Job Evaluation — the role of management and unions in four countries*

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The development of job evaluation practice is examined in Britain, America, the Netherlands, and South Africa. The role of management and unions is traced to highlight important content, process, and value issues. The initial phases of development of job evaluation arise out of attempts by major public or private bodies to rationalize chaotic wage rates. Job evaluation schemes are often implemented by management together with significant increases in wages and salaries. Unions invariably welcome the increases and do not question the rationality of the underlying plans. When, however, increases are no longer as large and when unions become more critical and knowledgeable they question the underlying tenets and processes. Further impetus to the development of job evaluation practice is gained when equal pay legislation or intent is introduced. Questioning of the plans and processes often leads to union involvement and joint management/labour committees devising plans and evaluating jobs. On the basis of this simple developmental model it is hypothesized that organizations in South Africa are entering the critical questioning phase and that considerably more attention will be focused on union involvement in job evaluation processes.


Introduction

Job evaluation practice in South Africa is examined against the development of job evaluation in Great Britain, the United States of America and Holland.

The reasons for choosing these particular countries are not based on any predictive scientific paradigm but are rather of an exploratory-descriptive, but nevertheless analytical, nature. The choice of countries does not reflect any a priori imputing of cause-effect relationships. The comparisons may simply highlight the content and process issues of job evaluation as an instrument in management/labour relations.

The purpose of this paper is to go beyond an analysis of the four selected countries in terms of the role of job evaluation in labour relations. A number of interesting questions are posed and attempts are made to answer these questions:

- since unions have traditionally been primarily concerned with issues of pay and differentials why is it that they have not ‘institutionalized’ job evaluation?
- what factors account for differences in acceptability of job evaluation across the four countries chosen?
- what are the implications of the present comparable worth debate for job evaluation and trade unions?

Job evaluation

According to the Oxford dictionary the word ‘evaluation’ means judgement of value or worth, these two being synonymous — ‘value’ from the French and ‘worth’ from old English. The term ‘job evaluation’ refers to a formal procedure for hierarchically ordering a set of jobs or positions with respect to their value or worth for the purposes of deriving an equitable and consistent pay and benefit structure.

An important issue implicit in this definition of job evaluation is that ultimately, the ordering or grouping of jobs as determined by job evaluation should replicate in money terms what is perceived to be fair by management and employees. What is perceived to be fair is a function of the market (supply and demand), legislation, collective bargaining power and the value systems of the society at a particular point in time.

Values may vary across cultural domains and over time. Gough Whitlam, one time Prime Minister of Australia, is purported to have said that there is no reason that a garbage collector should be paid any less than a medical doctor. Although Mr Whitlam is no longer in power, garbage collectors are now called ‘sanitary engineers’ in Australia. They do not yet earn as much as medical doctors but they certainly earn more relative to doctors and other occupational categories than they once used to. Governor Brown of California is purported to

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have taken Whitlam's point one step further by claiming that a garbage collector ought to earn more than a doctor because a doctor's work is intrinsically rewarding.

When examined analytically, job evaluation has three distinguishable but inseparable features/facets: content, process and value.

Content

This feature refers primarily to the conceptual, theoretical and technical bases of the particular job evaluation system being used. This area is very much the domain of the personnel specialist and management and is not examined in this paper.

Process

This refers to the processes and procedures normally used to install a job evaluation system. This area is as much the concern of management (acting on advice of the personnel specialist) as it is of the employee and trade union.

Value

Highly related to and interwoven with the above two is the acceptance of the job evaluation system by both employees and management and their perception of its ability to reflect 'a fair day's pay for a fair day's work'.

This area reflects the perceived outcome of the content and process aspects and is of crucial interest to both parties in any employment relationship. Until recently however, there has been relatively little attention given to the employee's feelings in this domain of labour relations despite Slichter's comment that:

'the United States is gradually shifting from a capitalistic community to a laboristic one, that is a community in which employees rather than businessmen are the strongest single influence. A community in which employees are the principal influence will have its own way of looking at things, its own scale of values, its own ideas on public policies, and, to some extent, its own jurisprudence'. (Slichter, 1961:255).

Job evaluation in the United States

Formal job evaluation is about 110 years old. Patton, Littlefield and Treiman (1964) trace its origins to the US Civil Service Commission in 1871. Various groups in industry had an important influence on the adoption and spread of job evaluation. 'Taylorism' and the era of scientific management undoubtedly had an influence. The American Management Association and Industrial Relations Counselors perceived the significance of job evaluation as a mechanism to improve company wage structures and wage administration and to maintain management control of the wage structure under collective bargaining. Some industry associations, most notably the National Metal Trades Association, took the lead in directing the introduction of job evaluation. It was, however, not until World War II that its use in the private sector became widespread.

The National War Labor Board (WLB) of World War II served to provide an impetus to the role of job evaluation and internal wage classification systems in collective bargaining.

The wartime era demanded that companies convert from regular peacetime operations to the production of war materials. This involved new processes that required different levels of knowledge and skills and different organizational relationships. In addition the bargaining parties were new and inexperienced, a factor inherited even from pre-war conditions.

The WLB had the enormous task of stabilizing chaotic wages and settling disputes throughout the country. It 'turned to job evaluation and related wage classification programs as a necessary tool both to control interplant wage rates and to settle disputes over interplant inequities'. (Northrup, 1980).

Specifically General Order 31 prescribed:

- rate ranges — individuals could be compensated within a given rate range subject only to general regulation. This was in contrast to prior individual rate freezing.
- the Regional War Labor Boards tended to follow liberal general increases in the introduction of job evaluation systems which were often 'sold' to unions together with a job evaluation system (the process side of job evaluation). Smoothing out of previous rate anomalies was achieved by giving larger increases to certain jobs previously underpaid. New and promoted employees received only the evaluated rate.

The WLB required wage-rate inequities to be bargained out within the framework of job evaluation principles — shipbuilding, basic steel, iron-ore, textiles, West Coast lumber. In one industry — the Southern Californian Aircraft Industry — it formally ordered the introduction of job evaluation.

The unions

Even before the advent of unions companies had been forced to design training systems, promotional routes and organizational relationships which defined differential job content, differential skills and know-how and differential status and responsibility. Unions themselves had implicit status hierarchies (artisans in the minor trades/artisans in the major trades, levels of operator according to difficulty in operating machines) which were meant to 'carry' differential wage rates. In addition, American unions, in particular, demanded meaningful seniority systems and also that management policies in regard to promotion and pay be set down in writing. On-the-job training programmes whereby employees progressed up the occupational hierarchy were incorporated into collective bargaining agreements and institutionalized. Management's response was to turn to job evaluation as a means of rationalizing and reducing anomalies and uncertainty.

According to Gomberg a trade unionist's view toward job evaluation is largely governed by his estimate of its effectiveness as a collective bargaining tool. (Gomberg, 1951, 35, (1):1-7).

Slichter, Healy and Livernash (1960) maintain that even when management selects or develops the plan, unions influence the timing, the method, and the character of the introduction. The collective bargaining process normally encompasses the job evaluation plan and the process and administration, in particular. Grievance procedures allow for the questioning of evaluations as well as the re-evaluation of jobs which have changed over time.

An important criterion for acceptance by unions is that the system must be understood and that unions must perceive equity and fairness in the processes involved. Technically and mathematically complex systems are not accepted by unions.

A comparative study conducted by Janes (1979:80 – 85) on union views on job evaluation in the U.S. has yielded some interesting insights:

- In more recent times unions do not ally themselves with any one form of job evaluation plan.
- In 1978, 64% of agreements contained the actual job evaluation plan.
- There tends to be an increased acceptance of union designed job evaluation plans.
- Most frequently cited problems with job evaluation from
the union's point of view were:

- plan tends to restrict collective bargaining on wage adjustments;
- plan is not kept up to date;
- plan is not understood by the employees;
- rather than use job evaluation as a guide it is used as the sole criterion in establishing wage scales;
- job content based on 'ideal' not 'normal' job performance.

Janes also notes a general decrease in the resistance to job evaluation practices. In general, however, unions are somewhat sceptical of human engineering or work study techniques and the acceptance of job evaluation if it is ever to be perceived by unions to be useful, will be a long and tedious process.

Although not identifying positively with job evaluation nor institutionalizing it, a 1965 AFL-CIO convention resolution urged unions to approach job evaluation with caution and to educate their negotiators in these management techniques. Since then AFL-CIO and the University of Wisconsin have trained some 500 full-time union representatives in job evaluation. (Zaluskly, 1981:11 - 20).

The larger unions, for example, the Steelworkers Union, maintain a staff department of specialists in job evaluation and negotiation.

Equal pay act, civil rights act, EEOC

In general, the advent of legislation against, and control of unfair employment practices such as discrimination has played a further role causing management to 'order its house'. Management has often found it necessary to defend its practice in this area and has again turned to job evaluation as a means of being more systematic, more objective and more equitable. Court decisions would appear to favour formal systems even if not perfect, rather than a complete absence of a system. The active use of a system, at least said something about a company's intent. More recently, however, the National Academy of Sciences has concluded that the present state of job evaluation offers no real solution to the problem of sex discrimination. (Treiman & Hartman, 1981).

Great Britain

In contrast with the USA, job evaluation in Great Britain is largely a post-war phenomenon. Whereas it is estimated that some 50% of employees in the USA are covered by some form of job evaluation plan or another, the figure for Britain is 25% - 33%, but rapidly increasing.

The advance of job evaluation has not been as uniform through industry as it has been in the USA. The leaders in the area have nevertheless been coal mining (virtually a single employer industry) and tobacco manufacture, a trade dominated by a few large companies. The next two industries, in terms of coverage of employees are oil refining and chemicals, followed by air transport (British Airways primarily). Industries in Britain which make virtually no use of job evaluation are: timber and furniture, construction, printing, leather, ship-building and marine engineering. These are all industries in which job relationships are deeply rooted in tradition and craftsmen occur in high numbers.

In Britain, as in the USA, firms (and sometimes unions) have been driven to utilize job evaluation to overcome the problems arising from confused pay 'structures'. In each case there was a bewildering array of wage or salary rates and other pay components which bore no explicable relationship to each other.

Sales and Davies describing the situation immediately preceding the evaluation of colliery day wage jobs by the National Coal Board state:

'No one quite knew how many distinctive occupations there were, let alone the manner in which wage rates were distributed in each of them. Of course the structure was known to contain many marked and inexplicable differences in wage rates for the same occupations even within limited areas. Unless reasons can be advanced to explain differences in wage rates, the ground for maintaining them are widely felt to be irrational and unjust . . . Unless there is some mutually agreed on set of principles to which appeal can be made, the situation very soon degenerates into power politics and horse-dealing'. (Sales & Davies, 1957:201 - 224).

As in the USA there is a link between the size of the organization and the use of job evaluation. Increasing size of organizations, particularly through rationalization, mergers and takeovers, leads to a need for control. It is often for reasons of cost control and decreasing uncertainty that management introduces job evaluation.

In the late 1960s, some 25 years later than the United States under similar circumstances (WLB), the National Board for Prices and Incomes encouraged the implementation of job evaluation as a means of restructuring chaotic wage grades.

Equal Pay Act 1970

Great Britain passed the Equal Pay Act in 1970 and, as such was the only country, as part of the European Community to do so. The Equal Pay Act, as amended by the Sex Discrimination Act of 1974 specifically considers job evaluation in determining comparisons between male and female jobs. The Act is even as specific as to make it clear that only analytic job evaluation plans utilizing factor comparison or points rating can be used.

A study conducted by Glucklich, Povall, Snell and Zell (1978:777 - 785) found that in the sample studies, greatest progress toward equal pay had been made where job evaluation had been implemented. To the extent that it is possible to gauge union views on job evaluation from official union publications (attitudinal survey research, especially with unions, yields far from satisfactory results) the official TUC document, 'Job Evaluation and Merit Rating' reveals some useful 'representative' opinion. The general tone is reluctantly acceptant.

- 'The most attractive feature of job evaluation is that it concentrates on the rate for the job and thus is consistent with many trade unionists ideas on wage payment .
- In the sense of differentials between skilled and unskilled workers or between one region and another, job evaluation is part of the industrial scene.
- Job evaluation is not a once-for-all operation — it needs to be policed'.

Any suggestion that there is something inherent in job evaluation which puts it beyond the normal negotiating or consultative process is wholly unacceptable.

The TUC, (1974) does however refer to the possibility of a nationally applied scheme. 'There is a possibility that an acceptable means might be found to link together separate job evaluated pay structures by means of key jobs common to all pay structures, although the technical and other problems do not make this likely in the immediate future'. A Swedish study (Mabon, 1974) also refers to the need for a nationally applied scheme.
The Netherlands

The growth of job evaluation in the Netherlands is, as in Britain, primarily a post World War II phenomenon, although job evaluation systems existed in firms and in some industries prior to World War II.

Although the systems of job evaluation used (points, factor comparison and ranking) were similar to those used in the United States and Britain, it is the extent of utilization of job evaluation and the role of job evaluation in incomes policy that differentiates the Netherlands from the former two.

Immediately following the war, during the reconstruction period, the Dutch government permitted considerable flexibility in over-all wage levels in order to bring a reasonable relationship between wages and prices. (Oettinger, 1965:45 - 59).

In October 1946 the government implemented a wage freeze after it had concluded that an appropriate balance had been achieved between wages and prices. Wage increases were allowed only where they were related to increases in productivity and were justified in order to create a more equitable intra-industry wage structure determined by job evaluation. This is probably the first record of the large scale sanctioning of job evaluation as a process.

Although many union officials were sceptical about the official explanation, many firms and industries followed the steel industry employers and unions in introducing job evaluation after 1946.

Management consultants were retained by unions and employers associations alike in the initial enthusiasm which enveloped the economic community. The unions did not have the technical know-how in the design of job evaluation systems but were primarily interested in wage determination which was based on the results of job evaluation. Unions soon found that there was a diversity of systems and techniques and that comparability was virtually impossible. The trade unions called for a single method of job evaluation, and subsequently, the three trade union federations jointly established a training programme for their technical experts.

The so-called 'normalized' method of job evaluation, a point system of the kind first introduced by Lott in the USA, was developed and implemented in most industries. It was asserted that no other country had made as much use of job evaluation as the Netherlands. (Coppes, 1957).

A national job classification programme seemed ideally suited to scale down the opportunities for coercive comparisons and to substitute for the irrationalities of the existing wage structure a fairly graded hierarchy of rewards. (Windmuller, 1969).

The Board of Government Mediators had experienced (as had the WLB in the United States) inter-industry and intra-industry inequities, as well as complaints of unfair occupational differentials.

Employers saw job evaluation as a means for creating additional rungs in their organizational hierarchies to attract and motivate employees in a tight labour market and labour federations lent heavy support to job evaluation.

The scientific aura surrounding job evaluation, created by management consultants and industrial engineers, stimulated a general belief that a powerful instrument had been discovered which would enhance social reform. (Windmuller, 1969).

Job evaluation covered 60% of all production workers by 1959. (Bellace, 1980). In 1959, however, job evaluation ceased to be an instrument of pay policy. The shortcomings of the job evaluation system chosen, not initially perceived, and the process errors committed in its application led to the aban-

donment of the national method.

The main reasons were:
- the distinction between job evaluation and pay setting became blurred;
- point systems of job evaluation are more susceptible to wage politics than any other job evaluation system, due to the fact that the position of a job in the ladder may be changed by the addition (or subtraction) of just one point;
- The economic system in the Netherlands was already too differentiated to tolerate such uniformity.

Although no longer an instrument of government pay policy, most firms still utilize some form of job evaluation. National job evaluation in the Netherlands did not succeed due primarily to process factors and the ideal of 'homo metallicus' contrary to all known economic forces and contrary to the true operation of job evaluation principles. An equal pay act was mandated in the Netherlands in 1975. Unlike the USA and Britain there is no evidence of an increase in the use of job evaluation as a result of such legislation. Two fairly obvious reasons may account for this:

- utilization of job evaluation in the Netherlands is already high;
- the female labour force participation rate is relatively low, due to social norms in Dutch society. These same norms may explain why the number of discrimination court cases is so low.

South Africa

In South Africa, the operation of the economy in the private sector, in particular, follows the capitalist free enterprise model. Many British, American and some Dutch multinationals actively participate in the economy. The management style, organizational practices and philosophy are markedly influenced by British and American businessmen and the thinking of their business school academics. The State does not interfere much in the day to day operations of business. Perhaps the etiology and similarity end there. The society is not a democratic one, and therefore not an egalitarian one either. Whilst the State encourages on the one hand the free enterprise system, much of its legislation on the other hand provides barriers to the operation of the free enterprise model. The strong control of the development and power of unions by the State and the system of 'apartheid' are further noteworthy differences.

Economically it may be classified as a dual economy with a relatively small, economically active population. The economy has not reached the stage of differentiation that has been attained in the Netherlands, Britain and the USA.

Nevertheless South Africa is technologically advanced, has high calibre management in private enterprise and is actively engaged in trading and professional interchange with advanced countries.

Job evaluation was essentially a post-war phenomenon again in South Africa. A number of firms as well as the mining industry were using systems of job evaluation by 1950. Most of these were methods developed in the USA and Britain. Pioneering work in factor analytic job evaluation was conducted by Biesheuvel and Cortis, researchers of the Council for Scientific and Industrial Research between 1950 and 1965. These studies led to the development of a new subset of decision-based job evaluation systems. (NIPR, Castellion and Peromnes.)
As in the three countries discussed thus far, firms installed job evaluation to rationalize chaotic wage structures and to control the administrative problems accompanying payroll management in large corporations.

Whilst South Africa did not have the equivalent of the WLB as in the USA or the government and social idealism (at the time) of the Dutch, in order to 'gently coerce' job evaluation into being, a number of large companies have played an equivalent role.

The Unions

Unlike the USA, Great Britain and the Netherlands, the unions have had virtually no say in the development or introduction of job evaluation. Unionism, as a phenomenon, is not new in South Africa. However, unions except for those in mining and steel, have relatively little power. In addition, union density is extremely low compared with the other three countries.

Management has pre-empted unionism on any large scale and 65% of the blue collar labour force is already covered by some form of job evaluation. Job evaluation has been introduced with little regard for the process aspect, i.e. obtaining consensus, commitment, participation.

Collective bargaining, the prime process of unions, is not yet exercised to any extent except by the mineworkers and artisans.

In accordance with the recommendations of the Wiehahn Commission (many of which have been adopted) organized labour has, however, acquired more rights and some power to exercise these rights.

The first case of complete involvement of a union in the grading of jobs and bargaining on the pay structure took place at the Chloride plant in East London in June 1981. (Heffer, 1982).

An extremely interesting and consequently important aspect of the Paterson job evaluation method, affecting both content and process, is the fact that it utilizes one criterion or dimension for measuring the relative value of jobs — the degree of complexity of decision-making.

From a content point of view, decision-making is heavily biased toward white collar professional and managerial jobs. From a process point of view, the employees, whether unionized or not, have generally not been involved in job evaluation and hence have not been able to challenge it. The lack of technical expertise (as is found in American, British and Dutch unions) on the part of unions has prevented unions from challenging the systems and procedures (though there are rumblings from time to time, e.g. S.A.T.O.). As in the USA and Holland, the unions find themselves buying into job evaluation in return for higher pay. Typically, this occurs when a firm wants to rationalize its pay structures.

One area in which advances are being made in South Africa is in reducing income differentials between races. Often firms will introduce job evaluation at the same time as giving a large increase to close the wage gap.

It may be hypothesized that firms will encounter more problems defending their status quo:

- when employees gain more power and start questioning the underlying value systems more critically;
- when the rate of reduction in earnings differentials decreases as firms look for productivity returns at the higher margins;
- in periods of economic recession.

Equal pay

The first legislation on equal pay for sexes has been passed — effective in 1982. The Act is not as specific as its American, British and Dutch counterparts, and will obviously have to be modified as case law builds up.

Conclusions

At least in their formative industrial economic years all of these countries followed the free enterprise economic model. Although socialism has made its mark in Holland and Britain and the Government policies in South Africa restrict mobility of labour, these countries are all still predominantly capitalistic as opposed to collectivist economic ideology.

In all four countries the prime reason for the introduction of job evaluation was to rationalize chaotic or disordered pay structures and to give management greater administrative and financial control over pay systems, especially as firms and industries became larger. Although unions were often the party that put pressure on management to reduce anomalies, it was management who initiated and developed the job evaluation system. Unions subsequently 'bought' into the system by way of accepting high general increases in return. This applies even in South Africa.

Although unions did not develop the systems or institutionalize them, they played an active role in accepting or rejecting the system, in the processes to be used, and in methods of implementation. Whilst proactive in making demands for the good of members, unions have not been known for being proactive in creating structure. In 1965 Len Murray, General secretary of the TUC remarked, with regard to general British trade union activity, 'Our influence has largely been saying no up until now'. More recently, however, Murray (Craig, 1977, 8:23 – 26) has advocated a restoration of the differentials which have eroded during the past. 'This should be done in a fair and orderly fashion using job evaluation.' The relatively low utilization of job evaluation in Britain may be ascribed to this initial pervasive resistance in general as well as to the spirit of voluntarism. In the USA the WLB, in the Netherlands the Government and in South Africa the monopoly power and leadership of large organizations gave impetus and coercion to the introduction of job evaluation into more acceptable industrial cultures.

Unions have not institutionalized job evaluation because they have seen it as restricting collective bargaining. If technology reduces the content of high status jobs (hence upsetting traditional differentials) the unions will not want to accept the results immediately revealed by job evaluation. Job evaluation 'ladders' based on relatively fixed rules do not, on the other hand, bend easily to changing social values.

In this respect it is interesting to note that the use of the Paterson (1972) system and its accompanying salary survey in South Africa highlights wage differentials between different races and sexes on the basis of work of comparable work content and not identical job content. Without getting into the complexities and ramifications of the comparable worth debate, this approach is a more egalitarian and more costly way of eliminating differentials. The principle reason for the growth usage of the system has been the nature of its measuring system which allows for comparison of all jobs along a single rule-decision making. The initial reason for choosing the system was that it would not place undue emphasis on educational factors, which would have placed Non-Whites at a disadvantage. However, what was hereby gained in advantage may be lost when unions start questioning the underlying principles.
— a process which may take place as soon as the rate of closure of the wage gap slows down. By this time, of course, there may no longer be a cause based on race but one based on management job universes vs employee job universes.

Developmentally, three phases may be identified in the degree of acceptance of job evaluation by unions: (Figure 1).

**Phase I:** relatively uncritical acceptance as management introduces systems to deal with chaotic wage rates and 'leap frogging'. Large increases accompany the introduction of job evaluation and unions have little or no knowledge of job evaluation.

**Phase II:** Unions become more critical usually as a result of declining rates of wage increases and/or recessionary periods. Often unions employ the services of consultants or full time professionals in the area as has been done, for example by the AFL-CIO in the USA, LO in Sweden and the TUC in Britain.

**Phase III:** A number of successes in joint labour/management participation in job evaluation programmes have been achievement. Notable among these have been US steel, and Telecommunication Workers of America. This phase is normally marked by joint consultative committees in which labour decides together with management on the compensatory factors, their relative importance and on the processes. Both sides have expertise and the authority of knowledge is more equitably distributed than it was in phases one and two. Unions participate in the grading process and hence understand fully the basis of the grading decisions.

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