HRM:533:313:01

Professor Charles H. Fay Livingston Residence Building (LRB)

Room 111A

Voice: 848-445-5831 Fax: 848-445-2830

Email: cfay@smlr.rutgers.edu

Office Hours, 104B, Janice Levin Building Tuesday, 1:30 PM – 3:30 PM Friday, 9:00 AM – 10:00 AM Other times by appointment

Teaching Aides: - To be announced later

Compensation and Rewards

Fall 2013 Tues – Fri

10:20 - 11:40 PM

e-mail: cfay@smlr.rutgers.edu

Texts: There is no text for this class. Articles have been posted under Resources on Sakai and you are responsible for these, both in terms of questions during class and the examinations.

Course Description: Compensation is the most visible outcome of the employment relationship for most employees. With few exceptions Americans want to maximize their wages in exchange for the labor they provide to employers. While a few idealists may be oblivious to the compensation they receive, even most nonprofit and charitable organizations face demands from their employees for more compensation every year.

Many people assume that each job has some easily observed objective value, but nothing could be further from reality. There are many different forces that result in the wage of any given job, and this course will look at the way in which organizations decide what to pay each employee.

We will also examine many public policy issues such as executive pay and health care. There are reasons for most of the practices and pay levels condemned by Congress and other policymakers, and this course should provide the background so you may decide for yourself whether these criticisms are reasonable and whether the proposed "fixes" are likely to change the situation.

The course relies on a base of psychology, management, and economics.

Learning Goals: Upon completion of this course students should understand:

- 1. The role of compensation and benefits in the employment relationship.
- 2. The effect of law and regulation on compensation and benefit practices.
- 3. Economic and other theories underlying the evaluation of work and jobs.
- 4. The underlying premises of wage differentials.
- 5. The ways organizations set wages.
- 6. Psychological and other theories explaining motivation.
- 7. How performance is defined and managed in the organization.
- 8. The development of incentive programs.
- 9. The development of pay programs for special groups of employees.
- 10. The role of employee benefits in the rewards program.

Readings: A set of articles from professional journals has been posted on Sakai. These articles do a deeper dive into selected topics than is possible in the lecture. When reading these articles you should keep in mind the major thrust of the article rather than all the details. Questions may be asked in class concerning these major points. Questions from the articles will definitely be on the midterms. Statistics, dates, and research methods will not be included in the questions. The best way to read these articles is to keep in mind the perspective: what are the implications for practice?

In the first article (Alignment of Business Strategies, Organization Structures and Reward Programs) for example, you might focus on the following:

- 1. What are the major strategy types outlined by Miles and Snow?
- 2. If you are a team-based organization what pay approaches seem most effective?
- 3. If you are a centralized organization what pay approaches seem most effective?
- 4. What are the action recommendations of the authors?

A **Reading Guide** is posted on Sakai which has a set of questions you should be able to answer for each reading. If you can answer these questions correctly you should be able to have no difficulty with the readings questions on the examinations.

Attendance: Attendance at every class is required. Attendance will be monitored through Poll Everywhere. Absences for illness, religious holidays and other events recognized by SAS will be excused. Some form of written excuse is best. While I appreciate the notification, the "Rutgers Self-Reporting Absence" email that can be sent does not constitute an acceptable excuse. If you know you are going to miss a class because of a religious holiday I would appreciate an email prior to the holiday.

Polling: Throughout the semester, I will take attendance and give quizzes via the Poll Everywhere website. You can respond to the poll questions in two different ways, (1) via text message sent from a mobile phone, and (2) via web browser on your mobile phone, tablet, or laptop. The only time you are permitted to use these electronic devices is during the in-class polling sessions.

Your responses to the quizzes will be graded, and your responses to the attendance poll questions do influence your overall participation grade. In order for your responses to be recorded and for you to receive credit, you will need to register with the Poll Everywhere website at least 24 hours prior to our third class. Therefore, you must register at www.polleverywhere.com/register?p=2cwgm-eys9&pg=4OJUh by Tuesday, September 10th, 2013. Please click on the link, follow the instructions and you should be registered in less than 5 minutes.

Students adding the class after Monday, September 9th have 24 hours after their add date to register on PollEverywhere. Anyone not registered by the appropriate deadline will not receive credit for any quiz questions missed.

Please remember that to participate in the quizzes and receive credit you will need to bring your mobile phone, tablet or laptop with you to class. If you do not have access to any of these electronic devices, please email me at cfay@smlr.rutgers.edu for an alternative option.

Examinations: There will be three non-cumulative examinations as noted on the course schedule. Each exam will cover approximately one-third of the course material. Each

examination will be worth 15%% of the course grade. Sample exam questions will be posted on Sakai before the first examination.

Make-up policy: An examination grade of "0" will be assigned to any student who is absent without a legitimate excuse on the date of a regularly scheduled test. Legitimate excuses include illness (verified by a note from a doctor), 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.

Students with learning disabilities should present a statement to that effect with appropriate documentation as early in the semester as possible, but certainly prior to the first midterm examination.

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.

Exercises. Six exercises are to be done out of class and turned in via the DropBox on Sakai on the date indicated on the syllabus. The exercises are posted on Sakai. Each exercise is worth 5 points. Exercises not turned in on the due date without a valid excuse (Legitimate excuses include illness (verified by a note from a doctor), 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. Exercises are due in the drop box by the beginning of the class the day they are due. Late exercises will receive a reduced grade.

Participation: Everyone starts the class with 5 points of score for participation. Points can be lost for not being present when called on in class, missing quizzes and for egregious classroom conduct (as described below).

Grading: Grades will consist of the following components:

Examination 1	15%
Examination 2	15%
Examination 3	15%
Quizzes	20%
Exercise 1	5%
Exercise 2	5%
Exercise 3	5%
Exercise 4	5%
Exercise 5	5%
Exercise 6	5%
Participation	5%

Each examination will earn a grade of 0 to 50. Grades on the three examinations will be adjusted to account for 45% of the course score when calculating the final score for the course.

Academic Integrity: The rights of students will be protected to insure that test scores are related to competence in the subject matter. Therefore, all examinations will be carefully proctored. If cheating is detected, it will be prosecuted to the limit allowed by University policies. An academic integrity contract is attached to this syllabus. Students must submit a signed copy of the contract before the second class they attend.

Lecture Notes: The PowerPoint slides for the lectures will be posted on the course's Sakai website.

Classroom Conduct: Otherwise polite students are apt to behave in an uncivil manner when taking courses that are offered in large classes. The reasons for their transformation include that the probability is low that their behavior will be noticed by the instructor and that the opportunity exists to physically remove oneself from the proceedings by sitting a substantial distance from the presenter. Years of increasingly unpleasant classroom experience have suggested the practicality of preparing and enforcing a set of rules that will help to avoid student incivility. The following are NOT permitted in class:

- (a) cell phones, pagers, and text messaging devices. These should be turned off and put away OUT OF SIGHT (except when responding to PollEverywhere questions.
- (b) laptop computers (except when used for taking notes or responding to PollEverywhere questions)
- (c) napping
- (d) chit-chatting with your seat neighbors
- (e) reading the newspaper (includes working puzzles contained therein)
- (f) studying or doing homework for other courses
- (g) arriving at class late on a consistent basis
- (h) leaving class early on a consistent basis
- (i) wandering in and out of class

When you are doing any of these things it is hard to argue you are participating in the class, and points will be deducted from your Participation score.

Class Schedule Fall 2013

Date	Topic	Reading Assignment
Tuesday Sept 3	Introduction; Rewards Strategy	Scott, McMullen, Bowbin & Shields (2009) Alignment of Business Strategies, Organization Structures and Reward Programs Thomsen (2012) From the Trenches: Predicting the Future Reality of Compensation and Benefits
Friday Sept 6	Organizational Analysis	Richards (2006) High-Involvement Firms McMullen, Royal & Stark (2009) Rewards-Program Effectiveness
Tuesday Sept 10	Legal Constraints on Rewards - 1	Giancola (2010) Antitrust Laws and the Exchange of Employee Compensation Information Kilgour (2009) The Living-Wage Controversy
Friday Sept 13	Legal Constraints on Rewards - 2	Exercise 1 due
Tuesday Sept 17	Internal Equity – 1	
Friday Sept 20	Internal Equity – 2	Lazear, Shaw (2007) Personnel Economics
Tuesday Sept 24	Job Analysis/ Job Evaluation -1	Exercise 2 due
Friday Sept 27	Job Evaluation – 2	Heneman (2003) Job and Work Evaluation
Tuesday Oct 1	Wage Differentials, Wage Surveys	Rynes, Milkovich (1986) Wage Surveys
Friday Oct 4	Salary Structures/ Review	Stoskopf, Sever, Nguyen, & Mueller (2013) The Evolution of Salary Structures over the Past 10 Years: Are Market-Based Salary Structures the New Normal? Exercise 3 due
Tuesday Oct 8	MIDTERM EXAMINATION I	
Friday Oct 11	Motivation – 1	Ledford, Gerhart, & Fang (2013) Negative Effects of Extrinsic Rewards on Intrinsic Motivation: More Smoke than Fire
Tuesday Oct 15	Motivation – 2	
Friday Oct 18	Performance Management - 1	Lawler, Benson & McDermott (2012) Performance Management and Reward Systems Ellig (2008) What Pay for Performance Should Measure
Tuesday Oct 22	Performance Management - 2	Exercise 4 due

Friday	Merit Pay	Levine, O'Neill (2011) Abandoning
Oct 25		Pay-for-Performance Myths in Favor of Evidence
Tuesday	Changes to Base Pay	Risher (2007) Second-Generation
Oct 29		Banded Salary Systems Ledford (2008) Factors Affecting the
		Long-Term Success of Skill-Based Pay
Friday	Short Term Incentives	Gibbs (2012) Designing Incentive
Nov 1		Plans: New Insights from Academic
		Research
Tuesday	MIDTERM EXAMINATION II	
Nov 5		
Friday	Long Term Incentives	Nemerov (2010) Long-Term Incentives
Nov 8	Attraction and Retention Awards	WorldatWork (2011) Bonus Programs
Tuesday Nov 12	Recognition Awards	and Practices
Friday	Executive Compensation	Exercise 5 due
Nov 15	Executive Compensation	Bebchuk,Fried (2005) Pay without
1101 10		Performance
		Nielsen, Knize (2011) Scrutinized
T	0-1 0	Perks
Tuesday Nov 19	Sales Compensation	Madhani (2012) Managing Sales Force Compensation: A Life Cycle
NOV 19		Perspective
Friday	Compensation of Government	DiSalvo (2010) The Trouble with
Nov 22	Employees/ Union Members	Public Sector Unions
Wednesday	Expatriate Compensation	Hsu (2007) Expatriate Compensation
Nov 27	Global Compensation	Vilet (2012 It's New Era for Expatriates
Tuesday	Benefits – 1	Exercise 6 due
Dec 3		Rauh, Stefanescu (2009) Why Are Firms in the United States Abandoning
		Defined Benefit Plans?
Friday	Benefits – 2	McSweeney-Feld, Nirtaut (2010)
Dec 6		Consumer-Driven Health Plans
		Giancola (2011) Can the Work-Life Movement Regain its Balance?
Tuesday	Administration	Greene (2010) Evaluating the Ongoing
Dec 10		Effectiveness of Rewards Strategies
		and Programs
		Zingheim, Schuster (2006) Career
		Directions for Total Rewards Professionals
	1	
Monday	MIDTERM EXAMINATION III	
Dec 16	(Final Examination)	
	Room 111A LRB	
1	12:00 PM – 3:00 PM	

Academic Integrity Contract

(To be signed and turned in at the first class)

All members of the Rutgers University community are expected to behave in an ethical and moral fashion, respecting the human dignity of all members of the community and resisting behavior that may cause danger or harm to others through violence, theft, or bigotry. All members of the Rutgers University community are expected to adhere to the civil and criminal laws of the local community, state, and nation, and to regulations promulgated by the University. All members of the Rutgers University community are expected to observe established standards of scholarship and academic freedom by respecting the intellectual property of others and by honoring the right of all students to pursue their education in an environment free from harassment and intimidation. Please see http://policies.rutgers.edu/PDF/Section10/10.2.11-current.pdf for details regarding the Student Code of Conduct. Please see http://academicintegrity.rutgers.edu/files/documents/Al_Policy_9_01_2011.pdf for details regarding the Academic Integrity Policy.

Similarly, all students and faculty members of the academic community at the School of Management and Labor Relations should uphold high standards for personal conduct, ethical behavior, and professional integrity. In the area of academic integrity, students are expected to refrain from cheating, fabricating information, plagiarizing, inappropriately denying others access to material, and facilitating others in academic dishonesty. Please see http://policies.rutgers.edu/PDF/Section10/10.2.11-current.pdf (pp. 24-28) for detailed descriptions of each type of action.

Any of the following acts, when committed by a student, is an act of academic dishonesty and decreases the genuine achievements of other students and scholars. Academic dishonesty includes, but is not limited to, any of the following:

Plagiarism/False Representation of Work

- Quoting directly or paraphrasing portions of someone else's work without acknowledging the source.
- Submitting the same work, or major portions thereof, including presentations, to satisfy the requirements of more than one course without permission from the instructor.
- Using data or interpretative material for a report or presentation without acknowledging the sources or the collaborators.
- Failing to acknowledge assistance from others, such as help with research, statistical analysis, or field data collection, in a paper, examination, or project report.
- Submitting purchased materials such as a term paper as your own work.
- Copying or presenting material verbatim from any source without using quotation marks.
- Copying from any source and altering a few words to avoid exact quotation, without the appropriate documentation or by using improper documentation of the source.
- Rewording the major concept found in a source but then omitting documentation or improperly citing the source.
- Submitting as one's own any work created by someone else (e.g., paper, project, speech, video, exercise, etc.) without crediting them. Large duplication of someone else's work should be avoided unless you obtain express permission from both the instructor and originator of the work.
- Fabricating or misrepresenting data or information

Forging signatures

Cheating

- Copying work on examinations.
- Acting to facilitate copying during an exam.
- Sharing answers through technology or in written or verbal form when such interactions are prohibited
- Using prohibited materials, such as books, notes, phones, or calculators during an examination.
- Working with another student on an assignment when such collaboration is prohibited.
- Stealing or having in one's possession without permission any materials, or property belonging to or having been generated by faculty, staff, or another student for the course.
- Willfully offering to do another student's work so they may represent it as their own
- Assisting another student in cheating or plagiarizing
- Doing another student's work, excluding collaborative learning assignments or joint assignments approved by the instructor.

	ing in any of the above behaviors can result in an F on the course, denial of access to internships, suspensior permanent expulsion from the School of Management University.	for one or more semesters, or		
l,	unde Integrity and the Student Code of Conduct at Rutgers Management and Labor Relations. Furthermore, I und unethical behavior.			
	e all share a responsibility in creating an ethical environment. I resolve to uphold and support high standards for ethics and integrity at Rutgers University. If I see, hear, or observe violations of ethics and integrity I will report them to my instructor, Department Chair, or Dean.			
Studen	nt Signature:	Date:		
Studen	nt Name (Please Print):			
Rutgers University ID:				