**Show Them the Money! A Compensation & Benefits Exercise**

**Claudia J. Ferrante**

**U.S. Air Force Academy**

**Beverly J. DeMarr**

**Ferris State University**

**ABSTRACT**

Compensation and benefits is an important topic in Human Resource Management courses for future HR professionals. It is also near and dear to the hearts of most, if not all, employees. In this session we share an exercise that helps students better understand the components of compensation and benefits and helps them to get a more realistic view of what they may reasonably expect to earn from their desired job upon graduation. Join us for this fun, interactive session and we will show you the money!

**Key Words:** compensation & benefits exercise, experiential learning, salary comparison

**Show Them the Money! A Compensation & Benefits Exercise**

A fundamental matter in the employment relationship, and thus in Human Resource (HR) courses and programs, is Compensation and Benefits (Parks-Leduc, Rutherford, Becker, & Shahzad, 2018). Employees want more of it, employers need to control it, and most students don’t have a good understanding of how it is determined or a realistic expectation of what their future compensation and benefits are likely to be. Obviously students who plan to work in HR need to understand how compensation and benefits systems are designed, implemented, and managed, but even students who do not plan to work in HR have a vested interest in compensation and benefits as future employees. Prior to a course in HR, students’ knowledge of compensation and benefits is likely to come from the media. These reports are often focused on the earnings of high-profile individuals whose incomes far surpass the vast majority of working people and cutting-edge benefits offered by large organizations with progressive employee benefits programs.

Unfortunately, this can leave students with the assumption that their first job after graduation will come with a six-figure salary, unlimited paid time off, and a work environment where their dog is always welcome and sleep pods are provided in case they need a nap while they are at work. While these jobs may exist, they are far from the norm. Students need a reality check before venturing out on the job market where they may pass up what is realistically a good job because they have unrealistic expectations for their compensation and benefits. This exercise provides students with that reality check so they begin their job search with more accurate expectations for the compensation package they may be offered. It can be used in any level undergraduate or graduate class with any mix of traditional and nontraditional students and with any delivery method (face-to-face, fully online, or blended).

**Theoretical Foundation/Teaching Implications**

People learn best through experience, which is at the heart of experiential learning (Kolb, 2014). The ability to demonstrate a topic’s relevance is one of the top three factors for students to learn or master a topic (Feldman, 1989). When students are able to apply course material to their own lives, it provides added motivation to learn and helps them internalize the material. Learning is best facilitated by a process that draws out the students’ beliefs and ideas about a topic so that they can be examined, tested, and integrated with new, more refined ideas (Kolb & Kolb, 2005). This exercise meets these standards for effective learning. Students choose the job they wish to research so the exercise will be engaging and meaningful to them. They begin with their own assumptions about their future compensation and benefits, gather factual data on what employers are paying for that job and reflect on that to help them come to a more realistic understanding of what they may reasonably expect to earn. Subsequently, this will influence their actions when they are on the job market. This embodies the learning cycle where the student experiences, reflects, thinks, and acts (Kolb & Kolb, 2005) and helps develop talent and intuitive know-how, which are only developed through idiosyncratic experiences and learning processes involved in applying generic skills (McIver, Fitzsimmons, & Flanagan, 2016).

**Learning Objectives**

The specific learning objectives to meet the overall goal of helping students acquire a realistic preview of the content of compensation and benefits packages are:

* Explain the link between job specifications and compensation / benefit packages;
* Explore compensation / benefit information provided on recruiting websites;
* Discuss compensation / benefit package variance based on geographic location; and,
* Differentiate legally required and voluntary employee benefits.

**Exercise Overview**

After students explore job specifications, forms of fixed and variable-pay programs, and the difference between legally required and voluntary employee benefits through assigned reading, ask students to complete the Compensation & Benefits Exercise (see Appendix A). Students start by going to the Occupational Information Network (O\*Net; <http://www.onetonline.org/>) and using the Occupational Search tool to find jobs they would like to obtain in the future. They then determine the knowledge, skills and abilities required, and the median wages across the United States as well as for a particular geographic area where they would like to live. Students then conduct a similar search using a recruiting website such as Zip Recruiter, Career Builder, Indeed, etc. and compare their findings to what they discovered via O\*Net. Students then identify any connections they see between job specifications and median wages and between median wages and geographic locations. Finally, they draft a list of ‘benefits’ they expect to receive in addition to their salary. Students are also able to explore potential ‘dream jobs’ (i.e., those jobs they might consider after ‘retiring’ from the preferred jobs) using the same sequence of steps outlined above.

The exercise is debriefed during subsequent class discussion to ensure that students adequately reflect on their findings during the exercise and make accurate connections to course concepts. Oftentimes experiential exercises are not thoroughly debriefed (Dennehy, Sims & Collins, 1998), and the impact of the exercise on learning can get lost during the enjoyment of the activity. During class discussion, students are encouraged to share their findings with their peers and to consider questions such as:

* How much detail on benefit packages is included in the O\*Net and recruiting websites?
* How will you find this information for a particular job?
* What are the important questions to ask to obtain this information?
* What are the legally-required benefits?
* What optional benefits do you expect to receive?
* What are some ‘unusual’ optional benefits offered by employers?
* Based on the information you have gathered, what tradeoffs might you have to make?

The class discussion also encourages students to provide examples of how they can use what they learned in their future job searches. An example of student responses to the exercise and discussion questions is included in Appendix C. For those wanting to make the discussion more entertaining for the students, after a student has identified the job they have researched, instructors could ask the remaining students to guess the compensation and benefits for that job. A reward might even be offered for the closest guess.

The exercise outlined above is the format for face-to-face delivery; however, the exercise can be easily adapted for hybrid or online courses as well as for students interested in pursuing jobs outside the ‘civilian’ sector such as in the military or government systems (see Appendix B for one example tailored for the military). We often have students complete the exercise prior to coming to class so that they are not distracted by their peers and can focus on what they want in jobs and compensation packages and debrief the exercise via class discussion, however, if time allows it could be completed entirely in class. For online courses, the exercise could be completed using a discussion board requiring students to post their completed assignment in a “post first” online discussion board and engage in an online discussion of their results and the questions outlined above.

Students generally love this exercise as it provides them the opportunity to explore future jobs and compensation packages, exposes them to recruiting websites and possible company-specific websites in a ‘low threat’ environment and provides a realistic preview of benefit packages. They also appreciate the opportunity to explore ‘dream jobs’ such as being the captain of a fishing boat in an exotic location or activities director on a tropical beach.

**Session Description**

The basis for this proposed 30-minute session will be interactive dialogue. First, we will provide a 5 – 10 minute introduction and overview of the exercise (see Appendix A for a copy of the assignment we will distribute to participants). The next 10 minutes will consist of participants ‘partnering’ with each other to complete the exercise using the results of a sample search that we will provide. Upon reconvening as a group, we will use the remaining time (between 10 – 15 minutes) to discuss our approach to debriefing the exercise, share student responses and reactions to it as a means of illustrating our success in enhancing students’ learning about compensation and benefit packages and suggest modifications for various course delivery systems. We hope that participants will leave the session with what they believe to be a valuable, experiential exercise they can add to their repertoire in their quest to enhance student learning. After all, isn’t that why we want to attend MOBTC and why we all try so hard?

**References**

Dennehy, R., Sims, R., & Collins, H. (1998). Debriefing Experiential Learning Exercises: A Theoretical and Practical Guide for Success. *Journal of Management Education, 22*, 9-25.

Feldman, K. A. (1989). *Research in Higher Education*, *30*(6), 583-645.

Kolb, D. A. (2014). *Experiential learning: Experience as the source of learning and development*. FT press.

Kolb, A. Y., & Kolb, D. A. (2005). Learning styles and learning spaces: Enhancing experiential learning in higher education. *Academy of management learning & education*, *4*(2), 193-212.

McIver, D., Fitzsimmons, S., & Flanagan, D. (2016). Instructional design as knowledge management: A knowledge-in-practice approach to choosing instructional methods. *Journal of Management Education, 40*(1), 47-75. doi:http://dx.doi.org.ferris.idm.oclc.org/10.1177/1052562915587583

Parks-Leduc, L., Rutherford, M. A., Becker, K. L., & Shahzad, A. M. (2018). The Professionalization of Human Resource Management: Examining Undergraduate Curricula and the Influence of Professional Organizations. *Journal of Management Education*, *42*(2), 211–238. https://doi.org/[10.1177/1052562917727034](https://doi-org.ferris.idm.oclc.org/10.1177/1052562917727034)

**APPENDIX A**

**Compensation & Benefits Exercise**

Learning Goal: To explore the content of compensation and benefits packages.

Learning Objectives:

* Explain the link between job specifications and compensation / benefit packages.
* Explore compensation / benefit information provided on recruiting websites.
* Discuss compensation / benefit package variance based on geographic location.
* Differentiate legally required and voluntary employee benefits.

1. **Please complete the table below using the following steps:**
   * Go to the Occupational Information Network (O\*Net) (http://www.onetonline.org/)

* Type one of your preferred jobs in the Occupation Search tool.
* Select one of the ‘occupations’ that comes up.
* Record a couple of the required knowledge, skills and abilities for the job.
* Scroll down to the Wages & Employment Trends section. Record the hourly and annual ‘median wages.’
* Click the ‘Local Salary Info’ link and select a state you would like to work in. Record the ‘high, median and low’ wages. Briefly explain how your selected location compares to wages for the entire U.S.
* Repeat the above steps for 1 – 2 additional preferred jobs.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Job 1** | **Job 2** | **Job 3** |
| **Job Title** |  |  |  |
| **Required Knowledge,**  **Skills, & Abilities** |  |  |  |
| **Median Wages**  Hourly wage:  Annual wage: |  |  |  |
| **State specific wages**  State:  High:  Median:  Low: |  |  |  |
| **Compare state-specific wage to those for the U.S.** |  |  |  |

1. **Using the information gathered above, what comparisons might you make between the job specifications and corresponding wages for each job?**
2. **Go to any online recruiting website (e.g., ZipRecruiter, CareerBuilder, Indeed) and see if you can find job openings related to your ‘preferred jobs’ in your preferred geographic location(s).**

* Select one or more of the job openings.
* Use the space below to note the similarities and differences you found by comparing information in O\*Net and the recruiting website in your search above.

1. **In addition to salary, what benefits do you expect to receive?**
2. **Repeat the steps above for one of more ‘dream jobs’ (i.e., jobs you might pursue after ‘retiring’ from the above jobs). What did you find?**

**APPENDIX B**

**Compensation & Benefits Exercise – Tailored for Current / Future Military Member**

**Please complete the table below using the following steps:**

* Go to <https://www.militaryrates.com/military-pay-charts-o1_o5_2019> to find your base pay as a 2nd Lieutenant (rank can be changed). What is the annual base pay?
* Click on the Basic Allowance for Housing (BAH) Rates (locality) and explore rates for several places you’d like to be stationed. What did you find?
* Go to <https://militarypay.defense.gov/Pay/Allowances/BAS.aspx> to understand Basic Allowance for Subsistence (BAS). What did you find?
* Go to <https://www.airforce.com/careers/pay-and-benefits> or <https://www.goarmy.com/benefits/total-compensation.html> and explore other benefits you will receive. What did you find?

|  |  |
| --- | --- |
| **Base pay per year** |  |
| **BAH (locality) for ‘location’ per year** |  |
| **BAS (meals) per year** |  |
| **Total of base pay, BAH & BAS per year** |  |
| **Other benefits** |  |

**APPENDIX C**

**Example of Student Responses for Exercise**

1. **Completed table**

|  |  |
| --- | --- |
| **Job Title** | Human Resources Manager |
| **Required Knowledge,**  **Skills, & Abilities** | Knowledge of HR, administration, law, psychology  Skills – active listening, decision making, negotiation, coordination, critical thinking, persuasion  Abilities – oral and written expression, reasoning |
| **Median Wages**  Hourly wage:  Annual wage: | $54.47/hour  $113,300/year |
| **State specific wages**  State:  High:  Median:  Low: | Colorado  $208,000  $129,880  $83,360 |
| **Compare state-specific wage to those for the U.S.** | Much higher than the U.S. average, as U.S. average is $201,380 (high), $113,300 (median) and $66,870 (low). |

1. **Using the information gathered above, what comparisons might you make between the job specifications and corresponding wages for each job?**

In general, as the number of required knowledge level, skills and abilities increases, the annual salary increases.

1. **Please go to any online recruiting website (e.g., ZipRecruiter, CareerBuilder, Indeed) and see if you can find job openings related to your ‘preferred jobs’ in your preferred geographic location(s).**

* Select one or more of the job openings.
* Use the space below to note the similarities and differences you found by comparing information in O\*Net and the recruiting website in your search above.

The job specifications are very similar but much more detailed information found on Indeed.com such as name of a specific company, city, detailed job duties, specific degree requirements and preferred certifications, etc.; however, no salary information or benefits outlined. Zip Recruiter had less specific job information and short description of benefits worker might be eligible for if hired.

1. **In addition to salary, what benefits do you expect to receive?**

401K, vacation, sick time, stock options

**Completed Table for Military Example**

|  |  |
| --- | --- |
| **2nd LT Base pay per year** | $3,188.40 \* 12 = $38,260.80 |
| **Basic Allowance for Housing in Colorado Springs, CO** | $1,482 w/out dependents per month = $17,784  $1,611 w/ dependents per month = $19,332 |
| **Basic Allowance for Subsistence (meals)** | $254.39 per month = $3,052.68 |
| **Total of base pay, BAH & BAS per year** | $59,097.48 w/out dependents  $60,645.48 w/ dependents |
| **Other benefits** | Insurance, retirement, recreation, vacation & travel, education reimbursement |

**Typical Responses to Additional Discussion Questions**

* How much detail on benefit packages is included in the O\*Net and recruiting websites?
  + Very little to none; focus is on job specifications and requirements to get the job.
* How will you find this information for a particular job?
  + Go to company’s website, ask in interview or at time of job offer.
* What are the important questions to ask to obtain this information?
  + Are employees rewarded via merit pay or bonuses; are there opportunities for profit sharing or employee stock ownership; what retirement plans are available?
* What are the legally-required benefits?
  + Common incorrect answers include healthcare, vacation, 401K
  + Correct answers are Social security, workers’ compensation, unemployment insurance, the entitlements per the Family Medical Leave Act
* What optional benefits do you expect to receive?
  + Once they hear the incorrect answers, the responses are health insurance, retirement plan, vacation / paid-time off, tuition reimbursement, food, etc.
* What are some ‘unusual’ optional benefits offered by employers?
  + After searching the internet, they find benefits such as childcare, pet insurance, adoption assistance, free food and beverages throughout the day, laundry facilities, physical fitness classes, financial assistance for weddings, etc.