Compensation Management (HRER 313)
Fall Term – Monday – 4:15 to 6:45 PM
Corboy Law Center (25 E. Pearson Street) Room 304

HRER 313  |  Compensation Management

This course examines reward policies, programs and practices over such matters as base-pay, employee benefits and incentive in private and public organizations.

Outcome: Students will learn how to design and implement reward programs that will give their employers a competitive advantage; to resolve compensation problems from both a human resource professional and managerial perspective; and to negotiate fair pay packages with their employers. Students will improve their team leadership, analytical and writing skills.

Required textbooks:

To create a positive learning environment and not disrupt others, students are required to turn-off all electronic devices (e.g., phones & computers) and put them away during class.
Background

Management’s ability to attract, retain, and motivate employees is particularly challenging, as competition for talent escalates during an economic recovery. Compensation (pay) programs and structures are primary tools for competing for talent and equally important for controlling labor costs. Pay has dramatic impact on organizations because its cost is typically the largest single business expense and because it communicates in a tangible way the values of senior management.

Compensation programs are important to employees. The compensation an employee receives indicates explicitly just how highly that person’s contribution is valued by the employer. The attributes and accomplishments of employees recognized with larger and more frequent pay increases tangibly communicates to other employees the behavior desired by the organization. Furthermore, the pay package an employee receives defines that employee’s status among his or her colleagues and standing in the community. Pay determines where the employee will live, what schools his or her children will attend, and the quality of life now and after retirement.

Because pay is important to both the individual employee and the organization, compensation programs and structures are under close scrutiny by all stakeholders. Thus, an understanding of how compensation programs are designed and administered is absolutely essential for line management and human resources and organization development professionals.

HRER 313, Compensation Management, examines base-pay and includes the following topics:

- Pay philosophy, strategies and goals
- Job analysis
- Internal equity and job evaluation
- External equity and pay surveys
- Pay structures, e.g., grades and ranges
- Merit pay and performance appraisal
- Alternative pay structures
- Incentive pay for individuals, teams and organizations
- Employee benefits, e.g., healthcare, retirement, perks and paid time off
- Pay legislation and public policy, e.g., FLSA and Equal Pay Amendment
- Pay program administration and communications

Instruction

The HRER 313 objectives and criteria for class evaluation:

- Gain factual compensation knowledge (terminology, classifications, methods, trends)
- Learn fundamental principles, generalizations and theories underlie design and administration of effective compensation strategies, programs and practices.
- Learn to apply course materials to create fair pay systems and to contribute to competitive organization
- Develop specific skills, competencies and points of view needed by managers and compensation professionals to perform their jobs successfully.
- Acquire skills in working with others as a member of a team

The class meets each Monday from 4:15 to 6:45 p.m. Office hours are Monday, 2:00-3:30 p.m.; Tuesday, 3:00 - 4:30 p.m.; and after class or by appointment.
Sakai is course management software which is a repository for course information including the syllabus, class notes (posted the day of the class), assignments, additional readings and other materials needed to successfully complete HRER 313. **Note:** I bring students a “hard copy” of the course notes to class. Furthermore, Sakai is used for communications both to and from the instructor as well as a place to submit assignments, view your grades and receive feedback. As a result, it is important to understand how to use Sakai.

Information for using Sakai effectively is available through Loyola’s Instructional Technology (IT) and Research Support. Sakai information for students can be found at [http://www.luc.edu/itrs/teachingwithtechnology/sakai/sakai-student-tutorials.shtml](http://www.luc.edu/itrs/teachingwithtechnology/sakai/sakai-student-tutorials.shtml). A Sakai Student Guide can be found on the HRER 313 Sakai site under the “Resources” tab or at [http://www.luc.edu/media/lucedu/itrs/pdfs/sakai/LUC%20Sakai%20Student%20Guide.pdf](http://www.luc.edu/media/lucedu/itrs/pdfs/sakai/LUC%20Sakai%20Student%20Guide.pdf). Since I am not a Sakai expert, questions concerning its use should be directed to IT Help Desk or by referencing the on-line materials provided by IT.

Upon accessing Sakai, you will find that each class has a tab labeled Class 1 (8/25), Class 2 (9/8), Class 3 (9/14), etc. Within each tab you will find information associated with the up-coming class including articles you need to read, an assignment you need to complete, or an activity or idea that you need to consider before class. Information in these tabs may be up-dated or modified until the day of the scheduled class (typically five days before class).

**Questions about course content and assignments** should be address in class or submitted through the HRER 313 Sakai- Forum titled “Post Class Questions” and not directly to my email. Posting questions on this discussion board provides all students access to my responses. *I am alerted immediately that a question or comment has been submitted.* Questions can be submitted anonymously. During the week (Monday through Friday), I respond to questions within 24 hours. 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 e-mail messages and SPAM, please be sure to place “HRER 313” in your subject heading. Please note that I use your “luc” email to communicate directly with students and not personal emails such as gmail, yahoo, etc.

To create a positive learning environment and not disrupt others, students are required to turn-off all electronic devises (e.g., phones and computers) and put them away during class.

### Assignments & Grading

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<tr>
<th>Assignments</th>
<th>Due</th>
<th>Points</th>
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<tbody>
<tr>
<td>Ten (10) Mini Tests</td>
<td>As scheduled</td>
<td>90</td>
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<tr>
<td>(Each test is worth 10 points; lowest score is dropped)</td>
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<tr>
<td>Exam #1</td>
<td>October 20</td>
<td>140</td>
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<tr>
<td>Team Term Paper</td>
<td>November 14 (12 noon)</td>
<td>100</td>
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<tr>
<td>Team Debate</td>
<td>November 17</td>
<td>30</td>
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<td>Exam #2</td>
<td>December 8</td>
<td>140</td>
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<tr>
<td><strong>Total Points for Grading Purposes</strong></td>
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<td><strong>500 points</strong></td>
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Based on the total points earned, a letter grade will be assigned. (A = 460-500; A- = 450-459; B+ = 440-449; B = 410-439; B- = 400-409; C+ = 390-399; C = 360-389; C- = 350-359; D+ = 340-349; D = 310-339; D- = 300-309, F = Below 300).

**Bonus Points:** Ten (10) additional points can be earned by attending qualifying Institute or Chicago Compensation Association (CCA) events or program as described below.
Team Term Paper and Debate

This assignment is designed to:

1. Develop your ability to critically analyze compensation issues or problems, and to develop appropriate solutions.
2. Teach you how to conduct human resources research in a rigor and systematic manner.
3. Give you experience working on a project teams, and
4. Hone your writing and presentation skills.

Although term paper and debate topics are framed within the context of the U.S., these topics are relevant and of major concern in virtually every country. These issues are fundamental justice issues and to greater or lesser degree must be address by every country.

Topic Preferences: Each three person teams will submit a term paper and participate in a debate on one of two topics described in Attachment 1. Form your team and identify the topic upon which you would like to conduct research and debate. Topic preferences will be discuss in the second class and team assignments will be made.

Team Term Paper: Term papers are typically 12 to 15 pages including a title page and references. The term paper should be double spaced, have 1 inch margins and use Times New Roman 12 point font. The methods for referencing sources and formatting term papers can be found on Sakai in Additional Readings – Style Guide – Manual for Authors. Correctly referencing and formatting a research paper indicates sound scholarship and provides an opportunity for the reader to examine materials referenced in more detail. Points will be deducted if the paper is poorly written or referenced.

The term paper must be submitted by noon on Friday, November 14 (12 noon) by one of your team members through Sakai Turnitin Assignment. Turnitin identifies plagiarism of journal articles, books, websites, previously written class term papers, etc. Note that you can use Turnitin to determine if your paper has a problem in advance and if so resubmit the paper after you have corrected the problem just so long as you resubmit the paper before the deadline. I encourage you not to overuse quoted material since it indicates that you are not integrating the material for the purpose of your term paper.

The term paper should accomplish the following:

- Clearly define the issue (or topic) and demonstrate why that issue is important for society, organizations; and employees.
- Provide empirical evidence and expert opinion.
- Analyze the issue from multiple perspectives, indicating the strengths and weakness of these positions.
- Use evidence to identify and support your position on the issue.

If appropriate, you can recommend methods for solving the problem or resolving the issue. Although you can identify which side of the issue your team finds most compelling (typically provided in the conclusion section), you should carefully consider both sides of the issue. In fact, you will not know until 24 hours before the debate which side of the topic you will argue.

Remember that your term paper will be evaluated on both the quality of your research and your ability to clearly articulate both positions. Typically refereed academic journal articles are your best source of information since they provide the most rigorous examination of the issue and often include empirical data (e.g., Human Resource Management Journal, Journal of Applied Psychology and Academy of Management Journal). The next best source is refereed practitioner journals (e.g., WorldatWork Journal and Compensation and Benefits Review). Books or articles not subjected to review (i.e., referees) by competent professionals are suspect. As such if you choose to use non-referred information such as a website, you must document in your reference list why this
information should be considered credible and indicate biases that may be inherent from this source. A source documented (i.e., reference) only by a website will be dismissed unless compelling evidence is given as to why we should consider it reliable. The references in the term paper should refer to the publications from which the information was obtained, and not just the website as shown in the “Term Paper Guidelines.”

The Team Term Paper should be submitted by only one team member through Sakai Assignment/turnitin – **Team Term Paper**. The **Microsoft Word Document** file you submit should be named “TP your last names in alphabetical order.docx” For example, “TP Herendez Scott Zeller.docx.” Note the spaces between the TP and first name and spaces between subsequent names. It is important that the file submitted is **named correctly** to facilitate grading and providing feedback. Help in submitting your team term paper through Sakai turnitin can be found at Sakai Help Resources - [http://www.luc.edu/Sakai/Student_Resources.shtml](http://www.luc.edu/Sakai/Student_Resources.shtml) **Do not submit term papers in PDF format.**

**Groups on Sakai:** Once teams are established for the term paper and debate, I will establish a Sakai “Group” for you. Being in a Sakai group allows access to tools that make it easier to work collaboratively. In “Help for Students” there is an instructional video on “Working in Groups” [http://www.luc.edu/Sakai/Student_Resources.shtml](http://www.luc.edu/Sakai/Student_Resources.shtml) If you need help using this tool, contact Sakai@luc.edu. The use of this tool is strictly voluntary.1

**Debate:** Each team will be assigned to debate the issue from one of the two perspectives 24 hours before the debate. Each debate team has 10 minutes to state their position with relevant facts and five minutes follow-up to refute the other team’s position. *The form used to evaluate your presentation can be found in “Additional Readings.”*

**Mini Tests**

The purpose of this assignment is:

- To encourage students to be prepared to participate meaningfully in class
- To help students prepare for the final exam
- To evaluate your knowledge of course materials

Ten Mini Tests with three questions each are scheduled during the term. You are randomly assigned to respond to one of the three questions on each test for credit and to be prepared to discuss your response in class. Your response to each Mini Test must be submitted by 2:00 PM on the assigned day and you must be prepared to discuss your response to the question in class to receive credit. You will receive either full credit (10 points) for a complete well thought out answer to your assigned question, 5 points if the answer is incomplete or has some mistakes or no credit (0 points) for your response that is incomplete, wrong or poorly articulated. To earn your points you must be available to discuss your response in class.

Your assigned question for each of the eight mini tests can be found in Sakai “Additional Readings” Tab. Each Mini Test will be released a week before it is due. For example, Mini Test #1 will be available on Monday, August 25th at 7:00 PM; Mini Test #2 on Monday, September 9th at 7:00 PM; etc. Your response to the Mini Test is due at 2:00 PM on the day the materials will be discussed (see class schedule below).

The assigned readings for the class provide information needed to response to the Mini Test. You **MUST** respond to the assigned question in your own words and not abstract or copy materials directly from the textbook or other sources. In other words, your response to the exam question must be your own work, in your own words. This is an individual assignment and thus, it is an honor code violation to confer with other students, a colleague at work or any other person when formulating the answer to your assigned question.

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1 Although Sakai groups can be monitored by the instructor, I do not plan to do so.
The discussion of the mini test questions in class is designed to provide feedback for this assignment. This feedback (i.e., discussion in class) will help you prepare for Exam #1 #2. You will be expected respond to these questions in much more detail in Exam 1 and 2 based on what you learn in class.

**Exams #1 and #2**

Exams #1 and #2 is designed to provide an opportunity for you:

- To demonstrate the knowledge acquired from the textbook and class.
- To develop the ability to critically analyze compensation problems and to find appropriate solutions
- To enhance your 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 for this assignment. As noted earlier, I will use Mini Test questions to formulate the final examination. However, be aware that responses to Mini Test questions on Exam 1 and Exam 2 are expected to represent increased understanding of the material because these answers will have been discussed in class.

This is an in-class, closed book exam.

**Bonus Points**

The opportunity to earn bonus points is provided as an encouragement to

- 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 can by attending a designated event sponsored by the Institute (see the calendar on the MSHR website) or by attending a Chicago Compensation Association (CCA) event and writing a one page paper identifying what you learned at that event. Events that qualify will be posted on Sakai Additional Readings tab – Earn Bonus Points (CCA).

Bonus points are awarded for attending one event. 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 one event. All of these events are free for students, but you must join CCA as a free student member.

**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 by the date due.
- Arriving on time, returning promptly from breaks and remaining until the end of class.
- Meeting your team commitments.
- Turning off all electronic devises during class and putting them away.
- Participating fully in classroom activities and discussions.
- Adhering to deadlines and timetables specified in the syllabus.

Students should view their participation in the course as being part of a “learning community.” As such, each
student has a responsibility to make this course a successful learning experience for all members of the class. Your contributions in class are important. This includes sharing helpful material in class and fulfilling one’s obligation as a responsible team member.

**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 under Academics on both GSB and SBA home pages: [http://www.luc.edu/gsb/pdf/honor_code.pdf](http://www.luc.edu/gsb/pdf/honor_code.pdf).
## HRER 313 COURSE SCHEDULE

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<th>Session</th>
<th>Topics (Assignments due and Required Reading)</th>
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<tr>
<td>#1 (8/25)</td>
<td>Compensation – Context and Pedagogy (Chapter 1 &amp; 3)</td>
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<tr>
<td><strong>September 1</strong></td>
<td>Labor Day – No Class</td>
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<tr>
<td>#2 (9/8)*</td>
<td>Compensation Strategies and Job Analysis (Mini Test #1; Chapters 2 &amp; 4)</td>
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<tr>
<td>#3 (9/15)</td>
<td>Internal Equity, i.e., job evaluation (Mini-Test #2: Chapter 5)</td>
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<tr>
<td>#4 (9/22)*</td>
<td>External Equity, i.e., pay surveys (Mini Test #3; Chapters 7 and 8: 238-261)</td>
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<tr>
<td>#5 (9/29)</td>
<td>Pay Structures (Mini Test #4; Chapter 8: 261-280)</td>
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<tr>
<td><strong>October 6</strong></td>
<td>Fall Break (no class)</td>
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<tr>
<td>#6 (10/13)*</td>
<td>Merit Pay and Performance Appraisal (Mini Test #5; 10: 335-345 &amp; 11)</td>
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<tr>
<td>#7 (10/20)</td>
<td>Incentive Pay – Cash and Short-Term Programs (Chapters 9)</td>
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<tr>
<td><strong>October 20</strong></td>
<td>Exam #1</td>
</tr>
<tr>
<td>#8 (10/27)*</td>
<td>Incentive Pay – Long-term and Equity Programs (Mini Test #6; Chapter 10: 345-370)</td>
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<tr>
<td>#9 (11/3)</td>
<td>Alternative Pay Structures (Mini Test #7; Chapter 6: 167-176 &amp; 14)</td>
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<tr>
<td>#10 (11/10)</td>
<td>Employee Benefits (Mini Test #8; Chapters 12 &amp; 13)</td>
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<td>#11 (11/17)*</td>
<td>Employee Benefits and Public Policies Debate</td>
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<td>#12 (11/24)*</td>
<td>Public Pay Policies (Mini Test #9; Chapter 17)</td>
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<tr>
<td>#13 (12/1)</td>
<td>Pay System Administration and Communication (Mini Test #10; Chapters 18)</td>
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<tr>
<td><strong>December 8</strong></td>
<td>Exam #2</td>
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* Tentatively scheduled speakers
Dr. Dow Scott is a Professor of Human Resources and Employment Relations at Loyola University Chicago who specializes in compensation, incentive pay, human resources development, teams and high performance organizations. His teaching, research and consulting focuses on helping business leaders create more productive organizations and enhancing 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; e.g., employee opinion surveys, structured interviews, focus groups, and analyzing organization employment data to determine the impact of human resource policies and programs on a firm’s ability to attract and retain employees.


- Received national recognition for team/productivity improvement and human resource research from the Academy of Management and the Society of Human Resource Management.

- Published in over 100 journals and conference proceedings including his book titled Incentive Pay: Creating a Competitive Advantage published by WorldatWork.

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

- 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 Employment 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, Global Compensation and Benefit Programs and, Training Needs Assessment and Evaluation. Offered global rewards study abroad programs for Loyola and Australian students at the University of Sydney and University of Melbourne.

- 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.
1. **Minimum and Livable Wage:** There is a long running debate about whether minimum wage and livable wage is a good fiscal policy in the US. What are the bases for these arguments? What are the positives and negative positions associated with having a legally required minimum or livable wage? What does your team recommend that public policy should be in terms of minimum wage and livable wage? Should the current minimum wage be increased; if so by how much? Potential positive and negative outcomes for each position should be considered.

   **Debate:** One team will argue that U.S. should require all employers to pay a minimum or a livable wage and the other team will argue that the U.S. should not have a minimum or livable wage requirement (i.e. the labor market should prevail). Increasing value and shortcomings of increasing the minimum wage should be included in this discussion.

2. **Pay Differences Based on Gender or Race:** In the public media women are said to earn approximately 80% of what men are paid for similar jobs; and minorities are said to be paid less than white employees. First, is this data reported in the newspapers true? If so why, or why not? How has this discrepancy been developed? What should government and business do to resolve the problem; if anything?

   **Debate:** One side will argue that women and minorities are paid unfairly, and this issue needs to be resolved by government mandate or legislation. The other side will argue that the problem is not as great as data suggests, and that the labor market should be left to resolve the issue.