



REWARD MANAGEMENT

Chapter 10





- In exchange for the services , employer pays employee the reward.
- The reward people receive for their contribution to an organization includes monetary and non-monetary components.
- Pay decisions must be carefully managed and properly communicated.





JOB ANALYSIS

- A systematic procedure for getting information about the current or proposed duties and requirements of a position in order to determine the most appropriate classification.
- Focuses on work behaviors, tasks, outcomes.
- The process generates two documents: the job description and the job specification.



DATA COLLECTION METHODS (For Job Analysis)

Observation

Interviews

Work Sampling

Questionnaires

Standardized
Instruments



Observation

- Observing people while doing their work can provide insight into the vital functions of the job
- However, observing is easier on manual job, but not possible for knowledge workers, where analytical thinking is involved.





Interviews

- Focus interviews done one-on-one or in groups provide opportunity for asking relevant or clarificatory questions.
- Multiple interviews of several incumbents of same job and their supervisor can help verify true statements of the job.





Work Sampling

- Done at random, like once a week or a few hours a day.
- Work sampling must be representative of the job.



Questionnaires

- The most common and fastest method is through a questionnaire, distributed to all employees to accomplish.
- Two problems with the method: the lackadaisical attitude of employees to accomplish the questionnaires and their tendency to exaggerate the importance of some of their tasks.



Standardized Instruments

- **Position Analysis Questionnaire (PAQ)** requires that each job be analyzed with regards to 194 specific tasks commonly found in many jobs. It uses six scales to determine the degree to which these standardized tasks are performed in the job being analyzed.
- **Functional Job Analysis** examines the degree to which people, data, and things are involved in the functions of the job.



JOB DESCRIPTION

- A list of tasks, duties, and responsibilities (TDRs) that a particular job entails.



Elements of a Good Job Description

- Describe the basic purpose of the job. (Why it is performed)
- List the various duties in the order of importance. (Describe what the task is, how it is performed and why it is done)
- Begin each sentence with an action verb.
Use examples to add meaning.



- Define jargon or initials.
- Assume the reader knows nothing about the job.
- Answer all the why, how and who questions that the sentences generate.
- Provide an organization chart and relationships within the chart; include names, titles and line numbers.



Writing a Good Job Description

Position Summary

- This section is a brief, specific statement of why the position exists – what is the major end result.

Principal Duties

- This section describes the results for which the position has ongoing accountability.



Education and Experience

- Include the minimum level and type of formal education required of an incumbent in order to perform the job duties.

Internal and External Contacts

- This section considers what contacts are within and outside of the company, how often they occur and why?
- How important is the contact in relation to company goals?



Confidential or sensitive data

- Give examples of sensitive or confidential data which the incumbent of this position is required to work with or has access into.

Organization Chart

- The chart answers the following:
 - To whom does the position report to?
 - What other positions report to the same supervisor?
 - What positions report to this position?



JOB SPECIFICATION

- A statement of employee characteristics and qualifications required for satisfactory performance defined duties and tasks comprising a specific job or function.
- Differ from job description in that it focuses on the person performing the job rather than on the tasks being performed.





JOB EVALUATION

- Defined as the assessment of the relative worth of varied jobs on the basis of a consistent set of job and personal factors such as qualifications and skills required.
- A tool used to evaluate the worth of each job in the organization and in today's labor market.
- Three basic methods of job evaluation:
 - Ranking
 - Classification
 - Factor comparison



Ranking Method

- The simplest method of job evaluation, jobs are arranged from highest to lowest, in order of their value or merit to the organization.

Array of Jobs according to the Ranking Method

	Rank	Monthly Salary
1.	Accountant	₱25,000
2.	Accounting clerk	19,000
3.	Purchasing Assistant	17,000
4.	Secretary	15,000
5.	Clerk-typist	12,000
6.	Utility man	10,000



Classification Method

- A predetermined number of job groups or job classes are established and jobs are assigned to these classes.

- **Class 1 – Executives:** Further classified under this category may be the General Manager, Asst. General Manager, Plant Manager, Department Supervisor, and the like
- **Class 2 – Skilled workers:** Under this category may come the Purchasing Assistant, Cashier, Secretary, Warehouse clerk, clerk/typist, among others
- **Class 3 – Semi-skilled workers:** Under this category may come the Steno-typists, Machine operator, Switchboard operator, among others
- **Class 4 – Semi-skilled workers:** This category may comprise of Filing clerk, Messenger, Utility man, and the like



Weaknesses of the Classification Method

- Even when the requirements of different jobs differ, they are combined into single category based on status
- It is difficult to write all-inclusive descriptions of a grade
- Oversimplifies sharp differences between different jobs and different grades
- When individual job descriptions and grade descriptions do not match well, the evaluators will use subjective judgments



Factor Comparison Method

- Scientific and systematic method of job evaluation.
- Each job is ranked according to a series of factors.
- Pay will be assigned in this method by comparing weights of the factors required for each job.



Advantages and Disadvantages of the Factor Comparison Method

Advantages

- Analytical and objective.
- Reliable and valid.
- Money values are assigned in a fair way based on an agreed rank.
- Flexible since there is no upper limitation on the rating of a factor.

Disadvantages

- Difficult to understand, explain and operate.
- Its use of the same criteria to assess all jobs is questionable as jobs differ across and within organizations.
- Time consuming and costly.



Point Method

- Jobs are expressed in terms of key factors.
- Points are assigned to each factor after prioritizing each factor in the order of importance.
- The points are summed up to determine the wage rate for the job.



JOB FACTORS	Percentage Weights	Equivalent Points
I. SKILL	30	300
A. Technical Skills	5	50
B. Interpersonal Skills	10	10
C. Managerial Skills	15	150
II. EFFORT	20	200
A. Mental Effort	15	150
B. Work Pressure	5	50
III. RESPONSIBILITY	50	500
A. Impact on Operations	25	250
B. Responsibility over People	15	150
C. Responsibility over Company Assets	10	100
TOTAL	100%	1,000 pts

JOB RATING PLAN SAMPLE



Advantages and Disadvantages of the Point Method

Advantages

- It forces raters to look into all key factors and sub-factors of a job.
- Point values are assigned to all factors in a systematic way eliminating bias.
- Reliable because raters using similar criteria would get more or less similar answers.

Disadvantages

- The point method is complex.
- Time-consuming process.



The Hay Job Evaluation System

- Developed by E.N. and Associates in the 1950s, it is the most sophisticated method of evaluating jobs based on the point factor approach.
- Point score for each “Knowhow,” “Problem-Solving,” and “Accountability” factor with horizontal and vertical degrees of variation.



DEVELOPING A PAY STRUCTURE AND PAY PHILOSOPHY

- After the job evaluation comes the salary structure.
- The structure must be in accordance with the primary purpose of evaluating jobs: ensure internal equity and maintain external competitiveness.
- First, you have to decide how many job classification structures you will have in you company.

Second, compare your pay structure with the rest of the industry or community.



- Third, you have to decide what will be your pay philosophy based on the market rates.

Grade Level	Minimum	Mid-Point	Maximum
1	₱127,441	₱165,673	₱203,905
2	₱153,512	₱199,565	₱245,619
3	₱191,821	₱249,368	₱306,914
4	₱214,330	₱278,628	₱342,927
5	₱146,340	₱190,241	₱234,143
6	₱284,920	₱370,396	₱455,872
7	₱387,120	₱503,256	₱619,392
8	₱760,632	₱988,822	₱1,217,012
9	₱1,060,906	₱1,379,178	₱1,697,450

Sample Salary Structure



BROAD-BANDING

- Broad-banding involves collapsing of several grades into a fewer broad “bands.”
- Each band may have a minimum and maximum pay but usually does not have a traditional midpoint.
- Provides more flexible approach to compensation.
- The focus is on job responsibilities and the development of new skills/competencies instead of the pay grade for the job.



THE IMPORTANCE OF PARTICIPATION AND COMMUNICATION

- One way of minimizing if not, preventing complaints is allowing employee participation in the job evaluation process.
- The idea of giving “ownership” to the plan removes the aura of mystery of the plan and the perception that it is purely a management decision.
- Employees who participated in the task force can help and communicate the rationale of the program and how it was done and finally implemented.