

**Managing Rewards Systems**  
**HRM: 38:533:635:02**  
**Spring 2020**

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<b>Instructor:</b>	Professor Sanghee Park, Ph.D.
<b>Class day/time:</b>	Thursday 4:30 - 7:10pm Levin 006 (Sec 2)
<b>Office:</b>	Janice H. Levin Building, Room 212
<b>Email:</b>	<a href="mailto:spark@smlr.rutgers.edu">spark@smlr.rutgers.edu</a>
<b>Office Hours:</b>	By appointment
<b>Required Text:</b>	Milkovich, G.T., & Gerhart, B. (2013) <i>Cases in Compensation</i> , 11.1e edition.
<b>Optional Textbook:</b>	Gerhart, B., & Newman, J.M. (2020) <i>Compensation</i> (13th Edition). New York: McGraw-Hill Education
<b>Course Web:</b>	<a href="https://canvas.rutgers.edu/">https://canvas.rutgers.edu/</a> (the most current syllabus, course materials, and other announcements will be available through Canvas. Check the site regularly for class)

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**COURSE DESCRIPTION AND OBJECTIVES**

This course is designed to give students a practical understanding of the methods and implications of compensation, with a particular focus on the sort of compensation issues and situations that face firms in the real work world. The course will include hands-on experience designing compensation systems. Students will learn how to design a pay plan, including base pay and pay-for-performance plans. By the completion of the course, students will know how to design pay ranges and grades for organizations where most jobs can be benchmarked with market data. The course will also devote considerable time to the design of various incentive plans. The course is designed to be useful for those desiring employment as an entry-level compensation specialist, a human resources generalist, those starting and running their own business, or those who want a better understanding of how human resource practices are actually managed.

**School of Management and Labor Relations Learning Goals**

This course is designed to help students attain the following SMLR learning objectives:

- I) **Written & Oral Communication** – Communicate effectively at a level and in modes appropriate to an entry level professional.
  - o Communicate complex ideas effectively, in standard written English
  - o Analyze and synthesize information and ideas from multiple sources to generate new insights
  - o Produce high quality executive summaries
  - o Present ideas and arguments in a logical and effective way

- II) **Quantitative Skills** – Apply appropriate quantitative and qualitative methods for research workplace issues.
  - o Formulate, evaluate, and communicate conclusions and inferences from quantitative information
  - o Apply quantitative methods to analyze data for HR decision making including cost-benefit analyses, ROI, etc. (HRM)
  
- III) **Theoretical Perspectives** - Demonstrate an understanding of relevant theories and apply them given the background context of a particular work situation.
  - o Demonstrate an understanding of the practical perspectives, theories and concepts in their field of study
  - o Evaluate and apply theories from social science disciplines to workplace issues
  
- IV) **Understanding Context** - Evaluate the context of workplace issues, public policies, and management decisions
  - o Analyze a contemporary global issue in their field from a multi-disciplinary perspective
  - o Analyze issues related to business strategies, organizational structures, and work systems
  - o Analyze issues related to the selection, motivation, and development of talent in a global context (HRM)
  
- V) **Application** – Demonstrate an understanding of how to apply knowledge necessary for effective work performance
  - o Understand the legal, regulatory and ethical issues related to their field
  - o Develop human resource management functional capabilities used to select, motivate, and develop workers (HRM)
  - o Understand the internal and external alignment and measurement of human resource practices (HRM)
  
- VI) **Professional Development** – Demonstrate an ability to interact with and influence others in a professional manner, and to effectively present ideas and recommendations
  - o Work productively in teams, in social networks, and on an individual basis

**The specific goals of the course** are to provide students with the following:

- 1) A theoretical understanding of what determines what pay systems look like;
- 2) A theoretical understanding of the consequences of pay decisions;
- 3) A practical understanding of the types of pay systems in practice;
- 4) The ability to design a compensation system from beginning to end;
- 5) Convey the applicability of the course material to organizations.

## GRADING

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Mid-term exam	30%
Final exam	30%
Team project	
Phase I	10%
Phase II	20%
Peer evaluations (2)	5%
Class Participation	5%
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<b>TOTAL</b>	<b>100%</b>
<b>Extra Credit Opportunity:</b>	
Compensation in the news (1)	50 bonus points

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90-100	A
85-89.9	B+
80-84.9	B
75-79.9	C+
70-74.9	C
< 70	F

## Course Format:

Class sessions will be conducted in a lecture and discussion-based format. Multiple instructional methods will be used throughout the semester, including lectures, videos, discussions, group exercises, and cases. The class will require your participation. I will call upon students randomly in class, as a part of class participation grades. It is important that you have done all the readings and come to class prepared to discuss the issues.

## Course Website:

All students should register at the course website, the course's Canvas website, as soon as possible. The course website will serve several purposes including:

- The most current version of important course documents (e.g., the course syllabus) will always be available from the website.
- Important announcements about the lectures and assignments will be posted on the website regularly.

The main overheads used in lectures will be posted on the course website every week. You should note, however, that everything I say in lecture will not be on the slides and you are responsible for all of the content delivered in the lecture. In other words, these overheads are not a substitute for attending class.

## Optional Textbook: **Compensation** by Gerhart & Newman (2020, 13th Edition).

While it is not required, it is recommended you purchase an accompanying textbook, **Compensation** by Gerhart & Newman. The purpose of purchasing the textbook is to supplement the material covered in the lectures and to get a different perspective from the course notes.

The textbook is available for purchase at the campus bookstore, on Amazon.com or as an online e-text for a greatly reduced cost. I often have students ask if it is OK to use an earlier edition of Milkovich. I don't mind, but you will be held responsible for the material in the 13th edition. That said, there is not a lot of difference between the editions. However, a better approach is to get the international 13th edition (paperback) from the British amazon.com. This is much cheaper and is identical to the hard-cover 13th edition sold in this country.

## Exams (60%)

There will be two in-class exams. These exams are intended to track your progress, help you keep on top of the material and allow you to show a thorough understanding of the issues addressed in the course. The exams are not cumulative.

Each exam will consist of 30 multiple-choice questions and 2 short answer questions. The questions may refer to any content covered in the lectures, readings, and class discussions, including the quizzes, videos, exercises, cases, etc. If time permits, we will

go over the results of the exams in class. Any blatant mistakes on my part (i.e., a coding error, two correct answers, etc.) will be corrected to the benefit of all (no grades will be reduced). However, if a student has a disagreement about a specific question, I will consider a written appeal for that question. Anyone who wants such a change must submit an appeal within one week from when we go over the exam or the results and questions are made available. All appeals must be submitted individually; Sorry, no class-action appeals.

If you **miss an exam** without making prior arrangements or without documentation of a serious emergency situation, **you will receive a zero on the exam**. If you will miss an exam, you should let me know in advance in order to schedule a make-up exam.

### **Make-up Exams**

These will only be available to students with university approved absences or by prior permission of the professor. A makeup exam will be held at a time convenient to the instructor when all students needing to take the makeup can be present. An examination cancelled by the instructor will be held at the next regularly scheduled class period.

### **Team Projects: Cases in Compensation (30%)**

You will be required to perform two team projects during the semester. “*Cases in Compensation*” requires you to design and implement a compensation system for FastCat, a company that is a composite of several existing companies. In doing so, you will learn how to apply compensation theory and principles, how to justify and communicate your recommendations to executives, and how to evaluate your system.

The project will be done in two parts (Phase I and Phase II) in this course in groups. All members of the group will receive the same grade for the team project with rare exceptions made in cases of free riding (see note on teamwork below).

Group grades for each phase will be based on the following criteria and approximate weights:

#### Approximate weights (\*3)

60

#### Criteria

##### Technical Adequacy and Support of Objectives.

The extent to which you correctly apply the concepts learned in the class and design a pay strategy that supports objectives and strategy. More specifically, this means the extent to which the recommended pay strategy will (a) attract/retain needed talent (i.e., is labor market competitive/produces positive sorting effects and does not underpay). (b) control costs (i.e., is product

market competitive and does not overpay), and (c) motivate current employees to achieve the firm's strategy and objectives.

30 Rationale. The extent to which you provide well-developed arguments for the recommendations that you make in the report.

10 Style. Clarity of presentation, correct grammar and spelling, and professional appearance.

Peer evaluation. You will be required to confidentially assess your teammates in terms of contribution to the overall product.

Primary written guidance for this case is in *Cases in Compensation*, but the case questions and format requirements for each team project will be posted on the course website. I will supplement these instructions at times.

**Note on Teamwork.** It is important to cooperate with your team while completing this assignment. You can come to see me if you have an issue with your group members. Keep in mind, though, that you should try hard to resolve any difficulties, conflicts and negative events within the group **FIRST** before you come to see me. This will give you great opportunities for real-life experience in learning how to negotiate with group members by figuring out how to resolve every situation.

Free riding is unacceptable. You will be asked to individually submit **peer evaluation forms (5%) electronically** on the Canvas site **when each assignment is completed**. In the form, you will independently evaluate your fellow team member's work on the project. I will review these forms when determining your individual course grades on the team project. You should be aware; however, that all team members will generally receive the same grade, even though some might have worked harder than others. It is up to you as a team to try to manage your work so that everyone contributes effectively and to sort out any issues that may arise. Nevertheless, there might be exceptions where one team member receives a lower grade than the others because s/he did not pull his/her weight. I would rather know that such problems are occurring while they are happening. So, you should be sure to bring your concerns about your team to my attention well before your team project due dates.

Your reports **must be submitted electronically** on the Canvas site in **Word or PDF File** (Pages are not acceptable) on the date indicated in the course schedule (below).

**\*\* Important notes on assignment submissions:**

- a) Choose one submitter per team (throughout the semester).
- b) Submit your team projects to the *Assignment* on Canvas in **Word or PDF file only**.
- c) All assignments are due **3pm on the day** they are due.

Team projects not turned in on the due date without a valid excuse (Legitimate excuses include inclement weather (only when the Rutgers Information Service (848-932-INFO) indicates that Rutgers is closed), scheduled religious holidays, or when the instructor emails the class announcing class is suspended or other dire circumstances (such as a death in the family) will receive **no points**. Please plan your time accordingly.

**Participation (5%)**

You are expected to be present and engaged during each class meeting. To make the most out of each class and the course experience as a whole, it is essential that you complete all the readings assigned for the day. In each class, you are expected to participate in a class discussion for the topic the lecture covers. You are expected to listen attentively to others, and share your thoughts and insights. Most importantly, active participation will enhance your learning experience. You can expect to be called on during class to discuss issues and answer questions pertinent to the topics at hand. You will be evaluated on the extent to which you contribute to class discussions, and on your completion of the in-class assignments. During class discussions, the quality as well as the quantity of your participation is important. Fewer thoughtful, integrative comments are more valuable than taking often without saying very much. Valuable comments are those that address the issues under discussion directly, integrate concepts or different perspectives, demonstrate critical thinking, provide relevant examples, or pose insightful questions.

**Extra Credit Opportunity (50 bonus points)**

You can earn extra credit points in the course by reading and summarizing one (1) of news articles related to our current course of Compensation study.

- Find an article in the news related to our current course of study.
- Actively read the article.
- Highlight and take notes as you read.
- Write a summary of what you read.
- Include the article you chose when you submit your summary.
- One page **minimum** in your own words.
- No more than Two (2) page.

**Due date: April, 11, Thursday by 3pm. Only electronic submissions** are required on Canvas Site in Word file or PDF file (Pages is not acceptable).

## **Attendance and Absences**

I understand that occasional absences may be necessary, and I do not penalize students for missing a class or two throughout the semester. Thus, I ask that you do NOT email me to inform me of a planned or unplanned absence unless there is an issue that will affect your ongoing attendance in class. However, you are responsible for communicating with your team regarding any absences and ensuring that you fulfill all of the obligations outlined in your team project.

## **Class expectations**

Please help everyone to get the most out of the course by being courteous to others. Thus, I highly expect each of you to follow the classroom etiquette.

All students are expected to contribute to a classroom environment conducive to learning, including:

- Attending all class meetings;
- Completing reading assignments prior to each class;
- Actively participating during class;
- Fostering a climate of respect for all class members and the instructor;
- Using electronics (e.g. laptop computers) only for class purposes;
- Silencing cell phones and not taking calls during class;
- Avoiding class disruptions (e.g. side conversations; late arrivals; early departures).

## **Students with Disabilities**

Rutgers University welcomes students with disabilities into all of the University's educational programs. In order to receive consideration for reasonable accommodations, a student with a disability must contact the appropriate disability services office at the campus where you are officially enrolled, participate in an intake interview, and provide documentation: <https://ods.rutgers.edu/students/documentation-guidelines>. If the documentation supports your request for reasonable accommodations, your campus's disability services office will provide you with a Letter of Accommodations. Please share this letter with your instructors and discuss the accommodations with them as early in your courses as possible. To begin this process, please complete the Registration form on the ODS web site at: <https://ods.rutgers.edu/students/registration-form>.

## **Academic Integrity**

The University's policy on cheating, plagiarism, and use of copyrighted materials is enforced in this class. Students are expected to pursue knowledge with integrity. Examples with regard to this specific course include, but are not limited to: sharing your answers or copying another student's answers on examinations; copying material that is not your own without providing proper documentation; and plagiarizing or in any way

using case answers not your own original work. In the event that this contract is breached, the punishment can range from receiving a failing grade on the assignment, to being placed on disciplinary probation or permanent expulsion from Rutgers. Please refer to the Academic Integrity Policy for more detail regarding these policies: <http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers/>.

## **Media Policy**

The recording and transmission of classroom lectures and discussions by students is prohibited without written permission from the class instructor and all students in the class as well as guest speakers who have been informed that audio/video recording may occur. Recording of lectures or class presentations is solely authorized for the purposes of individual or group study with other students enrolled in the same class. Permission to allow the recording is not a transfer of any copyrights in the recording. The recording may not be reproduced or uploaded to publicly accessible web environments. You cannot share any part of any recording without express written permission by all parties potentially affected by the recording.

Recordings, course materials, and lecture notes may not be exchanged or distributed for commercial purposes, for compensation, or for any other purpose other than study by students enrolled in the class. Public distribution of such materials may constitute copyright infringement in violation of federal or state law, or University policy. Violation of this policy may subject a student to disciplinary action under the University's Standards of Conduct.

### **Exception:**

It is not a violation of this policy for a student determined by the Learning Needs and Evaluation Center ("LNEC") to be entitled to educational accommodations, to exercise any rights protected under Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, including needed recording or adaptations of classroom lectures or materials for personal research and study. Such recordings of lectures or class presentations are solely authorized for the purposes of individual or group study with other students enrolled in the same class. Permission to allow the recording is not a transfer of any copyrights in the recording. The restrictions on third party web and commercial distribution apply in such cases.

### **Destruction of Approved Recordings:**

Students must destroy recordings at the end of the semester in which they are enrolled in the class unless they receive the instructor's written permission to retain them or are entitled to retain them as an LNEC-authorized accommodation.

## TENTATIVE LECTURE AND READING ASSIGNMENTS

Date	Topic	Recommended readings
Week 1: Jan. 23	Introduction Total Compensation	<ul style="list-style-type: none"> <li>Chapter 1 (Gerhart &amp; Newman)</li> </ul>
Week 2: Jan. 30	Compensation Strategy <i>In-Class Group Work</i>	<ul style="list-style-type: none"> <li>Chapter 2 (Gerhart &amp; Newman)</li> <li><i>Cases in Compensation</i></li> </ul>
Week 3: Feb. 6	Compensation Regulations	<ul style="list-style-type: none"> <li>Chapter 17 (Gerhart &amp; Newman)</li> </ul>
Week 4: Feb. 13	Internal Alignment Job Analysis & Job Description	<ul style="list-style-type: none"> <li>Chapter 3 (Gerhart &amp; Newman)</li> <li>Chapter 4 (Gerhart &amp; Newman)</li> </ul>
Week 5: Feb. 20	Job Evaluation	<ul style="list-style-type: none"> <li>Chapter 5 (Gerhart &amp; Newman)</li> <li>Berg, E. (2013). An upgraded job evaluation process at Mayo Clinic. <i>Workspan</i>, 56, (9), 45-49.</li> </ul>
Week 6: Feb. 27	<i>In-Class Group Work</i>	<i>Cases in Compensation</i>
Week 7: Mar. 5	External Competitiveness Pay Surveys	<ul style="list-style-type: none"> <li>Chapter 7 (Gerhart &amp; Newman)</li> <li>Chou, K. (2013). How to age salary survey data. <i>Workspan</i>, 57 (9), 73.</li> <li>Chou, K. (2015). Unweighted and weighted survey data. <i>Workspan</i>, 58(12), 62-6</li> </ul> <p><b><u>Phase I Due</u></b></p>
<b>Week 8: Mar. 12</b>	<b>Mid-Term Exam</b>	
<b>Week 9: Mar. 19</b>	<b><i>Spring Break</i></b>	
Week 10: Mar. 26	Basics of Pay Structures	<ul style="list-style-type: none"> <li>Chapter 8 (Gerhart &amp; Newman)</li> </ul>
Week 11: Apr. 2	Employee Motivation and Pay	<ul style="list-style-type: none"> <li>Chapter 9 (Gerhart &amp; Newman)</li> </ul>
Week 12: Apr. 9	Individual-Based Contingent Pay	<ul style="list-style-type: none"> <li>Chapter 10 (Gerhart &amp; Newman)</li> </ul> <p><b>Compensation in the news Due (Optional)</b></p>
Week 13: Apr. 16	Group-Based Contingent Pay  <i>In-Class Group Work</i>	<ul style="list-style-type: none"> <li>Chapter 10 (Gerhart &amp; Newman)</li> <li>Blasi, J.R. "What Chobani's Employee Stock Ownership Plan means for the middle class?" <i>Huffpost Business</i>, 30 April 2016. Print.</li> </ul> <p><i>Cases in Compensation</i></p>
Week 14: Apr. 23	Performance Appraisals <i>Course Summary</i>	<ul style="list-style-type: none"> <li>Chapter 11 (Gerhart &amp; Newman)</li> <li>Wilkie, D. (2015). Is the annual performance review dead? <i>HR Magazine</i>, 60 (8), 11-12.</li> <li>Meinert, D. (2015). Reinventing reviews. <i>HR Magazine</i>, April: 37-40.</li> </ul>
<b>Week 15: Apr. 30</b>	<b>Final exam</b>	<b><u>Phase II Due</u></b>

**Notes:** This is a tentative course schedule and subject to change. We may discuss additional topics of interest to the class, or spend more time on the primary topics. I will keep you informed in class and through the course Canvas site.

This syllabus, as well as many of the support materials developed for this course (e.g., case questions, assignment handouts, etc.) will be available through Canvas. Again, check the site regularly for updates. **For exams, you must keep to the exam time assigned to your section.**