jobholder should be paid. Reward systems are used to attract, retain and motivate employees and as a consequence are typically designed with significant input from HR.

2. There are different types of pay system (methods used by organisations to determine pay): basic rate schemes are clear and tend to be job-based (i.e. the pay rate is based on the job). A grading structure may be developed through a job evaluation scheme, used to allocate jobs to appropriate pay grades or bands. However, these schemes may not offer enough incentive for increased or improved performance. Individual performance may be rewarded through bonuses or commission; group performance may be rewarded through schemes like profit sharing and share options. Collective bargaining between unions and management (see next chapter) is a dominant method of determining pay as is 'Custom and practice'. In other cases, management attempt to determine pay in the light of the 'going rate' for their industry or their local market. Whilst this may work reasonably well for the overall level of pay, it does nothing to sort out differentials in pay between different groups of employees.

3. There is a general recognition that some jobs are worth more than others because their overall contribution is greater and they carry more responsibility, but measuring these attributes in any kind of objective way is very difficult to achieve in practice, (Torrington et al 2009). Most organisations of any size implement some form of grading structure which is used as the basis of determining the basic rate of pay for each job. The traditional approach involves developing a salary structure of groups (see job families and career frameworks), ladders and steps (see scales or points). Typically, different groups have different pay scales. The grade is then allocated a lower and upper annual salary and an employee on that grade will draw a salary dependent upon their point within it. In traditional models, increments within the scale are awarded annually, reflecting individual seniority. Promotion is used to access a different ladder. One of the main tasks associated with the administration of such a system is setting the differential gaps. In doing so, evaluators need to give consideration to the market rate for a particular role, equity and the individual's performance within that role. Job evaluation is the most common method used to compare the relative values of different jobs in order to provide the basis for a rational pay structure. We will explain and evaluate the concept, process and associated methods in this chapter..

The key concepts discussed within this chapter are:

job evaluation - A technique for determining the size of one job compared with another, and the relationship between the two; job evaluation schemes can broadly be divided into analytical and non-analytical; the technique forms the basis for wage and salary administration.; job grading - A job evaluation scheme based on an organisation's hierarchy of job grading; job ranking - A job evaluation scheme based on job descriptions; .

Other terms discussed include:

Analytical (job evaluation); Factor plan (job evaluation); points rating method ; red circling; .

Summarising and concluding, the author(s) make the following comments - 15. There is a general recognition that some jobs are worth more than others since their overall contribution is greater because they carry more responsibility, but measuring these attributes in any kind of objective way is

very difficult to achieve in practice. There are different types of pay system (methods used by organisations to determine pay): basic rate schemes are clear and tend to be job-based (i.e. the pay rate is based on the job). A grading structure may be developed through a job evaluation scheme, used to link jobs to appropriate pay grades or bands. One of the main tasks associated with the administration of such a system is setting the differential gaps. In doing so, evaluators will need to give consideration to the market rate for a particular role, equity and the individual's performance within that role. Job evaluation is the most common method used to compare the relative values of different jobs in order to provide the basis for a rational pay structure. Job evaluation is the name given to a set of methods designed to compare jobs systematically with a view to assessing their relative worth. We outlined a Job evaluation process and various job evaluation methods. Finally we reviewed Job evaluation and the law. When designing a job evaluation scheme it is particularly important to bear in mind that only analytical schemes are likely to be capable of demonstrating an absence of sex bias..

We have now reached the end of the chapter 'Job Evaluation'.

There are a number of references for this chapter where further reading opportunities are identified for you.

Additionally, there are questions or activities to help develop and test your understanding of this chapter