

# COMPENSATION & BENEFITS ADMINISTRATION – MGT 386

## *Section 1*

Department of Management  
College of Business Administration  
University of Wisconsin, La Crosse  
Fall 2008

Professor:	Davide Secchi	Classes:	TH 12:40-2:05
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### *Welcome students!*

This course provides a comprehensive treatment of issues involved in compensation and benefits administration. Issues involved are wage theory, job evaluation, job pricing, types of incentives. Mandated and voluntary benefits, ERISA, legal issues in compensation, cost, impact and future of compensation and benefits administration are also considered.

### **COURSE OBJECTIVES**

Many books and articles on compensation and benefits focus on how important money is. This is a very interesting starting point indeed since everybody has the right to a decorous life. However, this concept is sometimes challenged; moreover it is not clear what is the line below which life is so miserable. And it is not clear whether this line is linked to money or not.

Starting from this simple argument, the course wants to challenge the idea you have on money, i.e. compensation in the MGT 386 jargon: Is money the alpha and omega of business? Is it the core for organizations?

#### *Main objectives*

The main objective of the course is clear enough so that it could be written shortly: to know what makes a compensation and benefit plan a fair and good one so that you will be able to define, analyze and design a fair pay system.

Together with this main objective you will learn how complex variables affecting the pay system effectiveness are. This includes but it is not limited to (i) a fair and diverse working climate, (ii) local culture and socio-economic variables, (iii) the way business is conducted, i.e. its management, (iv) business ethics and social responsibility, (v)

individual perceptions of fairness and job evaluations, (vi) broad environmental and industry-level competition, (vii) internal competition, etc.

Major and minor assignments, class activities and the two exams are directed towards the achievement of these goals. I strongly invite you to challenge these objectives and the ways I use to achieve them whenever you want. The whole class benefits from the debate that will follow that challenge when made public.

## **ASSIGNMENTS**

### *Assignment #1 – A case in the pay system of...*

Choose a company that is large enough to have different structures in terms of compensation and benefits administration. Then analyze it carefully and define the (actual) compensation plan that works there.

Write a report (at least 1,000 words; Times 12, double space) where you may want to include the following:

- (1) Write a general introduction to the pay system in the company (tables and figures are welcomed);
- (2) Describe the general objectives of the company and explain if and how they are mirrored in the pay system, i.e. how 'strategic' it is;
- (3) Find out what individuals in the company think about the pay system through numbers (turnover ratios, career progress ratios, general diversity and gender differences, etc.) and/or qualitative research (a few interviews, for example);
- (4) Write which the critical points in the system are and what the company should do to improve or to do better;
- (5) Don't forget to write what you think!

This assignment seems to be very simple so try not to overlook any important point.

Group work (up to 4 people) is preferred.

**Due: October 30**

### *Assignment #2 – The role of research in compensation*

Academic and scientific research is very important in many fields of knowledge. Can you imagine a surgeon taking his/her doctorate from college and never going back to see if there are improvements in the field? Would you like to be one of his/her patients? If you cannot think of this surgeon, now 55 years old, using techniques learned more than 30 years ago in a college classroom, you are on the right way towards the understanding of how research affects everyday life.

Personal and professional development is what makes the difference between an average (most likely below average) manager and an excellent one. While for the surgeon human life is at stake, for Human Resources Management, specifically compensation and benefits administrators, this is not the case. Nevertheless another important variable is considered here: human wellbeing. Compensations are connected to many other factors, including health. How important is this to you? What is the right mix in a pay system? How about benefits? And what kind of environment supports these choices?

Research on these issues is published almost every day. Being up to date is a must! Find your own way towards professional development and learn how to browse academic journals. Here is what this assignment is about:

- (1) Find research (one or two scientific papers on a single topic) that evidences new trends in compensation and benefits administration;
- (2) Present a summary of the article(s) to the class including critics and your point of view (slideshows are all right for this);
- (3) Write a report (more than 1,000 words, less than 3,000) on the topic and submit it by the due date below.

Here is a list of journals where you can browse; please notice that EBSCO (Murphy Library) works well for this purpose but be sure to have the right database selected, e.g. Academic Search Elite, Academic Search Premier, etc. (tutorial in class and on D2L):

- *Academy of Management Review*
- *Academy of Management Journal*
- *Academy of Management Perspectives*
- *Human Resource Management Journal*
- *Human Resource Management Review*
- *Asia-Pacific Journal of Human Resources*
- *Harvard Business Review*
- *Journal of Labor Research*
- *Personnel Psychology*
- *Journal of Management*
- ...

Group work (up to 4 people) is preferred.

**Report due December 9; presentations to be scheduled (contact me asap!)**

### **TENTATIVE COURSE SCHEDULE \***

Week 1	September 2, 4	Course presentation Introduction to compensation	Chapter 1
Week 2	September 9, 11	How strategic compensation is The internal alignment	Chapter 2 Chapter 3
Week 3	September 16, 18	Job analysis and evaluation	Chapter 4, 5
Week 4	September 23, 25	Individuals count most: Person-based structures	Chapter 6

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\* The above schedule and procedures in this course are subject to change in the event of extenuating circumstances.

Week 5	September 30, October 2	External competitiveness: introduction	Chapter 7
Week 6	October 7, 9	External competitiveness: Creationism	Chapter 8
Week 7	October 14	Employee contributions	Chapter 9
	October 16	Mid-semester exam on internal alignment and external competitiveness (chapters 1-8)	
Week 8	October 21, 22	Pay-for-performance	Chapter 10,11
Week 9	October 28, 30	The world of benefits	Chapter 12
Week 10	November 4, 6	Benefit options	Chapter 13
Week 11	November 11, 13	Stakeholders approach	Chapter 14,15
Week 12	November 18, 20	The International Outlook	Chapter 16
Week 13	November 25	Legal issues: overview	Chapter 17
Week 14	December 2, 4	General management issues	Chapter 18
Week 15	December 9	Course overview	
Final test	Saturday, December 13 4:45-6:45 PM	Final exam on employee contributions, benefits, extending the system and management issues (Chapters 9-18)	

## REFERENCES

**Required book:** Milkovich, G.T. & J.M. Newman 2008. *Compensation*. New York: McGraw-Hill.

Other readings to be assigned.

## CLASS PARTICIPATION

I think that taking part to class lectures is fundamental. Therefore, my suggestion is to attend this class every time it is scheduled. Your evaluation is based on:

- (a) your active (or proactive) participation in class activities,
- (b) homework quality, and
- (c) the extent to which you will develop your critical thinking and creativity.

The following minor assignment contributes to your evaluation and it is part of the ‘class participation’ grade.

### **Minor assignment – *Compensation in the news***

Every Tuesday one group “volunteers” to screen local, national and international newspapers of the week, looking for articles that relates to compensation, benefits and their administration. The following Tuesday that group of students will present the articles they have found in the news.

Here is a complimentary list of newspapers and magazines that you want to screen:

- *New York Times*
- *Business Week*
- *La Crosse Tribune*
- *The Guardian*
- *The Economist*
- ...

If you want to use the “last day is the best day” approach, my advice is to use newspaper databases available at Murphy Library such as ProQuest, LexisNexis or EBSCO. The list does not limit your rights to browse into other sources. Videos are also welcomed. Group work (up to 2 people) is suggested.

**Due: to be scheduled week by week; it will start Tuesday, Sept 9**

### *A note on plagiarism*

**plagiarism n**, 1. copying what somebody else has written or taking somebody’s else’s idea and trying to pass it off as original; 2. something copied from somebody else’s work, or somebody else’s idea that somebody presents as his or her own.

If I don’t provide you with the information related to this definition (Encarta World English Dictionary, 1999) I behave like a plagiarist.

A widely accepted academic (and legislative, in some nations) rule states that you must provide written evidence of material used in your work when it belongs to (has been created by) another person. In any case, you want to make sources of information explicit in your work.

The reproduction of a single part or of the whole work without any reference to the original author is commonly known as “plagiarism.” Personally, I don’t want you to be scared about UW-L policies on plagiarism. However, you will be scared about *my* policy on this issue: plagiarism leads automatically to an “F” in relation to the assignment and thus biases the whole final grade (i.e. you fail the class). I think that plagiarism is something to be avoided since it displays no consideration for the others’ work, and a clear attempt to cheat. This is not admitted in any case. It reveals the lacking of fundamental moral attitudes, fundamental for you as a person, and for you as a worker.

**GRADING (WEIGHTS)**

Class participation		15%
Assignments		35%
	<i>Of which: #1</i>	15%
	<i>#2</i>	20%
Tests		50%
	<i>Of which: First</i>	25%
	<i>Second</i>	25%
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Final grade		100%

**GRADE SCALE**

<b>A</b>	93-100%
<b>A/B</b>	89-92%
<b>B</b>	83-88%
<b>B/C</b>	79-82%
<b>C</b>	70-78%
<b>D</b>	60-69%
<b>F</b>	< 59%

**Notes**

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