

Extension Material 13.2

Job evaluation

Job evaluation is a process or technique whereby the relative value or worth of a job can be determined in a systematic and transparent manner, although whether the additional claim for objectivity made by its supporters is as convincing is more controversial.

There are various techniques available to establish this worth, from simple subjective judgement, to more complex analysis using points and weightings for different factors. The process looks at the actual job and its content, and not at the jobholder. It is therefore designed to provide a fair basis for determining the level of pay or grade of individual workers, relative to others whose jobs are rated higher or lower. The outcome of the evaluation exercise, whichever of the following methods is used, is usually a ranking of jobs based on their relative values—known as a ‘job structure’—which then becomes the basis for pay rates or salary levels, which is described as a ‘pay structure’.

Non-analytical methods

The simplest methods of determining the relative worth of a job involve considering the overall job content and making a judgement about the role. ‘Job ranking’ involves deciding the order of jobs, from the highest worth to the lowest. While this simple technique is subjective and carries the danger of ranking based on known pay levels, it may be attractive to a smaller organization, for example, in which there are no disputes or disagreements over pay and for which a guideline is required to determine the appropriate level of pay to offer to a new recruit. ‘Paired comparison’ is another, similar, technique under which each job is considered relative to each other job and is given a simple score of ‘0’, ‘1’, or ‘2’, depending on whether it is of lower, similar, or higher value.

Analytical methods

If a more objective means of determining the worth of a job is required, organizations usually use a points-based system, whereby the job is considered against a predetermined set of criteria against which it is scored. Sometimes the criteria are also weighted and some elements may therefore be given more points due to their importance to the organization.

The criteria used can either be designed specifically for the organization or there are a number of ‘off-the-shelf’ job evaluation packages in use. Unless there is in-house expertise and resource with which to design a robust system, the organization may need to pay for the services of an external body to design a system or it may need to pay for an existing product. While this can be expensive, it carries the advantage of being ready for immediate use; clients can also usually access the provider’s data on pay levels to help to benchmark their own levels of pay against other rates locally and within the market for positions of similar value.

One of the most well-known analytical methods has been developed by the Hay Group (www.haygroup.com). Traditional application of the full method involves evaluating and allocating points to each job using the following factors.

- Know-how
 - The depth and range of practical, technical, specialist, professional, and general skills needed to deliver job objectives.
 - The degree of planning, organizing, prioritizing, coordinating, and integrating that the job involves.
 - The communicating and influencing skills required to achieve results with or through others.
- Problem solving
 - The extent to which thinking is constrained by its context (business environment, organization policies and procedures, and legislation) and the level of flexibility permitted in applying them.
 - The complexity and intensity of problems arising in the job and the amount of analysis, judgement, and innovation involved in arriving at conclusions.
- Accountability
 - The degree of authority and discretion vested in the job and the degree of answerability for the exercise of it.
 - The scale of the areas of activity on which the job is expected to have an impact and the nature of that impact.

While the total points score derived is important for grading and pay purposes, the Hay Group method is unique in two ways. The points scale used increases in percentage steps so gaps and relationships between jobs can be analysed in a meaningful way. The weighting between the three factors is not constant and changes to reflect the nature (shape) of the job. These combine to give a tool that is useful for organization analysis and design.

The Hay Group method can be used in a variety of ways and streamlined to suit the needs and culture of the organization while retaining the rigour of the analytical underpin and enabling job and organization effectiveness analysis. Examples could be using problem-solving clusters to create broad levels of work or building a 'slotting' framework from total know-how, the problem-solving level, and the job shape profile. Many organizations use a matrix that combines problem-solving levels and the job profile to give a career map which links job progression to skills and behavioural competencies. This means that the organization can assess the best role-person fit.

Hay Group's analytical methods are proprietary to them. More detail of how they can be used to address a range of issues in organizations, including talent management, roles, organization structure, and reward is available on their website (www.haygroup.com).

Guidelines on other job evaluation methods and performance-related pay can be found on the CIPD (www.cipd.co.uk) and ACAS (www.acas.org.uk) websites.

A current example of strategic change in reward systems, based on a national system of job evaluation, can be found in the NHS Agenda for Change programme. An overview of it can be found on the Department for Health's website (www.dh.gov.uk).