

HR Exercise: Recommending an Employee Benefits Plan

ABSTRACT

Compensation is an important topic in Human Resource Management courses. Employee benefits have become an increasingly visible and desirable component of total compensation. In this session we share an exercise that helps students better understand the various types of mandatory and discretionary benefits and helps them to get a more realistic view of the benefits they may reasonably expect a prospective employer to offer. Join us for this fun, interactive session as we explore an exercise to help “bridge the knowledge-doing gap” for our students to gain insight and appreciation into benefit plans from the employer and employee perspective.

Key Words: employee benefits exercise, experiential learning, human resources

HR Exercise: Recommending an Employee Benefits Plan

A fundamental component of the employment relationship is Compensation and Benefits (Parks-Leduc, Rutherford, Becker, & Shahzad, 2018). Employee benefits are increasingly seen as a more visible and important component of total compensation. The media typically reports on organizations with creative, unusual or cutting-edge benefits ranging from offering paid subscriptions for baby diapers and wipes to in-office massages at no cost as a means of attracting and retaining employees (Constanz, 2022; Gympass, 2023). Microsoft is currently in the news for beginning the implementation on January 16, 2023 of unlimited Paid Time Off (PTO) which they are referring to as Discretionary Time Off for salaried employees (Golden, 2023). As is the case with Microsoft, the reported examples are primarily large organizations which typically have more financial resources available for benefits. Large organizations are also able to spread the cost of benefits programs over a larger number of employees resulting in a lower cost per employee as is the case with insurance plans.

While it would be nice for employees if employers offered lavish benefits packages to all employees, the reality is that benefits can be very expensive, and employers need to control all costs, including benefits, and ensure that they are getting a return on their investment in employee benefits. The media reports can set unrealistic expectations for people when it comes to benefits. The public often assumes that what is reported in the media is more the rule than the exception and that most if not all employers offer extensive, generous benefit packages. This is especially true for those without significant work experience, which includes most students. The result can be an unrealistic view of what they can expect when they begin their careers.

Obviously, students who plan to work in HR need to understand the various types of mandatory and discretionary benefits, but even students who do not plan to work in HR have a

vested interest in employee benefits as future employees. Unfortunately, unrealistic expectations may lead a job applicant to reject what is objectively a good job offer because they think the benefits will be better elsewhere only to find that they aren't. Thus, students need a reality check before venturing out on the job market. This exercise provides students with that reality check so they begin their job search with more accurate expectations for the benefits 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 organization they wish to research so the exercise will be engaging and meaningful to them. They gather factual data on what benefits the employer currently offers and then have the opportunity to explore additional benefits the employer might offer at a reasonable cost. Subsequently, this may 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 overall goal of this exercise is to help students gain a realistic understanding of employee benefits packages offered by employers. Specifically, they will be able to:

- Explain why employee benefits are an important part of compensation.
- Differentiate between mandatory and discretionary employee benefits.
- Explore employee benefit information provided on employer and/or recruiting websites.
- Discuss variation in employee benefits across employers and explain the reasons for the differences.

Exercise Overview

After students explore employee benefit programs and the difference between legally required and voluntary employee benefits through assigned reading, students complete the *Recommending an Employee Benefits Plan Exercise* (see Appendix A). Students start by selecting an organization for which they would like to work in the future. They then research the benefits the employer currently offers. Finally, they explore additional benefits the organization might offer in the future.

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:

- Why are benefits an important part of a company's compensation plan?
- What are mandatory (i.e., legally required) benefits and why are they important?

- What are discretionary (i.e., voluntary) benefits and what role do they play in attracting and retaining employees?
- What are some unusual benefits some employers are offering?
- What are the advantages and disadvantages of cafeteria-style (flexible) benefit plans?
- What role does the demographic makeup of an employer's workforce play in the benefits that are offered?
- How have employees' preferences for benefits changed since March 2020?

This exercise provides students an opportunity to research an organization's benefits package and provides a realistic preview of benefit packages. It can be used for a face-to-face class; however, the exercise can be easily used for hybrid or online courses. For an in-person class, it takes 45-75 minutes to execute depending on class size. Students complete the exercise prior to coming to class so they are ready for a class discussion. For online courses, the exercise could be submitted as an individual assignment, or it could be completed using a discussion board requiring students to post their completed assignment in a "post first" online discussion and engage in an online discussion of their results and the questions outlined above.

Session Description

The basis for this proposed 45-minute session will be interactive dialogue. First, we will provide a 10-minute introduction and overview of the exercise (see Appendix A for a copy of the assignment we will distribute to participants). The next 20 minutes will consist of participants 'partnering' with each other to complete the exercise using information from their own employer. Upon reconvening as a group, we will use the remaining time (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 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.

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APPENDIX A

Recommending an Employee Benefits Plan Exercise

Learning Goal: To help students gain a realistic understanding of employee benefits packages offered by employers.

Learning Objectives:

- Explain why employee benefits are an important part of compensation.
- Differentiate between mandatory and discretionary employee benefits.
- Explore employee benefit information provided on employer and/or recruiting websites.
- Discuss variation in employee benefits across employers and explain the reasons for the differences.

Instructions

For this assignment you will research an organization of your choice (either for profit or nonprofit) and write a paper detailing the benefits that the employer must offer to its employees, additional benefits they currently offer, and recommendations for additional benefits they should offer to facilitate attracting and retaining enough qualified employees. Include information on the approximate cost of each of the benefits to the employer as well as any cost-sharing for the employee.

The paper should begin with a brief description of the organization including size, location, and number of employees. All sources must be cited on a reference page. Be sure to follow the required format and use the headings provided below to ensure you cover all the required topics.

Required Format

Organization Overview:

Mandatory Benefits:

Social Security

Workers' Compensation

Unemployment Insurance

COBRA

FMLA

ACA (minimum health coverage)

Discretionary Benefits Currently Offered:

Retirement

Health Care (beyond ACA minimum)

Life insurance

Paid Time Off

Accommodation and Enhancement Benefits

Additional Benefits the Employer Should Offer:

References

In addition to the basic assignment, students may also be required to respond to the following questions, either as part of their written submission or in a class discussion.

Optional Additional/Discussion Questions:

1. Why are benefits an important part of a company's compensation plan?
2. What are mandatory (i.e., legally required) benefits and why are they important?
3. What are discretionary (i.e., voluntary) benefits and what role do they play in attracting and retaining employees?
4. What are some unusual benefits some employers are offering?
5. What are the advantages and disadvantages of cafeteria-style (flexible) benefit plans?
6. What role does the demographic makeup of an employer's workforce play in the benefits that are offered?
7. How have employees' preferences for benefits changed since March 2020?