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**THE ROLE OF JOB EVALUATION AND ITS INFLUENCE  
ON ORGANISATION PAY STRUCTURE**

**(A Case study of the Higher Education Loans Board)**

**By:**

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**Reg. No. D53/1621/M/02**

**A RESEARCH REPORT IN PARTIAL FULFILMENT OF THE  
REQUIREMENTS FOR THE AWARD OF THE DEGREE OF  
MASTERS OF BUSINESS ADMINISTRATION  
(HUMAN RESOURCES MANAGEMENT)**

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## DECLARATION

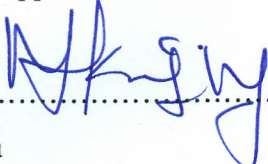
This project is my original work and has not been presented to any other institution for the award of degree.

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STUDENT

I confirm that the work reported in this project was carried out by the candidate under my supervision and approval.

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The work has been submitted with my approval as chairman of the Department of Business Administration.

(Signed).......... (Date).....24.10.07.....

Mr. D. Ngaba

Chairman, Business Administration Department

## DEDICATION

To my parents – Felister Wanjagi and the late Andrew Nyaga.

## ACKNOWLEDGMENTS

I wish to thank the almighty God for his many blessings and invaluable help.

I also wish thank my husband for his continuous moral and material support. His patience and dedication has enabled me to complete the project. To my children for their understanding and sacrifice for the many hours they missed my company.

The support I got from my employer for allowing me to carry out research in the Board is immensely appreciated. To my colleagues at work who took time from their busy schedules to complete the questionnaires.

## ABSTRACT

An organization is formed to achieve certain objectives. The objectives may be long or short term. These objectives are captured through the organization's mission; which in summary gives a justification for the organization's existence. The Human Resource Management (HRM) tries to contribute to this vision by planning, co-coordinating and ensuring that the employees' skills are fully utilized and deployed in the right jobs. This can only happen if jobs in the organization are properly evaluated as this has a bearing on the pay structure.

The main issue being investigated in this study is to what extent does the pay structure reflects the value of the jobs at Higher Education Loans Board (HELB).

In the literature review section various works on job evaluation (JE) by other writers, and the influence JE has had on the organization's pay structure are reviewed.

Questionnaires were used as the research instruments to collect data. Simple random sampling from staff at HELB offices was used and the data was analyzed using the Statistical Package of Social Sciences (SPSS).

The findings in this study reveal that there is a significant correlation between job evaluation and employees' remuneration at HELB.

Finally the study recommends that HELB should have a proper communication structure in place, and employees should be motivated to enhance job satisfaction. The management should always be reporting to employees about the results of job evaluation.

# **OPERATIONALIZATION OF TERMS**

<b>VISION</b>	Where an organization intends to be in future
<b>MISSION</b>	The core purpose of the organization – why it exists, and how it captures customer orientation and business philosophy
<b>REMUNERATION</b>	The pay or salary, typically monetary compensation for services rendered, as in employment.
<b>JOB EVALUATION</b>	A technique of placing each job within its order of importance in the organization to establish its proper compensation.
<b>HUMAN RESOURCE MANAGEMENT</b>	The staffing functions of the organization that include activities of human resources planning, performance appraisal, compensation, and safety
<b>PERSONNEL MANAGEMENT</b>	The activity of managing personnel, usually employees.
<b>JOB RELATIVITY</b>	Assessing the value of job against others.

**BENCHMARKING JOBS**

The process of determining who sets the standard and what that standard is.

**STAFF DEVELOPMENT**

Process involving evaluation, identification of needs, and planned activities designed to improve the elements of professional knowledge and skills that affect individual learning

**WORKING CONDITIONS**

Physical conditions of work, amount of work facilities, working space and any other environmental factors.

**SALARY**

Form of periodic payment from the employer to the employee, which is specified in an employment contract.

**COMMITMENT**

The basic philosophy, spirit, and drive of an organization

**PERFORMANCE**

The act of performing or doing something successfully; using knowledge as distinguished from merely possessing it.



## ABBREVIATIONS

SHRM	-	Strategic Human Resource Management
JE	-	Job Evaluation
KPMG	-	KPMG Human Resource Consultant Firm
HELB	-	Higher Education Loans Board
PM	-	Personnel Management
FKE	-	Federation of Kenya Employers
ILO	-	International Labor Organization
USLS	-	University Students Loans Scheme
HELF	-	Higher Education Loans Fund
SPSS	-	Statistical Package for Social Sciences
HRM	-	Human Resource Management
HR	-	Human Resource

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Job evaluation has been defined as the process through which jobs are compared to one another and their value determined. Nzule and Singh define job evaluation as, a systematic method of establishing the relative worth of work of each of the various categories of work performance.

The purpose of JE therefore is to make comparisons of various jobs in the organization with a view to distinguish their relative value to the organization. This assists in establishing a fair way of determining what workers performing different jobs should receive as remuneration. JE is a method of determining the rank order of jobs for the purposes of determining relative pay positions. To be binding, the job evaluation scheme must be valid, in the sense that it must be non-discriminatory, objective and capable of impartial application.

Any job evaluation scheme must also be transparent. This principle was set out in the European Court Danfoss case in 1989 which established that a transparent pay system must allow employees to know the criteria by which their pay is determined, and how these criteria are applied to them.

Under the terms of the Equal Pay Act (1970) an applicant can claim equal pay with a named comparator of the opposite sex when employed on like work, work rated as equivalent under a job evaluation scheme and work of equal value.

A scheme must be analytical which means that it must value a job under a common set of defined factors or criteria, which must be non discriminatory. Typical factors are knowledge, skills, effort, responsibilities, working conditions. This differs across schemes though, with some schemes emphasizing some factors more than the others.

The International Labor Organization (ILO) terms JE as “ an attempt to determine and compare the demand which normal performances of a particular job makes on a normal worker without taking into account the worker’s abilities and performance. ILO Manual 1990:52

## **1.2 History of HELB**

The history of the Higher Education Loans Board dates back to 1952 when the then colonial government awarded loans under the then Higher Education Loans Fund (HELFF) to Kenyans pursuing university education in universities outside East Africa notably Britain, the USA, the former USSR, India and South Africa. Students who were pursuing university education in universities outside East Africa and were not on scholarships were advanced loans by the then government against securities such as Land Title Deeds, Insurance policies and Written Guarantees. However by 1974, provision of education in general had expanded dramatically as a result of the heavily subsidized primary and secondary education and the general yearning for education by most Kenyan families. Consequently, the number of students seeking university education had grown to an extent that it was becoming increasingly difficult to adequately finance university education by providing full scholarships and grants by the Government.

([www.helb.co.ke](http://www.helb.co.ke))

The Government therefore introduced the University Students Loans Scheme (USLS), which was managed by the Ministry of Education. Under the scheme, Kenyan students pursuing higher education at Makerere, Nairobi and Dar es Salaam universities received loans to cover their tuition and personal needs, which they would repay on completion of their education.

However, the University Students Loans Scheme (USLS) was plagued with a number of problems right on the onset. It lacked the legal basis to recover matured loans from loanees. In addition, the general public and university students wrongly perceived that the loan was a grant from the government, which was not to be repaid.

In order to address these problems, the Higher Education Loans Board was established in July 1995 by the Government through an act of Parliament to administer the Student Loans Scheme. The Board is also empowered to recover all outstanding loans given to former university students by the Government of Kenya since 1952 through HELF and to establish a Revolving Fund from which funds can be drawn to lend out to needy Kenyan students pursuing higher education. The establishment of a revolving fund was also expected to ease pressure on the exchequer in financing education, which currently stands at 40% of the annual national budget.

Currently HELB has 80 employees serving over 100,000 students in the Kenyan Universities ([www.helb.co.ke](http://www.helb.co.ke)). This is indeed very challenging for both the organization and the employees alike. There is therefore a big need for HELB to analyze the duties and responsibilities of each job and appraise the value of the job in relation to others in the organization so as to balance the amount of work and compensation given to each employee. This will provide a systematic means of establishing the proper grade classification of jobs within HELB with the aim of providing equitable compensation to employees.

The purpose of a pay structure is to organize and demonstrate an organization's compensation philosophy, to reflect and support the advancement of a company's culture. An effective pay structure also allows an organization to attract and retain the people who can help achieve its business goals.

This study will assist in understanding how the personnel perceive their jobs, how management views the jobs and how fair the jobs are remunerated. It will also help to establish how equitable the salaries are and what are they worth.

The salient features of JE that are considered in the research are; that it is the jobs that are evaluated and not the job holders, that jobs are considered as they currently exist at HELB, the possibility of using one JE scheme for all employees is explored. Lastly consideration is made on the content rather than the context of the job.

### **1.3 Statement of Problem**

Pay represents by far the most important and contentious element in the employment relationship, and is of equal interest to the employer, employee and government. To the employer because it represents a significant part of their costs, is increasingly important to their employees' performance and to competitiveness, and affects their ability to recruit and retain a labour force of quality; to the employee because it is fundamental to their standard of living and is a measure of the value of their services or performance; to the government because it affects aspects of macro-economic stability such as employment, inflation, purchasing power and socio-economic development in general.

While the basic wage or pay is the main component of compensation, fringe benefits, cash and non-cash benefits influence the level of wages or pay because the employer is concerned more about labor costs than wage rates *per se*. The tendency now is towards an increasing mix of fringe benefits, which therefore have an important impact on pay levels (Buckley, 2001:101).

#### B. This was achieved by:

Studies have shown that most organizations are unlikely to decrease any discriminatory pay gaps that currently exist. As much as job evaluation schemes will confirm the objective evaluation of differences in pay, it will not provide the solution to equality issues because this needs to be addressed through other human resource initiatives such as recruitment, promotion and retention procedures. The impact of the excessive use of fixed-term and casual employment as a base of remuneration creates discrimination and it needs to be addressed adequately since it does not give the actual value of the job.

#### C. I.D have a JE scheme

In most institutions it is difficult to agree on pay structures until a full job evaluation exercise has been done. The design of a pay structure is negotiated based on the principles of the job evaluation. This will hence lead to assimilation of staff to the new grades, and to ensure the position of staff on grades is defensible in equal pay terms (Mathis, et. al (1990:72).

Lack of clear and comprehensive job evaluation schemes in any institution can be a major challenge to both the employees and the management. It will always result in some members of staff feeling that the jobs they are currently performing should be done at lower level or are not equivalent to their pay. The job titles are also misplaced and do not reflect the functions of the

job. Such misunderstandings are likely to lead to disputes and go slows that have been characterized everywhere in Africa and Kenya in particular, as workers try to apply collective bargaining measures.

To avoid such embarrassing scenarios at the workplace, this study attempted to carry out a comparative study on how pay structure can be influenced by job evaluation, with particular attention to HELB. This was achieved by attempting to answer the following research questions:

#### **1.4 Objective of the Study**

##### **General Objective**

The main objective of this study is to investigate and report on the role of J.E schemes in organizations, and how they influence the organizational pay structure.

#### **1.5 Research Questions**

- I. Does HELB have a JE scheme that identifies, defines, organizes and gives value to jobs in the given pay structure?
- II. How is the HELB JE scheme organized?
- III. What challenges does HELB face in the implementation of its JE scheme?
- IV. How do employees at HELB perceive the JE scheme and what effects, if any, does it have on them?

## **Specific Objective**

- I. To find out if HELB has a JE system that identifies, defines, organizes and gives value to jobs in the given pay structure.
- II. To establish how the HELB JE scheme is organized.
- III. To examine any challenges that HELB faces in the implementation of its JE scheme
- IV. To determine how employees at HELB perceive the JE scheme and what effects, if any, it has had on them.

### **1.6 The Significance of the Study**

The findings of this study are be very useful to both the public and the private institutions, scholars and the business community, as they can develop job evaluation modeled on the results attained in this report. Based on this study, organizations can harmonize their internal salaries with those of other organizations in similar institutions.

The study on job evaluation in the organization is a very relevant study in Human Resource Management because from the literature available very little has been written on the subject in Kenya. JE forms the basis of remuneration in the organization as well as the basis of cordial staff employer relationship in the organizations. As a result conflicts are minimized particularly in the area of grading and remuneration. With fair and equitable salary structure, it is easier to achieve other HR programs such as staff welfare and staff career development.

## **1.7 Scope of the Study**

The study was carried out at the HELB offices in Nairobi. This is a moderately populated organization with challenging tasks of lending and recovering loans from an ever increasing former and current university student population in Kenya. In an attempt to answer the above research questions, this study only concentrated in a few of this organization's departments namely: Information Technology, Human Resources, Finance, Recovery, Lending, Legal and Communication Departments. This is because of the limited research resources. Since this was an exploratory study, it is anticipated that the results from this study will highlight the situation of job evaluation and its influence on the pay structure at HELB.

## **1.8 Limitation of the Study.**

The study was limited by financial constraints as the researcher was not funded or sponsored to carry out the study. However, to overcome this, the researcher looked for funds to finance the exercise. The researcher also speeded up on the time spent in the field so as to minimize on the expenditure.

The researcher also faced the constraint of time. Since this area of study had never been carried out before, administering the questionnaires had to be followed by a brief explanation to the respondents which had an effect on time.

The other shortfall of this study was that it did not satisfactorily complement the Human Resource Management approach. JE is only concerned with job and not job holders. It is extremely difficult to separate the two as each has influence on the other. JE has an outlook of

personnel vis-à-vis Human Resource Management whereby the concern is production and not the person carrying out the work.

The scheme can also be very subjective particularly in “point factor rating” method whereby factors selected may not be appropriate or sufficient. JE is neither scientific nor objective. It is a process with no facets to solve problems experienced in managing internal relations, fixing the salary rates or controlling the pay. JE has no provision to handle problems brought along by collective bargained wages or by government legislation. Automation of job tends to change the whole concept of duties and requirements in relation to job evaluation processes. This can however be overcome by trying to get as much secondary data as possible.

Finally, the results of the study could also have been influenced by the fact that the researcher is a senior staff at HELB hence majority of the respondents might have responded with a belief that it was an in house study.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Literature review on job evaluation is reviewed under the sub topics: - General overview of Job Evaluation, importance of job evaluation in the organization, critical review of job evaluation, and lastly the missing gaps in the study.

#### **2.2 General Overview of Job Evaluation**

Many writers of Human Resource Management have given an insight of what is job evaluation. While defining job evaluation many authors of Human Resource Management are in consensus that the purpose of the evaluation is to establish the relative worth of a job for the purpose of compensation. Another definition which has raised a lot of debate among many authors on this topic is the term “comparable worth” of one job to another. According to Henderson (1978:67) the term “comparable worth” refers to how accurately comparison can be made between unlike jobs. For example the job of a nurse working in the hospital and a truck driver. The “comparable worth” of job became a contentious issue in America and Britain in the 70’s and many cases were handled by the courts, particularly where women felt that their jobs were down graded when compared to men’s domain jobs.

The awareness of employees’ rights was expounded further by Armstrong (2001:92) who emphasized the need to involve people (workers, trade unions, and consultants) in developing and identifying the benchmark jobs while undertaking a job evaluation exercise in the organization. In his book the author has also given the general framework on how job evaluation

should be carried out, and the questions which should be asked in order to embark on a job evaluation exercise.

Ubek (1984:34) has explained how the structure created by job evaluation can be sustained despite external forces. Shortages of specialised skills, which cannot be justified within the job relations, can be addressed by reviewing such jobs in relationship to other jobs in the market. This can be achieved by training personnel for higher responsibilities. Secondly an organization can devise a specific grade category whose salary scale remains fixed at higher level than for other jobs in the organization.

Herbert (1979:84) puts focus on how non-production jobs, such as supervisory jobs or services providers should be evaluated bearing in mind that there are no tangible products. The author states that training, the aptitude of the individual employee, the decision making required by the job, tact and ability to do the job, differentiates the value of one job to another. These four aspects (training, aptitude, decision making, tact and ability) are crucial in this study since they facilitate the evaluation of each job in the organization.

### **2.3 Critical Factors of Job Evaluation**

For job evaluation to serve any purpose in an organization Bradley (1979:23) states that it should be based on criteria which are as objective as possible. The job holder, the external forces and the demands of the employers should not be considered in job evaluation. This statement was echoed in a workshop organized by Progress 2000 Management Consultant (2003) who stated that job evaluation should be based on well known principles to give it fairness and equity.

Job evaluations are very important in the organization because not only do they facilitate equitable pay structure, but are also useful for determining whether workers are placed in jobs to the best advantage of both the individual worker and the employers (Ubek 1984:44). Job evaluation can be of value in recruitment of new staff in the organization since the qualities required for jobs are clearly specified. It can also serve as a guide to the training schemes. Once the skills required for jobs are spelt out, training of employees can be geared towards acquisition of these skills. Flippo (1994: 66) indicates that awareness and justification that female employees should earn as much as their male counterpart and various minority groups should not be marginalized can only happen if organizations have job evaluation schemes that are fair and objective. One of the benefits leaped from job evaluation schemes is that it fosters good working relationship in the organization. The author emphasizes that job evaluation schemes have a positive impact on the workforce as it increases employee's satisfaction.

As has been noted in modern organizations, there is power struggle which can be attributed to gender roles and demands. Some supervisors may favor the male workers as compared to the female workers. This rivalry can be addressed by proper job evaluations system which can be objective and whose impact should be assessed by the harmony it can bring in the work place. The importance of job evaluation cannot be under-estimated since one cannot avoid evaluating jobs. This is what happens in the organization every time a Human Resource Manager decides on what job one worker should be placed on in relation to another.

## 2.4 Critical Review of Job Evaluation

Many writers on job evaluation such as Myers (1990:70), Bradley (2001:17), and Dessler (1999:88) have given a critical review of what JE is. They have attempted to show that despite the contributions of the job evaluation in the organization, it may be in one way act as barrier to “excellent performance”. Dessler states that the value of a job cannot be pegged to just a few points against which the pay can be made. By so doing the incumbent is not encouraged to think independently and cannot operate in a flexible manner as the job changes. There will be the tendency for the employee to keep doing the routine work.

Although job evaluations assist the organization in matters of grading, it cannot be used to determine what each job should be paid. It can only establish the worth of a job in relation to the other jobs (Ubek 1984:65). Research conducted by Armstrong and Baron (1998:89) established that 55% of the 316 organizations covered in the survey had formal job evaluation. The primary reason why they carried out job evaluations was to ensure more equitable pay structure. There is no doubt, in organizations where job evaluations are carried out; there is consistency and order in their salary pay structure since there is rational judgment. However it should be appreciated that job evaluation is not a scientific and objective system, which when installed will automatically remove all problems experienced in managing internal job relativities, fixing rates of pay and controlling the pay structure. Although it will create a process of job grading, it will always remain more of an art than a pure science, because it relies on human judgment and cannot be fully objective.

Many organizations will emphasize the need to have uniform job evaluation schemes. However this may not be very possible where there are professional employees, or managerial staff. Dessler (2001) states that job evaluation can only provide partial answers in determining staff pay. Whereas managerial jobs emphasize on non-quantifiable factors like judgment and problem solving, routine and clerical jobs will not, thereby making it difficult to have one or a standard job evaluation scheme. There is a tendency to pay professionals on basis of ability based on performance, rather than putting into consideration static parameters like working conditions. As a result of this complexity, developing pay structures for professional staff may emphasize on non-salary gains, such as bonus, incentives, and benefits.

Lastly job evaluation has been criticized for having an outlook of personnel management and not HRM in that job evaluation deliberately avoids considering the value and feelings of people doing the job, and focuses on job only. Scotts (1998:25) observes that it is very difficult to separate the two. The employees are expected to adapt to the fixed specification of the job rather than jobs adapting to fit into people characteristics. Scotts concludes that in the new flexible organization roles are created / designed and evolve according to the strength and limitation of people who are expected to perform them.

## **2.5 Over view of Performance Related Pay**

Traditionally wages and pay have been determined through government regulation, minimum wage determination, negotiation with unions, decisions of arbitration or labor courts and the individual contract of employment. The factors or criteria that have influenced pay and pay structures include profit (but generally unrelated to individual or group performance), job

evaluation, seniority, cost of living, manpower shortage or surplus, negotiating skills and strength of the parties (Husband:1976:35). Performance measures such as productivity or profit related to the performance of a group have been of less importance in determining pay structures. Though skills have been reflected in pay differentials, pay systems have been seldom geared to the encouragement of skills acquisition and application. According to Husband industrialized countries have built their competitive advantage not around low wages, but around clusters of competitive industries in which high earnings and standards of living have been sustained through improved technology, productivity and quality.

Burkey, et al (2005:222) add that many Asian countries now recognize that high technology, productivity and low earnings cannot be combined and sustained over a long period of time. Asian employers are now seeking to sustain their competitiveness through pay increases that are more related to performance measures as a way of absorbing increased labor costs, while at the same time rewarding and motivating employees. Japan, Singapore and Korea, for example, have succeeded in moving to high value-added and technology-based or service activities partly because they had invested in skills development and accepted the fact that higher earnings (in Singapore partly through a flexible pay system) are an essential strategy for entry into the knowledge-based industries of the future. Increases in real earnings have been made possible because investment in education and skills contributed to productivity enhancement which, in turn, created the capacity to absorb higher earnings. In the 1980s Singapore made a deliberate shift to a high wage economy in order to encourage entry into high value-added activities. Productivity increases are necessary to sustain higher earnings; at the same time there cannot be any long term productivity growth without an increase in real wages.

Burkey, et.al. (2005) also contend that traditional pay systems for non-executive staff have generally been characterized by standardization across and within sectors (e.g., government, particular industries) and within enterprises. So long as employers were competing mainly in domestic markets which were protected from foreign competition - in some cases leading to monopolies - the effects of standardization on considerations such as performance, recruitment and retention of good staff, etc. were less felt. Indeed, standardization, while being equitable from the point of view of employees, benefited employers as well by reducing competition based on labour costs.

With the gradual opening up of economies to world trade and foreign investment, Saul (1997:91) believes local employers are now compelled to compete with enterprises with sophisticated technology, more productive ways of providing goods and services, and the advantage of being global players. In many instances these foreign enterprises are able to attract the best local talent on terms and conditions beyond the capacity of many local enterprises to pay. With the acceleration of the process of globalization, accompanied by the movement of former centrally planned economies towards market economies, governments and private enterprises have had to compete in the global market by developing competitive advantages, which are affected by costs and quality. Productivity increase as the measure of performance at the national and enterprise levels, with quality as an intrinsic part of productivity, is becoming the goal of many developing countries as well - now pushed to the forefront by the forces of globalization and the collapse of economic systems that were an alternative to a market economy. Economies that are seeking to progress from low wage cost manufacturing to highly skilled and technology-based production need pay systems which not merely recognize skill differentials (as standard pay systems do), but

also provide an incentive to acquire skills and multi skills facilitated by years of careful and correct investment in education and training.

In the area of industrial relations, collective bargaining outside the enterprise is seen by employers as achieving distributive justice in the sense of equality, with outcomes often being based on the bargaining strength of the parties. It is increasingly viewed as contributing little to productivity and performance. The outcomes often leave employers with little or no capacity to make further payments on account of performance under a scheme. The movement towards decentralization of collective bargaining has been the result of the need to address efficiency and performance issues at the enterprise level. It is natural that with decentralization employers would seek ways to introduce performance criteria into wage increases. The increase in typical forms of employment (e.g. homework) which cannot consistently or always be supervised has also influenced the search for alternative forms of pay.

According to Lester (1989: 27), traditionally increased earnings were secured and performance rewarded partly through promotions. With limitations on higher positions in the context of organizations becoming less hierarchical in the future, relating part of pay increases to performance would be a way of rewarding performance other than through promotions. In these circumstances pay systems are increasingly forming a part of human resource management initiatives to achieve enterprise level objectives and strategies, with more attention being paid to how they fit into the overall human resource management policies of enterprises. These developments have several implications for pay systems. Employers (and some governments) see that pay increases need to be more than matched by productivity increases if competitiveness is to be achieved or maintained.

The relationship between pay, productivity, skills and inflation was understood quite early in Asia by Japan as well as the newly industrialized economies. Some other South East Asian countries have also come to appreciate this relationship. The pressure in the Asian-Pacific region for recognition of performance criteria in pay determination has not come only from employers (Lester et al 1999:70). In Singapore the government initiated the move to flexible pay. In Malaysia the government drew attention in 1988 to the desirability of introducing a flexible pay system. In Fiji the government has been exploring the feasibility of introducing performance pay into the public service, while encouraging employers to do likewise. The Minimum Wage Board in Papua New Guinea has, since the early 1990s, been required to relate minimum wages to performance criteria in place of indexation. In recent years the wage determination system in Australia has encouraged employers and unions to negotiate a part of wage increases in the context of productivity and productivity-related improvements. The fundamental shift of industrial relations to the enterprise level and the individualization of the employment relationship in New Zealand have provided ample scope for performance-related pay. Therefore it is increasingly recognized that performance and skills criteria need to be injected into pay determination; that it cannot be achieved through centralized or macro-level pay determination; and that changes have to be negotiated at the enterprise level.

## **2.6 Recommendation and Missing Gaps in the Study**

Whereas there is a lot literature on how job evaluation evolved in America and Europe with some companies being cited to have had job evaluation as early as 1900 in USA. Few studies have been done in Kenya. Bradley (1979:76) has traced the development of job evaluation since the emergence of the scientific management (in Europe) which the industrialists began to examine the relationship between productivity if employees are well remunerated. In Kenya,

although some organizations use job evaluation, there is no readily available data in the market which can give a glimpse of that Job evaluation schemes are more used than others. More research should be done towards establishing how job evaluations are carried in organization and what challenges they go through particularly at this era of new technology and many emerging issues in human resource management.

### Job Evaluation Framework Model

#### Job Evaluation Framework Model

Objective job evaluation

Work with assigned parameters

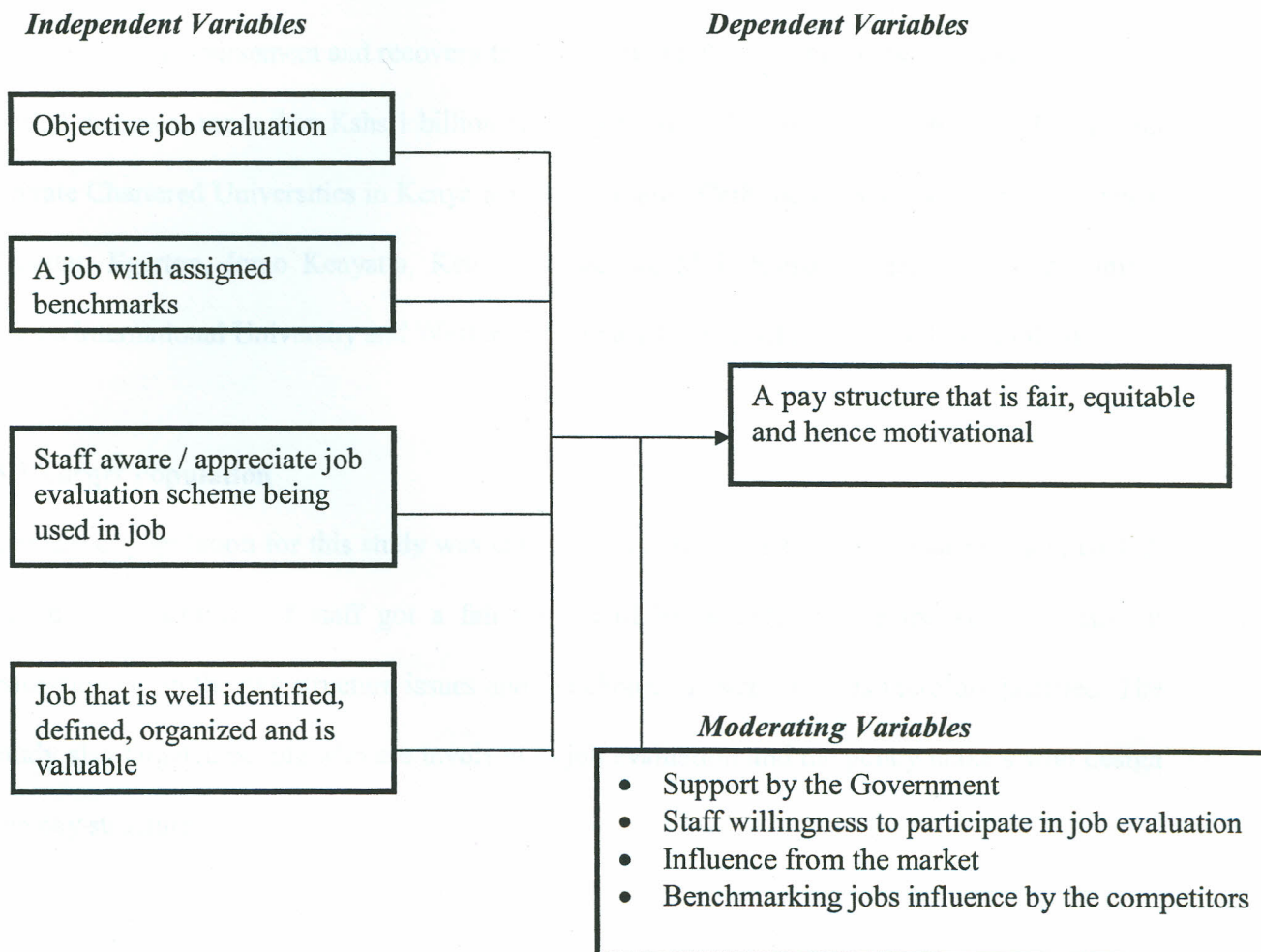
Staff aware / appreciate job value & value being

Work with assigned parameters

## 2.7 CONCEPTUAL FRAMEWORK MODEL.

The conceptual framework shows that if jobs are objectively evaluated they will be fairly remunerated and this translates to a well defined pay structure. It is also noted that if the employees are involved in and informed of job evaluation process in the organization, to a great extent they are motivated and the working relationship between the management and the staff is amicable. However there are some external factors such government intervention, the market influence which will affect the value of jobs, not only in the organization but also in a given sector.

Figure 1. Conceptual Framework Model



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

Since this was an exploratory study, the researcher adopted a descriptive research that attempted to describe the status of job evaluation at the Higher Education Loans Board. It described the impact the JE has on the pay structure. According to Lockesh (1984: 61) descriptive research is designed to obtain pertinent and precise information status of the phenomena.

#### **3.2 Site Selection and Description**

The study area was the HELB headquarters in Nairobi. The Board has 80 employees who oversee loans disbursement and recovery from current and former university students.

HELB disburses more than Kshs.1 billion annually to over 100,000 students from 13 Public and Private Chartered Universities in Kenya namely: Baraton, Catholic University of Eastern Africa, Daystar, Egerton, Jomo Kenyatta, Kenyatta, Maseno, Moi, Nairobi, Nazarene, Scott, United States International University and Western University College of Science and Technology.

#### **3.3 Target Population**

The target population for this study was employees at all levels from all departments at HELB. All the 80 members of staff got a fair chance of being selected for the study because it concentrated on the pay structure issues and the choice of everyone was therefore justified. The study also targeted people who are involved in job evaluation and the policy makers who design the pay structure.

### **3.4 Sampling Design**

In the sampling process, the departments were used in order to get a representative sample in the whole organization. Both probability and non-probability sampling techniques were used.

Non-probability sampling was used to select all the departments in the organization. Otherwise, if probability principles would have been used at this stage, some departments would have remained unrepresented, while others over represented.

Non probability sampling was also used to select two people involved in job evaluation and two policy makers who design the pay structure. This was because they are not so many of them hence this was conducted basing on the availability of the officers at their desks.

In the third and final stage of selecting the staff (including managers) probability technique was employed. Due to scarce resources and time, only five employees were selected from the seven departments. These were selected using simple random sampling which was made possible by the use of a sampling frame that was obtained from the office of the Human Resources.

This sampling design meant at least 40 respondents were selected for the study translating to about 50% of the entire HELB staff population.

### **3.5 Data collection**

This study used primary data where a survey questionnaire and interview schedules were administered to all the respondents in the study. The questionnaire was delivered to the selected respondents and collected later by the researcher. Close and open – ended questions were used to obtain quantitative data. Key informants also provided information, which was gathered using

interviews. The researcher herself carried out interviews and administration of questionnaires. This enabled her to get response to most of the questions. Secondary data was also gathered using the already available literature from books, journals, the internet and newspapers.

### **3.6 Data Analysis**

All these qualitative and quantitative data was analyzed using descriptive and inferential statistics. Cross tabulations were used to summarize the major characteristics of the employees and how they relate to the job evaluation and pay structure in their organization. Standard statistical tools that were used included regression and correlation analysis to analyze the data. The descriptive statistics described the sample in summary form and included frequencies, means, median and modes. Statistical data was presented in tables, graphs and charts. Specifically, the study used the SPSS program in computing all the statistics.

## CHAPTER FOUR

### RESEARCH FINDINGS, ANALYSIS AND INTERPRETATION

#### 4.1 Introduction

Forty respondents completed questionnaires containing twenty one questions; this represented 50% of the entire HELB population and 100% of the targeted population. This also shows that the result in this study was a fair representative of the entire population. All respondents completed the survey without compensation and with some anonymity. A Likert-type scale was used to rate the responses on the survey. Four points were given to an answer identified as Strongly Agree; three points given to Agree, and so on. Respondents were handed a blank questionnaire and asked to fill it out. The researcher collected the completed questionnaires and analyzed them using the SPSS.

## 4.2 Distribution of Respondents by Job Title and Sex

The distribution of respondents per job title and sex is presented in Table 1

**Table 1: Distribution of Respondents by Job Title and Sex**

<b>Job Title</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
<b>Public Relation Officer</b>	0	1	<b>1 (2.5)</b>
<b>Information Technology Manager</b>	1	0	<b>1 (2.5)</b>
<b>Legal Services Manager</b>	1	0	<b>1 (2.5)</b>
<b>Assistant Human Resource Officer</b>	3	2	<b>5 (12.5)</b>
<b>Recovery Manager</b>	1	0	<b>1 (2.5)</b>
<b>Loans Officers</b>	3	3	<b>6 (15.0)</b>
<b>Accountants</b>	2	1	<b>3 (7.5)</b>
<b>Secretaries</b>	0	4	<b>4 (10.0)</b>
<b>Data Entry officers</b>	1	2	<b>3 (7.5)</b>
<b>Loans Assistants</b>	3	2	<b>5 (12.5)</b>
<b>Assistant Auditors</b>	1	0	<b>1 (2.5)</b>
<b>Clerks</b>	3	4	<b>7 (17.5)</b>
<b>Messengers</b>	2	0	<b>2 (5.0)</b>
<b>Total</b>	<b>20 (50)</b>	<b>20 (50)</b>	<b>40 (100)</b>

**Figures in brackets are percentages**

From Table 1 it is clearly shown that both male and female are given equal job opportunities at HELB, as they cover 50% a piece. However, jobs that require more physical effort are mainly dominated by the male who cover over 50% in the study area. This could be attributed to the nature of the job and factors like the hazardous working conditions that could hinder women

from performing to the best of their ability. Women on the other hand dominate secretarial and clerical jobs that require more attention and alertness.

#### 4.3 The relationship between the age of employees and number of years in employment.

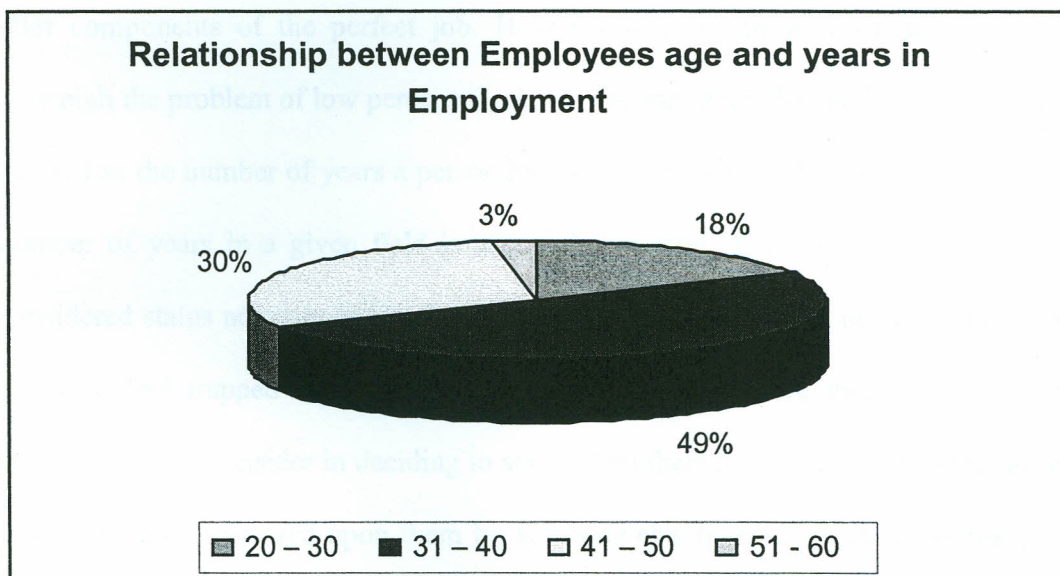
Age, sex, and years of employment were asked not only for basic demographic reasons, but to see if there was a correlation between the number of years employed and the employees' perceived job satisfaction and remuneration. This is shown in table 2

**Table 2: Relationship between Employee's Age and Years in Employment**

Age	20 – 30	31 – 40	41 – 50	51 - 60	TOTAL
No. of Employees	7 (18)	20 (50)	12 (30)	1 (2)	40 (100)

Figures in brackets are percentages

This is also shown in fig.2.



<b>Years in Employment</b>	<b>1 - 4</b>	<b>5 - 10</b>	<b>11 - 15</b>	<b>16 - 20</b>	<b>TOTAL</b>
<b>No. of Employees</b>	8 (20)	19 (48)	13 (32)	0 (0)	<b>40 (100)</b>

**Figures in brackets are percentages**

Figure 2. Shows that majority of the employees at HELB are between the age of 31 and 40 representing a mean age of 35 years. This same age group dominates in years of employment at HELB having worked an average of 7 years and covering 48% of the respondents. However, only 3% of the employees are over 50 years of age and this shows that by this age, employees have left and gone into other businesses. HELB has been in existence for 12 years hence none of the employees has been there for more than that time.

There are many of reasons an employee will remain within a given company. High pay, good benefits, job security, and the ability to work up to the retirement age are among the most sought after components of the perfect job. However none of these attributes alone is enough to outweigh the problem of low perceived job satisfaction. An individual's length of employment is defined as the number of years a person has been employed by his or her current employer. The number of years in a given field is a cumulative total. This experience is important as it is considered status not only by employees but also by employers. A person with this status is less likely to feel trapped inside their present position. There are many extrinsic variables that employees must consider in deciding to stay within their company. Extrinsic items are those that have outcomes bestowed upon them by someone else (praise, rewards, bonuses, policies). For these types of rewards the employees need to look beyond themselves and assess their perceived value of what they're given. The career growth opportunity and promotions play an important role in an employee's length of employment. If an employee feels they cannot achieve a higher

level, they are more apt to consider another company's offer. On the flip side, if an employer feels that an employee is not capable of a higher level of placement, they may retain the person in their current role indefinitely with only mediocre, if any, cost of living increases. An employee who has been in the workforce for a number of years has qualities and experience that can make them a valuable asset to a company. If recognized and rewarded consistently by the current employer, usually minimal action is taken to look for other employment offers. Experience is only one of a range of qualities that length of employment can pair with perceived job satisfaction. Others include the ability to work and relate with coworkers and customers, and the pattern of work related satisfaction. Initially, employees can be satisfied with high starting salaries. But after a few years experience, most employees recognize the importance of job security. These findings shows that the number of years employed are correlated with resulting job satisfaction and remuneration. Table 3 and figure 3 shows the distribution of job grades and categories at HELB.

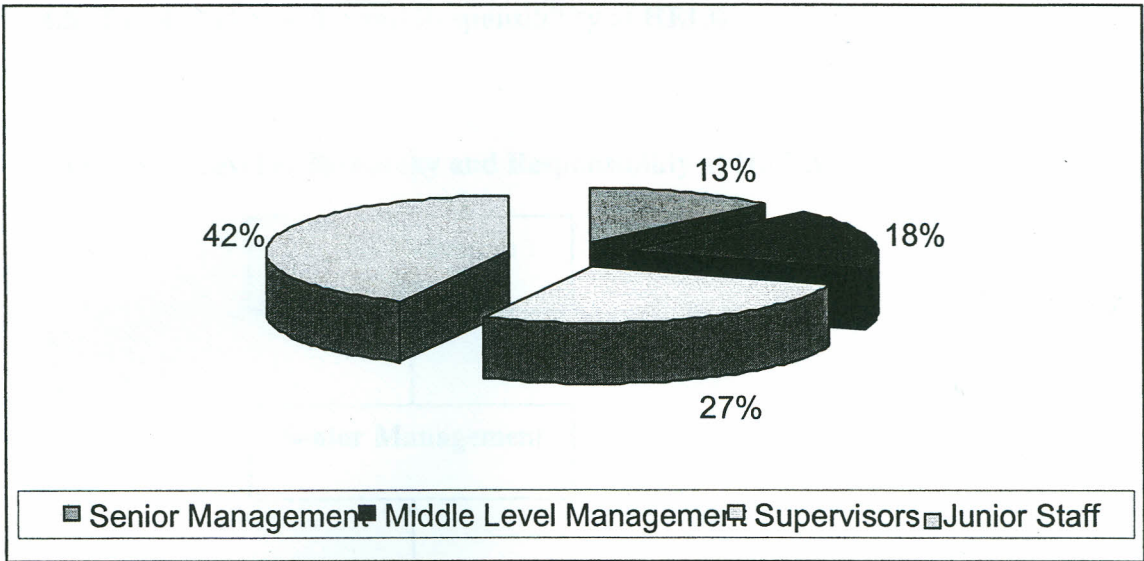
#### 4.4. Distribution of Job Grades and Categories at HELB

**Table 3: Distribution of Job Grades and Categories at HELB.**

<i><b>Job Category</b></i>	<i><b>Grade</b></i>	<i><b>No of Respondents</b></i>
<b>Senior Management</b>	3	5 (13)
<b>Middle Level Management</b>	4 - 5	7 (17)
<b>Supervisors</b>	6 - 7	11 (27)
<b>Junior Group</b>	9 - 11	17 (43)
<b>TOTAL</b>		<b>40 (100)</b>

**Figures in brackets are percentages**

**Fig 3: Distribution of Job Grades and Categories at HELB**

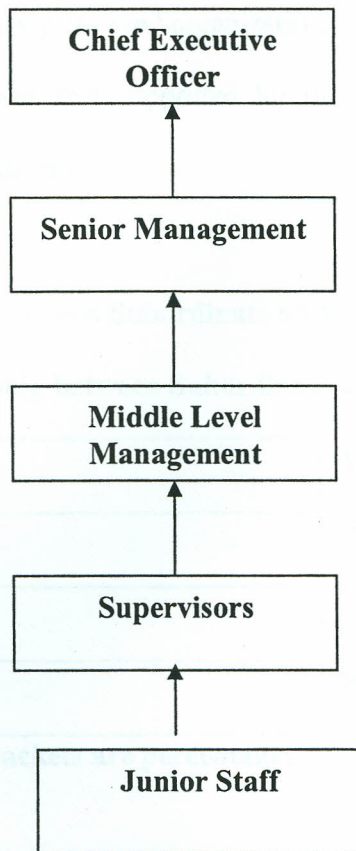


The figures 3. Verifies the respondents' distribution of job grades and their categories at HELB.

The division of respondents was five senior managers, seven middle level managers, eleven supervisors and seventeen junior staff as shown in Fig.4.

#### 4.5 Level of Hierarchy and Responsibility at HELB

Figure 4: Level of Hierarchy and Responsibility at HELB



**Note: Arrow points at answerable to.**

HELB just like any other formal organization has an organizational structure that stipulates duties and responsibilities and shows who is answerable to who. The researcher surveyed employees and their supervisors to investigate relationships of supervisors' perceived organizational support with subordinates' perceptions of support from their supervisors perceived supervisor support and in-role and extra-role performance. The study found that supervisors'

perceived organizational support was positively related to their subordinates' perceptions of supervisor support. Subordinates' perceptions of supervisor support, in turn, were positively associated with their perceived organizational support, in-role performance, and extra-role performance. Beyond these relationships, subordinates' perceptions of support from the supervisor mediated positive relationships of the supervisors' perceived organizational support with the subordinates' perceived organizational support and performance. These findings suggest that supervisors who feel supported by the organization reciprocate with more supportive treatment to subordinates.

#### 4.6. Relationship between Subordinate and Supervisors

**Table 4. Relationship between Subordinate and Supervisors**

<i>Reaction</i>	<i>No. of Respondents</i>
<b>Yes</b>	39 (98 %)
<b>No</b>	1 (2%)
<b>TOTAL</b>	<b>40 (100)</b>

**Figures in brackets are percentages**

The purpose of this inquiry was to establish whether employees at HELB are aware of the existence of an evaluation system in their organization. This was to help the researcher find out how communication or information is trickled down, upwards and across in the workplace and to highlight problem areas and approaches to rectify these. Communication is the cornerstone of business and, indeed, of relationships between various clients, peers and managers, it is arguably the single most important dynamic in the human context but is often largely overlooked by many

organizations. Various types of communication and information flows at HELB are examined, as well as causes for communication failure and the impact of some in the organization. Column 5 shows that 98% of employees are aware of the HELB job evaluation system.

#### 4.7 Employees Aware of an Evaluation system

Figure 5. Shows the population of respondents who were or not aware of an Evaluation

Fig. 5. Employees Aware of an Evaluation system

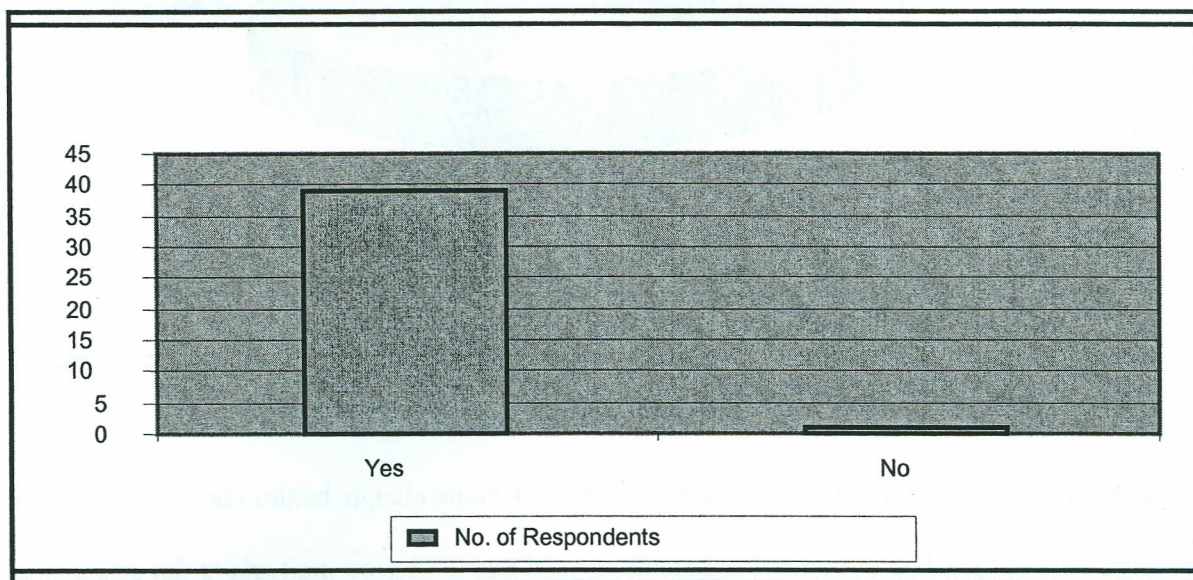


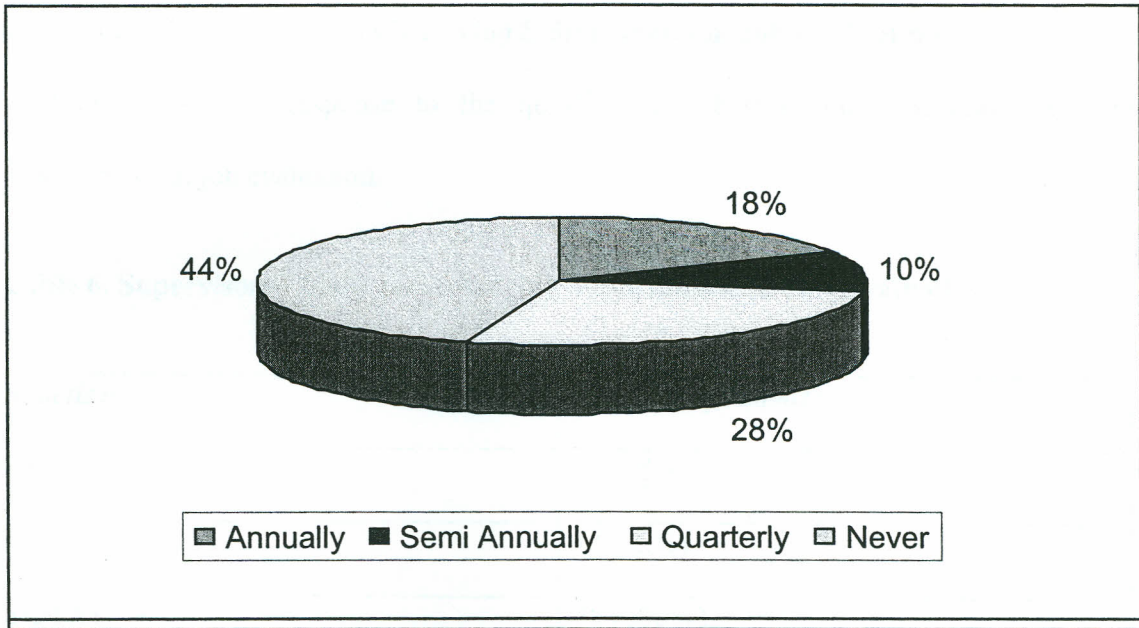
Table 5: How often are job evaluated?

<i>Rate</i>	<i>No. of Respondents</i>
Annually	7 (17%)
Semi Annually	4 (10%)
Quarterly	11 (28%)
Never	18 (45%)
<b>TOTAL</b>	<b>40 (100%)</b>

Figures in brackets are percentages

#### 4.8. Employees whose jobs have ever been evaluated at HELB

Fig. 6. Employees whose jobs have ever been evaluated at HELB



This question sends mixed signals about HELB. Out of the 39% of employees who knew about the existing job evaluation, only 17% had been evaluated at least once and a mere 10% reported that their jobs have only been evaluated twice a year. From these results, the researcher can deduce that the organization has an evaluation system in place but it is never or partially practiced and implemented. The Employee Workplace Evaluation helps an organization determine how well it brings out the best in its employees from two different respondent group perspectives (managers and employees). Job evaluation identifies an organization's strengths and weaknesses and where human resource management practices can be improved, permits the organization to concentrate on improvements that are the most rewarding; enables comparisons on job weighting among departments and groups of employees and identifies best practices; and

identifies an organization's degree of positioning and provides benchmark data against which improvements can be measured.

#### 4.9. Supervisors / Managers involving Subordinates in Job Evaluation

Table 6 shows the response to the question as whether supervisors/managers involved subordinates in job evaluation.

**Table 6. Supervisors / Managers involving Subordinates in Job Evaluation.**

<i>Reaction</i>	<i>No. of Respondents</i>
<b>Yes</b>	27 (68%)
<b>No</b>	13 (32%)
<b>TOTAL</b>	<b>40 (100%)</b>

The 68% of HELB employees who had knowledge of the existence of a job evaluation system pointed out that they would have wished at least once that someone from senior management could spend a day with them to witness firsthand the kinds of problems their policies cause people on the front line. Senior management must be aware that their directives have impact on staff, carrying out real tasks. The management must be flexible enough to realize when they have made a mistake. Most organizations fail when the management loses touch with reality at the organizational level. Likewise, two-way communication is vital; don't just tell people what the organization's vision and plans are, but listen to them when they tell you what is really happening.

#### 4.10 Job Definition and Description at HELB.

Table 7. Job Definition and Description at HELB.

<i>Category</i>	<i>No. of Respondents</i>
<b>Very well defined</b>	7 (17%)
<b>Well defined</b>	9 (23%)
<b>Vaguely defined</b>	17 (43%)
<b>Not defined at all</b>	7 (17%)
<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

According to the table 7. 43% employees reported that their jobs are not clearly defined which also trickles down to communication channels in the organization. If more than 50% of the employees do not know their job description, it demonstrates that they were not properly oriented and inducted; an explanation of poor top down communication. Job description indicates the tasks, duties, and responsibilities of a job. It identifies what is done, why it is done, where it is done, and how it is done. It sets out the nature of the relationship between a specific position and other positions within and outside the organization and outlines the areas of the position's expected contribution to the achievement of departmental or overall organizational goals.

This is also supported by the findings from Table 8 that 45% of the employees are not satisfied that there is a clear demarcation in what they do in relation to other employees working below and above them. However, 20% feel otherwise, that there is a clear differentiation of duties in the organization.

At HELB, once a job is defined it is measured against other jobs in the organization and it is given a rank or value. At the same time, the Human Resources Department attempts to benchmark their organization's jobs with similar jobs in other organizations. This is done through specialized Salary Surveys.

#### 4.11. Extent of Distinct Jobs Demarcation between Different Jobs in the Organization

**Table 8: Extent of Distinct Jobs Demarcation between Different Jobs in the Organization.**

<i>Level of satisfaction</i>	<i>No. of Respondents</i>
<b>Very High</b>	8 (20%)
<b>High</b>	10 (25%)
<b>Low</b>	18 (45%)
<b>Very Low</b>	4 (10%)
<b>TOTAL</b>	<b>28 (100%)</b>

**Figures in brackets are percentages**

Table 9. Shows the proportion of respondents who were satisfied or dissatisfied with their current remuneration at HELB.

#### 4.12. Sufficiency of Job Remuneration at HELB

Table 9: Sufficiency of Job Remuneration at HELB.

<i>Reaction</i>	<i>No. of Respondents</i>
Yes	14 (35%)
No	26 (65%)
<b>TOTAL</b>	<b>28 (100%)</b>

**Figures in brackets are percentages**

It is always very difficult to get employees who will be content with the pay they get in relation to their work. HELB employees are not an exception as 65% of them feel that they are under-remunerated. A critical factor in establishing an employer's ability to retain and motivate employees is the employees' conviction that they are being fairly paid for their work. In this context, "fair pay" usually means the employees' perception that their pay is consistent with the value of their jobs to the organization and relative to the work of others.

#### 4.13. Employees Preferred Job Category and Salary Structure based on the Job

Table 10 shows the employees preferred job category and salary structure

Table 10. Employees Preferred Job Category and Salary Structure based on the Job.

<i>Position</i>	<i>No. of Respondents</i>
Senior Management	8 (20%)
Middle Level Management	17 (43%)
Supervisor	12 (30%)
Junior Group	3 (7%)
<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

An accelerated increment refers to the progression through steps within the same salary grade. A promotion is the progression from a lower salary grade to a higher salary grade. When subordinates and supervisors are paid on the same scale, employees in the same job are paid on different scales, or employees are “promoted” to positions that do not offer opportunity for higher income, employers are faced with a problem as this will highly demoralize employees in an organization. At HELB only 7% of the employees are content with their salaries at the junior group category while 43% advocated for their salaries to be at the middle management level. From this result, the study can assume that these employees are not content with their current salary structure in relation to the job they do at the Board. Some are just ambitious and feel it is time to advance their careers and move up the corporate ladder.

According to the HELB – employees’ agreement, basic salary incremental progression to the next step within a salary level is automatic unless a supervisor of the respective department recommends otherwise. These procedures are explained in the HR manual and have been designed to implement the provisions of the agreement and to incorporate both accelerated incremental progression for outstanding achievement and promotion. These correlations and methods represent a major breakthrough and rates of pay, incomes and differentials can be assessed with a high degree of reliability as a result. In this study we establish how income depends on the kind of work one does, and on one's skill and expertise. We see how income changes with time and with the economic strength or weakness of a country. This is shown in table 11

#### 4.14. Relationship between Employees' Remuneration and Level of Motivation.

Table 11. Relationship between Employees' Remuneration and Level of Motivation.

<i>Level of motivation</i>	<i>No. of Respondents</i>
<b>Very High</b>	0 (0%)
<b>High</b>	7 (17%)
<b>Average</b>	28 (70%)
<b>Low</b>	5 (13%)
<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

Employees at HELB are encouraged by other benefits like working conditions and benefits but monetary (salary) motivation is evidently lacking as 83% of them are not motivated by their current salary structure. Motivation is the force that makes us do things: this is a result of our individual needs being satisfied (or met) so that we have inspiration to complete the task. These needs vary from person to person as everybody has their individual needs to motivate them. Depending on how motivated we are, it may further determine the effort we put into our work and therefore increase the standard of the output.

Employers need to ask themselves the following questions: are our salaries, benefits and bonus fair? Will our salary and benefits scale help us retain excellent staff? Will our pay package attract great candidates? What opportunities exist for increasing benefits at reasonable cost?

Work is about the money and this can only change when one has sufficient income to support their chosen life style. With sufficient money, work becomes about other motivations. Employees should maximize lifetime income potential by the choices they make for their career

and how they work with their employer; they should also learn how to maximize their lifetime income potential

Table 12. And fig. 7 Show how employees perceive their workload against their counterparts in the departments.

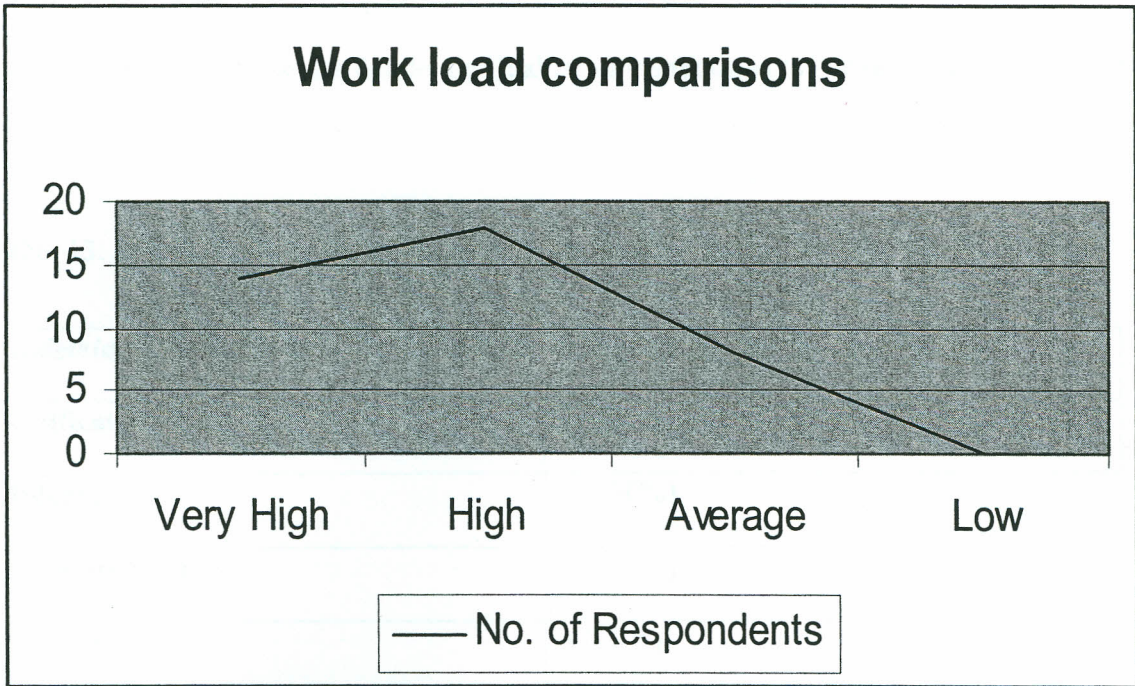
#### 4.15 Workload Comparisons with counterparts in other departments

**Table 12: Workload Comparisons with counterparts in other departments.**

<i>Level of satisfaction</i>	<i>No. of Respondents</i>
<b>Very High</b>	14 (35%)
<b>High</b>	18 (45%)
<b>Average</b>	8 (20%)
<b>Low</b>	0 (0%)
<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

Fig 7. Workload comparisons with counterparts in other departments



35% felt satisfied with their workload compared to what their counterparts did and this made them satisfied with their work. 20% has average satisfaction toward their work load.

#### 4.16 Minimum Academic Qualifications required for the Current positions held by employees.

Table 13. Shows the various Academic Qualifications required to perform various duties at HELB

Table 13: Minimum Academic Qualifications required for the Current positions held by employees.

<i>Academic Qualification</i>	<i>No. of Respondents</i>
<b>Certificate</b>	9 (23%)
<b>Diploma</b>	12 (30%)
<b>Bachelors Degree</b>	14 (35%)
<b>Post Graduate</b>	4 (10%)
<b>Any other</b>	1 (2%)
<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

The factor of formal education and training is required to obtain the knowledge and skills necessary to satisfactorily perform the duties of a particular position. At HELB, 35% of the present job holders feel their positions can best be handled by candidates who have obtained at least a first (bachelors) degree. These were mainly from the supervisory to the middle level management positions. However, the junior category of employees from clerks to office messengers feel their duties can comfortably be handled by someone with a diploma and even certificate, they revealed that what matters most is the hands-on experience. The senior management level requires someone with at least a post graduate degree.

#### 4.17. Minimum Practical experience required in terms of years

Table 14 shows the minimum practical experience in years required to do certain jobs

**Table 14: Minimum Practical experience required in terms of years.**

<b>Duration in years</b>	<b>No. of Respondents</b>
<b>0 – 5</b>	22 (55%)
<b>6 – 10</b>	12 (30%)
<b>11 – 15</b>	6 (15%)
<b>16 - 20</b>	0 (0%)
<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

This factor measures the amount of hands on experience that an individual having the appropriate education and training, would require to satisfactorily perform the duties of the position. It covers the time required to learn the practical application of theoretical knowledge to the work problems, and to learn the necessary techniques, methods, practices, procedures, use of forms, etc. At HELB, 55% of the current job holders believe that their tasks can be performed by someone with at most five years of experience. These were mainly supervisory and junior grade levels, however, the seniors in the job ranks believe otherwise, that besides formal education and training, their jobs need someone with between six and ten years of experience to perform their duties well.

#### 4.18. Percentage of employees involved in Decision making

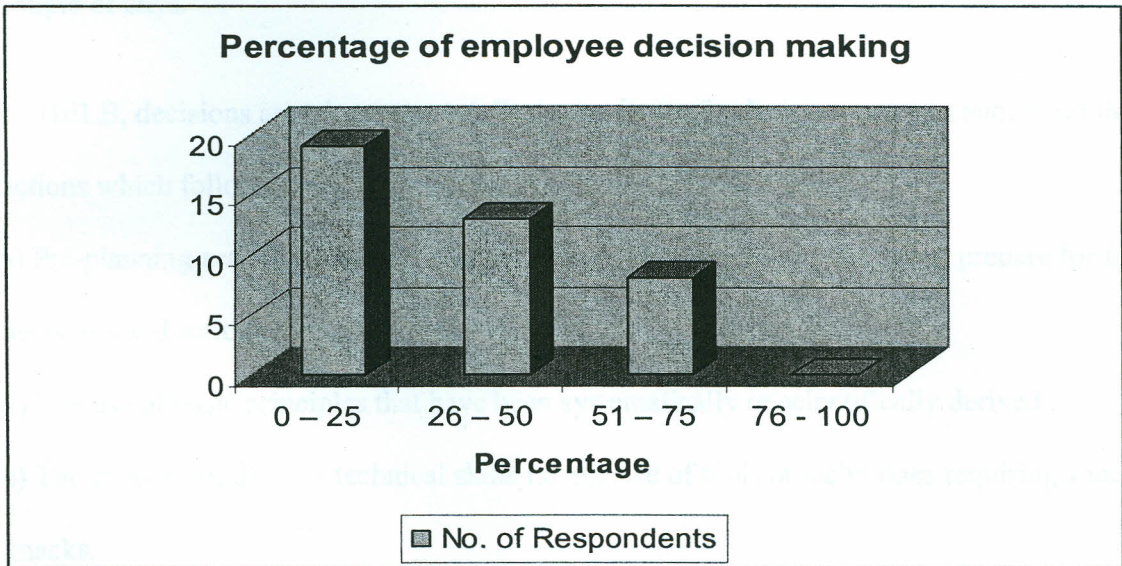
Table 15 and figure 8 show the percentage of employees who are involved in decision making

**Table 15: Percentage of employees involved in Decision making**

Percentage	No. of Respondents
0 – 25	19 (48%)
26 – 50	13 (32%)
51 – 75	8 (20%)
76 - 100	0 (0%)
<b>TOTAL</b>	<b>40 (100%)</b>

Figures in brackets are percentages.

**Fig.8 Percentage of employees involved in Decision making**



Decision making involves the exercise of a choice between alternative lines of action. This choice is the central point of decision making. It is based on a judgment - varying in complexity - which the person doing the job (the incumbent) is expected to make.

Decisions are made at different levels in this organization and everyone is involved in decision making depending on the complexity of the verdict to be made. However, the results from Table 15 shows that majority of the employees make very few decisions at HELB, and this could be attributed to the fact that most of the decisions are made at the strategic level hence complex for the positions under the middle level management who were majority of the respondents in this survey.

The action that follows a decision is complex, requiring a series of subsequent decisions. The need to take subsequent decisions may be anticipated, however, and so lead to the first stages of definite planning. Some decisions need to be taken in a context of uncertainty, which lasts a couple of days.

At HELB, decisions are taken sequentially-in the form of a decision tree. Decisions and the actions which follows are characterized by:

- a) Pre-planning activities - mentally recapitulate a complex line of activities, prepare for further decisions and actions reasoned in advance.
- b) The use of basic principles that have been systematically or scientifically derived.
- c) The exercise of definite technical skills i.e. the use of tools or techniques requiring special knacks.

Although decisions are made individually by those responsible, at HELB the decision makers do not fully rely on this and act alone but instead they involve their peers and even juniors in decision making. Decisions are reasoned to their logical conclusion against unclear precedent. They may have to draw fresh analogies from past experience to present situation. Decision Makers may need semi-professional training and the expertise to act independently in situations which require some initiative.

Decision require the coordination of information from a wide variety of related and unrelated sources - new methods of fact finding may have to be devised. Decisions are based on complex incomplete information because there are gaps in human knowledge.

Decision maker accepts the need to take risks e.g. in the manner inferences are drawn, objectives reached, and because there are no clear cut directives or precedent.

Table 16. And figure 9. Indicates the number of employees who spend their time serving the external customers:

#### 4.19. Percentage of T time spent on Delivering Direct Service to External Customers.

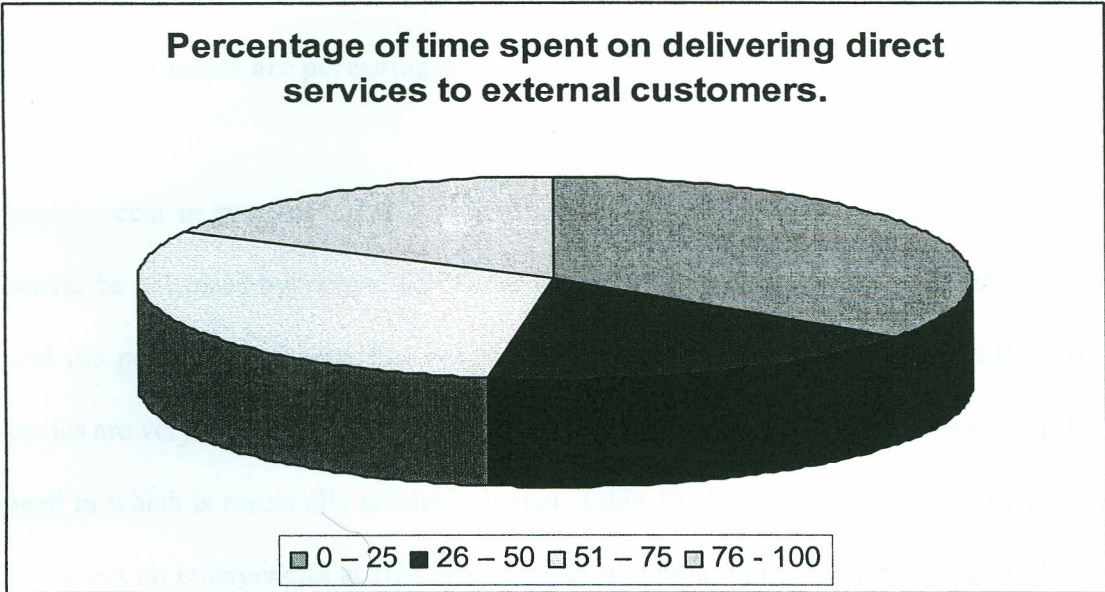
**Table 16. Percentage of T time spent on Delivering Direct Service to Ext. customers**

Percentage	No. of Respondents
0 - 25	14 (36%)
26 - 50	7 (17%)
51 - 75	12 (30%)
76 - 100	7 (17%)
<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

The Higher Education Loans Board is a highly customer oriented organization as demonstrated by fig. 9 below. At least all employees have to some degree engaged with external clients while on duty. The customers in this case are the current and former university students who come to inquire and or request for loans or repaying the same. The departments that are mostly frequented by the clients are Loans Disbursement and Recovery Departments.

**Fig. 9. Percentage of time spent on delivering direct services to external Customers**



#### 4.20. Percentage of Time Spent on Emergencies at the Work Place

**Table17: Percentage of Time Spent on Emergencies at the Work Place.**

<b>Percentage</b>	<b>No. of Respondents</b>
<b>0 – 25</b>	15 (37%)
<b>26 – 50</b>	8 (20%)
<b>51 – 75</b>	13 (33%)
<b>76 - 100</b>	4 (10%)
<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

Emergencies occur in every organization and HELB is not an exception. Occurrence of a crisis can however be enhanced by factors like working conditions, physical effort required to perform a job and the percentage of time that employees are exposed to hazards. At HELB, cases of emergencies are very minimal and this could be linked to the nature of work that the organization is engaged in which is essentially service oriented. Table 17 shows that a very small percentage of time is spent on emergencies at HELB a fact that is supported by outcome of table 18 which shows that the degree of physical effort required to perform work is between normal and occasional moderate. This further emphasized on Table 20. Which illustrates majority of employees are rarely exposed to hazards hence minimizing emergency cases in the organization.

#### 4.21. Percentage of Physical Effort Required to Perform Work

Table 18. Show the degree of physical effort required to undertake tasks in the Board

**Table 18. Percentage of Physical Effort Required to Perform Work.**

<i>Percentage</i>	<i>Degree</i>	<i>No. of Respondents</i>
<b>0 – 25</b>	Normal	9 (22.5%)
<b>26 – 50</b>	Occasional moderate	16 (40%)
<b>51 – 75</b>	Frequent moderate	9 (22.5%)
<b>76 - 100</b>	Almost continuous moderate	6 (15%)
	<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

The physical effort required by the job is measured by its nature of the job and the frequency. In this organization, the physical effort required to perform most tasks is occasional moderate which generally involves frequent periods of light physical activity like carrying cartons of stationery, and furniture from office to office etc. This nature of work is basically carried out by the junior staff and it is this same category of employees that is frequently exposed to hazards.

Table 19. And figure 10. Indicates the percentage of alertness one is expected to have while working.

#### 4.22 Percentage of Alertness Required at Work

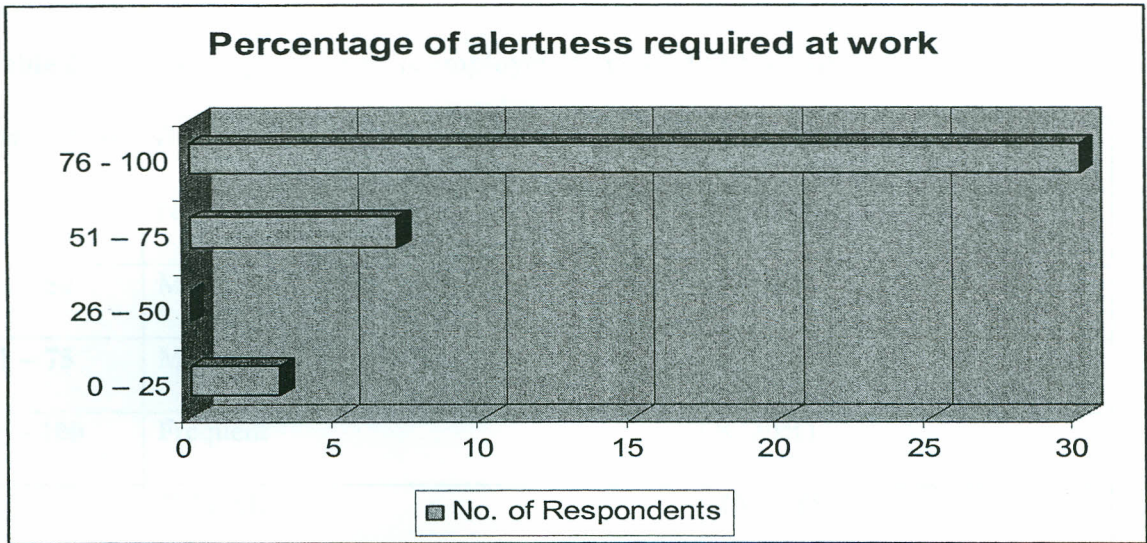
Table 19. Percentage of Alertness Required at Work.

<i>Percentage</i>	<i>Degree</i>	<i>No. of Respondents</i>
0 – 25	Intermittent	3 (8%)
26 – 50	Moderate	0 (0%)
51 – 75	Significant	7 (17%)
76 - 100	Substantial	30 (75%)
	<b>TOTAL</b>	<b>40 (100%)</b>

Figures in brackets are percentages

The alertness is measured by the degree of concentration, either on minute job details or to the many tasks of the job, as well as the pace the employee must maintain.

**Fig. 10. Percentage of Alertness Required at Work.**



HELBA being a client oriented organization, a lot of attentiveness is needed to perform the job because a small error or inaccuracy can create confusion to a client. This is no wonder that 83% of the staff pointed out that they give substantial concentration to their jobs. This is because the job requires almost constant concentration to a heavy workload, which must be completed within a limited period of time and ask such questions as: must attention be shifted frequently from one job detail to another? Are there interruptions, distractions or confusing influences? The job also requires close concentration most of the time, but there are occasional periods when pressure is reduced. During these periods, however, there is still work to be done. Finally, the flow of work and character of duties involve steady repetitive and or moderate mental attention where occasional pressure exists.

#### 4.23. Percentage of Time the employee is exposed to Hazards

Table 20. Percentage of Time the employee is exposed to Hazards

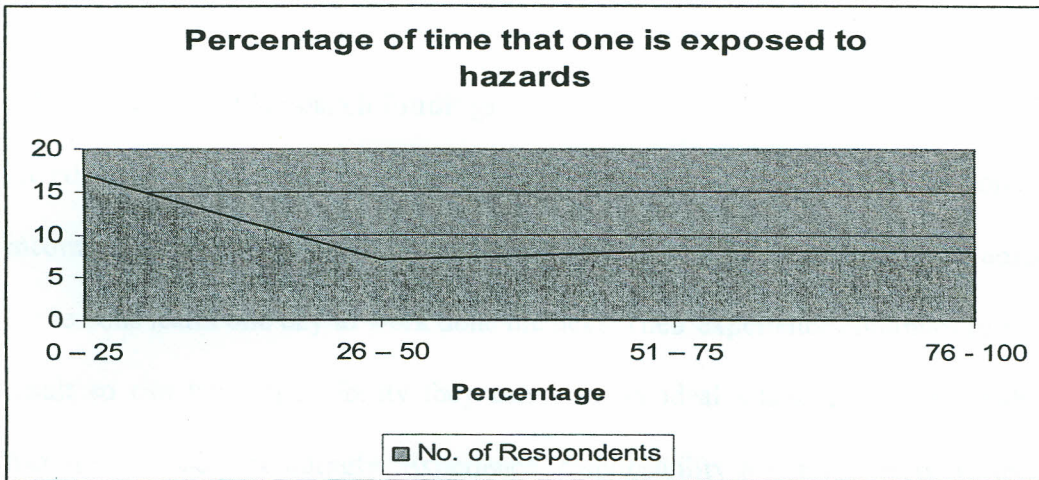
<i>Percentage</i>	<i>Degree</i>	<i>No. of Respondents</i>
0 – 25	None to occasional	17 (43%)
26 – 50	Moderate - one element	7 (17%)
51 – 75	Moderate - both elements	8 (20%)
76 - 100	Frequent	8 (20%)
	<b>TOTAL</b>	<b>40 (100%)</b>

**Figures in brackets are percentages**

The exposure to hazard factor is measured by physical surroundings and the potential hazards with which jobs are performed. It considers the unpleasantness of conditions surrounding the job and health and accident hazards associated with the work; which cannot be eliminated from the job. Example of unpleasant conditions surrounding jobs as pointed out by employees at HELB include: Heat, cold, noise, fumes, dust, dirt, lighting, inclement weather and exposure to the computer rays. Figure 11 shows that, 43% of the respondents pointed out that their jobs require practically no exposure to undesirable conditions and minor risks. However, working conditions weighting 76- 100% identifies and measures the exposure to undesirable and disagreeable working conditions or hazards under which the work is performed, this covers 20% of HELB employees, most of who are from the lower cadre.

## Percentage of Time the employee is exposed to Hazards

Fig.11. Percentage of time the employee is exposed to Hazards



## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary of Research Findings

At HELB, income depends on one's experience and on the level of work done, showing how income depends on age and on degree of success. People gain experience and absorb it, applying the lessons learnt one day to work done the next. Their experience continues to increase and as a result so can the responsibility they carry. In an ideal situation, as responsibility increases, income increases accordingly. Experience, responsibility and remuneration increase as people grow older. So income increases with age and the corresponding change for a particular employee is the merit increase an individual progresses not merely in accordance with their own ability and increasing experience and skill but in a way which is limited by the scope available to him by the opportunities for progress within the organization. The individual employees can assess both their past progress as well as likely future prospects within their employing organization by using the same technique. HELB can plan an individual jobs' progress and match it to the organization's needs for getting it done effectively and at reasonable remuneration.

The results of this survey show that employees are not motivated and not fully engaged because many feel that they are doing the job of two or three workers and without any additional compensation. If options open up outside, HELB might lose some great talent and affect the performance of some departments.

The level of salary recommended at the time of hire at HELB is based upon a consultative process with the specific involvement of the HR Department, as well as many other considerations. These include: the job expectations like responsibilities to be filled, administrative load, individual qualifications, experience and rank,

HELB also has clearly defined jobs and researched market pay data; where the emphasis is on the job and not job holders. They expect the employees to understand this concept because when most people complain about their pay, they start the discussion by talking about what they do and what skills they bring to the company. Then the conversation becomes based on subjective judgment and not on hard specific data. This is the most commonly made mistake. When having conversation about pay, an organization needs to break down the information in terms of what the job is worth, and separate from what skills an employee brings to the job.

## **5.2 Conclusion**

The findings in this study reveal that there is a significant correlation between job evaluation and employee remuneration at HELB because the Board gives much emphasis to the job and not the job holder. However employee skills, knowledge and experience also play a very major role in the remuneration structure a fact that has not gone down well with the junior employees who feel short changed by the Board. This is attributed to the fact that the HR policies have not been properly communicated to the employees hence cannot understand why there are such salary variations in the pay structure.

Ever since this organization decided that maybe they should measure how individual jobs are performing and give more weighty jobs a raise, HELB has linked job evaluation with annual salary reviews. Arguments are all over as to whether the two should be linked and, if so, to what extent. One facet of that ongoing debate is whether the job evaluation and size of pay increase differences makes a difference in employee performance and whether increasing pay for good performance is a motivator for even better work the following financial year.

The questions: Is remuneration a motivator? And should job evaluation and salary increases be forever linked, or that should they be totally isolated from each other?

In reality, given the difficulty in measuring intangible job performance contributions to an organization, pay for performance is difficult and there is little evidence that pay motivates individuals to higher levels of performance.

Finally, the HELB management should recognize how much power and influence they have, as an organization, over engaging their talented employees. This research study shows that 50% of work satisfaction is determined by the relationship workers have with their bosses. They look to management for leadership. They look to management to mentor and to care about them and on the heels of big changes and tough times, employees look to management for support, communication and structure.

### **5.3 Recommendations**

#### **Have a proper communication structure in place**

Communicate often and honestly. HELB needs to do this all the time as this is especially important during and when times are tough and employees are down and disoriented. As soon as the management has the information to share, they should do it.

Create new communication channels. The best approach is still face-to-face. And it is so rare these days that it packs an even more powerful strike. If you do not, typically use bulletins or meetings, they could be a new and effective approach.

Communicate vision and direction. This is tough, but it is so important. First interpret what the vision and direction are. If a manager can not communicate this for the entire organization, she can do it for their division, department or team.

Seek input from employees because majority good ideas. The organization may need those ideas and employees will always feel valued when superiors ask what they think and then listen to their ideas.

#### **Influence of Motivation in job satisfaction**

Hertzberg's motivation theory focuses on two factors, Motivation and Hygiene. In job evaluation, hygiene factors such as pay if perceived as unacceptable lead to job dissatisfaction, and if perceived as acceptable lead only to a state of satisfaction. Large pay increase alone may result in a temporary excitement, but would not lead to job satisfaction.

Motivation factors are present in the job itself. They include such things as opportunity for recognition, achievement, and growth. Hence, a management that recognizes employees' efforts and helps them achieve and grow can help improve satisfaction, as long as pay is perceived as fair. Thus, regularly spending time with employees focusing on development and achievement adds value.

Job evaluation discussions and salary reviews should be done in separate meetings at different times of the year. In addition, job evaluation discussions should be a combination of specific examples of past performance and include a forward-focus, with the ultimate goal to increase future productivity.

Motivation can have an effect on an individual's output and concerns both quantity and quality. HELB relies heavily on the efficiency of the loans recovery department to make sure that former university students repay their loans in numbers that meet demand for the current students. If these employees lack the motivation to recover the loans to meet the demand, then the board faces a problem leading to disastrous consequences. Employees are the greatest asset and no matter how efficient your technology and equipments may be; it is no match for the effectiveness and efficiency of your staff.

### **Separation of job evaluation from salary reviews**

Current human resources thinking holds that it's probably best for organizations to separate job evaluation from salary reviews; at least hold them at different times of the year and use the job evaluation discussion as a way of helping employees grow both as persons and as corporate contributors. Hence, it should be much more than a report card of past performance.

Though it should be acknowledged that the compensation element will always be present, to some extent, in job evaluation, they are two separate and distinct issues, and if you do both together, all what most of employees will hear is the money. If the job has expectations and if the merit increase is not commensurate with those expectations then you have a disgruntled employee.

### **Expectation-based Performance**

Pay and performance feedback are separate issues. Performance is based on expectations, while compensation is typically based on the state of the economy, the economic health of the organization, and the employee's level of contribution to the Board.

This organization should have a performance discussion system in place to use on a consistent basis throughout the year to assess employees' progress toward achieving specific corporate goals and performance expectations.

Performance development has two purposes – to appraise past performance and assess future potential. What are the employee's promotional opportunities, what skills need to be developed, and what is necessary to help the employee?

Most managers forget that part. After all, not everybody is going to be the Chief Executive Officer, but does the employee need training, mentoring, counseling, or some other kind of assistance to meet his/her goals? Showing sincere interest in each employee is one area leaders can use to develop employee loyalty.

## **Reviewing report cards of past job performance**

The management should always look forward and a review of a job's past performance is always good to have from a legal perspective to measure progress. With a strong job evaluation system, HELB can help job holders' to progress and the job to get better results. For example, helping an Assistant Manager who has aspirations to become a manager develops the skills and competencies they need to achieve their goal.

A job evaluation discussion is intended to set expectations and or repeat them. It's a time to review a job's duties and responsibilities, and review the goals of the board and the individual.

As an organization, the only way HELB can reach its goals is to help employees reach their goals by making them understand their job requirements. To do that, there is need to understand individual employee goals. Therefore, there is need to ask; what does HELB as an organization needs to do to meet employees' goals? And, that's not just professional goals, but their individual goals. The organization needs to talk about individual goals.

## **Establish proper communication tools**

HELB should introduce job evaluation discussions as this can open the lines of communication between employees and supervisors and help them set mutually agreed upon goals. Having face to face discussions has become particularly important in an age when much corporate communication is done by secret voice or e-mail messages. Heavy use of technology seems to significantly limit the amount of time spent actually talking with employees.

How supervisors and subordinates communicate is important as well. Communication should be a two-way practice, handled by supervisors who are trained in job evaluation discussion techniques and understand it's an ongoing process. You want open communication and you want feedback on a daily basis.

The important part is the training you give to the job appraisers, because if it's not done properly, job appraisal discussion will be a failure. Training is absolutely essential. Supervisors at the organization should learn how to include employees in the discussion process in such a way as to provide the average performer a way to self-identify development needs. Most supervisors don't have time to prepare for regular discussions, with their subordinates yet these discussions need to happen. The performance discussion system should provide a method for the supervisor and employee to have a meaningful discussion about how the employee has handled actual events against a set of clear expectations.

### **Carry out regular employee compensation reviews**

Compensation reviews are another matter. In a compensation review, the goal is to establish the job's value to the board, based on the responsibilities, potential, and the job holder's own financial goals. If a job has a great performance review, then the job holder is going to expect a great compensation package, and that might be difficult. They may view themselves and their worth higher than the organization does, hence dissatisfaction.

Any number of factors can come into play in compensation review, including the firm's economic status and how much it can practically afford to pay for a job, as well as the employee's skill level, responsibilities, and permanence not only with the board, but in their

current position. Some organizations have a salary range for various positions that can take experience, seniority, and skill levels into account. The trend is that increases are frequently based more on the general economy and how the organization is doing than on actual job holder's firm performance. Most employers try to give larger increases to higher performing jobs and smaller increases to lower performers.

Many organizations link job assessment to basic pay, but in others it has been replaced by variable pay or profit sharing. This is fairly effective in improving employee performance. Adding commissions on sales also gets better performances from employees, though it can not be applied to HELB as they do not sell services or products.

### **Observation of high code of ethics and morals**

Employees need to know they are cared for. Employees need to be commended and recognized for quality work. It is therefore important to have a regular forum for discussions with their supervisors, along with coaching on how to develop skills and competencies. Compensation obviously needs to be at least fair for the work being done.

In order to improve on job performance, this organization needs to continuously review and revise their job evaluation management systems. This demonstration shows an understanding of how linking pay to job evaluation is very much a work in progress. Additional work is needed to strengthen efforts to ensure that job evaluation management systems are tools to help them manage on a day-to-day basis. In particular, there are opportunities to use organization wide competencies to evaluate jobs that reinforce job holder's behaviors and actions that support the organization's mission, translate employee performance so that managers make meaningful

distinctions between top and poor performers with objective and fact-based information, and provide information to employees about the results of the job evaluation and pay decisions to ensure reasonable transparency and appropriate accountability mechanisms are in place.

### **Competency as a tool to evaluate a job.**

This organization can use validated core competencies as a key part of evaluating individual job contributions to organizational results. Applying core competencies in the organization can help reinforce employee behaviors and actions that support the organization's mission, goals, and values and can provide a consistent message to employees about how they are expected to achieve results.

### **Translating job evaluation ratings into pay increases and awards.**

HELB can seek to create pay, incentive, and reward systems that clearly link employee knowledge, skills, and contributions to organizational results. Here, the organization can make meaningful distinctions between acceptable and outstanding job performance and appropriately reward those job holders who perform at the highest level. To this end, the organization can take different approaches in translating individual job performance ratings into permanent pay increases, one-time awards, or both in their pay for performance systems.

### **Considering current salary in making performance-based pay decisions.**

Alternatively, HELB can also consider a job's current pay when making pay increase and award decisions. By considering salary in such decisions, HELB can make a better match between a job's compensation and the job holder's contribution to the organization. Thus, two employees

with comparable contributions could receive different pay increases and awards depending on their current salaries.

### **Reporting to employees about the results of job evaluation and pay decisions.**

This study has observed that a more job evaluation based pay system should have adequate safeguards to ensure fairness and guard against abuse. One such safeguard is to ensure reasonable transparency and appropriate accountability mechanisms in connection with the results of the job evaluation management process. To this end, the organization should publish information for employees on internal memos, bulletins and notice boards about the results of job evaluation and pay decisions, such as the average job evaluation rating, the average pay increase, and the average award for the organization and for each individual department.

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# APPENDIX

## QUESTIONNAIRE

### Introduction

I am a student at Kenyatta University pursuing a Masters in Business Administration. As part of course requirement, I am in the process of carrying out a research project and hereby request you to be a respondent in the data collection sample population.

I wish to assure you that all responses in the questionnaire will be kept completely confidential and used for academic purpose only.

Please tick in only one appropriate box  or fill as appropriate.

<b>PART A</b>	
01.	<b>Interview Date</b> .....
02.	<b>Interviewer Name</b> .....

1. **Respondent Names (optional)** .....

Gender	Male <input type="checkbox"/>	Female <input type="checkbox"/>		
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2. **What is your age bracket? (Tick ✓one)**

a) (20-30) <input type="checkbox"/>	b) 31-40 <input type="checkbox"/>	c) 41-50 <input type="checkbox"/>	d) 51-60 <input type="checkbox"/>	
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3. **For how long have been in employment with HELB (in years) (Tick ✓one)**

a) 1-4 <input type="checkbox"/>	b) 5-10 <input type="checkbox"/>	c) 11-15 <input type="checkbox"/>	d) 16 -20 <input type="checkbox"/>	
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**PART B**

**1 What is your Substantive Job Title in HELB?**

Job Title.....	Grade (Tick ✓one)	1	2	3	4	5	6	7	8	9
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**2 In which category is your job? (Tick ✓one)**

a) Senior Management	(b)Middle management	(c) Supervisory	(d) junior grade
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**3 Whom do you report to while working at HELB? (Tick ✓one)**

a) Chief executive	b) senior manager	c) Middle level manager	d) Supervisor
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**4 Do you know what job evaluation is? (Tick ✓ one)**

a)Yes <input type="checkbox"/>	b) No. <input type="checkbox"/>
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**5 If your answer is Yes how often is your job evaluated? (Tick ✓one)**

a) Once a year <input type="checkbox"/>	b) Semi Annual <input type="checkbox"/>	c) Quarter yearly <input type="checkbox"/>	d) None <input type="checkbox"/>
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**6 Does your supervisor / Manager involve you in job evaluation? (Tick ✓one)**

a) Yes <input type="checkbox"/>	b) No <input type="checkbox"/>
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**7 Do you feel your job is sufficiently paid for at HELB? (Tick ✓ one)**

a) Highly <input type="checkbox"/>	b) Not highly <input type="checkbox"/>	c) average <input type="checkbox"/>	d) Below average <input type="checkbox"/>	e) Very Low <input type="checkbox"/>
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8 Do you feel your job is well defined at HELB? (Tick ✓ one)

	a) Very well <input type="checkbox"/>	b) quite defined <input type="checkbox"/>	c) vaguely defined <input type="checkbox"/>	d) Not defined at all <input type="checkbox"/>
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9 Given the work you do at the Board do you feel that you are adequately remunerated?

(Tick ✓ one)	a) Yes <input type="checkbox"/>	b) No <input type="checkbox"/>		
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10 To what extent do you feel there is clear demarcation in what you do in relation to other employees working below you and above you? (Tick ✓ one)

	a) Very high <input type="checkbox"/>	b) High <input type="checkbox"/>	c) Low <input type="checkbox"/>	d) very Low <input type="checkbox"/>	
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11 Which category of management would you suggest your salary to be? (Tick ✓ one)

	a) Senior <input type="checkbox"/>	b) Middle <input type="checkbox"/>	c) Supervisory <input type="checkbox"/>	d) Junior staff <input type="checkbox"/>
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12 To what extent do you feel that your position in the HELB pay structure motivates you? (Tick ✓ one)

	a) Very Highly <input type="checkbox"/>	b) Highly <input type="checkbox"/>	c) Averagely <input type="checkbox"/>	d) Very low <input type="checkbox"/>	
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13 How do you view your workload against your colleagues in the same grade in other departments? (Tick ✓ one)

	a) Too High <input type="checkbox"/>	b) High <input type="checkbox"/>	c) Average <input type="checkbox"/>	d) Low <input type="checkbox"/>	
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**PART C**

**1 Education and qualifications required**

Indicate what you consider to be the minimum qualification required for the position you hold? (Tick ✓ one)

i) Certificate <input type="checkbox"/>	ii) Diploma <input type="checkbox"/>	1. iii) Bachelor Degr <input type="checkbox"/>	iv) Post graduate degree <input type="checkbox"/>	v) Any other <input type="checkbox"/>
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**2 Skills and experience required**

Indicate the minimum professional qualification required in terms of years?

(Tick ✓ one)	i) 0-5 <input type="checkbox"/>	ii) 6-10 <input type="checkbox"/>	iii) 11-15 <input type="checkbox"/>	iv) 16-20 <input type="checkbox"/>
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**3 Authority Levels**

The percentage (%) of decision making?

(Tick ✓ one)	i) 0-25 <input type="checkbox"/>	ii) 26-50 <input type="checkbox"/>	iii) 51-75 <input type="checkbox"/>	iv) 76-100 <input type="checkbox"/>
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**4 Contact & client relationship**

How much time in % do you spend delivering direct services to external customers?

(Tick ✓ one)	i) 0-25	ii) 26-50	iii) 51-75	iv) 76-100
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## **PART D**

### **COMPLEXITY OF THE JOB**

- 1 How much time (in %) of working do you spend on emergencies / crisis?  
(Tick ✓ one)    i) 0-25                      ii) 26-50                      iii) 51-75                      iv) 76-100
- 2 How much physical effort in % is required to perform your job manually?  
(Tick ✓ one)    i) 0-25                      ii) 26-50                      iii) 51-75                      iv) 76-100
- 3 How much alertness is required to do your job (please give indicating percentage in a day)?  
(Tick ✓ one)    i) 0-25                      ii) 26-50                      iii) 51-75                      iv) 76-100
- 4 In a normal course of your work what % of time are you exposed to hazardous working conditions (Travelling in the field. Cold. Stuffv conditions)?  
(Tick ✓ one)    i) 0-25                      ii) 26-50                      iii) 51-75                      iv) 76-100

**Thank you.**