

Job evaluation and grading system business essay

[Education](#), [Grading System](#)



Job Evaluation is defined as the procedure of analyzing the obligations, duties and requirement of every job and then appraising the value of those jobs in relation to others in the institute or organization, based on established standards. It offers systematic methods for founding the appropriate grade classification of jobs inside the Group towards payments of equitable compensation.

2. 1. 2 Job Evaluation – The Future[1]:

As organizations continuously grow and new ones emerge there will be challenges to standing principles of job evaluation. Whether existing job evaluation practices and accompanying schemes endure relevant in a faster moving and continually changing world, where new jobs and roles are designed on a consistent basis, remains to be seen. The official points systems, used by many organizations are usually found to be inflexible. Sticking tightly to an existing scheme might impose barriers to alter. Regularly updating jobs and writing new ones composed with the time which has to be spent administering those jobs evaluation schemes could become too cumbersome and time consuming compared with the benefits that are derived. That's what this research report is about the role of job evaluation to tailor the need of companies who are coordinating in similar projects.

2. 1. 3 Job Evaluation and Grading System:[2]

Job evaluation is a useful technique, intended to enable trained and experienced employees to evaluate the size of one job relative to others. It does not straightly determine pay levels, however will form the basis for an internal ranking of jobs.

The two most common approaches of job evaluation which have been used are firstly, whole job ranking, where jobs are taken as a whole and ranked against each other. Secondly is one of awarding ideas for many aspects of the job. In the points system a number of aspects or parts of the job as education and experience required to perform the job are measured and a points value awarded – the higher the educational requirements of the job the higher the points scored. The most well-known point's scheme was presented by Hay management consultants in 1951. This scheme assesses job responsibilities in light of three main factors – know how, problem solving and accountability.

A] Job Evaluation Factors which was presented by Hay management consultants

Skill

Effort

Education

Mental Effort

Experience

Problem Solving

Communication

Concentration

Complexity

Responsibility

Working Conditions

Financial Responsibility

Mental Demand

Supervision

Physical Effort

Freedom to Act

Visual Demand

Decision-making

Contacts with others

Operational Latitude

B] Principles of Job Evaluation[3]

Unmistakably defined and identifiable jobs must exist. These jobs will be precisely described in an agreed job description.

All jobs in a firm must be evaluated using an agreed job evaluation scheme.

Job evaluators will need to get a thorough understanding of the job

Job evaluation is linked with jobs, not people. It is not the person that is being evaluated.

The job is evaluated as if it were being carried out in a fully competent, efficient and acceptable style.

The evaluation is based on judgment thus it is not scientific. Although if applied properly it can enable objective judgments to be made.

It is probable to make a judgment about a job's contribution relative to other jobs in an institute.

The actual test of the evaluation results is their acceptability to all participants.

The evaluation can help organizational problem solving as it brings out duplication of tasks and gaps between jobs and functions.

2. 1. 4 The Advantage of Job Evaluation to an Organization

Job evaluations or staff performance appraisals are beneficial for an institute or organization for various reasons, because the evaluations are prepared to maintain staff on-task in attaining the company's goals. The job evaluation process contains every job and worker in the business, offering appraisals and feedback to ensure the work is being done as projected and within reasonable time. Job evaluations are not necessarily a negative experience for the workforces, as they can get recognition and promotions for their hard work subsequent a favorable performance appraisal.[4]

A) Addressing Employee Needs[5]

One of the advantages of having biannual or annual job evaluations is that you can address employee needs in the workplace. One employee may not be performing well in the given job because of the lack of resources in your company. This lack of resources can be discussed during the job evaluation, so the employer can address these needs to help improve the employee's work. The employee may also need additional training to complete tasks effectively in the given job, so in response to the evaluation, training can be initiated and completed.

B) Developing Employees

A common job evaluation between you and your employees includes a discussion of both the positive achievements the employee has obtained and aspects of job performance that need to be addressed and corrected. Your employees want to know what they are doing right and get attention or recognition for their hard work. Give them the proper appraisal and focus on the things that need attention, if applicable. Use the strengths and weaknesses of your employees to set new goals for them. These new goals will help develop their skills to improve your business.

According to the commission, the level definition can be based on some factors:

Authority

Challenges

Company Image

Complexity of Work

Compliance with Standards

Contribution to Corporate/Unit Goals

Contribution to Product Delivery

Control of Financial Resources

Creative Thinking

Customer Services

Decision-making

Education

Impact on End Results

Leadership/Team Membership

Management of Human Resources

Planning & Organizing

Problem-solving

Process Management

Professional Qualification

Revenue Contribution

Safety & Security

Scope of Activities

Work Experience

Working Conditions

Working Relationships

C) Company Goals and Mission Statement

Another advantage of having frequent job evaluations is to ensure that the employees' work is benefiting your business and the goals of the company. The tasks and responsibilities outlined in each employee's job description are chosen because they benefit the business in reaching company goals. The employees need to work with the company's goals and mission statement in mind at all times[6].

D) Customers and Clients

Job evaluations will also help employees address the needs of your customers and clients. Employees may not be offering the expected service or help to customers and clients because the proper training has not been completed or because the employee has not attended seminars, for example. The way your employees treat your customers affects how your customers see your business or company. One of the advantages of having frequent job evaluations is to ensure that your employees are treating your

customers and clients with proper respect and according to company guidelines[7].

2. 1. 5 Process of Job Evaluation[8]

The steps involved in the job evaluation process are as follows:

A) Understanding the Organization

The first step is a preliminary organization review which should be carried out with the Department and Division concerned.

The objective of such a review is to understand the jobs in relationship of one job to others within the organization. In the review, the following points should be considered.

Reporting relationships must be unmistakably defined.

The possibility of combining similar jobs must be investigated and any overlap or duplication of duties sidestepped.

The number of jobs and budgeted workers must be checked against approved manpower budgets.

Organizational charts must be up-to-date and approved.

B) Job Analysis

The second step is to analyze each job and to discover what the job covers. Job Analysis requires collecting the facts of the job and its environment,

analyzing the tasks and responsibilities involved and defining the skills and knowledge needed of the incumbent to perform the job in a satisfactory way.

C) Job Description

The third step is to design the Job Descriptions. This means to put down in an orderly and standardized form the information gathered through Job Analysis.

The Job Description involves three parts:

A brief description of the duties and responsibilities of the job,

A description of the minimum education, training and related experience needed for handling such duties, tasks and responsibilities.

An explanation of all other information needed for job evaluation purposes.

The Job Description is usually designed either by a Job Analyst or by the Job Supervisor with the assistance of a Job Analyst. It is always subject to the approval of the Department Manager responsible of the matter. When approved, the Job Description becomes the formal record for the aim of Job Evaluation. Job descriptions must always be kept up to date and amended when changes to responsibilities or other information take place.

D) Grading System[9]:

A company or industry having a professional Job Evaluation Analyst trails quality gradation patterns to ensure both workers satisfactions where one

supplies quality output. Whether an institute is looking forward to hire talented persons or planning to promote existing candidates, so many factors decide the HR grading system.

The human resource grading system contains:

- Experience and skills needed for a particular job
- Nature and range of duties
- Decision making ability
- Responsibility towards confidentiality
- Leadership skills

All these are some of the basic concepts that help in choosing the best employee for promotion with in-house survey or even external recruitments. Job Evaluation grading system is the backbone of any firm that hopes to see success in realizing its organizational goals. Over the past few years, HR solution has undergone a complete sea change in order to ensure smooth workflow.

KGOC and KJO follow 2 different job grading approaches and the salary structures vary between the 2 organizations.

E) Job Evaluation and Grading:

Based on the information gathered in the Job Description, the job should be assessed under the Job Evaluation Plan. The total Point Scored for the job

should determine its grade classification according to the point ranges founded for each grade under the plan.

The grading system and Job evaluation plan differs in every organization based on their process and policies.

2. 1. 6 How to Develop a Performance Grading System for Fabrication Employees

By Daniella Lauren (2010)

Manufacturing companies hire fabrication staff to turn raw materials or resources into finished items. Developing a performance grading system supports the employee-evaluation process by offering owners and managers with a quantitative system. Most performance grading systems connect rewards, mutually monetary and non-monetary, to a worker's performance. This helps improve their skills and provides the firm with the benefit of higher-skilled employees who could increase entire productivity. Companies might also weed out poor employees through this process.

To assign precise tasks to every fabricator. This will allow for grading staff on a relatively small number of activities rather than a wide, generalized set of responsibilities.

To set productivity goals for every position. These goals are rottenly the units produced within a definite time frame

To create constraints for wasted materials.

To develop a number system to rate staff performance. Based on the tasks, goals and waste constraints, assign a system such as 1 to 5 for grading staff.

To weigh critical tasks ahead of routine tasks. Set a total number of points for every task, such as 50 possible points.

To calculate an evaluation grade by summing scores for each section of the report. A percentage (dividing earned points by total possible points) could result in a grade given for the total job performance of the fabrication staff

2. 2 Related Studies

2. 2. 1 Understanding of Job Evaluation systems practiced by both the companies:

Job Evaluation Analyst from both the companies studied the existing job evaluation systems and the current job grading structures. The understanding of these two systems and the grading structures highlighted a few challenges, which could be either due to the orientations of the systems or due to certain historical factors, as stated later in this document. For each challenge highlighted, corresponding implications, wherever applicable have been identified.

The system and structure at KGO, and the challenges arising out of them are given in A. 1 Understanding of KGO evaluation and grading, while that of KJO are shown in A. 2 Understanding of KJO's evaluation and grading. Each of these two sections are organized into further three parts, with the first

part providing a brief overview of the evaluation system, the second part showing the grading structure and the third part analyzing the system.

A] Understanding of KGOC evaluation system and grading structure

KUWAIT Gulf Oil Company (KGOC) follows the Kuwait Petroleum Company's (KPC) Unified Job Evaluation System; a factor point methodology used by KPC and its group companies and subsidiaries. There are 20 grades under this system.

KPC is the mother company of all the companies in Kuwait that belong to oil sector.

Overview of the evaluation system

In the Kuwait Petroleum Company it has a Unified Job Evaluation System, each of the seven factors has two degrees and each degree has sub-degrees attached to it. The following table shows the seven different factors and the corresponding degrees. The table also shows the minimum and the maximum possible scores that can be assigned to each of the seven factors and how it translates to a percentage of the total score at the lower end and at the higher end.

#

Observation

Analysis of Job Evaluation Factors

Factor

Category

Weight

(a) Job Knowledge,

(b) Physical Effort,

(c) Mental Demands

Knowledge, Skill, Experience and Effort (A)

53%

(a) Work Contact,

(b) Responsibility for Actions or Decisions*,

(c) Guidelines for Supervisory Responsibility, (d) Work Environment

Responsibility & Organization Level (B)

32%

(a) Responsibility for Actions or Decisions*

Impact (C)

15%

*Responsibility for Actions or Decisions has been equally split into B and C

Knowledge, Skill, Experience and Effort (“KSEE”) requirements such as Job Knowledge, which are derived from organization hierarchy or levels forms almost 34% of the job evaluation scores, whereas Responsibility &

Organization Level is directly linked to the organization hierarchy and contributes almost 51% of the score.

Thus, organization hierarchy influences 85% of the score, with the impact of the position contributing to only 15% of the score.

Comment: Hence it was found that the prime driver of the job evaluation scores will be responsibility and organization hierarchy

B] Understanding of KJO's evaluation system and grading structure

Khafji Joint Operation (KJO) has adopted a classification approach for allotting job grades to positions. KJO had implemented a point factor job evaluation system about twelve years back and all existing positions then had been evaluated by this system. However, in the last nine years no new positions have been evaluated and all such positions have been allotted grades using a classification approach. This grading structure consists of 26 job grades, with job grade 1 through job grade 16 known as “ Non – University Grades” and job grade 21 through job grade 30 known as “ University Grades”.

Overview of the evaluation system

In the KJO job evaluation system, positions are assigned to predefined classifications. While this is relatively easy to administer, it does not meet the challenges posed by organization changes and difficulty to construct class definitions in complex organizations with diverse jobs.

The primary criterion for allotting grades is whether the position requires a university degree or not. Thus a position requiring a University degree would

be positioned at a minimum of job grade 21, while a position not requiring a University degree would never be allotted a grade above job grade 16.

The following table shows the link between education criteria and the job grade allotted.

2. 2. 2 Difference and Problems between Job Grading Structures in KGOC and KJO:

KGOC and KJO follow 2 different job grading approaches and this makes it difficult to map employees to the appropriate grades across the 2 organizations. The difference leads to a perception of inequity between the Kuwaiti employees and their Aramco Gulf Operations Company counterparts. This is further compounded by the fact that the salary structures vary between KJO and KGOC, where KJO has multiple salary scales based on nationality and education levels; such is not the case in KGOC.

Following are some of the differences related to the job grading structures prevalent in the 2 organizations:

KGOC follows KPC's Unified Job Evaluation System, which is based on a point-factor method. On the other hand, KJO's job grading structure is based on a classification method.

The Unified Job Evaluation System consists of 20 grades viz. Grade 1 to Grade 20. In KJO's job grading structure, the grades range from 5 to 16 (Non University Graduates) and from 21 to 30 (University Graduates)

KJO attaches a range of job grades for a particular position/ job title depending on qualification and the nature of the job. In KGOC, each position/ job title corresponds to a single job grade.

Due to the differences in the job evaluation methodology, grading structure and implementation of salary scales, there is a requirement of a grade correlation map between the 2 sets of jobs. Currently, there exists a correlation map, which is not acceptable to the KGOC nominated employees.

KGOC formed a team to carry out a grade correlation between KGOC and KJO jobs based on a scientific approach. The resultant approach able to compare jobs and grades consistently, fairly and equitably across the two organizations. KGOC also clarified that the Unified Job Grading Methodology will be used for this purpose, as per directions from Kuwait Petroleum Company (KPC).

A] Problem in Job Grading Structure

The 26 KJO Grades (University Grades 21 – 30 and Non-University Grades 1 – 16) are mapped to 20 KGOC Job Grades. Thus, multiple KJO Grades have to be mapped to a single KGOC Job Grade.

KJO treats the following pairs of University and non-University Grades as equivalent. This Policy has been respected in the design principles:

University Grade

Non-university Grade

21

22

23

24

13

14

15

16

Supervisors and subordinates share the same KGOC Job Grade.

For graduate recruits with experience not exceeding 3 years, equivalence of minimum requirements i. e. Qualification & Experience between KJO and KGOC is not established.