

What Job Evaluation is not: Dispelling the Doubt

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Abstract

This paper intends to explore what job evaluation is not- and thereby explains the differences between the concept of job evaluation and other related concepts and terms in order to remove confusion and dispel misunderstanding. In so doing, the researcher provides a sound picture about certain concepts and terms that job evaluation differs from.

Key Words: Job evaluation; openness / differs from efficiency wages, wage compression, performance appraisal, collective bargaining, exact science.

1.1 Introduction

Though personally we think that what job evaluation is and does, are more important than what it is not; yet it is quite relevant to mention though briefly, some key terms, elements and issues that job evaluation differs from, or does not include. This is in order to avoid confusion or misunderstanding- something which in turn helps in developing a proper perception of the job evaluation concept.

1.2 Job Evaluation is neither a Hidden nor a Secret Pay System

Job evaluation is a transparent process, and its results are appealable. Job evaluation is **not** a secret pay system **nor** is it a secret wage and salary determination policy in which an employee does not know how much his colleague earns. Where such secrecy exists, all talk about wage and salary is informal and often rumour or guesswork dominates, and figures are distorted. Here the employer has a more free hand in indulging in pay inequities, and employees do not have a proven formal document to complain against an unfair (usually underpayment though it could also be overpayment) wage policy. However, this **does not mean** that job evaluation is an open pay **system in the sense that individual employees directly participate in** evaluating their peers' performance and in determining wage or salary increases for them. This is not the open system we meant. Instead, a job evaluation system is an open and transparent document, and its results are available for inspection because after all, the aim is to establish an (acceptable) equitable pay to determine fairness and right. In fact, by informing employees about the job evaluation, management are not doing a favour to employees, rather it is acknowledging the employees' right to be informed. This in turn would also create good level of trust between management and employees (i.e. in organizational culture) and implant confidence in job evaluation. Openness is just incompatible with planning and decisions that are made and concocted behind closed doors, by a single party or by excluding a party. It may be pertinent to observe that in relation to transparency, **The (UK) Equality Act 2010** has included a special section 78 for encouraging transparency around pay – this only applies to gender discrimination. *In short, openness and transparency or demystification about the job evaluation policy/procedures/results would work much better than to have continual employee's resentment going on in the background. Hence, no secrecy and/or mystification should exist in relation to how the job evaluation system works, and how employees' jobs are priced or paid. All in all, demystification about the job evaluation saves time and headache for management and implants mutual trust with the employees.*

1.3 Job Evaluation As Distinct From Efficiency Wages

Job evaluation and efficiency wages are totally different in nature, quality, techniques and purposes. Job evaluation is neither identical nor nominal with artificial or surface differences to efficiency wages. It is unlike efficiency wages in nature, quality, process, techniques or purpose. Therefore, wages determined through job evaluation totally differ from efficiency wages. With efficiency wages an employer may pay in excess of the market value or over the equilibrium wage rate i.e., more than the reservation wage (the wage that would make employees indifferent between working or unemployed) so that workers feel good about their jobs in the hope of maximizing profit. In other words, paying more than the market clearing level or the average market price in return for profit maximization embodies the rationale underpinning this form of wages.

The return of increased effort is seen to result in increased profit greater than the difference between the market rate for the job and the actual rate the job deserved. This may occur in a number of ways. For example, the increased effort may result in increased output over and above the difference in wage rates. Or the increased effort may result in less supervision and less monitoring costs. In short it is an approach in which employees' wages are directly linked or related to productivity. Simply put, the underlying assumption of the efficiency wage theory is that pay level determines effort (Milkovich and Newman, 2002: 206); i.e. labour productivity depends on wages known "efficiency wage hypothesis" (Maria Moschandreas, 1997: 461), or as in Jonas Prager (1993: 559) where an efficiency wage is the cost of a unit of labour adjusted for the worker's productivity. It works better for skilled workers than for unskilled ones. That is because the level of the efficiency wage rate is largely determined by the type of job the worker holds, and the level and scarcity of skill he/she possesses (Sloman, J., 1998: 161).

In addition, it is a means of short-term compensation for workers who may be under potential threat of losing their jobs through shrinkage of the work force. The linkage of the production of the workers' efficiency to wage is called by economists (see Olivier Blanchard, 2007:125) as paid efficiency wage theories. These theories suggest that wages depend on both the nature of the job and the labour market conditions- supply and demand. Hence, at various times, efficiency wages assist the employer in recruitment, retention, motivation of the workers, increased productivity and reduction of losses which may occur through industrial disputes or industrial action. "*It may well be in an employer's interests to do so, even in non-unionised sectors*" (John Sloman & Mark Sutcliffe, 2004: 362. See also Prager, J. p.559). By contrast, job evaluation – using job analysis and job description as prerequisites, is a process for pricing jobs according to their relative value, irrespective of whether the jobs are currently vacant or not.

1.4 Job Evaluation Differs From Wage Compression

Differences are in concept, objective, process and philosophy:

Job Evaluation builds on measuring the relative value of the jobs by establishing job relativities through holding job comparisons; thus job evaluation is a systematic means for findings differences in the relative value of a set of jobs and establishing pay differentials accordingly. On the other side, wage compression refers to the narrowing or reducing the pay gap or pay difference between jobs of different relative values that exist in an organization. Job evaluation uses the differences of comparative worth as a tool to determine the job pricing regardless of how much big or small the pay gap or pay differences that exists between the jobs, as long as these disparities reflect the differences in the relative values among the jobs concerned, i.e. the pay gap between the jobs should be similar or equivalent to the gap of differences between the same jobs - since it is not the goal of job evaluation to narrow the pay gap among the jobs in an organization, unless these jobs are of same / similar/equivalent relative values or importance.

In this context, reducing/narrowing (or even for argument purpose increasing/enlarging) pay differences outside the criteria of the relative job value neither matches nor fits with the purpose of job evaluation process or philosophy. However, an organization should always bear in mind that whatever the amount, degree, level or size of narrowing / reducing the wage would be, in the (traditional) economics context – if may allowed, wage would be equal to the marginal productivity of labour.

To sum up, there are a lot of inconsistencies or nonconformity, between these two terms, which in turn makes job evaluation clearly differ from wage compression. Even though these two terms deal with pay gap or pay differences, they do so from totally different perspectives. Simply put, job evaluation is incompatible with, and distinct from wage compression in idea, concept, objectives, operation and philosophy.

1.5 Job Evaluation Differs From Performance Appraisal

Job evaluation is ranking of jobs and not of employees or their performance. Thus job evaluation does not mean 'performance appraisal' or 'staff appraisal' or 'employees' evaluation' which are all equivalent and interchangeable terms. Job evaluation is concerned with the conditions of the job, while the latter terms concern the personal qualities of the individual who is doing the job. Job evaluation intends to set a rate for the job, irrespective of the characteristics of individual employees who may be employed in it. Thus, jobs not people are being studied and the matter of how well or how badly an employee works is a matter that has to be decided through employee assessment procedures. Job evaluation is not a method of assessing the efficiency, level of effort or personal merit of any individual; it concerns itself with the evaluation of the necessary values by establishing rates for each group of jobs based on their relative value.

It is essentially concerned with relationships, not with absolutes. Furthermore, it may be relevant here to mention that job evaluation is different from the competence-based job evaluation approach (CBE) in all its variations: point-factor competence-based job evaluation, role classification competence-based job evaluation, and individually-based competence-related role evaluation.

1.6 Job evaluation differs from CBE, CBP and PRP.

It is the job content that is evaluated

CBE is an analytical technique that concentrates on the value of the competences needed to do the work effectively in different roles and at different levels of the organization. Thus, the CBE does not base or concentrate on the job but on the job occupier's competences and roles. Therefore, 'job evaluation' in this study should not be equated to that contained within CBE. Some go even further in seeing the competency pay approach as tomorrow's organizations' pay system and a replacement for job evaluation (see for details Brown, 2001: 131). However, job evaluation differs from competency-based pay (CBP) that is essentially a compensation plan for rewarding employees for their demonstrated expertise and includes motivation, traits, attitudes, values and self-concepts, as well as the skill element. The CBP examines how an employee accomplishes the objectives. It distinguishes itself from 'performance related pay' (PRP) or 'pay for performance' where the pay/bonus is related to individuals' performance and end results achieved. However, though competencies may relate to performance, it appears (Mondy et al., 2002: 332) that they tend to be more difficult to evaluate than results.

In brief, performance appraisal is intended to qualify the jobholder's performance as good or bad by matching it with predetermined, required performance standards. It is therefore used as a theoretical 'trip-wire' that, when violated, indicates a need to look deeper for reasons or explanations (see Neely, ed., 2002: 81). Meanwhile the purpose of job evaluation is to qualify (determine or provide) the individual's job for a given price based upon its relative value.

1.7 Job Evaluation Differs From Merit Rating

Merit rating is not a technique used to establish a fair wage structure as job evaluation does. Many authorities feel that one cannot use a job evaluation plan for merit rating. Instead they argue that, with merit rating, the performance and efficiency of workers are used as a basis for pay increases and promotion (see for some implications of merit rating, Barker, 2000: 80; Heneman, 1992: 80-82). In consequence it is maintained that one cannot evaluate a person's performance and efficiency on the job (merit rating) with the same tool one uses to decide the worth of the job itself (job evaluation).

Applying both techniques jointly

Despite this, in the literature on job evaluation, opposing viewpoints exist. An example is the case of F.W. Wakefield Brass Company, Vermilion, Ohio who believe that it does not apply to the smaller company (Factory Management and Maintenance, Feb., 1952: 118. Also see, Massie, 1971: 72). Wakefield, with about 100 production workers on its payroll, has been using a combined job evaluation /merit rating plan for several years. In this context, one can argue that both job evaluation and performance evaluation are tools which may be applied jointly to establish equitable pay at both levels, i.e. job as well as performance.

In response to this situation, Bowey and Lupton (1982: 78) see job evaluation as being concerned only with that part of the total wage, which is paid for satisfactory performance in the job (i.e. the basic rate). For more than satisfactory performance a merit-rating scheme may be applied; i.e. *while job evaluation is concerned with the basic rate; merit-rating could apply to distinguished performance.* That means job evaluation provides the foundations of the organization's basic relative value, i.e. it involves the fixing of monetary values whilst allowing for flexibility in wage structuring.

However one looks at it, the fact remains that *job evaluation distinctly differs from merit rating.* The latter deals with the doer of the job, i.e. merit rating is concerned with human strengths and weaknesses. Thus it may be less objective than job evaluation, which is basically concerned with the job only. Nonetheless, when these two elements (i.e. employees and jobs) are properly aligned, the role of merit rating becomes evident in assessing personal attributes (Beacham, 1979: .22). In broader terms merit rating is a method of rewarding workers for their good behaviour, good attendance record, quality of work and long service, which, for the sake of simplicity, is called a 'merit' award. Basically, therefore, it is very much related to the appraisal system (see Evans, 1999: 375-6). And while the idea of arranging jobs according to their relative value is sound, the concept of merit rating or performance rating seems to be gradually waning in the industrial scene even though it is still referred to in management literature.

Simply put, coupling or marrying the two techniques in one method, does not fall into any of the job evaluation definitions mentioned in this chapter – where the focus is on the job itself; i.e. the job content / job demand.

1.8 Job Evaluation is not an Alternative to Collective Bargaining

Job evaluation does not eliminate collective bargaining but it can inhibit it.

However, the more accurate and precise the description and definition of the job content and conditions, the less the terms of collective bargaining are left open to chance when determining pay levels. One should be aware of the pressure in collective and individual bargaining situations which themselves force a job evaluation wage structure at times to depart from its objective and systematic course. However, it must be clarified that job evaluation is no alternative to collective bargaining; neither can it be a remedy for any particular issue that might exist in the collective bargaining procedure. Yet, some organizations, especially the ones which largely depended on collective bargaining and negotiation in settling their pay systems, show their concern from the use of job evaluation. To them, embracing the principle of job evaluation might undermine and destabilize the collective bargaining system, and it may also strengthen management role in determining of pay differentials. In Greece, for instance, [see Jill Rubery, in Hantrais & Mangen, (eds.), 1996: 180] some multinational corporations tried using job evaluation to break away from the collective bargaining system.

As the term suggests, ‘collective bargaining’ refers to two interrelated parts or components (i.e. it is both a ‘collective’ process and a ‘bargaining’ process). It is a process exercised by the employer (be the government or the private businesses) and the unions over the wage levels, and the terms and conditions of employment. It is a ‘collective’ process because it includes more than one party sharing certain concerns or issues that affect them. It includes representatives of both the (recognized) union and management. It is also a ‘bargaining’ process because it involves listening and talking, giving and taking, missing and hitting, losing and winning, agreeing and disagreeing or accepting and rejecting. That is, the conflicting views and priorities involved are not limited to one party alone. Rather they represent or reflect the potential power and constraint of all parties involved to conclude, if successful, through a process of “linkage” or compromise, an outcome in which no party is either a 100 percent winner or loser. Since everyone attempts to optimize the best deal, it follows that nobody either fully loses or fully wins.

Instead, a settlement is reached and accepted through adherence to a certain formula or collective agreement. This is the nature of the negotiation process, which is the heart and crucial part of the bargaining process; *Negotiations may lead to a change of differentials to the disadvantage of some employees. However, there are times when collective bargaining operations, as well as job evaluation, would be of very limited use.* Examples would include periods of enforced pay freezes and statutory norms such as zero increase or a very small increase imposed by government intervention on incomes policy as happened in Britain after World War II.

1.9 Job Evaluation is not a Scientific Process but a Systematic One

Job evaluation is neither an exact science nor a completely objective process.

Job evaluation is a systematic rather than a scientific process. Although job evaluation is sometimes described as scientific and often as objective, in reality it is neither thoroughly scientific nor objective. ‘At best, job evaluation is systematic, methodical and consistent. At worst, it can be an ineffectual way of ordering information that is quasi-scientific’ (Patten, 1977: 197). *It cannot be considered an exact science or regular science, since it is not based upon a mechanical operation or mathematical theory or hypothesis.* Moreover, it largely depends upon the personal judgement of the assessor, which is never entirely precise and accurate. Therefore, it cannot be claimed that job evaluation is ‘scientific’ in nature, but it is supposed to, or should utilize the methods and perspectives of the behavioral sciences in its application.

“No one who has had the experience of trying to fix rates to pay by job evaluation would claim that it is anything more than an aid to judgment, or that it is an accurate technique fully developed to a state of perfection.” (Walker Morris 1973: 7).

At the same time it should be mentioned that this of course, does not mean that job evaluation has been built simply on impressions and intuitive judgments. However, job evaluation as a policy, process, or programme cannot be evaluated or judged on a scientific basis only. Job evaluation professionals or specialists are not always united in their perceptions and values – which may give rise to conflicting advice that serves only to complicate the issue.

Some experts may pass Positive Statements of advice whilst others may make Normative Statements (Positive Statements are descriptive and their validity can be judged through the examination of evidence produced. Normative Statements are perspective specific. They rely upon values and ethics as part of the means to examine, judge and evaluate data). Thus a key difference between Positive and Normative Statements lies in the way their respective validity can be judged (see Mankiw, 2001: 29).

The core of the issue here is that, job evaluation is *not* a science, in the precise term, but it is a systematic technique. It is systematic, because it is not processed randomly but purposely and carefully. Certainly its process, at some stage, has *SOME* aspects / features of science *by being based on* a foundation of clearly defined rules, procedures and principles that are applicable in various work organizations and can be improved to suit new changes and developments in the organizational environments through research, observation and experimentation. However, in spite of some applications in the form of quantitative methods having been already applied to many business and management functions including job evaluation; *yet the more* statistical and mathematical applications, and more Operations Research (OR), IT techniques and designs are involved into the job evaluation processes, the more job evaluation comes in contact with *some* aspects or traits of science; but even then one *cannot claim* that job evaluation has indeed become an exact science; though it can be safely said that its processes and results will become more systematic, more objective and more reliable. That is because when job evaluation processes embrace some relevant statistical, operations researches and IT techniques or procedures, it means that job evaluation has become used in some management science approaches, which in turn encourages the logical analysis of the evaluation's policies, programmes, results obtained, and problems if and when they appear; and this would make the decisions of job evaluation more rational, effective and appropriate.

Simply put, with science the result obtained is clearer, less arguable and is replicable. With science, for example, if we are allowed, the chemical constitution of *Water is H₂O*. Any chemistry laboratory or scientific laboratory will get the same result when processing two atoms of Hydrogen with one atom of Oxygen. The same is the case with *Carbon Dioxide which is CO₂* when processing one atom of carbon with two Oxygen atoms. There could be no argument about the result obtained, which is *H₂O = Water and CO₂ = Carbon Dioxide*. No personal or value judgements involved, *no* committee or discussion or compromise are required. Unfortunately, this is not the case with either job evaluation or with any subject of social sciences; and *therefore job evaluation can not be seen as an exact science or a truly scientific process – and it will stay so, as long as its process and results are involved in the exercise of human assessment / human judgements / value judgement or personal values of the parties that conduct it. In short, Science is more precise, more specific, less argumentative, and thus, no value judgements influence the results. And what is applied for job evaluation, in the context explained above, can also be said for other management activities and functions in general.*

1.10 Summary

There are a lot of inconsistencies or nonconformity, between job evaluation and other terms mentioned above, which in turn makes job evaluation clearly differ from them:

- Job evaluation is an open document available for checking, reviewing and appealing against its results, if needed.
- Job evaluation differs from efficiency wages in nature, quality, process, techniques or purpose.
- Job evaluation is not a method of assessing the efficiency, personal merits or qualities of the job's doer; it concerns itself with the evaluation of the necessary values by establishing rates for each group of jobs based on their relative value. It is essentially concerned with relationships, not with absolutes or employee's characteristics. Thus job evaluation is a systematic means for findings differences in the relative value of a set of jobs and establishing pay differentials accordingly.

It cannot be considered an exact science or regular science, it largely involves with the personal judgement of the assessor, which is never entirely precise and accurate. And what is applied for job evaluation, in the context explained above, can be said to be the same for other management activities and functions in general. Yet, it must be clear in mind that job evaluation is no alternative to collective bargaining.

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