

MGT 521

Strategic Human Resource Management

Second Module, 2016-2017

Course Information

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Classes:

Sessions: Mondays and Thursdays, 10:30am-12:20pm

Venue: PHBS Building, Room **423**

Course Website:

Course Management System

1. Course Description

1.1 Context

Course Overview

To realize the competitive advantage from having the most ingenious product design, the best marketing strategy, or the most state-of-the-art R&D capacity, managers and organizations now recognize the importance of having an effective system for obtaining, mobilizing, and managing the organization's human assets. A number of world-wide developments, including demographic changes in the labor force, the rapid pace of technological change, increased global competition, experiments with new organizational arrangements, and public policy attention to work force issues are making human resource management (HRM) increasingly "strategic" for organizations.

Although many organizations recognize the importance of managing the work force effectively and even "know" what approaches are effective, it is remarkable how often managers and organizations fail to implement these approaches. Consequently, this course has two central themes: (1) How to think systematically and strategically about aspects of managing the organization's human assets, and (2) What really needs to be done to implement these policies and to achieve competitive advantage through people. The intent of the course is both to impart knowledge as well as to stimulate discussion about the values and beliefs that stand in the way of implementing this knowledge.

As an elective course in management program, MGT521 is not to get into the technical details of issues that are primarily relevant to those intending to be human resource professionals, such as the psychometric aspects of test validation, the specifics of job evaluation methods, the mechanics of interviewing, the intricacies of employment law, or the organization of a union. Rather, the course adopts the perspective of a general manager and addresses human resource topics from a strategic point of view, considering how HRM might aid in developing competitive advantage and what should be done to fulfill this potential.

This course is also designed to be integrative, drawing upon foundational material to which you have been exposed in courses such as MGT502 **Managerial Economics**, MGT510 **Strategic Management**, and MGT520 **Organizational Behavior**. To integrate the conceptual and applied material, we will use a series of cases. Each case will provide a hypothetical situation that is closely related to strategic HRM topics in our sessions. For this reason, it is important that you always prepare the case before class. A case write-up, individual or team-based, will be due every week before we discuss the corresponding case. To help focus your analysis, a set of case questions for each case will be provided. The questions can be used to guide your case preparation, and please prepare your case write-ups by answering those questions.

It is also important that we take advantage of knowledge and experience of class members. So, where relevant, please feel free to bring your own thoughts and illustrations into class discussion. Throughout the course, we may consider how HRM differs across countries. I encourage students with global experiences to bring this knowledge into the classroom. The employment relationship in China is different in many respects from other countries, so it is important that you, as future managers, appreciate these differences and how human resources might be managed differently in other cultures. For the international students, it might be even more important for you to understand the culture and common HRM practices in China if you are interested in developing your career here or in Chinese companies. To increase your effectiveness in managing human resources, it is important to explore how, why, and under what circumstances various approaches work. Your previous knowledge and experience will be a valuable source of data for our learning in class.

The course is divided into three parts. The first addresses the core concepts in strategic HRM: vertical and horizontal alignment; when and how to achieve re-alignment so that the HR activities can produce the skills and behaviors required that make the strategy work. The second part deals with a number of key HR levers available to managers in developing an effective personnel system. The third part of the course provides a brief summary and integration of the material covered in the class.

Prerequisites:

MGT502 **Managerial Economics**,
MGT510 **Strategic Management**, and
MGT520 **Organizational Behavior**

1.2 Textbooks and Reading Materials

Textbooks:

1. Baron, J., and Kreps, D. 1999. *Strategic Human Resources: Frameworks for General Managers*. John Wiley & Sons, Inc. (Hereinafter referred to as **Baron/Kreps**).
2. Lazear, E., and Gibbs, M. 2015 (3rd Ed.) *Personnel Economics in Practice*. John Wiley & Sons, Inc. (Hereinafter **Lazear/Gibbs**).
3. Lazear E. 1995. *Personnel Economics*. MIT Press. (Hereinafter **Lazear**).

Additional Readings:

The readings, coming from a number of different sources, are carefully chosen to reflect a variety of perspectives and to stimulate your thinking. This class is probably the best opportunity you have to learn about human resources from a general management perspective—a subject that will become increasingly important as your career develops. I hope you will seize this opportunity and avail yourself of all the course materials.

1. Meyer, M. 2002. *Rethinking Performance Measurement: Beyond the Balanced Scorecard*. Cambridge University Press. (Hereinafter **Meyer**).
2. Cases in Drucker, P. 2008. *Management Cases*. (Rev. Ed.). HarperCollins. (Hereinafter **Drucker**).
3. Cases in Seetoo, W. 2000. *Collection of Cases*. (Hereinafter **Seetoo**).

2. Learning Outcomes

2.1 Intended Learning Outcomes

Learning Goals	Objectives	Assessment
1. Our graduates will be effective communicators.	1.1. Our students will produce quality business and research-oriented documents.	O
	1.2. Students are able to professionally present their ideas and also logically explain and defend their argument.	O
2. Our graduates will be skilled in team work and leadership.	2.1. Students will be able to lead and participate in group for projects, discussion, and presentation.	O
	2.2. Students will be able to apply leadership theories and related skills.	
3. Our graduates will be trained in ethics.	3.1. In a case setting, students will use appropriate techniques to analyze business problems and identify the ethical aspects, provide a solution and defend it.	O
	3.2. Our students will practice ethics in the duration of the program.	
4. Our graduates will have a global perspective.	4.1. Students will have an international exposure.	O
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	O
	5.2. Our students will be prepared to face problems in various business settings and find solutions.	O
	5.3. Our students will demonstrate competency in critical thinking.	O

2.2 Course Specific Objectives

*Education is the kindling of a flame, **not** a filling of a vessel.*

~Socrates

You need to prepare before the class, participate in the class, and practice after the class in order to acquire, assimilate, and apply knowledge of *Strategic HRM*. While I work hard at promoting your learning, you need to understand that it is ultimately *your own* learning. Therefore, the quality of the learning experience heavily depends on (1) your preparation of case material, (2) your participation to the class discussion, (3) your practice of applying knowledge to case analyses, and (4) your collaboration with your team members. That is, what you learn depends on your own effort and that of your colleagues. I will do my utmost to facilitate the learning process, but in the end, what you gain from the class is largely determined by you and your colleagues.

I have tried to organize and run the course in ways that emphasize pre-class preparation, in-class discussion, as well as after-class case analyses and team collaboration. First, you are required to read the material listed in the syllabus before each session. In the class, I will cover the material with the expectation that you have read the articles, textbook chapters, and cases for the session. I will ask questions related to the readings, and your class participation grade will be evaluated depending on your responses and answers. To do so, I will assign every one of you a number in this class, and the student whose number is drawn will have to respond to the questions I ask. You will have to pay attention to my questions because everyone has a chance to be asked. Moreover, you will have to listen to your classmates' opinions because I will also ask following questions, such as "would you summarize what James said previously" and "do you agree what James just said?" Failure of answering questions in class will lead to lower class participation grade. I will use a random number generator (**RNG**) to pick someone to answer my questions. The details of the functioning of RNG will be described in class.

Your grades reflect your individual effort as well as that of your team. You will be assigned and grouped as teams. I encourage you to interact with your team members in a regular basis because everyone needs to submit four case write-ups on a team-basis and the final exam also will be a joint product of your team. Let me elaborate the assessment and grading in the next section.

2.3 Assessment/Grading Details

Grading

Class Participation:	30%
Case Write-up (Eight minus one cases):	35%
Group Final Exam:	35%

Class participation grades reflect my judgment of your contribution to the learning environment. The grades take into account (1) the *frequency* of your responses in class, (2) their *quality* (e.g., relevance to course materials; insights that differ from others' points of view; elaboration or clarification of others' opinions), and (3) the *professionalism* of your conduct (i.e., attendance, punctuality, preparedness, and respect to your colleagues and their contributions).

Case write-up grades are my evaluation of your analysis of the cases in written format. There are eight cases in total: Four are individual write-ups and the other four are team-based reports. For the former, everyone is required to submit your own write-up, within 2 pages, before class discussion. For the latter, your team needs to work together to write analyses, within 4 pages, for the other four cases. Each case constitutes 5% of your total grade. I will automatically exclude the case with the lowest grade for you, and thus your case write-up grade will encompass 35% of your total grades.

Group final exam grades are my assessment of *your team's* ability to answer the exam case in written format. Therefore, it is reasonable to expect better performance in the final exam if you and your team members DO get together once or twice a week to discuss cases, individual or group-based. I will use both relative and absolute evaluation schemes. By relative, I mean there will be as many different grades as the number of teams in class. For example, if we have six teams, there will be six different final exam grades so that a ranking of teams' performance can be provided. The grades are the same for all members within your team, as in the group case write-ups. Thus, your final exam grades depend on how your teams do in writing up the exam case. By absolute, I mean that it is possible for all teams to get good grades if every team passes a reasonable threshold. Finally, unlike the group case write-ups that limits to only 4 pages, the final exam can be *up to 5 pages*.

Conducts

There are some rules for the class. Please do not use a lap top computer in the class. Please do not work on matters not related to the class.

2.4 Academic Honesty and Plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to ***PHBS Student Handbook***.

3. Topics, Teaching and Assessment Schedule

Content of Class Sessions

Session	Month	Date	Day	Topic	Textbooks	Case
1	Nov.	10	Thu.	<i>Introduction</i>	Chapter 1	The Birdcatcher, the Partridge, and the Cock
2-1	Nov.	14	Mon.	<i>Alignment</i>	Chapter 2&3	
2-2	Nov.	17	Thu.			<i>What is a Growth Company?</i>
3-1	Nov.	21	Mon.	<i>Re-Alignment</i>	Chapter 14&19	
3-2	Nov.	24	Thu.			<i>Andy Grove of Intel</i>
4-1	Nov.	28	Mon.	<i>Employment</i>	Chapter 4, 5,&15	
4-2	Dec.	1	Thu.			<i>Are You One of "Us" or One of "Them"?</i>
5-1	Dec.	5	Mon.	<i>Performance Evaluation</i>	Chapter 9&10	
5-2	Dec.	8	Thu.			<i>What Are "Results" in the Hospital?</i>
6-1	Dec.	12	Mon.	<i>Job Design and Staffing</i>	Chapter 7&13	
6-2	Dec.	15	Thu.			<i>How to Staff the Dead-end Job?</i>
7-1	Dec.	19	Mon.	<i>Training and Career Development</i>	Chapter 3,11,15&16	
7-2	Dec.	22	Thu.			<i>Failed Promotion</i>
8-1	Dec.	26	Mon.	<i>Motivation and Leadership</i>	Chapter 11&12	
8-2	Dec.	29	Thu.			<i>Choosing the Ways to Motivate</i>
9-1	Jan.	2	Mon.	<i>Turnover and Succession</i>	Chapter 4&14	
9-2	Jan.	5	Thu.			<i>The Function of the Chief Executive</i>
10	Jan.	9	Mon.	<i>Integration</i>	Chapter 20	
Exam	Jan.	13*	Fri.*	<i>Final Exam</i>	The exam starts at 7pm on Jan. 13th and is due at 9am on Jan. 14th (Mon.)	

Part I. Core Concepts in Strategic HRM

Session 1 Introduction: The “Strategic” in Strategic HRM (Nov. 10)

Reading: Baron/Kreps, Chapter 1 (“Introduction”) and Lazear, Chapter 1 (“Introduction”).

Optional: Porter, M. 1996. What is Strategy? *Harvard Business Review*.

Session 2-1 Alignment: External and Internal Consistency (Nov. 14)

Reading: Baron/Kreps, Chapter 2 (“The Five Factors”) and Chapter 3 (“Consistent HR Practices: The Whole Can Be More than the Sum of the Parts”).

Optional: Jacobs, D. 1981. Toward a Theory of Mobility and Behavior in Organizations: An Inquiry into the Consequences of Some Relationships Between Individual Performance and Organizational Success. *American Journal of Sociology*, 87 (3): 684-707.

Ichniowski, C., Shaw, K., and Prenzushi, G. 1997. The Effects of Human Resource Management Practices on Productivity: A Study of Steel Finishing Lines. *American Economic Review*, 86 (3): 291-313.

Session 2-2 Alignment (Nov. 17)

Case: *What Is a Growth Company?* (**Case 3** in Drucker).

Note: Return the signed syllabus with your picture.

Session 3-1 Re-Alignment: Individual Learning and Organizational Change (Nov. 21)

Reading: Baron/Kreps, Chapter 19 (“HRM in Emerging Companies”).

Lazear/Gibbs, Chapter 14 (“Entrepreneurship and Intrapreneurship”).

Nickerson, J., and Zenger, T. 2002. Being Efficiently Fickle: A Dynamic Theory of Organizational Choice. *Organization Science*, 13 (5): 547-566.

Optional: March, J. 1991. Exploration and Exploitation in Organizational Learning. *Organization Science*, 2 (1): 71-87.

Session 3-2 Re-Alignment (Nov. 24)

Case: *Andy Grove of Intel: Entrepreneur Turned Executive* (**Case 39** in Drucker).

Part II. Key Levers in Strategic HRM

Session 4-1 Employment: Economics and Psychological Perspectives (Nov. 28)

Reading: Baron/Kreps, Chapter 4 ("Employment and Economics"), Chapter 5 ("Employment as a Social Relation").

Lazear/Gibbs, Chapter 15 ("Employment Relationship").

Optional: Baron/Kreps, Appendix A ("Transaction Cost Economics"), Appendix B ("Reciprocity and Reputation in Repeated Interactions"), and Chapter 8 ("Internal Labor Markets").

Nickerson, J., and Zenger, T. 2008. Envy, Comparison Costs, and the Economic Theory of the Firm. *Strategic Management Journal*, 29 (13): 1429-1449.

Session 4-2 Employment (Dec. 1)

Group Case: ***Are You One of "Us" or One of "Them"?*** (**Case 21** in Drucker).

Session 5-1 Key Performance Index (KPI) and Its Limitation (Dec. 5)

Reading: Lazear/Gibbs, Chapter 9 ("Performance Evaluation").

Baron/Kreps, Chapter 10 ("Performance Evaluation").

Lazear, Chapter 8 ("Evaluation").

Optional: Meyer, Chapter 1 ("Why are Performance Measures So Bad?").

Baker, G., Gibbons, R., and Murphy, K. 1994. Subjective Performance Measures in Optimal Incentive Contracts. *Quarterly Journal of Economics*, 109 (4): 1125-1156.

Session 5-2 Performance Evaluation (Dec. 8)

Case: *What Are "Results" in the Hospital?* (**Cases 13** in Drucker).

Session 6-1 Job Design and Staffing (Dec. 12)

Reading: Baron/Kreps, Chapter 13 ("Job Design")
Lazear/Gibbs, Chapter 1 ("Recruitment and Hiring") and Chapter 7 ("Job Design")
Lazear, Chapter 7 ("The Job").

Optional: Lazear/Gibbs, Chapter 8: p. 201-215 ("Advanced Job Design: Teams").
Baron/Kreps, Chapter 9 ("High-Commitment HR"), and

Session 6-2 Job Design and Staffing (Dec. 15)

Group Case: ***How to Staff the Dead-end Job? (Case 19*** in Drucker).

Session 7-1 Training and Career Development (Dec. 19)

Reading: Baron/Kreps, Chapter 15 ("Training") and Chapter 16 ("Promotion and Career Concerns").
Lazear/Gibbs, Chapter 3 ("Investment in Skills") and Chapter 11 ("Career-Based Incentives").

Session 7-2 Training and Career Development (Dec. 22)

Group Case: ***The Failed Promotion (Case 31*** in Drucker).

Session 8-1 Motivation and Leadership (Dec. 26)

Reading: Baron/Kreps, Chapter 11 ("Pay for Performance") and Chapter 12 ("Compensation Systems: Forms, Bases, and Distribution of Rewards").
Lazear/Gibbs, Chapter 12 ("Options and Executive Pay").

Optional: Baron/Kreps, Appendix C ("Agency Theory"), and Lazear/Gibbs, Chapter 10 ("Rewarding Performance").
Lazear, Chapter 2 ("Fixed or Variable Pay?"), Chapter 3 ("Relative Compensation"), Chapter 5 ("Team Compensation"), and Chapter 6 ("Other Issues in Compensation").
Zenger, T. 1992. Why Do Employers Only Reward Extreme Performance? Examining the Relationships among Performance, Pay, and Turnover. *Administrative Science Quarterly*, 37 (2): 198-219.

Session 8-2 Motivation and Leadership (Dec. 29)

Group Case: ***Choosing the Ways to Motivate*** (Case in Seetoo, 2000).

Session 9-1 Turnover and Succession (Jan. 2)

Reading: Baron/Kreps, Chapter 14 ("Staffing and Recruitment").

Lazear/Gibbs, Chapter 4 ("Managing Turnover").

Optional: Changes at the Top: The Antecedents of Executive Turnover and Succession. (Chapter 6 in Finkelstein, Hambrick, and Cannella, A. 2008. *Strategic Leadership: Theory and Research on Executives, Top Management Teams, and Boards*. Oxford University Press).

Session 9-2 Turnover and Succession (Jan. 5)

Case: *The Function of the Chief Executive* (**Case 48** in Drucker).

Part III. Review and Synthesis

Session 10 Review and Synthesis (Jan. 9)

Reading: Baron/Kreps, Chapter 20 ("Organizing HR").

Case¹: *TBD*.

Final Exam (Jan. 13)

Final exam starts at 7pm on Friday, Jan. 13th. It is due on Jan. 14th (Sat.) at 9am. Every team only needs to submit ONE copy of your case report before the deadline.

¹ No write-up is due.