



## Job evaluation: an introduction

### Introduction

The aim of job evaluation is to provide a systematic and consistent approach to defining the relative worth of jobs within a workplace, single plant or multiple site organisation. It is a process whereby jobs are placed in a rank order according to overall demands placed upon the job holder. It therefore provides a basis for a fair and orderly grading structure.

Job evaluation does not determine actual pay. That is a separate operation, normally the subject of negotiation between management and employees or their trade union representatives. Only the job is evaluated, not the person doing it. It is a technique of job analysis, assessment and comparison and it is concerned with the demands of the job, such as the experience and the responsibility required to carry out the job. 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 job holder.

Several techniques of job evaluation have developed, varying in approach. Some involve an examination of jobs according to criteria such as skill, responsibility and working conditions. Others are less complex.

### Why introduce job evaluation?

Key Points: -

- It can be beneficial when the existing grading structure is in need of review
- It can help establish or maintain the credibility and acceptability of a grading system
- Job evaluation facilitates the accommodation of new or revised jobs into the grading structure
- It can be used by organisations as a basis for job matching and external pay comparisons

In the past job evaluation has tended to be used more often for white collar, rather than manual employees. However, there has been a steady increase in the use of job evaluation for all types of jobs in the UK. The concern for unit labour costs makes it vitally important for organisations, operating in highly competitive markets, to ensure that the grading level

of their employees accurately reflects the relative importance of their jobs to the organisation.

Properly introduced and maintained, job evaluation can help lay the foundation of fair and orderly pay structures and thus improve relationships. Job evaluation may therefore be appropriate in the circumstances.

### **Anomalies in the pay system/need for a pay structure**

Job evaluation can help remove any anomalies or inequities in an organisation's payment system where the existing grading structure is thought to place jobs in an arbitrary order with no justifiable or logical reason. Job evaluation would help remedy this by providing a more structured basis for deciding grading levels. However, job evaluation should not be introduced if the main reason is unrelated to the basic grading structure, for example because a bonus and incentive scheme has fallen into disrepute.

### **Changes in the job content**

Work restructuring within organisations may result in companies having fewer manual employees often with a greater range of duties. In addition, new 'high tech' machinery may have altered traditional roles and blurred the differences between 'operating' and 'craft' skills. All this may have the following effects on existing grading systems:

- they may not be able to cope with the introduction of new jobs or new skills, with a likely increase in the number of grievances about grading
- they may not be able to cope with any 'grade drift', with lower grades having less to do, while other jobs may have drifted upwards, and
- there may be leap-frogging to catch up with pay rates elsewhere in the company, or outside.

### **Grading grievances**

Frequent grievances or disputes over grading or pay may indicate that the existing grading structure is no longer appropriate. If unresolved, such dissatisfaction could result in consequential pay claims, the gradual erosion of differentials between grades, increased costs and deteriorating morale and employment relations. A job evaluation scheme, properly designed and installed with an appeals procedure, can help maintain the credibility and acceptability of a grading structure.

### **Technological and organisational change**

It is important to ensure that the grading system is appropriate to the needs of an organisation particularly following technological and organisational change. Changes arising from new technology may affect jobs in the following ways:

- employees may no longer have control over the quality and quantity of their output where the machine dictates the pace
- mental effort may replace physical effort as an important factor for improving output
- working conditions may change to reflect the new technological process
- employees may be required to do a number of activities previously carried out by others, and
- innovative and creative skills may be required which hitherto were not within the culture of the organisation.

The introduction of flexibility, multi-skilling, team working and new operational methods also have important consequences for job design and the way jobs are organised, and will clearly affect traditional work groupings and pay structures. A further, important advantage of some job evaluation schemes is that new jobs can be more easily fitted into the existing structure.

### **Discrimination**

The Equal Pay Act and the Equal Pay (Amendment) Regulations, described in more detail in appendix 1, make it especially important to maintain a fair and orderly grading structure. Job evaluation may be helpful as a means of ensuring that a grading structure is fair and equitable.

### **Other benefits**

Some job evaluation techniques require the analysis and description of jobs leading to a more detailed and accurate knowledge of their content. This in turn may prompt:

- an opportunity to review roles and policies on selection and training
- improved Human Resource Management through a greater understanding of the skills and training needed for particular jobs, and
- a review of the organisation's structure and working methods, better designed jobs and the identification of poor working conditions and job hazards.

Furthermore, when both employer, employees and their representatives have been jointly involved in a job evaluation exercise, this usually leads to improved understanding, greater trust and better industrial relations.

### Considerations to bear in mind

Key Points: -

- It is best to research the subject beforehand and if necessary seek expert advice
- Simple job evaluation techniques acceptable to both parties can be just as effective as complex ones
- Analytical job evaluation can provide a rational basis for a grading structure consistent with equal pay for work of equal value principles
- Job evaluation requires investment in time and effort and is most effective as a joint exercise
- An important consideration is the time scale for the development and introduction of a scheme and the best means of communicating progress
- The composition of any job evaluation committee should take account of the range of jobs covered by the exercise
- Before the exercise starts, there should be a policy on whether to protect existing pay
- There may be a need to set up a joint steering committee in addition to a job evaluation committee

Job evaluation does not replace the need for collective bargaining on pay and conditions nor does it determine wage levels. An analytical scheme can give a reasoned, defensible basis for a fair payment system if challenged by an equal value claim. In deciding whether or not to introduce or revise a job evaluation scheme, organisations should consider what practical benefits they expect from the exercise. It is also useful to ask what would operate in its absence.

False starts with job evaluation schemes can be expensive and damaging to industrial relations. Organisations should therefore consider a number of factors when deciding to introduce or revise a job evaluation scheme.

### **Availability of expertise**

The first question an organisation should consider is whether it has or can acquire the internal competence to undertake a job evaluation exercise. A good rule is to seek expert advice beforehand and organisations without the necessary expertise can get advice from a variety of sources including Acas, employers associations, industrial relations specialists and management consultants. The TUC and some trade unions provide training for union representatives in job evaluation techniques. Where there are problems concerning equal pay or possible sex bias, advice should also be obtained from the Equal Opportunities Commission.

### **Job evaluation techniques**

Simple techniques can produce basic grading structures, acceptable to both sides. It does not follow that complex schemes are better or necessary. What is important is that the technique should suit the needs of the organisation and have credibility with the workforce. Many organisations may wish to adopt an analytical points rating scheme on the basis that only such schemes are likely to provide a successful defence against a charge of sex discrimination.

### **Job descriptions**

It should be borne in mind that job evaluation may necessitate organisations recruiting or training a job analyst to prepare an accurate analysis of the jobs and to write the job descriptions. This will be necessary as a basis for the job evaluation exercise. One approach is to ask job holders to complete a questionnaire with comment and counter-signature by the line manager. These can then be used by the job analyst to prepare job descriptions.

It may be necessary to appoint more than one job analyst to undertake the preparation of job descriptions. Depending upon the size of the scheme, the industrial relations background, the nature of the jobs to be covered and the expertise and finances available, the preparation of job descriptions may be given to someone suitably trained or experienced within the organisation. Alternatively, a job analyst from outside the organisation may need to be appointed. [Appendix 2-3](#) gives an example of a job description and specimen questionnaire. It is important that job descriptions:

- are written to a standard format to enable valid comparisons to be made
- are complete and take account of all major tasks and/or responsibilities
- are suitable in style and content for use in more than one section or department
- cover the range of factors chosen for a job, and

- are checked and agreed by the job holder and the job holder's manager.

### **Obtaining advice**

When an organisation decides to introduce job evaluation, care is needed to ensure that there is no discrimination, direct or implied, in the design and operation of the scheme.

Some management consultants specialise in job evaluation, and provide continuing support following a scheme's introduction. Where consultants are used, it is important to try to obtain workforce acceptance in advance, especially where trade unions exist. Companies should therefore seek to involve trade union representatives in the choice of consultant. If the scheme is not developed in a participative way, this could lead to a greater level of trade union suspicion and less employee commitment to the results. It is also essential to ensure that a senior person in the company is involved with the project so that an understanding of the underlying philosophy does not depart with the consultant. Should understanding of a scheme fade when the consultant leaves, resultant problems will be more difficult to resolve.

### **Time and resources needed**

Job evaluation requires commitment in time and effort. The length of time from introduction to operation will vary depending on the complexity of the scheme and the size of the job population. It is best to undertake the job evaluation exercise within an agreed time-scale so that:

- wherever practicable it does not interfere with the planned pay negotiations
- there is sufficient time to deal with appeals and where trade unions are recognised, to establish an agreed pay structure as a basis for subsequent collective bargaining, and
- any additional finance to remedy anomalies in a grading structure can be budgeted for.

### **Joint participation**

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.

This is because:

- a joint approach is more likely to commit both parties to the outcome of the exercise with jointly recommended proposals more likely to be accepted during the consequent negotiations
- employee representatives generally welcome the opportunity to participate jointly at the formative stages of an important issue
- 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 of an equal value claim, a jointly agreed analytical scheme is more likely to be regarded as fair by an employment tribunal.

### **Steering committee**

Some organisations may find it useful to separate policy issues from the actual evaluation of the jobs. In these circumstances a joint steering committee to consider policy matters and to oversee the exercise generally may be set up in addition to a job evaluation committee.

### **Job evaluation committee**

Organisations should be aware that the success of a job evaluation exercise is dependent primarily on the level of commitment of management and the appropriate trade union or employee representatives. It is important to establish a job evaluation committee, agree its terms of reference and to decide whether the scheme will be analytical or non analytical.

The composition of the joint job evaluation committee should take full account of the interests of all groups of employees including women and ethnic minorities, covered by the evaluation project. It would be impractical to have every occupational interest directly represented but it is important that members of the job evaluation committee possess as much knowledge as possible of the range of jobs involved. It is, however, counter-productive if the job evaluation committee is so large as to be unwieldy. Nor is it necessary for management and employees to be represented in equal numbers since the joint committee is not a negotiating body but rather a problem solving team. In this context Acas experience is that it is best to reach decisions not by majority voting but through consensus. The optimum number on the committee is normally six to eight people plus the chair-holder.

A record should be kept of the decisions of the job evaluation committee and any other appropriate information. This will be needed when the

manual to implement the scheme is produced.

### **Job evaluation and equal pay**

Before undertaking job evaluation and devising an appropriate grading structure, organisations should bear in mind how equal pay legislation and equal value case law impacts on job evaluation.

The case of Bromley and Others v H J Quick is of particular significance. In this case the Court of Appeal ruled that a job evaluation scheme must be analytical if it is to succeed as a defence to an equal value claim.

In view of the legal complexities and uncertainties, organisations should seek advice from job evaluation experts before introducing or reviewing a job evaluation scheme. More information on equal pay legislation and the employment tribunal system is given in [Appendix 1](#).

### **Communications**

Job evaluation will involve change, even though the change may only affect some jobs. Commitment to change will be essential, with both management and employee representatives agreeing from the outset that they will act upon the results.

Before starting a job evaluation exercise, there needs to be agreement on the best means of regularly reporting progress. This is especially important if the exercise is to be a large or long one, or involving employees in several locations. One method is to issue regular joint bulletins. All employees affected by the proposed evaluation should be kept informed of what is happening. Middle management and supervisors should not be by-passed. They have a role to play in contributing to the exercise and must be able to answer appropriate questions from employees.

### **Protection of existing pay rates**

Job evaluation may result in some existing employees' jobs being placed in a lower grade which does not equate with their current pay rate. It is recommended that a policy on how to deal with such situations should be considered and, if possible, agreement reached before embarking on job evaluation. Where it is decided that in such situations the current wage for existing employees will be retained, this process is known as 'red circling'.



## What kind of job evaluation scheme?

Key Points: -

- There are a number of different job evaluation techniques but in broad terms only two types of scheme - analytical or non analytical
- The choice of a proprietary scheme or of a 'tailor made' one designed in-house depends on the needs of the organisation
- A 'tailor made' scheme involving joint participation is likely to be more acceptable to the workforce

There are a number of different job evaluation techniques, each with advantages and disadvantages but there are only two types of scheme, analytical and non analytical. The most common job evaluation techniques, within these headings are listed below.

### **Non analytical**

#### ***Job ranking***

This is a technique using job descriptions or job titles. Each job is considered as a whole and placed in a 'felt fair' rank order to produce a league table. It is considered the simplest method since there is no attempt to break down or analyse the whole job in any way. It is therefore easy to understand and implement, particularly with a small number of jobs.

#### ***Paired comparisons***

This is also a relatively simple technique. Each job is compared as a whole with each other job in turn, and points (0, 1 or 2) awarded according to whether its overall importance is judged to be less than, equal to, or more than the other jobs. Points awarded for each job are then totalled and a rank order produced. This method has all the advantages of job ranking and is slightly more systematic. However, it is best limited to organisations with a maximum of 30 jobs in a particular job population and, like job ranking, it does not involve any analysis of jobs nor indicate the extent of difference between them.

#### ***Job classification***

This is also a 'whole job' evaluation technique. In job classification the number of grades is decided first and detailed grade definitions produced. Representative (benchmark) jobs are evaluated to validate the definitions. Other non-benchmark jobs are then slotted in on the basis of the relevant grade definitions. This method may be used where groups of jobs can be clearly defined - for example, clerical and administrative employees. Again it is easy to understand and does allow for some consideration of skill content. There is, however, a temptation to grade jobs according to how

they have been paid historically rather than according to their definitions, and aspects of individual jobs may straddle job definitions.

*Note:* The job evaluation techniques mentioned above may have a limited appeal to organisations because, being non analytical, they are unlikely to succeed as a defence to an equal value claim.

## **Analytical**

### ***Points rating***

This is a commonly used job evaluation technique. It is an analytical method which breaks down each job into a number of factors; for example, skill, responsibility and effort, with the factors sometimes being further broken down into sub-factors, for example, education, decision making and dexterity. These sub-factors will be further divided into degrees or levels. Points are awarded for each factor according to a predetermined scale and the total points decide a job's place in the ranking order. The factors should reflect the varying degrees of importance attached to them. Care must be taken to ensure that the weightings do not result in a sex-biased scheme - for example, by attaching an unjustified weighting to the physical strength factor at the expense of manual dexterity.

A points rating scheme has the following advantages:

- it provides a rationale why jobs are ranked differently
- it may be entered as a defence to an equal value claim when factors are selected and weighted to take no account of sex, and
- it will be seen generally as less subjective than non analytical techniques.

The limitations of points rating are that it is time consuming to introduce and can be complex and costly to undertake. In addition it can be seen to be inflexible in times of rapid change and can imply an arithmetical precision which is not justified.

### **'Tailor made' or 'off the peg'**

A prime consideration in deciding which analytical job evaluation scheme to select lies in the choice of factors and weightings. The benefit of proprietary 'off the peg' schemes is that they normally have been well tried and tested and there is therefore a saving in time. In addition, many are linked to mechanisms for checking salary levels. The benefit of 'tailor made' schemes is that the factors and definitions more accurately reflect the range of jobs to be evaluated and are arrived at through consensus; consequently they are more likely to be acceptable to the workforce. Care, however, has to be taken in designing the scheme and in particular in avoiding discrimination when weighting the factors.

## Implementing the job evaluation scheme

Key Points: -

- The validation of the factor plan against benchmark jobs is essential before evaluating all other jobs
- An appeals procedure based on the agreed factor plan and or job description should be established
- The scheme should be fully documented and a manual produced to facilitate proper maintenance
- There should be a mechanism for evaluating new jobs or changes in jobs

### Preparation of factor plan for analytical schemes

When a points rating scheme is used, the factors, sub factors, and levels for the range of jobs should be defined and listed. This is commonly known as a factor plan.

### Validating the factor plan

Before using the factor plan, the definitions, weightings and points allocated should be tested against benchmark jobs. These are jobs generally recognisable by the job population as representative of the spread of work to be evaluated. The benchmark jobs are placed in an agreed rank order which is the basis for testing the factor plan.

The test should be carried out by the job evaluation committee examining each benchmark job and considering each factor and the total points awarded. In this way it should be possible to check whether consistency has been maintained and whether the points allocated can be justified. If necessary the job evaluation committee should be prepared to redefine and adjust weightings at this stage.

### Evaluating remaining jobs

Once the factor plan has been tested, all other jobs should be evaluated and put in rank order. The job evaluation committee should then agree the rank order of jobs from which a grading structure can be prepared, and recommend it to the appropriate joint negotiating forum.

### Implementation

If the job evaluation exercise has been carried out carefully and in a participative way, it is more likely that its outcome will be accepted. The next stage is for the organisation to decide how to implement the conclusions, prepare a grading structure, communicate this to employees and deal with any appeals. The grading structure should be agreed by

negotiation and should establish the number of grades, the span of points for each grade and the related pay ranges.

### **'Red circling'**

At the outset of the job evaluation exercise, a decision should have been made on whether to protect the wages of those employees whose new pay rates might be lower than the rates they are currently receiving. This process of 'red circling' involves allowing such employees to retain current wage rates for an agreed period.

### **Dealing with appeals**

No matter how carefully the job evaluation exercise has been undertaken, there may be individual employees who consider that their job has been wrongly evaluated. A procedure for hearing appeals should therefore be established before publication of the initial results, and appeals should be heard on the basis of the agreed job description. Appeals should be made within a set time-scale and may be considered in the first instance by the original job evaluation committee.

Although each organisation should decide its own appeals procedure, it is suggested that appeals should be:

- based on the agreed factor plan and/or job description
- dealt with separately and not under the organisation's normal grievance procedure, and
- received and heard within an agreed time-scale.

### **Maintenance**

Job evaluation is not a once and for all exercise and procedures must be devised to keep the scheme up to date. It is essential for someone in the organisation to have a continuing knowledge of the scheme. If the scheme is not regularly maintained, the initial problems which gave rise to the need for job evaluation may re-emerge and the scheme will fall into decay and disrepute. If maintenance is carried out, the scheme will last longer and should continue to be acceptable. A prerequisite for setting up a maintenance programme is the provision of a written job evaluation manual which sets out the background and history, rules and results of the scheme, allocation of responsibility and details of how the scheme will be kept up to date.

It is Acas experience that the ongoing maintenance of a scheme requires that:

- responsibility for the scheme is clearly allocated

- job descriptions are prepared for new or altered jobs
- a programme for carrying out those reviews should be considered in advance, and
- replacement committee members are identified and trained.

### **Re-evaluation of jobs**

There should be a separate procedure for dealing with the evaluation of new jobs or the re-evaluation of an existing job which has changed. The following procedure is suggested:

- the employee should apply to his or her immediate line manager, using a standard form which sets out the reasons why the grading is not, or no longer, thought appropriate
- the line manager, after discussion with the employee as necessary, should submit the application to the Personnel Department, indicating whether or not it is supported
- the Personnel Department should arrange for a current updated job description to be prepared and agreed by the employee and line manager, and
- the joint evaluation committee should consider the job description and give its decision within an agreed time-scale.

## **Appendix 1**

### **Job evaluation and equal pay**

#### **The right to equal pay**

The Equal Pay Act 1970, as amended by the Sex Discrimination Acts 1975 and 1986, provides that a woman has the right to treatment equal to that given to a man where the woman is employed:

- on work of the same or broadly similar nature to that of a man, and
- in a job which, although different from that of a man, has been rated as equivalent to the man's job under a job evaluation scheme.

The Equal Pay (Amendment) Regulations 1983 provide for a woman to seek equal pay with a named male comparator in the same employment engaged in dissimilar work on the grounds that the work done, although different, is of equal value in terms of the demands that it makes. Where the two jobs are of equal value, an employer can justify difference in pay only where the variation in basic pay is genuinely due to a material factor which is not the difference of sex.

If a woman considers that she has the right to equal pay with a man under this legislation she can apply to an employment tribunal. However, under a regulation in the Employment Act 2002 the 'questionnaire' procedure must be followed before a tribunal claim is made. This requires the employer to disclose information to the employee so that both parties can be clear of the facts before any action is taken.

If the case does go to tribunal then the tribunal will first establish whether the claim could be dealt with as a claim of like work or work already rated as equivalent under a job evaluation scheme. If not, it will consider the case under the equal value provisions and commission an independent expert to evaluate the jobs concerned and produce a report. Finally, the tribunal will make a decision on whether the woman is entitled to equal pay, taking into account all the evidence.

The amending regulations stipulate that, where an applicant in an equal pay claim is covered by the same job evaluation scheme as his or her chosen comparator, the claim will fail unless the scheme can be shown to be discriminatory on grounds of sex. A job evaluation scheme will be regarded as discriminatory if the differences in values allocated to the demands of different jobs cannot be justified on grounds other than the difference in sex.

It is clear that the equal value regulations have important implications for job evaluation. Care should be taken that any job evaluation scheme should be non-discriminatory in its effects and be linked to a payment system where employees performing work of equal value receive equal pay, regardless of their sex. It is particularly important when designing a job evaluation scheme to bear in mind that only analytical schemes are likely to provide a successful defence against a charge of sex discrimination.

European law also affects equal pay legislation in the UK, including Scotland and Northern Ireland. The relevant EEC Treaty of Rome articles and Community regulations automatically are part of UK law and there is no need for enabling legislation. Consequently an individual can complain to an employment tribunal that EEC Treaty of Rome articles and regulations on equal value are not being applied.

## **Appendix 4**

### **Glossary of some job evaluation terms**

#### **Analytical:**

A job evaluation scheme which involves analysing a job by dividing it into pre-determined factors applying to all the jobs under evaluation.

**Benchmark job:**

A job selected as representative of a range of jobs against which the other jobs can be assessed.

**Degrees levels:**

A set of agreed criteria to allow the factor or sub-factor to be broken down into elements.

**Factor:**

The main elements or characteristics of a range of jobs which can be defined and assessed. Factors may be divided further into sub-factors.

**Factor plan:**

A combination of factors or sub-factors against which jobs will be evaluated.

**Grade drift:**

A process whereby, usually through the passage of time, the relationship between the pay for a group of jobs and the characteristics of the jobs is no longer considered relevant.

**Job analyst:**

A person appointed to list the various tasks and requirements of a job and to prepare a job description.

**Job description:**

A written account of the various characteristics, skills, tasks, and responsibilities of a specific job.

**Non analytical:**

A job evaluation scheme involving whole job analysis.

**Rank order:**

The hierarchical relationship of jobs to each other.

**Sub-factor:**

A division of factors into more precise recognisable elements.

**Tailor made:**

A job evaluation scheme devised in-house for an organisation itself.

**Weighting:**

The process of differentiating between factors to reflect their importance

relative to other factors.

**Whole job analysis:**

The process of comparing with others a job in its entirety and placing it in a rank order.

**Notes**

1. Equal Opportunities Commission: Job Evaluation schemes free from sex bias. Obtainable free of charge from the EOC on 0845 601 5901.
2. These rights apply equally to a man, although we refer in this appendix only to the equal pay comparison of a woman to a man.
3. Acas conciliation services are available to help the parties reach a voluntary solution without the need for a tribunal hearing.

**Suggested further reading****Absence****Armstrong, Michael**

Employee reward (3rd ed)  
London, CIPD, 2002

**Armstrong, Michael and Baron, Angela**

The job evaluation handbook  
London, CIPD, 1995

**Armstrong, Michael and Murlis, Helen**

Reward management: a handbook of remuneration strategy and practice (4th ed)  
London, Kogan Page, 1998

**Equal Opportunities Commission**

Job evaluation schemes free of sex bias  
Manchester, EOC, 2000

**Fowler, Alan**

Writing job descriptions  
London, CIPD, 2000

**Incomes Data Services**

Job evaluation  
London, IDS, 2000  
(IDS Studies Plus)

**Poels, Frans**

Job evaluation and remuneration strategies: how to set up and run an



effective system  
London, Kogan Page, 1997

### **Labour turnover**

#### **Chartered Institute of Personnel and Development**

Labour turnover: 2002 survey report  
London, CIPD, 2002

#### **Confederation of British Industry**

Counting the costs: 2002 absence and labour turnover survey  
London, CBI, 2002

#### **Gooch, Rachel and Suff, Paul**

Staff retention  
London, IRS, 1999  
(IRS Management Review 13)

#### **Incomes Data Services**

Improving staff retention  
London, IDS, 2000  
(IDS Study 692)

#### **Taylor, Stephen**

The employee retention handbook  
London, CIPD, 2002

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