

METHODS OF JOB EVALUATION IN LEADING FOREIGN COMPANIES

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Purpose. The article focuses on studying and analyzing the methods of job evaluation in leading foreign companies as a way to increase the efficiency of labour. **Methodology.** The systemic-functional approach to the analysis has made it possible to provide a comprehensive study of the object and identify the relationships between processes and phenomena as well as highlight advantages and disadvantages of the described methods. **Results.** The goal of job evaluation is to determine the relative worth of jobs which involves formal and systematic appraising the content of jobs, set in the family of other jobs. The outcome of job evaluation is a hierarchical wage structure. Foreign companies usually elected special committees to design job evaluation. A preferable method of job evaluation in foreign companies is job ranking. They also employ such methods as the job classification, the point method, and the factor comparison method as well as the method of grouping similar jobs in accordance with tariff grades. Some foreign companies use remuneration based on qualifications and remuneration in the market. Applying job evaluation methods is a very important factor motivating employees to effective work. **Originality.** The research presents the contrastive analyses of different methods of job evaluation singling out their advantages and disadvantages, thus proving the necessity of their considering for labor motivation and work organization. **Practical value.** The analyzed methods can be of practical use in enterprises and businesses while developing a hierarchical wage structure. References 10.

Key words: job evaluation, ranking, classification, point method, factor comparison, tariffs, motivation.

МЕТОДИ ОЦІНКИ ПРАЦІ У ПЕРЕДОВИХ ЗАРУБІЖНИХ ФІРМАХ

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Метою оцінки праці є визначення відносної цінності праці, яка включає в себе формальне і систематичне порівняння різних видів праці. Результатом оцінки праці є визначення ієрархії оплати. У зарубіжних фірмах оцінкою займаються спеціально вибрані комітети, які планують оцінку праці. Одним із методів оцінки праці є ранжирування видів праці. Застосовують також метод класифікації видів праці, бальний метод, метод факторного порівняння, а також метод групування аналогічних видів праці за тарифними розрядами. Ряд зарубіжних фірм застосовує оплату праці, засновану на кваліфікації і оплати, що складається на ринку. Застосування методів оцінки праці є важливим фактором мотивації працівників до високопродуктивної праці.

Ключові слова: оцінка праці, ранжирування, класифікація, бальний метод, факторне порівняння, тарифи, мотивація.

PROBLEM STATEMENT. The goal of job evaluation is to determine the relative value of working. It includes formal and systematic contrasting different types of work with a view to evaluate a job in relation to other jobs in an organization. Its final outcome is establishing a hierarchical wage structure. Job evaluation is based on comparison of different jobs content considering certain aspects such as the skill and responsibility levels or physical exertions. For instance, you know (from your own reviewing the wage and reward policy) “how much” is the key, control jobs in your organization, so you can use job evaluation to determine relative value of all the other jobs (in relation to these “control points”). In this case you have made progress on the way to fair evaluating all the jobs in your organization.

Theoretical and practical aspects of labor productivity and quality motivation have been subjected to analysis both in foreign and national sciences. National researches have different approaches to the problems of labor motivation and work organization. Among those who are engaged in studying these issues there are V. Abramov, H. Dmytrenko, A. Kalyna, A. Kolot, P. Krush, A. Krushevskyi, O. Krushelnytska. A great contribution to developing the problems of job evaluation and labor motivation has been done by such foreign researches as

M. Armstrong, V. Vroom, B. Mausner, M. Potter, T. Stevens, Ph. Whiteley, F. Herzberg. The problem of forming labor potential and saving human capital have been analyzed by A. Achkasova, I. Dzhan, T. Kostyshyna, T. Makarova, A. Naida, V. Pasichnyi, V. Torkatiuk, etc. [1, 2, 3, 4].

The aim of the work is to study and analyze the methods of job evaluation in leading foreign companies.

EXPERIMENTAL PART AND RESULTS OBTAINED. There are two main techniques that can be employed to compare several jobs.

Firstly, one can use his or her own intuition, or go through a rule of thumb method. You may just guess that one job is more “important” than another and do not worry about the factors related to a certain job.

Undertaking the other technique, you can compare jobs on some basic criteria universal to all jobs. In compensation administration these basic criteria are called compensable factors – components of job content or work demands that are felt to provide the basis for compensation. They determine your appraising the content of jobs, set in the family of other jobs. They also help to assess remuneration according to job performance.

Some employers invent their own compensable factors. Though most organizations use the criteria of

universal systems for job evaluation or those enshrined in the federal law. For example, the Equal Pay Act (EPA), requiring employers to pay men and women equally for doing the same work, determines four compensable factors:

- skill needed to perform the job;
- effort required to complete the job;
- responsibility that goes with the expectation;
- working conditions under which jobs are performed.

Another example is the Hay Job Evaluation developed by the Hay Group, a global management consulting firm based in Philadelphia, Pennsylvania. The Hay methodology (properly the Hay Group Guide Chart-Profile Method) includes three compensable factors: Know How, Problem Solving, Accountability [7, 8].

The choice of factors plays a core role in job evaluation. While evaluating, a job should be compared with all the other related jobs through interplay of the same compensable factors. In this way you rank the identical elementary components of a job, and it facilitates the comparison of different jobs on the basis of rational criteria such as skills, efforts, responsibilities and working conditions needed to perform a job.

Planning and preparing job evaluation.

Job evaluation is mainly a subjective process demanding close cooperation of line managers, HR experts, employees and union representatives. The process of job evaluation involves the following steps: determining program necessity, gaining acceptance and creating job evaluation committee to evaluate jobs in an organization.

It is not difficult to determine the necessity for job evaluation. For example, employees' dissatisfaction, which results in turnovers, strikes and disputes, may be caused by anomalies in rates of pay: employees 'feel unfair' if they get different pay for performing the same jobs. Similarly, managers can express concerns as to the current informal procedure of payment rating for different jobs, conscious of need for systematic evaluation of wage rates as being fairer.

Then, the next important step is to gain employees' acceptance as they can get a fright that systematic evaluating their job performance may result in wages reduction. So they should be told that job evaluation can eliminate the situation when pay decisions are taken at the authorities' whim. Besides, job evaluation can create a mechanism for considering their complaints and result in unchanged tariff rates. When job evaluation is used in the design of a wage structure, it helps in rationalizing or simplifying the system of current wage rates.

Then a job evaluation committee should be elected, and there are two reasons for it. Firstly, the committee is to reveal opinions of some people who are well aware of the jobs in question; moreover, each of them can have their own point of view on the content of these jobs. Secondly (if the committee includes, at least in part, some employees), the committee creating may guarantee better acceptance of job evaluation outcomes on the side of employees.

A committee, as a rule, includes five members, most of whom are employees. Though managers can work in these committees, employees may feel suspiciously about their involvement and that is why it is better to exclude managers from evaluating jobs of non-managers. However, a HR expert involving may be acceptable: they have a reputation of impartial persons, unlike line managers, and can provide professional assistance in job evaluation. The first method is to give them an advisory vote. Union representatives can also be involved, but mostly unions only confirm job evaluation as a method of decision making and retain the right to object to the actual decision on wage tariffs via complaints or negotiations. Then each member of the committee is given a brochure describing the process of job evaluation, and provided special instructions and trainings in the use of the method.

First of all, 10-15 key trial jobs are identified. These jobs will be primarily evaluated and they will serve as benchmarks to measure relative importance or value of the other jobs and to develop a hierarchical structure of jobs based on a common set of criteria.

Then the committee can choose compensable factors (however, an HR Department prefers to consider it as part of the procedure for selecting specific methods).

At last, the committee gets to its most essential objective – actual evaluating a job.

To do this effectively, the committee is to select or design a method of evaluating jobs. The basic methods are ranking, classification, point method and factor comparison.

Perhaps the simplest method of job evaluation is the ranking method. According to this method, jobs are arranged according to some general factor, like the relative difficulty in performing them. Job ranking consists of the following steps [1, 8]:

1. Job analysis. The first step is collecting information about a job. Job descriptions are prepared, or secured if already available, and then used as a basis for ranking. Sometimes qualification requirements are set (or a labor organization chart), but, as a rule, the jobs are examined as a whole rather than on the basis of important compensable factors.

2. Selection of experts and jobs for evaluating. Sometimes it is no use ranking all the jobs in an organization. The more common procedure is to rank jobs in departments or "by classes" (i.e. manual workers, office workers). In this case there is no need to directly compare, say, production work with office work.

3. Selection of compensable factors. The ranking method mainly employs one factor – effort required to complete the job – so the rank of a job is determined as a whole. No matter how many factors you have selected, each factor should be clearly explained to the members of the committee lest they have contradictions while evaluating the job.

4. Job ranking. Then each job is ranked. The simplest way is to give every ranker a set of cards (one for each job) on which job titles or short job briefs have been written. After that they rank the jobs, from the

lowest to the highest. Some managers prefer to use alternate ranking with a view to obtain more correct results. The raters are asked to record at the top of the right-hand column the job title they adjudge the highest, and cross out that title in the list to the left. Then they record the lowest job in the bottom blank and the remaining jobs in between, crossing out the job titles from the left-hand list along the way. This approach simplifies the procedure as it is easier to choose between the extreme estimates.

5. Composing ranks. It is advisable to have several raters rank the jobs independently. Their rankings are then averaged; yielding a composite ranking that is sufficiently accurate.

Advantages and disadvantages of the method. The ranking method is simple to understand and practice and it takes less time than the other methods.

Some of its disadvantages are stipulated by its usage rather than by the method itself. For example, there is a tendency to rely on subjective guesses. Similarly, ranking fails to provide correct assessment of the relative importance of all the jobs. It does not indicate the degree of difference between jobs, but only indicates that one job is more or less important than another one.

This method might serve the purposes of a small organization with easily defined jobs but would probably be most unsuitable for a large company with a complex organization structure.

The method of job classification (or grading) is also rather simple and widely used. According to this method, a predetermined number of jobs are subdivided into groups. These groups are called job classes if they include similar types of work. Separate classes may include office, clerical, managerial, personnel, etc. The groups are called grades if they include jobs with similar efforts required to complete them, but different in other features.

There are several techniques of job classification. One of them consists in "grade descriptions" (an analogue of job description) and then fitting each job into its proper niche. Another technique is the development of classification rules for each class (for example, what skills, efforts, knowledge, experience and responsibility required for each class). Then all the jobs can be classified according to these rules.

The usual procedure is to select compensable factors and then to develop class or grade descriptions by describing levels of compensable factors that apply to the jobs in a class/grade.

For instance, the US federal classification system employs the following compensable factors: 1) job complexity and diversity; 2) subordination and administration; 3) independent judgments; 4) originality required; 5) nature and goals of relations with employees; 6) responsibility; 7) experience; 8) required knowledge.

These compensable factors make up a basis for grade descriptions, and after that the committee surveys all job descriptions and allots jobs to classes and grades, which are given below:

GS-1 includes the classes where employees are to perform some actions under the guidance with limited

freedom of manifesting their independent judgments or with complete absence such freedom:

A) simple routine work in offices, businesses, government bodies;

B) elementary subordinate technical work in scientific, technical or professional spheres;

GS-2 includes the classes where employees are:

A) to perform routine work in offices, businesses, government bodies under the guidance with limited freedom of manifesting their independent judgments or subordinate technical work in scientific, technical or professional spheres which demand some training or experience;

B) perform other work of similar value, complexity and responsibility which demands the same qualification.

GS-3 includes the classes where employees are:

A) to perform, under direct or general guidance, comparatively complex and responsible work in offices, businesses, government bodies or subordinate technical work in scientific, technical or professional spheres which demand in each case:

(1) some training or experience,

(2) professional knowledge in certain areas,

(3) manifesting, to some extent, independent judgments agreeable with well known methods and procedures;

B) to perform other work of similar value, complexity and responsibility which demands the same qualification.

GS-4 includes the classes where employees are to perform, under direct or general guidance, reasonably complex and responsible work in offices, businesses, government bodies or subordinate technical work in scientific, technical or professional spheres which demand secondary vocational training as well as work experience in lower management or similar positions [1, 9].

Job classification method has some advantages. The main thing is that most employers, as a rule, are used to classifying jobs irrespective of job evaluation methods. They do it to avoid the uncontrolled number of jobs and the need to assess all of them. When using job classification method, all jobs have already been grouped into several classes.

The disadvantage is that it is very difficult to make comprehensive, all-inclusive descriptions of a grade or class and evaluators have the tendency to classify the job using their subjective judgments. But, all the same, many employers (including the US government) make successful use of this method, and the government has even come to the conclusion that expenses on more formalized methods exceed their additional accuracy.

The point method is a more formalized quantitative method for evaluating jobs. It involves rating each job on several compensable factors and adding the scores on each factor to obtain total points for a job. This rating scale includes a definition of the factor, several divisions called degrees (also carefully defined), and a point score for each degree. For example, let us assume that a job can have five degrees of responsibility. And each degree of each factor is assigned a certain number of points.

Then, when the evaluation committee determines to what extent each factor is present in a job, it can add up the point values of all factors and get the worth of a job in terms of total points. Thus, it will result in quantitative ranking of a job. The point method may be the most widely used one in job evaluation.

Job evaluation through factor comparison.

The factor comparison method is another quantitative method that involves judging which jobs contain more of certain compensable factors. In fact, this method is an improved ranking method. In the ranking method a job is usually viewed as a whole and jobs are ranked on some generalized criterion, for example, work complexity. When using the factor comparison method, jobs are ranked several times: they are compared with each other on one compensable factor at a time.

So, all jobs can first be ranked on the compensable factor “skill requirements”. Then the “mental requirements” factor can be addressed, and so on. After that the ranks are sum up for every job to determine overall job ranking. This method is also widely used in practice.

CONCLUSIONS. The ultimate goal of job evaluation is to determine the relative worth of jobs within the organization. It involves formal and systematic appraising the content of jobs, set in the family of other jobs, so as to put them in a suitably evolved rank order. An equitable hierarchical wage

structure is a natural outcome of job evaluation. Job evaluation is mainly subjective process based on close cooperation of managers, HR experts, basic trade employees and unions.

The analysis of the issue in foreign companies proves that it is not possible for a single person to evaluate all the key jobs in an organization. Usually a job evaluation committee is created to design a method of evaluating jobs. The most common method of job evaluation in foreign companies is the ranking method. It includes the following stages: job analysis, selection of experts and jobs for ranking, selection of compensable factors, job ranking, composing ranks. Some organizations employ the method of job classification, according to which a predetermined number of jobs are subdivided into groups.

A number of companies make use of the point method as more formalized and quantitative for evaluating jobs. It is based on several compensable factors. Foreign companies widely use the method of grouping similar jobs in accordance with tariff grades and remuneration in the market, which can be recommended for Ukraine. All in all, job evaluation is a very important factor motivating employees to effective work.

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МЕТОДЫ ОЦЕНКИ ТРУДА В ПЕРЕДОВЫХ ЗАРУБЕЖНЫХ ФИРМАХ

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Целью оценки труда является определение относительной ценности труда, которая включает в себя формальное и систематическое сравнение различных видов работы. Результатом оценки труда является определение иерархии оплаты. В зарубежных фирмах оценкой занимаются специально избранные комитеты, которые планируют оценку труда. Одним из методов оценки труда является ранжирование видов работы. Применяют также метод классификации видов труда, бальный метод, метод факторного сравнения, а также метод группировки аналогичных видов труда по тарифным разрядам.

Ряд зарубежных фирм применяет оплату труда, основанную на квалификации и оплате, складывающейся на рынке. Применение методов оценки труда является важным фактором мотивации работников к высокопроизводительному труду.

Ключевые слова: оценка труда, ранжирование, классификация, бальный метод, факторное сравнение, тарифы, мотивация.

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