

**Commerce 4BE3
Strategic Compensation and Reward Systems
Fall 2024 Course Outline**

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

COURSE OBJECTIVES

How workers are compensated is of critical importance to organizations, workers, and society. In addition to being intricately linked to motivation, employee recruitment and retention, and performance (among other outcomes), compensation and rewards systems can also represent significant forms of social injustice linked to income inequality, racial discrimination, and the decline of employee well-being. This course investigates the process in which compensation and rewards systems are designed and administered, while considering the effects of this design on outcomes for a broad range of stakeholders.

INSTRUCTOR AND CONTACT INFORMATION

Wed 11:30am – 2:20pm
Dr. Sean O’Brady
Instructor
obrady@mcmaster.ca
Office: DSB 406
Office Hours: By appointment

Student TA
Name: TBD
Email: TBD
Office Location/Hours: Zoom, by appointment

COURSE ELEMENTS

| | | | |
|---------------------|-------------------|-----------------|-----------------------|
| Credit Value: 3 | Leadership: Yes | IT skills: No | Global view: Yes |
| A2L: Yes | Ethics: Yes | Numeracy: No | Written skills: Yes |
| Participation: Yes | Innovation: No | Group work: Yes | Oral skills: Yes |
| Evidence-based: Yes | Experiential: Yes | Final Exam: Yes | Guest speaker(s): Yes |

COURSE INFORMATION

Lectures: every Monday from 11:30 to 2:30

Tutorials: None

Course Delivery Mode: In person

Course Description:

Key issues in designing effective pay systems are discussed. Topics include: job evaluation, market pay surveys, pay structures, performance incentives, knowledge pay and employee benefits.

IMPORTANT LINKS

- [Mosaic](#)
- [Avenue to Learn](#)
- [Student Accessibility Services - Accommodations](#)
- [McMaster University Library](#)

COURSE LEARNING OUTCOMES AND GOALS

Upon successful completion of this course, students will have:

- A sound understanding of how compensation and rewards systems are designed and implemented in organizations, from both a theoretical and practical perspective
- The ability to critically assess the strengths and limitations of compensation systems and strategies, which will be developed through in-class discussions and assignments
- Knowledge of key issues facing modern compensation arrangements in the private and public sector
- Recognition of the importance of compensation and rewards to broader forms of social injustice, such as income inequality, pay equity, mental health outcomes, and intersectionality
- Knowledge of both domestic and international trends in compensation
- Improved their capacity for critical thought and argumentation through the interactive components of the course

COURSE MATERIALS AND TEXTS

Yap, M., Gerhart, B., and Newman, J. (2021). *Compensation, 6th Canadian edition*. McGraw Hill Publishing.

Additional readings will be made available on Avenue to Learn.

CLASS FORMAT

The class will consist of weekly 3-hour in-person meetings. Class time will be dedicated to lectures and exercises. Students will be provided with a short break (approximately 15 minutes) during each session.

COURSE 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. Your final grade will be calculated as follows:

EVALUATION

| GRADE COMPONENT | WEIGHT | DESCRIPTION |
|---------------------------------------|---------------|---|
| Class Participation | 12% | In the form of active and informed participation in class discussions and exercises, including reading all assigned material before class |
| Discussion board participation | 18% | Participation in the discussion board |
| Mid-term | 15% | Completion of a short exam during class time (October 19 th) |
| Group assignment | 20% | One group assignment analysing a case on compensation |
| Final exam | 35% | Completion of a timed exam during the exam period (cumulative) |

COURSE DELIVERABLES

Class Participation

Class participation is worth **12%** of your final grade. Students are expected to attend class, to have read the assigned material before class, and discuss the material and participate in discussions/exercises in an active and informed manner.

Discussion board participation

Students' participation on the Avenue to Learn discussion board will be evaluated. This component is worth **18%** of your final grade. In many sessions, students will be assigned one brief article referring to a key issue and/or case on compensation. On each day an "article for discussion" has been assigned, the teaching assistant and/or professor will post at least one question relating to that reading. For periods of one week (see the course calendar below for the opening and closing times of each discussion), students will post comments in the discussion board. The teaching assistant (or professor) may make further posts to facilitate further discussion.

Both the quantity and the quality of these posts will be evaluated. On the whole, students who post many comments that are thoughtful, demonstrate knowledge of the assigned reading material (including both the discussion article(s) and the textbook), and which make significant efforts to engage with others on the board (e.g. by commenting on peers' posts) will receive the highest grade on this component.

Mid-term

This short mid-term will be held in class on October 9th, covers material from sessions 1-5, and is worth **15%** of your final grade.

Group Assignment

A case-study worth **20%** of your final grade is due on November 20th, 2024. You and approximately four other students will role-play as consultants and provide your client with key knowledge on the compensation strategy of a major company. Further instructions will be provided in-class. This written assignment will consist of 4,000-5,000 words. Groups whose word count is outside of this range will be penalized. Students are expected to conduct research on the company and industry using external sources while drawing on the textbook to inform their analysis. The submission should adhere to the following standards:

- Times New Roman font
- Double-spaced
- Standard 8.5" x 11" paper
- 1" margins on sides of paper
- Proper referencing in APA format: <https://owl.english.purdue.edu/owl/resource/560/01/>.

Final Exam

The final exam will be scheduled in exam period, covers material from the entire session, and is worth **35%** of your final grade.

LATE ASSIGNMENTS

Late assignments will not be accepted.

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. All students must receive feedback regarding their progress prior to the final date by which a student may cancel the course without failure by default.

- *For Level 1 and Level 2 courses, this feedback must equal a minimum of 20% of the final grade.*
- *For Level 3 courses and above, this feedback must equal a minimum of 10% of the final grade.*

Instructors may solicit feedback via an informal course review with students by Week #4 to allow time for modifications in curriculum delivery.

Students who have concerns about the course content, evaluation methods, or delivery should first reach out to the course instructor. If your concern remains unresolved after speaking with the instructor, you may then reach out to the relevant Area Chair for further consideration.

REQUESTING RELIEF FOR MISSED ACADEMIC WORK

In the event of an absence for medical or other reasons, students should review and follow the Academic Regulation in the Undergraduate Calendar [“Requests for Relief for Missed Academic Term Work”](#) and the link below;

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

* Non-Commerce students must follow the Missed Course Work protocols outlined by their home faculty and Program Office.

COURSE MODIFICATION

From time to time there may be a need to remove/add topics or to change the schedule or the delivery format. If these are necessary, you will be given as much advance notice as possible.

GENERATIVE AI

There are three approved statements on the use of AI in the classroom. Please choose the one that best fits your policy

USE PROHIBITED

Students are not permitted to use generative AI in this course. In alignment with [McMaster academic integrity policy](#), it “shall be an offence knowingly to ... submit academic work for assessment that was purchased or acquired from another source”. This includes work created by generative AI tools. Also state in the policy is the following, “Contract Cheating is the act of “outsourcing of student work to third parties” (Lancaster & Clarke, 2016, p. 639) with or without payment.” Using Generative AI tools is a form of contract cheating. Charges of academic dishonesty will be brought forward to the Office of Academic Integrity.

SOME USE PERMITTED

Example One

Students may use generative AI in this course in accordance with the guidelines outlined for each assessment, and so long as the use of generative AI is referenced and cited following citation instructions given in the syllabus. Use of generative AI outside assessment guidelines or without citation will constitute academic dishonesty. It is the student’s responsibility to be clear on the limitations for use for each assessment and to be clear on the expectations for citation and reference and to do so appropriately.

Example Two

Students may use generative AI for [editing/translating/outlining/brainstorming/revising/etc] their work throughout the course so long as the use of generative AI is referenced and cited following citation instructions given in the syllabus. Use of generative AI outside the stated use of [editing/translating/outlining/brainstorming/revising/etc] without citation will constitute academic dishonesty. It is the student’s responsibility to be clear on the limitations for use and to be clear on the expectations for citation and reference and to do so appropriately.

Example Three

Students may freely use generative AI in this course so long as the use of generative AI is referenced and cited following citation instructions given in the syllabus. Use of generative AI outside assessment guidelines or without citation will constitute academic dishonesty. It is the student's responsibility to be clear on the expectations for citation and reference and to do so appropriately.

UNRESTRICTED USE

Students may use generative AI throughout this course in whatever way enhances their learning; no special documentation or citation is required.

ACADEMIC INTEGRITY

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. **It is your responsibility to understand what constitutes academic dishonesty.**

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. For information on the various types of academic dishonesty please refer to the [Academic Integrity Policy](#).

The following illustrates only three forms of academic dishonesty:

- plagiarism, e.g. the submission of work that is not one's own or for which other credit has been obtained.
- improper collaboration in group work.
- copying or using unauthorized aids in tests and examinations.

AUTHENTICITY/PLAGIARISM DETECTION

Some courses may use a web-based service (Turnitin.com) to reveal authenticity and ownership of student submitted work. For courses using such software, students will be expected to submit their work electronically either directly to Turnitin.com or via an online learning platform (e.g. Avenue to Learn, etc.) using plagiarism detection (a service supported by Turnitin.com) so it can be checked for academic dishonesty.

Students who do not wish their work to be submitted through the plagiarism detection software must inform the Instructor before the assignment is due. No penalty will be assigned to a student who does not submit work to the plagiarism detection software. **All submitted work is subject to normal verification that standards of academic integrity have been upheld** (e.g., on-line search, other software, etc.). For more details about McMaster's use of Turnitin.com please go to www.mcmaster.ca/academicintegrity.

COURSES WITH AN ON-LINE ELEMENT

Some courses may use on-line elements (e.g. e-mail, Avenue to Learn (A2L), LearnLink, web pages, capa, Moodle, ThinkingCap, etc.). Students should be aware that, when they access the electronic components of a course using these elements, private information such as first and last names, user names for the McMaster e-mail accounts, and program affiliation may become apparent to all other students in the same course.

The available information is dependent on the technology used. Continuation in a course that uses on-line elements will be deemed consent to this disclosure. If you have any questions or concerns about such disclosure please discuss this with the course instructor.

ONLINE PROCTORING

Some courses may use online proctoring software for tests and exams. This software may require students to turn on their video camera, present identification, monitor and record their computer activities, and/or lock/restrict their browser or other applications/software during tests or exams. This software may be required to be installed before the test/exam begins.

CONDUCT EXPECTATIONS

As a McMaster student, you have the right to experience, and the responsibility to demonstrate, respectful and dignified interactions within all of our living, learning and working communities. These expectations are described in the [Code of Student Rights & Responsibilities](#) (the "Code"). All students share the responsibility of maintaining a positive environment for the academic and personal growth of all McMaster community members, **whether in person or online**.

It is essential that students be mindful of their interactions online, as the Code remains in effect in virtual learning environments. The Code applies to any interactions that adversely affect, disrupt, or

interfere with reasonable participation in University activities. Student disruptions or behaviours that interfere with university functions on online platforms (e.g. use of Avenue 2 Learn, WebEx or Zoom for delivery), will be taken very seriously and will be investigated. Outcomes may include restriction or removal of the involved students' access to these platforms.

ACADEMIC ACCOMMODATION OF STUDENTS WITH DISABILITIES

Students with disabilities who require academic accommodation must contact [Student Accessibility Services](#) (SAS) at 905-525-9140 ext. 28652 or sas@mcmaster.ca to make arrangements with a Program Coordinator. For further information, consult McMaster University's [Academic Accommodation of Students with Disabilities](#) policy.

ACADEMIC ACCOMMODATION FOR RELIGIOUS, INDIGENOUS OR SPIRITUAL OBSERVANCES (RISO)

Students requiring academic accommodation based on religious, indigenous or spiritual observances should follow the procedures set out in the [RISO](#) policy. Students should submit their request to their Faculty Office ***normally within 10 working days*** of the beginning of term in which they anticipate a need for accommodation or to the Registrar's Office prior to their examinations. Students should also contact their instructors as soon as possible to make alternative arrangements for classes, assignments, and tests.

COPYRIGHT AND RECORDING

Students are advised that lectures, demonstrations, performances, and any other course material provided by an instructor include copyright protected works. The Copyright Act and copyright law protect every original literary, dramatic, musical and artistic work, **including lectures** by University instructors.

The recording of lectures, tutorials, or other methods of instruction may occur during a course. Recording may be done by either the instructor for the purpose of authorized distribution, or by a student for the purpose of personal study. Students should be aware that their voice and/or image may be recorded by others during the class. Please speak with the instructor if this is a concern for you.

EXTREME CIRCUMSTANCES

The University reserves the right to change the dates and deadlines for any or all courses in extreme circumstances (e.g., severe weather, labour disruptions, etc.). Changes will be communicated through regular McMaster communication channels, such as McMaster Daily News, A2L and/or McMaster email.

ACKNOWLEDGEMENT OF COURSE POLICIES

Your enrolment in Commerce 4BE3 will be considered to be an implicit acknowledgement of the course policies outlined above, or of any other that may be announced during lecture and/or on A2L. **It is your responsibility to read this course outline, to familiarize yourself with the course policies and to act accordingly.**

Lack of awareness of the course policies **cannot be invoked** at any point during this course for failure to meet them. It is your responsibility to ask for clarification on any policies that you do not understand.

COURSE SCHEDULE

Commerce 4BE3 Strategic Compensation and Reward Systems Fall 2024 Course Schedule

| WEEK | DATE | ASSIGNMENT |
|---|------------------|---|
| Session 1 <i>Introduction</i> | Wed. Sept. 4 | <p>Readings: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i>. McGraw Hill Publishing. (Chapter 1).</p> <p>Wilson, J. 2020. Wage increase lowers suicide rate among workers with high school education: Report. <i>Canadian HR Reporter</i>. January 10. Found at https://www.hrreporter.com/focus-areas/compensation-and-benefits/wage-increase-lowers-suicide-rate-among-workers-with-high-school-education-report/324799.</p> |
| Session 2 <i>The pay model and strategy</i> | Wed. Sept. 11 | <p>Readings: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i>. McGraw Hill Publishing. (Chapter 2).</p> <p>Case: Difficult to copy in (Yap et al., pages 31-32)</p> |

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| | | <p>Article for discussion board: Arsenych, A. (2023). This Toronto business owner just publicly shared his employees' salary information. Here's why. <i>CTV News</i>. March 8. Found at https://toronto.ctvnews.ca/this-toronto-business-owner-just-publicly-shared-his-employees-salary-information-here-s-why-1.6305194.</p> <p>Opens: Immediately after question is posted on September 11th, 2024 Closes: Monday, September 16th at 11:59pm</p> |
| <p>Session 3 <i>Defining internal alignment / job analysis</i></p> | <p>Wed. Sept. 18</p> | <p>Reading: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i>. McGraw Hill Publishing. (Chapters 3 and 4).</p> <p>Case: The Orchestra (Yap et al., pages 49-50)</p> <p>Article for discussion board: Lindzon, J. (2023). Not a single large, public Canadian firm has closed the gender pay gap, study finds. <i>Global News</i>. March 24. Found at https://www.theglobeandmail.com/business/careers/article-not-a-single-large-public-canadian-firm-has-closed-the-gender-pay-gap/.</p> <p>Opens: Immediately after question is posted on September 18th, 2024 Closes: Monday, September 23rd, at 11:59pm</p> |
| <p>Session 4 <i>Pay structures / job evaluation</i></p> | <p>Wed. Sept. 25</p> | <p>Reading: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i>. McGraw Hill Publishing. (Chapters 5 and 6).</p> <p>Eppich, A. (2023). Want to retain top talent? Start with an external salary benchmark. <i>The Globe and Mail</i>. Found at https://www.theglobeandmail.com/business/careers/leadership/article-want-to-retain-top-talent-start-with-an-external-salary-benchmark.</p> <p>Case: Targeting teacher's pay (Yap et al., pages 112-113).</p> |
| <p>Session 5 <i>Defining external competitiveness</i></p> | <p>Wed. Oct. 2</p> | <p>Reading: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i>. McGraw Hill Publishing. (Chapter 7).</p> <p>Gallo, G. (2023). How to Answer "What Are Your Salary Expectations?". <i>Harvard Business Review</i>. February 13. Found at https://hbr.org/2023/02/how-to-answer-what-are-your-salary-expectations.</p> <p>Case: Northern Software (Yap et al., page 135)</p> <p>Article for discussion board: Hudes, S. (2023). Canada's new wage-fixing rules kick in. How does the law work? <i>Global News</i>. June 23. Found at https://globalnews.ca/news/9788457/canada-wage-fixing-no-poaching-law/.</p> <p>Opens: Immediately after question is posted on October 2nd, 2024</p> |

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| | | Closes: Monday, October 7 th at 11:59pm |
| Session 6 <i>Pay levels, pay mix and pay structures</i> | Wed. Oct. 9 | MID-TERM EXAM Reading: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i> . McGraw Hill Publishing. (Chapter 8). Case: Calculating Pay Ranges (Yap et al., pages 159-160) |
| | Wed. Oct. 16 | Midterm recess (no class) |
| Session 7 <i>Employee benefits</i> | Wed. Oct. 23 | Readings: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i> . McGraw Hill Publishing. (Chapter 9). No author. (2023). Why competitive benefits matter more than ever. <i>HR Reporter</i> . January 16. Found at https://www.hrreporter.com/focus-areas/compensation-and-benefits/why-competitive-benefits-matter-more-than-ever/372421 . Case: Lamp Plus (Yap et al., pages 181-182) Article for discussion board: Hornyak, J. (2023). Is the single-employer DB pension plan dead or merely modernizing for the future? <i>Benefits Canada</i> . July 13. Found at https://www.benefitscanada.com/pensions/defined-benefit-pensions/is-the-single-employer-db-pension-plan-dead-or-merely-modernizing-for-the-future/ . Opens: Immediately after question is posted on October 23 rd , 2024 Closes: Monday, October 28 th , at 11:59pm |
| Session 8 <i>Performance appraisals</i> | Wed. Oct. 30 | Readings: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i> . McGraw Hill Publishing. (Chapter 10). Case: Wolfgang Keller at Konigsbray-Hellas EA (Harvard case study) |
| Session 9 <i>Pay-for-performance</i> | Wed. Nov. 6 | Reading: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i> . McGraw Hill Publishing. (Chapter 11). Exercise: Web exercises to chapter 11 in Yap et al. (2021) on stock option calculations Article for discussion board: Daniel, O. (2023). Bank of Canada staff received \$26.7 million in bonuses and raises in 2022. <i>CTV News</i> . July 14. Found at |

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| | | <p>https://www.ctvnews.ca/politics/bank-of-canada-staff-received-26-7-million-in-bonuses-and-raises-in-2022-1.6480505.</p> <p>Opens: Immediately after question is posted on November 6th, 2024 Closes: Monday, November 11th at 11:59pm</p> |
| <p>Session 10 Compensation of special groups</p> | <p>Wed. Nov. 13</p> | <p>Readings: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, Canadian edition</i>. McGraw Hill Publishing. (Chapter 11 pages 230-241).</p> <p>Macdonald, D. (2021). The golden cushion: CEO Compensation in Canada. <i>Canadian Centre for Policy Alternatives</i> (will be shared on A2L).</p> <p>Debate: CEO pay in Canada</p> <p>Article for discussion board: Evans, P. (2023) Galen Weston got a raise last year after consultants hired by Loblaw determined he was underpaid. <i>The Globe and Mail</i>. April 5. Found at https://www.cbc.ca/news/business/grocery-executive-compensation-1.6802091.</p> <p>Opens: Immediately after question is posted on November 13th, 2024 Closes: Monday, November 18th, at 11:59pm</p> <p>GROUP ASSIGNMENT IS DUE!</p> |
| <p>Session 11 <i>The role of governments and unions</i></p> | <p>Wed. Nov. 20</p> | <p>Readings: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i>. McGraw Hill Publishing. (Chapter 12).</p> <p>Debate: The role of unions in private sector compensation.</p> <p>Article for discussion board: Lundy, M. and Subramaniam, V. (2022). How Canada became a hotbed for low-wage foreign labour. <i>The Globe and Mail</i>. November 8. Found at https://www.theglobeandmail.com/business/article-tfw-program-canada-low-wages/.</p> <p>Opens: Immediately after question is posted on November 20th, 2024 Closes: Monday, November 25th at 11:59pm</p> |
| <p>Session 12 <i>Budgets and administration / International pay systems</i></p> | <p>Wed. Nov. 27</p> | <p>Readings: Yap, M., Gerhart, B., and Newman, J. (2021). <i>Compensation, 6th Canadian edition</i>. McGraw Hill Publishing. (Chapter 13 & Appendix: International Pay Systems).</p> <p>Article for discussion board: Newman, A. (2023). Canadian is amazed by a very ordinary part of life in Australia: 'That's insane!'. <i>DailyMail</i>. July 10. Found at https://www.dailymail.co.uk/news/article-12281445/Canadian-amazed-ordinary-life-Australia.html.</p> <p>Opens: Immediately after question is posted on November 27th, 2024</p> |

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| | | Closes: Monday, December 2 nd at 11:59pm |
| Session 13 | Wed. Dec. 4 | <i>Exam Q&A</i> |
| Exam Period | | In-person final exam scheduled during exam period. |