

Syllabus

HRIR 6501: Compensation and Benefits

Instructor

Professor Alan Benson
Carlson School of Management, 3-300RR
bensona@umn.edu (<mailto:bensona@umn.edu>)

Teaching Assistant

Dongil Jang
jang0094@umn.edu (<mailto:jang0094@umn.edu>)

Class location and hours

Meeting by Zoom. Tuesdays, 8am - 11am CST.

The first half of the class is *fully synchronous*. Please plan to attend the whole duration.

The second half of the class, following Q1, is about *two-thirds synchronous*. Please set aside an hour to review the lecture videos, and plan to meet 2 hours during our usual class time.

Office hours

Immediately after class. Just stay on Zoom!

Class schedule on Google calendar

You may add our course schedule to your [Google Calendar](#) (<https://calendar.google.com/calendar/r>) through your UMN account. To do that:

1. Log into Google Calendar using the UMN email.
2. On the left panel, to the right of "Other Calendars," click the plus icon "+", and click "Subscribe to calendar."
3. Paste this:
umn.edu_m7pupvakvuguk28ksddocvhi5g@group.calendar.google.com
(mailto:umn.edu_m7pupvakvuguk28ksddocvhi5g@group.calendar.google.com)

Other calendar access options:

1. In step (2) above, you can also "From URL," using this URL:

https://calendar.google.com/calendar/ical/umn.edu_m7pupvakvuguk28ksddocvhi5g%40gfefb7e1a50c6c8beff8cfa5b01e00280/basic.ics

[_https://calendar.google.com/calendar/ical/umn.edu_m7pupvakvuguk28ksddocvhi5g%40group.calendar.google.com&ctz=America%2FCh_fefb7e1a50c6c8beff8cfa5b01e00280/basic.ics](https://calendar.google.com/calendar/ical/umn.edu_m7pupvakvuguk28ksddocvhi5g%40group.calendar.google.com&ctz=America%2FCh_fefb7e1a50c6c8beff8cfa5b01e00280/basic.ics). This "ICS" format can be integrated in many

calendar applications.

2. You can just see the calendar without subscribing to it here:

[https://calendar.google.com/calendar/embed?](https://calendar.google.com/calendar/embed?src=umn.edu_m7pupvakvuguk28ksddocvhi5g%40group.calendar.google.com&ctz=America%2FCh_fefb7e1a50c6c8beff8cfa5b01e00280/basic.ics)

[src=umn.edu_m7pupvakvuguk28ksddocvhi5g%40group.calendar.google.com&ctz=America%2FCh_fefb7e1a50c6c8beff8cfa5b01e00280/basic.ics](https://calendar.google.com/calendar/embed?src=umn.edu_m7pupvakvuguk28ksddocvhi5g%40group.calendar.google.com&ctz=America%2FCh_fefb7e1a50c6c8beff8cfa5b01e00280/basic.ics)

[_https://calendar.google.com/calendar/embed?](https://calendar.google.com/calendar/embed?src=umn.edu_m7pupvakvuguk28ksddocvhi5g%40group.calendar.google.com&ctz=America%2FCh_fefb7e1a50c6c8beff8cfa5b01e00280/basic.ics)

Materials

Required: The course reader. To access it: (1) click on Library Course Page on the left toolbar, (2) click "Harvard Business Publishing Coursepack," and (3) view online. You'll need to purchase the cases first (\$42.50 for the ten cases). Here's the [direct link](https://hbsp.harvard.edu/import/791115)

[_https://hbsp.harvard.edu/import/791115](https://hbsp.harvard.edu/import/791115) to import the course.

Suggested: Milkovich, Newman, and Gerhart (MNG). Compensation (11th ed.). For the price conscious, you are welcome to purchase prior editions, rent it, or borrow it from the HRIR library.

Course objectives

An organization is born from the workforce it attracts, retains, and motivates: from the people responsible for defining and delivering on the organization's objectives. That's what this class is all about.

By the end of the course, you should be able to evaluate and design compensation plans that:

- support and build upon an organization's strategy
- are externally competitive
- are consistent with internal pay structures
- are complete, including base pay, incentives, equity awards, and benefits
- complement other management practices
- comply with federal and state laws

For each, you should be able to draw upon your knowledge of how other companies designed their own practices, and the challenges they've faced.

Compensation and benefits professionals is *not* payroll administration: a function that has largely been delegated to lower-level positions, outsourced, and automated. Rather, comp professionals

design the systems that motivate and reward organizations' most valuable (and most expensive) assets: its people. If you enter this field, you'll be using your full gamut of business, people, and technical skills. You'll also have many specialties open to you even within comp. Whether you're interested in pursuing comp or another area of HR, this course will provide you a solid foundation.

Teaching methods and professional standards

In the typical week, we will cover one topic; the first half is devoted to material, and the second half is devoted to a case study that complements the lecture. For the benefit of the class, please keep the following professional standards in mind:

- *Preparation.* Group discussions are the cornerstone of the class. I believe that analyzing interesting cases through interactive classes are the best way to get familiar with the broader skills required to master compensation levers as part of a general HR strategy. We all have a responsibility to ourselves and to each other to be well-prepared for every class. Please read all course materials carefully and be prepared to contribute your perspective.
- *Ethics.* Lastly, I expect students to lead and act ethically. If you have any questions, please refer to the Minnesota Student Code of Conduct at <http://goo.gl/uYvqW> (<http://goo.gl/uYvqW>) and the Carlson School Honor Code at <http://goo.gl/yT3LvM> (<http://goo.gl/yT3LvM>).

Grading and deliverables

The Spring 2021 class will be delivered remotely.

Grades are based on four items, each worth 25%.

- 25% - Quiz 1 (in the first half of class) covers base and short-term incentive pay. It is two hours long, open book, and covers all material on pay determination from the perspective of a new case. In my experience, the quiz actually takes about an hour. Even so, the quiz is difficult, as I believe challenging questions present learning opportunities, and easy questions do not. Rather than curving (rank incentives discourage cooperation!), you begin the quiz with 20 free points out of 100.
- 25% - Quiz 2a (in the second half of the class) will cover all material, and tests for familiarity with terminology and concepts. It is two hours long, closed book and no internet. To prepare, you should review all prior course material and the issues arising in prior cases. Once again, you begin the quiz with 20 free points.
- 25% - Quiz 2b is immediately after Quiz 2. It is two hours long and asks you to analyze prior cases in new ways. It will be open book, no internet, and there will not be enough time to re-read all materials thoroughly. You begin the quiz with 20 free points.

- 25% - Preparation and participation are class norms (particularly for case studies), and are also graded. By default, here's the grading scheme:
- 10% - *H1 participation**. This includes the first half of the class, which goes through Quiz 1. H1 participation includes two parts:
 - 75% for normal for normal classroom citizenship
 - 25% for actively sharing your thoughts in class discussions
 - The participation scores are based on our notes that the TA and I take during and immediately after class.
- 10% - *H2 participation**. This includes the second half of the class, which goes from Quiz 1 to the last day of class and the negotiation exercise.
 - 75% credit for citizenship and
 - 25% for sharing your thoughts in class.
- 5% - *Pay negotiation case notes*. These are due on Canvas immediately *before* the final class. You will receive the case and the preparation instructions by e-mail after we complete Quiz 2.

**Alternative to H1 and H2 participation:* I hope you will feel the classroom offers an environment conducive for interaction. If you are not comfortable speaking during lecture, you may opt to replace your H1 Participation and H2 Participation scores with your score on two supplementary assignments. First, please use Canvas to submit your notes on all case exercises, in a highly clean and presentable manner. Second, present your analysis of an article related to compensation (e.g. from *WorldatWork*, *HBR*, *HR Magazine*, *Sloan Management Review*, or an academic journal). You can submit an electronic copy of the article and your one-page reaction paper to me via the Canvas dropbox by the Friday of the last week of class. If you choose this option, you will receive the higher of the alternative assignment and participation scores, but I still encourage you to participate in class to your fullest ability. Note that the alternative assignment does not replace the negotiation memorandum—please send that separately.

Percent grades map onto letter grades as follows: A is 93.00 – 100.00%; A- is 90.00-92.99%; B+ is 87.00 – 89.99%; B is 83.00 – 86.99%; B- is 80.00 – 82.99%; etc.

For example, suppose you received 85% on Quiz 1, 85%, 85% on Quiz 2b, 85% on H1 and H2 participation, and 85% on the negotiation memo. Then you submit and receive 100% on the alternative participation assignment. Instead of receiving 85% (B) as a final grade, you'll receive $85\% \cdot 80\% + 100\% \cdot 20\% = 88\%$ (B+).

The weekly quizzes posted on Canvas are for your personal benefit and are not graded. I enjoy sharing contemporary compensation research and news articles on Canvas or e-mail. These are not graded and the material is not represented on the quizzes.

Tennessee warning notice pursuant to MN Department of Administration's data practices

To make this class more accessible to all enrolled students, we intend to record all class lectures and discussions. Since your audio/video may be part of those recordings we are informing you. Along with the instructor and teaching assistants, these recordings will be shared with only the students enrolled in the class during this semester, in accordance with FERPA regulations.

Careers in Compensation

All of your careers will involve compensation in some form—you will weigh and negotiate your pay, elect your benefits, pursue your incentives, evaluate your position in the labor market, and so on. Many of you will also take HR generalist and management roles that will deal with compensation. And some of you will eventually become compensation specialists.

I'm always available to speak to students about career advice. If you're interested in making a career in compensation, I'm happy to help share my thoughts and connect you with a complimentary membership with the compensation professional association WorldatWork.

Class schedule: Readings

[Class Schedule: Readings](#)

Class schedule: Learning objectives

Part 1: Base Pay and Short Term Incentives

Week 1: Introduction

- How compensation fits into HR strategy and business strategy
- The role of a compensation and benefits professional
- The employee value proposition, total compensation, the pay mix, and other key terms

Week 2: Job Analysis

- Mechanics of job analysis, benchmarking, and establishing a pay structure
- Best practices and methods for performing a job analysis

Week 3: Market Benchmarking

- Labor markets
- Pay surveys

Week 4: Pay Structure

- Establishing a pay structure from benchmark data
- Pay structure design considerations (e.g. frequency of promotion, relationship between promotions and raises, width of pay ranges)

Week 5: Performance Evaluation

- Best practices for balancing the judgment and coaching in evaluations
- Linking and decoupling evaluations to pay (directly or indirectly)
- Methods for tying promotions, raises, incentives, and other rewards to evaluations

Week 6: FLSA and Compliance

- Pay compliance legal framework
- Firms' statutory requirements for pay (e.g. FLSA, FMLA, Equal Pay)

Week 7: Short Term Incentives (STIs)

- What makes jobs good candidates for short-term incentives (STIs), versus base pay
- Design considerations (e.g. guaranteed rates, piecerates, bonuses, accelerators)
- What makes jobs good candidates for team, individual, or rank incentives

Week 8: Part 1 review and Quiz 1

Part 2: LTIs and Benefits

Week 9: Long-Term Incentives and Executive Compensation

- Stock options, performance shares, and time restricted stock
- Employee Stock Ownership Plans (ESOPs)
- Tax treatment of LTIs
- Strategic use of LTIs for retention
- Principles of executive compensation

Week 10: Benefits 1

- Statutory and fringe benefits
- US health system
- Health insurance plan types (e.g. HMO, EPO, PPO, HDHP)
- Health insurance plan terminology (e.g. copays, deductibles, coinsurance, FSAs, HSAs)

Week 11: Benefits 2

- Defined contribution plans (e.g. 401ks), defined benefit programs
- Retirement plan investment vehicles
- Benefits and taxes

Week 12: Total Rewards

- Linking business strategies, key success factors, and compensation design elements
- Total Rewards framework

Week 13: Quiz 2 and 3

Part 3: Creating Value

Week 14: Creating Value with Pay and Benefits

- Interest-based approaches to total rewards and compensation packages
- Negotiating compensation plans that create value for the company and employees

Week 15: Compensation Negotiation and Course Review

- Apply negotiations concepts and criteria of compensation determination to negotiations
- Key negotiations concepts, particularly: interests, criteria, options, and alternatives

Statement on Course Requirements







**Department of Human Resources and Industrial Relations
Carlson School of Management
UNIVERSITY OF MINNESOTA**



1. The instructor will determine the conditions, if any, under which an "Incomplete" will be assigned instead of a grade. The instructor may set dates and conditions for makeup work, if it is to be allowed.
2. A student may not negotiate the submission of extra work in an attempt to raise his or her grade unless the instructor has made such opportunities available to all students.
3. Academic misconduct is a very serious issue with potential consequences ranging from failure in the course in question to dismissal from the University. Academic misconduct is defined broadly as any act that violates the rights of another student in academic work or that involves misrepresentation of your own work. This includes (but is not limited to) cheating on assignments or examinations; plagiarizing, which means representing as your own work any part of work done by another; submitting the same paper, or substantially similar papers, to meet the requirements of more than one course without the approval and consent of all instructors concerned; depriving another student of necessary course materials; or interfering with another student's work. Instructors may define additional standards beyond these.
4. Carlson School students are expected to understand and uphold the Carlson School Code of Conduct. Any violation of the Code of Conduct will not be tolerated and appropriate action will be taken.
5. Students with disabilities that affect their ability to participate fully in class or to meet all course requirements should bring this to the attention of the instructor during the first week

of class so that appropriate accommodations can be made. Similarly, students for whom English is not their native language may request accommodation (such as additional time for examinations).

6. Student complaints or concerns about some aspect of a course sometimes arise. If possible, it is hoped that these can be resolved through an informal meeting between student and instructor. However, if a student feels this is not feasible, or if such discussion does not remedy the problem, the student may consult with the Director of Graduate Studies in 3-300 Carlson School of Management (if a graduate student) or the Director of the Industrial Relations Center, also in 3-300 Carlson School of Management (if an undergraduate student).
7. University policy prohibits sexual harassment. Copies of the University policy on sexual harassment are available at 419 Morrill Hall. Complaints about sexual harassment should be reported to the University Office of Equal Opportunity at 419 Morrill Hall.
8. Materials for this course are available in alternative formats upon request. Please contact the Director of Graduate Studies, 3-300 Carlson School of Management, (612) 624-2500.

Course Summary:

Date	Details	Due
Tue Mar 9, 2021	 <u>Class 1st Half (H1) Participation</u> https://canvas.umn.edu/courses/221820/assignments/1515296	due by 11:59pm
Fri Mar 12, 2021	 <u>Quiz 1</u> https://canvas.umn.edu/courses/221820/assignments/1594879	due by 11:59pm
Fri Apr 16, 2021	 <u>Quiz 2A</u> https://canvas.umn.edu/courses/221820/assignments/1515294	due by 11:59pm
Fri Apr 16, 2021	 <u>Quiz 2B</u> https://canvas.umn.edu/courses/221820/assignments/1515295	due by 11:59pm
Tue Apr 27, 2021	 <u>Class 2nd Half (H2) Participation</u> https://canvas.umn.edu/courses/221820/assignments/1515297	due by 11:59pm
Mon May 3, 2021	 <u>Negotiation Memo</u> https://canvas.umn.edu/courses/221820/assignments/1515302	due by 11:59pm

Date	Details	Due
Fri May 7, 2021	 <u>Optional Participation Assignment Dropbox</u> <u>(https://canvas.umn.edu/courses/221820/assignments/1515298)</u>	due by 11:59pm
	 <u>Practice Quiz 1 based on Lincoln Electric</u> <u>(https://canvas.umn.edu/courses/221820/assignments/1767334)</u>	