

## The Hay System of Job Evaluation: A Critical Analysis

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### Abstract

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This paper provides an overall insight of the *Hay System* of job evaluation (*Guide Chart – Profile Method*). It answers the question of Hay's thinking behind his purpose to develop an alternative (and in his view) more effective system for measuring and assessing jobs (particularly the more senior management and executive posts). The paper also provides an analytical view demonstrating how Hay constructed his system to given parameters within given structure and shows that its specific composition lies in what he termed his three 'primary factors'. Hay's thinking and his work experience underpinned the foundations upon which the design and the construction of this system were formed. Hence, this paper illustrates not only the *Hay System* in general terms but also why he attached importance to each of its basic components such as job factors, his allocation of weightings, the importance of contribution made by each factor, his model for assigning given points to each factor and the degree of flexibility attached to his system. Moreover, the paper compares and contrasts the *Hay System* with other models of job evaluation. The paper also answers the question of what made the *Hay System* popular to the point of global recognition whilst simultaneously attracting its critics. Our academic experience of *teaching* for more than two decades with a further decade in both education and the business sector is the bedrock upon which this work is constituted.

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**Keywords:** Hay System, Design, Composition & Construction, Mechanism, Recognition, Differences from Other Systems, Shortcomings

### 1.0 General Introduction

Dr Edward N. Hay (1891-1958), (see Sec.9, Note 1) an authority on the subject of Job Evaluation, confronted the generally accepted approach of using the point method scales, when determining job factors in relation to relative job worth.

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He maintained that, in practice, this original approach did not show or represent regular intervals or uniform/constant increments between the successive levels (of difficulty) for each job factor. Thus he explained that the irregularity of the intervals or increments mean that the scales produced on the point method are not representative of either erythematic multiplication or geometrical progress. (See Sec.9, Note 2). In his article "characteristics of factor comparison job evaluation", (Hay (1), 1946), Hay had expressly shown his confidence and belief in the judgement of the skilled and well trained evaluators to present/produce equal intervals; usually geometrically increased, from lower to higher jobs. In this way, Hay tries to apply "Weber's Law" to the establishment of degrees. "Weber's law" refers to the phenomenon of a geometric increase in value of the factor comparison scales from step to step; firstly identified by E.H. Weber; see also Otis & Leukar (1948). Yet Hay has "nowhere expounded a theoretical basis of the geometric progression" for the job factors in the guide chart - profile method [Professor T. T. Paterson (1972: 109). Nonetheless, these intervals generally reflect the existing salary structure of the organization concerned.

Hay(2), in his article "*setting salary for executive jobs*" (1958: 64), believed that point plans are shown to be ineffective when they have been applied to the rating of high level managerial and technical jobs. For him, the *point plan* (system) is just unsuitable for evaluating top management jobs for they are either "*too complex*" or a product of the principle that it is "*the man (who) makes the job*". In other words, Hay's view is that, the *point plan* was **not** primarily designed to measure or assess high managerial positions and thus it does not employ "**management thinking**". (Contrary to this view see Sec.9, Note 3).

It should be recognised that a second system, the *factor comparison method*, was born out of the *point method* and the Hay method has been drawn from the womb of both the *point method* of 1924 and the *factor comparison method* of 1926 – this, after so many experiments and applications of both of these systems (see Sec.9, Note 4, for other interchangeable names for each of these two methods).

It took Hay and his work associates some 25 years to develop this alternative method, in its final form, that continues to carry his name through to the present day. At the time there was a pressing need for a new system or method to measure high level managerial and technical jobs (executive positions).

This required different responses to management thinking and an ability to measure high level managerial and technical jobs (executive positions). In 1951 (and in response to the demand of the Owens – Illinois Company-USA) Hay and his colleague (Dale Purves), developed a new plan or scheme called the “*Guide Chart – profile Method*”.

At this point it is pertinent to pass comment on the term “*scales*” (mentioned above and also referred to as “*factor scales*”). In having the compensable factors decided or chosen, each factor can be further divided into sub – factors and degrees. The “*scales*” are formulated or shaped through determining the differences between each degree and then again separately within each related sub-factor. These differences or intervals for each degree are defined as being equidistant from the immediate adjacent degree. (See also Sec. 9, Note 5).

## **2.0 Design and Development of the Guide Chart – Profile Method**

The guide chart – profile method is a combination of two methods; the Profile Method and the Guide Chart Method. The profile method was designed and developed by Dale Purves, grown out of the Per Cent Method, which in turn, was a modification of the factor comparison method. Thus, to date, the profile method represents the final version of an emergent product that has evolved out of the other two. It employs and is specific to the three broad elements (primary factors) of any given job. These are the Know-how, Problem-solving, and Accountability.

With this method, Purves applied the idea of combining several scales on one sheet or one chart as a “means of objectively describing the step and point values of the profile method”. That is to say, with the profile method, each element’s (i.e. job factor) weighting is separately assessed for each job; whereas the element’s weighting in the point method is applied, in advance, for each scale as a whole. In so doing, the reliability of the final point ratings with the profile method increases. The very idea of bringing together two or more evaluation scales on one sheet or chart is also applied to the Hay’s Guide Chart (see Hay and Purves, 1954: 73/4/5). Hence, the name “Guide Chart – Profile Method” has come to the fore. However, a profile of a job is embodied in the management judgement that expresses the relationship between the importance of each of the three primary factors (to be explained).

Accordingly, to Hay, the guide chart-profile method provides a common language/understanding between the analysts and/or evaluators for judging relativities of the job through consensus judgement.

NOTE: This method, is variously referred to as: Hay Group / Hay & Associates, Inc. - the consulting firm that developed it, Hay – MSL Limited; or for short: Hay System, Hay Scheme, Hay Plan, Hay Method. In terms of determining job factors in relation to relative job worth these phrases should be seen to be synonymous.

### 3.0 Composition and Construction of the Guide Chart Profile – Method

As stated above, the *guide chart – profile method* is built and focused upon three elements called primary factors. They are firmly infused in the minds of top management within organizations. They form the cornerstone of the performance of a job. They are as follows: The *know-how*, *problem-solving*, and *accountability*. However, before addressing the main point of this section, it is useful to note that the job factors involved in evaluation should be precisely defined in terms of its basic components. This is because a **too** broadly defined factor would make definitions too general, which in turn makes the work of the evaluator more difficult. Thus, the factors in all their detail, such as design, definition and description of job's characteristics and particularities, are architectonic or tailor-made so as to meet a particular organization's requirements and circumstances (Helen Murlis and David Fitt, 1991).

#### (1) The know-how Factor

This represents the total of all knowledge and skills required for performing the job to a standard of *average acceptable performance*. Technical knowledge, management responsibility and motivating employees are included as sub – factors. In other words, the *know-how factor* is related to the skill and experience that reflects the responsibility for, and the ability of taking, the appropriate decision, thus offering the best solution to the problem(s) faced. Accordingly, **the know-how factor has three dimensions:** **(a)** The level and amount of skill, experience, education, special training, and specialization required by the job. **(b)** Breadth of management – as a measurement for these skills and experiences, and for the ability to appropriately act and manage many tasks together.

It reflects the difference (in the context of skill and experience) between the levels or positions of the job hierarchy (e.g. between the first line manager (supervisor), middle management and the head of the establishment). **(c)** Motivating employees, where their morale (qualitatively and quantitatively) directly influences their performance. A manager **must** be aware of and believe in the importance and role of motivation at work. However, this alone is not enough. Familiarity with and experience of the various types and techniques of motivation available are also necessary prerequisites since people are motivated differently. In short, a manager **must** be qualified to perform all aspects of his job.

## (2) The Problem – Solving Factor

Initially, a problem at work can emanate from a failure to appropriately address a stressful situation when, or very shortly after, it first presents. The longer this state of affairs remains the less likely it is that any subsequent attempts at resolution will succeed. The same applies in circumstances where management makes an attempt at resolution but where the implemented intervention(s) produce outcomes that are counter-productive and totally different from that which was intended. In such circumstances it can be anticipated that management will have no control over consequences.

The factor of problem-solving reflects the intensity of management thinking in facing and solving any specific problem within a given environment. Thus, the problem-solving factor represents a challenge for the manager's ability in terms of vision, creativity, aptitudes and psychometrics in solving a problem. It reflects the sharpness and punctuality of thinking when handling a problem and the degree of effectiveness in dispelling and removing a difficulty that may face the implementation of that vision and thinking. Thus, problem-solving is embodied in the utilization of the know-how factor. It is seen or treated as a percentage of the know-how since both the problem-solving and the know-how are inseparable. This is because people think and act according to what they know.

Accordingly, the problem-solving factor has two dimensions: (a) the amount, size, level, and degree of freedom (for the manager) to think and make decisions demanded by the job independently (i.e. without pre-arranged guidelines, instructions or directions from others). (b) The ability of initiative, creativity, and degree of efficacy that reflect mental activities when utilizing the amount of freedom to act. T. Paterson (p.113), observes that these two dimensions shall not form a matrix of problem-solving and decision making for they are correlated in a unidirectional fashion. There are, of course, checks to this approach of independent, creative thinking and these are dealt with separately under the accountability factor (see below).

### (3) The Accountability Factor

This refers to the responsibility for the decision made, action taken, and the consequences resulting from them, i.e. magnitude and impact. Checks the freedom of decision-making where this needs to be constrained by the responsibility and answerability for the action taken on the job. In the words of Hay and Purves (P. 74), the term accountability may be defined as "the effect of the job on end results, measured by the probability and consequences of failure to reach goals through non – performance". For Hay(3), (p.67), the accountability factor focuses, mainly, on three aspects or dimensions which are as follows: (a) The amount of freedom to act. This represents balancing the degree of the freedom to act against a relative presence of personal or procedural guidance and control that limits the freedom to act independently. That is to say, the decision-making freedom will be qualified or restructured by an overall umbrella of guidance and supervision. (b) The strength of the impact. This refers to the money magnitude as a yardstick or a measure of the currency value (at the time) of production or service, sale, and budget in relation to the job. (c) The size of the area affected. This reflects the impact of the action taken on the money magnitude. It comes in four types (sub – factors) of impact: (c.1) Primary impact on the final results where there is little sharing of accountability with others because of the independent decision taken. (c.2) Shared impact of the action taken with participation of others (except superiors and subordinates). (c.3) Contributory impact, through advisory or facilitating services to the people involved in the action. (c.4) Remote impact, through providing information on other incidental services for use by the people involved in the action.

It should be noted that while the three dimensions or aspects of action (that which the accountability factor focuses upon) can be seen as accountability of performance, the four sub – factors have a more gradual impact; from primary or direct, to shared, to indirect, and to remote. [Further details in Hay(3), (Ibid); T. Paterson (Ibid); Fisher C.D. et al. (1999)].

However, the terms accountability and answerability are interchangeable. They are implicitly and explicitly interrelated with the concept of responsibility. Sometimes, all three terms appear to be indistinguishable from each other and to such an extent that they may be used synonymously.

Upon the aforesaid illustrations, Hay and Purves differentiated between the weighting appropriated to the primary factors at the top level (i.e. executives) and the weightings allocated to factors at the lower levels. It is this perception of Hay and Purves which led them to appropriate different weightings for the same job factors but at different levels of the organization. For example, the weighting that is assigned to the know–how factor was 80 percent (at the lowest level), followed by 10 percent to the problem – solving factor and 10 percent to the accountability factor. Here, the lion's share of weighting is given to the know – how element; this is mostly for the education upon which the total future learning and skills are to be built on. Conversely, the top level (executives) were appropriated with 35 percent, 25 percent, and 40 percent respectively for the know–how, problem–solving and accountability factors. Here, the biggest percentage of weighting was allocated to the accountability element. Clearly, this means that for Hay and Purves, the accountability element outweighs each of the other two elements when rating the job at the top level. That is because the ultimate responsibility for getting the jobs done and achieving satisfactory performance of the entire organization rests on the shoulders of top level personnel (managers/executives) and thus pays recognition to the fact that they carry additional burdens of responsibility. Consequently, this category of people are, largely, seen as a functional authority and these functions are absolutely necessary where the executives/managers are not only the best but may also be unique in carrying these functions out. Nor should the value of these additional burdens bestowed upon the personnel at this top level be under-estimated for they (both the personnel in question and the jobs they are tasked with) represent the present and future of the organization. They are thus an essential factor that underpins the success of their organization.

Their responsibility reflects the level and equality of their management knowledge - which is the most expensive of all resources needed for the work organization (see Drucker(1), 1977). It is for them to design and implement such planning for it cannot be designed and made for them by others. They are, and they have to be, creative, innovative, dynamic, far sighted, strategic, responsive to any relevant change, good contingency managers, time – based and they are ( as in John W. Jones, 1993: 1 – 31) high speed managers (HSM). Therefore, assigning or allocating a high weighting/percentage for the accountability factor, for this type and level of senior personnel, is clearly justifiable.

At this point, it is relevant to pause to mention that for such senior positions/top levels of management, job descriptions may not need to be written in the fullest detail. Rather they should be produced in broad terms, for such positions require that the jobholders enjoy sufficient freedom to map out their scope of work, to use their initiative, and to take serious actions or strategic decisions – when needed (see EL-Hajji, 2012, in some recent trends in writing job description for the purpose of job evaluation).

It is also relevant to mention here that the amount and degree of flexibility that the Hay System affords, allows the analysts and assessors to place appropriate weightings or percentages for the job factors along the hierarchical levels of an organization. Therefore, these weightings or percentages for the job factors mentioned above, are not and should not be, untouchable or non-adjustable. Rather, they are amendable, for they are there to provide guidance rather than something that is to be rigidly set in stone without consideration of any potential change in circumstance or emphasis which may occur over the passage of time. In addition to this, the more precisely the job and job factor are defined, the more the analyst and assessor have of a better understanding and appreciation of them and of their weightings. Consequently, the analyst and evaluator become more familiar with the 'key job' or 'bench mark' jobs.

While the know-how refers to the technical knowledge required to do the job, and the problem-solving factor assesses the amount of independent thinking and decision-making required for the job, accountability is the direct responsibility for people, money, machines, tools, materials (all resources at the manager's authority) and results.

That is to say, while the accountability factor is related to output and end consequences of performing a given job, it will also demand a certain level of input which comes from the requirements of the know-how factor. In turn, problem-solving is a natural outcome or result of processing the know-how factor. Thus, to apply problem-solving skills, personnel must inevitably use know-how as their starting-point to identify, define, contain and resolve problems. Consequently, all these job factor roles must interact to provide a systematic approach, thus enabling delivery of the required output or end results (see Pritchard and Murlis, 1992).

Accordingly, in this way, the Hay System establishes a fundamental link between the three corners of the triangle of job performance. Collectively, these represent: the role (as a job's tasks, responsibilities, relationships and areas of contribution towards the pre-determined mission, performance, and competencies) of the doer. In short, they reflect the level, type and quality of the performer's contribution in response to the organization's requirements (details in Murlis and Fitt, 1991).

As stated above, the accountability factor, in the Hay System, is assigned with greater weightings (and hence greater importance) than the other two factors. To further reinforce the justification of this we are reminded that under UK law (see Luffman, et al., 1996) a director of a company is both individually and jointly (with the other directors) accountable for the company's viability and success (i.e. it is the directors who are primarily accountable for the company's satisfactory performance. There can be no doubt that this is a heavy responsibility to bear since failure can bring with it an aftermath for the director which may have long-term, adverse outcomes for her/his future and professional life (with a prison sentence not being an uncommon consequence). This is to say nothing of the consequences of failure that may fall upon the business name, its future and its stakeholders.

#### **4.0 Mechanism of the Guide Chart – Profile Method**

Having explained the components and dimensions of the three primary factors of the guide chart-profile method; each factor with its entire sub-divisions (sub-factors and degrees) will be assessed. The result of assessing each factor will form a guide chart for that factor. This guide-chart, in turn, will then shape the profile (a numbering system/point value) for that factor.

Now the profile of each factor will associate with the chart of the same factor. This means we have (collectively) three guide-charts and three profiles for the three factors (i.e: one specific guide-chart and one certain profile for each factor).

However, although in most cases three charts are used (one chart for each factor) sometimes only two charts are used (Hay & Purves, *Ibid*) by merging/combining the problem-solving chart with the know-how chart. Bringing together the profiles of all the three factors in one comprehensive profile covers all the jobs assessed (i.e. tying together the three guide-charts will present an overarching guide-chart which demonstrates the relationship between the three factors involved).

At this point, the profile describes the balance in the total score between the three primary factors. In so doing, it provides additional scrutiny of the internal consistency for each evaluation (see Armstrong and Murlis, 2007). Then, a ranking of the jobs assessed will be presented, according to their relativities, based on the assessment of the three factors (and accountability). This in turn completes the guide chart-profile.

In practice, while a systematic number (point value) assigned for the know-how factor indicates the relative worth of the factor; the problem-solving factor has no independent point value. That is because the problem-solving factor is treated as a percentage of the know-how, and thus the percentage judged to be appropriate for the job is applied to the know-how point value. The result is the point value assigned to problem-solving. For the accountability factor, the point value is given independently of the other two factors, (see a concise illustration in Fisher, C.D. et al. *Ibid*). In short, however, with the guide chart-profile method, evaluators allocate or assign a certain point value for each factor. Then the total of the points for all three factors (with their sub – divisions) present the value of the job.

It should be noted that the Hay System can be processed or performed either by computer or applied manually and can also include a made-to-measure option.

Finally, what happens when the total point values of a job hits the red circle? Sometimes, in very rare or unusual cases, assessors may find that the total point values of a job hits the company's wage ceiling (or red circle).

When this happens it tends to occur at top managerial levels or highly skilled and creative positions. In such cases, any anomaly will be put right before producing the final ranking of the jobs assessed. Salary is then deduced or extracted from the application of a tailor-made formula, agreed between the organization concerned and the Hay consultants (see Gerald Cole (1997)).

## **5.0 Popularity of the Guide Chart – Profile Method**

The shortcomings and criticisms of the other (traditional) analytical systems of job evaluation, especially the point method and factor comparison method encouraged Dr Hay to work on modifying them. Eventually he introduced the Hay Plan, as a proprietary scheme. This contribution, by Hay, to the domain of job evaluation can be looked at from two different perspectives:

(1) Hay's work on modifying the factor comparison method and point method offered him an opportunity to develop a new system which he then subjected to a lengthy period of experiment and exhaustive analysis. His work ended up with him introducing, in 1951, a new analytical method "The Guide Chart – Profile Method", understandably known as the Hay Plan or the Hay System. Thus, in other words, the Hay Plan can be seen as a continuous modification of the factor comparison method and point method. He marketed it very well. In this context, Hay invested his wide networking and professional relationships. He translated his rich experience on the field and excellent skill in expressing/demonstrating his ideas/visions into writing a series of articles in different professional magazines, especially in the "personnel" of the American Management Association and the American "Journal of Applied Psychology". In addition he had his books and research on the subject published – sometimes as a co-author. Hay has grouped his work with others by establishing the Hay Consulting Group/Hay & Associates as a world-wide compensation consulting company and, later on, in London, under Hay – MSL, Limited. His plan has become one of the widely used analytical job evaluation methods throughout the world, particularly for the jobs at executive and top managerial levels. All these works have contributed, in part, to the popularity of the Hay Plan. Simultaneously they can be seen as marketing or promoting the plan. In short, the work and achievements of Hay represent a reliable vehicle to validate the system and cause his business to flourish.

Currently, however, most surveys and studies on job evaluation show that the point system (of the traditional job evaluation) leads the rest. Nonetheless the Hay System of the Management Consultants Guide Chart – Profile Method, has gained (and continues to gain) increasing credibility when applied to the top managerial levels or executive positions. As a consequence it is used by thousands of organizations -mainly as a proprietary brand or scheme. Figures in Mello, J. A., (2000) show that globally more than 5,000 organizations in more than 30 countries, and in Armstrong & Murlis (2007) over 7,000 organizations (clients) in 93 countries, and in Mondy, R.W. (2012) approximately 8,000 organizations have used the Hay System. As a global consulting firm, the Hay Group, so far has more than 85 offices around the world. Though organizations can develop their own evaluation systems, in Britain, this system (Hay's) is one of the most frequently used among the proprietary job evaluation schemes available. All these indicate that this system can provide job comparisons between firms worldwide. In this sense, (Bowin and Harvey, 2001) see that this system serves to determine both internal and external pay equity. Moreover, its popularity attests or indicates to its effectiveness particularly for senior management levels.

- (2) Hay's works and achievements be seen and are seen as powerful innovations in the field of job evaluation. He and his associates deserve the respect and appreciation for their works. Currently, though job evaluation is the core business that identifies Hay Management Consultants, streams such as leadership, talent, building effective organizations, organizational change, employee and customer surveys, and human resources (HR) planning and development have also been integrated within the firm's job evaluation speciality service. This is to create further business by focusing on people and jobs, so as to maximize the firm's profits and to reinforce the firm's place in the business of consultancies and competitive marketing (to be further illustrated in "6.0 comment" below). The vision to expand this specialty of Hay Management Consultants originated in his (Hay's) mind as far back as the early 1940s. As such it was both proactive and progressive for its time (see Loizos Heracleous, 2003).

## 6.0 Comment

The underpinning purpose of the initiatives achieved by the Hay Group has been to avoid the limitations and criticisms laid against the traditional job evaluation processes.

The Hay Group and Consultants have themselves raised concerns about the centralised, bureaucratic process of these traditional approaches which tend to be both time consuming and resource absorbent. As a consequence, the Hay System, endorsed by Hay Group Management, is a decentralised evaluation system which is significantly efficient and less bureaucratic without showing any loss of consistency.

With the Hay System has reached a level of global popularity, all credit for the results achieved go to the HayXperts for maintaining their effort and commitment to the objectives of the Hay System. Consequently, it has become the benchmark for other business and management consultancies in this field to emulate. As stated by the late Peter Drucker (2), (1974), every achievement of management is the achievement of the manager. In so saying, this reinforces the justification of the high weighting or percentage that is applied to the accountability job factor.

Hay Management Consultancies/Hay Groups have become characterized, amongst other things and in addition to professionalism, with two main important features. These are:

- (a) Diversification: Strictly in terms of moving into a wider area or activity, (yet, still within the concerns of effective organization and management) rather than to be only and fully limited to and dependent upon the job evaluation market (business). This helps Hay System and Management / Group to distribute any potential of a future risk over a range of activities, which means that in addition to the revenue factor, they can expect to remain longer in business.
- (b) Differentiation strategy; strictly in terms of providing a distinguished (if not unique) service, with a wider range of services that differentiate Hay Management and Hay Group from other consultancies within the same field. By offering such distinguishing services Hay Management Consultancies/Hay Group follow the Japanese approach of "Kaizen" by seeking continuous service-improvement in the belief that nothing is the best it can be.

Consequently, people and business of different activities and occupations have now become the main business of the Hay Management/Hay Group. This will lead Hay Management towards producing the jobs wanted by their clients and make their services more enriched, marketable and popular. This in turn will help to enlarge their social orbit.

To elaborate, the Hay – MSL Plan is made-to-measure and is thus tailored to each client (or establishment). The Hay consultants will start developing acceptable or rather positive communication relationships with and between the various organizational levels. This is a very important practice in order to explain to them (clients): (a) how the system / plan is working, (b) simultaneously, to expel any doubt about or fear from the job evaluation – Guide chart profile Method, and (c) to answer any question or enquiry by management and/or employees or their representatives, and to get their support and involvement. At this point, the Hay consultants and experts have developed very good / sound ideas and vision after collecting all the relevant information required for the made-to-measure evaluation plan in terms of design, construction, implementation and monitoring – thus being ready to start the plan and put the scheme into action.

All in all, Hay Management and Hay Group, which emanated from and built upon the development of Edward Hay's system as a proprietary scheme, currently enjoys (and to a high level) the advantages of being a distinctive competency in their field. This may account for how and why, currently there are around the world, some hundred offices of Hay Management Consultancies / Hay Group, all of which provide first-class services.

**Finally**, although the Hay system may be seen, at least by some, as a new methodology in job evaluation providing an alternative to the conventional methods of job evaluation, strictly speaking, this is not the case. Instead, its chronicle development which may be borne out by a careful reading of its history demonstrates that it is a refined version or a modified technique produced in response to the need for modernization of the traditional methods of job evaluation. **Hence it** is more a product of redevelopment, modernization and evolution than it is a revolutionary product in the true sense of the word.

## **7.0 Some Shortcomings and Criticisms of the Hay System**

The *Hay System* is not without its critics. Much of the criticism stems from the very nature of systems that evaluate human activity, which of course, is precisely where Job Evaluation Schemes lie. The difficulty with such schemes is that they risk being distorted to a greater or lesser degree by the subjective bias (subconscious or otherwise) of those whose role it is to apply them.

In Job Evaluation Schemes the critical point occurs **when** the job analyst prepares job descriptions for the jobs to be evaluated **and when** the evaluators assigns point values for each job factor (with its divisions). In doing so, the job description and the point value risks falling subject to the analyst's and the evaluator's point of view which in turn will be drawn from their differing levels of skills, experience and training. It follows that this introduces subjective variables which cannot be easily factored out, at which point the critic will have little difficulty in questioning the reliability of such schemes.

However, if this is a criticism of the *Hay System* then it is also a criticism of *any* job evaluation scheme. Just for argument, one may say that there is no evidence to show that the *Hay System* suffers any more from such subjective distortion than the traditional methods described above. And if one were to dispense with all of these systems (on the grounds that they are all open to subjective distortion) then determining job worth simply becomes little more than a lottery.

Consequently, this criticism needs to be put into perspective. Job Evaluation Schemes do risk being tainted by subjective distortion and those developing them need to be aware of this. But that is not a reason to dispense with them. Instead, the developers should be continually looking at ways to improve existing systems with the intention of minimising subjective distortion as far as is practicably possible. This, of course, is precisely what Dr. Hay was attempting when he refined both the Point Method and the Factor Comparison Method to produce the Hay System. Furthermore, one should be reminded that the *Hay Management Group* does not see its business (including the *Hay System* as is) to ever be the finished article. Instead its philosophy of continual improvement (described above) is a living testimony that more remains to be done.

A second criticism, this time levelled specifically against the *Hay System*, is that it is so costly to build and implement that it only really benefits large organisations rather than small business. However, this again needs to be put into perspective. After all, as stated above, initially Dr. Hay developed this system specifically for a single company (the Owens-Illinois Company, USA). The fact that it has since become a global success may in part be due to the marketing initiatives of the *Hay Management Group* but must also lie in the fact that, quite simply, the system has something going for it.

In any event, if it really does only benefit large organisations then does this amount to criticism as such? All, it really demonstrates is that there are horses for courses and companies should simply choose their product to suit their needs. If no cost-effective Job Evaluation Scheme currently exists for the small business then there is clearly a gap in the market waiting to be filled by another, latter-day Dr. Hay with the same drive for creativity and innovation.

A third, alleged disadvantage (see Naylor & Torrington, 1974) lies in the difficulty in explaining it to employees affected by it. If this is the case then it is a fair comment. However, for such criticism to carry any weight it would need to be demonstrated to what extent this 'failing' results in sufficient discontent among the workforce to the extent that it adversely affects performance. In short, how many senior managers (which after all is the group for which this system was primarily developed) have left their employment for another, solely because they did not understand the *Hay System*? It may of course be that those working at the lower levels do not appreciate (or perhaps do not agree with) what may appear to them to be a system that disproportionately advantages those in senior posts. However, this kind of thinking is hardly new and cannot be considered to be exclusive to those companies employing either job-evaluation schemes in general or the *Hay System* in particular. A real concern would be if the system was so complex that those applying the *Hay System* (i.e. the assessors and evaluators) had difficulty in understanding it. However, this does not appear to be a sufficiently valid or justified point that Naylor and Torrington make.

Finally, the chronological developments of the *guide chart-profile method*, mentioned in section 2.0 above (design and development), led writers and/or researchers to look at this method as no more than a variant of the traditional *point method* [see for example, T. Paterson (Ibid); Fisher, C.D. et al. (Ibid); Cole, C. (Ibid); Mello, (2002: 331)]. This, however, is hardly a revelation and, in any event, appears to be somewhat over-stated. It was no secret that Dr. Hay produced the *Hay System* through evolution of both the *point method* and the *factor comparison method*. But the end product did, by design, grow into something different from both of the earlier systems and for the specific purpose of addressing the anomalies that arose when trying to evaluate jobs for senior management. So, in this context one may say, whilst there may be similarities it is a self-evident truth that the *Hay System* contains features that simply cannot be found in either the *point method* or, for that matter, in the *factor comparison method*.

Nonetheless, others such as Figart, et al (2002:122) have gone further than Paterson et. al. and consider the *Hay System* as a *canned, off-the-shelf, a prioti system*. (Note: the word "*Prioti*" here refers to a *proprietary* product or system). Similarly, Jane Evans (p. 351) refers to the Hay method as an "off the peg" scheme. Edward Hay himself has renounced these criticisms, simply (and firmly) by stating that the Hay System is "...not canned in any particular" but instead follows "well established principles and practices, adapting itself to the varying situations encountered in different organisations". (See: Hay and Purves, p. 76).

## 8.0 Summary

The *Hay Plan*, or the *guide chart-profile method*, is **similar** to the other analytical job evaluation methods **in terms of** that it is basically concerned with analysing and measuring the relativities of job importance. Yet, it **differs** in some important aspects **in terms of** the mechanism and machinery of its operational system. Furthermore, it primarily targets the managerial and technical jobs (executive jobs). Hence, the *Hay Method* has been designed and developed for the specific purpose, of equitably evaluating the managerial, executive, technical or professional positions – be they from the public, private or charitable sector. This method is thus more widely used for the white-collar jobs than for blue-collar jobs. Essentially, the *Hay Method* is concerned with the jobs that involve a high degree of decision-making, problem-solving, and accountability/responsibility.

The *Hay Plan* is based on the manager's freedom to act in problem-solving and in facing challenges. This makes him/her responsible and accountable. When confronted with questions of "**why**" and "**how**" it is for them to justify their actions. This being the case, it becomes evident that the *Hay Plan* is based on three factors:

- (1) The Know-how: All types of skill, knowledge, experience, education and special training required by the job.
- (2) Problem-solving: The level or degree of the conceptual skill in terms of initiation, creativity, and analysis. It shows the way of utilizing types of know-how in facing and solving a problem.
- (3) Accountability: The level or degree of responsibility for the job performed. It shows the extent to which the decisions made are appropriate to attain the intended objectives and the impact such decisions have upon the organization.

These three standard, universal factors are inextricably inter-related, particularly for the *know-how* and *problem-solving* components since there is no clear line of demarcation between them. These three factors are universal (primary) constants precisely because the *Hay Plan* is built upon them. Each of these primary factors is divided into sub-factors and degrees. Each factor has a given point value assigned by the evaluators, through a consensus judgement. The total points of these three factors represent the value of the job. However, although the primary factors are weighted differently at different levels within the same organization, the *accountability* element (for the top positions) has a direct bearing and influence over the *know-how* and *problem-solving* factors. With the *Hay Plan* a profile for each job in the light of these three universal factors is thus created.

It seems the composition of the *Hay Plan* reflects some features and elements of a **hybrid system**. Simply, in Hay's view, as a consequence of the shortcomings of the *point method* and *factor comparison method* of job evaluation, the *Hay Plan* was developed and introduced. Thus, there are **some similarities** or common features and elements among these three methods, **particularly between the *point method* and the *Hay Plan***. The degree of similarity between the systems indicates that the *Hay Plan* has taken some of the more significant merits and advantages of the *point method* and included them within its own composition and mechanism. If this is correct, then the *Hay Plan* is indeed a "**mixed**" or "**hybrid**" system. Nonetheless, if there are similarities then there are also significant differences which make the *Hay Plan* more than merely an extension of the *point method*. One of its **essential differences** lies in that, with the *point method* the job factors, sub-factors, degrees and points (weightings) are already fixed in advance of evaluation, i.e. predetermined. By contrast, the *Hay System* seeks to align the job pay rates of the organisation with the corresponding market rates of the locality. Applied properly, it can be an instrument or foundation of job and jobholder-matching alongside talent management. In addition to these merits, it should be noted that whenever the *Hay System* has been the subject of a legal challenge, it has received credit, support and endorsement in the courts (see: Bowin and Harvey, p.259). For these reasons, the *Hay System* has demonstrated its worth and retained interest by organisation across the world.

## 9.0 Notes

### Note (1)

Edward Northrup Hay (1891 – 1958) was a management consultant with a very rich and extraordinarily oriented business mind, military experience and a military family background. In his life he designed and published more than a hundred models of exams for top level managerial people on subjects that included psychology. He also published many articles and books (I have put the figure, for the total of his writings including models of exams, at hundred after I went through 'Hay Papers 1913 – 1957', Cornell University Library, USA). He died "unexpectedly" in 1958; at the age of 67, leaving behind him a proud legacy of knowledge and colourful literature, with a perception of "Hay is Pay". The word "Pay" here refers to job evaluation as a systematic methodology for fair and consistent wage and salary determination, while the word "Hay" refers to the right way to do this job. To this, we think that Edward N. Hay realized and lived a balance of ***living, loving, learning, and leaving a legacy over a lifetime*** (words from Stephen R. Covey, et al. (PP. 125 / 6 & 197 / 8, in looking life from the aeon perspective).

### (Note 2)

**From the perspective of the *point system* of traditional job evaluation** in order to arrive at the proper value of a job, the difference in relative importance of the various factors must be determined. Then it is possible to assign points to the degrees. Some systems assign or distribute the points among the constituent degrees on the basis of an arithmetical progression by which the points increase by a constant amount. For instance, if the total points of the first degree from the first factor in the following figure are 100, the fifth degree will be 500. Other systems use a geometric progression to allocate points to degree where the points increase by a constant percentage such as 25, 50, 100, 200, 400 for the first, second, third, fourth and fifth degree respectively. By doing this, the so-called "scales" or "factor scales" are formulated or shaped in line with the formula mentioned in "Weber's Law" for establishing degrees. This is used by the *Hay System*.

With the geometric form of allocating points, the degree point can increase in value much more rapidly than it can arithmetically.

The average individual employee **may** not understand the logic of geometric progression. However, although an arithmetical increase is more easily understood, albeit from an evaluation standpoint, geometric progression is often preferable because concentrating on larger intervals can assist human judgement technically. Nonetheless, whichever the committee on job evaluation chooses, it must be borne in mind that the highest degree value is equal to the maximum possible score for that factor. A differential series of possible ranks then exists for each factor and its constituent degrees (see Mondy et al. 2002; Patten<sup>(1)</sup>, 1977; Livy, 1975; Vitels, 1941).

Practically speaking, there are wide variations among plans, some making the maximum score for a factor 10, 15 or 20 times as high as the minimum, others limiting the difference to a certain percentage. At first glance, there would seem to be good reason to use wide extremes because of the apparently wide difference between superiority and inferiority in any trait or skill. However, the total number of points in a plan represents the highest points that a job could receive. When, for some reason, the weights assigned to factors and/or their sub-divisions become inappropriate, the point scheme will become an obsolete.

### (Note 3)

With the *point method*, the basic approach is **relatively** simple and easy to understand and administer (once it is in place) by those affected or participating. The degrees allow ready explanation of points totals. Thus, trained workers are able to use the *point system* with a consistency and validity that matches that of management representations.

Moreover, it is important to mention that its quantitative and analytical approach permits fine discrimination to be made between jobs, so that similarities and differences in work and difficulty come to the surface. Such an advantage is considered to be one of the assets of the *point method* (Livy, Ibid). It gives a numerical basis for wage differentials and, by analyzing the job by factors, it is usually possible to obtain a high measure of agreement on the job value, which means that the assessors are able to arrive at agreement on factor values with a high degree of consistency (BIM, (1961/1967; IIPM., 1961). In broader terms, one reason for its popularity is that it is a numerical technique that uses the same standards or criteria in comparing various jobs, which may enhance its position against subjectivity.

**(Note 4)**

The factor-comparison method is also known as the 'weighted-in-money method', or the 'key job- system'. The point(s) method is **also known as** the: 'points rating method', 'point-factor rating' and, sometimes, the 'attribute rating method'. However, these terms (of each method) are essentially the same or synonymous and are interchangeable.

**Note 5) A General Note**

It is worth mentioning that the "Guide Chart – profile Method" is totally different from the "Job Profile Method" that was devised by Orr Urwick & Partners Ltd. in 1960, in which: six main job factors are chosen without points or money assigned but levels of demand with predetermined weightings (see Naylor & Torrington, 1974:180 / 1).

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