

Syllabus

Course Overview

Creating and maintaining attractive compensation and benefits plans has become very complex due to constantly changing regulations and market competitiveness, even for the smallest of companies.

In this course, we will focus on the theories that relate to direct compensation and reward systems in organizations, and the administrative practices used to create and maintain these systems. We will study in-depth the theories, models, and laws related to employee compensation, and we will focus on how they affect some of the different HR functions, including recruiting and retention, job performance, and job satisfaction.

Having a solid foundation in compensation and benefits is essential for Human Resources practitioners and members of management in all industries. Key managers must have a working knowledge of both social and legal issues regarding compensation practices, and they need to be able to follow and anticipate future trends to remain competitive and avoid compensation-related legal issues.

As you begin this course, test your knowledge using the compensation and benefits terms flashcards. Refer to these flashcards throughout the course.



Compensation
Flashcards

 [Launch Presentation](#) |  [Transcript](#)

Course Competencies

(Read Only)

To successfully complete this course, you will be expected to:

- 1 Evaluate the components that comprise an effective total compensation program.
- 2 Evaluate the components and implementation of base-pay programs.
- 3 Create a base benefit plan.
- 4 Evaluate effective incentives and perks programs.
- 5 Analyze the effects of laws and regulatory agencies on compensation and benefits strategies.

Course Prerequisites

Prerequisite(s): BUS3040.

Syllabus >> Course Materials

Required

The materials listed below are required to complete the learning activities in this course.

Integrated Materials

Many of your required books are available via the VitalSource Bookshelf link in the courseroom, located in your Course Tools. Registered learners in a Resource Kit program can access these materials using the courseroom link on the Friday before the course start date. Some materials are available only in hard-copy format or by using an access code. For these materials, you will receive an email with further instructions for access. Visit the [Course Materials](#) page on Campus for more information.

Book

Gerhart, B., & Newman, J. M. (2020). *Compensation* (13th ed.). New York, NY: McGraw-Hill. ISBN: 9781260043723.

External Resource

Please note that URLs change frequently. While the URLs were current when this course was designed, some may no longer be valid. If you cannot access a specific link, contact your instructor for an alternative URL. Permissions for the following links have been either granted or deemed appropriate for educational use at the time of course publication.

- Filion, K. (2009). *Fact sheet for 2009 minimum wage increase—Minimum wage issue guide*. Retrieved from http://www.epi.org/publication/mwig_fact_sheet/
- Genentech. (n.d.). *Genentech benefits*. Retrieved from <http://www.gene.com/gene/careers/benefits.html>
- The U.S. Equal Opportunity Commission. (2010). *EEOC litigation statistics, FY 1997 through FY 2018*. Retrieved from <http://www.eeoc.gov/eeoc/statistics/enforcement/litigation.cfm>
- U.S. Department of Labor, Bureau of Labor Statistics. (2017, November). *Standard occupational classification*. Retrieved from <http://www.bls.gov/soc/home.htm>
- U.S. Department of Labor, Bureau of Labor Statistics. (2019, April 3). *Overview of BLS wage data by area and occupation*. Retrieved from <http://www.bls.gov/bls/blswage.htm>
- U.S. Office of Personnel Management. (1991, August). *The classifier's handbook*. Retrieved from <http://www.opm.gov/fedclass/clashnbk.pdf>
- U.S. Office of Personnel Management. (2019, October). *Salaries and wages: Salary table 2019-GS*. Retrieved from <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/2019/general-schedule/>

Suggested

The following materials are recommended to provide you with a better understanding of the topics in this course. These materials are not required to complete the course, but they are aligned to course activities and assessments and are highly recommended for your use.

Optional

The following optional materials are offered to provide you with a better understanding of the topics in this course. These materials are not required to complete the course.

External Resource

Please note that URLs change frequently. While the URLs were current when this course was designed, some may no longer be valid. If you cannot access a specific link, contact your instructor for an alternative URL. Permissions for the following links have been either granted or deemed appropriate for educational use at the time of course publication.

- Commonwealth of Virginia Department of Human Resource Management. (n.d.). *Employee compensation*. Retrieved from <http://www.scb.virginia.gov/budgets.cfm>
- U.S. Office of Personnel Management. (n.d.). *Federal classification and job grading system*. Retrieved from <http://www.opm.gov/fedclass/html/gclass.asp>

Unit 1 >> Context for Designing Compensation and Benefit Plans

Introduction

In order to understand the purpose of establishing a compensation and benefits policy, it is helpful to look at the needs of the company and the individual from both a practical and ethical perspective. Within this context is the legal and regulatory framework that guides the standards of human resource policy.

Unit 1 is an opportunity to establish the groundwork for studying compensation and benefits policy development. In Unit 1 you will review labor laws that were referenced in your other human resource courses, and you will take a more focused look at the laws more relevant to wages and benefits. You will also look at the basic elements of any pay system.

While reading the material you are encouraged to consider the ethical issues that influence compensation policy and how they may or may not harmonize with personal, corporate and societal values. Also, think about the fundamental relationship an individual has with a company and how the contract for work and reward may represent a deeper contract between the employee, the employer, and the society in which the business is conducted.

Learning Activities

u01s1 - Studies

Readings

Use your text and the Internet to complete the following:

- Read Chapter 1, "The Pay Model," in your text. This chapter defines the essential elements of a compensation program and mentions all the elements of a pay model. In the model, the authors make a clear argument for setting objectives before policy. The objectives become drivers for policy formation and need to be set clearly before implementation. The techniques in the model are tools to shape policy and build the core elements of a compensation system. Spend time with this reading, as it puts all of the concepts into context for building a total compensation system.
- Read Chapter 17, "Government and Legal Issues in Compensation," in your text. As much as the pay model provides a context for policy development, so too does the regulatory environment. Remember that in BUS3040 you learned that the Equal Employment Opportunity Commission (EEOC) had little effect as a regulatory agency until the late 1960s after President Lyndon B. Johnson empowered the EEOC to levy fines and penalties for wrongdoing. Here we take a deeper look at the laws that have influenced compensation and benefit policies. Many of these are regulations you have seen in other HR courses. Pay close attention to the Equal Pay Act and the charts on earnings gaps. Consider the short- and long-term effects of these earnings gaps from business, economic, and societal perspectives. This is an examination of the law from an HR professional's perspective. Thus, you should become familiar with the longer term trends of how labor law evolves in a business context, as well as how abuses in the relationship between employer and employee lead to refinement in the law as well as compensation policy. A smart HR professional knows how to discuss the practical side of these legal issues in the boardroom and on the line with employees.
- Read the [Fact Sheet for 2009 Minimum Wage Increase—Minimum Wage Issue Guide](#) Web page by the Economic Policy Institute. The balance between the rate of inflation and the minimum wage is a delicate one. In this reading, consider the short- and long-term effects of changing the minimum wage—always a current topic for any business or HR professional.
- Finally, review the [EEOC Litigation Statistics](#) Web page in preparation for a discussion in this unit. The page shows EEOC enforcement data for suits filed and resolved over the past ten years.

Multimedia

The [Compensation Terminology](#) interactive media piece allows you to assess your knowledge of terms and definitions used in this course with flashcards. Use it to practice for the quiz at the end of this unit.

Writing Center Resources

Visit the [Capella Undergraduate Online Writing Center – APA Citing and Referencing](#) for APA (6th edition) style and format guidelines and resources.

u01a1 - Total Compensation and Returns for Work

Exhibit 1.4 (*Total Returns for Work*) in Chapter 1 of your text outlines the different components of a total compensation system as well as the relational returns of working. Using your text as a reference, write a brief paper addressing the following:

- Define the four categories of returns described in your text and be sure to cite the source for this information.
- Now, imagine you have been asked to help rethink the compensation policy at your previous, current, or future place of work. The HR manager wants to know which of the returns are the most important to employees. Your task is to identify these returns, then analyze the relative importance of the returns.
- As the employer, considering the total returns equals 100 percent. How much would you allocate to each of the components and why? You do not have to allocate something for all of them, nor should your answer be one or two of the tangible items. It should be a blend that you think would represent most of the employees.
- Once allocated, explain your thinking in a brief analysis of no more than one page.
- Be sure to include APA formatted citations for all information that is quoted or paraphrased from another source.

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

u01d1 - Minimum Wage Debate

In 2009 the Federal minimum wage was increased to \$7.25 per hour. Select any one of the facts listed on the *Fact Sheet for 2009 Minimum Wage Increase—Minimum Wage Issue Guide* Web page published by The Economic Policy Institute, linked in the Resources. Summarize why you support or refute an increase in the minimum wage.

Response Guidelines

Respond to at least one other learner. Challenge your peer's position and reasoning, providing an example to support your challenge.

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

[Fact Sheet for 2009 Minimum Wage Increase—Minimum Wage Issue Guide](#)

u01d2 - Law and Pay Issues

The EEOC Web site on litigation statistics linked in the Resources includes a chart of suits and resolutions brought by the EEOC from 1997 to 2018. Please review the entire chart. When responding to the questions in this discussion, please refer to the data included about the Equal Pay Act of 1963. The rows on the chart related to the Equal Pay Act are titled *Suits with EPA Claims*. There is one row under the Suits section and one under the Resolutions section.

Consider the wage gap tables you read about in Chapter 17 of your text and address the following:

- Of the types of suits filed, suits involving claims of violations related to the Equal Pay Act seem to be relatively low compared to the others. Why do you think this is?
- Based on the information you reviewed, do you believe this regulatory agency is effective in enforcing the laws? What are your suggestions about how they can improve their practices? How can they work to ensure that employers understand and abide by these laws?
- In Chapter 17, a number of arguments are presented that offer an explanation. With which do you agree? Are there points of rationale the authors missed?

Answer these questions in this discussion thread, and, together with your peers, analyze how law and regulatory agencies are affecting compensation policy.

Response Guidelines

Respond to at least one of your peers, offering one perspective that the original writer did not consider in his or her analysis.

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

[EEOC Litigation Statistics, FY 1997 Through FY 2018](#)

u01q1 - Compensation Terminology

This quiz will test your current knowledge of a variety of terms related to compensation and benefits in the workplace.

Read the following instructions and parameters before taking the quiz:

- There is no time limit on the quiz.
- You must access, take, and submit in this unit. The quiz will be open to take at the beginning of Unit 1.
- Once you have answered each question, submit your quiz to receive credit. It is automatically scored, and you will receive feedback immediately indicating whether your answer is correct or incorrect. There are 100 total points possible. The value of each question is 10 points.
- You may access the quiz to view the questions. You may take the quiz up to **three** times. Once you take the quiz, you should use your text or other sources to research the terms you submitted that were incorrect.

Click the linked quiz title to access the quiz. If you have any issues with the quiz, contact your instructor.

Unit 2 >> Vision for Strategy in Compensation Planning

Introduction

During Unit 2 you will continue studying compensation and benefits by focusing specifically on how organizations can create an effective and competitive compensation policy strategy. You will examine the process of creating a compensation strategy to help an organization remain competitive in the marketplace, and discuss some of the issues organizations face related to creating this strategy.

For the HR manager the focus is on designing policies that consistently reflect the company's business image. Being incongruent is simply not a winning strategy. If a company chooses to be the best in field, it automatically requires its policies to be the same. One of the major roles for human resource practitioners in this process is to ensure that the compensation policies reflect the organization's image. If a company strives to be the best in the field and attract and retain top talent, then the compensation strategy must be designed accordingly.

Learning Activities

u02s1 - Studies

Reading

Use your text and the Internet to complete the following:

- Read Chapter 2, "Strategy: The Totality of Decisions," in your text. Consider the use of best practices in HR policy-setting and how these can be similar or different across companies when setting compensation policy. Can a company be competitive, align its policies to business positions, and not necessarily use best practices, but be the *best fit*?
- Briefly review the information available on the [Overview of BLS Wage Data by Area and Occupation](#) Web page in preparation for the unit assignment. The data includes pay information by state and occupation as well as pay based on the level of difficulty and complexity of work.

u02a1 - Visioning Before Strategizing

Imagine that you are the HR manager for a new company just opening its doors in your community. The owners have asked you to prepare a vision for compensating the staff. They do not want specific policies, but guiding principles that will help them collect data and write specific HR policies later. Complete the following:

- Describe the type of business, number and types of employees, such as exempt and non-exempt, and the customer base you will use as your example company for this assignment, as well as the state and city or area of the state where your company is located.
- Create a list of essential guideposts for developing a total compensation policy. In your vision, include statements that can be made public to your customers and employees. Also consider whether your vision will be strategic in a strong economy, as well as in a down economy. Will you be able to adapt your vision during various economic conditions?

- Using Exhibit 2.3 (*Tailor the Compensation System to the Strategy*) in your text, identify which of the three business strategies is most appropriate, and include an analysis of why you believe this is the case.
- Discuss the appropriate business response, HR program alignment, and compensation system for this new business.
- How will other existing businesses in your community affect the compensation vision and strategy of this new company? You can use the *Overview of BLS Wage Data by Area and Occupation* Web page from the Bureau of Labor Statistics Web site and linked under Resources to help you research information for your response.
- Refer to the text's example in Exhibit 2.4 (*IBM's Strategic Principles and Priorities in Strategy Execution*) outlining IBM's strategic principles and priorities. Do not be limited by IBM's choice of words.

Your analysis should be 1–2 pages. Submit your work in the assignment area.

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

Course Resources

[APA Style and Format](#)

[Overview of BLS Wage Data by Area and Occupation](#)

u02d1 - Compensation Strategies

In your text, the authors describe three tests to determine whether a pay strategy is a "source of advantage" (p. 59).

Based on your experiences with specialized knowledge businesses, which compensation strategy do you think would prove more effective today: the incentive-based, more knowledgeable worker, or the lower wage-base with more self-service?

Consider examples of specialized knowledge businesses, such as technology-oriented businesses, home improvement or repair and home design. You can select a business from these industries, or any specialized knowledge business with which you are familiar. Post your opinion and reference your rationale citing at least two of three tests. Include why or why not you think the type of business you selected would pass these tests.

Response Guideline

Consider the examples provided by at least two of your peers. Do you agree with their applications of the tests? What other possible interpretations might exist for the situations they describe?

Reference

Gerhart, B., & Newman, J. M. (2020). *Compensation* (13th ed.). New York, NY: McGraw-Hill.

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

u02d2 - Living Wage or Minimum Wage

To what extent is a company obligated to pay a wage that guarantees the right to the pursuit of happiness for the individual and his or her family? Is a living wage a better measure of minimum wage?

Response Guidelines

Respond to at least two of your peers. Consider the following questions when responding: What are the strengths and weaknesses of your peers' arguments about a living wage? What additional support would you need to become convinced of their arguments?

Undergraduate Discussion Participation Scoring Guide

Unit 3 >> Job Analysis as the Basis for a Compensation Plan

Introduction

Units 1 and 2 took a macro view of the economy in which businesses operate and discussed whether various strategies would be successful for short and long range purposes. Alignment with company goals and tests for value played an important role.

In Unit 3, we are ready to discuss the specifics of the pay model as it relates to a job structure and job analysis. In any compensation plan, you need the basic building blocks of information before configuring policy and pay plans. In this unit we look at how to gather essential data and accurately describe the work in a job description. In Unit 3, we dig into the essential information that is required for developing any effective compensation system. Analyzing the worth of the job comes in Unit 4.

Learning Activities

u03s1 - Studies

Readings

Use your text to complete the following:

- Read Chapter 4, "Job Analysis" and Chapter 6, "Person-Based Structures," in your text. These chapters outline the data needed to create job- and person-based salary structures, and how to collect and analyze this data.

u03a1 - Job-Based or Person-Based

Exhibit 6.1 (*Many Ways to Create Internal Structure*) in your text compares and contrasts a person-based salary structure with a job-based salary structure. One is set in a strategy that rewards required skills and the other on the job being performed.

In this assignment, you will analyze two jobs as your examples.

1. Analyze your current job, or a job with which you are familiar (for example, another job within your organization or perhaps the job of a family member or friend).
2. For the second part of the assignment, identify a job with the structure you did not use in your first example. For example, if the first job you identified has a job-based salary structure, then you will use the person-based salary structure for the second part of your assignment. You can use a job with which you are familiar, or conduct research about different jobs using sources like the Capella library.

Complete the following for each job:

- Identify the position using a descriptive job title.
- Define the pay structure.
- Explain a rationale about why this pay structure is appropriate for the position.
- Discuss the advantages and disadvantages of this type of pay structure.

Be sure to include citations for information obtained from at least two outside resources. Explain how each reference supports the advantages and disadvantages of the selected pay structure. Use a format similar to the example below:

Job Title: (For example, elementary school teacher.)

Pay Structure: (For example, person-based structure.)

Rationale: In this section, explain why you believe this is the appropriate structure for this type of job.

Advantages and Disadvantages: In this section, explain the advantages and disadvantages of the person-based structure from both the perspective of the employee and the organization.

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

Reference

Gerhart, B., & Newman, J. M. (2020). *Compensation* (13th ed.). New York, NY: McGraw-Hill.

Course Resources

[APA Style and Format](#)

u03d1 - Observing the Facts Instead of the Person

For this discussion, you will report on your experience observing a work location. An example of this could be observing a job within your organization, or you can do this in a location in which you are a customer. You will need to select a position in which the work behavior is observable, and the job tasks are short in duration. Some examples of jobs that are successful in this type of observation include retail employees, restaurant employees, skilled craft workers, or flight attendants.

- Describe the position you observed and the location in which you observed it.
- What was the most difficult part of your observation?
- Was it difficult to be strictly objective in your description of the work?
- Did you find yourself observing the person more than the work?
- What can you conclude from your observation?
- Is a third party observing work better for data collection than a questionnaire completed by the incumbent?
- Is there a stronger bias in the observation method or the questionnaire?

In the subject line of your post, please list the location and type of facility you observed.

Response Guidelines

Respond to a minimum of two of your classmates. What observations do you think they might have missed? What else might you have looked for in your peers' chosen work location?

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

Unit 4 >> Salary Structure

Introduction

In Unit 3 you actually performed the first steps of a compensation analyst's job: gathering information. Once you have gathered information, you must evaluate it. In Unit 4 you will examine different methods for evaluating jobs in order to create a salary structure.

Learning Activities

u04s1 - Studies

Readings

Use your text and the Internet to complete the following:

- Read Chapter 5, "Job-Based Structures and Job Evaluation" in your text, which evaluates the relative worth of the elements of a job to create a job structure used to set salaries and communicate the compensation system.
- Read Chapter 2, "The Factor Evaluation System" in *The Classifier's Handbook*, available from the [Federal Classification and Job Grading Systems](#) site. This chapter discusses factors that are considered when assigning grades to nonsupervisory positions within the general schedule.
- Browse the [Standard Occupational Classification \(SOC\)](#) Web site, which provides a universal occupational classification system for government and the private sector.

u04a1 - Pitfalls of Job Evaluation Methods

Your text mentions three methods of evaluating jobs:

1. Ranking.
2. Classification.
3. Point method.

Prepare a short description of each method, considering:

- What are the essential weaknesses in each of these evaluation methods?
- Describe a situation in which it would not be effective for the business. For example, when would ranking be either impractical or unfair? When would the point method be too complicated to be effective in evaluating work for creating a salary structure?

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

Submit your discussion of the job evaluation methods for this assignment.

Course Resources

[APA Style and Format](#)

u04a2 - Job Evaluation

For this assignment you will apply a job evaluation method to a position you choose. Exhibit 5.13 (*Job Evaluation Form*) in your text offers a sample job evaluation form for a bookstore manager. Complete the following:

- Select a position to evaluate. Please note that the position needs to have direct reports and needs to report to someone as well, because you will also be evaluating the position above and below the position you select. This position can be your own, or one with which you are familiar, and you can use one of your examples from the Unit 3 assignment if it meets the criteria.
- Following the form provided in the text, identify the job at the top of the form and give a one-sentence description of the job responsibility in context of the business.
- Describe the business in one sentence.
- Of the four compensable factors used in Exhibit 5.14, assign a weighting to each for your chosen job.
- Evaluate the relative degree for each on a scale of 1 to 5. Prepare a table similar to the one in your text.
- Repeat this analysis for the next level above and below your evaluated position.
- In a paragraph, describe how much variance you see between the three positions.

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

Submit your job evaluation.

APA Style and Format

u04d1 - Applying Job Analysis Data to Other HR Functions

In this unit's assignments, you studied the job analysis process of evaluating work. From your current knowledge, do you think this type of detailed analysis should be shared with all employees in a company? Would this help achieve compensation objectives or hinder their progress?

Response Guidelines

Where do you agree or disagree with your peers' perspectives on sharing job analysis data? What can you add to your peers' comments on this issue?

Undergraduate Discussion Participation Scoring Guide

Unit 5 >> A Competitive Position for Base Pay

Introduction

Once you have completed your evaluation of work and created a structure, you need to address the competitive position of your pay policy. In this unit, we examine the nature of competition when setting salaries. This is not a unit for becoming an expert in compensation analysis or survey management, but as an HR professional, it is important to understand how data is gathered and how to interpret the results. Keep a broad viewpoint. What does it mean to be competitive and pay a salary that is not only internally equitable, but is also externally effective at attracting and retaining the appropriate labor force for your business? Unit 5 challenges you to consider all the issues that go into that decision-making.

Learning Activities

u05s1 - Studies

Readings

Use your text and the Internet to complete the following:

- Read Chapter 8, "Designing Pay Levels, Mix, and Pay Structures" in your text, which discusses incorporating data collection and structure into a method of measuring competitiveness in the market. Do not study every word in this chapter. Much of the information is a ready reference that may be helpful if you pursue a career as a compensation analyst. For our purposes, it is important to understand how to interpret the data and apply it to a practical policy-setting strategy that supports an effective market position for a company's overall competitive goals. Creating salary ranges will not only help to manage salaries, but also to maintain equity and communicate your policy.
- Review the United States Office of Personnel Management's [Salary table 2019-GS](#) as another example of a salary structure in the public sector. Step 1 is the minimum and Step 10 is the maximum in each salary grade.

Optional

- Review the [Commonwealth of Virginia's Employee Compensation](#) plan as an example of a salary structure in the public sector.

u05a1 - Reviewing a Salary Structure

Often a salary structure has ranges—minimum, midpoint, and maximum—as shown in Exhibit 8.18 (*Develop Pay Grades*) in your text. Frequently, a market position is drawn from the range midpoint. Another option becoming popular is broad banding. Each method has advantages and disadvantages. Look at the salary structure and occupational families presented in the United States Office of Personnel Management Salary Table 2019-GS linked in the Resources. Notice how broad the bands are for individual jobs.

Write a paper analyzing the advantages and disadvantages of broad banding as a compensation plan. Conclude with explaining your position stating whether you think broad banding can be successfully competitive in your current or previous work environment and provide supporting reasons for your position.

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

Course Resources

[APA Style and Format](#)

[Salaries and Wages: Salary Table 2019-GS](#)

u05d1 - Gathering Market Information

Web sources, consultants, word of mouth, and formal surveys are all sources of information used to determine competitive position in compensation. We have all heard the phrase, "I am underpaid." And, many of us have heard the response, "If you can get it elsewhere, go for it." So what market data is most relevant to determine a competitive position? The competitors?

From your reading and experience, select one source on which you would rely for competitive market data and why you would choose that source. Provide background data for your peers and contact information. You may choose to review any of the references in your text or from your research or employer. Present your recommendation in a short review of 200 words or fewer.

Response Guidelines

Visit the resources suggested by one of your peers. What are the potential strengths and weaknesses of these sources?

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

u05d2 - Benchmarking Jobs

Describe the characteristics of a benchmark job and detail how you would benchmark your current or previous job. Consider what job would be a good benchmark to compare to your current or previous position.

Response Guidelines

Read at least one other learners' benchmark descriptions and offer at least one suggestion to improve the research approach suggested for benchmarking.

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

Unit 6 >> Pay Plans and Motivating With Incentive Plans

Introduction

In this unit we start an examination of how pay can be linked to performance, and how pay can or cannot motivate employees with directly linked pay incentives, both long- and short-term.

Earlier in this course, we discussed the difference between a living wage and a minimum wage. As we developed our definition of work and ranked the value of it to the business units, we linked the work performed to various environmental factors related to market pressure and regulations as well as internal equity issues. As we worked, our base salary structure took shape. But does this pay structure also influence performance? Can pay really be tied to performance? These are the questions for Unit 6.

Now, we begin to study the various pay plans that recognize merit and performance with different types of incentive plans. In a single company, different business units and goals may set up separate incentive plans to reward work more specifically as it contributes to the overall objectives of the unit. Profit sharing and employee stock ownership plans are popular in private as well as publicly traded companies.

The world of pay for performance has taken on a much more sophisticated role in our world of work, especially as our work has changed dramatically from the industrial age to the knowledge age. Our goal in this unit is to survey incentive plans that complement base pay plans and study the factors that make them effective for businesses and their goals.

Learning Activities

u06s1 - Studies

Readings

Use your text to complete the following:

- Read Chapter 9, "Pay-for-Performance: Theory and Evidence," in your text to review the theories of motivating behavior in work environments. You will learn how companies have evolved to consider the broader issues of organizational strategy and employee behavior, and how both of these factors link to a total compensation strategy—especially one with incentive plans.
- Read Chapter 10, "Pay-for-Performance: Types of Plans," in your text for definitions of pay plans in the market. In this chapter, study the options for creating incentive plans. One of this course's goals is for you to become familiar with their existence and how they can target specific rewards to the actual quality of work being performed. In most cases, the individual mechanics of any plan will be determined by the companies, their goals, and their economic capability to pay. However, as a student of human resources management, it is important to understand that options are available for designing a plan and to begin imagining the future of incentive plans.

u06a1 - Targeting Incentives

In your text, you read about a number of incentive plans for individuals and groups or teams. The goal of this assignment is for you to think like an HR director who is responding to a work situation with a pay solution. Exhibit 10.14 (*Types of Variable-Pay Plans: Advantages and Disadvantages*) provides a summary chart of the types of pay plans along with their advantages and disadvantages. Start by thoroughly reviewing this table.

Select one individual plan, one team plan, and one long-term incentive plan. Describe a situation in which these plans would be most appropriate. In your answers, include the type of company and type of work as well as the position or positions that would be affected by your plan.

For example, if you selected a team-based plan, you may describe a department in a retail store that has a history of employees not covering for each other during the holiday rush period. You may use actual examples and reference a company as you have witnessed it or you may describe a generic situation. In your answer, include how you think your chosen incentive plan will affect behavior and achieve intended results.

Your answer should be no longer than two pages.

Drafting a table that compares and contrasts the scenarios as a summary is appropriate, but also requires a narrative describing the situations.

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

Course Resources

APA Style and Format

u06d1 - Ethics, Pay, and Motivation

From your readings and discussions of historical approaches to pay and work, it should be clear that great efforts have been made to link performance and pay. But, from popular business news, we should also be aware that the practical link of pay to work is not always set up in an equitable environment. Favoritism, nepotism, and other human shortcomings can and do interfere with the implementation of the best plans. How to prevent those shortcomings becomes a difficult challenge for HR managers.

If you were designing an incentive plan for a publicly traded company, whose voice do you think should provide that ethical audit at the table of decision makers? The chairman? The board of directors? The shareholders? The employees? The executive team or compensation committee? Outside consultants? Internal HR director? A combination of all of these?

Who in your mind would be the best to ensure that the incentive plan does not cross the line and motivate the wrong kind of behavior—the kind that turns a plan from motivating good behavior into motivating wrong-doing based on the potential for a high reward?

In addition, provide at least one reference to a company you have worked for or read about where someone, motivated by the potential gain from an incentive plan, went beyond the policy and the law, breaking all the rules.

Consider articles from any of the popular business magazines you read regularly or conduct a quick search for any articles that have been published currently. An easy search would include *incentive pay*, *shareholders*, and *pay policy*.

Prepare a succinct opinion in two paragraphs or fewer and post it in this unit's discussion area.

Response Guidelines

Engage in a discussion with your peers about how to prevent this crossing of the line into illegal or unethical behavior.

Course Resources

Undergraduate Discussion Participation Scoring Guide

Unit 7 >> Adding Benefits to Total Compensation

Introduction

In the last six units we have covered many topics related to compensation, including the process by which to create an effective pay structure. We also considered the role of compensation in motivating employees. In Unit 7 we will turn our attention towards benefits plans and focus on their role in the total compensation plan.

Historically, unions fought hard for pay and benefits for their members. Companies and the government realized that a certain base level of benefits were essential to a healthy national workforce, as well as to a well-funded retired workforce. As demographics and economics shifted in every direction, benefits issues began to become as important as pay issues for ensuring an effective contract between employer and employee.

Fewer than 40 years ago, benefits accounted for approximately one-fourth of payroll. Today, many companies budget benefits at 40 percent of payroll or even more, which is a huge number to fund and manage for any size company (Gerhart & Newman, 2020). Unit 7 explores the shaping of a benefits plan and again looks at the competitive factors of benefit planning in a rapidly changing workforce.

Reference

Gerhart, B., & Newman, J. M. (2020). *Compensation* (13th ed.). New York, NY: McGraw-Hill.

Learning Activities

u07s1 - Studies

Reading

Use your text to complete the following:

- Read Chapter 12, "The Benefit Determination Process," which explains integrating benefits into a total compensation plan.

Research

Research a company's total benefits plan by doing one or two of the following:

- Obtain a copy of your current employer's benefits booklets and summary plan descriptions.
- Visit the [Genentech Benefits](#) Web page to research the benefits package offered to its employees. Click on the benefits in the left navigation menu.
- Obtain a benefits booklet and summary plan description from another source. To find this type of information on the Internet, select a company you would like to research. If the company Web site has a search engine, you can search for information using *Benefits* as your keyword. You can also look for this information by going to the Human Resources page on a company Web site and look for benefits-related information there.

u07a1 - Designing Benefit Plans

Given what you have read about benefit plans and options, as well as costs and factors for designing a benefit plan, draft a basic plan for a start-up company of fewer than 100 employees in your local community.

First, review Exhibit 12.7 (*Factors Influencing Choice of Benefit Package*), which lists the employer and employee factors influencing benefit choices. Then look at a company in your community and examine what they provide for their employees.

For this assignment you will create a draft of a basic benefit plan. In your plan you will describe the benefit options you will offer along with the cost of these options, and you will also include the following information on factors influencing the choices in your benefit package:

1. Which of the benefits you selected would be considered standard, which are unique for your industry, and which benefits would attract highly qualified candidates?
2. Describe your company's competition in your community, and address the competitive factors that are at play for attracting employees.
3. What cost target as a percentage of the total compensation package is appropriate for your total benefit package? What trends will have an effect on your cost target?
4. How will your plan affect retention and motivation of the work force?
5. How will you ensure that your plan meets legal requirements?
6. Will any of your benefits show an unintended preference for people of a certain age, gender, marital status, or number of dependents? Describe the impact and any issues that might arise from this.
7. Would you be able to administer the plan in a small employer environment?

Submit a 3–4 page, double-spaced, analysis. Be sure to cite all outside resources used in your assignment in APA format.

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

Course Resources

[APA Style and Format](#)

u07d1 - Outsourcing Administration of Benefits

Years ago the personnel manager and staff handled employee questions and managed the administration of employee benefits. Today, most companies have decided to outsource their benefit administration to third-party vendors.

What is your opinion? Is the 1-800 number a better solution? Does it ensure more privacy for the employee? Or, is the 1-800 number impersonal, thus making the relationship between employer and employee more distant?

Post your opinion and as always, be sure to cite examples. In this discussion, use examples from outside resources, your own experiences, or the experiences of others.

Response Guidelines

From the perspective of a decision maker at a company, how convincing are your peers' arguments for or against outsourcing benefits? What else would you need to know before committing your company's resources one way or the other? Please respond to a minimum of two of your classmates' posts.

Course Resources

Undergraduate Discussion Participation Scoring Guide

Unit 8 >> The Regulatory Environment of Benefits

Introduction

In Unit 7 we studied the mix of benefits that are common and desired by most employees. Unit 8 focuses on highly regulated benefits. Legally required benefits like social security and workers' compensation, as well as highly regulated benefits like defined benefit plans and defined contribution plans, can be quite daunting at first. Do not be intimidated. This unit discusses the basic concepts of these benefits and how they are administered in a total compensation plan. You do not need to be an actuary to study this unit. On the contrary, the main goal is to put what can seem overwhelming, into plain language and place the content in the context of a good business plan that budgets well for these benefits.

Learning Activities

u08s1 - Studies



FMLA,
COBRA,
HIPAA,
and
ERISA

[Launch Presentation](#) | [Transcript](#)

Reading

Use your text to complete the following:

- Read Chapter 13, "Benefit Options," which outlines all the basic benefits required by law and the range of benefits expected by employees.

Research

In preparation for the assignment in this unit, use the Internet to research the following:

- The FMLA, COBRA, HIPAA, and ERISA acts.
- One current issue that employers are or should be concerned with related to each law.
- An example of an organization that has violated this law, the violation and the penalties that were imposed.

If you use the Capella library, the following databases are suggested for conducting research:

- Business Source Complete.
- ABI/INFORM Global.

Multimedia

View the *FMLA, COBRA, HIPAA, and ERISA* presentation to find out information about each law, a related scenario, and protection provided by each law. Click **Launch Presentation** to begin.

Course Resources

FMLA, COBRA, HIPAA, and ERISA

u08a1 - FMLA, COBRA, HIPAA, and ERISA

Four acts—FMLA, COBRA, HIPAA, and ERISA—passed by Congress greatly define the arena of benefits. Briefly define each law and cite one current issue that employers should be or are concerned with for each act. In defining your current issues, describe why this is an issue, include an example of an organization that has violated this law, and describe the violation and the penalties that were imposed.

You may reference your text, your current work environment, an interview with a colleague, a head of human resources, an article from a popular business publication, or related information from the Capella library. For the Capella library, the following databases are suggested for conducting research:

- Business Source Complete.
- ABI/INFORM Global.

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

Course Resources

[APA Style and Format](#)

u08d1 - Family Benefits

The definition of family has changed considerably over the years. Your question for debate in this unit asks: who should be covered under these highly regulated benefits? Should the definition of family be altered or deleted when structuring benefit plans? Much of the rationale is directed at the unfair bias in benefits for traditional families versus nontraditional families. With a divorce rate hovering at 50 percent, an increase in the number of single households adopting children, and the debate over recognizing all committed partnerships, the issues are gaining more attention.

For this discussion, consider:

1. Does the current definition of family constitute an unfair bias?
2. Should the law change?
3. What is your opinion on this issue from a business standpoint? Cite and reference a source of support for your opinion.

Caution: This is not a debate of moral values. This is a debate of policy and the law. Restrict your discussion to business-related issues.

Response Guidelines

Debate this issue with at least two of your peers whose positions are different from yours, asking questions and providing counterarguments that address the business-related issues of inclusive benefits offerings. Cite sources to support your statements.

Course Resources

Unit 9 >> Managing a Total Compensation Plan

Introduction

In Unit 5 you analyzed market data to consider a competitive pay position for a job. In these final two units of the course we will look at how to manage a total compensation plan and communicate that plan to employees and to the marketplace.

Often the market will select your position through word of mouth from current employees, former employees, or local press coverage through a best employer list. Taking a more proactive approach to managing a market position is the strategy of choice for most employers.

Unit 9 assesses what steps an employer must take to actively monitor the firm's position in the market as well as effectiveness of the overall strategy. Tracking turnover rates, inflation, and economic indicators all play into the formula, as does a sense of the market and a company's image and reputation. This is a unit where the numbers and trends tell a huge story. Interpreting that story is the difference between a superior compensation plan and ineffective one.

Learning Activities

u09s1 - Studies

Reading

Use your text to complete the following:

- Review Chapter 18, "Management: Making It Work," to understand the overall process of budgeting with managers for compensation and benefits.

Research

In preparation for this unit's discussion, locate a minimum of two outside resources that cite data supporting an argument for imbalances between the circles in Exhibit 18.5 to the extent the imbalances are unhealthy to a global economy.

u09a1 - Managing Labor Costs

The text describes a bottom-up and top-down approach to managing labor costs. For this assignment, complete the following:

- Describe the components of both approaches and decide which would be most important to use in either your current work environment or one with which you are familiar, and explain your reasoning.
- Also include a discussion about the approach you did not select, and describe a scenario in which this approach would be most effective. For example, if you choose the top-down approach to describe your workplace, or a workplace with which you are familiar, then in the second part of the assignment you will discuss the bottom-up approach and describe a scenario in which this would be an effective way to manage labor costs.
- In both parts of your response, imagine that managers will be part of the budgeting process and will amend, revise, or adopt new approaches to compensating, rewarding, and incentivizing the workforce. In your opinion, what are the advantages and disadvantages of this type of management involvement?

Your assignment will need to be 2–3 pages in length, and please be sure to cite all information obtained from outside resources.

In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

APA Style and Format

u09d1 - Balance and Labor Costs

In Chapter 18 of your text, the authors present a useful diagram, Exhibit 18.5 (*Three Distinct but Related Concepts and Their Measures*) illustrating the relationship between markets, wages, prices, and the cost of living as a dynamic that affects labor costs overall. What the diagram does not illustrate are some of the intangible and ethical issues affecting wages and labor costs. For example, it shows all the factors in equal intersecting circles, but it is clear that at times some factors play a more important role in the market or in a particular industry than others. One could also make an argument for the fact that ethical imbalances may overly distort one's ability to live on a given wage.

In this discussion, present instances when you think the circles are out of balance to the extent the imbalances are unhealthy to a global economy. Use any of the information we have studied to this point, and be certain to offer at least one reference that cites data supporting your argument for an imbalance.

Please use a minimum of two outside resources in your response, and be sure to include both in-text citations and the full resource in APA format at the end of your response.

Response Guidelines

Respond to the imbalances presented by three of your peers. Suggest potential solutions to correct imbalances. What barriers might impede your proposed solutions, and how might the barriers be overcome?

Course Resources

Undergraduate Discussion Participation Scoring Guide

u09d2 - Communication

In your opinion, why should organizations openly communicate their pay systems to their employees? What is an effective method to use to achieve this? Please describe your experiences related to this and indicate whether you have worked in an environment in which pay systems were communicated effectively to the employees.

Response Guidelines

Please respond to a minimum of two of your peers' posts. Do you agree or disagree with their perspectives? What can you add to their comments on this issue?

Course Resources

Undergraduate Discussion Participation Scoring Guide

Unit 10 >> Assessing and Communicating a Compensation Plan

Introduction

We have looked at just about every aspect of compensation and benefits from a policy, regulatory, and market position. In this unit we look at measuring the effectiveness of a compensation policy and policy communication strategies.

Most would agree that a policy is effective if it meets the standard of attracting and retaining a desired staff, stays within the laws of the market, and does not wreck havoc on the bottom line. But, what of the individual? Should the employee's position be a factor in that equation? Should other outside, unsolicited opinions play a factor in the effectiveness equation?

In this unit we look at some benchmarks for compensation policy in particular firms and assess whether they have met, exceeded, or missed the standard for effective total compensation and benefits planning. Consider this: If the standard is set, how will you communicate your policy and standard to the employees of the organization? Will you make your message public to your consumer?

These are the final questions that connect the complete package of managing compensation and benefits.

Learning Activities

u10s1 - Studies

Reading

Use your text to complete the following:

- Revisit Chapter 18, "Management: Making It Work". Focus on issues of ethics and communication, which are important topics explored in this unit.

Research

Research any one of the top employer lists frequently posted by top news publications, which you can search for using the Capella University Library databases.

To search the library:

1. Go to the [Capella Library homepage](#).
2. In the *Summon* search box type the phrase for which you want to search, for example *Top Employers in the United States*.
3. Click **Search**. A list of results appears.

Once you have found the information:

- Read the top 25 employers on the list.
- Note how many of these employers made the list because of their compensation and/or benefits policies, and also make note of the specific compensation-related policies that were mentioned.
- Log which policies were mentioned.

u10a1 - Top Employer Ratings for Compensation and Benefits

Based on your research about top employers, prepare a chart listing at least 10 of the employers, their ranking on the list, and the compensation or benefit that was cited as a reason for being a top employer.

Next, review your list of employers. Can you make any determination from that list? Is there a pattern that makes for a top employer in compensation and benefits?

Prepare an analysis of your findings in a report and conclude with a recommendation for your current or desired HR manager. Explain what standards you think are critical to becoming recognized as a top employer with excellent compensation and benefits policies. In other words, create the standard you think your company should follow.

Your report should be no more than 2 pages. In addition to reviewing the assignment instructions, please review the Scoring Guide for this assignment, located under Resources, to familiarize yourself with the required criteria for this assignment.

Course Resources

[APA Style and Format](#)

u10d1 - Compensation and the Ethical Standard

For many people, today's pay issues have become synonymous with ethics issues. In this course you have seen the link between business needs and individual needs. You have looked at the broad range of salaries and labor costs as a percentage of budgets.

Where is the ethical bottom line in compensation policy? Propose an ethical standard or statement to your peers as a model for any company. Try to build consensus on what language best reflects the ethical standard for paying employees today. Do not limit your discussion to the United States, especially considering the global nature of our economy.

Response Guidelines

Read at least five other posts and then propose a potential ethical standard that might capture the common themes and strongest aspects of each. Instead of posting a response to an individual, post your proposed standard as a new post in the discussion with the subject "Proposed Common Standard." Then, look at the various proposed common standards. Respond to the one you feel is the strongest option and explain why you feel it is the best. Make any final suggestions for improvements.

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)

u10d2 - Communicating Compensation and Benefits Policy

Pay and bonuses are the things that get talked about most, yet are also the things about which we are asked to keep quiet. If a total compensation policy is solid, why would you not want to be honest and tell your employees and customers exactly what you are doing?

Here are your final questions: How much should managers communicate about the total compensation program of a company? And, who should be included in that discussion? Clients? Shareholders? What do you think?

Response Guidelines

Respond to at least one of your peers. What additional interests or considerations would you add to that person's analysis of communications about compensation?

Course Resources

[Undergraduate Discussion Participation Scoring Guide](#)