

Is Job Evaluation Making a Comeback – or did it never go away?

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The purpose of a guard dog is to protect premises from unwanted intruders. Yet sometimes the guard dog becomes a menace itself; continually barking, failing to do the job, even creating a further problem to be resolved as a result of its behaviour. Some owners take action by muzzling the dog, locking it up in a kennel or simply removing it from the site. Was this the fate of the job evaluation guard dog, protecting the premises of pay? This article explores whether job evaluation was merely kennelled for a time and has returned, not as a problem 'pet', but as an effective and trained member of the compensation and benefits team.

WHAT IS IT?

Job evaluation is a method of determining the relative worth of a job to an organization. Simple. More important is knowing what it is not:

"Job evaluation does not determine actual pay. That is a separate operation ... Only the job is evaluated, not the person doing it."¹

The reason why job evaluation seemed to be failing was simply that it was asked to do too much. Asked to guard more than just the premises, it was unable to satisfy its master who began to see it as an undesirable mongrel.

SO WHY HAVE IT AT ALL?

Assessing what people do at work happens anyway, usually in a chaotic, arbitrary, subjective and inconsistent manner. Something is needed to provide a basis for rational assessment. But why a formal approach? Job evaluation set out to provide security in the form of:

- a foundation for equitable and defensible pay structures;
- a logical framework to make pay decisions;
- a formal process that produces a better 'felt-fair' outcome than informal arrangements; and
- a response to any legislative requirements such as equal pay for equal work.

Job evaluation is a foundation stone of management practice. A young puppy in 1789*, it developed to maturity with the first 'points rating scheme' in 1924. Job evaluation then became very technical and divided into different methods, the main ones being shown in BOX 1 opposite.

Conventionally, job evaluation was used to develop grades, dividing a carefully prepared ranking of individual job scores into groups of scores and thereby a limited number of grades; a strange, circular process to manage pay, but reflecting the inherent crudeness of the job evaluation tool. This was a type of grading starting with the value of the job – driven by internal equity. A second type of grading, with evenly spread pay ranges, was used to classify jobs into groups on the basis of the pay needed for the job according to the market. Regardless of the pay level thought to be required, that was the grade – driven by market forces. Grade drift occurred when the second type eroded the first and job evaluation inconsistencies inevitably became apparent. Was this an excuse for a new scheme?

A SAD TALE OF DECLINE?

Job evaluation should have taken centre stage in the 1970s as the legal requirements for equal pay were laid down but, sadly, it failed to be fully effective. Computerization of job evaluation emerged in 1984. The intellectual challenges to job evaluation, starting in around 1987 from the USA especially, led to its rapid muzzling and kennelling. As David van der Voort of William M. Mercer said, "We just can't use the term job evaluation for the last ten years in the US."²

The process of job evaluation has been criticized in a number of ways, for example being called:

- a "bogus science" (Kenneth Clarke MP, former UK Chancellor of the Exchequer),
- inflexible,
- biased by human judgement,

* referenced by the US Office of Personnel Management as being the first time that a maximum rate of pay was set

- a ritualistic game,
- a ‘justification’ for preconceptions of the current status,
- a promotion of resource-wasting empire building;
- a diversion from getting on with the real work of the organization, and
- complex, arcane, time consuming, bureaucratic and expensive.

Quite simply, because job evaluation focused on jobs, not people, it ignored the realities of the pay market. Let’s put the dog down! (In terms of job evaluation, the dog often was.)

WHAT HAPPENED NEXT?

The need for assessment was, of course, still there and the pseudo-science of job evaluation was replaced by flexible and people-orientated intentions. These included the following newer approaches which had various degrees of reported success over the next period:

- market pricing,
- broad banding,
- job families,
- competency-based pay,
- (whole) job contribution,
- career grades/paths/structures, and
- talent management.

The first three of these especially had an impact on the world of job evaluation.

Market pricing achieved major dominance as an approach to valuing work in North America, less so in the UK and under constraint in much of Continental Europe. In many organizations it replaced job evaluation entirely and relied on matching jobs from one organization to another. It had a great impact for the early implementers as the hounds with huge appetites roamed the pay fields hunting for data. Ironically, the very flexible nature of inter-company data comparisons created a data industry that is complex, arcane, time consuming, bureaucratic and expensive. Sound familiar?

Broad banding and job families often have an association. The concept of linking these is attractive as it means fewer descriptions of jobs/roles, flexible working arrangements with fewer diversions about status

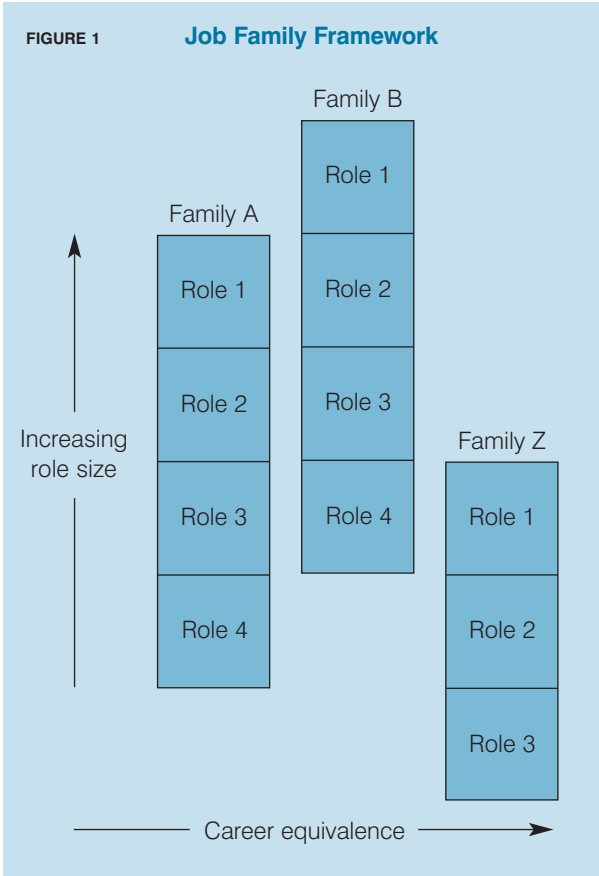
constraining activity and larger pay ranges, often with delegated management discretion about the amount to pay. It puts the management task back where it belongs, with the line managers. Job families try to replace the administrative effort that is often required in more conventional job evaluation – fewer individual jobs, fewer evaluations, less discontent, less administration. Its real value, however, is added by integrating a range of HR practices into one system of clarifying and classifying work.

Job families build a framework for the organization using ‘roles’ as building blocks. The terminology is, admittedly, confusing and by no means consistent. A ‘role’ is an extended job or set of jobs that have similar characteristics. There will be a number of elements that add *breadth* to the description focusing on the nature of the work done rather than the specific detail. For example, ‘musician’ may be the *role* with common accountabilities between such specific *jobs* as violinist and flautist but with no expectation that an individual can realistically move between the two (although he/she may be able to). The technical knowledge and different skills required by the job will be managed elsewhere but the jobs are judged to be of the same worth.

The number of job families will vary from organization to organization depending on perceived and actual diversity and culture. Each family may have a different number of ‘levels of work’ identified within it. The range of levels will, most likely, start and finish in a different position in the natural overall hierarchy. FIGURE 1 overleaf shows the principle of job families, illustrating changes in job size vertically and career equivalence horizontally in a given company. The emphasis on career paths can sometimes be the main purpose of job families rather than being used as a ranking tool.

There is often a supporting analytical job evaluation scheme to provide some form of objective assessment of relativities between different families and the levels within each family (and to provide a basis for compliance with equal pay requirements). Thus we now have a pre-defined job ranking or classification system. Actual jobs may be described in more conventional ways, giving the detail of the job content and technical skills, and assigned by an evaluation process to the job family framework. This evaluation would not be considered, by itself, to be an analytical job evaluation scheme and care must be taken to comply with legal requirements (for example, equal opportunities case law).

<p>BOX 1</p> <p><i>Non-analytical</i></p> <ul style="list-style-type: none"> ■ Each process compares a whole job with another to produce a single rating or rank position ■ Simple job ranking ■ Paired comparisons ■ Job matching 	<p>Summary of Main Job Evaluation Methods</p> <p><i>Analytical</i></p> <ul style="list-style-type: none"> ■ Each process breaks down the job into a number of key components and rates each factor independently and combines each rating in a total score ■ Factor comparison ■ Points rating ■ Job content classification and aggregation
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The levels of work are described for each family. The descriptions help define the key factors that are differentiated from one level to the next and these may include:

- responsibilities, contribution, impact and outputs required (what the job is there to do),
- performance measures (what to look for to see if the job has been done),
- expected skill levels and experience (the complexity of the job knowledge required to do the job), and
- behavioural aptitude (the traits that are likely to lead to success).

The use of one process to gather the key features of a role is extremely beneficial and goes far beyond the policing requirements of conventional job evaluation. TABLE 1 below illustrates some combinations that add value. In fact, one might argue a case for a 'Yes' in each instance!

In addition, the measurement of work ventures into the area of competency-based assessment where ranking is done on the basis of human attributes rather than job content. Not surprisingly, in practice the 'competency' factors began to look rather like 'job' factors, though even less objective. However, consultants and organizations are successfully developing alternative direct links between job measurement and competency characteristics, keeping them separate but related for pay and personal development applications.

Broad bands are pay structures that combine a number of hierarchical grades into one but, as there is no technical definition of the size of a broad band, a number of variations arise. Broad banding introduces further sophistication to job families by giving depth, as well as breadth, to a role. A role is still described in the style outlined earlier but different job sizes within the same role are now recognized. The competencies for the role are the same but in different job sizes. (Think of a pair of shoes, same style but in different sizes and fittings.) Each broad band might be divided up into sub-levels – or 'zones' – probably directly related to notional or explicit boundaries around pay within the band. Differences between jobs tend to be restricted to aspects associated with size, impact and complexity but they may also include variations in skill levels and competencies. There may not be the same number of recognized job sizes in each band and each broad band may not be the same size either. There are a number of design options. FIGURE 2 opposite illustrates a four-banded structure with a total of nine sub-levels.

Forcing broad bands to have identical depth will have design elegance, but the reality is that bands are likely to have natural depths according to the nature of the role. In turn, this may vary across families, resulting in a job family network that looks over-complex. Job evaluation may play a further part now in assessing where a version of the expanded role fits into the structure: at the upper, middle or lower level – or zone – of the band. This may be important to support the management of pay within a pay range that may be very wide and greater than that needed to reflect market or performance.

In some job families the differences within the roles might be formally recognized as different grades, perhaps with a different job title, but in broad banding they would be in the same band. The key consideration is whether the same responsibilities adequately describe each size level in the role; otherwise they are different, albeit similar, roles. The situation may even occur when a 'boss' and a 'subordinate' will be in the same band. Of

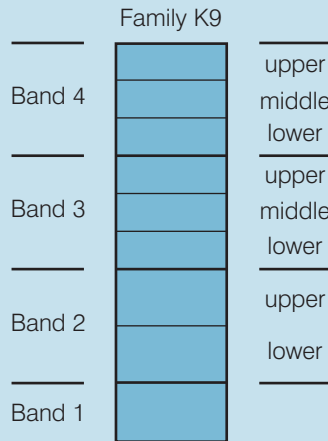
TABLE 1

Integrating Features of Job Families in HR Processes

	Recruitment and selection	Job evaluation	Personal development	Performance assessment	Career planning	Succession planning	Basic pay	Incentives
Contribution	–	Yes	–	Yes	–	Yes	Yes	–
Measures	–	–	–	Yes	–	–	Yes	Yes
Skills	Yes	Yes	Yes	Yes	Yes	Yes	Yes	–
Behaviours	Yes	–	Yes	Yes	Yes	–	Yes	–

FIGURE 2

A Broad-Banded Structure with Sub-levels



course, recognizing that there are variations in the size of a role may be ignored for pay management purposes to emphasize organizational flexibility and the 'person rather than the job', but generally employees still acknowledge those differences. Such employees will want fairness of treatment.

WHAT DO PEOPLE THINK ABOUT IT NOW?

So job evaluation has not skulked off into the shadows. It is re-emerging with vigour. Today's job evaluation is:

- presented differently,
- more efficient, and
- less obvious.

Furthermore, it involves management in a different way.

In the UK, a recent comprehensive survey of job evaluation practice supports this view:

"Interest in job evaluation persists in spite of the negative views of many commentators. Although less than half of the survey respondents (44.5%) use formal job evaluation, 45% of those without a scheme intend to introduce one. Only 5% had abandoned job evaluation."³

The survey canvassed the views of practitioners in organizations regarding job evaluation and they consistently recommended:

- keeping it simple;
- using broader bands;
- aligning it with a competency framework;
- using a single scheme;
- taking particular care over factor definitions;
- operating flexibly; and
- computerizing.

The Chartered Institute of Personnel and Development in the UK conducts an annual reward survey and, in 2005, it found that 51% of respondents are using job evaluation to determine salary levels.⁴

Every dog has his day and job evaluation is gaining confidence.

THE BUSINESS PURPOSE OF JOB EVALUATION

So where does a returning job evaluation find its place in the world?

Reward practitioners are thinking far beyond straightforward 'salary administration' and are incorporating the concept of 'total reward' into their reward strategy.⁵ However, at the core remain the transactional rewards – the financial side. These have to be hygienically correct and, like the guard dog, trained and obedient, before the competitive advantages of the relationship-driven rewards can have an impact.

A pay system can be broken down into four basic components:

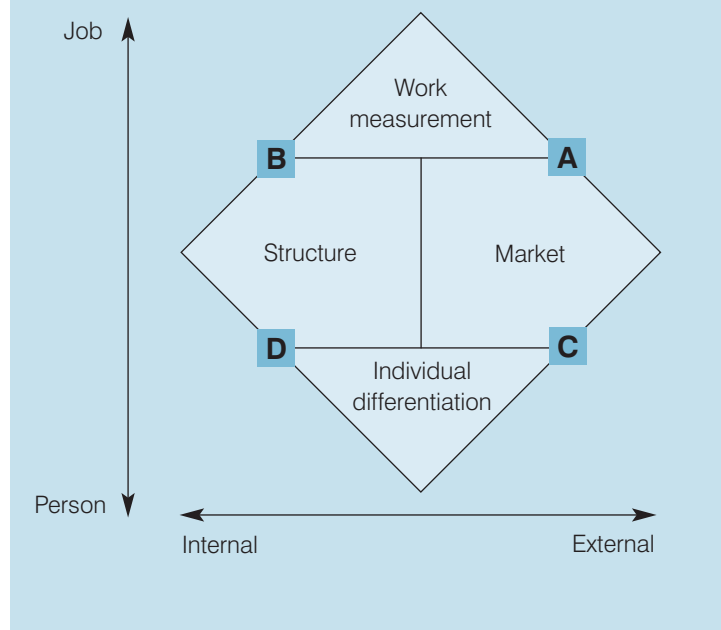
- work measurement,
- structure,
- market, and
- individual differentiation.

These four components interplay to produce pay systems that are aligned with the organization's goals. FIGURE 3 below shows how they relate to each other. Along one dimension there is the balance between the job and the person; and along the other dimension the need to reflect internal equity at the expense of pay market forces. Work measurement is not in opposition to paying individuals; they work together but have distinct differences. Each can be objectively assessed while acknowledging that one might impact on the other. Structures, such as grades, the mix of salary, variable pay and benefits, are more closely related and each merges into the other.

At point 'A', the pay system may only be concerned with a job or a set of tightly focused jobs. Here, measurement between jobs is irrelevant because there is no need to compare. Pay is driven by what the market pays for that specific job (for example, 'standard' jobs such as carpenter and programmer).

FIGURE 3

Pay System Components



At point 'B', an internally focused organization is concerned with internal relativities and a diversity of jobs, perhaps a government administration. Formal job evaluation will be a key process.

At point 'C', there is no need for job evaluation at all. The pay system revolves around the 'star' capability of the target individual. The pay markets will differ obscurely between similar talents in different fields. For example, compare a popular world sport like soccer, with mega-buck rewards, with a similar tactical game such as field hockey, where no fortunes are made, and compare that with a similar-looking game like ice hockey, where money is up front once more. Job evaluation has no purpose where the star quality dictates the price to be paid.

At point 'D', a formal hierarchy is used to reflect individual rank with a loose (and perhaps minimal) relationship to the valuation of job content. Rank is awarded on the basis of how an individual fits the organization's criteria: perhaps birthright, service and age or battlefield honours. Pay is a side issue. Traditional military organizations would fit into this area.

In most organizational circumstances, these extremes are modified to suit the nature, style and culture. There may or may not be a place for the various techniques of job evaluation to support the management of hierarchy and pay. There will be no single right way to handle the job evaluation task but tactical decisions will include consideration of one or more of the following:

- the business purpose of the job evaluation result,
- a support to remove pay discrimination,
- the diversity and the extent of involvement of participants,
- the efficiency of process, and
- technical compliance.

At one extreme, it may be a simple desktop exercise to merely put a score to a job in order to access pay data or to monitor relativities in the background. Although a minimal activity that may not be robust enough to survive scrutiny, it suits the specific business purpose.

In other circumstances, the process and the involvement of various interest groups are paramount for acceptability and for the success of the business purpose. Process efficiency is critical to managing and monitoring outcomes. The best example of this is probably the newly launched NHS* job evaluation scheme in the UK, involving a huge volume of jobs (more than a million) over hundreds of sites and many replications of similar jobs, with a major requirement to achieve visible nationwide consistency.

No lesser task is represented by the global organizations that are seeking to ensure consistency across multiple international locations. A degree of devolution of the job evaluation process is appropriate simply to handle the task in any kind of efficient administrative manner. The U.S. Department of State probably manages more territories than any other organization with its new job

evaluation system for Foreign Service Nationals staff.⁶ The task requires evaluation of up to 40,000 staff in 180 countries in a range of culturally diverse jobs[†].

THE COMPUTERIZATION OF JOB EVALUATION

The computerization of job evaluation is evolving into an effective way of supporting the ambitions of global organizations, largely due to the potential of network-based job evaluation tools. They fall into two broad areas:

- administrative support, and
- evaluation decision support.

Administrative support is about managing the data with the usual array of reporting facilities.

Evaluation decision support provides guidance to the evaluator in various degrees with the aim of improving objectivity and consistency. Often built around a questionnaire that aids the analysis of a job using cross-comparisons and 'sense-checks', computerization supports a slotting process, improving speed, efficiency and the recording of 'evidence'. More sophisticated questionnaire approaches emulate the evaluation process through intelligent 'rules' that generate a computer decision. The 'rules' are, by definition, more precise, give a consistent result for a given set of inputs and can compute a range of job content features much faster.

There is now more choice than ever in implementing job evaluation, as follows:

- manual systems,
- systems supported by stand-alone computers,
- local networked systems on a common restricted database,
- intranet/Internet-based systems that permit clear control from a central point but allow significant involvement, and
- intranet/Internet-based systems that permit job evaluation decisions to be devolved to line management.

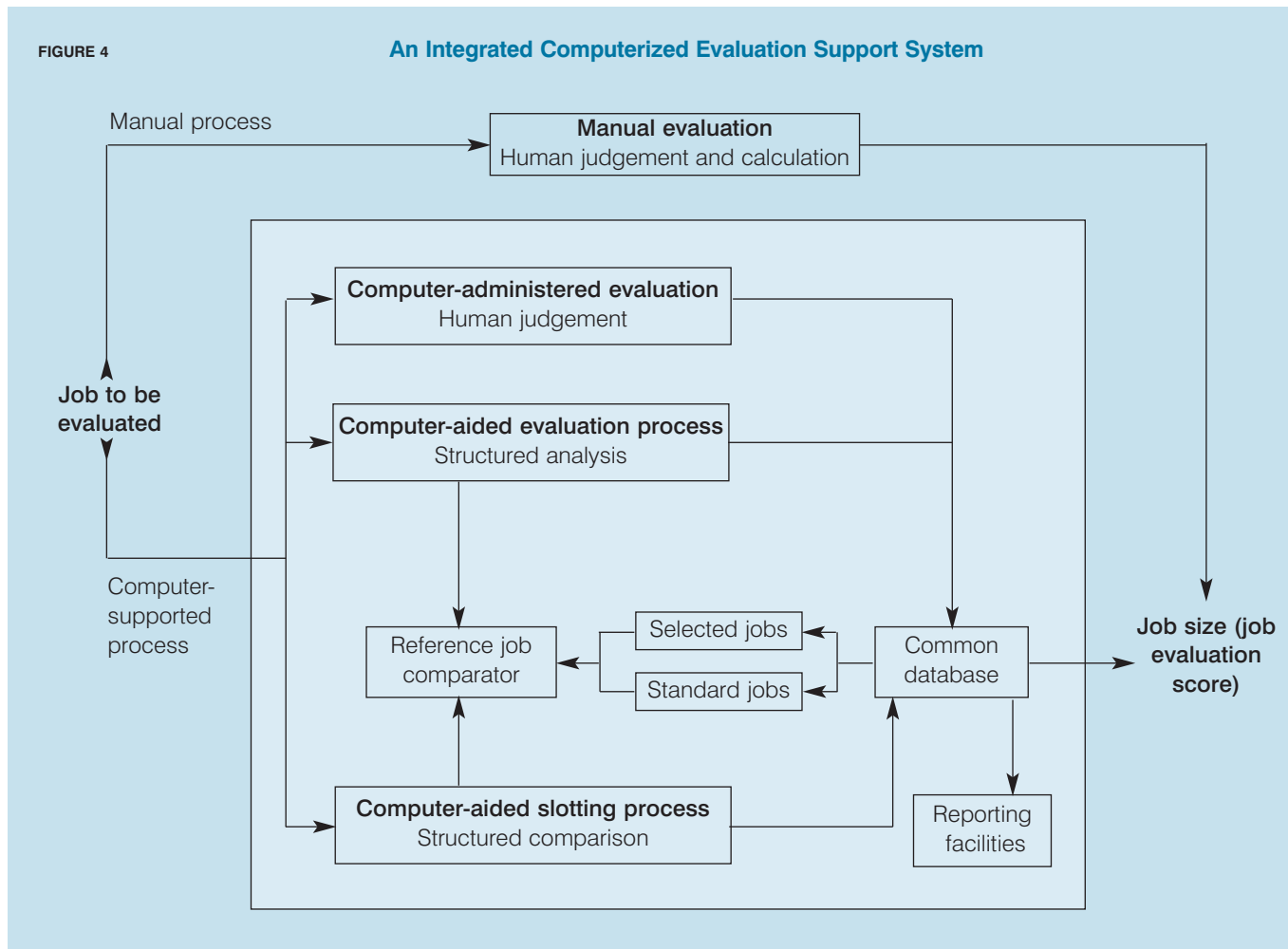
Smaller organizations are likely to keep manual systems (including some spreadsheet tools) but may adopt more sophisticated computerized methods while keeping close central control. Larger organizations are likely to want to spread the management task beyond the centre and will wish to consider how the job evaluation process integrates with the mainstream HR information systems. Clearly, it is highly desirable to have common platforms, although the nature of job evaluation does not require a 'real-time' system.

* National Health Service

† the same jobs operating in different territories worldwide where local customs/activities and job content may influence the evaluation process and outcome

FIGURE 4

An Integrated Computerized Evaluation Support System



A comprehensive system that incorporates a variety of job tools and processes – from a manual scheme to a computerized questionnaire and slotting process – is illustrated in FIGURE 4 above. Assuming a single analytical job evaluation method, a particular job can be evaluated using a number of possible paths to arrive at a job evaluation score that is universally compatible with any of the processes. FIGURE 4 shows a manual process and a computerized administration option. In addition, it shows that a computerized analysis using a questionnaire might be employed to produce a job evaluation score and to enable easy comparison with a set of reference jobs. These first two computer-supported processes are analytical job evaluation methods. Finally, a rapid slotting process might be used to cross-compare with the set of

reference jobs and, as a result of the linkage to one of these, suggest a job evaluation score. The common database of evaluation scores permits the management of comparisons to a set of reference jobs, which may be a combination of specifically targeted jobs or standard (generic) jobs. Reporting facilities will enable production of detailed standard and user-designed reports.

IS JOB EVALUATION MAKING A COMEBACK?

As to whether job evaluation is making a comeback, surveys say Yes; experience says Yes; observation says Yes. Did job evaluation ever go away? It went out of favour and hid for a while. Its value is appreciated but recognized as potentially dangerous. It has changed from guard dog to guide dog. Ω

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