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WAGESIM: A WAGE AND SALARY ADMINISTRATION SIMULATION

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ABSTRACT

A three phase simulation of a Wage and Salary Section of a Personnel Department *in* a fictitious organization was developed for a Wage and Salary Administration course. The purpose of the simulation was primarily to provide students with a knowledge of various aspects of the compensation process and to give them an understanding of the frame of reference and problems encountered by compensation specialists who work in actual organizations. In Phase I of the simulation, student teams prepared a job analysis questionnaire, conducted job analysis interviews, and wrote job descriptions. In Phase II, student teams developed a point factor system of job evaluation for three hundred and fifty clerical employees and developed and priced their wage structure. During Phase III of the simulation, student teams solved between 35 and 40 In-Basket exercises. At the conclusion of the simulation, students completed a 6 item evaluation questionnaire with reference to the simulation.

INTRODUCTION

In the fall of 1979, I was asked to teach a course in Wage and Salary Administration to a class of 35 students, 11 graduate students and 24 undergraduate students. The class met one night per week for three hours (7:00 to 10:00 PM). The standard Wage and Salary Administration topics were to be covered in the course. They included public policy on pay, evolution of pay theory from economics and the behavioral sciences, wage surveys, job evaluation, performance evaluation, incentive plans, fringe benefits, and executive compensation.

Because of the class length, student composition, and my own personal preferences for using experiential learning, I developed a simulation which, for lack of a better name, I called WageSim. This simulation was designed to accomplish two interrelated goals. First, it was designed to provide students with a rather broad knowledge of four specific aspects of compensation: job analysis, job descriptions, job evaluation, and building and maintaining compensation structures. Since only a few of the students in the class, if any, will ultimately ever work in a Wage and Salary Section of a Personnel Department, the second purpose of the simulation was to cast students in the role of Wage and Salary Administrators so that they would better understand and appreciate the frame of reference and problems of those who actually have these responsibilities in real organizations. Upon graduation, most of the students will obtain, or continue to be in, management positions. An understanding therefore of compensation principles and the frame of reference of compensation specialists could prove to be quite valuable to them.

GENERAL DESCRIPTION

WageSim is a simulation of the Wage and Salary Section of the Personnel Department in any medium to large organization which has a sufficient number of clerical personnel to warrant a separate pay structure for them. It consists of three separate but interrelated phases which will now be described.

ORGANIZING AND INTRODUCING THE SIMULATION

At the start of the simulation the students were divided into two groups based simply on class standing: undergraduate students and graduate students. The 24 undergraduate students were further divided into six teams of four members each. These teams were told to assume that they were the Wage and Salary Section of a medium to large organization located in the Norfolk area. They could assume the organization was a chemical company, a manufacturing company, a hospital, a university, or any similar organization with which they were familiar. All students were told that although the simulation was built around an organization which has several pay structures (professional and administrative, clerical, and maintenance), they were to focus only on the compensation of clerical employees. Furthermore, they were told that the organization has nine clerical positions: Clerk A, Clerk B, Clerk C, Clerk D, Clerk Typist B, Clerk Typist C, Clerk Stenographer B, Clerk Stenographer C, and Clerk Stenographer D. The 11 graduate students were told to assume that they were initially employed by the fictitious organization in one of the nine clerical positions. They were told that their specific assignment would be given out later and would change from one phase of the simulation to another.

THE SIMULATION

Phase I Job Analyses/Job Descriptions

The first phase of the simulation required that the six teams of Wage and Salary Administrators prepare a job analysis questionnaire and Interview nine employees, one representing each of the nine clerical positions. Graduate students were provided by the instructor with actual job descriptions and each was instructed to play the role of one clerical employee. After the interviews were completed each team of Wage and Salary Administrators wrote job descriptions covering the nine clerical employees and presented them to the graduate students for a critique. When the critique was finished, the teams were then given the fictitious organization's actual job descriptions. This was done not only to provide the teams with feedback regarding their ability to write job analysis questionnaires, to conduct job analysis interviews, and to write job descriptions but also to provide them with a common footing for moving to Phase \ of the simulation.

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Phase II Job Evaluation

During the second phase of the simulation, the six Wage and Salary Administrator teams were told to develop a point factor method of job evaluation and to price the wage structure. To assist them, the graduate students were divided into groups and each group was instructed to serve as consultants to these teams in one of four specialty areas: developing a point factor method, preparing job descriptions, conducting wage surveys and determining current area wage rates, and pricing and maintaining a wage structure. Each consulting team was given relevant books and articles by the instructor and told to study them carefully prior to serving as consultants. When the Wage and Salary Administrator teams began developing their wage structures, the consulting groups sat at tables in the front of the class. Each table displayed a sign showing the consulting group's area of specialization. The Wage and Salary Administrators were told to seek the advice of the consulting groups any time they wanted. If the consulting group could not answer a given question they were instructed to see the instructor,

Phase III In-Basket Items

After all six of the Wage and Salary Administrator teams had completed and submitted their job evaluations and wage structures to the instructor, Phase III of the simulation began. During this phase the graduate students took off their consulting hats and played the role of various employees who worked for the fictitious organization. One graduate student served as the Personnel Director and another played the Assistant Personnel Director's role. The remaining nine took on the roles of various clerks, clerk typists, clerk stenographers and supervisors. Most graduate students played the role of two or three different employees during this phase. As part of their role, the graduate students wrote In-Basket items to submit to the Wage and Salary Administrator teams. These were added to the ones prepared by the instructor. Taken as a group, the In-Basket items placed a variety of demands on the Wage and Salary Administrator teams. Some required that the teams respond in writing to a request or question regarding compensation from a fictitious employee (graduate student). Others required that they conduct an interview with, or answer a telephone inquiry, from a graduate student in their role as a clerk, clerk typist, clerk stenographer or supervisor. Still others required that the teams complete a specific task such as preparing a payroll budget or conducting a wage survey. All Wage and Salary Administrator teams were told if they could not solve an In-Basket item they were to see the Personnel Director or Assistant Personnel Director for assistance. Among the 35 In-Basket items utilized were the following:

1. A request from the Personnel Director to prepare a payroll budget for one month covering all clerical employees.
2. A request for an interview from the Director of Maintenance asking for a raise for one of her clerk stenographers in exchange for granting the Personnel Director additional office space.

3. A statement by a clerk typist that if he did not receive a raise he would take a job elsewhere.
4. A request by a clerk for a new paycheck. He thought he lost his old check.
5. A request by a clerk typist for additional sick leave.
6. A request by the Personnel Director to conduct a wage survey.
7. A demand by a supervisor that the pay grade of his clerical employees be changed to reflect their increased work load.
8. An order from a court that a clerk's wages be garnished.

As one can see, the In-Basket items originated not only from people within the organization (clerks, clerk typists, clerk stenographers, Personnel Director, etc.) but also from people outside of the organization such as a court. While the In-Basket items focused primarily on wage structures, a few fringe benefit items and common everyday compensation situations were also included. A set of fictitious compensation policies and practices were provided to each team to help them solve some of these latter In-Basket items.

In addition to requiring each Wage and Salary Administrator team to respond to a structured set of 35 In-Basket items, each team was also required to solve items designed specifically for them. These unique items related not only to each team's own wage structure but also to how they answered the standard set of In-Basket items. Rather than directly telling a team that it had made a mistake, the team was confronted with additional In-Basket items which were designed to make it become aware of its errors indirectly and correct them.

DEBRIEFING WAGESIM

At the end of the simulation each team was required to conduct a wage survey to determine the wages paid by other teams for the nine job classifications. This feedback provided each team with an opportunity to evaluate their own team's wage structure.

Each Wage and Salary Administration team also received a copy of an actual wage structure covering clerical employees from an organization in the Norfolk area. They could then compare the wage structures they had developed with one actually in use for similar employees.

Finally, the author reviewed each of the 35 In-Basket items, one at a time, with the entire class. Recommended solutions together with pitfalls to avoid for each item were presented.

STUDENT EVALUATION OF WAGESIM

Each student was asked to complete a 6 item evaluation questionnaire with reference to the simulation. The results of this survey are shown in Figure 1.

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FIGURE 1
WAGESIM EVALUATION QUESTIONNAIRE

Instructions: Please evaluate the Wage and Salary simulation we have just completed by circling the number which most represents your opinion.

1. To what extent, if any, did participating in the simulation provide you with new knowledge regarding job analysis, job descriptions, job evaluation and building and maintaining wage structures?

Mean Response

Very Much	1	2	3	4	5	6	Not at all	2.4
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2. To what extent, if any, did participating in the simulation provide you with an understanding of the frame of reference of Wage and Salary Administrators?

Very Much	1	2	3	4	5	6	No tat all	2.0
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3. To what extent, if any, did participating in the simulation increase your awareness of the problems encountered by Wage and Salary Administrators?

Very Much	1	2	3	4	5	6	Not at all	2.0
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4. To what extent, if any, did you enjoy solving the simulation exercises?

Very Much	1	2	3	4	5	6	Not at all	2.1
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5. To what extent, if any, did you find the simulation exercises realistic?

Very Much	1	2	3	4	5	6	Not at all	2.5
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6. In general, to what extent do you feel that the simulation was a worthwhile educational experience?

Very Much	1	2	3	4	5	6	Not at all	2.2
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General comments: Please write any additional comments you wish to make below and on the back.

Student reactions to WageSim were quite favorable as indicated by their mean responses to the six questions. Students generally felt that the simulation provided them with new knowledge regarding Wage and Salary Administration (Item 1), gave them a better understanding of the frame of reference of wage specialists in organizations (Item 2) , and increased their awareness of the problems encountered by Wage and Salary Administrators (Item 3). These were the major objectives of the simulation.

- [2] Reed, S. Kyle, "Experiential Learning in Wage and Salary Administration," Exploring Experiential Learning: Simulations and Experiential Exercises, 1978, pp. 297-301.

Interestingly, the least favorable response related to whether the In-Basket items were realistic (Item 5). All of the items were in fact based on actual situations. One could surmise that the students' responses provide some proof for the old adage, "Truth is often stranger than fiction."

CONCLUSIONS

As Reed [2, p. 297] has correctly observed, the lecture method of instruction is not appropriate for a Wage and Salary Administration course because it fails to provide students with a "feel" for what really is involved in administering a wage and salary system. On the other hand, by thrusting the student into a Wage and Salary Administrator's role, WageSim does provide students with an opportunity to actually experience what is involved in developing and administering a compensation system. More importantly, WageSim is designed to develop student skills at both the cognitive (content) and affective (process) level [1, p.63] , a characteristic lacking with the use of the lecture method.

REFERENCES

- [1] Ireland, R. Duane and Hoover, 3. Duane, "Experiential Processing of Differing Managerial Perspectives: The Use of a Game Show Format," Insights into Experiential Pedagogy, 1979, pp. 63-65.