HRM 598 Week 5 Discussion

The Benefit Determination Process

Course: HRM 598 Compensation
Textbook: Compensation,14th Edition, by Barry Gerhart
Week 5 Topic: Benefits
Reading: Chapter 12: The Benefit Determination Process and Chapter 13: Benefit Options

Discussion Post Information:

You are the Human Resources director at XYZ Fixtures. Your bonus this year is based on your ability to cut employee benefits costs. Your boss has said it's okay to shift some of the costs over to employees (right now, they pay nothing for their benefits), but he doesn't want you to overdo it. In other words, at least one-half of your suggestions should be good for the employee's pocketbook.
What alternatives do you want to explore? Why?

Adapted from: Gerhart, B., & Newman, J. (2020) Compensation (14th ed.). McGraw-Hill.
Retrieved from
https://www.mheducation.com/highered/product/compensation-gerhart-newman/M9781260043723.html

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At XYZ Fixtures, I would explore benefit changes that help the company control costs without making employees feel like they are losing too much. I would start by moving from fully paid benefits to a shared-cost medical plan and adding a high-deductible
health plan with an HSA. I would also recommend voluntary benefits like dental, vision, disability, and life insurance because they give employees flexibility while keeping the
employer's costs lower.

Employees usually care most about benefits they can actually use, especially affordable healthcare and access to care. That is why I would also keep wellness and telehealth options in place, since they can support employees while helping the company manage costs over time. Overall, I would look for changes that save money for the employer but still offer employees meaningful protection and choice.