

Compensation Management 533:461
Spring 2018

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TEXT: Compensation. Custom Book available. In Rutgers Campus Bookstore

OBJECTIVES

1. To develop an understanding of the role of compensation management in contemporary organizations.
2. To apply this understanding to actual cases in business settings.
3. To develop your ability to speak about and discuss issues related to compensation.
4. To appreciate the importance of current research on compensation management.

Format of Class

Classes will feature a variety of formats including discussions, lectures and exercises. Since the quality of each class depends largely on how well prepared we are to discuss that day's topic, I assume everyone has read the readings for that day prior to class.

The course will emphasize the various functions of compensation and how they are achieved in organizations. Frequent examples and 'real world' solutions will illustrate the concepts discussed. The end of the course will feature class presentations and analysis of business cases involving compensation related issues.

The Assignments

Exams: The three exams will cover material discussed in class and will consist of multiple choice, short answer and possibly brief discussion type questions. Each exam can include all material covered the course so far (each is cumulative). All material in the text and class discussion is considered "fair game" for the exams.

Presentation: Each group of 3-4 people will pick one of the topics listed later in the syllabus. Everyone in the class should have formed a group, picked a case and informed me about their case selection and provide me with a list of group members by **the third week of class**. *There are no exceptions to this requirement. Anyone not in a group by the third class meeting is subject to getting a grade of 0 for that component of the course.* Each group will give a talk on the case during a class in the last two weeks of the semester (to be scheduled during the term). The talk should be about 30 minutes, plus time for questions and discussion. The talk should reflect what you have researched on the case using reading outside of class (journal or newspaper articles, web pages,) plus knowledge gained in class.

Highly interactive seminar sessions, rather than a traditional lecture format, are not required but

encouraged.

The group should also submit, by the last day of class, a report that summarizes the presentation. The report should be approximately 10-12 pages long (typed, double-spaced).

Grading criteria for the presentation and report will be (a) accurate and complete coverage of the topic in the presentation and report; (b) clarity of the presentation; (c) professionalism (correct grammar, spelling, etc. in the report)

Peer grading: After the groups present, each member will be given a Peer Evaluation form on which to rate the contribution of each of their fellow group members. I will take these ratings into account in adjusting individual grades on the presentation.

Grading

Exams (3, each is 25%)	75%
Presentation and report	20%
Class assignments	<u>5%</u>
	100%

Grades will be based on the following scale:

A	90-100
B+	87-89
B	80-86
C+	77-79
C	70-78
D	60-69
F	below 60

Class Policies

If you have to miss a class, it is your responsibility to get information on any changes to class schedules or policies, exam times, or anything else discussed in class. All changes and announcements will be made in class at least once. If you anticipate being absent from class, find a classmate who can pick up handouts etc. for you, as you are responsible for keeping up. *Handouts will be brought to class only once, and will not be available in hard copy thereafter.*

ACADEMIC INTEGRITY

Policy found at <http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers>

Students are responsible for understanding the principles of academic integrity and abiding by them in all aspects of their work at the University. Students are also encouraged to help educate fellow students about academic integrity and to bring all alleged violations of academic integrity they encounter to the attention of the appropriate authorities.

Principles of academic integrity require that every Rutgers University student:

- properly acknowledge and cite all use of the ideas, results, or words of others
- properly acknowledge all contributors to a given piece of work
- make sure that all work submitted as his or her own in a course or other academic activity is produced without the aid of unsanctioned materials or unsanctioned collaboration

- obtain all data or results by ethical means and report them accurately without suppressing any results inconsistent with his or her interpretation or conclusions
- treat all other students in an ethical manner, respecting their integrity and right to pursue their educational goals without interference. This requires that a student neither facilitate academic dishonesty by others nor obstruct their academic progress
- uphold the canons of the ethical or professional code of the profession for which he or she is preparing.
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Adherence to these principles is necessary in order to insure that:

- everyone is given proper credit for his or her ideas, words, results, and other scholarly accomplishments
- all student work is fairly evaluated and no student has an inappropriate advantage over others
- the academic and ethical development of all students is fostered
- the reputation of the University for integrity in its teaching, research, and scholarship is maintained and enhanced.

STUDENT CODE OF CONDUCT

Violations of the Student Code of Conduct are considered serious infractions of student behavior and subject to penalties relative to the level of the matter. Students may not disturb normal classroom procedures by distracting or disruptive behavior. Examples of disruptive behavior include, but are not limited to, the following:

- Repeatedly leaving and entering the classroom without authorization
- Answering cellular phone or allowing pager to beep
- Making loud or distracting noises
- Repeatedly speaking without being recognized, interrupting the instructor or other students, or otherwise acting in disregard of the instructor's requests

· Resorting to physical threats or violence directed toward the instructor or other students.*

*Physical threats or violence are a violation of the University's Code of Student Conduct and incidents should be referred to the Dean of Students immediately. Please consult "Standards of Classroom Behavior," in The University Code of Student Conduct

<http://studentconduct.rutgers.edu/files/documents/UCSCJuly2011.pdf>

and the University's "Policy against Verbal Assault, Defamation and Harassment"

<http://studentconduct.rutgers.edu/files/documents/PolicyAgainstVerbalAssault.pdf> for further information.

EXAM MAKE-UP POLICY

For missed exams, only excuses for emergency reasons (as determined by the instructor) will be considered. Otherwise, the score on a missed exam will be zero.

STUDENTS WITH DISABILITIES

Students who are seeking an accommodation because of a disability are directed to the website <http://learn.camden.rutgers.edu/disability-services> or they can contact the Camden campus

Disability Coordinator :

Tim Pure, Disability Services Coordinator

856-225-6442

tpure@camden.rutgers.edu

Armitage Hall, EOF Suite, third floor (elevator accessible)

Deadlines, etc.:

Third week of class...Have research paper topic and group members selected and approved by me; email me (chester.spell@rutgers.edu) your topic and group members by 11 pm the night of class.

February 16... Test 1

March 30 ... Test 2

April 27 ... Presentations

April 27 ... Research paper due for all groups

Possible Topics for Your Group Presentations

Case 1: Review a company web page

United Parcel Service (UPS) was mentioned in the text because of their competitive strategy. Suggestion: Start by going to the UPS web page at

www.ups.com

Review their web page and see if you can determine their competitive strategy, particularly with respect to pay, by what is written. Using the web page along with any other information you can find (new articles, etc.) on UPS, describe how their strategy relates to compensation.

Case 2: Government Salary Schedules

Describe the Federal; Government's General Schedule. Suggestion: Locate on the web the General Schedule Classification System, the Classification Standards, and the Compensation Management page at www.opm.gov/oca/index.htm. Evaluate what you find in terms of internal and external equity principles.

Case 3: Research Pay Plans

Employee Stock Ownership plans were discussed in the book. Research ESOPs and their history. One source and perspective on ESOPs is on the Foundation for Enterprise Development web site at

<http://www.fed.org/about-overview>.

Case 4: Online Job search sites

One way to determine how businesses view the responsibilities it assigns to its employees is to examine how they choose to describe a position when they want to fill it. For this exercise, locate one of the ever increasing number of online job search web sites. Review the descriptions companies provide for the openings they have. How thorough are the descriptions? How would

you change the description if you had to write them? Do you get a sense of how much the company values the positions by reading the descriptions? Are the companies clear about minimal qualifications for the positions? Are they clear about how pay is connected to these qualifications, what is the basis for pay levels, etc?

Case 5: Calculating geographic pay differences

A major component of a consistent compensation plan is the ability to make sure that employees working in different cities are paid comparable salaries. One of the variables to consider is the cost of living differences between cities. Using two different web sites (two are suggested below) calculate differences in pay for two cities:

www.homefair.com/homefair/calc/salcalc.html

www.datamasters.com

Are the numbers the same for the two web sites? Consider the relative validity of each calculation given by the websites.

Case 6: Research and review pay scales.

Audit the pay scales of the University of Pennsylvania (or any other university of your choice, say Rutgers....where can you find that salary information?) using their web page:
www.hr.upenn.edu

Click on Compensation Salary Structure. Review the salary structure for the appropriate grades schedule and job type for various positions that are links at the bottom of the page.
Alternative: Go to the CIA web page at www.cia.gov

Click on the Employment link. How well does the web site explain the pay structure? Can you make suggestions to make the site more informative?

Case 7: Salary surveys

Look at the salary figures from the accrediting body for business schools (AACSB) at:

www.aacsb.edu

Based on this report and any other information you can collect, what are the internal and external equity issues here? How would you use this information in setting salary for faculty?

Case 8: COBRA and the ACA...

The Consolidated Omnibus Budget Reconciliation Act of 1985 is discussed in Chapter 12. Also, the future of the Affordable Care Act (ObamaCare) is in question this year. You can choose any source, but one way to get information on COBRA is go to:

www.benefitslink.com

Search for articles on COBRA, summarize what you found on the web sites or in other sources, and discuss the way COBRA works, what does it have to do with the ACA (as it stands now) and what it means for human resource professionals and employees.

Case 9: Repatriation

Compensation professionals need to consider situations from the employee's point of view. Start by looking at

www.insiders.com

Device cost effective ways the company can ease the repatriation shock for an employee and his/her family returning from an assignment.

Also, the federal income tax liabilities for multinational corporations and its American employees who work overseas can be confusing. To get a better understanding of the tax laws that pertain to working overseas go to

www.irs.gov

Search for Citizens Living Abroad What did you learn by reviewing this site?

Case 10: Golden Parachutes

Golden parachutes are used to compensate executives who leave their positions for a variety of reasons. To get a sense of how companies compensate executives, locate articles on the term "golden parachutes" which has been used for some years, as well as any recent articles on executive compensation.

Case 11: Board of Directors

Find the list of names on the board of directors of Google (Alphabet). Was this information difficult to find? How many members were on the board? Discuss how the members are compensated, and the basis for this compensation.

Case 12: Temporary help compensation

Chapter 14 focuses on how companies compensate contingent workers. For starters, go to

www.manpower.com

What audience do you think this web site is geared toward? Using this site as well as other sources, describe and discuss pay systems associated with contingent work.

CLASS TOPICS AND SCHEDULE

<u>Date</u>	<u>Topic</u>	<u>Reading (Chapter in text)</u>
January 19	Introductions, overview of course	Introduction
	Managing Pay	The Pay Model
January 26	Strategic Compensation	Strategy: The Totality
	Context and Compensation	Internal Alignment
February 2	Internal Equity <i>*(Have research paper topic and group members selected and approved by me- email to me (chester.spell@rutgers.edu) your topic and group members by 8:00 pm)</i>	Job based structures
February 9	External equity	External Competitiveness
February 16	TEST 1 Employer Relations and Pay Group Project Progress Reports	
February 23	Assignment TBA – no class meeting	
March 2	Putting it all together	Designing the pay mix
March 9	Pay based on individual performance	Pay for performance
March 16	Spring break!	
March 23	Seniority and merit based pay Pay for performance Incentive based pay Competency and knowledge based pay	(reading TBA)
March 30	Benefits as compensation	Benefit determination process

TEST 2

April 6

Assignment TBA – no class meeting

April 13

Contingent employees and pay

Compensation of special groups

April 20

International differences in pay
Executive pay
Class Presentations

International pay systems

April 27

Class presentations

Final Exam TBA