

**Commerce 4BE3 Strategic Compensation and Reward Systems  
Winter 2020 – Chantelle Whidden**

**Human Resources and Management Area  
DeGroote School of Business  
McMaster University**

**COURSE OBJECTIVE**

This course focuses on how best to manage employee compensation in today's organizations. Compensation represents the rewards that employees receive for performing their jobs. It addresses the ways in which both tangible (money, shares, and bonuses) and intangible (time-off, perks, etc.) forms of compensation may be used to motivate and reward employee performance. Pay for performance issues will be addressed. Compensation issues must be central to any strategy in order to attract and retain the talent required for organizations to compete effectively. Compensation structures also directly impact the culture and financial viability of an institution. Ethical implications of compensation systems and practices are considered on an ongoing basis.

In this course we will explore all facets of compensation systems, including how to structure compensation systems to reflect company strategy. As well, we will address current issues including executive pay.

**COURSE AND INSTRUCTOR INFORMATION**

**Chantelle Whidden, Instructor**

**Teaching Assistant: TBD**

**Section C01**

**Thursday 8:30am – 11:20am**

**BSB/138**

[whiddenc@mcmaster.ca](mailto:whiddenc@mcmaster.ca)

Office: N/A

Office Hours: By appointment

**Course Website:**

<http://avenue.mcmaster.ca/>

## COURSE ELEMENTS

|                 |     |               |     |             |     |                   |     |
|-----------------|-----|---------------|-----|-------------|-----|-------------------|-----|
| Credit Value:   | 3   | Leadership:   | Yes | IT skills:  | Yes | Global view:      | Yes |
| Avenue:         | Yes | Ethics:       | Yes | Numeracy:   | Yes | Written skills:   | Yes |
| Participation:  | Yes | Innovation:   | Yes | Group work: | Yes | Oral skills:      | Yes |
| Evidence-based: | Yes | Experiential: | Yes | Final Exam: | Yes | Guest speaker(s): | Yes |

## COURSE OBJECTIVES

Business and society are taking an ever larger interest in compensation philosophies and practices. The current problems in our economy are not only a consequence of corporate fraud and abuse; they are also the symptoms of corporate compensation failures. This course explores compensation theories and practices and how they to link them to company strategy.

## LEARNING OUTCOMES

Upon successful completion of this course, students will be able to:

1. Assess how to structure compensation systems to recruit and retain the most valued employees.
2. Compare and contrast the effectiveness of pay-for performance systems in total compensation.
3. Apply the frameworks and competencies discussed in lectures and readings to make informed compensation decisions.
4. Explain the implications of recent theoretical and research developments and current events related to compensation decisions.
5. Examine the ethical issues in compensation.

Please see the evaluation section for how the above outcomes will be assessed.

## REQUIRED COURSE MATERIALS AND READINGS

### **REQUIRED:**

Long, R. J., & Singh, P. (2018). Strategic compensation in Canada. 6th Edition. Toronto, Ontario: Nelson. (E-text or Hardcopy acceptable)

Compensation Course Pack through Harvard Business Publishing must be purchased. **Link will be available on Avenue to Learn and this includes a number of cases that will be reviewed throughout the course. Price not available at time of posting.**

Avenue registration for course content and any other online materials.

## EVALUATION

Missed tests/exams will receive a grade of zero unless the student has submitted and been approved for a Notification of Absence or MSAF. Late assignments will be penalized 10% for each day they are late. Group and individual work will be evaluated. For group assignments members will likely share the same grade unless there is a discussion with the professor, see specifics in the Assignments and Tests section.

### ***Components and Weights***

Your final grade will be calculated as follows:

|                   |      |
|-------------------|------|
| Midterm Exam      | 35%  |
| Team Presentation | 10%  |
| Team Report       | 20%  |
| Final Exam        | 35%  |
| Total             | 100% |

## Course Deliverables

### **Midterm Exam (35%) and Final Exam (35%)**

The midterm and final exam will cover material from the textbook readings and lectures. The midterm and final exam have the same format. Both are scheduled for three hours and will consist of multiple-choice and short answers questions.

### **Team Project (Team Report 20% and Team Presentation 10%):**

In groups of 4 (5 depending on class size and with special permission from the professor) you will conduct a case analysis. The cases will be made available through a course pack on Harvard Business Publishing. More details to follow on Avenue to Learn.

The paper must be formatted according to the APA style guide.

Students are encouraged to actively approach the TA and/or the instructor with questions and/or submit an early draft for comments.

Your group will present the key findings of the report and facilitate class discussion as all students are expected to come to class prepared to engage in the case being presented. More details to follow on Avenue to Learn.

All team members will receive the same grade for the written report and presentation. Should there be intragroup conflict, it is the expectation that the group approach the professor prior to the submission of the group report to discuss. If there are no discussions prior to the submission of the written report, it is assumed that all group members contributed equally to the assignment.

## **Communication and Feedback**

Students who wish to correspond with instructors or TAs directly via email must send messages that originate from their official McMaster University email account. This protects the confidentiality and sensitivity of information as well as confirms the identity of the student. Emails regarding course issues should NOT be sent to the Area Administrative Assistants. Instructors are required to provide evaluation feedback for at least 10% of the final grade to students prior to Week #9 in the term. Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

### **ACADEMIC DISHONESTY**

You are expected to exhibit honesty and use ethical behaviour in all aspects of the learning process. Academic credentials you earn are rooted in principles of honesty and academic integrity.

Academic dishonesty is to knowingly act or fail to act in a way that results or could result in unearned academic credit or advantage. This behaviour can result in serious consequences, e.g. the grade of zero on an assignment, loss of credit with a notation on the transcript (notation reads: "Grade of F assigned for academic dishonesty"), and/or suspension or expulsion from the university.

It is your responsibility to understand what constitutes academic dishonesty. For information on the various types of academic dishonesty please refer to the *Academic Integrity Policy*, located at:

[www.mcmaster.ca/academicintegrity](http://www.mcmaster.ca/academicintegrity)

The following illustrates only three forms of academic dishonesty:

1. Plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
2. Improper collaboration in group work.
3. Copying or using unauthorized aids in tests and examinations

### **REQUESTING RELIEF FOR MISSED ACADEMIC TERM WORK**

Students may request relief from a regularly scheduled midterm, test, assignment or other course components. Please refer to the policy and procedure on the DeGroot website at the link below;

<http://ug.degroot.mcmaster.ca/forms-and-resources/misled-course-work-policy/>

### **POLICY FOR APPROVED MISSED ACADEMIC WORK**

Students who cannot write a test, and have advanced knowledge and permission as described above, will be given the opportunity to write an alternate version of the test and an alternate time.

Students who did not write a test, and subsequently provide an MSAF submission, or documentation for which they have been approved by the Student Experience – Academic Office, will have the weight of the missed work reallocated across other course components. The student must follow up with the instructor to understand this process and decision.

Students who submit an MSAF, or have been approved by the Student Experience – Academic Office, for an assignment deadline, will be given an extension of 3 days for the assignment. Please note, the student will ultimately be required to submit the assignment.

### **STUDENT ACCESSIBILITY SERVICES**

Students who require academic accommodation must contact Student Accessibility Services (SAS) to make arrangements with a Program Coordinator. Academic accommodations must be arranged for each term of study. Student Accessibility Services can be contacted by phone 905-525-9140 ext. 28652 or e-mail [sas@mcmaster.ca](mailto:sas@mcmaster.ca).

For further information, consult McMaster University's Policy for Academic Accommodation of Students with Disabilities:

<http://www.mcmaster.ca/policy/Students-AcademicStudies/AcademicAccommodation-StudentsWithDisabilities.pdf>

### **POTENTIAL MODIFICATIONS TO THE COURSE**

The instructor reserves the right to modify elements of the course during the term. There may be changes to the dates and deadlines for any or all courses in extreme circumstances. If either type of modification becomes necessary, reasonable notice and communication with the students will be given with explanation and the opportunity to comment on changes. It is the responsibility of the student to check their McMaster email and course websites weekly during the term and to note any changes.

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### ***RESEARCH USING HUMAN SUBJECTS***

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All researchers conducting research that involves human participants, their records or their biological material are required to receive approval from one of McMaster's Research Ethics Boards before (a) they can recruit participants and (b) collect or access their data. Failure to comply with relevant policies is a research misconduct matter. Contact these boards for further information about your requirements and the application process.

McMaster Research Ethics Board (General board): <https://reo.mcmaster.ca/>

Hamilton Integrated Research Ethics Board (Medical board): <http://www.hireb.ca/>

**COURSE SCHEDULE**

| Week | Date               | TOPIC  | Key Dates/Deliverables  |
|------|--------------------|--|---|
| 1    | Jan 9              | A Road Map to Effective Compensation                                   | Introduction, Review of Syllabus, Chapter 1                                       |
| 2    | Jan 16             | A Strategic Framework and Behavioural Framework for Compensation       | Chapters 2-3  |
| 3    | Jan 23             | Components of Compensation Strategy and Performing Pay Choices         | Chapters 4-5  |
| 4    | Jan 30             | Formulating the Reward and Compensation Strategy                       | Chapter 6   |
| 5    | Feb 6              | Review   | Review and Assignment Workshop  |
| 6    | Feb 13             | <b>Midterm Exam</b>  | Chapters included in Exam: 1-7  |
|      | <b>Feb 17 – 21</b> | <b>Winter Study Break</b>  |   |
| 7    | Feb 27             | Evaluating Jobs: The Job Evaluation Process                            | Chapter 7<br><b>Team Presentations</b>  |
| 8    | Mar 5              | Evaluating Jobs: The Point Method of Job Evaluation                    | Chapter 8<br><b>Team Presentations</b>  |
| 9    | Mar 12             | Evaluating the Market and Individuals                                  | Chapter 9 and 10<br><b>Team Presentations</b><br><b>March 14 Course Drop Date</b> |
| 10   | Mar 19             | Designing Performance Pay Plans  | Chapter 11<br><b>Team Presentations</b>   |
| 11   | Mar 26             | Designing Indirect Pay Plans   | Chapters 12<br><b>Team Presentations</b><br><b>Team Report Due (Online)</b>       |
| 12   | Apr 2              | Activating and Maintaining an Effective Compensation System and Review | Chapter 13 and Review   |
|      | <b>Apr 13- 28</b>  | <b>Final Exam Period</b>   |   |