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Job evaluation and profitability of organizations in manufacturing firms in Delta State

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***Abstract*---**The research work looked into the job evaluation and profitability in organisations. To put the study in perspective, three hypotheses were drawn from reviewed literature and dimensions and measures of the subject therein. Three hypotheses were analyzed using SPSS. The target population for the study was 200 respondents however, 100 respondents were used as the sample size statistically. Findings revealed that a significant relationship exists between all measures of job evaluation and profitability in organisations. Thus, profitability in organisations can be manipulated through the regulation of the dimension of profitability in organisations. Consequently, the study recommended that employees should be evaluated from time to time by the management to bring out the best in them. Conclusively, job evaluation will be successful when participants are trained in job evaluation.

***Keywords*---**job evaluation, profitability, manufacturing

Introduction

Job evaluation is one the simplest however critical. One of the basic approaches in job evaluation is ranking. Ranking involves comparing jobs to each other based on the overall worth of a job to an organization. The worth of a job is normally by the judgment of knowledge, effort and accountability, and working conditions involved in the job execution. Human resource management is an important area in an organization yet is very complex because it involves human beings who are intelligent to think, react and act according to their thoughts. Therefore, managing human beings requires skills and expertise so they can fulfil their jobs. For employees to fulfil their job efficiently and effectively, job evaluation is an important human resource practice to determine the value or worth of a particular job in comparison with other jobs.

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Some of the advantages of ranking include simplicity in the application of job evaluation and it is very effective for a few jobs to be evaluated. Specifically, it is normally most suitable for less than 30 jobs in the organization. On the other hand, the shortcoming involves difficulty to administer a large number of jobs. In case the job increases, then it would be difficult to evaluate. In addition, the ranking system is subjective. This is because there is no standard used for comparison. It means new jobs would have to be compared with the existing jobs to determine the appropriate ranks. From a practical point of view, ranking involves ordering, weighing and paired comparison. Ordering involves placing job titles on an index card and then arranging the order of the job titles according to their relative importance and contribution toward achieving organizational performance. Weighing involves assigning weights depending on several characteristics of the job. Paired comparison is a deliberate comparison of similar job titles. After ranking or grouping has been completed, then determine the appropriate salary for each group or rank. Sometimes, it is easier to use interactive ranking programs to provide an appropriate ranking system for the organization.

Recognizably, most organizations fail to address evaluation concern as it applies to the trend and times. Organisations end up failing to attract the nest of an employee because of these developments. Hence a challenge to profitability and overall performance. Hence, this study tries to address the gap in how job evaluation moderates organizational performance using firms.

Objectives

This is to be achieved through the following specific research objectives:

1. to examine the relationship between telecommunications and profitability in organizations.
2. to examine the relationship between computer software and profitability in organizations.
3. to examine the relationship between computer hardware and profitability in organizations.

Review of Related Literature
Conceptual Review
Concept of Job Evaluation

Job evaluation is a technique to provide a systematic, rational and consistent approach to defining the relative worth of jobs within an organisation. This process is based on the assessment of the relative importance of the tasks involved. It is not concerned with the volume of work, or with the person doing it, or determining pay. It is used to provide the basis for an equitable and defensible pay structure, particularly in determining equal pay for work of equal or comparable value. Through its focus on the nature of jobs, job evaluation provides a practical means of implementing this principle. It also offers a convenient method for revealing discriminatory practices in any organisation before a complaint is made.

It is important to note that job evaluation is not performance evaluation. Job evaluation determines the relative value of a job to the organisation while performance evaluation determines the relative value of an individual/employee to the organisation. It is the job that is being evaluated, not the person who is doing that job. This process assesses the qualitative aspects of the job, not the quantitative aspects. In other words, it is not the amount of work allocated to a job which is primarily measured, but its relative demands, complexity and responsibility and the competency required to carry out the job effectively The technique of job evaluation have developed largely as a response to various pay administration problems encountered in large-scale modern enterprises. With large numbers of workers being employed, clear rules for payment are essential if labour costs are to be accurately estimated and controlled and meaningful personnel policies to be followed. Therefore, an objective, transparent and systematic way of calculating the worth of jobs must be mutually agreed upon between employers and employees. A systematic job evaluation is an aid to reveal the values that consciously or unconsciously discriminate against female occupations.

Those in charge of an organisation often consider an analysis of the job evaluation process for the following reasons:

- Determining pay and grading structures
- Ensuring a fair and equal pay system
- Deciding on benefits provision, i.e. bonuses
- Comparing pay rates against the external market
- Undergoing organisational development in times of change
- Undertaking career management and succession planning
- Reviewing all jobs post-large scale changes, especially if roles have also changed.

Job evaluation develops a means of providing competency-based pay progression, an approach that would bring equity to those working in an organization and, importantly, offer a means to support lifelong learning and career progression. Therefore, government, employers and workers should all recognize that an effective job evaluation plan offers a reliable and valid tool to review jobs and their inherent worth in terms of salaries and benefits for competent individuals. There are many variations of job evaluation methods. Some are more complicated than others. The choice of an evaluation method is important and will depend on the number and type of jobs to be evaluated and available resources. However, they all follow the same approach, which is to value each job based on a common set of factors.

Job identification

The first step in the job evaluation process is to conduct a job analysis, to examine and analyze the tasks and activities necessarily entailed by a job. Job analysis begins by establishing a list of all the positions in a given population to group those that are identical or essentially the same "job". This process is called "job identification". This process will require exact information on the nature of each job, such as the content and level of the jobholder's responsibilities, and the

surroundings and conditions in which the job will be performed. Information to be gathered includes personal characteristics (i.e. knowledge, skills and individual abilities) that the job holder must retain to perform these tasks.
Although job evaluation is based on factual evidence, these data must be interpreted so those who have to make judgements on the evidence presented must be trained to do so appropriately. To ensure the process of job evaluation is going smoothly, someone needs to be appointed to take charge. This is the central project person the project manager or project coordinator. A project manager will need assistance from others with various expertise and together they form a project group or working group. In addition, several people are needed to take responsibility for the project's implementation a steering group or steering committee.

Job evaluation

The information obtained by job analysis is then recorded concisely in a "job evaluation". The job evaluation is a summary of the most important features of a job, including the general nature of the work performed and the level of the work performed. Ideally, the job evaluations should be written so that any reader, whether familiar or not with the job, can see what the worker does, how the worker uses various methods, procedures, tools or information sources to carry out the tasks, and why the worker performs those work activities for the completion of tasks. Since the purpose of the job evaluation is to enable jobs to be evaluated by comparison with each other, it usually has a standardized format, and typically includes three broad categories:

- identification,
- work performed, and
- performance requirements.

The degree of precision and the kind of information required to vary in different methods.

Methods

The next step in the job evaluation process is to select or design a method of evaluating jobs. Four basic methods have traditionally been used: ranking, classification, factor comparison, and point-rating. A more detailed description of these methods of job evaluation is presented in the next section. No matter which method is used, the result of the evaluation procedure is the ranking of jobs in order of importance. After this stage, it is usual to group into different grades those jobs to which substantially the same values have been ascribed.

Wage determination

Translating grades into wage levels is the logical culmination of any job evaluation process. However, the level and range of wages are not fixed as a direct consequence of job evaluation, which is normally concerned only with the relative positions of jobs; the determination of these tends to be influenced by wider considerations of overall wage policy, including comparisons with external rates.

In general, the level and range of wages are determined by bargaining between the management and workers or the worker's representatives, unions or professional associations.

Evaluation

Lastly, as enterprises evolve, work organisation changes with time, thus affecting job content and job-evaluated structures. As a final stage, it is, therefore, necessary to establish appropriate procedures for monitoring, evaluating and revising the job evaluation plan and for the settlement of appeals and disputes.

Avoiding gender bias

The process of job evaluation should be reviewed very closely to avoid gender discrimination. Strongly ingrained attitudes still exist about what work is appropriate to each sex. These attitudes can lead to acceptance of a grading and pay structure based on possibly discriminating current or past practices. Gender bias in job evaluations can occur when assumptions are made about the skills, responsibilities and demands involved in a job – and these assumptions are coloured by stereotypes about the people who usually do that work. Gender bias may also occur when characteristics traditionally associated with women (e.g. caring skills) are less heavily weighted than attributes traditionally associated with men (e.g. technical expertise) although both are required for a given job.

According to the International Labour Organization, discrimination in employment or occupation may be direct or indirect. Direct discrimination exists when laws, rules or practices explicitly cite a particular ground, such as sex, race, etc. to deny equal opportunities. For instance, if a wife, but not a husband, must obtain the spouse's consent to apply for a loan or a passport needed to engage in an occupation, this would be direct discrimination based on sex. Indirect discrimination occurs where rules or practices appear on the surface to be neutral but in practice lead to exclusions. Requiring applicants to be a certain height could disproportionately exclude women and members of some ethnic groups, for example. Unless the specified height is necessary to perform the particular job, this would illustrate indirect discrimination.

There are four basic methods of job evaluation, which can be categorised into either quantitative or non-quantitative, and that examine job content to compare jobs directly or indirectly. Ranking involves creating a hierarchy of jobs by comparing jobs on a global factor that presumably combines all parts of the job; the classification method defines categories of jobs and fits jobs into these categories; the factor comparison method involves job to job comparisons on several specific factors, and the point-rating method compares jobs by rating scales of specific factors. Since the first two methods are looking at the whole job as an entity, they are categorised as non-analytical or nonquantitative; the last two methods involve analysis and evaluation of job requirements according to different factors, e.g. skill, responsibility and effort; they are categorised as analytical or quantitative methods of job evaluation.

Ranking method

The ranking is a simple method which ranks the jobs in an organisation from highest to lowest. Jobs are considered as a whole and compared with each other using comparatively simple job evaluations. This method is one of the easiest to administer. Jobs are compared to each other based on the overall worth of the job to the organisation. This value is usually based on judgements of skill, effort (physical and mental), responsibility (supervisory and fiscal), and working conditions. This method relies on job evaluations or job titles for the positions to be ranked. Once evaluated, each job is placed in a 'felt fair' rank order. It is considered the simplest method since there is no attempt to break down or analyze the job in any way. It is therefore easy to understand and implement, particularly with a small number of jobs.

Steps in the development of the ranking method

1. Obtain job information. Prepare descriptions for every job in the organisation.
2. Select raters and jobs to be rated. Raters must know the organisation well, be trained to make unbiased judgements, and become familiar with the rating procedure. If there are many jobs to be ranked, the process can start by identifying key jobs, or ranking jobs by department and later combining the ranking.
3. Select remuneration factors (more detailed information later in this document). Although ranking is referred to as a ‘whole job approach’, different raters may use different bases to rank jobs. It may be wise to appoint certain key attributes of the jobs to be the most important basis for comparison.
4. Rank jobs. Although straight ranking may be feasible for a limited number of jobs (20 or less), paired comparison tends to produce more consistent results. Simply place job titles with their job evaluations in mind on 3x5 inch index cards then pair them comparing the titles by relative importance to the organisation.
5. Combine ratings. If several raters are involved in ranking the jobs independently, any differences will need to be negotiated and a consensus reached.

Advantages

- A relatively simple method.
- A method with relatively little cost and less time involved for the introduction and
  maintenance of the system.

Limitations

- Information on jobs involved may be insufficient. The evaluators may not be very clear on every job evaluation.
- There are no well-defined standards of ranking and the differences between jobs may not be equal.

- There are no safeguards against strong subjective influences. Every evaluator may have different bases of comparison.
- Since there is no standard used for comparison, new jobs would have to be compared with the existing jobs to determine their appropriate rank. In essence, the ranking process would have to be repeated each time a new job is added to the organisation.

Classification method

The job classification method involves defining several classes or grades of jobs and fitting jobs into them. It is a method whose main characteristic is that the various grades and their structure are established before the jobs are ranked all jobs are classified into an existing grade/category structure or hierarchy. Each level in the grade/category structure has a description and associated job titles. To ensure equity in job grading, a common set of grading standards and instructions may be used. Because of differences in duties, skills and knowledge, and other aspects of trades and labour jobs, grading standards are developed mainly along occupational lines.

Job classification is the most used form of non-analytical job evaluation because it is simple, easily understood and at least, in contrast to whole-job ranking, it provides some standards for making judgements in the form of the grade definitions. The United States civil service, for example, uses a very comprehensive classification system based on legally defined salary grades and scales which cover practically all government jobs

Steps in the Development of the Classification Method

1. Obtain job information. Prepare descriptions for every job in the organisation.
2. Select key jobs based on certain remuneration factors, e.g. knowledge and skills, effort, responsibility and working environment. Key jobs can be analyzed first and ranked. Distinguishable job features are then identified and used in developing grade descriptions.
3. Determine the number of grades. It will depend on an organisation's tradition, job diversity and promotion policies to decide on the number of classes in an organisation. More grades in the system allow for more promotion opportunities; fewer grades, however, permit more management flexibility and a simpler pay structure.
4. Develop grade descriptions. By defining grades in sufficient detail, the raters can easily slot jobs into the different categories. Usually, titles of benchmark / key jobs are used as examples of jobs that fall into a grade.
5. Classify jobs. The raters then can compare various jobs in each grade. The two extreme positions within each class (highest and lowest) will be identified and the others placed accordingly. The jobs considered to be sufficiently similar will receive the same pay; jobs in other classes/ grades or steps within a given grade are considered dissimilar enough to have different pay.

Advantages

- A fairly simple method but demands slightly more work than ranking. It may be relatively easy to secure agreement about the classification of most jobs.
- A system that is flexible under changing circumstances or in adapting to completely new jobs.
- The class/grade structure exists independent of the jobs. Therefore, new jobs can be classified more easily than the ranking method.

Theoretical Review

The Expectancy theory or expectancy theory of motivation proposed by Vroom (1964) proposes that an individual will behave or act in a certain way because they are motivated to select a specific behaviour over others due to what they expect the result of that selected behaviour will be. In essence, the motivation of the behaviour selection is determined by the desirability of the outcome. However, at the core of the theory is the cognitive process of how an individual processes the different motivational elements. This is done before making the ultimate choice. The outcome is not the sole determining factor in deciding how to behave. Expectancy theory is about the mental processes regarding choice or choosing. It explains the processes that an individual undergoes to make choices. In the study of organizational behaviour, expectancy theory is a motivation theory first proposed by Victor Vroom of the Yale School of Management. This theory emphasizes the need for organizations to relate rewards directly to performance and to ensure that the rewards provided are those rewards deserved and wanted by the recipients. Vroom believes that motivation is a process governing choices among alternative forms of voluntary activities, a process controlled by the individual. The individual makes choices based on estimates of how well the expected results of a given behaviour are going to match up with or eventually lead to the desired results. Motivation is a product of the individual's expectancy that a certain effort will lead to the intended performance, the instrumentality of this performance to achieving a certain result, and the desirability of this result for the individual, known as valence. Hence this study adopted it as a tool to enhance organisational performance

Methodology

The study survey nature had a population comprising the management, staff and customers under study is 150. The sample size of the research work is a proportion of individuals to draw from the population to assess the Impact of job evaluation on profitability in organisations. A sample size of 100 was used for the research work due to anticipated response, cost and time constraints. In this study, both primary and secondary data were used as methods of data collection. Primary data are those data which have been collected for the first time such as questionnaire while secondary data are those data that has been collected by someone else and exist somewhere (Kothari 2004). Data analysis refers to the strategies and procedures for summarizing and exploring relationships among the variables on which data have been collected (Olannye, 2006). Asika (1991) explained that data analysis also refers to searching for trends and patterns of relationship found among the data or group. The data collected was first deducted from the questionnaire distributed. Section "A" of the questionnaire was analyzed using the simple percentage method to convert the responses into a percentage. Questions were analyzed using correlation and simple linear regression data analysis. A simple linear Regression analysis used to test the hypothesis was conducted at a 0.05 level of Significant. The SPSS software Pack version 22 was used to analyze the correlation coefficient and Regression.

Analysis of Data and Results
The Decision Rule

If the probability value calculated is smaller or lesser than the critical level of significance which is (5% or 0.05), then the null hypotheses will be rejected while the alternate hypotheses are accepted and vice versa. For example, If the probability value of 0.00 is smaller than the critical value of 5% (i.e., 0.00 < 0.05), we conclude of the given parameter that it is statistically significant.

Test of Hypotheses

The three null hypotheses for the study in chapter one is hereby tested. Thus, Linear Regression and correlation analysis were employed as analytical tools for testing the hypotheses. The p-values reported in the regression coefficient tables are used for testing the study hypotheses.

Multiple Regression Analysis
Table 4.1 Model Summary

Model	R	R Square	Adjusted R Square	Std. The error in the Estimate
1	.856[a]	.799	.649	1.5617

a. Predictors: (Constant),
b. Job analysis job evaluation, Money allocation

The table shows the extent to which job evaluation accounted for profitability in organisations as indicated by the adjusted R square, which shows that 91% (.856) of the profitability in organisations is brought about by job evaluation. The correlation coefficient R is 0.799. **Therefore**, we can conclude that job evaluation has a positive correlation with profitability in organisations, and the relationship is strong since it is about 49%. While the R^2 of 0.649, which means about 48% of the variance in profitability in organisations is explained by job evaluation.

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	185.255	3	62.581	52.244	.002[b]
	Residual	195.632	90	2.271		
	Total	360.887	93			

Dependent Variable: Constant
Predictors: (Constant), Job analysis job evaluations, Money allocation

The *F*-ratio in table 4.2 tests whether the overall regression model is a good fit for the data. The table reported that job evaluations significantly predict Profitability in organisations, F (3.90) = 52, 224 P<.005. This implies that the regression model is a good fit for the data. In addition, the results of the analysis of ANOVA show that the independent variables; Job analysis, job evaluations and Money allocation are statistically and significantly predicting the dependent variables.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.680	1.387		.715	.522
	Job analysis	.325	.074	.235	3.951	.001
	job evaluation	.291	.092	.342	6.045	.002
	Money allocation	.283	.087	.381	.847	.001

a. Dependent Variable: Constant

It was reposted that job analysis which is the first variable has a positive effect on profitability in organisations (β=.325, p<0.001), this implies that the p-value critical 0.05(5%) level of significance is greater than the calculated level of significance (0.05>0.001), therefore the null hypothesis which states that there is no significant relationship between job analysis and profitability in organisations is hereby rejected while the alternate is accepted implying that there is a significant statistical relation between job analysis and Profitability in organisations.

It was reposted that job analysis which is the first variable has a positive effect on profitability in organisations (β=.291, p<0.002), this implies that the p-value critical 0.05(5%) level of significance is greater than the calculated level of significance (0.05>0.001), therefore the null hypothesis which states that there is no significant relationship between job analysis and profitability in organisations is hereby rejected while the alternate is accepted implying that there is a significant statistical relation between job analysis and Profitability in organisations.

It was reposted that job analysis which is the first variable has a positive effect on profitability in organisations (β=.283, p<0.001), this implies that the p-value critical 0.05(5%) level of significance is greater than the calculated level of significance (0.05>0.001), therefore the null hypothesis which states that there is no significant relationship between money allocation and profitability in organisations is hereby rejected while the alternate is accepted implying that there is a significant statistical relation between job analysis and Profitability in organisations.

Conclusion and Recommendation

In conclusion, this monograph has introduced job evaluation as a systematic approach to defining the relative worth of jobs within an organization. This method can provide a positive contribution to resolving some problems of gender-based discrimination. It is important to remember that evaluations are subjective and are influenced and revised over time. The general view of what is acceptable and what is discriminatory will also change over time. Jobs evolve and new jobs are created. So, it is with job evaluations — they must be dynamic and flexible and adaptable to local conditions if they are to be useful. The practice of job evaluation will be successful when participants are trained in job evaluation, there is transparency when designing and planning job evaluation projects, there is good communication throughout the project, careful documentation of processes and results, and ongoing monitoring and evaluation of outcomes by gender. Hospitals and other health facilities interested in recruiting and retaining nurses would be wise to adopt a job evaluation system capable of sensing the work-related values held by the employees within the organization and develop reward structures that mirror the level of staff competencies.

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