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## **Abstract**

*This article presents an analytical framework concerning possible ways of developing the system of public management in the Republic of Kazakhstan and implementing long-term strategic priorities for further enhancement of the government and the administration, announced by the President of the Republic. It examines current developments in the application of job evaluation in the government and administration as an effective instrument for personnel management aiming to build a system of grades (job ranks) for public servants. The article reviews the main methodological approaches utilised in the evaluation and correlation of jobs in building a grade system. It also focuses on the practical importance of this instrument for personnel management, including organisational development, career management, remuneration systems, etc.*

**Key words:** *Personnel management, job evaluation, state sector performance, point-factor scales, grading*

## **Introduction**

A discussion has recently been initiated on the necessity to introduce a point-factor method to measure a job's contribution to achieving the goals of public organisations in Kazakhstan and to set the appropriate remuneration levels for such jobs. As early as July 2015, reports indicated that the salary of the country's civil servants would depend on their contribution to the activities of the organisations they work for. In fact, it was said that a new remuneration system for civil servants would be announced in 2016, based upon the point-factor-scale system<sup>2</sup> linking civil servants' contribution to results achieved<sup>3</sup>.

This announcement was not a surprise, as it was in line with the policy framework proclaimed by the President of the Republic on 20 May 2015, usually referred to as the "Nation's Plan: 100 Specific Steps". In fact, fifteen of the planned steps deal with the improvement of the civil service of the country, effectively implying that the civil service remuneration system will be linked to civil servants' performance results. However, these performance results will need to be defined, formalised, evaluated and accurately and adequately expressed in monetary terms. This is where the point-factor method for job evaluation may provide significant support.

In implementing the "100 steps", the state administration naturally searched for the best global practices in personnel management. Although, this category of job holders has a special status, in general, they still are remunerated employees of an organisation, albeit a public one. This means that their work performance may be measured using standardised methodologies and practices, which are at the disposal of the human resources management of a well-performing entity.

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<sup>2</sup> The point-factor-scale system locates each job at a certain level according to a rating based on the following eight factors: [i] personnel management; [ii] accountability; [iii] autonomy of activities; [iv] work experience; [v] degree of specialized knowledge; [vi] levels of contact; [vii] complexity of work; and [viii] consequences of the decisions made for the organisation.

<sup>3</sup> [https://tengrinews.kz/private\\_finance/zarplata-kazahstanskih-gosslujaschih-2016-goda-zaviset-277858/](https://tengrinews.kz/private_finance/zarplata-kazahstanskih-gosslujaschih-2016-goda-zaviset-277858/)

In this context, it is worth recalling that in compliance with the Law “On Civil Service of the Republic of Kazakhstan”, a civil servant is a citizen of the Republic, holding a public position paid from the national or local budget or funds of the National Bank, in a state organisation and performing its duties in order to achieve the goals of the organisation and implement the functions bestowed upon them by the State. This definition clearly indicates that two standard parties are involved in this arrangement: employee – employer. Given that the factor of manpower provision on the employee’s part for the benefit of the employer, certain amount of authorities and tasks assigned to the employee (as defined by the format of the job of a civil servant), indicates that the job and its performance result can be measured by several specific factors.

Two years later, in July 2017, during a government briefing, it was announced that a new remuneration system for civil servants is under implementation, which will consist of two parts: a constant and a variable one<sup>4</sup>. In this context, the constant part would be based on the classification of jobs on the basis of the point-factor scale system, i.e. the level of the remuneration for the job will depend on the contribution it makes to the achievement of the strategic goals of a state organisation<sup>5</sup>.

What was said in this briefing implied an enormous amount of work that would have to be performed by public organisations within two years. However, this work is significant since it is a practical manifestation of the policy directive announced by the President of the Republic and not merely talking about prospective changes due to the necessity to improve the managerial resources of the state and the administration. It involves the introduction of up-to-date management instruments and tools and of corporate governance principles in the public sector, as specified in the “Kazakhstan 2050” Strategy Document.

### **Utility of job evaluation**

Job evaluation assists organisations to optimise their structures, clarify the contents of the jobs within the organisation, formulate new roles and abolish those that may have lost their importance, specify accountability and interdependence that exist between functional units, as well as assign accountability to management positions. Moreover, through the use of job evaluation, one can effectively manage career advancement and development of employees, as well as establish a competitive and fair remuneration system that takes into account remuneration current market trends.

In general, the goal of job evaluation is to improve the performance results of individuals, business units and whole organisations. In other words, job evaluation may have significant consequences for organisations and their employees. It may lead to changes in the organisational structure and business processes or in the corporate culture and it may increase or reduce proneness to conflict within the organisation. It may also lead to changes in remuneration levels and labour rates payable and to the extent of involvement and satisfaction of employees with the prevailing labour conditions. Additionally, it may lead to staff redundancies. Most importantly, however, it provides the management of an organisation with important contextual information on the assignment of authority and current design of jobs.

One of the most salient features of job evaluation is the establishment of a remuneration

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<sup>4</sup> The announcement was made by Aigul Shaimova, Deputy Chairperson of the Agency for Public Service Affairs and Anti-corruption of the Republic of Kazakhstan.

<sup>5</sup> [https://tengrinews.kz/kazakhstan\\_news/zarplatu-kazahstanskih-gosslujaschih-mogut-uvelichit-50-322699/](https://tengrinews.kz/kazakhstan_news/zarplatu-kazahstanskih-gosslujaschih-mogut-uvelichit-50-322699/)

system contingent to value creation for the whole organisation through the results it may achieve. By defining the envisioned results, it also helps set key performance indicators (KPIs) for each job. Job evaluation also sets the stage for moving to a remuneration system that allows for the differentiation of the remuneration levels based on civil servants' performance and their contribution to achieving the envisioned results; rather than being based on the period of service and the category of the job held<sup>6</sup>

Several human resources experts note that job evaluation is not only a measurement tool for all jobs based on some methodology, but it also serves as a platform applied to the whole organisation it is used as the basis for the human resources management processes in a modern organisation. In sum, job evaluation allows for setting the direction for effective development of an organisation and improvement in its performance due to a clear understanding of the “goods/money” relationship between the organisation and its employees.

In more general terms, job evaluation is a systematised process of a logical and fair comparison of jobs with each other based on a predetermined scale for specifying their relative value to the organisation. This is because jobs are always connected to people and their behaviour, thus it is hardly possible to measure the importance of a job in absolute terms, i.e. irrespective of other jobs or in relative terms, i.e. with respect to other jobs. However, with assistance of an effective methods of job evaluation, it is possible to make a judgment on a job's contribution in relation to other jobs – different for this job – within the setting of an organisation.

### **Usage of job evaluation methodologies around the world**

It is worth mentioning that job evaluation methodologies and remuneration systems based on grading are widely used around the world, including the public sector, e.g. in the United States, in Singapore and in France. The list is rather long. Overall, however, many public organisations, as well as quasi-public sector and non-profit organizations involved in international activities use the point-factor grading system for job evaluation. For example, the grading systems used in the public sector in Great Britain consists of two job levels: higher level political jobs which are part of an open grade structure and administrative jobs which are part of a closed grade system. The closed grade structure comprises of two sub-divisions: a general sub-division equated to the generalist level of civil servants and a specialised sub-division equated with the specialised level of civil servants<sup>7</sup>. Similarly, in Germany, all public servants are assigned a certain grade through a grading system which corresponds to a fixed level of remuneration. In general, there are two types of job categories: those of civil servants and those of public sector employees. In the Baltic countries (Estonia, Latvia and Lithuania) the grading system in place determines the amount of remuneration payable to their public employees.

### **Methodologies and instruments for job evaluation**

Nowadays, there are two widely recognised universal systems of factor evaluation of jobs in

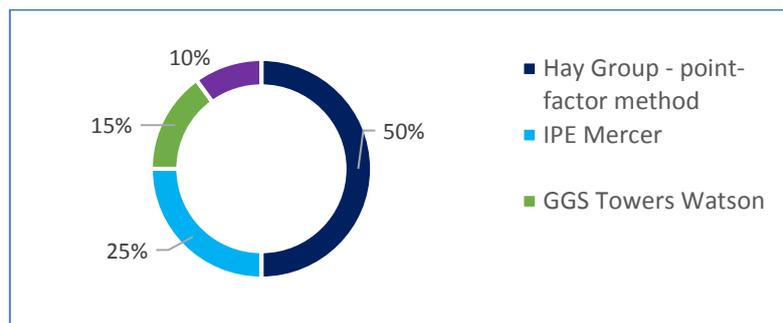
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<sup>6</sup> Aigul Shaimova, Deputy Chairperson of the Agency for Public Service Affairs and Anti-corruption of the Republic of Kazakhstan, [https://tengrinews.kz/kazakhstan\\_news/zarplatu-kazahstanskih-gosslujaschih-mogut-uvlichit-50-322699/](https://tengrinews.kz/kazakhstan_news/zarplatu-kazahstanskih-gosslujaschih-mogut-uvlichit-50-322699/)

<sup>7</sup> <https://www.gov.uk/government/organisations/cabinet-office>

the world. One system was devised by Hay Group, an international consulting company<sup>8</sup>. The second is the product of Mercer, an equally respectable international company specialising in the same field. Both companies are considered leaders in the area of job evaluation and as professional consultants in human resources management and development. There is also a third system, devised by Towers Watson, used rather widely as well. However, approximately 50 to 55 percent of organisations use the Hay Group evaluation method globally. The Mercer method is used by 20 to 25 percent and the Towers Watson one by 15 to 20 percent of organisations around the world. Less than 10 percent use other job evaluation systems that more or less resemble the three main methodologies.

**Table 1:**  
**Job evaluation methodologies usage (in percent)**



As already mentioned, the point-factor scale system for job evaluation of Hay Group is the most widely used methodology in the world. It has been applied to over 5,000 private and public sector organisations for the evaluation of all kinds and levels of jobs<sup>9</sup>.

What does the point-factor method of Hay Group mean for the measurement of a job's contribution to the achievement of the strategic goals of an organisation? Simply put, it encompasses the process of defining a job's contribution to the achievement of an organisation's goals through job evaluation. That is a comparison between jobs in order to define the relative value of a job for the organisation based on certain factors, e.g. problem solving, freedom to act, accountability level, etc. These factors are the parameters used as the criteria for job evaluation, which in turn are combined into point-factor scales to determine the weight of a job post.

The main working tool of job evaluation is the point-factor scales, otherwise called the Hay Group charts. This methodology allows for comparison of different jobs, within and/or outside an organisation, using a standard set of criteria. These criteria are:

1. **Know-how:** this includes all kinds of relevant knowledge, skills and experience needed for an acceptable performance in a job or a role.
2. **Problem-solving:** it accounts for the amount and nature of thinking required in a job in the form of analysing, reasoning, evaluating, devising solution,

<sup>8</sup> The Hay Group methodology was devised by an American consultant, Edward N. Hay, in the late 1940s. The initial point-factor scales he formulated were used for the first time in evaluating 450 jobs in the General Foods Corporation. The methodology was made public in 1962 by the Edward N. Hay & Associates company, which acquired ownership of the methodology once its author passed away.

<sup>9</sup> A survey administered by the Chartered Institute of Personnel and Development indicates that 78% of organisations use the Hay Group method in Great Britain. A similar survey conducted by Towers Perrin showed that 75% of major business entities in Europe use the job evaluation methodology of Hay Group. Similar data can be obtained in relation to North America as well.

forming hypotheses and arriving at reasonable conclusions. Problem-solving is used for measuring the intensity of the mental process which the know-how to identify and find solutions for issues, situations and problems that may arise.

3. **Accountability:** this factor reflects the extent to which a job is reportable for actions and their consequences. It represents the effect of a job on the end-results of an organisation's activities.

The values of these parameters or factors for job evaluation are then correlated with certain numerical values. The aggregate of such values is assigned to each job in compliance with the methodology and thus allowing to define the relative weight of a job depending on the number of points (hay points) obtained.

Conversely, the Mercer job evaluation system, the IPE<sup>10</sup>, was devised, during such circumstances as when innovation and communication began to play an important role in business. In fact, Scandinavian companies began to implement this system as early as the 1970s. The IPE system's approach to job evaluation is similar to the Hay Group methodology in many aspects. This methodology assigns a certain number of points to each component of activities on the basis of the point-factor matrix. Then, factor-after-factor comparison results in a number set ("weight") assigned to each job. Typically, a job is evaluated on the following five criteria:

1. **Impact:** it is defined on the size of an organisation – taking into account the complexity of the processes for added value creation, revenues and number of employees – the nature of impact – delivery, operational, tactical, strategic and visionary – and the level of contribution to the business results of a company.
2. **Communication:** it is assessed considering the complexity – transfer of information, adjustment and exchange impact, negotiations in general and strategic negotiations – and proneness to conflict – shared and individual interests.
3. **Innovation:** this factor is assessed through two aspects: innovative capacity of the job – capability of improving processes, services or products – and the complexity of environmental changes.
4. **Knowledge:** it is assessed through latitude and depth, scope – local, regional, global – and managerial duties – member or head of a group, etc.
5. **Risk:** this element is assessed by the extent to which a job holder is prone to physical or psychological risk, risk of labour capacity loss when observing all the required rules and safety requirements.

The Global Grade System (GGS) devised by Towers Watson is another alternative to the point-factor methods of Hay Group and Mercer. However, this methodology is based on different principles than those of the Hay Group one. While the Hay methodology implies a point-based job evaluation, which allows to rank jobs in accordance with the obtained "weights", the GGS allows for ranking jobs directly without measuring the volume of work and contribution of the job to the achievements of an organisation's strategic results. According to this methodology, a job is placed on the grade map consisting of 25 levels (grades). Its application implies three stages: [a] defining the organisation's grade; [b]

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<sup>10</sup> International Position Evaluation.

classifying jobs as per categories; and [c] defining a job's grade.

The Towers Watson job evaluation methodology constitutes a simplified automated system that it produces results through the application of customised software. Such a solution may be interesting and suitable for: [a] organisations where business processes are standardized; [b] the organizational structure and the job roles are firmly-established; [c] the organisation is not going through a state of aggressive growth; and [d] it is not planning to undergo any transformation procedures. And, at the same time, however, the organisation needs to rank jobs for the purpose of analytical review and comparison with the prevailing remuneration market data. In other words, it is a simplified tool kit of a Compensation & Benefits manager in a stable company.

Taking into account the priorities of Kazakhstan, as well as the objectives and goals of the national companies with respect to their active growth, this instrument is not relevant for users in Kazakhstan<sup>11</sup>.

### **Job evaluation in Kazakhstan**

President Nazarbayev, in his article "The course towards the future: modernisation of Kazakhstan's identity"<sup>12</sup> mentions that "nowadays, a nation can succeed only by developing its competitiveness. This means that the nation must have human resources able to offer quality to regional and global markets. What is unique about the future is that a nation's success will rest on the ability of each individual to compete successfully, not only relying on its mineral wealth"<sup>13</sup>.

In this context, job evaluation as an instrument in the service of human resources management is becoming popular in Kazakhstan, as the top management of organisations understand the importance of modern human resources management methods for the efficient and effective operation of their organisations. Many human resources management department managers suggest that job evaluation is a long-term investment in increasing the organisations' efficiency.

This is in contrast to the recent past, where – due to certain historical circumstances – the machinery of government in all the CIS countries was usually considered a clumsy structure where introduction of innovative methods and techniques implied significant complications. Nowadays, however, it is worth noting that officials in Kazakhstan in their attempt to look into the future gradually introduce innovative methods in the management of public administration, by taking into account, at the same time, Kazakhstan's economic and geographic unique features and its priorities in relation to its global positioning.

Thus, it seems that the leaders of the country focus increasingly on the introduction of advances managerial methods and techniques, in the area of human capital management and development in particular. This is a promising change in the efforts for economic growth and sustainable development for the country as a whole.

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<sup>11</sup> The Hay Group methodology is widely used in Kazakhstan in various sectors of the economy, including such major national companies as the Samruk-Kazyna Fund group of companies, as well as by other business entities in finance, banking and in the industrial sector. Mercer's job evaluation methodology is not widely used in Kazakhstan or in Russia and other CIS countries.

<sup>12</sup> [http://www.akorda.kz/ru/events/akorda\\_news/press\\_conferences/statya-glavy-gosudarstva-vzglyad-v-budushchee-modernizaciya-obshchestvennogo-soznaniya](http://www.akorda.kz/ru/events/akorda_news/press_conferences/statya-glavy-gosudarstva-vzglyad-v-budushchee-modernizaciya-obshchestvennogo-soznaniya)

<sup>13</sup> Ibid.

Last, but not least, when analysing current trends in the human resources management and development in Kazakhstan, it is noted that introduction of such innovative methods as job evaluation and implementation of a new remuneration system for the public sector constitutes considerable progress in the development of the civil service system in the country.

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