OUR NEWEST FAD
POLICY IS TO HAVE
SUBORDINATES
APPRaise THEIR
BOSS'S JOB
PERFORMANCE.

I GIVE YOU A
"D MINUS."

DID I MENTION RETRi-
BUTION?
CAREFUL, SIR,
YOU'RE HANGING
BY A
THREAD.
COURSE OBJECTIVES:

The subject is designed to equip students with:

1. An advanced understanding of role and importance of remuneration and performance management theory and practice in the management of people and work organisations.

2. A sound understanding of the theories and debates associated with the issues of work motivation, employee satisfaction, pay equity, performance-related pay and ethical performance management.

3. An awareness of the various models and techniques of remuneration and performance management available today and their underlying advantages and disadvantages.

4. A critical understanding of performance-based pay systems, the strengths and weaknesses of such systems and current debates about their effectiveness and equity.

5. A recognition and understanding of the choices and challenges confronting managers and employees alike in remuneration and performance management.

6. Case study experience of pay and performance management systems.

7. Simulated experience in the design, implementation and management of remuneration and performance management systems.

OVERVIEW:

Remuneration and Performance Management examines contemporary remuneration and performance management from both applied and theoretical perspectives, emphasising theories, practices and debates associated with the current trend away from ‘traditional’ position-based pay to remuneration based on the performance of individuals, work groups and whole organisations. Identifying, designing and applying remuneration and performance management strategies which align with and reinforce organisational values and objectives is now seen as being critical to organisational success. Throughout the session, attention is focussed on options and strategies for achieving an integrated, efficient and equitable mix of remuneration methods aligned with organisational values and objectives. Topics covered include: the concept of the ‘New Pay’, theories of employee motivation, perspectives on ‘fair pay’, job-based pay and job evaluation, broadbanning, assessing and rewarding personal skills and competencies, the ethics and effectiveness of performance-related pay, methods and ethics of performance appraisal and performance management, rewarding individual ‘merit’, recognition awards, piece-rates and sales commissions, gainsharing and team-based pay, profit-sharing and employee ownership plans, executive pay, and the development of integrated and comprehensive (i.e. ‘total’) pay and performance management systems. Case study material is used as appropriate. A critical approach is taken to these issues.

COURSE ADMINISTRATION:

Lectures and Seminars:
Weekly class time for each student consists of one 90 minute lecture plus one 90 minute seminar. Students will be allocated to a seminar group during the lecture time in Week One. Seminars will commence in Week Two. Class times and venues are as follows:

Lecture time & venue: Week One only: Tuesday 6.00pm-9.00pm, Mathews 309.
Weeks Two to Fourteen: Tuesday 6.00pm-7.30pm, Mathews 309

NOTE: lecture participation is a critical aspect of the learning process in this subject. Lecture attendance is not optional. Lectures are not taped and lecture notes will only be made available to individual students in exceptional circumstances and at the lecturer’s discretion.

Seminar times: Tuesday 3.30pm-5.00pm, Quad1049
Tuesday 7.30pm-9.00pm, Mathews 309

NOTE: Seminar attendance is mandatory. Students failing to attend at least 80% of scheduled classes will be deemed to have failed the subject.

Lecturer’s Consultation Hours: To be advised
(Other times by appointment.)

NOTE: This is not a distance-learning subject. Whilst the lecturer welcomes phone and email inquiries about specific issues and problems, students requiring detailed advice on essay and paper preparation must consult the lecturer in person rather than by email or telephone.

RECOMMENDED TEXTS, SUPPLIED READINGS AND ADDITIONAL READINGS

Recommended Texts:
There is no set text for this subject. However, students wishing to acquire relevant texts will find that each of the following highly recommended books provides an informative, detailed and challenging coverage of many of the themes canvassed in this subject:

On Remuneration:
• [Provides an introductory, non-technical coverage.]

On Performance Management:


**Supplied Readings**
A reading kit containing copies of selected weekly seminar readings will be distributed to students free of charge in the first lecture. The supplied readings constitute basic reading for each seminar topic and students are expected to familiarise themselves with each of these readings prior to the relevant seminar. These readings have been chosen with a view to highlighting a select number of key issues and debates relating to the topic in question rather than providing a comprehensive coverage of the terrain of each topic. To acquire an awareness of the wider context, you should attend the lectures and consult relevant chapters in the recommended texts.

**Recommended Additional Readings: The IROB5947 Bibliographical Listing**
An extensive range of additional readings have been placed in the Open Reserve section of the Social Sciences Library. New material is always being added to the IROB5947 holdings, so for a comprehensive and current list of what’s available in Open Reserve, consult the Library’s Open Reserve computer catalogue.

Some of the material in the library are from the two foremost US ‘practitioner’ journals dealing with remuneration issues, namely *Compensation and Benefits Review* or *ACA Journal*. Whilst neither of these journals is available in hard copy form in the Library, photocopies of many of the articles listed have been lodged with Open Reserve. Note, though, that copyright law places strict limits on what can and cannot be copied for inclusion in Open Reserve. The journal you are most likely to encounter difficulty with in this respect is the *ACA Journal* - the quarterly journal of the American Compensation Association.

You’ll also find a solid collection of relevant management journals in the Frank Lowy Library at the Australian Graduate School of Management (upper campus), which is open to postgraduate students from the Faculty of Commerce and Economics. For instance, the Lowy library has a run of issues of *Compensation and Benefits Review* from 1992 on.
ASSESSMENT:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>WEIGHTING</th>
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<tbody>
<tr>
<td>Seminar Participation</td>
<td>10%</td>
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<tr>
<td>Seminar Paper (2,000 words)</td>
<td>40%</td>
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<tr>
<td>Consultancy Report (3,000 words)</td>
<td>50%</td>
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</table>

NOTE: To satisfy the requirements for this subject, you must complete all assessment items.

SEMINAR PARTICIPATION:
Seminars are intended to be a forum for the exchange of ideas, argument and opinion on the themes and issues canvassed by the subject. Seminars will involve both individual presentations (first 30 minutes) and special small group discussion ‘report back’ to the full class. Students will be allocated to permanent teams (of 5-6 students each) in the first seminar (Week Two).

Each student is expected to make an informed and considered contribution to discussion and debate in both his/her team and the full class. To prepare for teamwork and class discussion, you are advised to read at least one of the supplied readings listed for consideration each week. Ideally, you should try to read all of the supplied readings on a week-by-week basis (though the lecturer appreciates that this may not always be possible).

Your seminar participation mark will be determined, not on the basis of the brilliance or otherwise of your oratory, but according to your willingness to contribute constructively to team and class discussion and debate in an informed and intelligent manner. Merely gracing us with your presence will not guarantee you a pass grade on this assessment item.

SEMINAR PRESENTATION AND PAPER:
Deliver a brief (i.e. 10-15 minute) in-class oral presentation addressing ONE of the numbered questions set down for seminar discussion between Weeks Three and Thirteen, inclusive, and write a 2,000 paper on the same question.

Due date for Seminar Paper:
The seminar subsequent to that in which the oral presentation is given.

NOTE: (1) Penalty for late submission without valid medical or compassionate reasons and lecturer’s approval: 1% off the maximum possible mark for the paper for each day or part day overdue. Papers more than seven days overdue without documented medical/compassionate reasons and the lecturer’s approval will not be accepted.

(2) Whilst the 40% assessment weighting for this item will be based solely on the written version, any student failing to deliver an oral presentation on their allocated question (without documented medical or compassionate reasons) will incur an automatic 50% penalty on the merit mark awarded for the written version.

The class presentation should be of no more than 15 minutes duration and should address the nominated question in a direct and logical manner. Since this is essentially an exercise in verbal communication and persuasion, it would be advisable to speak directly to the class, using briefing notes, rather than to read from or recite a prepared speech. Effective verbal communication is a basic professional competency and the seminar presentation offers you an ideal opportunity to refine these skills in a supportive context.
Seminar questions will be allocated at the beginning of the first formal seminar in Week Two. Questions will be allocated as nearly as possible on the basis of individual preference. However, to avoid repetition, a limit of one presenter per question will apply, which means that balloting may be necessary for some of the more popular questions. It would therefore be wise for each student to draw up a short list of preferred questions.

The Seminar Paper should be set out in accordance with accepted academic requirements for formal written work. It must include a title page (providing details of student’s name and seminar topic and question), a synopsis (i.e. a one paragraph overview of the main argument advanced), an introduction, a coherent analysis and argument, a clear and concise conclusion and the correct citation of sources, including either Harvard-style references, footnotes or endnotes, and a full bibliography of all sources consulted. Typed or word processed text is essential.

Write the paper in your own words. Students are reminded that plagiarism and the submission of ‘ghost-written’ work are considered acts of serious misconduct and will be treated accordingly. A similar approach will be taken to the ‘recycling’ of written material prepared for other IROB subjects.

For further guidance on essay writing/presentation and written communication skills, students are advised to refer to the following two publications, which are available free of charge to postgraduate students:

- School of Industrial Relations and Organisational Behaviour, Guide to Essay and Assignment Writing (available from the IROB School Office (Level 4 Rupert Myers Building).
- Faculty of Commerce and Economics, Communication Skills Resource Book For First Year Students in the Faculty (available from the Faculty Students Centre, Ground Floor, John Goodsell Building).

**CONSULTANCY REPORT:**

There are two distinct options to choose between here, both weighted equally. One involves undertaking a specific in-field consultancy-type project; the other involves producing a consultancy-style report on a hypothetical organisation called Medico. You are required to undertake one or the other, but not both. Each student will be required to advise the lecturer of their choice no later than the Seminar in Week Six.

**Due date for Consultancy Report (both options):**

**NOTE:** Penalty for late submission without valid medical or compassionate reasons and lecturer’s approval: 1% off the maximum possible mark for each day or part day overdue. Reports more than seven days overdue without documented medical/compassionate reasons and the lecturer’s approval will not be accepted.
CONSULTANCY REPORT - OPTION 1- (FIELD STUDY)

Select ONE public or private sector organisation which has implemented one or more of the following remuneration and/or performance management practices:

- Job evaluation.
- Broadbanding.
- Skill-based pay.
- Competency-based assessment.
- Competency-based pay.
- Management by objectives.
- Graphic Rating Scale performance appraisal.
- Behaviourally-based performance appraisal.
- Multi-source (i.e. 180-degree, 360-degree) performance appraisal.
- Balanced Score Card performance management.
- Payment by individual results (piecwork; sales commissions, etc.)
- Individual ‘merit pay’ for non-managerial employees.
- Employee recognition awards.
- Team-based performance management.
- Team-based pay.
- Profit-sharing.
- Gain-sharing.
- Share ownership plans for non-managerial employees.
- Share plans for managerial employees.
- Performance targets for managerial employees.
- Regular employee attitude surveys for remuneration and/or performance management purposes.
- Use of specialist outsourcing firms for remuneration and/or performance management administration.
- Use of external consultants for the formulation of remuneration and/or performance management policies.

Conduct a field-based case study of the origins, objectives, nature and outcomes to date of the practice or practices involved and write a 3,000 word consultancy-style report outlining and evaluating the practice/practices in question, relating your evidence and findings to relevant secondary literature, issues and debates, and outlining and justifying any recommendations for improvement. As an important part of this exercise is an assessment of employees’ responses to any of these initiatives.

Students should consult closely with the lecturer when selecting their target organisation and remuneration/performance management practice. In every case, you will be required to furnish the lecturer with written permission from the relevant authority in the organisation concerned before proceeding with your study. If necessary, the lecturer can provide you with a letter of introduction and a statement of support. You will also be required to provide the lecturer with a running brief on your progress and to advise him of on any difficulties encountered. Your field research may involve selective structured or informal interviews with managers and non-managerial employees, attitude surveys, published reports or any other appropriate means of information gathering. Again, though, you should consult with the lecturer regarding appropriate research methodology.

NOTE: The field project may be undertaken on an individual basis, or in small teams of no more than three members. Marks for team-based field projects will be allocated equally to team members.
Familiarise yourself with the circumstances of the hypothetical firm, ‘Ecotran’. (You will be supplied with a set of detailed background notes on Ecotran in Week Four). Then write a 3,000 word ‘consultancy report’ which does the following:

1. Assesses the possible shortcomings of the organisation’s existing approach to remuneration and performance management and identifies specific areas for change.

2. Sets out a comprehensive reward, remuneration and performance management strategy for the organisation, specifying the mix of fixed and variable pay methods to be used, the pay levels to be adopted relative to market, the performance management practices to be applied, where each method is to apply, how each pay and performance method aligns with organisational objectives and how the strategy addresses these objectives as an integrated and dynamic whole.

3. Outlines a program for your strategy’s implementation and future management and highlights areas requiring ongoing monitoring and adjustment.

NOTE: The hypothetical exercise may be undertaken on an individual basis, or in small teams of no more than three members each. Marks for team-based hypothetical reports will be allocated equally to all members of the team in question.

**LECTURE SCHEDULE:**

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<thead>
<tr>
<th>WEEK</th>
<th>TOPIC</th>
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<tbody>
<tr>
<td>1</td>
<td>Introduction/Remuneration Basics/The ‘New Pay’</td>
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<tr>
<td>2</td>
<td>Motivation, Money and Performance Management</td>
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<td>4</td>
<td>Traditional Base Pay: Job-Based Pay and Job Evaluation.</td>
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<td>5</td>
<td>Broadbanding: The New Pay Structure?</td>
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<td>6</td>
<td>Assessing and Rewarding Personal Skills and Competencies.</td>
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<td>7</td>
<td>The Pros and Cons of Performance-Related Pay.</td>
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<td>8</td>
<td>Appraising Individual Performance.</td>
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<td>9</td>
<td>Rewarding Appraised Performance: Merit Pay and Recognition Awards.</td>
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<tr>
<td>10</td>
<td>Rewarding Individual Results: Piece-Rates, Commissions and Result-Based Bonuses.</td>
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<td>11</td>
<td>Rewarding Group Performance: Gain-sharing, Goal-sharing and Team Pay.</td>
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<td>12</td>
<td>Rewarding Organisational Performance: Profit-sharing and Employee Ownership Plans.</td>
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<tr>
<td>13</td>
<td>Developing a “Total” Reward, Remuneration and Performance Management Strategy</td>
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<tr>
<td>14</td>
<td>Conclusion.</td>
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