



## Management Support Unit (MSU)



### Job Evaluation - Information sheet 16

This fact sheet outlines the main approaches to undertaking job evaluations. This is defined as an exercise to “systematically and consistently define the relative worth of jobs within an organisation”. Several methods are outlined, each with related advantages and disadvantages.

Job evaluation is a technique for comparing the demands of jobs in terms of experience, responsibility, skill/ knowledge. It is used widely and considered useful because:

- Job descriptions often do not adequately describe the full range of competencies required to perform job related duties;
- The process can support a pay system that is fair and equal, because there is a transparent way to compare job demands. Job evaluation does not determine actual pay, but is the basis for these decisions, normally the subject of negotiation between management and employees or their representatives. Only the job is evaluated, not the person in the position;
- It enables comparison of remuneration rates against the overall market, to inform effective responses to recruitment & retention, and turnover issues;
- It can usefully support career management and succession planning;
- After large-scale change (e.g. merger, expansion) job evaluation can be particularly useful when many roles have changed in the process.

Job evaluation can have many uses, but it is equally important to remember what it is not. It is not concerned with the total volume of work, the number of people required to do it, the scheduling of work, or the ability of the position holder. It is not a performance appraisal system.

Good job evaluation relies on clear, detailed and up-to-date job descriptions on which to base the job evaluation (see also MSU Fact Sheet 15 on Recruitment).

#### **Common Methods of Job Evaluations**

Several techniques of job evaluation have been developed. Each has its advantages and disadvantages, costs and risks. The most commonly used include job ranking, whole job classification, and points factor comparison.

## 1. Job Ranking

This method is one of the simplest to administer. Jobs are compared (in rank order) to each other on the basis of skill, effort (physical and mental), responsibility (supervisory and budgetary), which collectively are deemed to determine the overall worth of a job to the organisation. Working conditions can also be taken into account in assessing the difficulty of the job.

Table 1: Job ranking advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• Simple</li><li>• Low - cost.</li><li>• Very effective when there are relatively few jobs to be evaluated and ranked (e.g. less than 30).</li></ul>	<ul style="list-style-type: none"><li>• More difficult to administer as the number of jobs increases.</li><li>• Rank order judgments can be relatively subjective.</li><li>• Tells you more about relationship between the jobs within the organisation than about jobs relative to others in the sector (i.e. the market rate), so is less effective at providing an evidence base for pay determination.</li><li>• Since there is no standard used for comparison, new jobs would have to be compared with the existing jobs to determine its appropriate rank. In essence, the ranking process would have to be repeated each time a new job is added to the organisation.</li></ul>

## 2. Whole job classification

With this method jobs are classified into a pre-existing hierarchy of grades/categories. So some work already has to have been completed to identify and describe layers of competency and responsibility throughout the organisation.

Each level in the grade/category structure would typically have a detailed description associated with a particular level in the organisation (e.g. "Principal Officer") and associated job titles (e.g. "Head of X"). The classification of an individual position is decided by comparing the 'whole job' against the corresponding grade providing the closest match to the job. To ensure equity in job grading and remuneration, a common set of job grading standards and instructions are often used.

The standards do not attempt to describe every aspect of each position in the jobs covered, but to identify and describe those key characteristics that are significant for distinguishing different levels of competency and responsibility. They define these key characteristics in such a way as to provide a basis for assigning the appropriate grade level to all positions in the organisation.

Table 2: Whole job classification advantages and disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>Simple to apply if robust job grading standards and instructions are developed and understood. The grade/category structure exists independent of the jobs. Therefore, newly created jobs can be classified more easily than the ranking method.</li> </ul>	<ul style="list-style-type: none"> <li>Classification judgments can be relatively subjective.</li> <li>The standard used for comparison (the grade/category structure) may have built in biases that would negatively affect certain groups of employees (e.g. females or minorities). For instance, the management of financial or physical assets (jobs which are more likely to be held by male employees), may be valued more within the hierarchy</li> <li>Anomalies will occur where jobs appear to fit within more than one grade/category, and may require negotiation.</li> </ul>

**3. Factor or ‘point’s factor’ comparison.** This is a more sophisticated version of classification, but is considered by many to be the most robust job evaluation method. Typically a small number of compensatable factors such as *skill, responsibilities, effort, working conditions, expertise, judgment, accountability* are identified. Often these primary factors are further broken down (hence subfactors, e.g. accountability are broken down into *impact, involvement, independence and influence*). Then each of these is defined and described (see example below).

Box 1: Example of 'Accountability' sub factor for points factor evaluation system

**(Accountability): sub factor 'Involvement'**

*'The involvement subfactor is concerned with the nature of the position's accountability for the management of, or influence over, organisation resources and services. It measures the extent to which the position is partly or wholly accountable for the provision of a complete and accurate service. For example, one consideration might be whether the position has accountability for a particular resource/service fully delegated to it or shared with other positions. The service could be provided to the position's supervisor, others in the organization or to external customers/clients'.*

*(Extract from Mercer CED method statement sourced at University of Southern Queensland Human Resources Department: [www.usq.edu.au/hr](http://www.usq.edu.au/hr))*

The next step in the evaluation process relies heavily on well written, accurate job descriptions. These are evaluated against a pre-existing schedule of points for each of the factors (hence 'points factor'). Points are then allocated to these (sub) factors, and a points total for each position (as described by the job description) results.

Finally benchmark jobs which are felt to be equitably paid (i.e. not over or under paid) are identified, so that all jobs can be compared against these examples. Alternatively, jobs can be compared to averages across the sector (by the use of industry data bases to determine whether they match sector averages, or are over/under-compensated).

Table 3: Points Factor Comparison Advantages and Disadvantages

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• The value of the job is expressed in monetary terms.</li> <li>• Can be applied to a wide range of jobs.</li> <li>• Can be applied to newly created jobs.</li> </ul>	<ul style="list-style-type: none"> <li>• Longer and more time consuming , and requires more specialist knowledge of the process</li> <li>• The pay for each factor is based on relatively subjective judgments.</li> <li>• The standard used for determining the pay for each factor may have build in biases that would affect certain groups of employees (females or minorities).</li> </ul>

## **General tips for successful job evaluation**

1. The process is often as important as the results, so it's essential to involve the people occupying the positions under evaluation. This is especially so if you think your organisations job descriptions are poorly written or out of date. The people in positions and their immediate supervisors have the best idea of what the job is really about.

Care should also be taken to be aware of people 'talking up' their role, and hence it's overall worth. Job evaluation is most effective as a participative exercise and this in itself can improve employment relations. It is therefore recommended that job evaluation is introduced or revised jointly by allowing management and employee representatives to discuss relevant issues initially in a non-negotiating forum (i.e. over terms and conditions).

This is because:

- a joint approach is more likely to commit both parties to outcomes and recommendations;
- a joint forum will generate more ideas and recommendations than might be expected in a more formal negotiating meeting;
- a jointly agreed job evaluation scheme can remove emotion from grading queries by allowing reasoning, rather than confrontation, to prevail, and
- in the event (post evaluation) of a claim by someone that their job is 'worth' the same as another (an "equal value" claim), a jointly agreed analytical scheme is more likely to be regarded as fair by an employment tribunal or external mediators.

A decision should also be made at the beginning of the process about how results will be communicated, and an appeals or review procedure should be established before the evaluation begins. This will assist transparency and understanding of what can often be a challenging or sensitive process for some people.

2. Evaluating lots of roles can be very time consuming. Job evaluation should be an ongoing process (e.g. where new jobs are created or when somebody leaves, or reviewing the job description and evaluating the position using the most appropriate method). If 'whole of organisation' reviews are required then recent evaluations can be updated rather than doing everything from scratch.

3. Up to date, accurate job descriptions are absolutely essential and should be reviewed for accuracy with the current incumbent before evaluation. Position descriptions should also be reviewed during the annual performance appraisal process. More complex job evaluation techniques require more information and

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often the primary source of this is job descriptions, so the more complex the job evaluation scheme, the more detailed the job description needs to be.

4. Keep accurate records of decisions taken, to ensure openness, and transparency. Build confidence in the process and outcomes by briefing people about the methods being used, why it is being used and who else uses it. Many organisations choose to engage consultants to manage parts or the entire process. These consultants often have access to the expensive but comprehensive data bases containing detailed information about remuneration levels in different sectors.

5. It is important to be very clear that job evaluation methods are not to be confused with performance management or appraisal, where the primary concern is with how well a job is performed. Job evaluation is not a method for either measuring or rewarding performance.