

Strategic Compensation Management

Credits	03
Faculty Name	S.S. GANESH
Program	MBA (BM)
Academic Year and Term	2016 – 2017, TERM IV

1. Course Description:

Organizations which used compensation systems as a panacea for people management problems in the past have started appreciating the importance as well as limitations of compensation policies and practices as **complementary resources** as they have limited ability to provide competitive advantage in isolation. Further, in the global economy, attracting, motivating and retaining knowledge workers through pay alone is next to impossible as the value system of knowledge workers are not purely financial.

Hence, more and more organizations are emphasizing upon the linkages between the business practices and pay systems which are aligned with various HR strategies and practices like Recruitment and Selection, Learning and Development, Performance Management, Career Management, and Employee Engagement practices. Therefore, the purpose of this course is to provide a distinctive approach to employee compensation as a strategic human resource management function in order to prepare people managers who would learn from the varied experiences of organizations from different industries.

2. Student Learning Outcomes

As a result of succeeding in this course, participants will be able to achieve the following the objectives.

- Decode the underlying **Compensation Philosophies** of different organizations as why they value, what they value, and how they value the contributions of employees from different functions and levels across in the organizations.
- Recognize the significance of the basic issues of compensating human resources by creating **Equitable Pay Systems** in organizations.
- Learn the principles, method and techniques of designing and implementing **Market Competitive Compensation Systems** through benchmarking surveys and the advantages and limitations of benchmarking best practices.
- Create a **Pay Structure** for different occupational groups by defining **Pay Levels** and **Pay Forms** taking into consideration of internal equity and external competitiveness.

3. Organization and Delivery of the Course:

The course has several themes which will be aligned with sessions, case studies, readings and text book chapters. Every session has one or more case studies and reading materials. Participants are expected to read and analyze the cases to contribute to the class

discussion. Participants are also expected to go through the readings and gain in-depth knowledge in the respective themes. Participants may also be assigned roles in the case studies and would perform role plays in the class.

4. Course Material:

Text Book: Milkovich & Newman (2005). *Compensation*. Tata McGraw-Hill, New Delhi.

Course Reading Material "Strategic Compensation Management" by the Instructor.

5. Tentative Session Plan

Theme 01 What Managers Don't Know About Compensation...	Session 01 & 02	Case	When Salaries Are Not Secret
		Text Book Chapter	Chapter 03 – Defining Internal Alignment
Theme 02 Decoding Strategic Issues in Compensation	Session 03, 04 & 05	Exercise 01	Analysis of HR Expert's View
		Exercise 02	Analysis of CEO's View
		Exercise 03	Analysis of Consultant's View
		Exercise 04	Analysis of Academic's View
Theme 03 Non-Strategic Issues in Compensation	Session 06	Article Reading	Power Dimension of Economics
Theme 04 Compensation Philosophy	Session 07, 08 & 09	Exercise 05	Profit Sharing Exercise
		Case 01	A Simpler Way to Pay
		Case 02	Lijjat Papad
		Text Book Chapter	Chapter 02 – Strategic Perspectives
Theme 05 3Ps of Compensation – Pay Structure, Pay Levels and Pay Forms	Session 10 to 13	Exercise	Pay Structure Workshop
		Text Book Chapter	Chapter 08 – Designing Pay Levels, Pay Mix and Pay Structures
Theme 06 Market Competitive Pay through Benchmarking	Session 14, 15 & 16	Case	Compensation Crisis
		Text Book Chapter	Chapter 07 – Defining Competitiveness

Theme 07 Compensation Strategy for Competitive Strategy	Session 17 & 18	Cases	Frost Inc, Honda and UPS
		Article Reading	Linking Competitive Strategies with Human Resource Management Practices
		Text Book Chapter	Chapter 11 – Performance Appraisals Chapter 09 – Pay for Performance – The Evidence
Theme 08 Incentive Compensation	Session 19 & 20	Cases	The Case of Unpopular Pay Plan
		Article Reading	Incentive Compensation
Theme 09 Competency based Pay Systems	Session 21	Case	Competency Based Pay at Volvo
		Text Book Chapter	Chapter 06 – Person-Based Structure
Theme 10 Taxation Issues is Compensation	Session 23 & 24	Article Reading	Know the tax burden on your salary
Theme 11 Expatriate Compensation	Session 22	Case 01 Case 02	Umpires Wage Scales Unwelcome Home Coming
		Text Book Chapter	Chapter 14 – Compensation for Special Groups

6. Assessment of Performance:

A) In-class Exercises (30%)

There would be both individual and team exercises given in the class. The exercises require prior preparation using the cases and / or reading. Some of the individual exercises would be either paper based submission or electronic submission and would require the students to use calculators and / or excel sheets as instructed by the faculty.

B) Quiz (20%)

There will be two quizzes conducted during the term. It will have multiple choice / true or false, objective type questions which are drawn from the readings, instructor's presentation, text book and any other relevant material provided through email and course web. The average score for all the quizzes will be considered for the final grade. The guidelines for the quiz will be provided through email / course web.

C) Industry Project (20%)

The purpose of Industry Project is to promote "experiential learning" based on primary and secondary data collection involving field work and interaction with industry practitioners. A team of two to three members will be formed for Industry Project. The guidelines for Industry Project will be given through email / course web.

D) End-Term Examination (30%)

The End-Term will be a **closed book exam** evaluating the understanding of concepts and theories learned in the course.

E) Course Involvement (± 10 Marks)

Course involvement scores would be based on the quality of class participation and overall assessment any initiative to enrich the course design, content, process and outcome. Please note that unauthorized absence / late coming, late submission of assignments, unauthorized use of mobile phones in the class, or any other misbehavior would warrant negative scores.

7. Grading Pattern:

- The Instructor follows relative grading pattern for the course. The intervals for grading are subject to variation depending upon the overall class performance in any given year. However the passing minimum in SCM course is 30 marks irrespective of the maximum, average and standard deviation in any given class.
- Also please note that the Dean's Office may deduct the grade points for any absence during the term, except for medical reasons and other contingencies approved by Dean, as per the Students Manual of Policies.

8. Academic Discipline and Integrity

- Students are expected to be punctual for the classes and come prepared for the class by preparing the cases and readings assigned for the class. You are required to focus on the class discussion and not to use your mobile phone or laptop or tablet or any other electronic gadget unless you are authorized to do so. Unauthorized "*Digital Gazing*" during the class would not only warrant negative scores for course involvement but you would be forced to leave the classroom.
- Further, you are expected to adhere to the guidelines given for Cases Preparation, Quizzes, Industry Project, and End-Term. All evaluation components are closed book *unless it is explicitly specified as open book by the instructor*. Bringing Reading materials, Power Point Presentations, any electronic gadget including laptop and mobile phone to the exam hall would disqualify the students from appearing for the component. Malpractice in any component such as Quiz, Industry Project and End-Term would invite "F" in the whole component or even in the entire course depending on the circumstances.

9. Reach Your Instructor:

- In case of any learning difficulty or other administrative purposes, you may reach out to your instructor on Monday and Wednesday between 9.00am and 10.30am in his office in the first floor of ASB. You may also contact the instructor over telephone at 0422-2686000 (Extn) 5437 or email (ssganesh@gmail.com).
