

Strategic Compensation

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Course Instructor: Dr. Parbudyal Singh

Required Text: Long, Richard J., Singh, Parbudyal (2017) *Strategic Compensation in Canada*, 6th Edition, Nelson.

Brief Description: This course provides the student with an understanding of the objectives of a compensation program; the process and techniques of wage and salary determination; issues and problems in incentive systems; benefits and services, and the management of these programs.

Course Duration 12 – 14 weeks:

It is expected that students will progress through approximately one unit per week and spend about 3 hours per unit accessing the multimedia with interactive questions, working with self-help quizzes and participating in the discussion boards. Additional time will be required for the readings, midterm paper and final examination.

Learning Objectives:

At the end of this course, students should be able to:

- Understand the strategic planning process and its link to an organization's compensation systems
- Understand the important of horizontal and vertical "fit" among the compensation systems and practices and other management systems within an organization
- Analyze an organization to determine the most appropriate managerial and compensation strategy for that organization to adopt
- Describe the objectives of a compensation system
- Explain key aspects of compensation strategy
- Explain the key theories that may be used to explain the effects of the compensation system on human behavior in organizations
- Explain the key components of an organization reward system
- Develop appropriate base pay, incentives/performance-based pay and benefits for organizations
- Discuss the empirical research on various aspects of compensation, including the effects of variable pay systems
- Critically evaluate the role and effects of compensation systems
- Identify and explain the key criteria for evaluating the success of a compensation system
- Understand how to implement and manage a strategic compensation system

Multimedia Course Contents and Readings:

Unit 1: Introduction to strategic compensation

Module One: An explanation of compensation concepts

Module Two: The goals and objectives of compensation systems

Module Three: The context of compensation management

Chapter 1 of text

Unit 2: A strategic framework for compensation

Module One: The concept of fit; contingency theory; organizations as systems; a strategic model

Module Two: Managerial strategies and reward systems

Module Three: Trends in managerial and compensation strategies and systems

Chapter 2

Unit 3: A behavioural framework for compensation

Module One: Addressing reward problems appropriately

Module Two: Attitudes and behaviours associated with reward outcomes

Module Three: Theoretical explanations of compensation-behaviour relationship

Module Four: Implications/lessons for management

Chapter 3

Unit 4: Components of compensation strategy - Overview

Module One: Compensation components: base pay, performance pay and indirect pay

Module Two: Base pay methods – job evaluations, market pricing, skill-based pay, competency-based pay; advantages and disadvantages of each method

Module Three: Applicability of each method in various contexts

Chapter 4

Unit 5: Overview of performance pay choices – concepts and context

Module One: Individual performance pay: piece rates, sales commissions, merit pay and special-purpose incentives

Module Two: Group performance pay: gain-sharing and goal-sharing plans

Module Three: Organization performance plans: profit sharing and employee stock options

Module Four: Applicability of performance pay within specific contexts

Chapter 5

Unit 6: Formulating the reward and compensation strategy

Module One: Constraints on compensation strategy: legislation, labour market, product/service market and financial

Module Two: A step-by-step process in compensation strategy formulation

Module Three: Compensation strategy for special employee groups: contingent workers, executives, expatriates and foreign employees

Chapter 6

Unit 7: A Detailed Examination of Job Evaluations

Module One: The role of job analysis

Module Two: Job evaluation methods: ranking, factor comparisons, point method (brief)

Module Three: Conducting and managing the job evaluation process

Module Four: Conforming to pay equity requirements

Chapter 7

Unit 8: A detailed discussion of the point method job evaluation – focus on design

Module One: A step-by-step explanation of the point method: identifying compensable factors, scaling the factors, weighting the factors, etc.

Module Two: possible pitfalls of the point method

Module Three: Determining base pay structure: pay grades and ranges; movement through the range

Chapter 8

Unit 9: Market evaluation

Module One: Understanding labour markets; defining the organization's labour market

Module Two: Sources of compensation data

Module Three: Conducting compensation surveys

Module Four: Analyzing and interpreting survey data

Chapter 9

Unit 10: Evaluating individuals

Module One: Overview of performance appraisals

Module Two: Performance management

Module Three: Linking pay to performance appraisals

Module Four: Issues in determining an effective merit pay system

Chapter 10

Unit 11: Designing performance pay plans

Module One: Gain-sharing plans and goal-sharing plans

Module Two: Profit-sharing plans

Module Three: Employee stock options

Module Four: Nonmonetary reward systems

Chapter 11

Unit 12: Designing indirect pay plans

Module One: Types of employee benefits and services

Module Two: Fixed versus flexible-benefit systems

Module Three: Designing the benefit system

Chapter 12

Unit 13: Activating and maintaining an effective compensation system

Module One: Preparing for implementation and developing the implementation plan

Module Two: Implementing the compensation system

Module Three: Communicating and evaluating the compensation system

Module Four: Monitoring and adapting the system

Chapter 13

Learning Aids: Interactive questions within the multimedia lecture streams. Self help quiz attached to each unit of the course.

Participation: Discussion board moderated and graded by the instructor. Students are required to post at least 3 substantial submissions (400 words or more) during the course on assigned questions (topical and case study based) that demonstrate knowledge and skills congruent with the Learning Objectives. There will be instructor feedback on all submissions.

There will also be a General Discussion Board moderated by the instructor in which questions can be asked on any course topic.

Midterm Paper: A midterm paper of approximately 1500 words to be submitted online approximately 6 weeks after the start of the course. The instructor shall grade and comment on each paper, which shall be returned to the student.

Final Examination: Proctored, opened book, online examination consisting of essay question(s). Any part of the entire course content may be examined. Government issued photo identification will be required to verify the student's identity.

Grade Weightings of Course Components:

Participation in Discussion Board: Weighting 10%

Midterm Paper: Weighting 35%

Final Examination: Weighting 55%: (It is required to pass the final examination with a grade of at least 65% in order to pass the course, regardless of grades earned in other components.)

Passing Grade for the Course: 65%