

## ASSIGNMENTS

### Compensation Administration at International Plastic Products

#### Assignment 1 Case Study

**Marks: 60**

The Simpsons Plastic Products Corporation was recently purchased by the much larger organization, International Plastics Ltd.

The human resource director of International Plastics is concerned that the wage and salary policies of Simpsons are irrational and in some cases violate the law. Further, while Simpsons has been an established company for approximately 5 years it operates in a very competitive market and recently lost 5% of its market share. The strength of Simpsons in the past has been its R&D division - R&D has brought to market several innovative plastic products - however there has recently been a lot of turn over and Simpsons recently lost two of its key R&D people to competition.

International Plastics purchased Simpsons on the strength of its R&D and past success in bringing to market innovative products. International itself, is an organization that might be described as a Defender and part of its business strategy for the next 5 years is to develop new market opportunities increasing its market share by 5%. International Plastics has recognized a niche in the world of plastics and recycling that it believes it can capitalize on through the acquisition of Simpsons.

International requires upgrading in its ability to use technology while Simpsons needs stronger business systems and organizational structure. The human resource director is also looking for ways to assimilate the compensation systems of International and Simpsons hoping to achieve a balance of internal and external equity, while fuelling innovation and entrepreneurship/intrapreneurship through attractive incentives. Both companies lack a comprehensive compensation philosophy.

To evaluate the compensation programs of both Simpsons and International, you, as a recent human resources management graduate was hired to make the investigation.

Key points of the investigation included:

#### Simpsons

- The wage range for hourly employees at Simpsons is from \$8.00hr - \$14.00.
- Average age range was 20-35 years. Overtime was not paid at Simpsons.
- The wage rate for different workers varied widely even on the same job at Simpsons to the extent that those employees who are heads of households received approximately 18 percent more than those workers who were not.

- Those that received the additional 18% tended to be men in spite of the fact that there were more female household heads in the workplace than men.
- On highly technical jobs, Simpsons pays a rate that is 20% above market.
- All other jobs are paid an average of 15% below market.
- Overall the turnover averages 10% - in technical jobs the turnover was less than 2%; in non-technical jobs turnover was nearly 20%.
- Absenteeism followed the same pattern.

#### International Plastics

- The wage range for hourly employees is from \$7.50-\$18.00hr depending on job class and length of service.
- Average age range is 28-40 years.
- Benefits on top of wages were approximately 25%.
- Overtime paid by International was per the Employment Standards Act.
- International's compensation system included job classes and 5 pay grades within each job - internal equity was extremely important to them.
- Raises were performance based within a percentage range at the discretion of the supervisor based against a complex evaluation system that attempted to ensure fairness (though the evaluation system was not popular with International staff).
- Average turnover rate was 3.5% - labour intensive areas saw turnover average at about 5% while technical enjoyed a turnover around 2%.
- Absenteeism was about the same.
- International was known in the industry for its low turnover rates - industry average was about 7%.

#### Questions

Include in your introduction any assumptions that you may have based your responses on. Please list references used. Please answer questions in a sequential format versus a traditional case study format.

1. (10) What are the external conditions facing International and Simpsons, both individually and as an amalgamated organization?
2. (10) What are the business issues facing both companies, individual, prior to and after the amalgamation?
3. (10) At what stage are each company in the business life cycle - prior to and after the amalgamation. Describe the key characteristics of each to support your description.
4. (5) What laws, if any, are being violated by either company?
5. (15) Based on the stated and probably desirable business objectives of International, design a compensation philosophy that would support and assist the company in meeting its business objectives. Identify the benefits of your recommendations as well the possible barriers and how you would overcome them.
6. (10) Develop a step by step implementation plan for the new compensation philosophy that you designed.

## Assignment 2

### Compensation and Benefits – Presentation

**Marks: 45**

**Objective:**

This is an individual and/or group-based assignment. You will create a power point presentation highlighting key concepts within your assigned subject area as noted below.

Your power- point presentation will include approximately 8-12 slides. You should include notes in the notes section of your slides with detailed subject information. You will be marked on content and flow of your power-point presentation.

*Please note that all group members will be marked equally unless a compelling reason for giving someone a different mark is presented by the group.*

**Group 1: Discuss contemporary issues around pension plans. (Do not examine CPP other than to mention that it is part of the pension calculation.)**

- Discuss critical issues as they relate to pension plans facing organizations in today's environment. Identify some key actions or steps that HR professionals and/or organizations must take in order to protect the integrity of both the plan and its members.
- What are other options a company can implement that moves it away from the traditional pension plan structure?

**Group 2: Multi-Employer Programs (MEP) – Chamber of Commerce Benefit Plans**

**Discuss the framework of MEP programs and other benefit plans available through Chambers of Commerce. Discuss how they emerged and the role they play in small and medium businesses today.**

- Discuss critical issues surrounding MEP benefit plans.
- What are some of the critical issues facing organizations and the workforce today related to MEPs?

**Group 3: Ex-Patriot Compensation**

**How do you design a pay system to attract and retain ex-patriot workers?**

- Discuss critical issues surrounding compensation for ex-patriots today.
- How is compensation effectively used, if at all, to attract, retain and motivate key staff?
- What are some common problems around the management of compensation systems for ex-patriots?

**Group 4: CPP/OAS**

Discuss the framework of government sponsored programs such as CPP, OAS and other retirement based or income based programs relating to old age.

- Discuss critical issues surrounding government sponsored benefits for old age.
- What are some of the critical issues facing organizations and the workforce today?

Subject	Group Members assigned
Group 1 – Contemporary Pension Issues	Hussain, Pardeep
Group 2 - Multi-Employer Programs (MEP) – Chamber of Commerce Benefit Plans	Sara, Sue
Group 3 – Ex-Pat Compensation	
Group 4 – CPP/OAS	Kirti, Liz

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## Assignment 3

### Compensation and Benefits – Case Study

Marks: 60

#### Introduction:

You have been hired as a compensation consultant to review the compensation process/system within the company and make appropriate recommendations to the owner. You must defend any recommendations made and identify the benefits the company is expected to enjoy. Include any assumptions that impact your recommendations. Write in a report format.

#### Instructions:

Design a total compensation package for the following company. Defend your decisions by describing the impact or intended outcome of each component of the plan. Describe why you believe the compensation plan will be successful in achieving its goals.

#### Company Profile:

T-Man industries is in the manufacturing industry producing a variety of parts for the armed forces: army, navy, air marines and space industry. These parts are standard in these industries. T-Man Industries could be described as a defender. The company however is facing a plateau in terms of market penetration especially since the end of the cold war. However, there is a new upswing in the space program. The company is non-union and is considered fair by its staff though not necessarily dynamic. T-Man has about 2000 employees and is located in Burnaby. T-Man experiences the industry average in staff turnover, about 15% per year.

#### Current Business Issues:

Total market penetration of its manufacturing division: 5% market share = \$500million in revenues per year. Defender.

#### Goals for current year: (In no specific order)

1. Diversify its industry base utilizing R&D and enter into new markets. Capture 2% of the new market share.
2. Maintain current market share for industrial products.
3. Attract leading scientists to its R&D division.
4. Develop a corporate culture that supports and promotes teamwork.
5. Streamline manufacturing operations so that it is running at optimal efficiency.
6. All staff understand the complexities and costs associated with running the business.
7. Continue to improve on existing manufacturing techniques and product quality.
8. Attract strong sales persons for the new industry.
9. Become leading edge in it's R&D division - bringing 3 new products to the new market in the current year.

#### Current Staff Profile:

1. Support staff: minimal education. Average age range, 25-35. Majority of staff are married without children.
2. Research staff: highly educated. Average age range: 35-45. 50% are married with children.
3. Executives: highly educated. Average age: 50. 50% married with children but children are not living at home.
4. Marketing staff: medium education, some college/university. Average age range 30-40. 50% are married, 50% of those married have children.

5. Manufacturing staff: minimal or no education. Average age 28, majority are unmarried.
  6. Average tenure: 10 years.
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