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HRER 453: Incentive Pay and Employee Benefits

Winter Term – 2018 - 2019

Schreiber Center (16 E. Pearson Street) Room 605

HRER 453 │ Incentive Pay and Employee Benefit Programs

This course examines incentive pay and employee benefit programs in private and public organizations. Program design and the alignment of incentive pay and benefit programs with business strategy and human resource programs are examined.

Learning Outcomes
Students will learn to design and implement incentive pay and employee benefit programs that will be perceived as equitable among employees and give their employers a competitive advantage. Students will improve their team leadership abilities and analytical and writing skills.

Required Articles and Textbook:

- First Five Weeks (before Winter Break) – There is no textbook for the first five weeks of the class. Only articles will be assigned. You can access these articles through Sakai.

- Second Five Weeks - Joseph J. Martocchio (2017). *Employee Benefits: A Primer for Human Resource Professionals* (**Sixth Edition**), McGraw-Hill Irwin Professional Publishing. ISBN 9781259712289 **If you intend to purchase this book through Loyola's Bookstore, you need to get it before mid-December because they send unpurchased copies back to the publisher.**

OVERVIEW

This course is divided into two five-week periods; the first focuses on incentive pay, and the second on employee benefits.   Both are important elements of a total rewards program designed to attract, engage, and retain employees. In recent years, use of incentive pay programs has increased in terms of the number of employees eligible for incentive pay as well as the portion of incentive pay these employees receive. Second, there is a realization that the strategic link between the company's goals and employee pay – particularly incentive pay - can contribute to the overall competitiveness of the organization. Finally, managers use incentive pay systems to transform company culture and values. Unfortunately, as recently exhibited by the Wells Fargo scandal, incentive pay strategies, policies, and programs can have negative consequences. During the first five-weeks of HRER 453, you will learn how to design incentives that maximize positive outcomes while minimizing the negative consequences of this very powerful mechanism for shaping employee behavior.

During the second five-weeks of the course (after winter break), HRER 453 will focus on employee benefits. Although some benefits are highly valued by employees, the costs for these benefits have risen at alarming rates. These costs must be controlled in order for companies to maintain a globally competitive position. Furthermore, legislative mandates place requirements on how these programs are designed and administered. Without clear goals for employee benefits and an understanding of what is required administratively to offer these benefits, an employer risks incurring huge penalties for violating the law and substantially increased labor costs without benefiting from this investment.

HRER 453 examines:
- Goals and challenges of offering incentive pay and employee benefits
- Short-term cash incentive pay programs
- Long-term and equity-based incentive pay programs
- Incentive pay strategies and policy program design
- Implementation and evaluation of incentive pay programs
- Health care policies and programs
- Retirement and financial security programs
- Employee services and other employee benefits
- Employee Benefits Management

HRER 453 objectives and criteria for class evaluation consist of the following:
- Gain factual compensation knowledge (terminology, methods, and trends)
- Learn fundamental principles, generalizations, and theories that underlie design and administration of effective compensation policies and programs
- Learn to develop compensation policies and programs that contribute to an organization's ability to compete
- Enhance your ability to work with teams, hone your analytical skills, and discover how to write impressive reports for senior management

COURSE ADMINISTRATION

Sakai is a repository for course information, including the syllabus, class notes (published the day of the class), recorded materials, assignments, required and optional readings, and other materials needed to successfully complete HRER 453. Additionally, Sakai is used for 1) communications with the professor and among students, including announcements about course changes and clarifications; and 2) as a place to submit assignments, receive feedback, and view your grades. As a result, it is important to understand how to use Sakai and to regularly access it during the term. You can learn more about Sakai by clicking here.

Information for using Sakai is available through Loyola's Instructional Technology (IT) and Research Support can be found at click here. Since I am not an expert, questions concerning Sakai's use should be directed to IT Help Desk or by referring to information available online.

Please access HRER 453 and become familiar with the resources I have made available to you. Within each of the *Class* tabs, you will find information associated with that content area, including required and optional readings, class notes, and other information needed to prepare for class. HRER 453 is a work in progress, so additional information may be added up to the day of the class. Important announcements and responses to forum questions are posted, so you should frequently check Sakai.

Questions about course content and assignments should be submitted through the HRER 453 Sakai-Forum titled *Get Questions Answered* and not directly to my email. Posting questions on this forum provides all students with access to my answers. Questions can be submitted anonymously. Sakai alerts me when you post questions. During the week (Monday through Friday), I respond to questions within 24 hours. However, on weekends I may not be available.

Personal questions or concerns should be sent to my email, or you can make an office appointment. Since I receive a high volume of email messages and SPAM, please be sure to place *HRER 453* in your subject heading. Note that I use your *luc* email to communicate directly with students and **not** personal emails, such as gmail, yahoo, etc.

Loyola's Writing Center can help you with papers and team reports, especially if you find writing challenging. Information about Loyola's Writing Center can be found at click here.

Atomic Learning and other instructional technologies are included in the course as appropriate. *HRER 453* Sakai tabs provide access to these on-demand training sites for specific topics. For example, you will find an Atomic Learning tab titled *Plagiarism/Referencing* where plagiarism is defined and where you are shown how to correctly reference materials for reports.

Panopto is used for recorded lectures. These lectures can be accessed through your computer or mobile device. Before accessing HRER 453 recorded lectures, **you must authenticate your enrollment in the class** by clicking on the Panopto tab in Sakai (HRER 453). You only need to authenticate Panopto once and then you have access to all recorded lectures. To learn more about Panopto click here. The recorded lectures provide for this class are optional learning opportunities that were create for another class. However, since they focus on incentive pay programs you may find them helpful.

Class participation enriches the learning environment. To encourage participation and not disrupt others, all electronic devices (e.g., phones, computers, etc.) must be turned off and put them away during class. Research indicates that taking notes by hand enhances learning (see Attachment 1). I will distribute the PowerPoint notes and other handouts used in class.

<u>**COURSE EVALUATION**</u>

Assignments	Date Due	Points
Team Case #1: Incentive Pay	December 10	100
Examination #1: Incentive Pay	December 13	200
Team Case #2: Employee Benefits	February 11	100
Examination #2: Employee Benefits	February 14	<u>200</u>
	Total Points	**600**

Based on the percentage of total points earned during the class, a letter grade will be assigned: <u>**Minimum scores**</u> for A = 94%; A- = 90%; B+ = 87%; B = 84%; B- = 80%; C+ = 77%; C = 74%; C- = 70%; D+ = 67%; D = 60%; F = 0%.

Bonus Points: Earn ten (10) additional points by attending a qualifying Institute HRER *or* Chicago Compensation Association (CCA) program announced in class or posted on Sakai. An additional, ten (10) points will be given to all students if 80% of the students in this course submit student course evaluations.

<u>**TEAM CASE REPORTS: 1) INCENTIVE PAY AND 2) EMPLOYEE BENEFITS**</u>

The <u>two</u> Team Case Reports are designed to be completed by student teams consisting of three to four members (same team for both reports). Each student is responsible to join a team and contribute appropriately. Everyone on the team receives the same grade. *Go to Sakai Info Site Tab and then to Managing Groups to join a team.*

Team Case #1 (Incentive Plan) will be distribute before second class and the case report is <u>due</u> by 2:00 p.m. on Monday, December 10 and the case will be discussed during class on Thursday, Dec. 13 (i.e. fifth class). Team Case #2 (Employee Benefits) will be distributed before the sixth class and the case report is <u>due</u> by 2:00 p.m. on Monday, February 11 (i.e., before the fourth class) and the case will be discussed during class on Thursday, February 14 (i.e. fifth class).

I have designed this assignment to help you:
- Apply the compensation knowledge you have acquired from the textbook and class.
- Develop your ability to critically analyze problems and develop solutions.
- Gain experience working on a human resource team and hone your writing skills.

The length of each report is **absolutely** limited to 4,000 words plus a title page and references. (*I quit reading after 4,000 words.)* The report **must** be typed in a Microsoft Word Document (Times New Roman 12 point font), 1 ½ or double-spaced with 1-inch margins. Proper referencing should be used if you consult books, periodicals, articles or internet sources. Properly conducted and referenced research is expected and required in graduate program.   If you are not sure what constitutes plagiarism or how to properly reference work you should examine the material in tab "Referencing Reports" or examine the style guide and the rubric for grading the report in the Course Information tab.

Each case report should have a title page that includes your names, email addresses, and assignment identification. Please use page numbers so I will have reference points for giving feedback. The Microsoft Word Document file you submit through Sakai *Assignment* should be named "**TCR assignment number, then a space with your last names in alphabetical order.doc**" For example, the first report would be named "TCR1 Herendez Scott Smith Zeller.doc." The second report would

be TC2 with each of your last names in alphabetical order. Note the spaces between the names. Correctly naming the report files submitted facilitates grading and giving student feedback.

You are not allowed to consult with experts or any other individuals about the assignment; this must be your own work. Each report is reviewed by *Turnitin* to detect plagiarism. The case will be discussed in on the date due so no late reports are allowed.

Team Contribution Points. After both team reports are submitted and discussed in class, team members will be responsible for allocating team contribution points (20 points times the number of individuals on your team). For example, a team of four students will receive a total of 80 points to distribute among individual members of their team. Thus, an individual team member in this situation may receive anywhere from 0 to 80 points, as long as the total number of points allocated among team members does not exceed 80 points (i.e., four team members x 20 points = 80 points).

To be eligible for *team contribution* points, your team must establish criteria or rubric for allocating points to team members. Submit your criteria through Sakai *Assignment* tab by 2:00 p.m. on Thursday, November 15 (Week 2). These criteria should be in enough detail so team members can allocate points fairly at the end of the term. Examples can be found in the *Course Information tab*.

Establishing clear expectations for team members will contribute to your success, both in terms of your grade and what you learn in HRER 413. Only one member of your team, based upon team consensus, must submit the contribution points for all team member by 2:00 p.m. on February 14. If the team cannot agree as to how the points should be distributed, I will award points based on the criteria or rubric your team has established and on written input from individual team members.

EXAMINATIONS: 1) INCENTIVE PAY AND 2) EMPLOYEE BENEFITS

The benefits section examination (in-class and closed book) provides an opportunity:

- To demonstrate knowledge acquired from the textbook and class
- To develop the ability to critically analyze benefit issues and find appropriate solutions
- To enhance writing skills

Students are responsible for materials covered in class and in the required readings. I have designed these materials to be complementary and not necessarily overlapping. Staying current on the required readings, class lectures, and class discussions will contribute substantially to the grade you receive on the final examination. Examinations 1 and 2 will be composed up three or four essay questions requiring you to integrate the information you have learned. The examinations are not cumulative.

BONUS POINTS

There is an opportunity to earn bonus points as an encouragement:

- To enrich your knowledge of compensation management and human resources
- To learn about compensation careers by networking with compensation professionals
- To involve you in important discussions taking place in the HRER field

You have a one-time opportunity to earn ten (10) bonus points by attending a <u>designated</u> event sponsored by the Institute or by attending a Chicago Compensation Association (CCA) in-person event. You can find a list of qualified events and dates in Sakai *Course Information*. To obtain credit, attend the event (sign the attendance sheet, if there is one) and submit a one-page report identifying what you learned. Please submit the report within a week of the event you attended.

Of course, you can attend as many events as you like, but a total of 10 bonus points is all you can earn. You cannot apply for bonus points for multiple classes for attending the same event. All of these events are free for students, but you must join CCA as a free student member to attend their events. To join CCA click here.

On occasion, events are cancelled, so be sure to confirm that the event is taking place a day or two before it is scheduled.

CLASS EXPECTATIONS

Students should treat their classroom obligations as they would treat any serious professional engagement. This includes:

- Preparing for class by completing all reading assignments and thoughtfully answering the assigned Mini-Test question.
- Arriving on time, returning promptly from breaks, and remaining until the end of class.
- Meeting your team commitments.
- **Turning off all electronic devices and putting them away.**
- Participating in classroom activities and discussions.
- Adhering to deadlines and timetables specified in the syllabus.

Students should view their participation in the course as a required in a learning community. Most people have a wealth of human resources experience either as employee or as a manager, and so your contribution in class is important. This includes sharing helpful material in class and fulfilling your obligation as a responsible team member. Furthermore, class participation prepares you for the discussions and give and take required in role of an effective manager or human resources professional.

ACADEMIC HONESTY

"Academic honesty demands that the pursuit of knowledge in the university community be carried out with sincerity and integrity. Failure to practice academic honesty may be defined briefly, though not completely, as an action whereby a student represents falsely that academic work submitted in his or her own name is his or her own work, when in fact it is not. Failure to practice academic honesty will, depending upon the seriousness of the misconduct, result in a sanction ranging from the grade of "F" for the assignment to expulsion from the university." The Honor Code link may be found at http://luc.edu/media/lucedu/quinlan-graduate/pdfs/Honor-Code-Quinlan-July2012.pdf

Properly conducted and referenced research is expected and required in graduate program. If you are not sure what constitutes plagiarism or how to properly reference work you should examine the material in tab "Referencing Reports."

The materials created for this class are copyrighted and may not be shared outside of class without the expressed permission of the instructor. This includes handouts, course notes, and recordings of lectures. Unauthorized sharing is a violation of the Loyola University Chicago Academic Integrity Statement and copyright law. Do not post course materials on the internet.

HRER 453 COURSE SCHEDULE: INCENTIVE PAY

Session	Topics	Required Readings[1]
November 8	HRER 453 in Perspective • Overview • Linking business strategy to pay programs • Motivation theory and empirical evidence • Course pedagogy and expectations	Greene pp. 18-27 Assayuag pp. 89-101 Gupta pp. 7-16 Ledford pp. 17-29 Abosoh pp 42-47
November 15	Incentive Pay Programs #1 • Sales Incentives • Bonuses and recognition • Piecework Incentives • Gainsharing and Scanlon Plans	Ellig pp. 179-183 Madhani pp. 44-51 Moore pp. 57-66 Scott pp. 211-221 Park pp. 80-85
November 22	NO CLASS – Thanksgiving	
November 29	Incentive Pay Programs #2 • Profit Sharing • Performance Sharing • Restricted Stock Plans • Stock Options	Ellig pp. 19-25 Long pp. 899-927 Lindner #2 p. 1 Lindner #1 p. 1
Dec. 6	Incentive Pay Program Design and Evaluation • Eligibility • Program funding • Distributing rewards • Program Evaluation	Scott pp. 9-25 Scott pp. 32-47 Wilson pp. 44-53 Giancola pp. 29-41 Scott pp. 112 - 124

Team Case #1: Incentive Pay DUE Monday, December 10 at 2:00 p.m.

December 13	Discussion of Team Case #1 and Examination #1	

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[1] The first author's last name and date designate a required reading that can be found on Sakai *Readings*. Optional readings on this list are designated as such.

HRER 453 COURSE SCHEDULE: EMPLOYEE BENEFITS

Session	Topics	Required Readings
January 17	**Introduction to Employee Benefits** • Review Team Case Report (or Exam #1) • Speaker: Director of Employee Benefits • Introduction to employee benefits • Legislation and regulation	Martocchio: Chpts. 1-3
January 24	**Healthcare** • Cost of healthcare • Employer sponsored health-insurance programs • Patient Protection and Affordable Care Act	Martocchio: Chpt. 5
January 31	**Retirement and Financial Security** • Employer-Sponsored Retirement Programs and ERISA • Social Security and its mandate • Employer sponsored disability and life insurance • Employment Insurance and Workers' Compensation	Martocchio: Chpts.4, 6, & 7
February 7	**Accommodation and Managing Benefits** • Paid time-off, flexible work schedules • Mental and physical well-being • Education benefits and other perks • Managing benefit programs ***Team Case #2: Employee Benefits DUE Monday, February 11 at 2:00 p.m.***	Martocchio: Chpts. 8-10 Emerson pp. 185-198
February 14	Discussion of Team Case #2 and Examination #2	

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Dr. Dow Scott is Professor of Human Resources and Industrial Relations at Loyola University Chicago, specializing in compensation, incentive pay, and high-performance organizations. His teaching, research, and consulting focus on helping business leaders create more productive organizations and enhance employee commitment. Dr. Scott has:

➢ Led national and international conferences focusing on the creation of effective teams, performance improvement strategies, compensation, incentive pay, and the development of high- performance organizations both in the U.S. and abroad.

➢ Developed numerous diagnostic methods for identifying and solving human resource and compensation-related problems, including conducting employee surveys; i.e., Employee Pay Satisfaction and Priorities and Employer-of-Choice, and analyzing employment data to determine the impact of pay on a firm's ability to attract and retain employees.

➢ Consulted with diverse organizations on pay issues, including AT&T, Groendyke Transport, Landstar Systems, Sara Lee Corporation, Marsh, Inc., Hebrew Home, Xaloy, Hay Group, and USG.

➢ Received national recognition for team/productivity improvement and human resource research from the Academy of Management (1996) and the Society of Human Resource Management (1985, 1987, 1988, 1994, and 1996), and been awarded over $1,200,000 in research support from government and business.

➢ Published in over 100 journals, books, and conference proceedings, including the _Academy of Management Journal_, _Compensation and Benefits Review_, _Training and Development Journal_, _WorldatWork Journal_, _WorkSpan_, _Journal of Applied Psychology_, _Journal of Management_, _Personnel Psychology_, and _International Journal of Organizational Analysis_.

➢ Developed and directed an industry-sponsored research center with 15 major employers; e.g., US Postal Service, Virginia Power, U.S. Air, Kay Jewelry and Sara Lee Knit Products, that focused on productivity improvement through the more effective use of human resources.

➢ Directed Loyola University's WorkPlace Studies Department that was the home of three nationally known graduate programs; i.e., the Center for Organization Development, the Institute of Human Resources and Industrial Relations, and the Program in Training and Development.

➢ Taught graduate and undergraduate classes at Loyola University Chicago and Virginia Tech in Compensation Management, Training and Development, Incentive Pay Programs, Human Resource Management, and Training Needs Assessment and Evaluation.

➢ Worked for B.F. Goodrich Company in compensation and human resources.

➢ Earned a Masters and Ph.D. in Human Resources and Labor Relations from the School of Labor and Industrial Relations at Michigan State University

Attachment 1: Taking Notes by Hand

November 4, 2015

The Most Effective Notes Are Ones Taken by Hand

Few people bring a pen and notebook to meetings anymore. Instead of taking notes by hand, more and more of us take them on a laptop or tablet. This change makes sense: Digital devices just seem more convenient, plus they let you multitask during the meeting. But research has found that there are real benefits to taking notes by hand. Studies have shown that typing encourages mindless, verbatim transcription of what you're hearing, but writing by hand helps us take both fewer and better notes. Longhand's slower pace forces us to record ideas more succinctly and in our own words, which boosts our ability to recall those ideas later. After all, notes should help us quickly remember the most important points, not the entire meeting. So try bringing a pen and notebook to your next meeting – your memory will thank you.

Adapted from "What You Miss When You Take Notes on Your Laptop," by Maggy McGloin.