

FACULTY OF JURIDICAL SCIENCES

Lecture-35



Job Evaluation

Job evaluation is the systematic process of determining the relative value of different jobs in an organization. The goal of job evaluation is to compare jobs with each other in order to create a pay structure that is fair, equitable, and consistent for everyone. This ensures that everyone is paid their worth and that different jobs have different entry and performance requirements.

Job evaluations are developed by HR, often together with workers unions and other social partners and commercial consultancy companies.

The advantage of job evaluation is that it does not take into account the qualities of the job holder. According to a report on this topic by the European Commission, the relative worth of a job is assessed irrespective of the qualities of the specific job holder.

The relative worth corresponds to a ranking, which in turn corresponds to basic pay brackets or scales (called wage grids). Personal qualities of the job holder (including seniority, education level, tenure) are rewarded by an entitlement to higher steps within the applicable pay bracket. Job evaluation requires some basic job analysis to provide factual information about the jobs concerned. The starting point is often the job analysis and its resulting job description. Based on this, the job is evaluated. One of the key criteria in the evaluation is the added value of the job to the organization. Based on this evaluation, the job is added to the job structure. The resulting structure ensures pay transparency and equity between gender and minorities.



The European Commission actively encourages the use of job evaluation. According to Cordis, which coordinates EU-supported R&D activities, 49% of European organizations in the private sector use a formal Job Evaluation scheme, with SMEs at less than 3%. This lack of evaluation

leads to unstructured wage payment practices and a lack of requirement-based career and skill development for employees.

Job evaluation methods

There are different methods that can be used for job evaluation. The easiest way to split these up is to make a distinction between qualitative and quantitative methods.

	Qualitative	Quantitative
Job to job comparison	Ranking method/ pair comparison ranking	Factor-comparison method
Job to pre-determined grade comparison	Job classification	Point-factor method

Four common job evaluation methods

Each of these methods has its own advantages and disadvantages. The qualitative methods are usually faster while the quantitative methods are more objective and take into account required skills and responsibilities. The best approach is always a combination of methods. We will give a brief explanation of each of the methods.

Evaluation method	Description
Ranking method/ Paired comparison	Jobs are paired and for each pair the most impactful job is chosen. This results in a forced ranking of different jobs based on their seniority. This approach is only recommended for smaller organizations with fewer than 100 jobs
Job classification	Jobs are ranked based on a pre-determined grade comparison. An example classification is a CEO, vice president, director, manager, and operator. This is a pre-determined ranking that many US-based organizations use. Grades are created among job families (e.g., marketing, HR, sales). For more information, see our full article on job classification.

Factor-comparison method	Jobs are ranked on a series of factors, the most frequently used factors being knowledge & skills, communication & contacts, decision making, impact, people management, freedom to act, working environment and responsibility for financial resources. Each factor is assigned points and the total number of points indicate the job's ranking
Point-factor method	Jobs are assessed on required know-how, problem-solving abilities, and accountability. Each factor is assigned points and the total number of points indicates the job's ranking.
Market pricing	Assessing rates of pay by reference to market rates for comparable jobs leading to pricing the job based on what it is worth. Does not take internal equity into account, nor the fact that the internal value of a job may differ from their market value. Market pricing can perpetuate marketplace inequalities, defeating the purpose of the job evaluation.

Depending on the organizational size and complexity, different methods are chosen. The paired comparison method (as displayed below) works well for smaller organizations, while a factor-comparison or a point-factor method works better for larger organizations.