

Applied Ergonomics
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Module – 04
Lecture – 19

Hello and welcome to this applied ergonomics lecture 19 just a quick recap of what we did in the last lecture we talked about, the various job evaluation techniques including point comparison method, factor comparison method and then of course, point factor method. And then we also discussed about how point factor method is probably the most widely used, because of its flexibility and its ability to map jobs with respect to the job environment which is prevailing and develop various structures.

So, the central question in all these job evaluation mechanisms is what kind of wage structure can be associated with the job structure or the job type. And today we will look at a little bit of that wage structure and once a wage structure is assigned the other important question central question to be addressed; is that how you can basically rate somebody in terms of its performance and its ability to comply with the requirements that are listed in the job evaluation mechanism.

So, let us look at wage structure. And let us look at some important facts about the wage structure.

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Wage Structure

A pay schedule that indicates the wage rates for the different job grades in the organization

- Pay schedule includes any wage range within a given job grade
- Establishing the wage structure is a separate step in job evaluation except for the factor comparison method

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So, typically wage structure is a pay schedule that indicates the wage rates for different job grades in an organization. So, pay schedule may include any wage range within a given job grade or it may include, let say just fixed wages for different jobs in a step manner or maybe there is an overlap of ranges.

So, it really depends on how you categorize the certain job in terms of the various grades and there is a requirement of giving a wage range in some cases, because certain jobs you know, because; obviously, organizations become top heavy with time. So, change between different grades may not be almost always possible for all employees and therefore, if that change can be slowed down little bit by adjusting an employee to differential pay differential in a single grade corresponding to the amount of term that serves in a particular grade. So, it basically helps you to slow down the rise process and making the organization top heavy in turn. So, those problems can be avoided.

So, establishing the wage structure is a separate step in job evaluation except only the factor comparison method. I guess this was the only method which I taught where you could actually in a very objective way determine a wage structure although every method has it is own short comings and limitations.

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Factors Affecting Wage Structure

- Slope of the wage structure
 - Pay differential between high and low job grades
- Wage range for each job grade
 - Width of the wage range
 - Overlapping wage ranges

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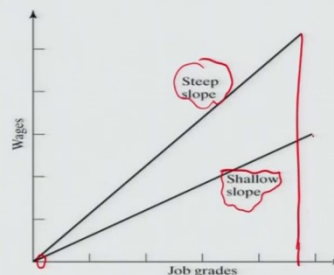
So, if we look at some of the factors which affect such wage structures. So, one of course, is the slope the slope of the wage structure. So, slope can also be referred to as a pay differential between the higher and the highest and lowest job grades. So, once you have categorized all the jobs into different ranking or different ranks and once you have actually, try to arrange the jobs in different you know hierarchical in a hierarchical manner. You could create a pay differential between the highest job grade and the lowest job grade and that could be looked at by looking at the slope of the wage structure.

So, the wage range for each job grade could have either a fixed width of the wage range or overlapping wage range structure this can be graphically illustrated here.

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Wage Structure

Slope of the wage structure

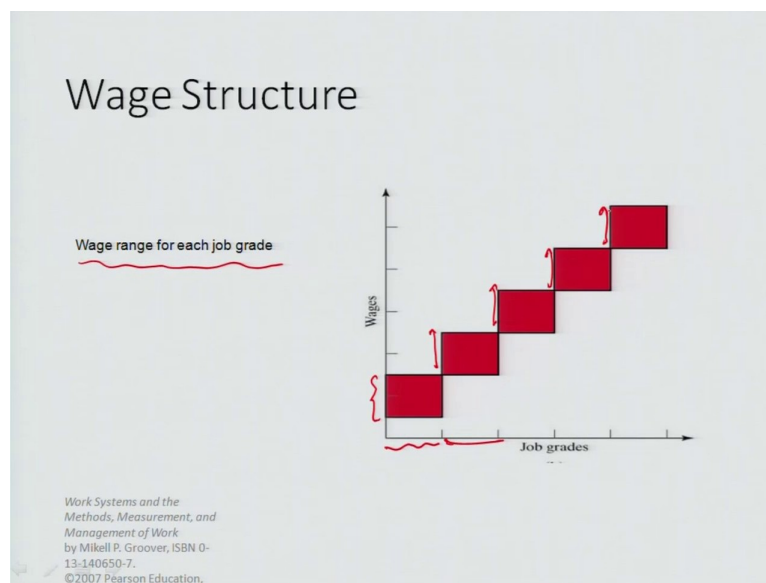


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For example; if I wanted to look at the slope of the wage structure you can see jobs you know different rates of steeper slope if the highest available job has quite a bit of differential than the lowest one and you know this gives a sort of an upward trend of motivation of a it gives a some kind of a motivation to move upwards in the ladder faster and so, sometimes when the objective of an organization is to make a performance heavy towards a beginning there is an idea of making a steep slope would always prevail.

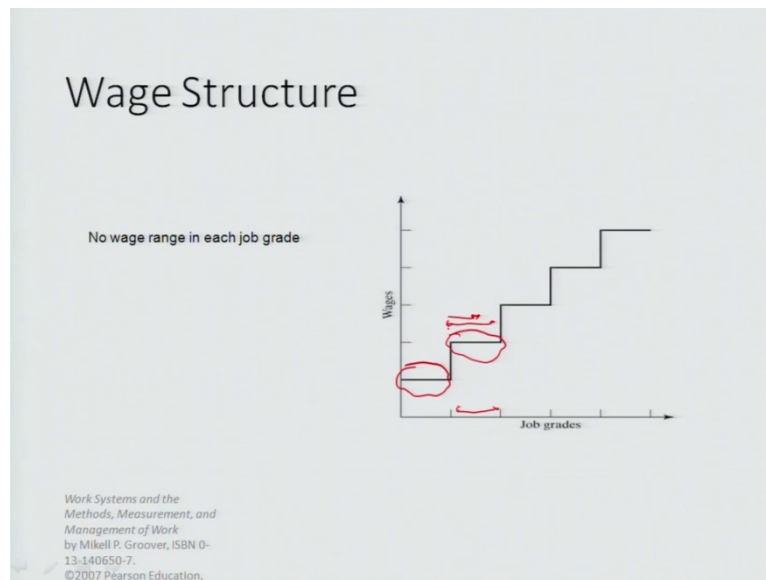
There are also certain wage structures with shallow slope where the graph cannot be that that steep from you know going between different job grades. And so, one of the reasons why that is done is to sort of may be give a overall increase in the wage level by looking at creating lesser differential between the highest paid job and a lowest paid job, but in that kind of an event although; one advantage of the system could be similar kind of performance at each level or different grades of jobs which might be beneficial to certain organizations which are more intensive in terms of quantum of work to all the levels associated to all the levels.

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So, if we looked at wage structures you have again you know range defined for each job grade; for example, here you see there is a certain wage range defined for a certain grade and as the grade varies the range also varies and it is very specific as it moves up the ladder, how corresponding to the different job grades? You basically have assigned different wages corresponding to the wage structure. There could also be a case where you have no wage range in each job grade.

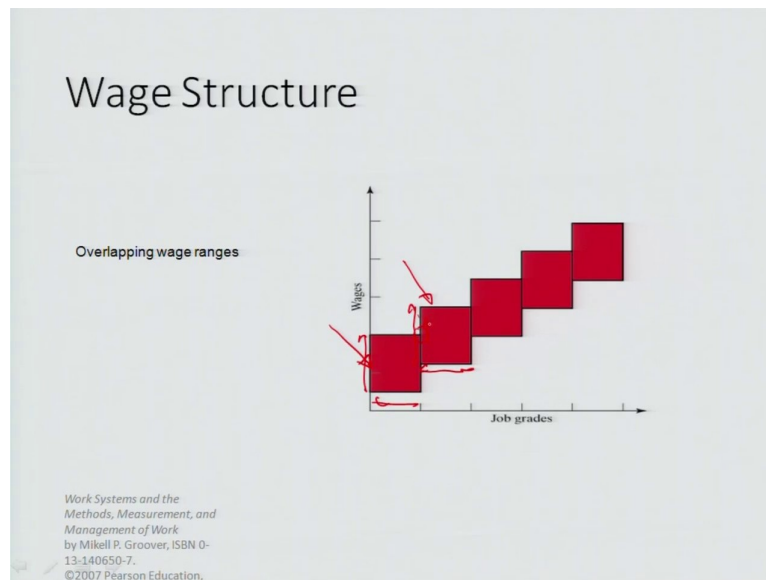
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For example; single particular wage at the certain grade, then there is a stepped increase by certain amount or differential although; at the higher grade again you have a similar phase structure there is no movement really in terms of differential structure within the same job grade. And this may cause little bit you know logistic problem, because sometimes as I already reported that organization become top heavy and so, you have to somehow slow down the rise process and while keeping the motivation level on.

And so if you really link the wage structure as one of the potential causes of motivation to certain organizational trades is it may be a good idea to sort of stall and give some motivation at a certain level rather than doing a fixed wage structure at a same at one particular level. There may be also certain organizations with overlapping wage ranges.

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So, you can see here, for example; there is a certain range at certain grade which has a substantial amount of overlap with the next grade. And such structures also are sometimes important, because the moment we give a range which is overlapping nature the performance level the motivational level at let say a lower grade is almost equal to that of the higher grade the moment you know it crosses over here. And it may also be sort of a good practice to estimate; that is qualified to really go into the next grade. So, such structures also do work at different times within industrial setups.

Let us now talk a little bit about a different concept altogether; which is about once you have fixed the different job grades and you have associated wages with respect to the different job grades. The next question which comes is that, whosoever is performing in the particular grade how he will be rated how his performance can be appraised.

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Performance Appraisal

Process by which each employee is periodically evaluated relative to his or her accomplishments and contributions to the organization ✓

- Can be done formally or informally
 - Formal performance appraisals are preferred by most medium and large organizations ✓
- Includes both documented reports and face-to-face interviews
- Can be beneficial to both employee and employer

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So, let us talk about performance appraisal. So, again the process of performance appraisal is really a process by which each employee is periodically evaluated and this evaluation is in relation to his or her accomplishments and contributions to the overall goals and directions that an organization takes appraisals can be done very formally or informally depending on what is the prevailing strategic initiative to keep people generally motivated and happy.

So, formal performance appraisals are preferred though by most medium and large organizations more or less, because of the reason it gives an accountability from the management side also to be more deterministic on the reasons about why a raise is given as oppose to the other and formal processes can include both documented reports or face to face interviews, where there can be some degree of judgment you know by a higher authority to a reporting individual or a lower subordinate and this can be beneficial to both the employee as well as employer, because if objectively done the employee knows about a short coming.

So, that he can improve according to the organizational goals and the employer again gets a lot of know how about; what are the strengths within the employee? Which could be augmented and motivated in the manner? So, that he can go up the ladder. So, in idealistic sense all this works very well if we talk about performance appraisals.

So, there are various reasons, why performance appraisals are needed? Some of the main reasons are to provide sort of feedback to an employee on his work performance and motivating him sufficiently. So, that he can perform better also sometimes there is a lack of

knowledge lot of ignorant employees exist who do not know about really the overall organizational goals or organizational you know achievements or capabilities.

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Reasons for Performance Appraisal

- Provide feedback to employee on work performance
- Establish links between goals of organization and goals of employee
- Determine merit pay increases
- Indicate skill deficiencies and training needs
- Identify workers who need counseling
- Identify poor performers who should be laid off, if layoffs become necessary
- Identify very poor performers who should be terminated

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So, this kind of establishes links such a present systems do from time to time establish a good link between goals of the organization and goals of an employee. So, that if such a mach occurs then; obviously, the employee can work for his own goals to go up the ladder to get more benefit is and in the process can serve in meeting up the expectations of the organizations or goal set up by the organization. So, it is a win situation in such a case.

Also one of the main reasons could be determining merit pay increases, when we talk about many people performing on certain job and; obviously, there is a differential in performance. So, that needs to be updated regularly in a record say for record sake and also that needs to be feedback to the concerned employee. So, that they know about what is the highest performer level and try to balance their wage and means, so that they can also achieve the same. So, in a way you are positively helping people with positive minds to grow which is in a way very good for overall organizational growth. So, therefore, this merit pay increases could be one of the main reasons why performance appraisals is needed.

Also one can indicate skill deficiencies and training needs. Suppose in person while doing evaluation finds out that subordinate is not trained properly, on a system or a project or a work that has been given. So, there can always be a possibility of sending people for training external training. So, that they can get more update about handling the situation about

performance about deliveries. Also one of the reasons for performance appraisal could be to identify workers who need counseling. There are some workers who will create problems create troubles for overall growth of the organization and such workers need to be identified, and suppose in some workers are already identified performance appraisals could be a good way for sending them for counseling training for counseling training or giving them some directives which could help them to mend their way so, that they can achieve better.

So, performance appraisal can also be used for identifying poor, performance performers who should be laid off particularly when there is a challenging business environment layoffs become necessary in those kind of situations it is important that you identify and get rid of those people who are non value adding or liabilities to a concern of course, there is something called as settlement which happens between a employee and a employer and that is governed by some legal norms which have been setup by various agencies, but then layoffs are necessary from time to time for a restructuring and fueling the growth process to survive in the competitive business environment.

You also identify very poor performers, who should be necessarily be terminated and so, these are the people who are sort of in the red zone who have to be ask to leave and particularly organizations which are very heavy and they grow with time and then there is no control on the hiring or the inducting of employees. They need to identify people who are non performers and try to make a lighter organization. So, therefore, performance appraisal as we all agree is very necessary.

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Techniques in Performance Appraisal

- Checklists ✓
 - Evaluator checks from a list of performance attributes
- Graphical rating scales
 - Linear scales from low performance to high performance for each performance attribute
- Simple ranking
 - Supervisor ranks subordinates
- Essays
 - Written paragraph on worker's performance

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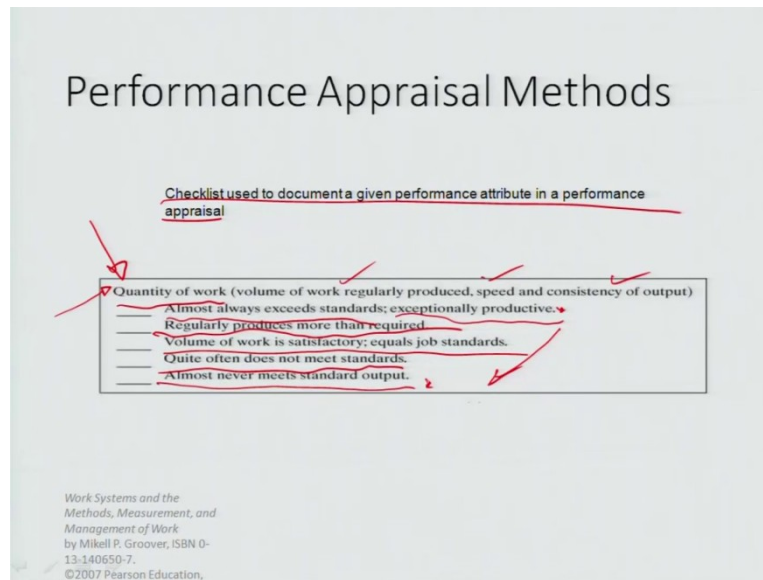
If you look at some of the techniques associated in the performance appraisal, there could be very objective, checklists this could be a technique involving method where an evaluator checks from a list of performance attributes whether the employee comprise to some of these attributes I will give an example just about one or two slides later. There also graphical rating scales which are linear scales starting from the low performance parameter or index to, the highest performance index and this is done for each of the performance attribute. So, that there is an idea of where the employee falls and what are his rates? What are his weaknesses? What are his strength areas so and so forth.

There is also very simple ranking scheme which is done typically by a supervisory authority which ranks subordinates based on the yearly performance. So, here there can be scope of error, because there is a judgment and the personal influence which gets nominating as far as the supervisory level staff is concerned; and so, one must try to stick to very objective ways and means to rank subordinates just by intuition one cannot rank unless all the facts are laid before. So, it is a very serious job that has to be done by people up the ladder for the subordinates.

Also sometimes companies too prefer to write you know for the people to write essays about their achievements or highlights of the year that person has done. On the basis of which one could give an assessment. So, this is a written paragraph on workers performance. So, this can be first done by the worker himself and then validated and some comments can be given by the supervisor about, what is true and how much of it is true? And that could be a basis of appraising about the annual performance of a certain worker.

Let us look at some example from different appraisal methods. Let us look for example, about the checklists that I was talking. So, checklist are used to document a given performance attribute in a performance appraisal system.

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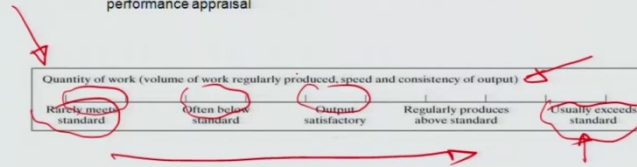
This is such one such checklist particularly one performance parameter which is the quantity of work. So, quantity of work is graded in terms of volume of work regularly produced the speed at which the work is done and the consistency of the output. So, these are the sub factors associated with this factor quantity of work.

And, when we are trying to rate an individual we can make various degrees or slabs over which the individual can be put starting from almost always exceeds the standards exceptionally productive to almost never meet standard output. So, this is the highest grade and that is right here is the lowest grade and so, between these there are a variety of different grades in which one can rate the performance attribute of person including regularly produces more than required. There is one grade which says volume of work is satisfactory equal's job standards quite often does not meet standards that are another grade and then finally, the lowest grade of almost never meets the standards. So, the idea is that such a performance attribute could be graded by rating any one of these attributes based on the intuitive judgment that of authority or a supervisor would have to rates employees.

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Performance Appraisal Methods

Graphical rating scale used to document a given performance attribute in a performance appraisal



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Then there are again you know other appraisal methods like graphical rating scales which is again listed for the same parametric as before; just as an checklists mode you saw in little different manner. So, you have a scale now usually; exceeds X the standard quantum of work which is probably the highest grade and then rarely meets standards and there is a graphics scale which gives an idea of where you should put the concerned employee; either on the exact grades or degrees which are being shown here or in between. So, you have little more flexibility to rate an employee based on such attributes in a linear manner in a scale system.

So, this is another way using a graphical rating scheme. Generally, the modern trends which are involved in performance appraisals are related to number one the alignment of the performance.

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Trends in Performance Appraisal

- Aligning performance appraisal process with strategic objectives of the organization
- Using multiple evaluators
 - Self-evaluation ✓
 - Evaluation of supervisors by subordinates ✓
- Paying greater attention to future development of employee rather than past performance ✓

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To particularly strategic objectives of the organization the organizations do not just want to grow, but grow in a productive manner and grow in a manner, where there is an employee involvement at every stage. So, at one hand when employee is involved the appraisal has to be done in a manner. So, that it is always motivating in nature it should not be able to demotivate or take somebody out of the first track process if you really want to strategically grow in the right manner also just, because of the intuition or the judgment components which is involved between a authority and a reporting super reporting subordinate.

There is always chance of error and so, it may be a good idea to include multiple evaluations multiple evaluators it could be a self evaluation done by the employee and then the evaluation of supervisors by the subordinates. So, it kind of keeps you going on how good or how bad the concerned people involved in the ladder are. So, you can give feedback at the right extent at the right level. So, that overall there is a meeting of the goals or group process of the organization.

So, lot of trend within the performance appraisal system really pays a lot of attention to future development of the employee, rather than his past performance. So, rather than looking at how he perform two years back or how he performed even on the current year towards a beginning it may be a wonderful idea look at the current performance or how he will perform in the future. And so the growth in his performance output is, what is important rather than looking at where he was or what level he was.

Of course while doing a job evaluation you do consider very basic minimum skill sets which are needed to map individual to certain job grades, but in the appraisal stage you always look for not the basic amount of qualifications or past achievements, but the current behavior in respect to job description of a certain employee. So, these are some latest trends I think, I will now like to sort of close this particular topic on job description job evaluation you know wage structuring of jobs and then performance appraisals.

At the end of this lecture, I would like to strongly emphasize that modern organizations are really spending a lot of resources. In order to structure the organizations with objectives in mind goals in mind and there also very particular about some of these issues related to how you grade jobs evaluate jobs create a different wage structure related to the jobs. And then finally, create a motivating environment for everybody to work towards the organization goals. So, it is. In fact, become a very important topic as for as the organizational ergonomics goals and with this I would like to end this particular lecture.

Thank you very much.